

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 4827

INTRODUCED BY ANAKPAWIS PARTY-LIST REPRESENTATIVE
RAFAEL V. MARIANO

EXPLANATORY NOTE

Wage situation in the Philippines is characterized by labor exploitation and employers and capitalists' power and influence over the legislative processes of the land. From the first wage law, Republic Act No. 602 otherwise known as "An Act to Establish Minimum Wage Law, and For Other Purposes" enacted in 1951 to the present Republic Act No. 6727 otherwise known as "An Act to Rationalize Wage Policy Determination by Establishing the Mechanisms 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" 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 3% of the country's population. About 12% is spent to finance the constant deficits in the colonial trade 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 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.

Republic Act No. 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 (2) 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, Republic Act No. 6727 enacted under the presidency of former President Corazon Cojuangco-Aquino is the most notorious and violative of workers' rights to living and decent wages.

The transformation of the capitalist-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 effect.

In the meantime, the granting of powers to the regional wage boards also dispersed the campaign 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.

Republic Act No. 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 Republic Act No. 6727 provides 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 and second objectives of the law are blatant lies. Republic Act No. 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 agricultural workers in Metro Manila who receive wages of 14.24%-17.85% less than the wages of workers in other sectors.

Enhancement of employment generation in the countryside through industrial dispersal as upheld by the third objective is not the real intent of Republic Act No. 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 move to the provinces particularly in the export processing zones.

This fact exposes the real pro-foreign big business, pro-monopoly character and orientation of Republic Act No. 6727. It has not only allowed business and industry reasonable returns on investment as maintained by the law's fourth objective. It is clear that (from the government's own statistics) the law's only effect 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 irrelevant arguments. Among these are:

1. Higher wages are not good for the economy because they scare away foreign investment (*i.e. foreign monopoly capital*) that presently employ a big part of the labor force.
2. Wage levels in the Philippines are too high. In fact, they are the highest in the region.
3. Granting wage increase 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.

Ecumenical Institute for Labor Education and Research (EILER), citing the data from the Bureau of Employment and Labor Statistics (BLES) said that the latest index of compensation as of 2009 was 112.9, which is exactly the same as during 1995. The group also said that the real value of wages stagnated even with wage orders issued by the regional wage boards.

The group further averred that the fact that the real value of workers' compensation stagnated for fifteen (15) years despite pay increases clearly tells that wage boards failed in its mandate to raise standards of living of Filipino workers. It also tells us that workers have long been denied of substantial wage increase.

The group also noted that workers' compensation in 2009 was much lower compared to its value in 1989, the year when the regional wage boards were created under Republic Act No. 6727.

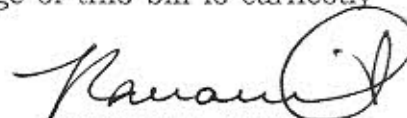
Based on its record, regional wage boards have granted increases not exceeding P26 since its inception in 1989.

Based on Ecumenical Institute for Labor Education and Research's (EILER) computation, the new P426 minimum wage (as of June 2011) with the integrated cost of living allowance (COLA) in the National Capital Region (NCR) is only worth P248 in real terms using the April 2011 inflation. Assuming that the current rate of price hikes will continue throughout the year, the P248 real wage in National Capital Region (NCR) will shrink to only P235 by September.

The group also monitored that regional wage boards have approved measly wage hikes averaging P13 in ten (10) regions since August 2010. In some regions, wage boards granted wage increase amounting to a ridiculous low of P5. In 2009, seven (7) out of ten (10) Filipinos are living on P104 or less a day based on the latest Family Income and Expenditure Survey.

Finally, Congress must prioritize the repeal of Republic Act No. 6727 which has created disaster to the life of the Filipino workers and has denied them the right to a just and living wage. Congress must also legislate laws that will uphold the economic welfare of the workers and the rest of the working people.

In view of the foregoing, the early passage of this bill is earnestly requested.



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**INTRODUCED BY ANAKPAWIS PARTY-LIST REPRESENTATIVE
RAFAEL V. MARIANO**

AN ACT
REPEALING REPUBLIC ACT NO. 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"

*Be it enacted by the Senate and House of Representatives of the
Philippines in Congress assembled:*

SECTION 1. Republic Act No. 6727 otherwise known as "An Act to Rationalize Wage Policy Determination by Establishing the Mechanisms 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 fifteen (15) days after its complete publication in the Official Gazette or in at least two (2) national newspapers of general circulation.

Approved.