

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 5703



Introduced by Rep. Winston "Winnie" Castelo

EXPLANATORY NOTE

In The Philippine Review of Economics, Vol. LII No. 2, it is stated that "Income inequality is higher In the Philippines than in most of its Asian neighbors, and spatial inequality accounts for fairly large share of it. There is little evidence of labor market failure in the Philippines since, when properly measured, wage gaps by skill level are modest. Unequal endowments account for most of the urban-rural gaps. That is, individual attributes of workers and households explain the majority of the urban-rural gaps, and schooling, skill, and experience are the three individual characteristics that matter most. Provincial variables, like typhoon incidence, government corruption, school crowding, and access to health facilities, matter far less. Workers born in the cities and immigrants to the cities invest more in human capital than do rural workers. However, this paper cannot tell us how much of that is due to better human-capital-building infrastructure supply in the cities and how much is due to higher urban demand for that infrastructure."

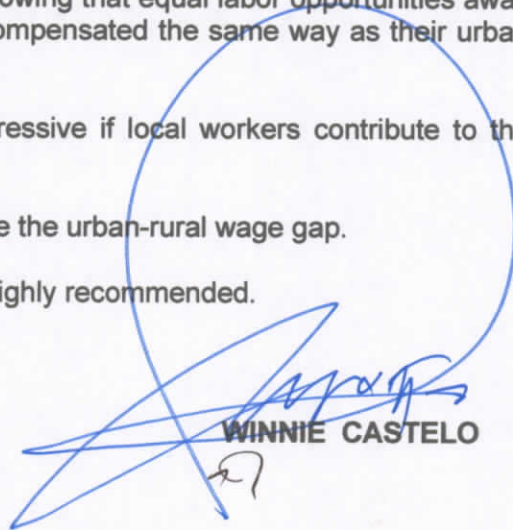
Fact is, there is no single identifiable factor for the urban-rural wage gap. Policy is said to have favored Luzon, and in particular, Metro Manila and its surrounding regions. Although labor market forces should have led to a closing of the gap and a diminution in regional inequality, they have not done so, perhaps, some argue, due to impediments to migration, such as minimum wage legislation, regularization policy, labor unions, urban immigration restrictions, land zoning rules, and other market interventions.

Fact is, urban migration would be mitigated by putting rural wage at par with urban wage. The government should attract local workers to stay put knowing that equal labor opportunities await them in their own region. Rural workers should be compensated the same way as their urban counterparts for the same quality of work turnout.

Rural development would be more vibrant and progressive if local workers contribute to the flourishing of local economy.

Hence, the government should make it a policy to close the urban-rural wage gap.

The immediate passage of this proposed measure is highly recommended.



WINNIE CASTELO

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AN ACT
MANDATING AN EQUITABLE WAGE RATE FOR BOTH URBAN AND RURAL WORKERS
THEREBY CLOSING THE URBAN-RURAL WAGE GAP AND FOR OTHER PURPOSES

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

SECTION 1. This Act shall be known as the "Equitable Wage Rate Act."

SEC. 2. There shall be an equitable wage rate for both urban and rural workers in the Philippines.

SEC. 3. To effectively carry out the provision of this Act, the Department of Labor and Employment shall determine and undertake the setting of the equitable wage rate.

SEC. 4. This Act shall take effect upon fifteen (15) days upon its approval, its publication in the Official Gazette, and in at least three (3) newspapers of general circulation.

Approved,