

# Workers' Digest

News and Commentaries

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## Social Protection for Workers and the Poor

The new government's declaration that democracy should work for all should be made concrete by legislating a set of pro-labor, pro-poor, pro-women and pro-people reforms.

*First*, reform the wage-fixing mechanism since the yawning disparity between the minimum wage and the cost of living is the clearest expression of a system failure. The national floor wage proposed by the National Wages and Productivity Commission (NWPC) should be based on the cost of living of a working class family and indexed to inflation. The industry-based productivity schemes recommended by the NWPC should be drafted through industry-wide bargaining agreements. A National Wage Commission should replace the regional wage boards. The Wage Commission will have the mandate to fix wages based on the single criterion of cost of living instead of the present contradictory 10-point formula. The Wage Commission should equalize the floor wage to the level of the cost of living by a host of mechanisms among which are direct wage increases, tax exemptions, price discounts and social security subsidies for workers.

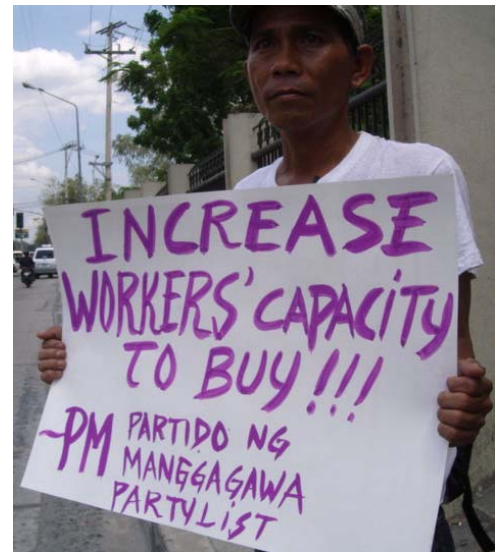
*Second*, establish a rudimentary unemployment insurance scheme for newly retrenched workers. The government must subsidize all workers who will be retrenched because of the global crisis. The Social Security System (SSS), Government Service Insurance System (GSIS) and the Overseas Workers Welfare Authority (OWWA) must use its funds to subsidize private sector workers, government employees and overseas contract workers

respectively until they can find work up to a maximum of six months.

*Third*, improve the present public employment program. It is imperative to give jobs to the millions who are unemployed or underemployed. The emergency employment program must be reformed. Patronage politics must be exorcised from it by putting the employment program under the co-ownership if not control of people's organizations. Minimum labor standards must be guaranteed instead of the present setup where the 'kamineros,' 'oysters' even nurses are hired on a contractual basis for below minimum wages. No matter that it is a dirty job as long as it is decent work. The public employment program should not be limited to street cleaning and whitewashing walls but must include restoring the environment and building housing for the poor aside from the usual public works projects. Given the sorry state of the environment and the backlog in public housing, just these two sectors are significant enough to provide millions of jobs for a start.

*Fourth*, extend health insurance thru PhilHealth to displaced workers, either domestic or abroad, for at least six months or until they can find a new job. This need is validated by research on displaced workers that show a substantial number fall victim to serious illnesses given that the stress of joblessness aggravate their health condition. The state must shoulder the expense of extending their PhilHealth coverage after their retrenchment.

*Fifth*, declare a three-year moratorium on demolitions and evictions,



and a condonation of penalties and interests on low-cost and socialized homeowners. Violent demolitions should stop. The moratorium is not meant to block the implementation of government projects and private development. A moratorium on demolitions will however ensure that honest-to-goodness negotiations proceed based on the provision of decent relocation agreed upon by the affected communities. Social progress should be founded upon social justice.

*Sixth*, promote job security and regulate contractualization schemes by drafting a law that will put a cap on the number of contractual workers compared to the regular employees in an establishment. Contractual workers should not go beyond 20% of work force of an enterprise.

*And lastly*, enact the reproductive health bill that will guarantee the provision of public health services to women workers and poor.

# Philippine Airlines: Litmus Test of Gov't's Labor Policy

The protracted labor dispute at Philippine Airlines (PAL), the national flag carrier, is both a litmus test of the new administration's labor policy and a trailblazer struggle for the workers movement.

The intended mass dismissal of more than 2,600 rank-and-file employees of PAL, who are members and officers of Philippine Airlines Employees Association (PALEA), is in violation of the law and the collective bargaining agreement (CBA) of PAL and PALEA.

In August 2009, during the period for the negotiation of a new CBA between PAL and PALEA, PAL announced its intention to close several departments of the company (in-flight catering, airport services and call center reservations) and "outsource" its functions to various service providers. The intended closure and "outsourcing" would affect around 70% of PALEA's membership and the total number of rank-and-file employees, 62% of the union leadership, and around 35% of the total employee complement of PAL.

The mass retrenchment is invalid and constitutive of unfair labor practice. Despite management's insistence, what it planned to do was not a "spin-off" but an "outsourcing," which is equivalent to contracting-out of services. Contracting out is absolutely prohibited by the CBA.

There is no spin-off of company departments in this case. No subsidiary corporation was formed by PAL, and not one of its divisions was transformed into an independent company. What is involved here is contracting out of functions wherein regular rank-and-file employees and union members will be terminated and the functions that they are performing will be farmed out to service providers. Worse, the terminated regular employees themselves are envisioned to be the employees of the service providers, i.e. upon their termination, they will just be transferred to a different employer but will be performing



the same tasks that they had been performing as regular employees of PAL.

There are no sufficient bases for retrenchment. Retrenchment is a measure of last resort which should only be undertaken in case of serious and imminent losses. A close review of the financial statements and disclosures of PAL reveals that its business condition is improving and not deteriorating, thereby negating the necessity for retrenchment.

The mass termination of employees will dissipate union membership and will exclude from the coverage of the bargaining unit the positions that are now held by union members. This will result to the abolition of PALEA. This grim scenario is made even worse when the timing for implementing the retrenchment program is considered. The contracting out of the various departments and the consequent retrenchment of union members are being undertaken at a time when a new CBA between the parties is about to be negotiated.

It should not be amiss to state that the CBA negotiation is being proposed by PALEA after more than a decade of suspension of the CBA between the

parties. It is aimed at defeating the negotiation of a new CBA.

Job security is also the demand of the PAL pilots and flight crew. Thus PAL management is faced with a three-front war with its airline pilots, flight crew and ground personnel because of its drive to demolish job security, replace regular employees with contractual workers and bust the remaining unions in the company.

PAL keeps on repeating the lie that it is losing money and so workers will have to bear the burden of its rehabilitation. Of course PAL will be in the red because the sources of revenues, even its assets, have been transferred to sister companies like MacroAsia and Air Philippines. PAL's maintenance and engineering department was shifted to MacroAsia and so expenses are charged to the former but the income is reflected in the latter. PAL ground personnel in the outlying stations services Air Philippines so the costs are borne by the former but latter keeps the savings.

Contractualization at PAL is just the tip of the iceberg. In factories, shops, offices and malls contractual workers are working side-by-side with regular employees in doing the same job for lesser pay and worse working conditions. Parliament must institute reforms to

enhance job security and stop contractualization schemes. The race to the bottom in working conditions and labor standards must stop.

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