# A Solomonic solution

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In one of its last acts before the 19th Congress adjourns on June 13, the House of Representatives approved on third and final reading last week a bill seeking to raise the minimum wage of workers in the private sector across the country by P200 a day.

If concurred by the Senate and signed into law by President Marcos, this will be the first legislated nationwide wage hike since 1989, when the Wage Rationalization Act was passed creating the regional tripartite wage boards tasked with setting local minimum wage rates.

But like all previous measures calling for an increase in the country’s minimum wage, the latest bill—overwhelmingly approved by the Lower House with a 171-1-0 vote—was met with cheers and jeers.

On one side are the labor organizations such as the Federation of Free Workers (FFW) who hailed the measure as a victory for private sector workers, branding it a “long-overdue corrective step” toward giving workers their rightful share in the country’s trumpeted robust economic growth. “This is a lifeline, not just for unionized workers but especially for the millions without collective bargaining agreements,” said FFW president Sonny Matula.

The Trade Union Congress of the Philippines (TUCP) echoed the sentiment and has urged the House and the Senate, which earlier passed its own bill seeking a P150 across-the-board minimum wage hike, to immediately convene a bicameral conference committee to reconcile disagreeing provisions and finally pass it into law. “Let us get this done, and get it done now,” said Deputy Speaker and TUCP party list Rep. Raymond Democrito Mendoza, “We are way past the stage of whether we will pass a legislated wage hike, [we are at] how much that wage hike will be.”

## Passed on to consumers

At P200 a day, employers will have to shell out at least an additional P4,000 a month per worker, which the private sector fear will cause far bigger problems than it seeks to solve.

Local businesses—the bulk of which are micro, small, and medium enterprises—have raised concerns they may not be able to afford the additional pay given thin margins, rising costs, and weakening demand, forcing them to either reduce the number of workers, shut down altogether, or just retreat into the informal economy.

After all, the wage hike will not only be reflected on the minimum wage earners but will also have to be tacked on paychecks of all company employees. “Thereby companies will have to increase salaries throughout the organization,” explained Roberto Claudio, president of the Philippine Retailers Association.

Claudio also shared the grave concerns earlier aired by the Employers Confederation of the Philippines, Philippine Exporters Confederation Inc., and Federation of Filipino Chinese Chambers of Commerce and Industry, which all warned against the potential negative effects of the wage hike bill.

They said that such a hefty increase would accelerate inflation since the added cost to the employers would just be passed on to the consumers. It could likewise dissuade foreign investors from setting up shop in the Philippines because of the rising cost of labor.

## A political stunt

The Philippine Chamber of Commerce and Industry, the country’s largest business organization, and the influential Makati Business Club urged Congress to leave the matter of wage hikes to the Regional Tripartite Wages and Productivity Boards, whom they believe are in a better position to determine if an adjustment is warranted and by how much.

Indeed, the timing of the approval by the Lower House has been criticized as more of a political stunt, especially with the Marcos administration still smarting from what they believe to be less-than-ideal results of the just concluded midterm elections.

But then the pushback from employers who warn of doomsday scenarios is likewise being dismissed as mere fearmongering among the rich who simply do not want to share “a little” of their profit with their workers who help create their wealth in the first place.

## Backbone of the economy

There are indeed indisputably valid points presented by both sides of the contentious issue. There is no question that workers need more money in their pockets to cope with the unabated rise in prices of basic goods, especially in the light of the April Social Weather Stations survey showing that 55 percent of Filipino families consider themselves poor as their purchasing power has weakened due to inflation. As the backbone of the economy, workers deserve to have a real living wage that will help them improve their lives.

On the other hand, companies should be able to earn enough to remain in business, not just to keep their present workforce but possibly even hire more at a time when the ranks of the unemployed have swelled.

It is therefore imperative for legislators as well as the President to craft a Solomonic solution that will balance the paramount need to improve the welfare and well-being of workers and ensure the survival and growth of businesses.