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Senate Resolution No. 46 embodied in Committee Report No. 35.

The President. All right. Is there any objection? [*Silence*] Hearing none, the same is approved.

BILL ON SECOND READING
Senate Bill No. 156 – Minimum Wage Increase

Senator Mercado. Mr. President, I move that we consider Committee Report No. 42 on Senate Bill No. 156, submitted by the Committee on Labor, Employment and Human Resources Development, entitled:

AN ACT PROVIDING FOR AN INCREASE IN THE WAGE OF PUBLIC OR GOVERNMENT SECTOR EMPLOYEES ON A DAILY WAGE BASIS AND IN THE STATUTORY MINIMUM WAGE OF EMPLOYEES AND WORKERS IN THE PRIVATE SECTOR AND FOR OTHER PURPOSES

taking into consideration Committee Report No. 46 on Senate Bill No. 160, submitted by the Committee on Civil Service and Government Reorganization.

I move that we recognize Senator Herrera to sponsor the bill.

The President. Senator Herrera is recognized.

SPONSORSHIP SPEECH
OF SENATOR HERRERA
(Minimum Wage Increase)

Senator Herrera. Thank you, Mr. President.

The task of determining wages, obviously, is a critical one; but not to do it now is a more critical option, because it is tantamount to a rejection of the harsh reality now staring us in the face. The responsibility, Mr. President, is ours, and there are millions of toiling masses who are waiting for us to respond with understanding and reason on their demand for wage adjustment.

Senate Bill No. 156, a consolidation of Senate Bill No. 70, 134, and 135, is a positive response to a popular demand.

It is sad to note that, here in the Philippines, the adjustment of floor wages since 1951 has been dictated largely by political exigencies rather than by economic realities. These exercises have become a mere political gesture, than primarily to silence the hungry and the angry. Decision after decision bordered almost on the absurd because they deliberately sidetracked the economic realities particularly the factors relevant to wage determination.

The Committee on Labor, Employment and Human Resources Development thinks it is now time to shift to a new direction. Senate Bill No. 156 marks the beginning of this shift. For the first time in our history of fixing legislative wage rates, a direction is now defined and shaped. We mean, of course, a major feature of the bill which is a modified wage indexation.

The Committee believes this is a more rational, systematic, and non-arbitrary way of determining wage adjustment by legislation. This will likewise reduce the delay between price rises and compensatory wage adjustments, eliminate discord and contention in price projection, and mitigate the shock and disruption otherwise produced by large one-time adjustments.

The last adjustment in minimum compensation outside integration in the cost of living allowances was made in October, 1984 through Wage Order No. 6. The increases mandated by the said Wage Order considered only part of the purchasing power lost in the period between the issuance of Wage Order No. 5, June 1984, and Wage Order No. 6. And what the government then estimated unfortunately turned out to be wrong, as the probable rise in the prices of consumer goods and services for the coming months. The government price projection was

overtaken by developments. The 1984 inflation rate was a huge 50.3%, while the 1985 inflation figure was a large 23.1% occasioned by, among other things, the deterioration in the peso-dollar exchange rate and its effects in the prices of oil, utilities and all other commodities.

Even without the latest oil price increases, still the worker deserves an immediate increase in wages to compensate for the substantial purchasing power lost in the interval between the issuance of Wage Order No. 6 last October, 1984, and August, 1987, when consumer prices rose to 25.1% in Metro Manila and 14.9% outside Metro Manila.

For the record, the present available indicators all point out to the most likely thing to happen within the next six months. Consumer prices will wind up from 7.5% to 10% higher than in the preceding six months; that is, if no other extraordinary economic or extra economic disturbances will arise.

Technically, Senate Bill No. 156 does not propose to give wage adjustment in real terms to the workers. Primarily, it aims only to give back to the workers a part of their earning which is lost because of inflation. We said "part" because the bill seeks only an increase of ₱10.00 per day for the wage of public or government-sector employees, and an increase in the same amount of the daily executory minimum wage of employees and workers in the private sector.

Everybody knows fully well, including Government-decision makers and employers, that the current levels of the legislative wage rate are awfully inadequate for the basic food needs of families, much less, all the basic needs of households.

Surveys show that a family of six in Metro Manila requires as of November, 1987, ₱80.08 per day for their no-meat-food needs, and ₱99.03 per day for their food needs with meat.

The uniform adjustment of ₱10.00 per day sought by Senate Bill No. 156 will enable non-Manila workers, not only to catch up with the standards of living of their Manila counterpart, but also to bring their earnings closer to the basic needs' line. This will also, in effect, correct the discriminating practice of wage adjustment perpetuated before.

The adjustment incorporated in Senate Bill No. 156 covers all types of workers, both in the private sector, in government, either unionized or non-unionized. The reason is obvious. They are all subject to inflation and falling real wages.

We have learned enough lessons in the past. Since 1951, I repeat, we have been pursuing the same trend whose backlash painfully disturbs the fragile equilibrium in the labor front. The safe indirection which is actually the essence of Senate Bill No. 156 is definitely within the framework of the development program of the government. The point is this: Let us meet an economic rationalization of the issue rather than a political compromise.

Mr. President, I, therefore, ask my Colleagues to approve Senate Bill No. 156, which is endorsed by the 16 Members of the Committee on Labor, Employment, and Human Resources Development.

Thank you, Mr. President.

Senator Enrile. Mr. President.

The President. The Minority Floor Leader, Senator Enrile.

Senator Enrile. Will my distinguished Colleague yield to a few questions?

Senator Herrera. Willingly, Mr President.

Senator Enrile. Mr. President, I fully agree with the thrust, direction and objective of this bill, and because of that, my first question is with respect to the clause appearing on page 1 of this proposed measure, lines 7 to 8, excluding

from its coverage "those in the retail establishments regularly employing not more than ten workers".

During the discussion of this bill by the Committee, we have had occasion to consider the distinction between the industrial and the agricultural worker, and I am happy to note that the distinction has been removed from this proposed measure. But equally during those committee hearings, we also raised this distinction between retail establishments regularly employing ten workers and less, and those employing more. I would like to find out why we are retaining this distinction.

Senator Herrera. The reason for this, Mr. President, is that many, if not most, of these retail stores cannot afford to pay the increase. In fact, many of them are not paying the present minimum wage. So this is the reason why there is an exemption as far as the application of this mandated ₱10 increase is concerned.

Senator Enrile. Now, Mr. President, in the second page of this proposed measure, there is a provision which says that "all recognized leadership and apprenticeship agreements entered into before the effective date of this Act shall be considered as automatically modified." Then Section 6 also says that any contract between the parties covered in Section 6 shall be deemed amended accordingly.

May I know, Mr. President, whether these provisions were studied in the light of Section 10 of Article III of the Bill of Rights which prohibits the impairment of the obligation of contracts? No law impairing the obligation of contracts shall be passed. That is an unqualified statement of a legal principle, and I am just wondering whether these provisions were studied in the light of that mandate of the Bill of Rights of the Constitution.

Senator Herrera. Well, I am very sure that in contracts like these the stipulation merely states that they will comply with the minimum wage; so that whatever is the minimum wage, that has to be followed. I am sure that in contracts like these, they will not specify the amount.

Senator Enrile. But the way this provision is worded, the law in itself is modifying the agreements of the parties, Mr. President. In fact, we are amending existing contracts, and I am just wondering whether Congress has the power to do so in the light of Section 10 of Article III of the Constitution.

With respect to Section 6 where this provision requires the clientele of the security, janitorial, and other similar services to bear the increased minimum wage, may not this law or this provision impose an employee-employer relationship between parties who, under the law, are not because the janitors are employees of another employer, and there is simply a relationship of independent contractor and client between the recipient of the service and the one employing those performing that service?

Senator Herrera. Precisely, in this case, it will be the agency and the principal who have to amend the contract, not the recipients of the services.

Senator Enrile. It says here, Mr. President, Section 6;

In the case of contracts for construction projects and for security, janitorial and similar services, the increase in the minimum wage of the workers. . .

meaning, workers of the contractor who has a contract with the client, the security service that has a contract with a client, the janitorial agency that has a contract with a client, and similar situations, "shall be borne by the principal or client. . ."

The principal being the owner of the project under construction or the establishment to be secured or the building or the premises to be the object of janitorial services and the contract shall be deemed amended accordingly. And so, I am raising this question, Mr. President. First, would this not violate the provision of the Constitution against impairment of the obligation of contracts? And second, would not Congress exceed its legislative authority by, in effect, converting an employer-employee relationship between parties who did not have such a relationship before?

Senator Herrera. As to the first issue raised, as I said, there can be no impairment on the obligation of contract here. Because in a contract like this, they always specify that it will be in accordance with the minimum wage, not on specific amounts. And then on the second issue, the principal here and the agent must have to change or amend their contract in order to conform with the new increase on the minimum wage.

Senator Enrile. Mr. President, I will give an example. X is having his house constructed by Y, a contractor who employs his workers to do the job under a specified agreement. As to the price at which the house would be constructed, let us say ₱500,000, the obligation of X is to pay the contractor ₱500,000, and the obligation of Y, the contractor, is to deliver within a specified time a house constructed according to an agreed specification. And yet, here is a law which is now going to modify the obligation of X by paying much more than he had agreed to pay for his house. Would that not be an impairment of the obligation of contracts and second, the workers of Y become the employees of the owner of the house?

Senator Herrera. Mr. President, we will look into that constitutional issue raised by the Senator from Cagayan.

Senator Enrile. That is also true in the case of security services and janitorial services and similar services, because the relationship between the client and the ones supplying the service is one of not an employer-employee relationship but purely contract. One is an independent contractor to perform a job for the client, and the employees of the contractor are not the employees of the client. And yet by this provision, we are modifying the agreement of the parties by imposing a new obligation on the part of the client in that the client now must admit the employees of the contractor as his or its employees.

I am bringing this matter to the attention of the Senate, Mr. President, so that in due course, maybe we can take this up during the period of amendments.

Thank you.

Senator Herrera. I would like to assure the Senator from Cagayan, Mr. President, that I will look into the constitutional issue raised by him.

Senator Maceda. Mr. President.

The President. Senator Maceda is recognized.

Senator Maceda. Mr. President, will the distinguished Sponsor yield?

Senator Herrera. Yes, Mr. President.

Senator Maceda. First of all, I would like to commend the Senator from Cebu and Chairman of the Committee on Labor for all the hard work that he went into in the preparation of this bill.

I would just like to highlight some provisions.

During the hearings, Gentleman from Cebu, is it not a fact that the Secretary of Labor admitted that there is no distinction between non-

agricultural and agricultural workers in countries where they have a minimum wage?

Senator Herrera. Yes. I would like to confirm that, Mr. President.

Senator Maceda. And does the Gentleman think that the removal of this distinction would speed up the amelioration of the plight of our agricultural workers than if there was a differential retained as in the old law?

Senator Herrera. Certainly, because this will give additional income to the rural workers and, therefore, they will be in a position to afford what the industrial workers are enjoying now.

Senator Maceda. In connection with the question of population policy, which the distinguished Senator from Pangasinan has raised in a privilege speech, is it not a fact that the question of population policy among others, centers very strongly on the policy covering rural-urban migration?

Senator Herrera. Yes. Because the problem now is that there is massive migration by rural workers to urban centers.

Senator Maceda. And, therefore, with the comparatively higher minimum wage for agricultural workers than in the past, and the comparatively lower cost of living in the rural areas, this particular provision would serve to stem the strong rural-urban migration which is present even in this country.

Senator Herrera. Yes.

Senator Maceda. Now, in the case of public or government sector which this bill also covers, did the Secretary of Labor agree or endorse this proposal?

Senator Herrera. Yes. In fact, the Secretary of Labor was endorsing the proposal of increasing also the income of the workers in the public sector.

Senator Maceda. Is it not a fact that we established that in many government offices,

especially since the daily wage is still below ₱20.00 a day?

Senator Herrera. In fact, I understand that some of the workers in the government sector are still receiving ₱14.00 a day.

Senator Maceda. Now, the question then that has been asked is: When the Gentleman talks of public or government sector, does this include provincial, city, and municipal employees?

Senator Herrera. Yes.

Senator Maceda. Now, in the hearings before the Committee, we have on record the opposition by the Employers Confederation of the Philippines. But in response to a question of this humble Representation, did they not say during the hearings that their 10 per cent position was not their bargaining position but their final position?

Senator Herrera. Yes, during the first hearing, although in the second hearing they modified their position.

Senator Maceda. And they submitted a revised position which was higher than the 10 per cent that they submitted in the first hearing.

Senator Herrera. Yes. For the big companies, they agreed to give 15 per cent although during my verbal discussion with the representative of the employer, initially, they agreed to raise it to 20 per cent for those big companies.

Senator Maceda. And so the point is that the employers, it seemed, had an open mind on this question and did not have an absolute opposition that was pegged only to ten per cent.

Senator Herrera. Yes, I think, the employers are more concerned on the labor unrest rather than on the matter of increasing the minimum wage.

Senator Maceda. In the business pages of the newspapers the last few days, did the Gentle-

man notice a finding of a British investment firm relating that in 1987 the income of companies in this country increased by as much as 80 percent?

Senator Herrera. Yes, Mr. President.

Senator Maceda. And projecting an income even with the problems we have now for 1988 of 35 percent. Is not that correct?

Senator Herrera. Yes. In fact, this might interest the Chamber of our Colleagues here, that during the testimony of a representative of the tire industry, mentioned that the tire industry is making a profit of 30 percent, while the cost of labor is only two percent.

Senator Maceda. Is it not a fact, Mr. President, that in all previous proposals for the increase or establishment of a minimum wage, the employers always oppose, with dire predictions of a collapse of the economy, widespread closure of public and private firms? And, is it not a fact that in practice after the minimum wage was passed, that never really happened?

Senator Herrera. Well, the records of the tripartite conferences in the past years and the meetings conducted by the National Wage Council will confirm the Gentleman's statement.

Senator Maceda. And, is it not a fact that in the 1983, 1984, 1985 period, after the Ninoy Aquino assassination, a lot of the weak or unstable companies already closed down? As a matter of fact, those who survived up to this date are really the ones who are stable and strong and, therefore, there is very little chance that the passage of this Minimum Wage Law, in its present form, will really result into any substantial number of closing.

Senator Herrera. I agree with the Gentleman.

Senator Maceda. And, is it not also a fact,

Mr. President, that in some of the hearings it was also established that a substantial percentage of existing corporations and companies now, their labor component really is a very small percentage of their cost?

Senator Herrera. Well, according to the survey of the National Wage Council, it is only about 11 percent, although in the survey that we have conducted in our own research center before, it was less than 10 percent in relation to the other cost of production.

Senator Maceda. In the hearings when we asked the employers, did they present a survey of how much of the compensation of the executives, the officers, and management employees have risen during the last few years?

Senator Herrera. Well, when the Gentleman asked that question to the representative of the employer, the answer was that they had no way of knowing.

Senator Maceda. So while they presented very detailed surveys and studies on the salaries of laborers and employees and how much they have increased and will be increased under this bill, they did not present or they said they did not have corresponding studies on the salaries of supervisors, officers, and executives of their corporations.

Senator Herrera. Yes, Mr. President.

Senator Maceda. Does the Gentleman from Cebu believe that the salaries of officers, executives, and supervisors of these corporations have in fact increased by more than 10 percent during the last few years every year?

Senator Herrera. Well, it is safe to assume that their salaries increased by that percentage.

Senator Maceda. And is it not a fact that most of these employers, executives and officials are generally stockholders of their corporations?

Senator Herrera. Well, many of them.

Senator Maceda. So that, when, for example, they allocate so much of their income for expansion, for the purchase of equipment and other capital outlay that increases the book value of their corporations, in effect, they are also increasing their own personal net worth to the extent that they are holding stocks in these corporations and companies? Is that not correct, Mr. President?

Senator Herrera. The Gentleman is correct, Mr. President.

Senator Maceda. Is it not a matter of public knowledge that, as far as management officials and executives are concerned, they, in addition to their high salaries, enjoy so many fringe benefits and privileges including tax deductions that they pass on to the corporation which normally they will have to pay for themselves in their personal capacity?

Senator Herrera. The Gentleman is correct.

Senator Maceda. And yet, when we asked that of the Secretary of Labor and Employment as well as the Employers Confederation, they did not have any studies in this regard.

Senator Herrera. Yes.

Senator Maceda. And therefore, in closing, it is safe to assume that the ₱10.00 that we are giving to all private and public-sector employees as a minimum wage increase is actually much less than what has been given to the employers, executive officials and supervisors of their companies?

Senator Herrera. Yes.

Senator Maceda. Thank you, Mr. President.

Senator Aquino. Mr. President.

The President. Senator Aquino is recognized.

Senator Aquino. I have two questions for the Gentleman from Cebu, Mr. President. The

first one is in Section 8. May I know the rationale behind the fixing of 15 percent of the current basic or minimum wage? What is the rationale for this?

Senator Herrera. Well, this is sought to be modified in wage index and that the authority given to the President to increase the minimum wage should only be up to 15 percent. Beyond that, it should be Congress.

Senator Aquino. Mr. President, suppose there was a sudden increase in oil prices, and prices have gone up by 25 percent, so I think we can very well remove this 15 percent provision.

Senator Herrera. Well, the bill envisions that the authority that will be given to the President to issue an Executive Order will only be limited to 15 percent. In excess of that, then Congress can act correspondingly. Actually, I have no strong objection if we adopt the cost-of-living index scheme where for every one-point increase on the consumer price index, there is also a corresponding one point percent increase in the income or wages. I have no objection to that.

Senator Aquino. Because, Mr. President, if that provision is removed, the President of the Philippines shall by Executive Order increase the basic or minimum wage for all such employees and workers, taking into consideration the cost of living index as measured and determined by the NCSO. I think that is more flexible.

Senator Herrera. Well, as I said, the bill envisions only to give or to delegate to the President the authority to increase the minimum wage up to 15 percent only by issuing an Executive Order. In excess of that, then Congress should be the one to legislate.

Senator Aquino. One last item, Mr. President. In view of this increase in minimum wage, can we now request the unions to have at least a one-year moratorium, so that we can get down to the business of economic recovery?

Senator Herrera. In fact, Mr. President, with the institution of the wage indexation, the unions have no more moral right to engage in a strike based on the wage issue. . .

Senator Aquino. And one last addition. May I know the Gentleman's opinion regarding strikes that are politically motivated rather than economically motivated?

Senator Herrera. Well, the Gentleman's question is the burden of my privilege speech last Friday, and I am very happy that no less than the President of the Philippines has responded positively to the clamor that there should be order in the labor front.

Senator Aquino. Thank you, Mr. President.

Senator Herrera. Thank you.

The President. Senator Romulo and then Senator Angara.

Senator Romulo. Mr. President, would the distinguished Gentleman of Labor yield to a few questions?

Senator Herrera. Gladly.

Senator Romulo. Mr. President, would the Gentleman agree that this Senate Bill No. 156, besides being a landmark bill, is also a bill in furtherance of the social justice provision in the Constitution?

Senator Herrera. Yes, Mr. President.

Senator Romulo. And this, therefore, is in accord with Article II, Section 10 of the Constitution, which states that:

The State shall promote social justice in all phases of national development.

Senator Herrera. Yes, Mr. President.

Senator Romulo. And likewise, among others, this is also in accord with Article XIII, Section 1 of the Constitution, which reads:

The Congress shall give highest priority to the enactment of measures that project and

enhance the right of all the people to human dignity, reduce social, economic, and political inequalities, and remove cultural inequities by equitably diffusing wealth and political power for the common good.

Senator Herrera. Yes, Mr. President.

Senator Romulo. And furthermore, Mr. President, this is in accord with the second paragraph of Section 1 of Article XIII:

To this end, the State shall regulate the acquisition, ownership, use and diplomatic of property and its increments.

Senator Herrera. Yes, Mr. President.

Senator Romulo. And, therefore, Mr. President, the provision under Section 6 of the bill, line 23, which reads:

In the case of contracts for construction projects and for security, janitorial and similar services, the increase in the minimum wage of the workers shall be borne

This provision increasing the minimum wage in spite of an existing contract is in accord with the constitutional provision on social justice whose grant of an increase in the ₱10-minimum wage is on a higher plane than those in certain contractual relations.

Senator Herrera. Yes, Mr. President.

Senator Romulo. And, therefore, under the social justice provision, Mr. President, Section 6 is fully justified.

Senator Herrera. Yes. And, I think, that is also part of the exercise of the police power of the State.

Senator Romulo. That is right. Mr. President. I was coming to that. In other words, this is a bill that transcends certain other rights; occupies a higher plane and, therefore, commends to us for immediate approval.

Mr. President, just to enlighten this Representation and others, for the record, with the proposed increase of ₱10 in Senate Bill No.

156, may we know what would be the minimum wage if this bill were approved?

Senator Herrera. In Metro Manila, that would mean ₱64.40. Outside of Metro Manila it is less than ₱1.

Senator Romulo. Less than ₱1.

Senator Herrera. So it would be ₱63.40.

Senator Romulo. And, Mr. President, of the total work force in our country, how many will benefit from this ten percent increase in minimum wage?

Senator Herrera. Well, this is not a percentage increase. This is a ₱10 wage increase. This will benefit all workers because even those who are receiving more than the minimum wage because of wage distortion. The employers and the workers of their organizations are mandated to negotiate within 60 days in order to correct the wage distortion as a result of the increase of the minimum wage.

So I would like to say that I think all workers will be benefited.

Senator Romulo. But with ₱64 as the new minimum wage, if I got it correctly in Metro Manila, for a family of six to live decently, the minimum amount needed is ₱80.

Senator Herrera. Eighty pesos for their food, without meat.

Senator Romulo. And ₱99 would be for food with meat? Therefore, Mr. President, even for those who do without meat, the ₱64 would still be short of about ₱16. Is that correct?

Senator Herrera. Yes. That is why, as I mentioned in my speech, technically, we are not really giving an increase to the workers, but merely restoring their purchasing power to the level of 1980, not even 1984, with the ₱10.

Senator Romulo. Of course, Mr. President, we also would like to say that that is why we are for generating more employment, because

with the present scenario, it maybe that one member of the family would only be receiving ₱64. But if more than one member of the family would receive a minimum wage of ₱64, then, perhaps, in a family of six, granted that two members of that family are earning, together then they would be able to earn more than the ₱80 needed for food without meat and the ₱99 for food with meat.

Senator Herrera. Yes. In fact, that is one of the factors considered, that we are limiting the increase to ₱10, because we would like to give chance to industries to expand and generate employment opportunities in order to accommodate those who are unemployed.

Senator Romulo. In fact, Mr. President, I believe, as the Gentleman has stated, this minimum 10 percent of wages has been thoroughly discussed. There has been a tripartite discussion on this. And the parties in that tripartite discussion have agreed on this minimum increase of ₱10.

Senator Herrera. Well, in fact, the position paper of the employers did not agree to the ₱10 increase; however, in the last hearing, they modified their position; from 10 percent in big companies, they already agreed to give 15 percent.

Senator Romulo. I see. My point is that, in providing and agreeing to an increase of ₱10 in the minimum wage, all considerations have been taken into account and, therefore, this proposed amount would certainly be very beneficial to those who eke out a living and would also protect the interests of small-and-medium scale industries which can continue and pursue their program to expand, grow, and thereby provide more jobs and livelihood opportunities to other people, particularly those who do not have jobs or who have minimal or marginal jobs.

Senator Herrera. Yes, Mr. President.

Senator Romulo. Well, with this, Mr. President, this Representation is convinced that we should all rally behind this bill because it meets the parameters of our economic recovery program of growth, of providing more jobs for our people, but at the same time, we should see to it as much as possible that the minimum, the very minimum that is guaranteed in the Constitution under the social justice provision is enforced. However, when the economy recovers, we should do more.

Thank you, Mr. President, and again may I congratulate the principal Sponsor of this noble and worthwhile bill.

Senator Herrera. Thank you, Mr. President.

The President. Senator Angara. Then Senator Saguisag.

Senator Angara. Thank you, Mr. President.

Will the Gentleman yield to some questions, Mr. President?

Senator Herrera. Gladly, Mr. President.

Senator Angara. Mr. President, I am interested in two points in this bill. The first one is the mode of dispute settlement in case of wage distortion, and the second is on the wage indexation.

Now, on the mode of the dispute settlement. The Gentleman provided under this bill, Mr. President, that in unionized companies, the dispute will be settled in accordance with the grievance procedure of the collective bargaining agreement, is that not right?

Senator Herrera. Yes, that is correct.

Senator Angara. And under some provisions of this collective bargaining agreement, in case of deadlock or stalemate the matter can end up in a strike.

Senator Herrera. Yes.

Senator Angara. Now, when a dispute over wage, such as this, is generated or triggered off,

not by the act of any of the parties but by the action of government, like this mandatory wage increase, is it fair that the parties may end up in a strike action, when the very cause of their dispute is not of their own making?

Senator Herrera. That is why in this bill it is so provided that in case of disputes arising out of wage distortion, it should be coured first through grievance machinery and then if there is no agreement on that level, it will be decided by the NLRC through the labor arbiter and given ten days to decide, and that decision is final instead of going first through conciliation which will only delay the resolution of the dispute.

Senator Angara. But that is in cases where there is a collective bargaining agreement the procedure he just described as . . .

Senator Herrera. Well, even in cases where there is no collective bargaining agreement, it will still be compulsory arbitration. Then the NLRC is mandated to decide within ten days.

Senator Angara. Yes, I see now the distinction.

In the case of non-unionized firms, the conciliation or arbitration is mandatory or compulsory.

Senator Herrera. Mandatory to both.

Senator Angara. For both unionized. . .

Senator Herrera. Both in order to avoid the strike which the Gentleman pointed out.

Senator Angara. For clarity, Mr. President, would the Gentleman accept an amendment during the period of amendments to make clear that in either case — either under a unionized situation or a non-unionized situation — the ultimate settlement would be compulsory arbitration?

Senator Herrera. Well, the bill is very clear on that, and the decision of the labor arbiter is final.

Senator Angara. Well, I did not read it that way, but if the Gentleman read it that way, I thought we could make it clearer, Mr. President.

Senator Herrera. Well, we can—during the period of amendments.

Senator Angara. Yes.

The second matter, Mr. President, is the wage indexation. The Chair will recall that when Secretary Monsod, as well as Secretary Drilon and Undersecretary Noriel, testified, they were all emphatic in saying that we must move very carefully on wage indexation because the experiences of countries which have adopted wage indexation have not been entirely happy. They cited Brazil, Mexico, Israel, etc.

The Gentleman and I, of course, took exception to that statement and we both said that perhaps we ought to try wage indexation in this country. But even the employers' representatives, the ECOP, have taken the position that they will accept wage indexation provided that productivity is factored in as one of the considerations in the indexation.

Senator Herrera. Yes, that is the position of the employers. That is why we will note that under Section 8 of this bill, this is a modified wage indexation where the economic factor is not only limited to consumer's price index but also to other economic factors.

Senator Angara. Yes. When the Gentleman says "other economic factors", does he accept the point made by the employers confederation that productivity gains ought to be one of them?

Senator Herrera. When it is possible to monitor and determine or measure productivity increase. The problem is that it is very difficult to measure, considering that many of our industries are employing old machines and the working conditions are far from ideal, and that productivity is always a management problem rather than a problem of labor. But then in an in-

dustry where this is possible, I think it should be considered.

Senator Angara. So, the Gentleman is not completely excluding productivity as a factor to be taken into account.

Senator Herrera. Yes.

Senator Angara. Now, under this provision, Mr. President, do I take it then that it is mandatory on the part of the President to initiate a mandatory wage increase every year?

Senator Herrera. Yes, Mr. President, when there is a necessity to do so. An increase, for instance, on the Consumer's Price Index is mandatory on the part of the President.

Senator Angara. So do we foresee then that every year from now on an automatic wage increase will be taken by the President of the Philippines?

Senator Herrera. Well, that is the reason why we have wage indexation.

Senator Angara. Would the Gentleman not consider another formula, Mr. President, that wage indexation can take place provided a certain increase in CPI will occur which will trigger off the increase rather than simply saying that it will be increased?

Senator Herrera. Well, one of the reasons why it is important to make it mandatory is to eliminate labor unrest, particularly, the conduct of strikes. I feel very strongly that when there is an automatic increase by the institution of wage indexation, unions will lose their moral justification to go on strike.

Senator Angara. I appreciate his point. On the other hand, the other side of the coin is that, when one increases wage without any solid basis for it, then it can cause a wage price spiral that in the end will cause an inflation so high that any wage increase laborers would get, would become meaningless, because the value

of the peso, the purchasing power, would be diminished.

As Secretary Monsod pointed out, a ₱10 increase of the minimum wage as we are now proposing, would cause a .5 per cent increase in inflation. And if we increase it year after year, I am afraid that it may cause, precisely, what we do not want to happen, which is the rapid erosion, steady erosion of the purchasing power of the peso.

Senator Herrera. That is why, Mr. President, it is very important that the National Census and Statistics should be very efficient in determining this economic factor because that will be the basis of the Presidential action on increasing wages.

Senator Angara. Would the Gentleman consider an amendment of this formula during the period of amendment?

Senator Herrera. Sure.

Senator Angara. So as to take into account productivity, and also, take into account the fact that the wage indexation should not simply happen automatically, but should be triggered off by some increase in CPI, not simply a rise in CPI, but a certain per cent of increase in the CPI.

Senator Herrera. Well, I think, Mr. President, that it is a better strategy that we really have to establish now the time frame within which we can bridge the gap between prices and wages. Now, if we will continue to allow wages to lag behind prices, then, we will never be able to solve this problem of price-wage conflict.

Senator Angara. I agree with the Gentleman that we ought to put that wage and price on the same level. But I am also afraid that if we did something rash, we may defeat the very purpose of this exercise.

Senator Herrera. Well, Mr. President, I would like to assure my Colleague here that we are not

really rushing this because, as I mentioned earlier, by just giving the workers ₱10.00 increase in the minimum wage, we are merely restoring the purchasing power of the peso to the level of 1980. So even with that, the wages of the workers are already behind by seven years.

Senator Angara. Yes. I have no problem about the ₱10.00 wage increase right now, Mr. President. My concern is about the future. Now, does he not agree, Mr. President, that we are presented here with a unique opportunity of giving genuine substantial increase of wages to our laboring masses, but at the same time, we should ask our workers to give the employer a breathing spell? What I am pointing out, Mr. President, is that we can attach to this bill perhaps a no-strike, no-lock out provision in exchange for this automatic wage increase and give the economy a three year or a five-year breathing spell. Because I suspect, Mr. President, that this economy just needs that kind of breathing spell. If we have three to five years industrial peace, then, perhaps, the Philippine economy can really take off.

So would the Gentleman entertain an amendment to this wage indexation that will add a no-strike, no-lock out provision in exchange for this automatic wage increase?

Senator Herrera. Well, in principle Mr. President, I really have no objection about the strike moratorium. It is more on the mode of implementing that. But if that will be an imposition, we might have a problem. We might be creating in fact a bigger problem. I think we should seek for a more acceptable means in achieving the strike moratorium that the Gentleman is advocating. The announcement of the President this afternoon, in her speech at the Manila Hotel, where she ordered the police, in coordination with the Department of Labor, to enforce all labor laws, especially those in-

volving strikes, to me, is already a big lift in solving these problems. As I said, I have no objection in principle. We can discuss that during the period of amendments.

Senator Angara. Thank you very much, Mr. President.

SUSPENSION OF THE SESSION

The President. Let us have a brief breathing spell. The session is suspended, if there is no objection. [*There was none.*]

It was 5:23 p.m.

RESUMPTION OF THE SESSION

At 5:40 p.m., the session was resumed.

The President. The session is resumed.

Senator Saguisag. Mr. President.

The President. Senator Saguisag is recognized.

Senator Saguisag. Mr. President, will the distinguished Gentleman from Cebu and Labor yield to a few questions?

Senator Herrera. Willingly, Mr. President.

Senator Saguisag. First of all, Mr. President, we are all in agreement here that we have to do what we can to ameliorate the condition of the working man. Now, let us look at Section 1 of the proposed statute. Does the Gentleman have any idea how much taxpayers' money we are in effect, appropriating to carry out the intent of Section 1?

Senator Herrera. Well, I must admit that we have not conducted an exhaustive study on that but I am sure that if the increase will only cover the daily wage earners of the government, what the Secretary of the Department can do is to immediately use the 10 percent forced savings of the department to adjust the salary of the wage earners.

Senator Saguisag. In other words, it is not the intent of Section 1 to cover employees in the public sector who are paid on a monthly basis and may be getting less than a thousand a month?

Senator Herrera. The bill envisions only to cover the daily wage earners.

Senator Saguisag. So that it is entirely possible that a daily wage earner earning ₱50 a day who may be getting more than one who is paid on a monthly basis may get an increase, but not the monthly wage earner?

Senator Herrera. I understand that there is now an on-going study in the government to standardize the salaries of government employees. This was indicated by Secretary Monsod when she testified before the committee. So this is one factor that we considered when we decided to cover only the daily wage earners.

Senator Saguisag. Now, this task — now that it has been mentioned — of standardizing the compensation of those in the public sector, whose task is it? Is it our task here in Congress or the Executive's?

Senator Herrera. It is the Executive's.

Senator Saguisag. Is the Gentleman not aware of the provision of Article IX (b), Section (5) which precisely says that that is the duty of the Congress?

Senator Herrera. Well, right now, I think, based on an existing Executive Order, I understand that the Budget Commission is preparing a standardization program. So it would be a better judgment to wait for the result of the standardization before we have to legislate.

Senator Saguisag. In other words, we are agreed that under the new Constitution, the task of standardizing the compensation of those in the public sector actually is vested upon us by Section 9 (b), sub-section 5 of the 1987 Constitution.

Senator Herrera. Under this constitution, yes. But, as I said, I was informed that there is now an on-going study for the standardization conducted by the executive branch. I think this is based on an executive order, but I am not very sure of that.

Senator Saguisag. So the expectation here is that the money to be used to carry out Section I is to come from the unexpended balances. . . .

Senator Herrera. That would be one of the sources.

Senator Saguisag. What might be another source? Will we require a special appropriation for this?

Senator Herrera. If that would be necessary, then I am afraid there is a need for an appropriation, but I am very confident with the information given to me that there are not that many wage earners in the government; their increase of ₱10 can be absorbed by the forced savings of 10 percent in their budget.

Senator Saguisag. If that would be so, since it may require a special appropriation, have the sponsors of this bill taken the trouble of securing a certification from the national Treasurer that such funds are available?

Senator Herrera. Well, as I said, based on the information that was relayed to the Committee that the daily wage earners are not that many, and their adjustment in pay can be absorbed by the 10 percent forced savings, then the likelihood is that there is no need for an appropriation for this.

Senator Saguisag. Considering the wording of Section 1, is the Gentleman confident that this measure will survive a constitutional challenge even if this bill did not initiate in the other House? Because this looks to me as if it is an appropriation bill; is this not the kind of bill that under Section 24 of Article VII of the new

Constitution can only and exclusively originate in the House of Representatives?

Senator Herrera. Yes, I am aware of that, but as I said, in our estimate, the number of government employees that can be covered by this increase will only be very limited and this can be absorbed by the present budget of their respective departments.

Senator Saguisag. Would the Gentleman, without in advance committing myself, one way or the other, consider an amendment, that would include those in the public sector who may be getting paid on a monthly basis, of ₱1,000?

Senator Herrera. Well, that would be very ideal. In fact, I have no objection to that. The only apprehension that I have is this might need special appropriation, and that we might incur delay in implementing the new minimum wage if this will be approved.

Senator Saguisag. Now, if we may go to Section 2, Mr. President, there is some distinction I see here regarding those in the retail establishments regularly employing not more than 10 workers. Does this have anything to do with profitability? What I am saying is, suppose a retail establishment can show that it has 12 workers but is barely surviving, and we may have establishments with fewer than 10 employees but have been doing very well for the last 10 years, will we not run into some problem of unequal protection before the law here?

Senator Herrera. There is always that possibility that certain sari-sari stores having less than 10 employees are earning so much, but a retail store with 12 employees may not be able to afford the ₱10. There is that possibility, however — this is based on a study conducted, if I am not mistaken, by the Ministry of Labor in the past — that many of these small retail stores cannot really afford the minimum wage. That is why it will be noted that the wage orders in

the past touching on the minimum wage always exempt retail enterprises employing less than ten. So, we are just following that assumption.

Senator Saguisag. Now, if we may turn to Section 6, line 26, regarding a point that was touched upon by our distinguished Colleague from Cagayan earlier, when we say "principal", who do we mean? Line 26, page 2, Section 6.

Senator Herrera. The one paying the salary.

Senator Saguisag. Meaning . . .

Senator Herrera. The practice of the security agency is that, say, Company "A" is hiring the security guards; but there is sort of a broker — the security agency. So, the principal here is the company.

Senator Saguisag. Is "principal" the same as the client when we say "principal or client" or do we refer to two different parties?

Senator Herrera. Well, it refers to the same institution or thing.

Senator Saguisag. Now, mention here was made in the course of the interpellation of the distinguished Gentleman from Manila, Laguna, and Ilocos about certain prerogatives that have been, in our view, being enjoyed by top executives. Will we have any problem if we try to introduce an amendment putting a cut or a ceiling on the prerogatives that may be enjoyed by top executives in the profitable companies?

Senator Herrera. Well, the subject of this legislation is minimum wage. I really have doubts whether we can put several subjects in one legislation.

Senator Saguisag. Well, that is my problem because when we received the Message of the President, dated October 2, 1987, she wanted us to address three things: amelioration of the condition of the worker, the improvement of the economy, and job creation. And, I find nothing here addressing the two other aspects. We are all concerned about the suffering em-

ployed but there is not a line here for the desperately unemployed, because we are going to widen the gap between the employed and the unemployed. There are many spokesmen for the working man. There are many leaders and organizations for the workers. But there is nothing in this law for those who do not have any jobs. In our experience, most of the mail we get do not come from people asking for higher pay, but from people who have no jobs whatever.

Senator Herrera. Well, employers are receiving already more than enough incentives.

Senator Saguisag. Will there be any problem if, when we say that for a year or so, there will not be any increases in the perquisite of top executives? Will that not be the kind of amendment that I would hope the Gentleman might find congenial as a signal that we are appealing to the sense of social responsibility of those who have more in life and, therefore, should have less in law?

Senator Herrera. I would be willing to co-sponsor a separate legislation on that with him.

Senator Saguisag. So, we will have to postpone that.

Senator Herrera. Now, we can sponsor another legislation.

Senator Saguisag. All right. In Section 7, is there anything here that can be construed to mean that if a losing company will have its people — the management and employees — agree that all of them will take cuts below the minimums guaranteed here, will that be illegal under this bill?

I am envisioning an instance like Chrysler and Iacocca says: "All of us have to sacrifice. I am taking this big cut in pay and I expect everybody else to toe the line."

Will that be in contravention of the intent of this bill?

Senator Herrera. We cannot prevent a worker

from waiving a certain percentage of his salary if only to help the industry. That has been practiced not only in the United States but here in the Philippines. I know of certain companies where the workers voluntarily did not insist on the increase mandated in their Collective Bargaining Agreement to help the company.

Senator Saguisag. So there is no problem there about violating a public policy, waiving a right given by law. Is that really the thrust?

Senator Herrera. No. I am not saying that we should incorporate it here. Leave it as a voluntary act on the part of the worker concerned.

Senator Saguisag. Now, in regard to Section 8, is the cost of doing business one of the factors that should be considered by the President in doing what the distinguished Sponsor has asked her to do, which in my view we are really paid to do ourselves?

Senator Herrera. Is the Gentleman referring now to wage indexation?

Senator Saguisag. I am trying to pursue the point raised here by our fellow Senator from Quezon about productivity. Is this really something that will have to be done every year regardless of the law of supply and demand, regardless of the first law of mankind, which is survival. Are the companies and the employers really mandated to raise the pay every year without relationship to the profitability? I see here a cost of living index. What about the cost of doing business? Does that appear here?

Senator Herrera. The danger of linking increased wages with profitability is that this will result to many labor unrests because no company will say that it is making money, and we should understand that labor cost is a part of the total cost of production. Now, in the same way that cost of materials increase or

interest rates will increase, so do with labor costs based on the prevailing circumstances.

Senator Saguisag. Are we really serious in the assertion that all businessmen here are dishonest?

Senator Herrera. Well, we can only go by the statistics. According to the Department of Labor – of course, this survey was conducted two years ago – 49 percent of the workers in Metro Manila are not receiving the minimum wage. I do not know he will interpret that. That would mean only that certain employers are not enforcing, or rather implementing the minimum wage.

Senator Saguisag. The fact is we have really seen a number of businesses that have gone under. Will that be a fair statement that they have gone bankrupt?

Senator Herrera. Oh, yes, but not because of labor costs.

Senator Saguisag. No. All that I am trying to say is that in the repealing clause, Section 9, there is no attempt here to repeal the first law of mankind, which is survival, as well as the law of supply and demand. We do not intend to do that.

Senator Herrera. No, Mr. President.

Senator Saguisag. Now, will the Gentleman consider, let us say, an amendment that this will not apply to jobless people entering the work force for the first time, say, for a period of one year or up to the end of December 31, 1988, whichever comes first? I mean as an incentive to employers?

Senator Herrera. Well, if one is employed continuously for six months he is already considered a regular employee.

Senator Saguisag. What I mean is someone who is applying for the first time, after this law has taken effect. Can we have a stipulation

here that he will be paid under the old rates for a period of one year?

Senator Herrera. No, Mr. President. Once this law will take effect then new hire will have to be paid in accordance with the new rate.

Senator Saguisag. What I am trying to appeal to is if there is someone who is unemployed, he may prefer to work for minus X instead of X for a certain period then to continue pounding the streets. That is what I am saying. Is there no concern for job creation here? Is our concern only for those who are employed now or do we want to give unemployed people a break?

Senator Herrera. I can only think of two instance, maybe you can employ him as a learner or as an apprentice. Then, he is only entitled to 75% of the minimum wage.

Senator Saguisag. What about from the standpoint of the entrepreneur? Are we willing to consider that for a year or two someone who is starting a new business may employ people under the old rate? For a certain period, say, for a year, or up to December 31, 1988, whichever comes sooner? Because as I have said, there must be some concern for job creation. I can foresee that some people who may have hiring programs today may have suspended the same to assess the impact of this new law. I would hope that even if we could get in a few more people, that would be a positive development.

Senator Herrera. The adoption of new minimum wage will not affect so much future companies than present companies because future companies will include that in their planning, that that is so much, the cost of labor. So, they are in a better position to absorb the increase. As far as I am concerned, any wage adjustment will affect more the existing companies, specially those who are engaged in exports where they do not have time to adjust the costing of the products that they are export-

ing; but for future companies, this is not much of a problem because they will include that in their feasibility study.

Senator Saguisag. Mr. President, my own perception of the situation is that here we have, maybe, a widow with 12 children. Their needs are very valid. Everyone would want to go, let us say, to the same school where our distinguished friends from Manila, Laguna and Ilocos Sur went to, the Ateneo. Why not the best? But the mother may say: "I am sorry, but I can only afford to send you to the public schools for the moment."

There is no question about that, but I am not so sure whether the resources are produced overnight just because we passed Senate Bill No. 42. So I am trying to suggest some ideas that can make this attractive.

Senator Herrera. I can see his point, but I feel very strongly that, in the case of distressed industries, I think the Government should come to the rescue of these industries rather than sacrifice the wages of the workers to save the industry.

Senator Saguisag. Is the Gentleman aware that we now have a deficit of over ₱20 billion?

Senator Herrera. I know, but this can be in a form of tax holiday.

Senator Saguisag. When one speaks of taxes, would he, for instance, consider a proposal that if someone pays X amount to cover the cost of the wage increase, he can be credited, say, 110 per cent in his income tax return as deduction, as an incentive?

Senator Herrera. That is a difficult proposal. First, immediately, the Secretary of Finance will object to that. As I said, the cost of labor is part of the total cost of production. That is something that one — for an entrepreneur — really has to consider. And just like other factors of productions, if he allows this to pay taxes — for

instance, every time there is an increase — he just takes it, then why object to the increase of labor when in the old factors of production, the cost of labor is the lowest?

Senator Saguisag. I just said that, because there was mention of a tax holiday. Because, we cannot just keep knocking down or shooting down suggestions without really offering something that could sweeten this from the standpoint of everybody. In fact, we do not speak only of a tripartite arrangement. To me, a very important sector is a sector of the unemployed which is not among the three sectors that have been mentioned.

Senator Herrera. Maybe, because they are not organized.

Senator Saguisag. That is the reason why some of us have to stand up for them. They have no money; they have no organization; they have no spokesman; they cannot threaten us here; they cannot vote for us; and that is why some of us have to speak for them. That is precisely my concern.

Senator Herrera. I agree with the Gentleman.

Senator Saguisag. Organized labor can take care of itself. But the unorganized unemployed, who speaks for them? They are completely forgotten here. That is why the area of job creation as well as the message we got is something that really concerns me. It was totally ignored. Now, I would not want to have anything to do with Section 8. We cannot keep saying that mahirap yang reorganization plan. Can we ask the President to suspend it? Mahirap itong problema, pag pumalpak 'yan, masisisi kami, problema n'yo po iyan, Ginang Aquino. Although, her request to us was for us to do something about it. Then we claim here, we should take care of all the serious problems. We know the pulse of the people. Yung mga technocrats na yan, walang naiintindihan iyan diyani. Pero, pag nakikita na nating maraming

problema, itapon na kay Presidente yan, at kami, we can take care of asking for more powers for ourselves in the Commission on Appointments. Pagdating sa poder, we want that, pagdating sa responsibility, problema ng Malacañang. Is this really good for the institutional image that we want to develop for Congress, that every time the problem is difficult, we go to Malacañang? But when it comes to power, that we want. Meaning, we should be concerned about this problem, especially, because, according to Section 5 of Article IX-B of the Constitution, the task that we are assigning to her by statute is assigned to us by the people to carry out.

Senator Herrera. Well, as I have explained to the Gentleman, Section 8 is not just a matter of tossing the problem to the President. But, it has two purposes: one is, it is important that we should bridge the gap between prices and wages within a certain time frame; and two, is that adjustments of wages, which are necessary, should not be delayed because these will only promote industrial unrest.

Senator Saguisag. But is that not the easy way out? If it is solved, one hears nothing about it. If it is difficult, "Kasi, palpak iyang mga iyan. Wala namang alam iyan. Kami ang marunong ng pulso ng sambayanang Pilipino." Who elected them? Kami ay mayroong mga mandate. Sila ay hindi mga pulitiko. Bakit sila ang magso-solve niyan? Are we not ducking a responsibility that we really should be grappling with? Is it not what we are being paid for to do?

Senator Herrera. That is precisely why we are discussing this legislation now.

Senator Saguisag. Well, I would hope that the Gentleman is open to the amendment that this is something that the President asked us to do, because we said, tapos na iyang law-making power niya.

Senator Herrera. I think it is not just a mat-

ter of what the President asked us to do; but, I think, on what should be done by us. I mean, what we think should be done by us.

Senator Saguisag. But the law-making power of the President, as far as we know, ceased because we are now in power. We cannot only think of our power, but we also have to think of our obligations and responsibilities. And it seems to me, we are abdicating a very important responsibility when we have a better inkling, considering the views that have been expressed here earlier of the situation. So, I am afraid that if every time there is a very difficult problem we ask the President to solve it for us, it may harm the institutional image and dilute our perception of the institutional responsibility that the people have assigned to us.

Senator Herrera. No, I do not think so that we are abdicating our responsibility. In fact, the Gentleman will note that in Section 8, we are delegating that authority; and, of course, that is within our prerogative to delegate that to the President, but limited only to 15%. Beyond that, we will legislate.

Senator Saguisag. Anyway, maybe, the final point is something that has to do with the philosophy of labor law about which our good friend is certainly a master of. There has not been any question that unionism has been extremely effective in areas like job security. But there has been a long-raging debate whether unionism is as effective in legislating wage increases, the argument being really that, eventually, this will be wiped out by inflation. That is why, despite the series of wage increases, the workers remain miserable. So, it is no answer to say that some have managed to survive. May we know the stand of the Gentleman on this point?

Senator Herrera. Well, the Gentleman has to view it within the context of Philippine realities. If he will study the existing collective bargaining agreements now submitted to the De-

partment of Labor, the Gentleman will find that in 70% of these collective bargaining agreements, the benefits are just adhering to labor standards. So, it means, many of these economic benefits are just in accordance with the present minimum wage, because of the large pool of the unemployed. The large pool of the unemployed has weakened the bargaining position of trade unions. That is why it is not surprising that unions are insisting upon us to legislate wages because of their weak position. And therefore, it has to ask the help of the government.

Senator Saguisag. Well, Mr. President, a final point or two. I think we are agreed that when we speak of social justice, we do not really mean justice to the working man alone, but to the society at large, particularly, the unemployed. Is there an answer?

Senator Herrera. Yes, Mr. President.

Senator Saguisag. I mean, I am just curious. Is there no need to insert in some place here an appropriation clause?

Senator Herrera. Like what?

Senator Saguisag. Well, that the sum of X is hereby appropriated or authorized to be appropriated to implement this law. Is the Gentleman not uncomfortable . . .

Senator Herrera. Well, maybe we can discuss that during the period of amendments. I am not very clear on what the Gentleman's intentions are.

Senator Saguisag. Because there may be nothing here that authorizes the expenditure of even a single centavo. I mean, the way this is phrased now, there may be no one who may act on the basis of the law as worded because there is not that *de cajon* clause. So I am just concerned because some may say that there is nothing in the law which authorizes us to . . .

Senator Herrera. No because this is not a staggered increase. When this will be approved, then this will be implemented.

Senator Saguisag. So this is a law where we are not concerned how much we are authorizing to be paid. We are not concerned with what the sources are. To avoid problems later on, maybe we should have a clearer understanding of how much taxpayers' money we are going to involve here. I do not think that is very unreasonable. I mean, any housewife budgeting household expenses usually wants to find out how much; magkano ba ang kailangan dito? And here there is no indication. So, I am hoping that to avoid any challenge later on there will be some sort of . . .

Senator Herrera. I am sorry. I really do not understand what the Gentleman is driving at. Please clarify. The Gentleman is talking about government employees.

Senator Saguisag. Yes, President, because that is the only way really it can be done.

Senator Herrera. Because we are talking of the unemployed and then later the Gentleman is talking of appropriation. I am sorry I was not able to follow the Gentleman, Mr. President.

Senator Saguisag. I am sorry for not having made myself very clear. So I will try to make up, if I may. My problem here is that here is a very casual assertion in Section 1 about public money going to some people. We have no idea how much we are allocating, and there is no clear authority where it will come from. So I would hope that these gaps I perceive can be remedied somehow.

Well, thank you very much.

Senator Herrera. Thank you.

The President. Senator Shahani and after that Senator Gonzales, then Senator Paterno.

Senator Shahani. Thank you, Mr. President.

I wonder whether my distinguished Colleague from Cebu would yield to a few questions.

Senator Herrera. Yes, Mr. President.

Senator Shahani. Mr. President, Section 1 provides for a ₱10 increase for government workers paid on a daily wage basis. How about government workers who are paid on a monthly or an annual basis? They have not been mentioned here, and as the Gentleman knows the salaries of government employees are low.

Senator Herrera. Yes. The bill envisions only to cover the wage earner.

Senator Shahani. Only the wage earner?

Senator Herrera. Yes, Mr. President.

Senator Shahani. So this is really more of an emergency measure.

Senator Herrera. The reason for this is that in one of the hearings, the Committee was informed by, if I am not mistaken by Secretary Monsod, that the Executive Branch is now making a study on standardization of salaries of government employees. So we thought that maybe we should not include the monthly paid government employees pending the result of this standardization program. For all we know, the program might give increases higher than what we intend to legislate.

Senator Shahani. I see. Well, I am glad to know that it was not a deliberate oversight.

Mr. President, Section 1 provides for the ₱10 increase across-the-board for government workers paid on a daily basis. And Section 2 provides for a ₱10 increase in the statutory minimum wage of workers in the private sector. I am just wondering why there is this disparity in the wage mechanism. I mean, is it not better to provide for a uniform system of wage increase because we do have two different mechanisms in Sections 1 and 2 — one providing an across-the-board increase and the other, an increase in the statutory minimum wage.

Senator Herrera. Yes, this is only the minimum wage in the government. We have only the daily wage earner. We do not know really

whether there is a minimum wage that is applicable to government employees. That is why we mention only of the daily wage. Because in the government, we have the municipal employees and the national employees. I understand that in the municipal, they are receiving less than what the national government employees are receiving.

So that is why in Section 1, we mention only of daily wage. In the private sector, the minimum wage is clearly defined.

Senator Shahani. Then, Mr. President, I am wondering whether in this bill there is not a discrimination against those workers who are not unionized. In other words, those who belong to the unions already, through collective bargaining, can have wage increases. But those who are not unionized, they have to apply to the National Labor Relations Commission for arbitration. This entails expense, time, legal fees, etc. I am wondering how my distinguished Colleague from Cebu, Mr. President, would eliminate this discrimination against the non-unionized workers.

Senator Herrera. It is not really discrimination considering that the unionized workers have collective bargaining agreement, and then in the collective bargaining agreement there is a provision on how labor issues will be resolved and that is through grievance machinery. Then we have to use that machinery in order to settle this dispute. But in the non-unionized, there is no way except for the intervention of the government. So the only recourse is to go to the Department of Labor and file the necessary action. In this regard, then it will be through compulsory arbitration. That is why we are making it mandatory, that in case of a dispute arising out of the implementation of this bill, it will be through the compulsory arbitration and that the labor arbiter is given 10 days.

Now, our experience is that workers who cannot afford to hire lawyers, they go to CLAO.

Then we have FLAG. There are several organizations of lawyers who are willing to assist these non-unionized workers. Then, of course, we have unions who can assist them.

Senator Shahani. How would my Colleague from Cebu assess the work of labor arbiters? I mean, are they responding to the needs of the non-unionized workers?

Senator Herrera. Well, majority of them. There might be some isolated cases where there is a need really of closer supervision. And, of course, considering the number of cases handled by these people, sometimes there is a delay in the dispensation of labor justice. I understand that in their present practice, they are required to render something like 20 decisions a month, which is, to me, already too much.

Senator Shahani. Thank you, Mr. President.

Senator Gonzales. Mr. President.

The President. Senator Gonzales is recognized.

Senator Gonzales. Mr. President, will the distinguished Sponsor yield to some questions?

Senator Herrera. Willingly, Mr. President.

Senator Gonzales. Well, being one of the co-authors of this bill, I associate myself with the main purpose and thrust of this bill. However, there are certain apprehensions to which I seek appropriate answers. That is why in signing the Committee Report, I did so with reservations.

Now, Mr. President, actually, this Senate Bill No. 156 appears to be a consolidation of several bills, among others, Senate Bill No. 70, Senate Bill No. 134 and Senate Bill No. 135. And so, the result is, the provisions of these different bills were consolidated in this particular bill. Is it not that situation, Mr. President? Now, Senate Bill No. 134 is entitled:

AN ACT PROVIDING FOR AN INCREASE IN THE STATUTORY MINIMUM WAGE RATES

OF EMPLOYEES IN THE PRIVATE SECTOR
AND FOR OTHER PURPOSES

while Senate Bill No. 135 is:

AN ACT INCREASING BY TWELVE PESOS PER DAY THE PRESENT MINIMUM WAGE FOR ALL WORKERS AND EMPLOYEES IN THE GOVERNMENT AND THE PRIVATE SECTOR.

So, in truth, there are two subject matters in this bill: (1) to increase the statutory minimum wage for employees in the private sector; (2) to increase the statutory minimum wage for government workers and employees. Is that not the effect, Mr. President?

Senator Herrera. Yes.

Senator Gonzales. I am afraid that because of this, we might actually run counter to the provision of Section 26 paragraph (1) of Article VI of the Constitution to the effect that:

Every bill passed by the Congress shall embrace only one subject which shall be expressed in the title thereof.

And probably, by providing for separate bills, we could have avoided one of the valid issues that had been raised by Senator Saguisag in that this bill does not provide for any appropriation, because any increase in the statutory minimum wage or salary of government employees necessarily must be backed up with an appropriation. Would my observation be far-fetched, Mr. President? I think that is the thrust of the latter portion of the interpellation of Senator Saguisag.

Senator Herrera. Yes, but my understanding is that the bill tackles only one topic and that is, the wage increase. And it so happened that those affected by the increase are workers in the government and the private sector but the subject matter is only wage increase.

Senator Gonzales. Now, I am trying merely to put that on the record so that we may be forewarned lest we violate some provisions of the Constitution. And in our desire for an expe-

dent action by incorporating actually bills of different subject matters, we may ultimately lose the constitutional fight, I mean, all our efforts may be set to naught if the law itself is declared to be unconstitutional. That is the warning that that I am putting across through this interpellation.

Senator Herrera. I understand his concern, Mr. President.

Senator Gonzales. Yes. Now, I am going to the very substance of my interpellation and this concerns Section 9 of this bill which provides:

All laws, orders, issuances, rules and regulations or part thereof inconsistent with the provisions of this Act are hereby repealed or amended accordingly.

Now, if he will allow me just a little time, Mr. President, may I explain the background of the issue that I would want to raise.

The original Minimum Wage Law was passed by the Second Congress sometime in 1951, and this is Republic Act No. 602, which has suffered some amendments thereafter.

But what is noticeable, and I pay tribute now to the wisdom of the Members of Congress which enacted this, is that after fixing for the first time the statutory minimum wage, then it created a machinery for wage-fixing thereafter.

And that is why, in Section 5 of the said law, the wage-fixing power was granted to a body, known as the Wage Commission.

Under Republic Act No. 6129, this wage-fixing function of the Wage Commission had been transferred to the so-called NATIONAL WAGE COUNCIL.

Senator Herrera. But, if I may interrupt the Gentleman, the function of the National Wage Council was merely recommendatory.

Senator Gonzales. Yes. But then, it is the Secretary of Labor and the President of the Philippines. And that is why, thereafter, all wage increases had been fixed by Wage Order, not by

legislation. There had been integration but in the main, there had been wage orders — Wage Order Nos. 1, 2, 3, 4, 5, the latest of which is No. 6, which was, I think, ordered sometime in October 1984.

Now, what I am trying to point out, Mr. President, is that there is a machinery for wage-fixing under the law, and the standards and guidelines are very, very reasonable. For example, in wage-fixing, the appropriate government body should comply with certain standards or criteria and should consider, among others, the following relevant factors: the cost of living; the wages established for work of like or comparable character by collective agreements or wage orders; the wages paid for work of like or comparable character by employers who voluntarily maintain reasonable standards; fair return of the capital invested; and, the size, location, and fertility of the agricultural farms. In short, there are certain binding standards so that the various interests of society, sometimes at cross currents with each other, can be considered before wages are fixed, which, though I am sure must have been considered by the legislature, well, I do not think that we strictly hewed according to these standards when we actually legislate wages.

Apparently, Mr. President, this provision had not been repealed by the Labor Code of the Philippines, which is PD No. 442, as amended. Because it provides in Chapter 2, that is Article 99:

The minimum wage rate for agricultural and non-agricultural employees shall be those prescribed by law in force on the date this Code takes effect.

And so, we have to revert to Republic Act No. 602. And there is much to argue in favor of that, Mr. President, because in the first place the administrative machinery would be less free from political pressures, to which, we, in a political body like Congress, will be exposed.

Then there are certain relevant factors in the entire governmental machinery in which adequate data and information would readily be available, and they would be able to weigh one interest or one factor against the other.

Now, so I hold that it would not have been necessary for us in Congress to do this, which power I always concede. We have the power indeed to enact a law that would increase the statutory. We have the legal power to enact the bill under consideration. But as I have said, it would have been rendered unnecessary; and probably, these increases could have been acted upon, I mean the timeliness, if only these powers, which to my mind still remain, had been exercised.

And, therefore, if I agree to co-sponsor this bill, it is because the Executive has not acted, and I feel that in the light of the present conditions, there might be a need now for a direct action on the part of the Congress. That is my point, Mr. President.

But then I am confronted with this Section 9. In the first place, Section 8 is the indexation of wages thereafter; and then, we have Section 9 which is the repealing clause. Now, is it the intention of this bill that this system which I find to be very reasonable, expeditious, and more relevant, — I mean, all of these laws—will have to be thrown overboard, will be repealed, or accordingly modified?

Senator Herrera. Well, first let me give the Senator a background of the National Wages Council. The function of the National Wages Council was to establish industry and wage rate. That is why we will note that there are several factors that have to be considered when they prepare recommendations to establish the industry-wage rate.

Senator Gonzales. That is right.

Senator Herrera. It was not their primary function originally to establish or make recom-

mendations for the national minimum wage rates.

Senator Gonzales. Yes.

Senator Herrera. Now, as to his second question, if the distinguished Gentleman will take note of Section 8, he will find that the wage indexation mentioned in Section 8 is not really automatic. There are certain economic factors to be considered. For instance: first, cost of living; second, the economic recovery requirements; third, social justice, and other factors to assure a decent income for the workers.

And then we are mandating under this section the National Census and Statistics to prepare this, instead of the National Wages Council, although I feel that maybe we should include the National Wages Council here.

Senator Gonzales. I understand this under these structures that have been established by this bill under consideration. My questions are: Are the laws concerning wage-fixing in force now? Are they deemed to be repealed under the provisions of Section 8 and Section 9 of this bill should this bill become a law?

Senator Herrera. Those that are inconsistent with this bill.

Senator Gonzales. Does the Gentleman think that the wage-fixing provisions of Republic Act No. 602 and its amendments are inconsistent with this?

Senator Herrera. Well, as far as the function of the National Wages Council is concerned; because, in that Republic Act 602, it is the National Wages Council. But, here is now the National Census and Statistics. But, maybe, during the period of amendments, we can include both the National Wages Council and the National Census and Statistics.

Senator Gonzales. Because I have said, Mr. President, that it is my considered view that I find very workable and very reasonable, the

machinery for wage-fixing under existing laws. And therefore, we should not replace it with a system that is untried, and that is yet untried, and will not, actually, be able to achieve the very purpose or our intendment. That is our concern, Mr. President.

Senator Herrera. Yes, I can see his point. And I am having some reservations initially to include the National Wages Council, because I have been a Commissioner of the National Wages Council for four years, and I know the deficiencies there.

Senator Gonzales. Yes, Mr. President.

Senator Herrera. So, maybe. . .

Senator Gonzales. What I am trying to say, probably, is it is not good for us that almost every time that we enact legislation, that would increase the salaries. I mean, this can be better determined by an administrative agency in the Executive Department according to the standards that we set forth in Congress through law.

Senator Herrera. Precisely, that is the justification of Section 8, why we are giving the President. Actually, it is a reiteration of 602; only, that instead of a National Wages Council, now we have the National Census and Statistics.

Senator Gonzales. Now, can I echo the concern expressed here by Senator Angara with respect to Section 3? Because, while this bill merely increases the statutory minimum wage, the truth of the matter is that the statutory minimum wage is not the only one to be affected. That will produce a chain reaction because, necessarily, it might happen that with this wage increase, the statutory minimum of the rank-and-file worker may even be higher than the immediate superior. And that is why that will cause a distortion. So the chain effect is that there will be a corresponding demand for increase on the part of the immediate superior, and so on.

So whether we wish it otherwise, it will be the practical effect of this bill when it becomes a law. Will it not, Mr. President.

Senator Herrera. Yes.

Senator Gonzales. So the concern that I wish to echo here with Senator Angara is that we are under Section 3, manufacturing causes for industrial disputes with the pernicious effect of creating causes of strikes at a time when we are trying to minimize the number of strikes in our country. That is not an exaggeration nor a doomsday scenario, so to speak, Mr. President. But that will be the realistic effect of Section 3, of this bill. Is it not right, Mr. President?

Senator Herrera. Yes, that is why Section 3 also provides the mechanism of solving this problem.

Senator Gonzales. Yes, because the moment we make such a provision there, everyone will always have to apply to that mechanism. That is why the ultimate weapon here is compulsory arbitration.

Senator Herrera. Yes.

Senator Gonzales. As we know, the situation obtaining in the labor front then would ignite actually now a series of strikes. And that is our fear.

Then, insofar, as Section 6 is concerned, I do not have much of a constitutional problem here. First, on the argument that it may impair the obligation of contract. I think our answer is that, it may. But that impairment, however, is overridden by a valid exercise of the police power of the State because the police power of the State is superior to the contract laws of the Constitution.

Regarding the question of whether the construction or service contractors are the ones to bear the cost of the increase, I also see that this is in consonance with the decisions of the Supreme Court. Because under existing decisions

of the Supreme Court which is upholding the control theory or the control principle, there is hardly any independent contractor now. It will always be the principal that will be considered as an employer, even if there is apparently no employer-employee relationship.

Does he agree with me, Mr. President, that the effect of this bill, as warned by the Secretary of Economic Planning, is the increase in the rate of inflation; and two, the unemployment problem in our country?

Senator Herrera. The Secretary of NEDA happens to be the major architect of the administration bill. So it was expected that she has to endorse the ₱8.00 and the ₱6.00. And according to her thesis — I agree with the Gentleman — she testified that this might result in inflation and increased unemployment problem, although I feel very strongly that there are other factors that would affect inflation and the increase of unemployment, not necessarily the increase of the labor cost.

Senator Gonzales. In fact, I think in her testimony before the Committee on Labor and Employment, she gave a figure — the estimate of her office on the increase in inflation and also the increase in unemployment. And in answer to my question, she even admitted that the successive increases which will be the chain effect have not been even considered by them. And if they consider the same, then, the rate of inflation and the rate of unemployment would even be higher than what she had testified to the Committee. Does he recall the testimony, Mr. President.

Senator Herrera. Yes, although I also recall that when I asked her if we have to transfer the money to the pockets of the workers, this will trigger inflation, but if the money will remain in the pocket of the government and the employers, it will not trigger inflation, she did not give also a satisfactory answer.

Senator Gonzales. This is merely a concern that probably, at a time like this when our main problem is unemployment and underemployment, while we try to meet in some way the need for increasing the wages of the working men, probably, it would be better if we also consider that the amount may be little but at the same time, we may generate more employment. But I think the problem is unemployment and underemployment. So it is not only increase in the wage but if possible, we can also generate more employment.

Senator Herrera. I agree with him that we can increase the income of the workers and at the same time generate more employment opportunities. But we are confronted here with a problem — the purchasing power of the workers had been eroded by 27.3 per cent as of July this year because the last increase that was given was only in 1984. And so, we are confronted with this problem. And as I said, I can agree with him that we should also consider generating employment opportunities.

Senator Gonzales. Because actually, sometimes the practical question is posed to us: Which situation is better? Only one member of the family is employed with a comparatively good wage or salary or probably, he may not be receiving that much and yet, three members of the same family are employed. So which would be a better situation.

Senator Herrera. If I may just comment on his last remark. That was the policy also of Marcos during his regime — that the thrust should be family income rather than individual income. On the theory that by freezing wages or by maintaining cheap labor, we will be able to generate employment opportunities. Unfortunately, the situation will tell us that that was a wrong policy.

Senator Gonzales. Yes, I do not condemn it just because it was resorted to by the former

regime. Because this philosophy has taken hold, not only in the Philippines under Marcos but also in other countries at the time of their development. For example in Hongkong, when by Western standards, the factories there were operating like sweat shops. That was the very argument that it is better to have two or three members of the family receive wages, which by American standards are low, rather than have only one member of the family working with a better salary or wage. This is a policy choice.

Senator Herrera. In fact, Mr. President, it is not only the experience in Hongkong, but that includes Japan. That is why they have to change that policy and give more now to the workers in order to stimulate domestic market.

Senator Gonzales. Well, they can do that because their economy had improved. They have started that way. I think that if it failed during the time of Marcos, there were also many contributory factors. Now, at any rate, this is a policy choice.

The last point that I would want to consider is: Is it not true that on the basis of experiences of other countries, wage indexation works in stable and advance economies. Because if the economy is stable, the rise in the cost of living index is gradual; and it is worst in countries whose economies are unstable. One can imagine that the cost of living is always increasing and accordingly, the wages also will increase which is inflationary, which trigger more inflation. Is that a correct statement, Mr. President?

Senator Herrera. The experience of countries like Argentina and Brazil will tell us that it is not the increase in wages that triggers the inflation, because the increase of wages only comes after the increase of prices.

Senator Gonzales. We are back to the question of which is ahead — the egg or the chick. We will never be able to resolve this issue.

Senator Herrera. Well, by the very nature of the scheme, we only increase wages on the basis of the increase on the consumers price index. It means that wages which increase will only follow after the increase in prices.

Senator Gonzales. And the moment that one increases the wage that has also an inflationary effect. And then one has to adjust it again according to the cost of living index that would increase. So, as I have said, it would be futile for us to enter into a debate on that particular point, because it is like debating on which comes first — the egg or the chicken.

Senator Herrera. I think it is a very relevant point at this time that the fear that the Gentleman is harboring may not be true. Because the cost of labor in this country is very small. It might be true in countries where the cost of labor is from 40% to 65%. But in our country, even if the wages of the workers, will be doubled, it will not amount to 20%.

Senator Gonzales. I only hope that our optimism and our assumptions will come true. That is my hope; that is my prayer for the good of our country and for the good of our people. I have more questions but I realize that there are many others who should be heard on this very, very important issue and therefore, I close thanking the President and thanking the distinguished Sponsor for the opportunity given to me.

Senator Herrera. If I will just make a short remark, Mr. President.

The Section 8 which provides indexation is really a modified indexation; so our good Senator from Mandaluyong does not really have to worry, because under this Section it is not automatic adjustment. It is the President who will do that based on the recommendation of the National Census and Statistics.

Senator Paterno. Mr. President.

Senator Pimentel. Mr. President.

The President. Senator Paterno, then Senator Pimentel.

Senator Paterno. Would the Senator from Cebu yield to a few questions?

Senator Herrera. Willingly.

Senator Paterno. Mr. President, the Senator from Cebu has already answered the first question that I was going to ask, which really was; is it correct to refer to Section 8 as a wage indexation provision?

Senator Herrera. It is really a modified wage indexation. It is not really strictly a wage indexation mechanism as adopted in the countries of Brazil, Argentina and others.

Senator Paterno. Yes, Mr. President, because wage indexation is used to refer to a mechanism by which wages are automatically adjusted to the same extent as the rise in the cost of living index.

Senator Herrera. Precisely, that is why I said, this is quite modified.

Senator Paterno. And, therefore, I would suggest, Mr. President, that we do not refer to Section 8 as a wage indexation provision because it is not.

Senator Herrera. Well, I referred to it as a modified wage indexation in my sponsorship speech.

Senator Paterno. Thank you, Mr. President.

My first question is on Section 2, where the bill exempts those workers in retail establishments regularly employing not more than 10 workers from any increase in their minimum wages. My question is whether this was deliberate or whether this was an oversight, considering that Senate Bill provided for an increase in the minimum wage of such workers of ₱6.00 per day?

Senator Herrera. This is deliberate that we exempt the retail enterprises employing regular workers less than ten.

Senator Paterno. Would service establishments employing less than ten workers similarly be exempted, Mr. President?

Senator Herrera. Deliberately, it is not included here.

Senator Paterno. It is not included in this bill because it is meant to include them?

Senator Herrera. No. It is meant only to limit to retail enterprises.

Senator Paterno. Yes. In other words, that service establishments employing less than ten workers would have to pay a minimum wage increase by ₱10.00 per day?

Senator Herrera. Yes.

Senator Paterno. Thank you, Mr. President.

My other question, Mr. President, pursues the apprehensions expressed by Senators Angara and Gonzales about the great possibility of a number of disputes arising which would have to be settled through compulsory arbitration. And my apprehension has to do with the capability of the NLRC arbitration branch to handle the compulsory arbitration of such disputes. Is the Gentleman of Cebu satisfied that there would be enough to handle this?

Senator Herrera. We have only two ways to solve this problem. It is either voluntary arbitration or compulsory arbitration. In the unionized companies there is a provision for voluntary arbitration. But then even in unionized companies where one or both parties will agree to submit this to compulsory arbitration, just the same this will go to compulsory arbitration. But that is the only means now to resolve this problem.

What Section 3 envisions is to see to it that there will be no delay in the resolution of labor dispute arising from wage distortion.

And they should give priority to this. That is why we use the word "mandated" and then, we give 10 days only.

Senator Paterno. On the other hand, Mr. President, considering the record of the Arbitration Branch in arbitrating industrial disputes, I am myself rather skeptical that they will be able to handle, dispose within ten days and avoid industrial unrest and strikes because of their limited capabilities.

Senator Herrera. In other cases, they interpret their responsibilities as merely directory. That is why in this bill, that is made mandatory.

Senator Paterno. Would the Senator from Cebu, Mr. President, be sympathetic to a suggestion during the period of amendments that in the event of a dispute not settled by voluntary arbitration, that an increase of ₱10 per day to all employees shall be deemed to adequately correct any distortion of the wage structure. This would not mandate the employers and employees to have a ₱10 per day across-the-board increase, but rather, sets a parameter that in the event they are able to arrive at an agreed settlement between them, then the ₱10 per day shall be considered fair and adequate settlement of the dispute as incorporated in the bill.

Senator Herrera. In the case of the wage distortion.

Senator Paterno. In the case of disputes with respect to wage distortion. We would not be legislating an across-the-board increase but we will be setting up a parameter as to what might be considered.

Senator Herrera. Well, actually, here, I can envision that on a wage distortion, it can be higher or lower than the ₱10.

Senator Paterno. Yes. Would the Gentleman from Cebu be willing to consider such an amendment?

Senator Herrera. Let us consider that during the period of amendments.

Senator Paterno. Thank you, Mr. President.

Senator Pimentel. Mr. President.

Senator Guingona. Mr. President.

The President. Senator Pimentel is recognized, then Senator Guingona.

Senator Pimentel. Will the Gentleman yield to a few questions?

Senator Herrera. Willingly, Mr. President.

Senator Pimentel. One of the most common complaints, Mr. President, of wage earners throughout the country is the fact — and this is admitted even by the Department of Labor — minimum wage legislations have been more honored in the breach than in the observance, and therefore, it seems to me that unless we can provide some mechanisms to really enforce this latest wage increase, then we are indulging in empty rhetoric, Mr. President. So my question addressed to the Gentleman, therefore, is: Has the principal Sponsor of this bill thought of a possible mechanism by which this new or latest wage increase can really be implemented, Mr. President?

Senator Herrera. As of now, we can only rely on the capabilities of the Department of Labor and Employment to enforce this law, rather, other laws. Now, of course, it would be advisable if the workers have unions because then, the unions would help in the enforcement of existing laws.

Senator Pimentel. Yes, Mr. President, that is precisely the whole problem, because I understand that only 30 per cent of the entire labor force is unionized or even less.

Senator Herrera. Less.

Senator Pimentel. Even less, so the greater number, therefore, of people who are intended to be benefited by this new wage increase,

Mr. President, are not unionized and this is exactly where the greater part of the problem would really lie, Mr. President. And considering the failure of the Department of Labor to enforce the laws on labor, I am really wondering what will be the real outcome of this legislation, whether it can really bring about the desired beneficial effect that it intends to give to our wage earners.

Senator Herrera. This will really entail the support of the Department of Labor and Employment. Right now, I understand they have only 120 labor inspectors to enforce labor standards and there is really a need to increase their budget and improve their capabilities in order to be responsive to the needs of the workers. And so, this will entail several measures to take.

Senator Pimentel. Mr. President, I am, of course, impressed by the credentials of the Sponsor regarding labor matters, and I am wondering if he is not willing to do a Manglapus by accepting an appointment to the Department of Labor if that should be necessary to ensure the enforcement of these laws.

Senator Herrera. I have a commitment to the almost nine million who voted for me, and I am very happy here in the Senate with our present leadership.

Senator Pimentel. So, anyway, thank you, Mr. President, for this opportunity.

Senator Guingona. Mr. President.

The President. Senator Guingona.

Senator Guingona. Mr. President, just a few questions, if the distinguished Gentleman will yield?

Senator Herrera. Yes, willingly, Mr. President.

Senator Guingona. Under the present system the President has authority to increase wages, is it not?

Senator Herrera. Yes.

Senator Guingona. And whenever there is a wage order pursuant to that authority, there is no need of any appropriation, is there?

Senator Herrera. Well, in the case of government employees, yes.

Senator Guingona. There is no need for an appropriation or a certification because there is already a mechanism in the budget which gives ample authority to the President to secure the necessary funds from one item to the other.

Senator Herrera. Well, I think, the Gentleman is in a better position to advise us in that matter, because once upon a time, he was with COA.

Senator Guingona. Mr. President, insofar as Section 3 is concerned, will the distinguished Sponsor please clarify that as soon as the law is approved, then, the increase of ₱10 across-the-board to the persons affected will already be given.

Senator Herrera. Yes.

Senator Guingona. Regardless of distortions?

Senator Herrera. In the case of those receiving higher than the minimum wage and unionized companies, there is a mandate that we have to negotiate in order to correct the wage distortion and then, in case there will be a dispute on that, to course it through the grievance machinery. Now, to the non-unionized we are also mandated to negotiate for the wage distortion, but then, in case of disputes, we immediately go to compulsory arbitration.

Senator Guingona. So, is it clarified, therefore, in saying that the increase is not given immediately in those cases?

Senator Herrera. For those receiving less than the minimum wage, so that should be immediate upon the effective date of the law, but for those receiving higher than the minimum

wage because of wage distortion, then they have to negotiate within 60 days.

Senator Guingona. Would the status quo then be maintained pending any settlement of these distortions?

Senator Herrera. The workers may not even ask for a correction of the wage distortion for those who are receiving higher than the minimum wage.

Senator Guingona. But there is compulsory arbitration in the case of non-unionized workers.

Senator Herrera. But there is a dispute as a result of the wage distortion.

Senator Guingona. In other words, the distinguished Sponsor would like to have this on a voluntary basis, is that the . . . ?

Senator Herrera. They have to negotiate it, so it is voluntary, yes.

Senator Guingona. And if the workers do not dispute since they are receiving above the minimum they will not necessarily have to undergo any arbitration?

Senator Herrera. Yes. Only when there is a dispute.

Senator Guingona. Would the Gentleman have the necessary figures as to how much, what percentage of the labor force would be affected by these distortions?

Senator Herrera. These are mostly unionized, so I would say about 10 percent. I mean, the unionized is only about 10 percent of the labor force, then, it is safe to assume that it might only be about 10 percent.

Senator Guingona. So, the 10 percent who are receiving more than the minimum wage need not be given immediately.

Senator Herrera. Yes, we have to negotiate, within 60 days.

Senator Guingona. And if they prefer not to negotiate, they have to waive their rights?

Senator Herrera. Well, not necessarily waive, they should negotiate. Do not expect the employer to give up voluntarily.

Senator Guingona. I see. My last point, Mr. President, is on the automatic of Section 8. The distinguished Sponsor has said that the basis for the review every year by the President is not based on index of cost of living allowance.

Senator Herrera. Yes, one of the factors.

Senator Guingona. And, therefore, this is not really automatic.

Senator Herrera. Yes, it is not really the strict wage indexation system. That is why it is modified.

Senator Guingona. Therefore, it is simply a review, basing the review on these factors that is mentioned in the bill.

Senator Herrera. Not just merely a review, but based on the study of the National Census and Statistics that there is an increase in the CPI and that other economic factors that would warrant an increase, then the President is authorized under this law to give an increase, but not more than 15 per cent.

Senator Guingona. Yes, but it is not automatic.

Senator Herrera. It is not automatic.

Senator Guingona. Yes.

Senator Herrera. And it has to wait for an order from the President.

Senator Guingona. Yes. And economic recovery requirements would include productivity, would it not?

Senator Herrera. Yes, of course.

Senator Guingona. Thank you, Mr. President.

Senator Mercado. Mr. President.

The President. The Majority Floor Leader.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 156

Senator Mercado. Mr. President. I move that we suspend consideration of Senate Bill No. 156.

The President. Is there any objection? [*Silence*] The Chair hears none; the motion is approved.

BILL ON SECOND READING Senate Bill No. 38 – Civil Service Decree (Continuation)

Senator Mercado. Mr. President, I move for the suspension of the Rules to consider Senate Bill No. 38, An Act Repealing Section 40 of Presidential Decree No. 807, Otherwise Known as the Civil Service Decree. I would like to remind about it that before this was recommitted, Mr. President, to the Committee on Civil Service, we were in a period of amendments. Now, there was an amendment by substitution on the part of Senator Guingona. Both have been referred to the Committees and separate reports have been made. With the suspension of the *Rules*, maybe, Mr. President, we can consider and vote, if there are no other amendments on the said bill.

Senator Guingona. Mr. President.

The President. Senator Guingona is recognized.

Senator Guingona. Mr. President, considering that I was the person who was responsible for the delay due to the amendment that was referred back to the Committees, may I, therefore, move in accordance with the suspension of the Rules for the approval of Senate Bill No. 38, Mr. President.

The President. Is this the bill of Senator Gonzales . . .

Senator Guingona. Yes, Mr. President.



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The President. To the Calendar for Ordinary Business.

Senator Mercado. Mr. President.

The President. The Majority Floor Leader is recognized.

BILL ON SECOND READING

**Senate Bill No. 156 — Minimum Wage Increase
(Continuation)**

Senator Mercado. I move that we recognize Senator Herrera.

The President. Senator Herrera is recognized. Are we still in the period of interpellations?

Senator Mercado. Yes, Mr. President.

The President. All right. Are there any interpellations from the Members of the Senate? Senator Herrera has been recognized on Senate Bill No. 156.

Senator Gonzales. Mr. President.

The President. Senator Gonzales is recognized.

Senator Gonzales. Mr. President, I rise just to ask one question which, through oversight, I failed to ask the distinguished Sponsor last night, and it is this: Is there any minimum wage for government officials, whether paid on a daily or on a monthly basis?

Senator Herrera. I do not think there is.

Senator Gonzales. Because our bill, if I recall, seeks to impose an increase of ₱10.00 to the statutory wage or salary of those employed in the private sector, as well as in the government sector. That is why I am asking this question: Is there a minimum wage for government employees, because otherwise we do not have a proper frame of reference as far as the increase for employees in the government is concerned?

Senator Herrera. That is why in Section 1 of the bill, it mentions of the daily-wage basis. We do not mention minimum wage. So the municipal employees and the national employees have different daily wages.

Senator Gonzales. Yes, I do recall that there are even those in the Government who are receiving monthly salaries of ₱608 and sometimes ₱700. All of these are not covered, if they are paid on a monthly basis.

Senator Herrera. I understand that there are even Government employees who are receiving ₱390.

Senator Gonzales. Although, in fairness to facts, that is actually their regular pay. In addition thereto, they are also being paid several cost of living allowances.

Senator Herrera. Yes, and an additional ₱500 plus.

Senator Gonzales. And also medical allowances in some departments; so much so that even if their regular monthly pay is only about ₱500 or ₱600, the gross pay that they receive amounts to sometimes ₱1,200 to ₱1,400.

Senator Herrera. I understand that some are receiving a little over ₱800.

Senator Gonzales. Well, it depends, of course, upon the department or government agency. Because some pay their cost of living allowances and medical allowances than others. For example, when I was in the Ministry of Justice, the monthly medical allowance that we authorized to be paid before was ₱500; while in some other bureaus about ₱200 to ₱300.

Senator Herrera. But, I understand, in certain municipalities some daily paid employees are only receiving ₱14.

Senator Gonzales. Now, if this addition or increase in pay affects only those government employees paid on a daily basis, would it not cause distortion in the salaries of regular em-

ployees, who, according to the Gentleman, are receiving a monthly pay of even ₱400 or ₱500 or ₱600, and it does not seem that there is equity as far as that is concerned?

Senator Herrera. Certainly, this will result in wage distortion. That is why I mentioned yesterday during the interpellation by the Senator from Pasig that there is an ongoing standardization study being conducted by the Executive Branch, and that, if the Senator from Pasig will sponsor a bill mandating for an upward revision of the present salary levels of the Government employees, I will volunteer to be a cosponsor.

Senator Gonzales. Yes, that is very well, but we know that these studies will take quite some time. As pointed out by the Gentleman from Pasig, it is ultimately Congress that will determine this by law. And so, it will still take some time before the necessary standardization as contemplated and mandated by the Constitution is approved. In the meantime, there is a need for some relief as far as the wage or the salaries of these employees in the Government are concerned. Would not the Gentleman consider as saying that the increase, as far as Government employees are concerned, will extend to those paid on a daily wage basis; but those whose regular pay does not exceed a certain amount, let us say, ₱1,000 or so, so that there will be an equitable increase? Apparently, we are treating people differently who are placed under the same conditions and circumstances.

Senator Herrera. I am just concerned about the capability of the Government to provide the necessary budget. However, if it is feasible, I welcome the Gentleman's suggestion.

Senator Gonzales. Yes, because sometimes that is also the protest aired by the private sector. Now we readily enact laws for so long as they do not concern the government coffers. We try to set one standard applicable for those in

the private sector, and we do not apply it equally for those in the government sector.

Senator Herrera. But in the case of the private sector they are engaged in business; the Government is not.

Senator Gonzales. Yes, but I thought that the very philosophy behind the payment of a minimum wage is the payment of a living wage. Actually, the capability is only secondary; although, in the ultimate analysis, everything will have to depend on that. That is the only point I want to add to what I asked of the Gentleman last night.

Senator Herrera. Mr. President, I support the Gentleman's idea. In fact, as I said, if he would sponsor a bill, I would like to share the honor of being a cosponsor.

Senator Gonzales. Well, what I am thinking merely is some sort of immediate relief that is reasonably made together with the bill under consideration. At any rate, these are thoughts being considered for amendments to the bill sponsored by the Gentleman.

Senator Herrera. In fact, right now, there are several pending bills before the Committees on Labor, Employment and Human Resources Development; and Civil Service and Government Reorganization mandating for an increase of salaries for employees in the government sector, particularly in the Departments of Education and National Defense. So this Chamber is aware of that problem expressed by the Gentleman. And the Gentleman said that if it is feasible, then I welcome amendments to Senate Bill No. 156.

Senator Gonzales. Yes. Apropos a question raised by the Gentleman from Pasig, has the Committee on Labor, Employment and Human Resources Development, which is privileged to be chaired by the Gentleman, undertaken some studies of how much it will cost the government as far as those daily wage earners in the government service are concerned?

Senator Herrera. According to the information available, I think it is in the Department of Public Works and Communications where there are about 6,000 daily wage-earners. I think in the other departments it may not be that many. So I feel very strongly, very confident that, maybe, we can charge this additional pay to the 10 percent savings in this department, and that I agree that there is really a need to provide for an appropriation for this.

Senator Gonzales. Yes, Mr. President. And, again, the problem will arise as to whether or not there may be a need for a certification of the availability of funds, since this a salary increase. The chief and primary purpose of any appropriation provision is to appropriate funds from the public treasury to cover the salary increases. And this will make it now a special appropriations bill. And a special appropriation by virtue of a constitutional mandate must be supported either by a certificate of the availability of funds issued by the National Treasurer or a revenue proposal attached thereto.

And so, these are, I think, obstacles that we must try to hurdle in our effort to pass this bill.

Thank you, Mr. President.

Senator Herrera. I welcome any suggestion for amendments to correct whatever deficiencies the present bill may have.

Senator Maceda. Mr. President.

The President. Senator Maceda is recognized.

Senator Maceda. Mr. President, may I just add for the record that the proposal to include government employees was specifically included in my bill which was made part of this substitute or integrated bill. The points raised today by the Gentleman from Mandaluyong, as well as those raised yesterday by the Gentleman from Pasig have validity. But the facts show that in many government offices, whether we call it a minimum wage or not, there are thousands and thousands of employees in the budget hearings

that we have conducted so far: 23,000 casuals in the Department of Natural Resources, about 4,000 or 5,000 casuals in the Department of Agriculture and, probably, about 8,000 casuals in the Department of Public Works and Highways. All of these casuals, at least, of these three departments, are receiving no more than ₱22, including ₱19 for the Department of Agriculture, and about ₱20.20 for the Department of Natural Resources.

Casuals in the government offices generally work five days a week, so if it is 22 x 5, it is ₱110 a week x 4 weeks a month, that is ₱440, plus the ₱500 for COLA, that would be ₱940. Now, we are increasing through this bill the minimum wage for private workers from ₱54 to ₱64. And so, if we will not, in this particular bill, start the initial process to upgrade government daily-wage workers, they will be left farther behind by their counterparts in the private sector.

What we are really hoping, in the government standardization that the Senator from Pasig and the Senator from Mandaluyong in their points have referred to, is that the ultimate minimum wage in the government service should be equal to the minimum wage in the private sector. But that is ₱64 now, Mr. President, and we have a long way to go from ₱19 or ₱22. So before, let us say, it was ₱22 and ₱54, at least, with this, it will be ₱32 and ₱64.

Now, I hope that in the standardization that the President and the Budget Commissioner is talking about, which will include the monthly employees, this ₱32 or ₱34 of government daily-wage workers will be brought up farther, closer to if not on the level of ₱64. But, I think, we have this opportunity in this bill at least to start establishing a principle that the salaries of government daily-wage earners must be brought up if we recognize that the minimum wage for private workers should be brought up because of poverty lines, cost of living and the like.

Now, with regard to the appropriation aspect, it is not absolutely necessary. But as the Sponsor said, if an amendment is presented, I certainly would agree to such an amendment to authorize, for example, that the new rates be made effective once the 1988 budget is enforced. Because when it comes to casuals, Mr. President, as we very well know, it comes from either one of three sources: first, there is a specific item for casuals. Let us say that it is ₱1 million for casuals. It is up to the department secretary to determine the rates of pay for the casuals to be charged to that fund. So, as far as adjustments of rates are concerned, it is within the power of the department secretary.

Secondly, there are so-called project funds. For example, if there is a hundred million to build this road from Manila to Bicol, then casuals are charged to that project at the rate that the Secretary of Public Works and Highways will decide. It does not have to be authorized by a separate appropriation section. The casuals are charged to the project. By the same token, there are about, let us say, to be conservative, 200 ongoing reforestation projects of the Department of Natural Resources. That is where most of the 23,000 casuals are. These are released per project. Let us say, Allah Valley Reforestation Project, five million, and in the implementation of that reforestation is where the casuals are and the rates of the casuals. So there is funding in the existing budget; and of course, in the 1988 amendment could be accepted that the increase in pay of daily wage workers shall be included and authorized, to be paid effective with the 1988 government budget.

Thank you very much, Mr. President.

Senator Pimentel. Mr. President.

The President. Senator Pimentel is recognized.

SUSPENSION OF THE RULES

Senator Pimentel. Mr. President, just a request for a suspension of the Rules to allow the

Sponsor to take his seat even as he is sponsoring the measure.

The President. Is that a motion?

Senator Pimentel. Yes, Mr. President.

The President. Is there any objection? [Silence] Hearing none, the same is approved.

(At this juncture, Senator Herrera took his seat.)

Senator Herrera. I would like to thank the Senator from Cagayan de Oro for his concern of my physical difficulties, Mr. President.

TURNO EN CONTRA

The President. Any further interpellation?

Senator Mercado. Mr. President, if there are no other interpellations, I move that we close the period of interpellations and proceed to *turno en contra*.

The President. Any speech against the bill?

Senator Saguisag. Mr. President.

The President. Senator Saguisag is recognized.

Senator Saguisag. Thank you, Mr. President.

I may not really end up voting against this bill, depending on how the amendments will flow later in the day. I am glad to have heard just now from the distinguished Senator from Manila that, maybe the effectivity of this maybe deferred to coincide with the effectivity of the budget for next year that may do away with certain technical constitutional objections that may be raised.

Like the last time I spoke in *turno en contra*, my concern here is the possibility of an adverse reaction, shall we say, from the Office of the President. I say this because in the message to us of October 7, 1987, page 2, the President, in her letter to the Senate President said that this proposed increase does not include government workers, since salaries in the public sector were

upgraded in March, and the Department of Budget and Management is expected to finish within this year a study rationalizing wages of workers in the government sector.

So what we would hope is really to maximize the chances of any bill of getting approved here. I am just spreading that upon the record, with the view that, maybe, by the time this comes into force, it may be possible that by then the study will have been finished, and there may not be any contradiction eventually.

That is all, Mr. President.

The President. Any other speech for or against?

Senator Romulo. Mr. President.

The President. Senator Romulo is recognized.

Senator Romulo. Mr. President, in relation to the standardization of salaries, this Representation would like to state that a bill has already been filed in the Senate authored by this Representation and Senator Rasul, and that precisely meets the issues and problems that have been discussed here. Moreover, Mr. President, as already indicated here, this bill is precisely in line with ongoing studies that are being conducted by the Executive Department, and particularly by the Department of Budget and Management.

And so this bill, Mr. President, has been referred to the Committee on Civil Service and Government Reorganization, and this Representation is positive that, as soon as these studies are completed, the Committee of Senator Rasul will immediately undertake this. This Senate Bill No. 138, is cosponsored by this Representation and Senator Rasul.

Thank you, Mr. President.

The President. Is there any other speech against or in favor of the bill? [*Silence*]

The Majority Floor Leader.

Senator Mercado. Mr. President, I move that we close the period of *turno en contra*.

The President. Is there any objection? [*Silence*] Hearing none, the same is approved.

Senator Mercado. Mr. President, I move that we proceed to the period of amendments.

The President. We are now in the period of amendments. Senator Guingona. Mr. President.

The President. Senator Guingona is recognized.

Senator Guingona. Mr. President, the amendment that we propose is on page 1, line 1. After SECTION 1. we insert the phrase THE EXECUTIVE IS HEREBY AUTHORIZED TO INCREASE THE WAGES OF, to continue, "all employees in the public or government sector on a daily wage basis in the sum of ten pesos (₱10.00) a day."

We propose this, Mr. President, to obviate the objection of having to have a certificate of appropriation or a revenue measure. Because, as it is, anyway the Executive is already authorized under existing laws to make periodic increases. And in the past, the wage orders increasing the wages did not need any special appropriations.

Therefore, if this authorization is made, it will obviate any need for certification on the part of the Treasury, or a revenue measure.

The President. Shall we have the amendment restated, please?

Senator Guingona. Yes, Mr. President. On line 1, after SECTION 1. insert the phrase, the EXECUTIVE IS HEREBY AUTHORIZED TO INCREASE THE WAGES OF; and then continue: "all employees in the public or government sector on a daily wage basis", and then delete the words "shall receive an increase", and instead continue "in the sum of ten (₱10.00) a day."

The President. What is the pleasure of the Sponsor?

Senator Maceda. I am sorry I have to disagree as I was trying to explain earlier. Experience of the last two years will show — actual experience — that the Executive increased the salaries of daily wage workers together with everybody else, on an across-the-board basis of 10 percent twice.

So that the ₱18.00 in the Department of Natural Resources became ₱19.80, and in the second 10 percent, the ₱19.80 became ₱22.78. I am afraid, Mr. President, that if we leave this to the Executive to decide, we are not going to get the ₱10 for the government daily-wage workers. Their conservatism in the Budget will, probably, allow them to increase only 10 to 20 percent at most, which is the usual percentage.

What I was trying to explain earlier, Mr. President, is that there is no appropriation because casuals are paid out of lump sums in the budget, as the Gentleman from Iloilo and Agusan knows. In the Commission on Audit, he has a fund for casuals, and it is there where these are charged depending on whatever rate he wants to charge or the Budget Commission allows him to charge to that lump sum; or, if it is a project of the Department of Public Works, it is charged to the project. If it is a NALGU contract of the Department of Local Government, it is charged to that fund, et cetera.

So there could be no constitutional question as to whether there is an appropriation or not, because it can only be within the existing budget of every government department or office.

Senator Guingona. May I ask for a one-minute recess.

SUSPENSION OF THE SESSION

The President. The session is suspended,

if there is no objection. [*There was none.*]

It was 3:41 p.m.

RESUMPTION OF THE SESSION

At 3:43 p.m., the session was resumed.

The President. The session is resumed.

Senator Guingona. Mr. President, we have agreed to withdraw, and in lieu thereof, we will introduce a separability clause.

The President. Is the amendment withdrawn?

Senator Guingona. It is withdrawn.

The President. The amendment is withdrawn. Is there any further amendment on Section 1?

Senator Saguisag. Mr. President.

The President. Senator Saguisag is recognized.

Senator Saguisag. Thank you, Mr. President. I have heard earlier the point made by the distinguished Senator from Manila about the possibility of including government employees who are paid on a monthly basis, and may be getting less than a thousand a month. I am told that some employees who are working on a daily wage basis in fact are earning more than a thousand a month. So we would hope that if this would become a law, and if challenged, it would survive a constitutional test. What is really the rationale for this perceived invidious discrimination?

So this is in effect an appeal to the Sponsors if they might consider inserting in line 2, after the words "daily wage basis", to add this phrase: OR RECEIVING A TOTAL COMPENSATION OF LESS THAN A THOUSAND PESOS A MONTH. Because, that will better meet the purpose behind the bill which is to alleviate the plight of the poorest of the poor.

Senator Maceda. Mr. President.

The President. Senator Maceda is recognized.

Senator Maceda. I agree with the proposal with the observation though that if the proposal speaks of a total compensation, then, hardly anybody will be covered because in most offices, the monthly wage earners are already on a ₱603 a month, plus ₱500 which brings it to ₱1103.

I will even go further than what the Gentleman is suggesting, to say A TOTAL COMPENSATION OF NOT MORE THAN TWO THOUSAND PESOS A MONTH. Would that sound better?

Senator Saguisag. Indeed, it does. I just hope that there is money available to meet it. That is my concern. Maybe, we should lower it to ₱1500, as a practical matter.

Senator Maceda. Well, the ₱10.00 a day for monthly workers will, in effect, be considered as ₱300 additional. So if he is talking of ₱2000 a month, ₱300 is just 15 percent. That is why I was suggesting that.

Senator Saguisag. I defer to the Sponsors. But anyway, I am just injecting that intent to preclude a successful constitutional challenge.

Senator Maceda. Yes. I have a feeling, Mr. President, that when it comes to increasing the salaries of workers, nobody will file a petition to declare it unconstitutional. Even the employees of the Judiciary would welcome this particular amendment that the Gentleman has proposed.

The President. So how will Section I read now?

Senator Maceda. "All employees in the public or government sector on a daily wage basis OR ON A MONTHLY BASIS RECEIVING A TOTAL OF NOT MORE THAN TWO THOUSAND PESOS (₱2,000.00). . ." Subject to style, Mr. President.

Senator Herrera. We accept the suggestion.

"ALL WORKERS AND employees in the public or government sector on a daily wage basis OR ON A MONTHLY BASIS OF NOT MORE THAN TWO THOUSAND PESOS (₱2,000.00) shall receive an increase in the sum of ten pesos (₱10.00) a day."

The President. Is there any objection?

Senator Pimentel. Mr. President.

The President. Senator Pimentel is recognized.

Senator Pimentel. Mr. President, I would be the last person to raise an objection to any move to increase the salaries of our employees and workers. But this particular bill, if I am to understand it correctly, aims to provide an alleviation to the lowest rank of our workers and employees. So that, if we would not attach also the sector higher than the minimum wage employees, we are actually complicating the procedure. I am sure that the Sponsor of this bill will not mind if another bill is presented to cover the particular issue that is being brought out as an amendment. So I have this apprehension, Mr. President, that we will only be cluttering this particular law or this bill which is designed to effect an immediate alleviation of the sufferings of our basic wage earners by adding another sector that is to be addressed in the same bill. Mr. President, it is on that point that, I think, there is something undesirable about the proposed amendment.

Senator Romulo. Mr. President.

The President. Senator Romulo is recognized.

Senator Romulo. Mr. President, apropos to what the distinguished Gentleman from Cagayan de Oro has stated, that is precisely why this Representation took the floor and advised the Chamber of Senate Bill No. 138 which addresses

itself to that issue. In fact, I conferred with the Chairman of the Committee on Civil Service and Government Reorganization and this is being taken into account by the committee. Therefore, we would like to remind this Chamber, that apart from the minimum wage, perhaps, the other increases can wait until we can discuss more lengthily and thoroughly Senate Bill No. 138 which includes raises in the salary level of government employees.

Senator Saguisag. Mr. President, what I am just trying to point out here is that every time we isolate a certain class, we must be prepared to defend that, first, it is germane to the purpose of the law; second, it is not discriminatory within the class. What I am trying to avoid here is the possibility that daily wage earners who may be earning, say, ₱1,000 plus x, may get an increase; while there may be people who happen to be paid purely by accident on a monthly basis who may be getting ₱1,000 minus, and will not be benefited. Clearly, this is the kind of people I would be glad to represent in a constitutional challenge, that they have so much less and "sila na naman po ang mapag-iwanan." "So we do not want the law to be knocked off as unconstitutional. It is a reflection of our understanding of the Constitution. If we have to go back to ₱1,000, maybe ₱1,300, perhaps ₱2,000 is too high, that is just what I am trying to do here — save this from a possible successful constitutional attack. It seems so arbitrary. They just so happen to be paid "ng arawan, hindi po buwanan." But, actually, "baka po mas mataas ang katayuan nila kaysa roon sa" by accident are getting paid on a monthly basis. It is invidious discrimination that is so obvious.

Senator Maceda. Mr. President.

The President. Senator Maceda is recognized.

Senator Maceda. Mr. President, let me restate the different arguments that have been presented.

First of all, Mr. President, in connection with the constitutionality issue, I think we have already agreed that that would be solved by a separability clause.

Secondly, I have said that through the years, Congress has been passing all kinds of salary legislation. Lawyers in the Department of Labor and Employment are getting higher than in the Department of Agrarian Reform; lawyers in the Department of Justice are getting higher than in the Department of Labor, simply because of different legislation to each and every department or class. By the same token, as we know, clerks and daily wage earners in the government financial institutions are receiving more than the clerks and daily wage earners in the regular government departments; and within the different government departments, there is this distortion.

Now, while Senator Romulo's stance is correct, but, certainly, if the bill of Senator Romulo will cover 100 percent from the bottom to the top, what we are seeking to immediately cover here is the lower 10 or 20 percent of government salaried employees. And I suppose it will be taken into consideration with the bill of Senator Romulo. But why wait for even another two months — we are going to recess in two weeks — when now we can immediately alleviate the lowest of the group?

Now, as far as the amount of monthly salaried employees is concerned, I have no objection to reducing this. May I just call the attention of the Gentleman from Pasig that, with the private sector, the minimum wage is ₱64.30. That is almost ₱2,000 a month. That is what it amounts to. So I do not know if the Gentleman wants to reduce the amount of monthly salary where he will give ₱10 a day. I have no basic objection; but I think ₱2000 is not too much these days. From ₱2000 plus ₱10 a day, that will put them at ₱2300

plus the ₱500 COLA, at ₱2800. That is just about the poverty line level here in the urban areas, and it is a little more above the poverty line in the rural areas; but probably, they will just use it to pay off debts.

Senator Pimentel. Mr. President.

The President. I will recognize Senator Pimentel.

Senator Pimentel. Thank you, Mr. President.

That is exactly the danger I was trying to point out because once we go into trying to address also the problems of those who are receiving less than ₱2,000, for example, then we need further study to find out just exactly how that raise will affect the capabilities, especially of the local government units, Mr. President, many of which are hard put to just maintaining the existing level of salaries for their employees.

In other words, this kind of amendment will derail exactly the timetable that they are trying to follow because of the observations that have just been expounded on the floor, Mr. President.

Senator Saguisag. Mr. President, suppose we bring it back to ₱1,000, will the Gentleman from Cagayan de Oro insist on the objection?

SUSPENSION OF THE SESSION

The President. Just a minute. The session is suspended for a few minutes, if there is no objection. [*There was none.*]

It was 3:57 p.m.

RESUMPTION OF THE SESSION

At 4:01 p.m., the session was resumed.

The President. The session is resumed.

Senator Saguisag. Mr. President.

The President. Senator Saguisag is recognized.

Senator Saguisag. I have just been persuaded by my Colleagues here to have my dreams seek a truce with certain practical realities. So I am withdrawing my proposed amendment.

The President. The amendment is withdrawn.

Is there any other proposed amendment on Section 1?

Who is now taking the floor for the Sponsor? All right, let us go back to Senator Herrera.

How does Senator Herrera restate Section 1 now?

Senator Herrera. It will be as is, as recommended, Mr. President.

The President. Let us restate Section 1 now.

Senator Herrera. All workers and employees in the public or government sector on a daily wage basis shall receive an increase in the sum of ten pesos (₱10.00) a day.

The President. Is there any objection? [*Silence*] Hearing none, the same is approved.

Is there any other amendment on page 1?

Senator Paterno, and then Senator Enrile.

Senator Paterno. I am sorry, Mr. President, my amendment is on page 2. There might be a prior amendment.

The President. All right, Senator Enrile, the Minority Floor Leader.

Senator Enrile. Mr. President, in my very simple way of thinking, I cannot understand the distinction between workers in Metro Manila and those workers outside of Metro Manila under the existing laws. And so I would like to propose a correction of this distinction, by proposing an amendment to Section 2, line 9, if my distinguished Colleague will accept it, and the amendment runs as follows: After the word "day" change the period to a colon and insert a proviso which reads: PROVIDED, THAT NON-AGRICULTURAL WORKERS AND EM-

PLOYEES OUTSIDE METRO MANILA SHALL BE INCREASED BY ELEVEN PESOS (₱11.00) PER DAY.

Senator Herrera. If I may amend this, instead of "non-agricultural workers," it should be INDUSTRIAL WORKERS.

Senator Enrile. Well, whatever it is. I am just following the text of the Section where line 5 says "whether agricultural or non-agricultural," Mr. President. I would accept the use of the term INDUSTRIAL WORKERS AND EMPLOYEES.

Senator Herrera. The purpose of my amendment, Mr. President, is not to confuse this to "non-agricultural workers", as defined in the Labor Code, receiving lower minimum wage than the industrial workers.

The President. Anyway, why do we not get the explanation for the proposed amendment first?

Senator Enrile. Mr. President, the reason why I am using the term "non-agricultural" is because Executive Order No. 178 which, I understand, is the most current issuance in the area, on page 5 thereof, uses the term "non-agricultural workers outside Metro Manila".

So, therefore, it stands to reason that we should use the same terminology.

Senator Herrera. So, Mr. President, I stand corrected. I think the Senator from Cagayan is correct. I accept the amendment, Mr. President, to correct the disparity between workers of Metro Manila and outside of Metro Manila.

Under the present minimum wage law, the workers of Metro Manila are receiving higher by ₱1.00 in comparison with the workers outside of Metro Manila, so that it will result to a very ridiculous situation, Mr. President, where a worker in Cainta which, I think, is a part of Metro Manila is receiving ₱1.00 more compared

with the workers in Taytay, which is just an adjacent municipality.

The President. Cainta and Taytay are not in Metro Manila.

Senator Herrera. I am sorry, Mr. President. The worker in Pasig is receiving ₱1.00 higher than the worker of Cainta.

The President. Is this proposed amendment accepted?

Senator Herrera. It is accepted, Mr. President.

Senator Paterno. Mr. President.

The President. Senator Paterno is recognized.

Senator Paterno. Mr. President, to register an objection to the proposed amendment — the reasons why there is a difference between the minimum wage of the industrial workers in Metro Manila and those outside of Metro Manila are two.

The first is that, in fact, the expenses of the workers in Metro Manila are in most cases much higher than the workers in towns outside of Metro Manila, if only for the transportation component, Mr. President.

So the worker who receives a minimum wage of ₱1.00 less outside of Metro Manila is, in fact, receiving a real wage higher than his counterpart in Metro Manila.

The second reason, Mr. President, is that such a wage differential will allow greater attraction to the areas outside of Metro Manila for industry.

Senator Enrile. Mr. President, I will answer the last portion of the argument of the distinguished Gentleman.

First, maybe, if we remove this distinction, those who are inside Metro Manila would want to work outside of Metro Manila instead of working here because of the uniformity of com-

pensation and, thereby, help decongest Metro Manila.

Second, while it may be true on the case of transportation that there is a differential in favor of the provincial or rural industrial worker as against his cousin or brother in Metro Manila, the point also remains that he buys a higher-priced milk, higher-priced pan de sal, higher-priced cement, and other higher-priced things because of the transportation costs of these things. And so, therefore, this claims that the provincial industrial worker would realize, I think, is more of an opinion rather than a reality.

Senator Paterno. With due respect to the Minority Floor Leader, Mr. President.

The President. Senator Paterno is recognized.

Senator Paterno. He might have to pay a higher price for milk, a higher price for nails, a higher price for cement, but he does pay lower prices for rice; he pays lower prices for pork, beef, vegetables and fruits, which are the larger parts of the costs of living.

SUSPENSION OF THE SESSION

The President. The session is suspended for a few minutes, if there is no objection. [*There was none.*]

It was 4:11 p.m.

RESUMPTION OF THE SESSION

At 4:14 p.m., the session was resumed.

The President. The session is resumed.

Senator Enrile. Mr. President.

The President. Senator Enrile is recognized.

Senator Enrile. The Chair temporarily suspended the session before this Representation could finish answering my distinguished Colleague. May I appeal to him to reconsider his proposed amendment, given the fact that if I say facetiously and even metaphorically, Mr. President, even in the province, the price of

galunggong is also very high. So it really makes no difference. One peso does not really amount that much to ask, but it amounts to a lot of people in the rural areas.

Senator Paterno. Mr. President, during the recess, I consulted with the Minority Floor Leader and was persuaded by the stand in the explanation of the Chairman of the Labor Committee who is acknowledged as an expert in labor in this Body. So on urgings of the Gentleman from Cebu, I withdraw my objection.

Senator Enrile. Thank you, Mr. President.

The President. Let us restate the amendment for voting.

ENRILE AMENDMENT

Senator Enrile. My amendment, Mr. President, is on line 9, the period after the word "day" be changed to a colon and add a clause, PROVIDED, THAT NON-AGRICULTURAL WORKERS AND EMPLOYEES OUTSIDE METRO MANILA SHALL BE INCREASED BY ₱11 PER DAY.

The President. Subject to refinement and style. Is there any objection? [*Silence*] The Chair hears none; the same is approved.

Senator Enrile. Thank you, Mr. President.

Senator Angara. Mr. President.

The President. Senator Angara is recognized.

Senator Angara. Mr. President, will the Gentleman from Cebu yield?

Senator Herrera. Gladly, Mr. President.

ANGARA AMENDMENT

Senator Angara. Mr. President, may I offer an amendment on Section 3. The amendment, Mr. President, will not alter or change in any way the intent of this bill. On the contrary, it will just highlight the intent of this section to use compulsory arbitration as a method of settling any dispute over distortion in wage. If

I may read my amendment, Mr. President, the amendment is on lines 10 to 18 of page 1, and lines 1 to 5 of page 2. The amendment reads:

SEC. 3. WHERE THE APPLICATION OF THE MINIMUM WAGE INCREASE PRESCRIBED UNDER SECTION 2 RESULTS IN DISTORTIONS IN THE WAGE STRUCTURE WITHIN AN ESTABLISHMENT, WHICH GIVES RISE TO A DISPUTE THEREIN, SUCH DISPUTE SHALL BE FINALLY RESOLVED THROUGH COMPULSORY ARBITRATION BY THE NATIONAL LABOR RELATIONS COMMISSION'S (NLRC) ARBITRATION BRANCH HAVING JURISDICTION OVER THE WORK BASE.

The President. In other words, if I understand the amendment, all disputes will immediately go to the NLRC Arbitration Branch.

Senator Angara. Not immediately, Mr. President. It will ultimately and finally go to arbitration, because initially I expect that the parties, if they are a unionized firm will resort to grievance machinery within the firm. If not unionized, then consultation between management and employees only in the case of deadlock or stalemate will it go finally to arbitration.

The President. Yes, that is what I said. If it gives rise to a dispute, it goes to compulsory arbitration.

Senator Angara. Yes, Mr. President.

The President. What is the pleasure of the Sponsor?

Senator Herrera. May I just ask a question of the proponent, Mr. President. I would just like to be clarified, in the case of a company where there is an existing collective bargaining agreement, do they have to go first to the grievance machinery?

Senator Angara. Yes, Mr. President.

Senator Herrera. Then I accept the amendment, Mr. President.

The President. Just a moment. I think this will turn on the meaning of the word "dispute", because under the proposed amendment of Senator Angara, it is only when the distortion in the wage structure gives rise to a dispute. When do we have a dispute under the proposed amendment?

Senator Angara. If I may, Mr. President, there is a dispute if neither party accepts an agreement or disagrees over an interpellation. In other words, there is a "deadlock", in collective bargaining parlance.

The President. I see Senator Paterno shaking his head. Will he kindly articulate the shaking of the head?

Senator Paterno. Mr. President, like the President, I am puzzled as to when the dispute arises upon which the compulsory arbitration clause will be effective. Because there could be a dispute arising in the negotiations between the union and the employer which could be settled through voluntary arbitration, and does not need to go through compulsory arbitration.

This provision, however, Mr. President, seems to indicate that once a dispute arises, compulsory arbitration is the dictated venue.

Senator Angara. No, that is not the intent, Mr. President.

Senator Herrera. That is why I asked a clarification from the proponent of these amendments; that in the case where there is a collective bargaining agreement, it has first to pass. . .

Senator Angara. We must first exhaust the grievance machinery.

Senator Herrera. . . .to exhaust the grievance machinery.

Senator Angara. That is why the wording, if I may interject, Mr. President, is that SUCH DISPUTE SHALL BE FINALLY RESOLVED with the emphasis on the word FINALLY

because it does not exclude the exhaustion of the internal grievance machinery in case there is a collective bargaining agreement. If there is none, then it does not stop the employer and the employee from sitting down and conciliating and voluntarily arbitrating the dispute. If there is no agreement, if there is what industrial practitioners call a "deadlock" or a "stalemate", then a dispute arises, and that is the one that goes to compulsory arbitration.

Senator Paterno. Mr. President.

The President. Senator Paterno is recognized.

Senator Paterno. If that amendment should be accepted, I handle all of the compulsory arbitration work load that will occur; and in the interpellation earlier yesterday, Mr. President, I asked the Sponsor whether he was sympathetic to a possible amendment which would be worded along the following lines: IN THE EVENT OF FAILURE IN ANY FIRM TO ARRIVE AT AN AGREEMENT AN INCREASE OF TEN PESOS PER DAY TO ALL WORKERS AND EMPLOYEES SHALL BE ADOPTED IN THAT FIRM AS THE EQUITABLE CORRECTION OF THE WAGE DISTORTION, in other words, leaving this, as one might say, a dictated solution in the event that the parties cannot agree among themselves on some other form. Because, I am worried, Mr. President, that there would be a tremendous work load on the NLRC arbitration branch to settle all these cases, and we might be worsening and not easing the labor unrest.

Senator Herrera. In effect, it will be an across-the-board increase of ₱10.

Senator Paterno. Unless employer and employee agree on a different formula.

Senator Herrera. I have no objection to that. In fact, I welcome that.

The President. Just a moment, for the sake of order. There was a proposed amendment that

the Sponsor accepted. There is now the making of a proposed amendment and the Sponsor says, "The Gentleman has no objection to that." Let us first dispose of the proposed amendment of Senator Angara.

Senator Herrera. What I understand from Senator Paterno, Mr. President, is that this is an amendment to the amendment.

Senator Paterno. No, I am asking the proponent of the amendment, Mr. President, how this could be accommodated within his amendment.

SUSPENSION OF THE SESSION

The President. The session is suspended for a few minutes, if there is no objection. [*There was none.*]

It was 4:24 p.m.

RESUMPTION OF THE SESSION

At 4:30 p.m., the session was resumed.

The President. The session is resumed.

Will the proponent of the amendment restate the amendment?

Senator Angara. Yes, Mr. President. May I now restate the amendment incorporating the suggestion of Senator Paterno? It reads as follows:

Where the application of the minimum wage increase prescribed UNDER SECTION 2 results in distortions IN the wage structure within an establishment WHICH GIVES RISE TO DISPUTE THEREIN SUCH DISPUTE SHALL FIRST BE SETTLED VOLUNTARILY BETWEEN THE PARTIES AND IN THE EVENT OF A DEADLOCK SUCH DISPUTE SHALL BE FINALLY RESOLVED THROUGH VOLUNTARY ARBITRATION BY THE NATIONAL LABOR RELATIONS COMMISSION ARBITRATION BRANCH HAVING JURISDICTION OVER THE WORKPLACE; PROVIDED THAT IN THE EVENT OF DEADLOCK

AN INCREASE OF TEN PESOS TO ALL WORKERS AND EMPLOYEES SHALL BE CONSIDERED AS THE EQUITABLE CORRECTION OF THE DISTORTION.

The President. May I know what is the pleasure of Senator Herrera first, the main Sponsor?

Senator Herrera. I accept the amendment wholeheartedly, Mr. President.

The President. Senator Paterno is recognized.

Senator Paterno. One tiny amendment, perhaps, to give a time frame, Mr. President, to this resolution of the deadlock, and I would propose, within 60 days.

Senator Herrera. Well, the second paragraph mandates 10 days.

Senator Paterno. Ten days after submission to the Arbitration Branch, but there is no period provided, Mr. President, for the agreement to be reached within the firm.

Senator Herrera. No, there is under the second paragraph:

It shall be mandatory for the NLRC to conduct continuous hearings and decide any dispute arising under this section within ten (10) days from the time said dispute is submitted for decision.

Senator Paterno. Yes, Mr. President; but there is no time period between the effectivity of the decision and the time that the dispute is submitted.

Senator Herrera. No. Because, in companies where there is a collective bargaining agreement, normally, there is a time frame to settle the issues through grievance machinery. Now, in the case of non-unionized companies, they have to go directly to compulsory arbitration, if they cannot settle the issue voluntarily.

Senator Paterno. Well, I leave it up to the

Sponsor, Mr. President, to decide on the amendment. I am agreeable to it.

Senator Pimentel. Mr. President.

The President. Senator Pimentel is recognized.

Senator Pimentel. Mr. President, on line 8. . . Senator Gonzales has an anterior amendment, Mr. President. Mine is on lines 8 and 9, on page 2.

The President. Just a moment. We have not yet disposed of the amendment of Senator Angara.

Senator Angara. Before putting it to the main Sponsor, Mr. President, I think I committed a mistake. Instead of saying COMPULSORY ARBITRATION, I said VOLUNTARY ARBITRATION. So, I hope that the Debate Reporters took note of that.

The President. Shall we restate the whole amendment and the paragraph in which it appears?

Senator Angara. Yes, Mr. President. This amendment will take the place of lines 10 to 18 on page 1, and lines 1 to 5 on page 2. And the amendment reads:

WHERE THE APPLICATION OF THE MINIMUM WAGE INCREASE PRESCRIBED UNDER SECTION 2 RESULTS IN DISTORTIONS IN THE WAGE STRUCTURE WITHIN AN ESTABLISHMENT WHICH GIVES RISE TO A DISPUTE THEREIN SUCH DISPUTE SHALL FIRST BE SETTLED VOLUNTARILY BETWEEN THE PARTIES AND IN THE EVENT OF DEADLOCK SUCH DISPUTE SHALL BE FINALLY SOLVED THROUGH COMPULSORY ARBITRATION BY THE NATIONAL LABOR RELATIONS COMMISSION'S ARBITRATION BRANCH HAVING JURISDICTION OVER THE WORKPLACE; PROVIDED, THAT IN THE EVENT OF DEADLOCK AN INCREASE OF TEN (₱10.00) PESOS TO ALL WORKERS AND EMPLOYEES

SHALL BE CONSIDERED AS THE EQUITABLE CORRECTION OF THE DISTORTION.

Senator Gonzales. Mr. President, anent that proposed amendment, I would just want to put in the record that in my view the effect of this amendment is to grant an across-the-board increase of at least ₱10.00 for all workers and employees, which I understand from Secretary Monsod in her testimony, is something the Government is not really disposed to recommend or to adopt.

Senator Herrera. Mr. President, if I may comment on the remark of Senator Gonzales, it is not necessarily true that this will in effect grant an across-the-board increase because it may happen that there is no wage distortion in a particular company where the hiring rate is way above the minimum wage; and, therefore, the workers have no right to ask for wage distortion.

The President. Anyway, we have heard the amendment already accepted by the Sponsor. Those who are in favor of the amendment, please raise your right hands. [*Several Senators raised their right hands.*]

Those who are against the amendment, please raise your right hands. [*None*]

The amendment is approved.

All right. Is there any further amendment?

PIMENTEL AMENDMENTS

Senator Pimentel. Yes. Mr. President, on lines 8 and 9 of page 2; I propose that instead of the "Ten (10) days from the time said dispute is submitted for decision," the particular phrase be changed to "TWENTY (20) days from the time the said dispute is FORMALLY submitted for ARBITRATION."

May I be allowed to explain, Mr. President, for better understanding, the purpose of this amendment. As worded now, if there is no change, then the case will be forthcoming with-

in 10 days from the time the decision is submitted for decision. What we are trying to say, Mr. President, is that the NLRC should be given 20 days; but, from the time the matter or the dispute is brought to it for arbitration.

Senator Herrera. I have no objection, Mr. President.

The President. I would like to find out: Is the machinery found in the NLRC adequate for all cases that may be brought before it? My point is, let us not legislate something that cannot be enforced because that will promote contempt for the law.

Senator Herrera. Well, two things, Mr. President: First, with the amendment proposed by Senator Paterno, then I do not think there will be so many disputes about this wage distortion; second, it is just a matter of giving priority to cases arising out of this wage distortion under this bill, so that twenty (20) days, I think, would be appropriate.

The President. By the way, this is 20 days from the time it is submitted for arbitration, not 20 days from the time of decision. My question is, does the NLRC have the adequate machinery for the purpose?

Senator Pimentel. I think so, Mr. President. If the President wants, we can increase it to 30 days. The point, however, that we are trying to drive at is designed to address a particular problem already faced by several workers where disputes are submitted and there is no end in sight. That is why, I think, it is better that we definitely mandate, make it mandatory for the NLRC to decide the case within a specific period, and counting the period not from the time when the case is ready for decision, but from the time it is submitted for arbitration.

The President. Is it 20 days or 30 days?

Senator Pimentel. I was only addressing the Chair's reservation about the shortness of the 20-day period.

The President. So 30 days.

Senator Pimentel. Thirty days will be all right, Mr. President.

The President. All right. What is the pleasure of the Sponsor?

Senator Herrera. Accepted, Mr. President.

Senator Guingona. Mr. President.

The President. Senator Guingona is recognized.

Senator Pimentel. Mr. President, on the same point.

Senator Guingona. Mr. President, I would just like to ask whether the decisions of the NLRC would be retroactive in all instances?

SUSPENSION OF THE SESSION

The President. The session is suspended for a few minutes, if there is no objection. [*There was none.*]

It was 4:40 p.m.

RESUMPTION OF THE SESSION

At 4:42 p.m., the session was resumed.

The President. The session is resumed.

Senator Guingona had a pending question addressed to the Sponsor.

Senator Guingona. Yes, Mr. President, we wanted to ask from the proponent of the amendment whether the decision of the NLRC insofar as arbitration is brought before them would be retroactive to the date of the effectivity of the law.

Senator Herrera. Yes, because that is also the date that the distortion arises.

Senator Guingona. Thank you, Mr. President.

Senator Pimentel. Mr. President.

The President. Senator Pimentel is recognized.

Senator Pimentel. Before I introduce this amendment, I would like to ask the Sponsor, Mr. President, if the pendency of questions on wage distortion would have the effect of delaying the effectivity of the applicability of the beneficial provisions of this law? Because I would like to introduce an amendment to the effect that the pendency of questions on wage distortions shall not in any way result in the deferment of the applicability of the provisions of this law, relative to the minimum wage-earners who are sought to be benefited by this law, Mr. President.

The President. Is that an amendment?

Senator Pimentel. Yes, Mr. President. I would like to introduce. . .

The President. But we have not yet disposed of the other amendment. Let us finish it.

Senator Pimentel. I thought that was. . .

The President. The Gentleman's 30-day period, let us finish it.

Senator Pimentel. Yes, Mr. President.

The President. All right. How will that particular paragraph read now?

Senator Pimentel. The paragraph will read:

"It shall be mandatory for the NLRC to conduct continuous hearings and decide any dispute arising FROM this section within THIRTY (30) days from the time said dispute is FORMALLY submitted TO IT FOR ARBITRATION."

The President. Is there any objection? [*Silence*] Hearing none, the same is approved.

What is the next amendment?

Senator Pimentel. May we add another sentence, Mr. President: THE PENDENCY OF

QUESTIONS ON WAGE DISTORTIONS SHALL NOT IN ANY WAY DELAY THE APPLICABILITY OF THE WAGE INCREASE COVERED BY THIS LAW Well, subject to refinement and style, Mr. President.

The President. Referring to the minimum wage?

Senator Pimentel. Yes, Mr. President. Because what I am apprehensive of is that an unscrupulous employer can use the pendency of a wage distortion issue as a reason for delaying the application of the provisions of this law, as far as the minimum wage earners are concerned.

The President. Why do we not use the same terminology used by Senator Angara, THE PENDENCY OF A DISPUTE ARISING FROM A WAGE DISTORTION?

Senator Pimentel. Yes, Mr. President.

The President. All right. Subject to refinement and style.

Is there any objection? [*Silence*] Hearing none, the same is approved.

Is there any other proposed amendment?

Senator Enrile. Mr. President.

The President. Senator Enrile is recognized.

Senator Enrile. On the same page, Mr. President, referring to Section 5 and in connection with my interpellation last night. . .

The President. Just a moment. No amendment in Section 4, regarding workers paid by result, those paid on piecework, *takay* or task basis?

Senator Mercado. Anterior amendment, Mr. President. It is a simple one. In this bill we use the term WAGE DISTORTION and for ignoramuses, like me, I seek to clarify it by adding another sentence to define the term as follows:

FOR THE PURPOSE OF THIS ACT WAGE DISTORTIONS SHALL MEAN A SITUATION WHERE A

LEGISLATIVE INCREASE IN MINIMUM WAGES RESULTS IN THE ELIMINATION OR SEVERE CONTRACTION OF INTENTIONAL QUANTITATIVE DIFFERENCES IN WAGE OR SALARY RATES BETWEEN AND AMONG EMPLOYEE-GROUPS IN AN ESTABLISHMENT AS TO EFFECTIVELY OBLITERATE THE DISTINCTIONS EMBODIED IN SUCH WAGE STRUCTURE BASED ON SKILLS, LENGTH OF SERVICE OR OTHER LOCAL BASIS OF DIFFERENTIATION.

Mr. President, this is merely to make clear, in my point of view, the term "wage distortion" which may be misinterpreted as it is used in this particular bill.

SUSPENSION OF THE SESSION

The President. It seems to me that that is a very sophisticated definition.

The session is suspended for a few minutes, if there is no objection. [*There was none.*]

It was 4:48 p.m.

RESUMPTION OF THE SESSION

At 4:50 p.m., the session was resumed.

The President. The session is resumed.

May I ask the Majority Floor Leader to restate his definition.

MERCADO AMENDMENT

Senator Mercado. After line 9, the following definition of "wage distortion" shall be included:

FOR THE PURPOSE OF THIS ACT, WAGE DISTORTION SHALL MEAN A SITUATION WHERE A LEGISLATED INCREASE IN MINIMUM WAGES RESULTS IN THE ELIMINATION OR SEVERE CONTRACTION OF INTENTIONAL QUANTITATIVE DIFFERENCES IN WAGE OR SALARY RATES BETWEEN AND AMONG EMPLOYEE GROUPS IN AN ESTABLISHMENT AS TO EFFECTIVELY OBLITERATE THE DISTINCTIONS EMBODIED IN SUCH WAGE STRUCTURE BASED ON SKILLS, LENGTH OF SERVICE, OR OTHER LOGICAL BASIS OR DIFFERENTIATION.

The President. What is the pleasure of the Sponsor?

Senator Herrera. I accept the definition, Mr. President, subject to refinement.

The President. Subject to rephrasing in basic, simple English.

Is there any objection? [*Silence*] Hearing none, the same is approved.

Senator Enrile. Mr. President.

The President. Senator Enrile is recognized.

ENRILE AMENDMENT

Senator Enrile. Mr. President, on page 2, Section 5. I move to amend Section 5, Mr. President, by causing the deletion of the second paragraph beginning from line 18 to line 21, in order that we will cause on possible constitutional doubt regarding the application of this law.

Anyway, it is so stated already in the first paragraph that learners, apprentices and handicapped workers shall be entitled to not less than seventy-five percent (75%) of the applicable adjusted minimum wage.

Senator Herrera. I accept the amendment, Mr. President.

The President. The amendment is accepted. Is there any objection? [*Silence*] Hearing none, the same is approved.

Senator Enrile. Mr. President, if there is no anterior for the deletion of Section 6.

Anyway, Mr. President, if we approve the bill or the Congress will approve this bill, the matter of adjustment of the financial burdens as a consequence of this measure will have to be worked out by the company or persons supplying the service and the client.

I have checked the jurisprudence on this, Mr. President, and it would seem that we will be legislating into this particular measure something that is not today the actual condition of jurisprudence in this area.

The President. What is the pleasure of the Sponsor?

Senator Herrera. I accept the amendment, Mr. President.

The President. The amendment is accepted, which means, the entire Section 6 is deleted.

Is there any objection?

Senator Pimentel. Mr. President.

The President. Senator Pimentel is recognized.

Senator Pimentel. Mr. President, before we put the amendment into a vote, I would like to find out if the intention here is to exclude the security, janitorial, and similarly service-connected workers or employees from the coverage of this Act.

Senator Enrile. No, Mr. President. In fact, if we put in this section we will be, in effect, by implication, excluding other types of service contracts. For instance, take the case of DHL or the JRS Messengerial Services. They provide services to many houses, and yet in some of these arrangements, the present status of decision, as I understood it, do not cover these situations.

And if we are going to retain this section, first, it might draw the implication that these kinds of services are not covered by the increase; and second, we will generate a lot of disputes unnecessarily.

And so we would like to state for the record that the deletion of Section 6 from this proposed measure is precisely to obviate the impression that we are excluding these types of workers from the coverage of this measure. In fact, I would like to state that the purpose of the deletion is to leave the adjustment of the resulting financial burden between the corporation or person whose employees are being used to

supply the service to a client, and that client who is being served.

Senator Pimentel. Mr. President, my humble understanding of this provision indicates that the workers of this kind of services shall be entitled to the ₱10.00 minimum wage increase; only that, instead of the contractor paying for the increase, it will now be passed on to the principal.

Senator Enrile. But as I stated yesterday, Mr. President, in my interpellation, that would, in effect, collide with Section 10, Article III of the Constitution. And apart from that, we are, in effect, creating a relationship of employer-employee between the employees of the corporation or the service corporation rendering the service to a client and that client, which may not be the case.

And while there may be some isolated cases where a decision was made to the effect that a messenger is, in effect, an employee of the one utilizing him, although that messenger is an employee of another person, the point is that we must establish certain elements, namely, control and the necessity of that service in doing the business of the client. Now, we cannot legislate that in this measure.

The President. Now, may we hear from the main Sponsor?

Senator Herrera. Mr. President, the bill is very specific that there are only two types of workers who are exempted: those who are domestic workers and rendering personal service to the employer; and those employed in retail enterprises employing less than 10 regular workers. All workers are covered. This is to assure the Gentleman from Cagayan.

Senator Enrile. And so, therefore, Mr. President, as to whether the client will finally bear the cost, or the direct employer of the worker concerned, will have to be decided between the direct employer of the worker and the client, instead of us making that decision in this statute.

Senator Pimentel. In the meantime, Mr. President, the workers suffer. Until the time when the client and the principal can come to an agreement as to who will bear the cost of the increase, what is going to happen to the worker?

Senator Enrile. The one to shoulder the cost will be the direct employer of the worker. If he does not want to pass it on to his client, well, that is his own look out.

Senator Pimentel. It should then be worded to that effect. But not necessarily to strike out the whole provision because what I am afraid of in this matter of debating, Mr. President, in the Supreme Court to the effect that this is only the opinion of one Senator and it is not binding in our appreciation what the law is. So that, that is my apprehension, if we strike out the whole provision. It is better to have this provision amended, to conform, perhaps, to the apprehension of the Senator from Cagayan.

Senator Herrera. Can we have a recess, Mr. President?

Senator Enrile. Mr. President, I will now respond to the request of my distinguished Colleague. I will, therefore, withdraw my motion to delete Section 6, and instead propose an amendment so that we will not delay the proceedings of the Senate.

Senator Herrera. Then I withdraw my request for a recess, Mr. President.

SUSPENSION OF THE SESSION

The President. The session is suspended if there is no objection. [*There was none.*]

It was 5:01 p.m.

RESUMPTION OF THE SESSION

At 5:03 p.m., the session was resumed.

The President. The session is resumed.

Senator Enrile. Mr. President, as I was saying apropos the remarks of the distinguished

Gentleman from Cagayan de Oro, I was withdrawing my original proposal to delete Section 6, and instead, I propose a retention of Section 6 with an amendment. And the amendment covers line 26. After the word "by" delete the rest of the sentence, and in lieu thereof, insert the words THE EMPLOYERS OF THE CONSTRUCTION WORKERS, SECURITY GUARDS, JANITORS AND OTHERS, SIMILARLY SITUATED.

The President. May I know the pleasure of the Sponsor?

Senator Herrera. I accept the amendment, Mr. President.

The President. The amendment says that the one who will bear this will be the employer of the construction workers.

Senator Herrera. It is always the employer who should bear the increase.

The President. All right. Is there any objection? [*Silence*] Hearing none, the same is approved.

Senator Enrile. Thank you, Mr. President.

Senator Romulo. Mr. President.

The President. Senator Romulo is recognized.

Senator Romulo. Mr. President, anterior amendment on Section 5, if the distinguished Gentleman would yield to an amendment but before that, to a question.

Senator Herrera. Yes.

Senator Romulo. Well, Mr. President, under Section 5, first paragraph, it says: "Learners, apprentices, and handicapped workers." Now, there are handicapped workers who are not learners and apprentices, and, therefore, it seems to this Representation that they should be entitled to the full benefit of the minimum wage? And, therefore, the amendment would be: "Learners AND apprentices shall be entitled. . ."

Senator Herrera. My only concern, Mr. President, is that while the intention is really to do away with the discrimination against handicaps, in the long run, this might discourage employers to hire handicapped workers if they will be receiving the same salary as the able-bodied workers. So, this is one thing that we have to study carefully.

The President. The Sponsor is not accepting the amendment.

Senator Romulo. If I may, Mr. President, if the Sponsor is not agreeable to accepting the amendment, then, this Representation is willing to withdraw it because he defers to the wiser counsel of the Sponsor.

Senator Saguisag. Mr. President.

The President. Senator Saguisag is recognized.

Senator Saguisag. Thank you, Mr. President, I just would want to get it very clearly from the Sponsor that when we speak of handicapped workers, it is understood that the handicap is job-related. Meaning, it impairs the efficiency of the worker by reason of age, mental defect or physical defect, in relation to that particular job, but not the mere fact that if one is handicapped, he should be given 25 percent less.

Senator Herrera. Yes, in fact, that is the intention why they only receive 75 percent of the minimum wage because the handicap is always related to the work or to the job.

Senator Saguisag. Thank you.

The President. Should that be reflected in the language of the law or just in the records?

Senator Saguisag. Well, what I am seeking here, Mr. President, is just to make it very clear in the records that we understand the meaning of Article LXXVIII of the Labor Code in the existing jurisprudence which is something that we understand here so as not to further lengthen this statute.

The President. All right.

Senator Aquino. Mr. President, I have had some experience working with handicapped workers, and almost always, the handicapped worker does a better job than the non-handicapped worker. That is why I think this is discriminatory that they should only be paid 75 percent of the minimum wage. I think I agree with Senator Romulo in deleting "handicapped workers" here.

SUSPENSION OF THE SESSION

The President. When the Gentleman refers to "handicapped", he is referring to Senator Herrera and the Chair. [*Laughter*]

The session is suspended for a few minutes, if there is no objection. [*There was none.*]

It was 5:09 p.m.

RESUMPTION OF THE SESSION

At 5:15 p.m., the session was resumed.

The President. The session is resumed.

Senator Saguisag. Mr. President.

The President. Senator Saguisag is recognized.

SAGUISAG AMENDMENT

Senator Saguisag. To avoid any misunderstanding as to the application of the term "handicapped worker", may I propose this amendment on line 17, page 2, after the word "wage". It is a definition of a handicapped worker for purposes of this proposed statute.

A HANDICAPPED WORKER IS ONE WHOSE EFFICIENCY OR QUALITY OF WORK IS IMPAIRED BY HIS DISABILITY IN RELATION TO THE WORK PERFORMED.

The President. Is that accepted by the Sponsor?

Senator Herrera. It is accepted, Mr. President.

The President. Is there any objection? [*Silence*] Hearing none, the same is approved.

Senator Saguisag. Thank you, Mr. President.

The President. Is there any further amendment?

Senator Maceda. Mr. President.

The President. Senator Maceda is recognized.

Senator Maceda. Mr. President, I would like to insert a new Section 6.

Part of the reason why minimum wage laws are not really complied with, specially in the provinces, is because of the fact that one has to go to the Department of Labor or to the Regional Office of which there are only 12 Regional Offices outside of Metro Manila. I do not believe that, with a few exceptions, there are even provincial offices of the Department of Labor.

If we have, let us say, a poor worker way out in Ginubaan, Negros Occidental, he probably will not go to Bacolod, if there is a provincial office there or to Iloilo City where the regional office is, to file a minimum wage case to recover one or two thousand pesos.

This is the practical reality of this problem. So, I have this proposal. I did not discuss it before because I just thought of it today. Any worker or employee may file a case for violation of this act with the Department of Labor and Employment or any regional or provincial branch thereof, provided that outside of provincial branch thereof, provided that outside of provincial capitals, the case may be filed before any city or municipal trial court.

The President. Is that a new section all together?

Senator Maceda. Yes, Mr. President. If accepted, it would be a new section and there would be a renumbering of sections.

Senator Herrera. Maybe, that can be inserted under Section 3, as a new paragraph under Section 3.

The President. What is the pleasure of the Sponsor?

Senator Herrera. I have no objection in principle to that, Mr. President, only that all money claims are supposed to be under the jurisdiction of the NLRC; but as pointed out by the proponent or the Sponsor, in places where there is no NLRC branch or office, then it is important that the workers should have access to Government offices where they can file their cases. So, this can be a concurrent jurisdiction with the NLRC.

Senator Maceda. Yes, it is of course understood, Mr. President, that that is concurrent. After all, this is basically a money claim and the jurisdiction of city courts and municipal courts in terms of money limit has already been increased.

Senator Herrera. And this will only be allowed in municipalities or cities where there is no branch of the NLRC because this might create problems when the employer or the worker will file the case in court instead of filing this to the NLRC of the Department of Labor.

The President. I would like to pose a question. Can we do that through this kind of a bill which is supposed to increase the minimum wage?

Senator Maceda. Yes, I believe so, Mr. President, because we are talking about violations of this Act. So that, for example, the employers will balk and will not give the ₱10, then it is a violation of this Act, and they can file the recovery of the unpaid salaries through a city or municipal court.

The President. Is the effect of the proposed amendment to vest additional jurisdiction to city courts and municipal courts?

Senator Maceda. In effect, that would be.

The President. Can we do that by means of this bill?

Senator Maceda. Well, I heard the Gentleman from Mandaluyong say that probably it has got to be within the amount that is accepted as

the existing jurisdiction of the city or municipal courts.

SUSPENSION OF THE SESSION

The President. The session is suspended for a minute, if there is no objection. [*There was none*]

It was 5:15 p.m.

RESUMPTION OF THE SESSION

At 5:26 p.m., the session was resumed.

The President. The session is resumed.

Senator Maceda. Mr. President.

The President. Senator Maceda is recognized.

Senator Maceda. In view of the fact that the procedure being proposed will have to be taught out especially in terms of matters like the appellate procedure, concurrent jurisdictions, and the like, we are withdrawing our amendment with a request to the Chairman of the Committee on Labor, Employment and Human Resources Development to consider this in pending legislations before his committee. Because what I have brought to the attention of this Body is a real state of events that considering the distance of our municipalities, the cost of transportation, the cost of legal proceedings, for us to expect a lowly agricultural worker who thinks that he is being paid ₱5.00 less daily, actually, the minimum wage that we are setting or the increase thereof will not really be followed in the majority of our municipalities in view of their non-accessibility to an office of the NLRC before which at present is the only office where they can file a case.

Senator Herrera. Mr. President, for the information of this Chamber, under Senate Bill No. 15, the particular problems cited by the Gentleman from Manila are being addressed.

The President. All right.

Senator Maceda. The other point that I would like to bring up in connection with this which should be clarified, is that upon the filing of a

case, the worker may immediately demand that the amount he feels is due to him as a minimum wage daily should be paid through the office concerned.

The President. All right. Is there any additional amendment on this page? Is there any further amendment?

Senator Gonzales may have an amendment.

Senator Gonzales. After the Enrile Amendment in Section 6, I feel that there must be now an amendment to this new Section 6, because the effect of the Enrile amendment is to cut off relief from the workers of security, janitorial, and similar services in the event that they proved to be insolvent.

Under existing decisions, they have recourse to the principal or client. Now, because of the Enrile amendment, we are cutting off the same. It is good if they are very solvent. But in most cases, many of these contractors and subcontractors are not really financially well-off.

The Enrile amendment reads as follows:

IN THE CASE OF CONTRACTS FOR CONSTRUCTION PROJECTS AND FOR SECURITY, JANITORIAL AND SIMILAR SERVICES THE INCREASE IN THE MINIMUM WAGE OF THE WORKER SHALL BE BORNE BY THE EMPLOYERS OF THE CONSTRUCTION WORKERS, SECURITY GUARDS, JANITORS, AND OTHER SIMILARLY SITUATED.

GONZALES AMENDMENT

Now, my amendment would be to delete the period after SITUATED, replace it with a semicolon and, then, add the following phrase: PROVIDED, HOWEVER, THAT THE PRINCIPAL OR CLIENT OF THE CONSTRUCTION AND SERVICE CONTRACTOR SHALL BE SUBSIDIARILY LIABLE.

SUSPENSION OF THE SESSION

The President. Just a moment. In fairness to Senator Enrile who just left the room, let us sus-

pend the session for a few minutes, if there is no objection. [*There was none.*]

It was 5:30 p.m.

RESUMPTION OF THE SESSION

At 5:31 p.m., the session was resumed.

The President. The session is resumed.

Senator Enrile. Mr. President.

The President. Senator Enrile is recognized.

Senator Enrile. Mr. President, I will accept the amendment of my distinguished Colleague; that is, the jurisprudence.

The President. All right, THE SUBSIDIARY LIABILITY OF THE PRINCIPAL OR CLIENT?

Senator Enrile. Yes, Mr. President.

The President. Is it also accepted by the main Sponsor?

Senator Herrera. Yes, Mr. President.

The President. Is there any objection? [*Silence*] Hearing none, the same is approved.

Senator Saguisag. Mr. President.

The President. Senator Saguisag is recognized.

Senator Saguisag. Thank you, Mr. President.

I may not necessarily propose an amendment. I was just wondering whether as phrased now we should not consider exempting, for instance, someone who engaged the services of a construction company for building a family home of modest cost. The assumption seems to be that the owner or the principal or the client may be a moneyed individual. I would hope we could consider, say, exempting one who is building a home, maybe costing not more than a million pesos, instead of tacking on to him something that may not be affordable. So, after the period (.), as amended, I would want some language like, PROVIDED FURTHER or

that THIS PROVISION WILL NOT APPLY TO THE CONSTRUCTION OF A FAMILY HOME WORTH LESS THAN FIVE HUNDRED THOUSAND PESOS.

Senator Herrera. Who is paying the salary here? The employer is the contractor, not the one building the home.

Senator Saguisag. As I understood it, the intent of the amendment of Senator Gonzales was in case the construction company goes bankrupt then the one who employed it may be the one held liable for the increase in wages. But someone who is trying to build a family home needs all the legal protection he can get. That is why he is exempted from execution. In a proposed measure of Senator Pimentel, he may even want to exempt him from the payment of realty taxes. So, it is along those lines that it may spell the difference between having the home or not. So, that is meant to apply as an exception to the exception, that where the construction involves building a family home worth no more than half a million pesos, the owner or the client or the principal should not be held subsidiarily liable. That is the intent of the proposed amendment.

If I may again restate it, subject to refinement and style:

THIS PROVISION WILL NOT APPLY TO THE CONSTRUCTION OF A FAMILY HOME WORTH LESS THAN FIVE HUNDRED THOUSANDS PESOS.

Senator Herrera. In case of one who is building a house but he is the one directly hiring his . . .

Senator Saguisag. No, Mr. President. In case he hires a contractor, a small time contractor, it will not involve a case where the owner directly hired the carpenters or the artisans, or whoever. This assumes three parties. So, maybe we should say: PROVIDED FURTHER.

Senator Herrera. My only concern here is that this might only encourage those building

homes to understate the cost of the house they are building just to qualify under this amendment.

Senator Saguisag. This is the same awkward feeling we get when we make the assumption that we are a very bad, dishonest people. It is easy to demonstrate today, I think, how much a home costs. So, if the resistance is based on the premise that we will understate, I would hope that maybe we could find a better justification.

Senator Herrera. Maybe we will reduce the amount that instead of ₱500,000, it may be ₱150,000. These are the ordinary workers who build homes which may be financed by the PAG-IBIG or the SSS.

SUSPENSION OF THE SESSION

The President. Shall we have a breathing spell so we can work out a compromise? Is there no objection? [*Silence*] Hearing none, the session is suspended.

It was 5:36 p.m.

RESUMPTION OF THE SESSION

At 5:53 p.m., the session was resumed.

The President. The session is resumed.

Senator Herrera and Senator Saguisag were on the floor.

SAGUISAG AMENDMENT

Senator Saguisag. Mr. President, may we suggest the following amendments of Section 6, as previously amended by Senator Gonzales. It now reads as ending with the phrase SUBSIDIARILY LIABLE. We will replace the period with a semicolon, followed by the following proviso:

PROVIDED FURTHER, THAT THE SUBSIDIARY LIABILITY SHALL NOT APPLY TO CONSTRUCTION PROJECTS WORTH LESS THAN ₱200,000.

Senator Herrera. Two hundred thousand pesos or less.

Senator Saguisag. Yes, no more than ₱200,000.

Senator Herrera. It is accepted, Mr. President.

The President. Subject to refinement and style.

Is there any objection?

Senator Pimentel. Mr. President.

The President. Senator Pimentel is recognized.

Senator Pimentel. Mr. President, there is a bill pending in this Body which I have the privilege to submit which would, in effect, exempt family homes worth not more than ₱400,000 in provinces and, if I remember correctly, ₱800,000 in the Metro Manila area. The reason for these amounts, Mr. President, is an admission that, considering present prices, one really cannot build a decent home for less than that amount. I am wondering if the author is inclined to accept that amendment of Senator Saguisag.

Can we raise the ceiling to about ₱400,000?

The President. What is the pleasure of the major and the minor Sponsors?

Senator Saguisag. Well, I will refer to the judgement of the main Sponsor. Personally, I find it convenient.

Senator Herrera. Well, the reason, Mr. President, why I insisted on ₱200,000 is because, normally, it is only the workers who will be constructing homes costing ₱200,000; but those above ₱200,000, I am sure will be a bit affluent and will be able to absorb in case a suit may arise that will make them subsidiarily liable.

Senator Pimentel. Mr. President, I understand the sentiment of the main Sponsor. However, considering present day realities, the amount of a ₱400,000-home is really, I would say, even below the standards of the middle class. Anyway, I am not prepared to insist on it.

I just wanted his consideration of this proposal, Mr. President.

Senator Herrera. Anyway, Mr. President, as mentioned by the Senator from Cagayan de Oro, he has a bill pending in the Committee on Urban Homes; then, maybe, we will be deliberating on that bill. Then, I might change my position and vote for that bill.

The President. May the Chair suggest that instead of having these words: PROVIDED FURTHER after SUBSIDIARILY LIABLE, let us just say: EXCEPT SMALL CONSTRUCTION PROJECTS, FAMILY HOMES WORTH NOT MORE THAN ₱200,000."

Senator Saguisag. Subject to style and refinements, Mr. President.

The President. All right. Is there any objection?

Senator Pimentel. Mr. President.

The President. Senator Pimentel is recognized.

Senator Pimentel. Why can we not just eliminate the amount on the family home, because the intent of a family home is precisely to protect it against kinds of liabilities?

The President. But the family home may be ₱50 million, ₱100 million.

Senator Pimentel. Not exactly, Mr. President, because we want to limit the amount of the family home in a subsequent legislation.

The President. What is the pleasure of the primary Sponsor?

Senator Herrera. I strongly oppose, Mr. President, any mention of the amount. Well, some Filipinos can afford to construct, as the President said, ₱50 million worth of a house. So, I cannot see any reason why this should be exempted.

The President. All right. We have the amendment as accepted. Is there any objection? [Silence] Hearing none, the same is approved.

ANGARA AMENDMENT

Senator Angara. Mr. President.

The President. Senator Angara is recognized.

Senator Angara. Mr. President, I offer again an amendment by substitution to Section 8, if I may explain in advance of the amendment.

The amendment will reflect the points raised during the interpellation, Mr. President, namely, that there ought to be other standards or criteria that should be used when the President increases the minimum wage. And those criteria, as Senator Gonzales pointed out yesterday, are set out under the old Minimum Wage Law, Republic Act 602. There are also criteria that the ECOP, the employers confederation, has suggested for use.

So, in a sense, the amendment I will introduce, Mr. President, firstly, will set down the criteria for minimum wage-fixing; secondly, in fixing the rate, the President will do so in consultation with the National Wages Council which is a tripartite body, composed of employer-employee and Government; and thirdly, my amendment will introduce the formula of compulsory arbitration in case, again, a distortion arises out of this future wage-fixing.

So, If I may, Mr. President, let me read my amendment:

Every year thereafter, the President of the Philippines IN CONSULTATION WITH THE NATIONAL WAGES COUNCIL shall, by executive order, increase the minimum wage for all such employees and workers by not more than fifteen percent (15%) of the current minimum wage.

THE MINIMUM WAGE TO BE ESTABLISHED BY THE PRESIDENT SHALL BE AS ADEQUATE AS IS ECONOMICALLY FEASIBLE

TO MAINTAIN THE MINIMUM STANDARDS OF LIVING NECESSARY FOR THE HEALTH, EFFICIENCY AND GENERAL WELL-BEING OF THE WORKERS AND EMPLOYEES WITHIN A FRAMEWORK OF THE NATIONAL ECONOMIC AND SOCIAL DEVELOPMENT PROGRAM. IN THE DETERMINATION OF A MINIMUM WAGE, THE PRESIDENT SHALL, AMONG OTHER RELEVANT FACTORS, CONSIDER THE FOLLOWING: (A) COST OF LIVING INDEX AS MEASURED AND DETERMINED BY THE NATIONAL CENSUS AND STATISTICS OFFICE OR ITS SUCCESSOR ENTITY; (B) FAIR RETURN OF THE CAPITAL INVESTED, (C) PRODUCTIVITY; (D) REGIONAL AND SECTORAL VARIANCES IN SOCIO-ECONOMIC CONDITIONS; (E) VIABILITY OF THE INDUSTRY OR ENTERPRISE, (F) IMPERATIVES OF SOCIAL AND ECONOMIC DEVELOPMENT; (G) DESIRABILITY OF MAINTAINING A HIGH LEVEL OF EMPLOYMENT; (H) ECONOMIC RECOVERY REQUIREMENTS; AND (I) SOCIAL JUSTICE AND OTHER SUCH FACTORS WHICH WILL ASSURE A DECENT AND JUST INCOME FOR ALL WORKERS AND EMPLOYEES.

Third paragraph, Mr. President:

WHERE THE APPLICATION OF THE MINIMUM WAGE PRESCRIBED BY SUCH EXECUTIVE ORDER RESULTS IN DISTORTIONS IN THE WAGE STRUCTURE WITHIN AN ESTABLISHMENT WHICH GIVES RISE TO A DISPUTE THEREIN, SUCH DISPUTE SHALL BE RESOLVED IN THE SAME MANNER AS THAT PROVIDED FOR IN SECTION 3 HEREOF.

That is the end of my amendment, Mr. President.

Senator Gonzales. Mr. President.

The President. Senator Gonzales is recognized.

GONZALES AMENDMENT

Senator Gonzales. Mr. President, may I offer an amendment to the amendment. But since this will incorporate many of the matters contained in the amendment, may I read the proposed amendment to the amendment as a whole, Mr. President.

The President. All right.

Senator Gonzales. It will be Section 8:

AFTER THE APPROVAL OF THIS ACT, THE PRESIDENT, WHENEVER THE NEED THEREFOR ARISES, MAY, BY WAGE ORDER, INCREASE THE BASIC MINIMUM WAGE FOR ALL SUCH EMPLOYEES AND WORKERS BY NOT MORE THAN FIFTEEN (15%) PERCENT OF THE CURRENT BASIC MINIMUM WAGE UPON RECOMMENDATION OF THE SECRETARY OF LABOR AFTER CONSULTATION WITH THE TRIPARTITE CONFERENCE INVOLVING GOVERNMENT MANAGEMENT AND LABOR. IN THE DETERMINATION OF A MINIMUM WAGE THE PRESIDENT SHALL AMONG OTHER RELEVANT FACTORS CONSIDER THE FOLLOWING: (A) COST OF LIVING INDEX AS MEASURED AND DETERMINED BY THE NATIONAL CENSUS AND STATISTICS OFFICE (NCSO) OR ITS SUCCESSOR ENTITY (B) FAIR RETURN OF THE CAPITAL INVESTED (C) PRODUCTIVITY (D) REGIONAL AND SECTORAL VARIANCES IN SOCIO-ECONOMIC CONDITIONS (E) VIABILITY OF THE INDUSTRY OR ENTERPRISE (F) IMPERATIVES OF SOCIAL AND ECONOMIC DEVELOPMENT (G) DESIRABILITY OF MAINTAINING A HIGH LEVEL OF EMPLOYMENT (H) ECONOMIC RECOVERY REQUIREMENTS AND (I) SOCIAL JUSTICE AND SUCH OTHER FACTORS WHICH ASSURE A DECENT JUST AND HUMANE INCOME FOR ALL WORKERS AND EMPLOYEES WHERE THE APPLICA-

TION OF THE MINIMUM WAGE PRESCRIBED BY SUCH WAGE ORDER (J) RESULTS IN DISTORTION IN THE WAGE STRUCTURE WITHIN AN ESTABLISHMENT WHICH GIVES RISE TO A DISPUTE THEREIN SUCH DISPUTE SHALL BE RESOLVED IN THE SAME MANNER AS THAT PROVIDED FOR IN SECTION 3 HEREOF.

The President. In other words, Senator Gonzales' amendment affects the first paragraph mainly of the proposed amendment of Senator Angara.

Senator Gonzales. Yes, I cannot see my way clear towards providing that, every year, the President will always make an increase. And I do not see any reason why this duty should be placed directly upon the President when she has her alter ego, the Secretary or Labor, who, in this particular case, should carry on the administrative details of consultations, considering further that tripartism is being encouraged in our country as labor-management relations.

The President. What is the pleasure of Senator Angara?

Senator Angara. I defer to the superior judgment of the main Sponsor, Mr. President.

The President. What is the pleasure of the primary Sponsor, the subsidiary Sponsor having deferred to the judgment of the principal, the primary Sponsor?

Senator Herrera. Mr. President, can I be given about two minutes to discuss the matter with the two Gentlemen?

SUSPENSION OF THE SESSION

The President. The session is suspended for two minutes, if there is no objection. [*There was none.*]

It was 6:08 p.m.

RESUMPTION OF THE SESSION

At 6:11 p.m., the session was resumed.

The President. The session is resumed.

Senator Gonzales. Mr. President.

The President. Senator Gonzales is recognized.

GONZALES AMENDMENT TO
ANGARA AMENDMENT

Senator Gonzales. May I restate my proposed amendment to the amendment of Senator Angara, and I read it now, as follows:

SEC. 8. AFTER THE APPROVAL OF THIS ACT, THE PRESIDENT, WHENEVER THE NEED THEREFOR ARISES, MAY, BY WAGE ORDER, INCREASE THE BASIC MINIMUM WAGE FOR ALL SUCH EMPLOYEES AND WORKERS BY NOT MORE THAN FIFTEEN PERCENT (15%) OF THE CURRENT BASIC MINIMUM WAGE UPON RECOMMENDATION OF THE SECRETARY OF LABOR AFTER CONSULTATION WITH THE TRIPARTITE CONFERENCE INVOLVING GOVERNMENT, MANAGEMENT AND LABOR.

The President. All right. Let us stop there.

Is that accepted by Senator Angara?

The President. Is there any objection to the amendment as accepted?

Senator Guingona. Mr. President.

The President. Senator Guingona is recognized.

Senator Guingona. Just one word, Mr. President. Instead of "may", it should be SHALL.

Senator Gonzales. That would place the President in a straitjacket. And precisely, we deleted the original phrase "every year," and substituted it with the phrase WHENEVER THE NEED THEREFOR ARISES.

The President. Under the law, sometimes the word "may" is interpreted as "shall."

Senator Guingona. Yes, Mr. President. Because, anyway, the circumstances are already prescribed, and only in those instances will the President act.

Senator Gonzales. But, Mr. President, I think the word "may" is more appropriate in this particular provision than the mandatory SHALL.

The President. All right. Let us have a vote on this.

Will he kindly restate the first paragraph.

Senator Gonzales. AFTER THE APPROVAL OF THIS ACT, THE PRESIDENT WHENEVER THE NEED THEREFORE ARISES, MAY, BY WAGE ORDER, INCREASE THE BASIC MINIMUM WAGE FOR ALL SUCH EMPLOYEES AND WORKERS BY NOT MORE THAN FIFTEEN PERCENT (15%) OF THE CURRENT BASIC MINIMUM WAGE UPON RECOMMENDATION OF THE SECRETARY OF LABOR AFTER CONSULTATION WITH THE TRIPARTITE CONFERENCE INVOLVING GOVERNMENT, MANAGEMENT AND LABOR.

The President. To make it consistent with the other previous paragraphs, let us make "workers" first, and "employees" later.

Senator Gonzales. Yes, Mr. President.

The President. All right. Is there any objection? [Silence] Hearing none, the same is approved.

Then the second paragraph.

Senator Gonzales. The second paragraph:

IN THE DETERMINATION OF A MINIMUM WAGE, THE PRESIDENT, SHALL, AMONG OTHER RELEVANT FACTORS, CONSIDER THE FOLLOWING; (A) COST OF LIVING INDEX AS MEASURED AND DETERMINED BY THE NATIONAL CENSUS AND STATISTICS OFFICE (NCSO) OR ITS SUCCESSOR ENTITY; (B) FAIR RETURN OF THE CAPITAL INVESTED; (C) PRODUCTIVITY, (D) REGIONAL AND SECTORAL VARIANCES IN SOCIO-ECONOMIC CONDITIONS, (E) IMPERATIVES OF SOCIAL AND ECONOMIC DEVELOPMENT, (R) DESIRAB-

ILITY OF MAINTAINING A HIGH LEVEL OF EMPLOYMENT, (G) ECONOMIC RECOVERY REQUIREMENTS, (H) SOCIAL JUSTICE AND OTHER SUCH FACTORS WHICH WILL ASSURE A DECENT, JUST AND HUMANE INCOME FOR WORKERS AND EMPLOYEES.

The President. The Chair notices that the words "viability of the industry or enterprises" have been stricken out.

Senator Gonzales. Yes, Mr. President, consistent with the request of the author of the principal amendment.

The President. May we know what is the pleasure of Senator Angara?

Senator Angara. The amendment is accepted, Mr. President.

The President. What is the pleasure of the main Sponsor?

Senator Herrera. It is accepted, Mr. President.

The President. Is there any objection? [*Silence*] Hearing none, the same is approved.

Senator Gonzales. Then the third paragraph, Mr. President, is the same as the original amendment of Senator Angara, and I read:

WHERE THE APPLICATION OF THE MINIMUM WAGE PRESCRIBED BY SUCH WAGE ORDER(S) RESULTS(S) IN DISTORTIONS IN THE WAGE STRUCTURE WITHIN AN ESTABLISHMENT WHICH GIVES RISE TO A DISPUTE THEREIN, SUCH DISPUTE SHALL BE RESOLVED IN THE SAME MANNER AS THAT PROVIDED FOR IN SECTION 3 HEREOF.

The President. What is the pleasure of Senator Angara?

Senator Angara. There is no change there, Mr. President, so . . .

The President. So that amendment is accepted. What is the pleasure of the main Sponsor?

Senator Herrera. It is accepted.

The President. Is there any objection? [*Silence*] Hearing none, the same is approved.

Senator Enrile. Mr. President.

The President. Senator Enrile is recognized.

Senator Enrile. Mr. President, considering the complexities of the amendment already introduced into this proposed measure, may I suggest that, after the introduction of all the amendments, we do not close the period of amendments so that we will have a clean copy and look at the bill again.

The President. Yes.

Senator Guingona. Mr. President.

The President. Senator Guingona is recognized.

Senator Guingona. May I just ask for a separability clause after Section 9, after line 14, Mr. President, before Section 10.

The President. How will that clause read?

Senator Guingona. It is the ordinary separability clause.

The President. In other words, "If any part of this act. . ."

Senator Guingona. It reads, Mr. President:

IF ANY PROVISION OR PART OF THIS LAW OR THE APPLICATION THEREOF TO ANY PERSON OR CIRCUMSTANCES, IS HELD INVALID OR UNCONSTITUTIONAL, THE REMAINDER OF THIS LAW OR THE APPLICATION OF SUCH PROVISION OR PART THEREOF TO OTHER PERSONS OR CIRCUMSTANCES, SHALL NOT BE AFFECTED THEREBY.

The President. Is there any objection? [*Silence*] Hearing none, the same is approved.

Is there any other amendment?

Senator Maceda. Mr. President.

The President. Senator Maceda is recognized.

Senator Maceda. Section 10, Mr. President.

May we change this to read: SECTION 11. This Act shall take effect upon approval.

Senator Herrera. Yes, it should be SECTION 11 instead of SECTION 10.

Senator Maceda. Yes.

The President. A bill is required to be published. If there is no specification, we will have to wait for the publication in the *Official Gazette*. This will hasten the approval, the effectivity of this measure, because, under the Civil Code we will have to wait for the completion of the publication in the *Official Gazette*.

SUSPENSION OF THE SESSION

The President. The session is suspended for a minute, if there is no objection. [*There was none.*]

It was 6:14 p.m.

RESUMPTION OF THE SESSION

At 6:15 p.m., the session was resumed.

The President. The session is resumed.

Senator Maceda. Mr. President, may I just inquire who is supposed to have the law published after it is signed by the President? Can the Executive Department, by not immediately sending it to the *Official Gazette*, prepare rules for sending it to two newspapers delay the effectivity of a bill?

The President. I think Senator Saguisag is the authority on the publication of bills. He authored several articles on the subject during the Marcos regime.

Senator Saguisag. In fact, this was the teaching of the case of *Tañada versus Tuvera* in early 1985. A law imposing serious obligations cannot take effect without being published first. So, in case there is a delay because of the normal load of the *Official Gazette*, I think, on our own, we can pick out a placement in the newspapers. That we can do immediately on our own.

Senator Maceda. All right. So the Senate, on our own, and the labor unions could have this published?

Senator Saguisag. I suppose so. But it seems to me that since the initiative, in fact, came from the Office of the President for us to act on this, we can easily make representations with Mr. Melquiades de la Cruz, who is the one on top of this problem.

MACEDA AMENDMENT

Senator Maceda. I just raise it now. But I had been thinking about this previously, Mr. President, that whenever we pass something here which may not be exactly to the liking of the Executive Department, whether it can delay the effectivity by not having it immediately published.

So, I am glad that the Senator from Pasig has said that the Senate can have it published. In which case, may I just, on line 18, insert an additional phrase: remove the period and insert a comma and then, add the words: **WHICHEVER COMES EARLIER.**

The President. Is there any objection from the main Sponsor?

Senator Herrera. I have no objection.

The President. All right, no objection. Is there any objection to the amendment? [*Silence*] Hearing none, the same is approved.

Senator Mercado. Mr. President, I move that we close the period of amendments.

The President. Is there any objection? [*Silence*] Hearing none, the same is approved.

Senator Mercado. Mr. President, the Minority Floor Leader has manifested to this Representation that he is not pursuing his request for a clean copy. So, I move that we vote on Senate Bill No. 156, on Second Reading.

The President. We shall have first a clean copy and that will be distributed. And if there is any further amendment.

Senator Mercado. Mr. President, the Minority Floor Leader has manifested to me that he is withdrawing his request.

Senator Enrile. I confirm, Mr. President. I conferred with the distinguished Senator from Mandaluyong and he said that his amendments were lifted from existing laws. So, I think we will have to accept the fact that those provisions are already embodied in our laws and they are being transposed to form a part of the proposed measure.

The President. All right. So the manifestation has been withdrawn, subject to refinement in style.

APPROVAL OF SENATE BILL NO. 156 ON SECOND READING

Senator Mercado. Mr. President, I move that we vote on Senate Bill No. 156, as amended, on Second Reading.

The President. Is there any objection? [*Silence*] The motion is approved.

We shall now vote on the bill, as amended, on Second Reading. As many as are in favor of the bill will please say *Aye*. [*Several Senators: Aye*]

As many as are against will please say *Nay*. [*Silence.*]

Senate Bill No. 156, as amended, is approved on Second Reading.

CONSIDERATION OF SENATE RESOLUTION NO. 46 (Foreign Debt Renegotiation)

Continuation

Senator Mercado. Mr. President, I move that we consider proposed Senate Resolution No. 46, prepared by the Committee on Economic Affairs, entitled:

RESOLUTION PROPOSING TO THE PRESIDENT OF THE REPUBLIC, THE FURTHER RENE- GOTIATION OF THE FOREIGN DEBT

And I request that we recognize Senator Paterno.

SUSPENSION OF THE SESSION

The President. Let us just have a recess for a few minutes to give the opportunity to the Members to congratulate our Chairman of the Committee on Labor.

It was 6:25 p.m.

RESUMPTION OF THE SESSION

At 6:27 p.m., the session was resumed.

The President. The session is resumed.

Senator Paterno. Mr. President.

The President. Senator Paterno is recognized.

Senator Paterno. Mr. President, before I present a final amendment on this Resolution, I just would like to summarize the discussion with respect to the possible constitutionality of having Members of the Senate appointed to a Joint Legislative-Executive Debt Commission.

My understanding of the discussions last night was that the question of the constitutionality of appointing a Member of the Senate or a Member of the House to a joint body with the Executive would not occur if the appointment were made by the President of the Senate, in the case of a Member of the Senate, or by the Speaker of House — in the case of a Member of the House — to such a Joint Legislative-Executive body. Because, this would be really an extension of the functions, we might say, of the Members of the Legislature that is concerned. On the basis of that understanding, therefore, I understand that the observations or objections with respect to the constitutionality of having a Joint Legislative-Execu-



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not hesitate to make a statement that it is time to seriously consider a reorganization of the Press Office of Malacañang.

Senator Mercado. One last point, Mr. President. As regards the previous regime, is the Gentleman aware that the former President once lifted Martial Law? This was in 1981, I believe.

Senator Maceda. Well, yes, it was a paper lifting.

Senator Mercado. And he did say that there was already a free press, a free media, and was proud of the fact that there was already a situation where a democratic discourse was available in media?

Senator Maceda. I have often wondered whether he was so brave to say that only because, I think, at that time he directly or indirectly owned most, if not all, of the newspapers.

Senator Mercado. Mr. President, this is the point I would like to say and to stress. While the Minority Floor Leader was correct in saying that they were not hypocritical about it, especially during Martial Law, but after Martial Law was lifted, they indeed controlled media in a different way. It was not prior restraint. It was a situation wherein a program could be cancelled or moved to another time slot, or if one is an employee of a broadcast station, he will be warned or the sponsors will be pulled out or, it can be a situation wherein one, because of the chilling effect of the danger that one might lose his job, actually imposes restriction upon himself and as a consequence, deny the people open access to information. Would not that situation also be present?

Senator Maceda. Very well said, Mr. President.

Senator Mercado. Thank you very much, Mr. President.

Senator Maceda. Thank you very much, Mr. President.

At this juncture, the President relinquished the Chair to Honorable Sotero H. Laurel.

Senator Mercado. Mr. President, I move that we vote on Third Reading on Senate Bill No. 156.

Senator Maceda. Mr. President, point of order.

The Presiding Officer [Senator Laurel]. Senator Maceda, what is the point of order?

Senator Maceda. I would like to formally ask action on the motion to refer the speech to the Committee on Information and Mass Media.

Senator Mercado. Mr. President, I withdraw my motion. There is a pending motion to refer the contents of the speech of Senator Maceda to the Committee on Information and Mass Media.

The Presiding Officer [Senator Laurel]. So referred to the Committee on Mass Media and Information, if there is no objection. [*There was none.*]

BILL ON THIRD READING

Senate Bill No. 156 – Minimum Wage Increase

Senator Mercado. Mr. President, I move that we vote on Third Reading on Senate Bill No. 156. Copies of the bill have been distributed to all the Members of the Senate on November 9, 1987.

The Presiding Officer [Senator Laurel]. Voting on Third Reading on Senate Bill No. 156 is now in order. The Secretary will please read the title of the bill only, if there is no objection. [*There was none.*]

The Secretary. Senate Bill No. 156 entitled:

AN ACT PROVIDING FOR AN INCREASE IN THE WAGE OF PUBLIC OR GOVERNMENT SECTOR EMPLOYEES ON A DAILY WAGE BASIS AND IN THE STATUTORY MINIMUM WAGE OF EMPLOYEES AND WORKERS IN THE PRIVATE SECTOR AND FOR OTHER PURPOSES

The Presiding Officer [Senator Laurel]. The Senate will now proceed to vote on the bill. The Secretary will please call the roll.

The Secretary called the roll and the result of the voting was as follows:

Yes — 19

Alvarez	Mercado
Angara	Paterno
Aquino	Pimentel
Enrile	Romulo
Estrada	Saguisag
Guingona	Salonga
Herrera	Shahani
Laurel	Tañada
Lina	Ziga
Maceda	

No — None

Abstention — None

RESULT OF VOTING

The Presiding Officer [Senator Laurel]. With 19 affirmative votes, no negative vote, and no abstention, Senate Bill No. 156 is approved on Third Reading, as amended.

EXPLANATION OF VOTE OF SENATOR MACEDA

Senator Maceda. Mr. President, for a brief explanation because this is really to me the first major bill that this Chamber has passed.

I would just like to emphasize the fact that the labor sector undertook a *Welga ng Bayan* so-called, which fortunately did not get that much support because of this bill or the demands that were met by this bill. And I think the passage of this bill illustrates the fact to all and sundry that with the restoration of the bicameral Congress, the House and the Senate, there is properly restored these venues or channels where anybody with a grievance can come to, and the grievance will be addressed and listened

to, and so it was really probably a waste of time, if not of resources, for the labor group, to pursue, seeing that this was being competently and expeditiously handled by the distinguished Chairman of the Committee on Labor, Employment, and Human Resources Development, a distinguished labor leader himself.

So I would like to appeal to all those sectors who have grievances to kindly give the democratic processes a chance to redress their grievances. And certainly, we will not shirk our responsibility and we will exercise our responsibilities in as expeditious a manner as we have done in this particular bill.

I would also like to point out that this is a landmark as far as the removal of the distinction between agricultural and non-agricultural workers is concerned. That has long been a discriminatory provision against the rural sector in the books.

And so I feel that we have indicated to the removal of that discrimination that we are genuinely concerned with the agricultural sector, with agricultural workers. And that is one of those that might be overlooked in the consideration of this bill.

Further, this bill now also recognizes that government and private workers must be treated equally. If there is a minimum wage for the private sector, the same minimum wage should be given to the same Filipinos, human beings, hard workers as they are in the government sector. This bill has not fully remedied that, and I hope that by next year or shortly hereafter we could possibly afford that the salaries of government employees on a casual or daily basis will be brought to the level of the minimum wage of ₱64 or whatever it is in the private sector.

Because of all these considerations, Mr. President, I vote "yes." And I would like again, in voting yes, to reassure all and sundry that there is no need for demonstrations and strikes. They

should come directly to the Hall of the Senate and their grievances will be addressed.

Thank you, Mr. President.

EXPLANATION OF VOTE OF SENATOR SAGUISAG

Senator Saguisag. Mr. President, I would like to explain my vote, if I may.

The Presiding Officer [Senator Laurel]. Senator Saguisag is recognized.

Senator Saguisag. About 20 years ago, I was shocked to know of a college debate where the affirmative side won on the proposition: Resolved, that the Minimum Wage Law be Abolished.

I was further shocked not long thereafter, when a distinguished labor law professor, then Professor Derek Bok, now president of Harvard, gave out materials with the following passage which, at the time, seemed heretical to me:

Contrary to public opinion, there is great uncertainty as to whether unions have obtained significantly higher wages than would have resulted in their absence. It can also be argued persuasively that any added wage increases that unions have achieved have been largely derived from other less organized groups in the economy rather than from the profits of business enterprise. Thus, it is argued that union wage policies cause inflation which does not completely wipe out the wage increases won by the unionized employees but does inflict losses upon persons with fixed income and groups too weak to readily obtain compensating pay raises. Similarly, it is argued that unions restrict the supply of workers in certain unionized markets thus causing overcrowding and lower wages in other organized markets.

Historically, legal intervention does not seem to have been shown to work in wage-fixing. It is effective in the non-wage areas like greater job security, the introduction of arbitration and "in-

dustrial due process" into plant discipline, and the like. Thus, after decades of experience with minimum wage legislation, the poor worker remains in the same state of misery. Evidently, this measure will be inflationary.

I know that in the United States today, the minimum wage is \$3.35 or about ₱70.00 per hour. There is current agitation among the Democrats to raise it to \$4.25 or at least ₱85.00 per hour.

The debate continues. However, there are those who continue to believe that "labor legislation steals jobs, and that too many mandated benefits make employees worse off."

We pay lip service to privatization, and then here we make decisions for private business managers. Thus it has been said that the most cogent argument against the new push by Congress (meaning, the US Congress) to intrude on management prerogatives is that these proposals are not in the best interest of employees.

Ironically, new employees or unemployed workers would likely suffer the greatest loss. Absent a trade-off in the mix of benefits, labor costs will rise. Increasing the cost of labor will either force firms to reduce the use of labor or become less competitive. As mandated benefits increase costs, the number of jobs in the economy, particularly those in sectors hardest hit such as manufacturing, would decline. Increased intervention in labor markets should be resisted for one simple reason: In the final analysis, the new labor policies are anti-labor.

Secretary Winnie Monsod of NEDA has presented us with persuasive data in support of the principle that "higher wages result in higher inflation and full-time unemployment rates."

From the standpoint of the Department of Labor and Employment "legislated wage-fixing may lead to unnecessary government intervention and in the end may be counter-productive to trade unionism."

Obviously, I am just dusting off here an old idea and trying to give it a new, fresh spin.

I did try to suggest amendments such as lower pay for people entering the work force from the ranks of the jobless, for a tax holiday for new companies, for tax incentives for employers. These were, sadly, not received sympathetically. In the short run, therefore, we must turn to private initiative, for us to take care of our unfortunate countrymen.

I am however tempted to vote for this, unconvinced of its merits, but totally for an unrelated purpose. This should quiet the lobbies for a while; we gain time, it is hoped. This is not new to me as a long-time trial lawyer. Delay helps the weak side because something may turn up. As it is possible that before labor becomes restive, or even violent again, something may turn up, we temporize. We must be pragmatic, for politics is the art of the possible, we are told.

At the same time, we must continue to dream. I vote with my heart, although my mind tells me to go the other way. There is sympathy for the working poor, for they seem to be more threatening. Fear of disruption, or worse, is perhaps a component of my ultimate vote. I do not want to leave this Hall through the safe back door.

A final or another word. I hope that we view labor as united in misery even if temporarily its ranks may seem disunited. I say this because the *Kilusang Mayo Uno* has been the object of some rather harsh assumptions of late.

Tomorrow being the first anniversary of the salvaging of KMU's Ka Lando Olalia and his driver, Leonor Alay-ay, I hope I will be forgiven for saying a few words about this organization.

It seems only fair to point out that on May 1, 1981, 50,000 KMU marchers demonstrated against the previous regime. On May 1, 1983, Senator Lorenzo M. Tañada asked me to address

KMU whose members filled the Araneta Coliseum. In 1982, Ka Bert Olalia was arrested and made to sleep on a cold cement floor in a damp Camp Crame *bartolina*, cheered from time to time by the sight of female political detainees. Pushing 80, he got sick and passed away the following year, after a long, painful hospital confinement. He had complained to me that he could not understand why his lifetime collection of *Playboy* and *Penthouse* was seized on August 12, 1982. They might have incited to something, but certainly, not to sedition.

He personally argued so movingly in the Supreme Court hearing in his petition for *habeas corpus* in *Olalia vs. Enrile*; there, the main respondent is now with us here, Ka Bert's good friend, our good friend, the distinguished Gentleman from Cagayan, who may know what happened to Ka Bert's collection of *Playboy* and *Penthouse*. [Laughter]

Ka Bert would tell me in detention of his early experiences in his teens, with burly Americans, 10 feet tall, who would kick and bludgeon him when he was a teen-ager, at the corner of Azcarraga and Avenida Rizal. His offense: waving the Filipino flag. *Iwinawagayway po lamang ang bandilang pula, binabatuta, kinakaburata po sina Ka Bert at mga kasama hanggang sa magkadugu-dugo ang kanilang mga katawan.*

In 1981, he was with us in Liwasang Bonifacio, along with the likes of Senator Gerry Roxas, Senator Doy Laurel, Senator Lorenzo Tañada, Senator Pepe Diokno, and of course, Joker Arroyo. Always, there was Joker Arroyo in the dark years, holding the torch of resistance.

When it was unfashionable and dangerous to dissent, KMU was there. It is still there, perhaps unable to understand why to date, no justice has been rendered to the Olalias, and to the working class.

I do not condone whatever illegal acts it might be accused of doing now, but perhaps it is high time that we do something towards generally solving the murder of Ka Lando for instance. Then maybe we can better explain to its members why there is hope within the system.

Ka Bert's son, Ka Lando, was dispatched by men of violence, most probably not "leftists," to an untimely ending almost a year ago today. I am privileged to pay tribute to these father and son who disproved the Greek adage that great fathers seldom have great sons. Not that I always agreed with them. But I admired the courage of their convictions, and their nationalism. Dynasties are not always bad, it seems.

I respectfully and reluctantly vote *yes*, therefore, as a very small tribute to the Olalias, and to the working class, employed or unemployed. Hindi po sa manggagawa lamang, kundi sa uring manggagawa. We should be for the workingman, but we should remember that he is but a part of the larger working class.

Ka Bert, hindi ka mabibigo. Ka Lando, ang magbuhos ng dugo para sa bayan ay kagitingang hindi malilimutan.

Salamat po.

BILL ON THIRD READING
Senate Bill No. 101 – Minimum Age of Elective Local Officials

Senator Mercado. Mr. President, I move that we vote on Third Reading on Senate Bill No. 101. Copies of the bill have been distributed to all the Members of the Senate on November 9, 1987.

The Presiding Officer [Senator Laurel]. Senate Bill No. 101 is now in order. The Secretary will please read the title of the bill only, if there is no objection. [*There was none.*]

The Secretary. Senate Bill No. 101 entitled:

AN ACT AMENDING SECTION 42 OF BATAS PAMBANSA BLG. 337, THE LOCAL GOVERNMENT CODE, BY REDUCING THE MINIMUM AGE OF THE DIFFERENT ELECTIVE LOCAL OFFICIALS MENTIONED THEREIN

The Presiding Officer (Senator Laurel). The Senate will now proceed to vote on the bill. The Secretary will please call the roll.

The Secretary called the roll and the result of the voting was as follows:

Yes – 18

Alvarez	Mercado
Angara	Paterno
Aquino	Pimentel
Enrile	Romulo
Estrada	Saguisag
Herrera	Salonga
Laurel	Shahani
Lina	Tañada
Maceda	Ziga

No – None

Abstention – None

RESULT OF VOTING

The Presiding Officer [Senator Laurel]. With 18 affirmative votes, no negative vote, and no abstention, Senate Bill No. 101 is approved on Third Reading.

BILL ON THIRD READING
Senate Bill No. 168 – Armed Forces New Base Pay

Senator Mercado. Mr. President, I move that we vote on Third Reading on Senate Bill No. 168. Copies of the bill have been distributed to all the Members of the Senate on November 9, 1987.

The Presiding Officer [Senator Laurel]. Voting on Third Reading on Senate Bill No. 168 is now in order. The Secretary will please read the title of the bill only, if there is no objection. [*There was none.*]