

OCTOBER 2020



Teachers, unionists of Holy Family School in Quezon City hold strike against lay offs of teachers. As of June 29, 2020, 19 teachers from the Holy Family Faculty Labor Union (HFFLU), have remained unemployed after being terminated by the administration of Holy Family School of Quezon City, Inc. Photo by Dyan Valen.

UNEMPLOYMENT IN THE TIME OF COVID-19

Unemployment rate in the Philippines during the first quarter of 2020 rose to an all-time high of 17.7% as the COVID-19 pandemic continues to affect economies worldwide. What comes as a total surprise is the Q2 data from the Philippine Statistics Authority that shows a 7% decrease in the overall rate of unemployment [1], both unbelievable and questionable statistics of a speedy recovery given the almost seven months of lockdown across the country.

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Historical data proves that mass layoffs and joblessness have always been the consequence of economic crises. The 1997 Asian Financial Crisis resulted in the loss of jobs for some 10 million workers across Asia, with the Philippines recording the highest rate of unemployment among Southeast Asian countries at 10.1% by the year 2000.

The COVID-19 pandemic along with the social and economic crisis it has brought, has proven to be much worse in terms of its global impact on workers. According to the ILO, relative to the last quarter of 2019, working hours were estimated to fall by 14 per cent worldwide in the second quarter of 2020, a percentage equivalent to 400 million full-time jobs.[2] The Asian Development Bank, on the other hand, says that around 68 million workers across Asia will likely lose their jobs if the pandemic persists until September.

In the United States, more than 30 million workers have already filed for unemployment benefits.[3] Indonesia, Southeast Asia's biggest economy, has recorded the loss of 6.4 million jobs and is expecting to lose more as the country struggles to grapple with the outbreak.[4] Meanwhile, the Department of Labor and Employment (DOLE) reported in May that an estimated 10 million workers will lose their jobs this year due to COVID-19. Ibon Foundation estimates that around 12-19 million Filipinos are unemployed in 2020, far from the government's conservative statistics.

The Philippines is currently facing its worst recession since 1981. GDP growth rate has also been on a downward trend from 7.149% in 2016 to 6.041% in 2019. The economy plunged by 16.5% by the second quarter of 2020.

Current available data does not provide a complete picture of the state of unemployment in the country. Questions must be raised about the reality of workers' situation in a country where pre-COVID-19 figures show that three out of five workers are non-regular or contractual, whose job security is virtually non-existent [5] and where regular workers are easily replaced with contractuels. Whether regular or contractual, workers have always been at risk of losing their jobs especially in the Philippines where crisis is a constant phenomenon. #

References:

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A worker's life under lockdown

Ed has been working for his company for 27 years. When the pandemic hit and the factory ceased all operations after lockdown was imposed, he found himself among millions of workers who have now lost their livelihood. In the months that he was unable to work, he failed to receive any form of relief from his company nor from the government.

He tried looking for other means to earn but he admitted that even though he was still physically capable of any sort of work, employers were quick to turn him down because of his age. He ended up selling and delivering cooked meals to neighbors. However, that too proved to be insufficient. Ed, a regular industrial worker with almost three decades of experience under his belt, also a proud unionist, now found himself needing to rely on relatives for his family's day-to-day sustenance.

Six months after the imposition of the community quarantine, Ed's company has now decided to resume operations but working hours for some of the workers remain below the 40 hour work-week, with some (including him) only getting a day per week of work. Under a scheme that implements a "No work, No Pay" policy, it would be absurd to expect workers to survive. Ed believes that the company is merely using the pandemic as an excuse to demoralize workers and layoff those like him who have made uncompromising stands on workers' issues.

Amid the pandemic and economic crisis, the

Philippine government's priorities seem to lie elsewhere. DOLE's Covid-19 Adjustment Measures Program (CAMP), which only gave out a measly sum of P5,000, was only able to reach a million workers out of the 7.3 million reported to have lost their jobs due to the pandemic. Despite getting a boost in budget for 2021, DOLE has stated that workers can only expect a one-time cash aid and that only 2 million displaced workers will be able to receive assistance. Despite the evident need to support millions of workers, the government has decided instead to extend support to big businesses. The Department of Finance has proposed an amendment on the Corporate Income Tax and Incentives Reform Act (CITIRA) which aims to provide an outright 5% tax reduction for all business enterprises (cutting revenue by P40 billion in 2020 alone) in hopes of boosting businesses and attracting Foreign Direct Investments (FDI's). However, the Corporate Recovery and Tax Incentives for Enterprises

Amid the pandemic and economic crisis, the Philippine government's priorities seem to lie elsewhere.

(CREATE) Act is expected to only benefit large corporations- this comes when assistance could go directly to workers instead through wage subsidies. The Duterte government,

in its desperate attempt to convince the people of its exceptional handling of the pandemic and economic crisis, has either boosted employment rates or is indiscriminately exposing the working class to the virus by haphazardly mobilizing the workforce without laying down a comprehensive plan to ensure their safety. It has done very little to provide support for the millions of Filipinos who have lost their livelihood. With neither a concrete plan for mass

testing nor reliable safety nets for the unemployed, workers have been left to fend for their own.

Data provided by the government that tells the tale of a quickly recovering economy that is clearly devastated by the pandemic should be taken with a grain of salt. While the numbers may provide a sliver of truth, the reality on the ground remains to be seen. Furthermore, the quality of work, wages, and benefits are key points to tackle when analyzing the state of the working class. In this time of extreme hardship when people are forced to find any and all possible means to live, the government is having a field day churning out numbers to present itself as competent and effective. What is clear is the Duterte government remains inutile in addressing workers' woes amidst the current health, social, and economic crisis. #

PhilHealth fiascos and corruption in the country's healthcare system

Under the Universal Health Care Law, the workers' monthly contributions to the corruption-ridden Philippine Health Insurance Corporation or PhilHealth will increase every year (see table of PhilHealth premium rates). [1] In the Senate investigation, P15 billion worth of funds were allegedly stolen through fraudulent programs by the top officials. Apart from this, the P30 billion special fund for COVID-19 response administered by the PhilHealth were allegedly handed out to mostly favored hospitals through the Interim Reimbursement Mechanism (IRM) as payment advances. The biggest recipient is the Southern Philippines Medical Center, a public hospital in Davao City, which received P326 million. While the Philippine General Hospital, a major referral center for

COVID-19 patients, only received P262.3 million. According to Senator Panfilo Lacson, there is also a "pattern" that favored private hospitals over state-owned hospitals.[2] Due to these scandals, President Rodrigo Duterte was forced again to replace the Chief Executive Officer (CEO) of the state insurer; the third replacement under his administration.

Moreover, another PhilHealth official claimed that the state health insurance corporation will run into deficit in 2021 because of the upsurge of claims in this time of public health emergency. But if we examine the financial statement of PhilHealth as of June 2020, there is still P105.8 billion in the reserve fund (see Chart 1).[3] Added to this, PhilHealth has P132.11 billion worth of investments through bonds. Part of these investments were flagged by the Commission on Audit (CoA). CoA said in 2018, the P14.345 billion of PhilHealth's corporate bonds' investments is exposing government funds to undue risks of loss.[4] State auditors reasoned out that several bonds issuers were not notarized and one has an unaudited financial statement.[5] Another investment is on the power sector considered as unethical, because of using environment damaging mined coal and oil that violates PhilHealth's own Corporate Order 18-05. Despite this, the questionable investments increased to P17.55 billion in the first half of 2020 (see Table 2). It only means that PhilHealth has more than enough funds to support the people's medical needs if the workers' contributions were only utilized for their welfare.

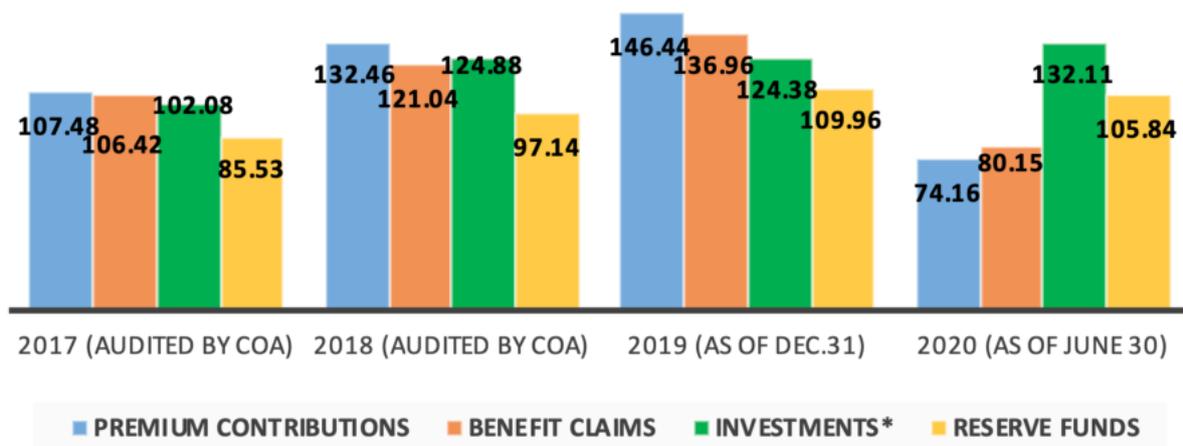
With all the fiascos amid the health crisis, PhilHealth is set to receive P71.4 billion from the Department of Budget Management's budget proposal for 2021.

Table 1. PhilHealth Premium Rates for Contributions based on PhilHealth Circular No. 2019-0009.

Year	Monthly Basic Salary	Premium Rate	Monthly Premium
2019	P10,000.00	2.75%	P275.00
	P10,000.01 to P49,999.99		P275.00 to P1,375.00
	P50,000.00		P1,375.00
2020	P10,000.00	3.00%	P300.00
	P10,000.01 to P59,999.99		P300.00 to P1,800.00
	P60,000.00		P1,800.00
2021	P10,000.00	3.50%	P350.00
	P10,000.01 to P69,999.99		P350.00 to P2,450.00
	P70,000.00		P2,450.00
2022	P10,000.00	4.00%	P400.00
	P10,000.01 to P79,999.99		P400.00 to P3,200.00
	P80,000.00		P3,200.00
2023	P10,000.00	4.50%	P450.00
	P10,000.01 to P89,999.99		P450.00 to P4,050.00
	P90,000.00		P4,050.00
2024 to 2025	P10,000.00	5.00%	P500.00
	P10,000.01 to P99,999.99		P500.00 to P5,000.00
	P100,000.00		P5,000.00

Under the Universal Health Care Law, the workers’ monthly contributions to PhilHealth will increase every year. In 2020, the premium will increase the rate to three percent and henceforth adjusted to increments of 0.5 percent every year until it reaches the five percent limit in 2025 as provided for by law, according to PhilHealth. The income floor is fixed at P10,000 during the five-year period, while salary ceiling will gradually increase by P10,000 each year until it reaches P100,000 in 2025, it added. Source: PhilHealth Circular No, 2019-0009.

Chart 1. PhilHealth premium contributions, benefit claims, Investments and reserve funds 2017-2020 (PhP BILLIONS)



Based on PhilHealth's financial statements, as of June 2020, there is still P105.8 billion in the reserve fund. Moreover, PhilHealth has P132.11 billion worth of investments through bonds. Part of these investments were flagged by the Commission on Audit (CoA). CoA said in 2018 that the P14.345 billion of PhilHealth’s corporate bonds’ investments is exposing government funds to undue risks of loss. Sources: PhilHealth financial statements from 2017 to 2020.

Table 2. Investment securities based on PhilHealth's financial statements (30 June 2020).**9. INVESTMENT SECURITIES AT AMORTIZED COST**

9.1 Investment in Treasury Bills amounting to P7,026,043,199.74 as at June 30, 2020 with a maturity period of 91 to 364 days and with an average interest rate of 3.7092%.

9.2 Investment in Government Bonds with a maturity period of more than one (1) year and with an average interest rate of 5.7470%.

	Interest Rate	2020	2019
Retail T-bonds	5.1058%	55,816,890,000.00	50,599,080,000.00
RTB-Non-Restricted Environment	5.8674%	36,695,924,076.37	40,686,267,054.29
10-year T-bonds	6.2679%	15,021,497,606.28	15,052,629,082.55
Sub-Total		107,534,311,682.65	106,337,976,136.84

9.3 Investment in Corporate Bonds with a maturity period of more than 1 year and with interest rate ranging from 3.8915% to 5.5796%.

	Interest Rate	2020	2019
7-year Meralco Fixed Rate Bonds	4.3750%	1,500,000,000.00	1,500,000,000.00
7-year PLDT Fixed Rate Bonds	5.2250%	650,000,000.00	650,000,000.00
5.5-year JG Summit Fixed Rate Bonds	5.2317%	-	-
5.25-yr GT Capital Fixed Rate Bonds	4.7106%	-	-
5.5-yr SM Prime Holdings, Inc. Fixed Rate Bonds	5.1000%	-	500,000,000.00
7-yr SM Prime Holdings, Inc. Fixed Rate Bonds	5.2006%	500,000,000.00	500,000,000.00
7-yr Aboitiz Power Corp. Fixed Rate Bonds	5.2050%	1,000,000,000.00	1,000,000,000.00
5.25-yr Aboitiz Equity Ventures, Inc. Fixed Rate Bonds	4.4722%	1,000,000,000.00	1,000,000,000.00
7-yr Aboitiz Equity Ventures, Inc. Fixed Rate Bonds	5.0056%	1,000,000,000.00	1,000,000,000.00
7-yr Filinvest Land Inc. Fixed Rate Bonds	5.4000%	1,000,000,000.00	1,000,000,000.00
7-yr Filinvest Land, Inc. Fixed Rate Bonds	5.3567%	780,000,000.00	780,000,000.00
7-yr Robinsons Land Corp. Fixed Rate Bonds	4.8000%	1,500,000,000.00	1,500,000,000.00
7-yr Ayala Land Inc. Fixed Rate Bonds	4.5000%	950,000,000.00	950,000,000.00
7-yr Ayala Land Inc. Fixed Rate Bonds	3.8915%	1,100,000,000.00	1,100,000,000.00
5.25-yr South Luzon Tollway Corp. Fixed Rate Bonds	4.9925%	182,500,000.00	182,500,000.00
7-yr South Luzon Tollway Corp. Fixed Rate Bonds	5.5796%	182,500,000.00	182,500,000.00
5.25-yr SM Prime Holdings	4.5095%	1,200,000,000.00	1,200,000,000.00
2-yr DBP Series A ASEAN Sustainability Fund	4.2500%	5,000,000,000.00	5,000,000,000.00
Sub-Total		17,545,000,000.00	18,045,000,000.00
Grand Total		132,105,354,882.39	124,382,976,136.84

Interest earned on Investment Securities amounted to P3,071,527,370.36 and P3,313,683,869.82 as at June 30, 2020 and December 31, 2019, respectively.

Financial Statements, June 30, 2020

PhilHealth's questionable investments increased to P17.55 billion in the first half of 2020, showing that PhilHealth has more funds.

Source: PhilHealth financial statements 30 June 2020 downloadable from their website at

https://www.philhealth.gov.ph/about_us/transparency/accomplishment_report/FS_2ndQtr2020.pdf

Meanwhile, the Department of Health (DOH) will receive P131.7 billion, P20 billion lower than its current budget.[6] It only ranks fifth among the department's allocation, only after the departments of public works, education, defense and interior respectively.[7] Agriculture also beset with a budget cut, with only P66.4 billion which is crucial for our food security and public health. While debt service payment of interests got the share of P531.5 billion.

Clearly, health is not the priority of Duterte's administration at this moment of a public health emergency. This inadequate allocation to DOH will only augment the current privatized (for profit) health system. The government's provision of health care is heavily reliant on curative approach and PhilHealth, despite the corporation's susceptibility to the corruption. The direction of the country's health system is emphasized on curing the illness, which is more expensive. The curative approach is in correspondence with the benefits of private companies (e.g., hospital, pharmaceutical, medical equipment producers, etc.) vouched by the insurance-backed personal healthcare.

The government's sluggish response to the pandemic is the consequence of decades of neglect to the people's health. Budget cuts in the health sector is the direct consequence of the past and present regimes' subservience to foreign debts. The government has fallen behind on mass testing, contact tracing and treating COVID-19 patients, resulting in overwhelmed hospitals. The overworked and underpaid health workers have even asked for a time out that forced the government to revert back to MECQ (Modified Enhanced Community Quarantine), a move that has

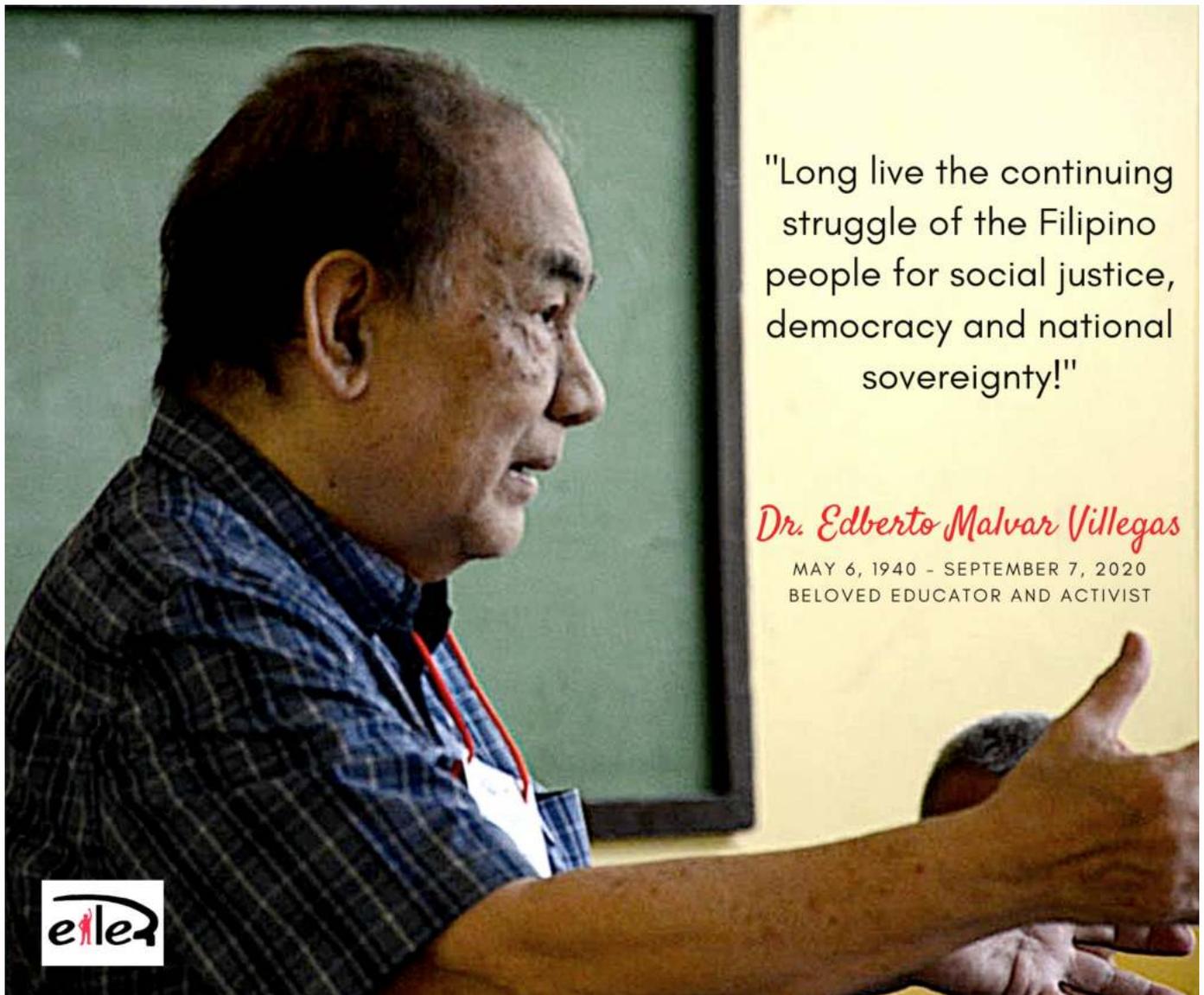
proven consequential to further contraction of the economy and increasing numbers of unemployed and underemployed Filipinos.

On the contrary, ASEAN neighbors such as Taiwan and Vietnam are very efficient in fighting the pandemic due to the two countries' preventive approach and strong primary health care system.

PhilHealth remains as another scheme of reaping profits from workers in aid of the big corporations, in the guise of social protection. PhilHealth is promoting the curative orientation of the health system in favor of local and foreign private companies. PhilHealth's history of corruption advances business interests in the guise of Universal Health Care. The alternative? A free, comprehensive and progressive health system. #

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- [2] Marlon Ramos, "Davao City hospital got biggest PhilHealth cash advance", *Philippine Daily Inquirer* (12 August 2020), <https://newsinfo.inquirer.net/1320293/davao-city-hospital-got-biggest-philhealth-cash-advance>
- [3] Philippine Health Insurance Corporation Statements of Financial Position for second quarter of 2020 on its reserve funds, total surplus, and total members' equity on p. 3, (30 June 2020), https://www.philhealth.gov.ph/about_us/transparency/accomplishment_report/FS_2ndQtr2020.pdf
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- [5] See Commission on Audit Annual Audit Report on PhilHealth in 2018, downloadable at https://www.philhealth.gov.ph/about_us/transparency/accomplishment_report/FS_2018.pdf
- [6] "Unhealthy budget", *Philippine Daily Inquirer*, (15 September 2020), <https://opinion.inquirer.net/133581/unhealthy-budget>
- [7] "Duterte administration's 2021 budget priorities", *IBON Foundation* (11 September 2020), <https://www.ibon.org/duterte-administrations-2021-budget-priorities/>



"Long live the continuing struggle of the Filipino people for social justice, democracy and national sovereignty!"

Dr. Edberto Malvar Villegas

MAY 6, 1940 - SEPTEMBER 7, 2020
BELOVED EDUCATOR AND ACTIVIST

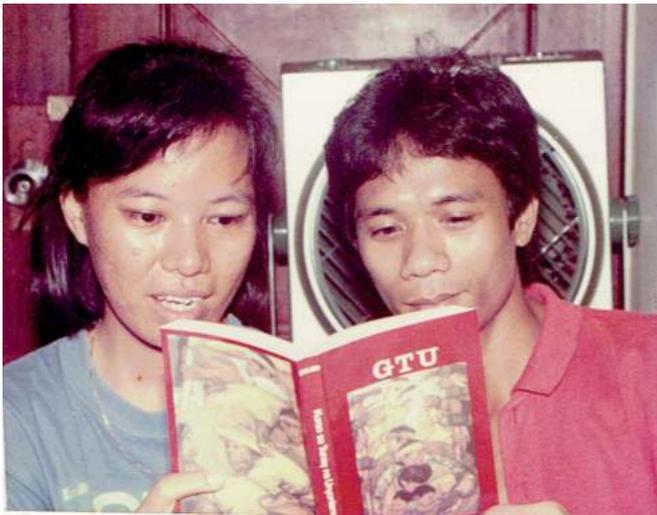
Dr. Edberto Villegas, born on May 6, 1940 is a descendant of Katipunero General Miguel Malvar, one of the last Filipino generals to surrender to the Americans. He is known to many as EdVil, a true Marxist scholar and a nationalist, a beloved culturati who wrote novels and invented what he called the "Bolshevik dance" during a Christmas gathering, a researcher and a favorite militant labor educator.

EILER's initial board composition was one of a kind and EdVil played a key role in it. The institution which started in the late 1970s was formally established in 1981. It continued to expand as Maurice Piers, Sr. Cathy Serafica, Sr. Emelina Villegas joined,

followed by EdVil, Fr. Leopold Van Vugt, Fr. Jo Dizon, Prof. Roland Simbulan, Peps Cunanan, and Bishop Robert Longid who became the first Chairperson of the Board of Trustees.

Edvil was not only well-read on the theory of surplus value, he was also well-read on political economy and on the life of Karl Marx. He used to tell vivid stories about how Marx loved fish and would bring his *baon* of fish and bread to the museum where he stayed for long hours.

Many trade union organizers then and now, would say he was a favorite lecturer on those topics. At EILER, he was actively involved in the creation of the labor course



on socialism. He was also part of the research committee and eventually helped draft EILER's banner course on "Genuine Trade Unionism" or *Gabay sa Tunay na Unyonismo* (GTU). Many a time he and Prof. Roland Simbulan were instructors of GTU Training for trainors and instructors.

Later, EdVil would also serve as the Chairperson of EILER's Board preceding Prof. Judy Taguiwalo. In the last few years, EdVil participated in Trade Union Talk (TU Tok) and served as one of the pool of instructors in the Felixberto Olalia, Sr. Education Festival for the Workers, both activities organized regularly by EILER.



EdVil believed in the youth. He regularly recommended interns to the institutions he was connected with, in the hope that they would develop politically and tirelessly serve the people.

The EILER Board and Staff expresses its deepest sympathy on the passing of Prof. Edberto Villegas, one of the staunchest defenders of people's rights and our sovereignty, a socialist, an anti-imperialist. He was committed to the resistance and liberation of the oppressed classes. He never surrendered his principles; he was consistent till the end.

Rest in Power, our beloved EdVil!



our team.

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acknowledgment.

Front cover: Photo of teachers, unionists of Holy Family School in Quezon City hold strike against lay offs, by Dyan Valen.

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