

Unpublished article

## **Labor and Life of Factory Workers in Metro Manila: Toward a Verification of New Labor and New Poverty Hypothesis**

### **I Change of Perspective**

#### **Informalization of Labor**

The economy of developing countries was globalized, the metropolitan cities were transformed, and their positions in the global city's hierarchy were changed. The social scientists have aimed to change the paradigm for the study of the urban economic structure in a developing country. In line with this, I have tried to construct a new hypothesis and to verify it focusing on the various deprived people in Metro Manila (Aoki.2001; 2003; 2006). My theoretical framework is summarized as follow.

Globalization has connected the economy of developing countries, whose structure had been closed within the territory of a country, to the world economy directly (Tasaka.1998:2-3). The metropolitan city of developing country has become the world city (Friedmann & Wolff.1982), and next the global city<sup>1</sup>. Therefore, the theory of over-urbanization lost its effectiveness to study the metropolitan city. The metropolitan city has passed through the transformative processes. First, the service sector was expanded in the economic structure. The tertiary industry such as finance, commerce and service for business and for person was expanded<sup>2</sup>. Second, the local city was industrialized. As a result, the manufacturing industry was dispersed from the metropolitan city to the local cities. Third, the foreign capital was flooded to the developing country, and so the competition among capitals was intensified. The competition accelerated two processes: 1) The employer cut down the labor cost. It produced the flexibility of labor. That is, the worker became the multi-skilled factory hand, and the labor was intensified. In addition, the competition brought about more contractualization of labor and therefore made employment unstable. 2) There is an acceleration in the use of land by the foreign capital, leading to soaring prices and rents of land.

All of these processes produced other chain effects. First, as the local cities were industrialized, the influx of rural migrant into the metropolitan city slowed down because they flew to the local cities instead. The major increase of population in the metropolitan city is now due to its natural growth. The main source of supply of labor

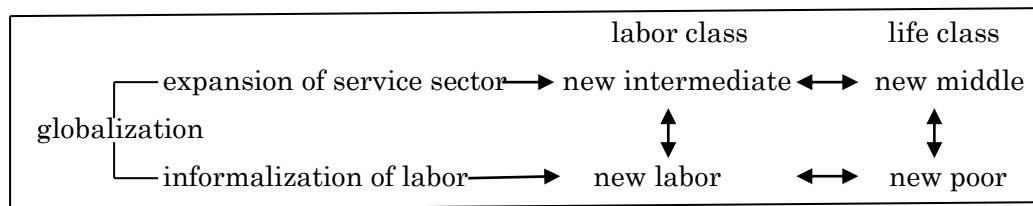
force changed from the first generation's people who had migrated to the metropolitan city to the second and the third ones (Tasaka.1989:14). As a result, the poor people are now being recruited by the people born in the metropolitan city. 'The increase of population is more remarkable in the minor cities than in the metropolitan city. The main stage of poverty problem is being moved from the metropolitan city to the local cities' (TPS.1/10/2006:B3). Second, the downward pressure to the labor class was strengthened, and the 'informalization of labor' was accelerated<sup>3</sup>. This can be explained in three sub-processes: 1) The formal sector was gradually informalized. That is, the labor condition in the formal sector worsened; hard labor, unstable employment and the small wage. The conditions in the formal sector now appear to be almost same to one in the informal sector. 2) The new kinds of service-oriented occupation to cater for the needs of new businesses emerged in the formal sector. 3) The existing informal sector was expanded.

All of these processes destroyed the barrier between the formal sector and the informal sector. The labor mobility between two sectors was generalized. The informal sector changed its main function from the saucer of migrants from the countryside to one of workers excluded from the formal sector<sup>4</sup>. Finally, as the capital use of land accelerated, the eviction of squatter areas was practiced from the inner-city. Squatter areas were suburbanized and doughnutized. The people who were excluded from the squatter areas increased in number. And of them some became the street homeless.

### **New Concepts**

As the economy was globalized, the industrial structure was reconstructed, and the hierarchy of labor class was polarized. On one side, the *new intermediate labor class* and the *new middle class* corresponding to it were formed. On the other side, the *new laborers* who were engaged in the new various kinds of job, that is, the *new labor* which were produced by the informalization of labor. And the new labor produced the *new poor* who were troubled with the *new poverty* inevitably (Alock.1993:26). The relationships among these concepts are pictured by the Figure 1. The sign of two arrows shows the relationship which supports mutually. The new laborer and the new poor are the products of informalization of labor. They are the class concepts which contain the people in a wide range; workers in the formal sector, workers in the informal sector and street homeless (workers who work and live on the streets). However, these people have common wage and living conditions which are the lower level of minimum wage and cost of living.

Figure 1. Conceptual framework



By grasping the state of the labor class in economic globalization from both aspects of labor and life, we can categorize them as the new social class. The new labor/worker and the new poverty/poor can be used as the key concepts for analyzing today's labor and life in the city of a developing country. Thereby, a new hypothesis for the study of developing country can be constructed. Then, how can we do it? I once described the theoretical usefulness of proposing the new concepts as follow (Aoki.2003:121-123).

First, the new labor/worker and the new poverty/poor are the concepts which focus and explain the transformation of labor and poverty in city of developing country amidst globalization. That is, they are the tools which *discern the essence of transformation* and *foresee its direction*. They are the *framework to interpret* the meanings of labor and poverty themselves. The condition of labor and life in the city is interpreted *in such a direction*. By doing so, the 'new' meaning of labor and life in the city of developing country can be specified. The perspective for interpreting labor and poverty revolves like this.

Second, there have been many studies of new intermediate and new middle class in developing countries. But the studies of new poverty/new poor have been very few, and the studies of new labor/worker have been absorbed into the general analyses of labor class. However, the new laborer and the new poor are the concepts which correspond to the new intermediate and the new middle class respectively<sup>5</sup>. The new intermediate class cannot exist without the support of the new laborer. And the new middle class cannot exist without the support of the new poor. All of them emerged simultaneously in globalization.

Third, the character of labor and poverty of city in developing country are changing. However, it *does not mean* 'changed.' Generally, labor and poverty of city in developing country can still be explained by the theories of over-urbanization and modernization of industry. The key problem here is to know the meaning of the direction of change which is becoming clear. The social phenomenon always changes only gradually in the bottom.

Fourth, the new laborer and the new poor emerged in world's globalization. Therefore, they became a framework to explain *systematically* the change of labors and

lives of cities both in developed country and in developing country. Of course, the way which globalization penetrates and the phenomena which it produces are different country to country. Keeping this in mind, it is possible to 'discuss the poverty of developed country and one of developing country on the same horizon' (Ota.1997:44), that is, to compare the various phenomena produced by globalization *relating* them to each other *structurally* (it is not to discriminate the phenomenon one another separately). What is happening now in the world? Where is the Metro Manila's position in the network of cities which are changing in the world? The hypothesis of new labor and the poverty cultivates the way to such international comparison of labor and poverty. 'It can be said to become more and more important to link up the "new poverty" of developing country to one of developed country, if we take consideration with the fact that both of poverty are the product of same circumstance made by the globalized economy and market' (Ota.1997: 59).

### **Survey and Verification**

Having such theoretical interest to the study of city in developing country, I have tried to verify the hypothesis of new labor and new poverty from some aspects of labor and life in Metro Manila; labor condition and labor movement (Aoki.2002), squatter area (Aoki.2005), overseas Filipino worker (Tamaki and Aoki. 2006) and street homeless (Aoki 2008). However, the verification of hypothesis is still on the way to completion. Here, I will add one more effort to verify it by making clear at least a part of labor condition in globalization, based on the questionnaire survey to the workers working in two different factories in Metro Manila. There are three major points in this survey. The first point is to analyze the spatial and hierarchical mobility of worker and the method on how they get the present job. By doing so, I will clarify the process in which the labor force is formed in Metro Manila. The second point is to analyze worker's employment status, labor condition and wage. By doing so, I will clarify the process in which the new labor is produced. The third point is to analyze the actual conditions of worker's livelihood and side job. By doing so, I will clarify the process in which the new poverty is produced. However, in order to make the result of survey clear, data will be analyzed only about the main features of main survey items. And the tendency in number fundamentally will be explained by the mean value (middle value of the biggest and the smallest).

### **II Worker of Factory A**

## 1. Company and Survey

Company A is a clothing factory in the industrial area of suburbs of Metro Manila (Alabang City). The product is clothing which ranges from the underwear to the T-shirt, and is exported to European countries. Factory A was founded by a German in 1987, sold off to a Chinese Filipino in 1992, sold off to a Taiwanese in 1997, and continues up to now. It had 200 regular workers, 299 contractual workers, some casual workers and workers of apprenticeship at the survey time (December, 2006).

The survey of Factory A was conducted by the procedure as follows. The intensive interview was conducted to five union leaders on November 3, 2006, then another intensive interview to six regular workers on November 15, and then again to six contractual workers on November 27. One hundred and twenty questionnaires were given to the union leaders for distribution. Finally, one hundred and twelve answered questionnaires were collected on January 10, 2007. The recovery rate was 93.3%. The breakdown of respondents was as follows. Forty five respondents were the regular workers. They were 40.2% of all respondents, and 22.5% of the regular workers who are 40.1% of all workers in the factory. Fifty five respondents were the contractual workers. They were 44.6% of all respondents, and 18.4% of the contractual workers who are 59.9% of all workers in the factory. Furthermore, six respondents were the casual workers, two respondents were workers of apprenticeship and five respondents did not answer to all questions. As such, the non-regular workers were represented by the contractual workers. The ratio of the regular worker and the contractual worker among the respondents almost corresponded to one of the regular worker and the contractual worker in the factory, and so the extraction ratio of the regular worker and the contractual worker was also almost same each other. Therefore, the respondents may be regarded to represent the factory workers mostly. In order to make the result clear the total calculation will be practiced in the form of regular worker versus non-regular worker, which contains contractual worker, casual worker and worker of apprenticeship.

The respondent's sex composition was 13.5% of male worker, and 86.5% of female worker (111 respondents). The respondent's mean value of age was 34.7 years old (111 respondents). The marriage history of respondent was as follows: 28.2% of unmarried person, 57.3% of married and cohabitant persons and 14.5% of widow and divorced persons (110 respondents). As can be seen, the respondent's biggest group was the married female workers of 30 years age bracket.

## 2. Mobility and Job

**Social Mobility:** Most of respondent (89.3%) were the people of first generation of Metro Manila, who had been born in the local regions, especially in the Visaya provinces. The mean value of their habitation years in Metro Manila was 11.6 years. It means that these people had come to Metro Manila almost in their early twenties, because the mean value of respondent's age was 34.7 years old. The respondents who had returned to their hometowns within the past three years before the survey comprised 70.7% (92 respondents). They continued to have the ties with the hometown families and friends. However, they are now permanent residents of Metro Manila so it is expected in time that these ties with the hometown families and friends will fade as they continue living in the metropolis. The highest educational attainment of respondents' parents are as follows: 65.3% of primary education (elementary school), 30.5% of secondary education (high school) and 10.5% of vocational or tertiary education (95 respondents including the respondents who had dropped out)<sup>6</sup>. On the other hand, the respondents' highest educational attainment is as follows 2.6% of primary education, 74.4% of secondary education and 23.1% of higher education (78 respondents including the respondents who had dropped out). The improvement in the educational background in two generations is clear.

**Job Experience:** The main occupations of respondents' parents are as follows: 21.5% of informal kinds of job, 38.5% of farmer and fisherman, 19.2% of housewife (130 respondents by the multiple answers). The previous main occupations of the respondents are 62.9% of factory worker and 13.3% of informal kinds of job (105 respondents). According to the union leaders, the 'factory worker' may also mean someone who engages in a small household industry work, and so it overlaps with the informal kind of job. The occupational structure between two generations shifted from the traditional type of job (for example, farmer and fisherman) to the modern type of job (for example, factory worker). As such, most respondents had graduated from schools, worked in factories or got married in Metro Manila, and after that got the present jobs. Spatial mobility from the hometown to Metro Manila had been followed to the occupational one.

**Present Job:** How did the respondents get the present jobs? Almost one fourth of respondent (23.9%) got the present jobs by the introduction of relatives and friends who

had labor from before that, and 72.5% by the direct subscription (109 respondents). Many respondents subscribed directly to the factory, seeing the classified ads of newspapers. The following are the methods by which they attain their employment status in their present job. About one third of regular worker got jobs by the introduction of relatives and friends among the regular workers (14 of 43 respondents), and most non-regular workers (51 of 64 respondents) got jobs by the direct application to the factory. The personal network with relatives and friends seems to have substantial influence to get the more stable status of employment. The mean value of working years of respondents was 3.4 years. The mean value of working years of regular worker was 4.1 years, and one of non-regular worker was 1.9 years. The working year of the non-regular worker was shorter than the regular worker. The term of contract is six months basically and is usually extended once or twice. The extension is decided by the recommendation of the supervisor. That is, it is decided by the arbitrary judgment of supervisor. They are dismissed easily if they are absent without notice and if they refuse to perform overtime work because there are many applicants for the jobs in line. Moreover, the contractual workers cannot organize labor unions according to the labor law in the Philippines. The labor union of regular workers has been supporting the contractual workers. However, the stability of contractual workers' employment is not guaranteed. There is always the danger of dismissal or discontinuance of contract.

### **3. Labor Condition**

**Content of Job:** Those who answered 'I am a skilled worker' comprised 97.2% of respondents (107 respondents). When they were asked whether any qualification had been needed for attaining the skill, 32.7% of respondents answered 'It's not needed' and 34.6% answered 'I do not know' (104 respondents). This suggests that the level of skillfulness was decided by the subjective evaluation of the labor experience. Therefore, skill qualification is not really an objective index to scale the respondent's status in the labor hierarchy. Those who answered 'my job is in line' were 95.2% of respondents (104 respondents). Jobs in line contain machine operation, cutting, sewing and suture of products, etc. On the other hand, non-in-line jobs contain the odd jobs (the service boys or girls), quality control, ironing and packing of products, etc. The regular workers work in line, and the contractual workers are assigned in non-in-line. But it is remarkable that there were many respondents who perform in-line-jobs even if they are non-regular workers (56 of 64 respondents). This implies that many non-regular workers perform almost the same work with that of the regular workers.

**Working Hour:** The official working hour of Factory A is from 7:30 a.m. to 3:30 p.m. with 30 minutes lunch break in between from Monday to Friday. There are overtime work and weekend work. But there are no rotation system and the night shifting. 78.6% of respondents (112 respondents) answered they have regular work. The rest of respondents answered their work is either 'rotation,' 'irregular' and 'I do not know.' 82.3% of respondents do not work at night (112 respondents). While 17.7% of respondents answered 'I work at night too' or 'I do not know.' It is inferred from these facts that the irregular work and the overtime work were not few in the actual working condition. Those who answered 'I work overtime' comprised 91.2% of respondents (112 respondents including those who answered 'I do not know'). Seeing the overtime work by the employment status, the mean value of overtime hours of regular worker was 6.9 hours per week, and one of non-regular worker was 12.0 hours per week. The latter worked almost twice as much as overtime hour of the former. It sometimes may reach at 9:30 p.m. in the evening. Finally, the annual number of holidays of Factory A is 11 days. Those who answered '10 to 19 days' comprised 10.7% of respondents (112 respondents). Almost 90% of respondents did not know the exact number of holidays. One third of respondents thought that there was no holiday. They could not distinguish the working day from the holiday because of being busy.

**Work Supervision:** According to the union leaders, the supervision of work is severe. The operational efficiency and the work defects are strictly checked. The punishment for defects, absence without notice, refusal to work overtime, etc. ranges from oral warning, written warning, work suspension (the maximum of one month), and finally the dismissal. Those who answered 'there is a system of rewards and penalties' comprised 23.2% of respondents (112 respondents). Based on the questionnaires results, more than half respondents did not have the experiences of rewards and penalties. However, there is a problem in understanding the concepts of rewards and penalties in this regard. There may be some respondents who received rewards and/or penalties who answered 'there are not the system of rewards and penalties' and 'I don't know.'

#### 4. Wage Income

**Wage Payment:** Wage is calculated on piecework basis daily and paid every 15 days. Wage contains the urgent family allowance (emergency cost of living allowance) of 50 pesos promised by the labor agreement (Collective Bargaining Agreement). The



overtime work is paid by 60% of wage, and the weekend work is paid by 100% of wage. There is no paid holiday. 89.3% of respondents (112 respondents) replied they are paid twice a month. Those who answered 'the standard of wage calculation is on daily base' were 83.1% of respondents (including those who answered 'I don't know'). They are not paid for the day they did not report for work. This kind wage payment practice is applied to both the regular and the non-regular workers. The wage of managerial staff is calculated based on monthly basis and paid every month.

**Allowance and Deduction:** The regular workers receive the transportation allowance, retirement allowance, delivery allowance and others. The non-regular workers do not get any allowance at all. Among the regular workers, 35.5% of respondents (118 as multiple answers) replied they get allowances. Only 15.2% responded they receive transportation, retirement and delivery allowances. Most of respondents who receive other allowance were workers with excellent achievement. 64.4% of respondents either answered they receive no allowance or simply do not know whether they receive any. More than half of respondents were indifferent to the allowances. The allowance system does not function effectively to supplement wage. Moreover, the standard or basis for the allowance system is not clearly defined. On the other hand, worker has many deductions from their wage. Aside from the tax burden there are medical insurance, group insurance and worker's accident compensation insurance payments that are being deducted from their wage. Thus, the amount of deduction sums up to a considerable portion of wage. According to the union leader, the average amount of money deducted comprised up to 32% of wage. If it is so, then the deduction is quite large. Also the payment of insurance and other benefits they are entitled to get is usually late and insufficient whenever they need them for medical treatment or housing loan for example. Those who answered 'the fixed amount of money is deducted from wage' were 97.4% of respondents (307 as multiple answers). The social insurance for worker's welfare is not functioned sufficiently.

**Wage Income:** The mean value of respondent's wage income was 2,588.8 pesos per week. Since the minimum wage of manufacturing industry's worker of Metro Manila in 2006 was 1,750.0 pesos per week, the mean value exceeded the minimum wage by 838.8 pesos per week. Seeing it by the employment status, the mean value of regular worker's wage income was 2,579.3 pesos per week which exceeded the minimum wage by 829.3 pesos per week. The mean value of non-regular worker's wage income was 2,574.4 pesos per week which exceeded the minimum wage by 824.4 pesos per week<sup>7</sup>. However, the

respondent had much overtime work as mentioned above. Especially, the non-regular worker had twice as much overtime work as the regular worker. If the part of the overtime payment is taken off from the wage income based on the union leader's information saying that 60% of wage is paid for overtime work, the net wage of regular worker was 2337.2 pesos per week, and one of non-regular worker was 2181.6 pesos per week. Both are in the level exceeding the minimum wage still. In the Philippines, wage of worker operating the sewing machine in the clothing factory was 1,824.5 pesos per week on average in 2006 (NSCB.2007:11-28). The net wage of worker of Factory A exceeded this too.

## 5. Household Income

**Ratio of Wage Income:** Those who covered 100% of living expenses by the wage income were 14.3% of respondents (112 respondents). Almost one third of respondent (28.6%) could support less than 60% of living expenses by the wage income. Those who answered 'I don't know' were 30.4% and those who did not answer were 23.2% of respondents. They were more than half of respondents totally. It is inferred that the living expenses did not come only out of wage income. The poverty line in Metro Manila was 19,808 pesos for one person annually, that is, 2,279.3 pesos per week for one household (six persons on average) in 2006 (NSCB2007:2-30). The mean wage income (2,588.8 pesos) computed in this survey presented earlier exceeds this poverty threshold somehow. However, this level is far from enough to enjoy a decent life, so the respondents need to raise other household income come from the side job and/or from the jobs of other family members.

**Other Work:** Those who answered to have the side jobs comprised 53.8% of respondents (104 respondents). And those who answered that the other family member had the income were 50.5% of respondents (107 respondents). In both, the majority of respondent have the income other than wage. Seeing the respondent who had the side job by the employment status, 26 of 43 regular workers and 28 of 64 non-regular workers had the side jobs. The regular workers have more tendencies to have the side job outside the factory rather than the non-regular workers. They fill up the income shortage by doing extra side job, while the non-regular workers tend to do it by their overtime work. A regular worker has a short overtime work, and so he/she has time to have the side job out of the factory. On the other hand, a non-regular worker had long overtime work every day, and so he/she does not have time to perform other side jobs. 20

out of 43 regular workers and 34 out of 64 non-regular workers have other family members with income. After all, the non-regular worker tended to need both of the overtime work and the other family members' income rather than the regular worker. Moreover, those who had both of side jobs and income of other family member were 37 of 56 respondents, and those who did not have both of them were 16 of 48 respondents. In here, the respondent's family can be divided into two groups; the families of workers who have both side job and other family member's income and families of workers who do not have both. In this regard, the family size becomes a very important variable for consideration.

What kinds of side jobs are being performed outside the factory? Out of the 55 respondents, there are 40 who work as factory workers and 13 doing informal kinds of job. The "factory worker" here means worker not in other factories but in small workshops making the accessories, etc., in the house of relative or friend. Therefore, this may be considered almost same with the informal kind of job. The main jobs of other family members with income are as follows: 23 are engaged in factory work and 19 are engaged in the informal kind of job (49 respondents). Again factory work here is almost same to informal kind of job. As such, both of factory worker and other family member are those having the income from the informal kinds of job. They are homogenous in nature.

### **III Worker of Factory B**

#### **1. Company and Survey**

Company B is a jewelry processing plant in the industrial area of suburbs of Metro Manila (Antipolo City). It manufactures the industrial jewelry which is used for the semiconductor, and shipped most products to Britain and partly for local consumption. Company B is a subcontract company, and Factory B was founded by a German and a Filipino in 1988. After that, the managers were replaced 3 times, and the factory was sold to a Taiwanese and has continued operation up to now. The company's name was changed 4 times by the present manager. This business strategy is called intentional bankruptcy. Whenever it is declared bankrupt, the worker's wage was cut down and the leaders who struggled to organize the labor union were dismissed. Factory B has 181 regular workers and 7 contractual workers at the survey time (January 2007). It is a rare manufacturing company at present, in which most workers (95.8%) are regular

workers. There are some workers transferred from the parent company because the manager intended to cut down their wage.

The survey of Factory B was conducted by the following procedure. The intensive interview was conducted to five leaders who were the regular workers on January 6, 2007. The intensive interview was again conducted to the same leaders on January 20. 120 questionnaires were distributed to them on the same day. 54 questionnaires were collected on January 27 and 59 questionnaires were collected on February 3. The total of collected questionnaires was 108, and the recovery rate was 90.0%. The breakdown of respondents was as follows. 96 respondents were the regular workers. They were 88.9% of respondents and 53.0% of all regular workers in the factory. 7 respondents were the contractual workers. They were 5.6% of respondents and all contractual workers in the factory. And five respondents (regular workers) did not answer to all the questions. The ratio of extraction of regular worker from the workers in the factory was different from one of contractual worker. However, the ratio of regular workers among the respondents was almost same to one of regular workers in the factory. Therefore, the respondents may be regarded to represent the factory workers mostly. That is, it can be said that the result of survey might reflect the actual conditions of all workers, especially of regular workers, in Factory B.

The respondent's sex composition is 58.3% of male worker, and 41.7% of female worker (108 respondents). The respondent's mean value of age is 27.6 years old (108 respondents). The marital status of respondent is as follows: 42.6% of unmarried person, 54.6% of married person. As it can be seen, the biggest group of respondent comprised the workers of second half of 20 year-old group. And the respondents are further divided into the male group and the female group, and the unmarried group and the married group.

## **2. Mobility and Job**

**Social Mobility:** Most respondent (85.0% of respondents) were the people of first generation of Metro Manila, who had been born in the local regions, especially in the Mindanao provinces. The mean value of their residency in Metro Manila was 8.1 years. It means that these people mostly had come to Metro Manila in the second half of their teen-age life, because the mean value of their present age was 27.6 years old. The respondents who returned to the hometowns within the past three years before the survey were 83.3% of respondents (90 respondents). They continued to have the ties with friends and families in their hometowns. However, they were not the migrants

working away from home but the permanent residents in Metro Manila so it is expected that these hometown ties will cease as they stay longer in the metropolis. The educational attainment of respondents' parents are as follows; 49.5% of primary education (elementary school), 37.6% of secondary education (high school) and 12.9% of vocational or tertiary education (93 respondents including the respondents who had dropped out).<sup>6</sup> On the other hand, the respondents' educational attainment are as follows 8.2 % of primary education, 52.9% of secondary education and 38.8% of higher education (85 respondents including the respondents who had dropped out). The improvement in the educational background in two generations is clear.

**Job Experience:** The main occupation of respondents' parents was as follows; 13.1% of factory worker, 12.3% of construction worker, 20.8% of informal kind of occupation, and 32.3% of farmer and fisherman (130 respondents by the multiple answers). The main occupation before the respondent had gotten the present job was as follows; 30.8% of factory worker, 9.6% of construction worker, 10.6% of informal kind of job and 18.3% of student (104 respondents). The occupational structure between two generations shifted from the traditional type of occupation (for example farmer and fisherman) to the modern type of occupation (for example factory worker). These factory workers mean almost ones of small household industry here. Because they migrated to Metro Manila when being young, there had been many students before they got the present jobs. Most respondents had been graduated from schools, worked at the other factories and got the present jobs in Metro Manila. Spatial mobility from the local region to Metro Manila had been following to it.

**Present Job:** Most respondents (87.4% of respondent) got the present jobs by the introduction of relatives and friends who worked at the factory from before that (103 respondents). The personal network seems to have functioned to make them got jobs positively. The mean value of working years of respondents was 3.7 years. They got jobs at Metro Manila at first and transferred to the present jobs. One fourth of respondents have worked at the present factory for more than 5 years. Because almost all respondents are the regular workers, their employment status is stable as a whole. It is inferred that there will be few workers who transfer to other jobs in the future.

### **3. Labor Condition**

**Content of Job:** Those who answered 'I am a skilled worker' were 63.6% of respondents and those who answered 'I am a general (unskilled) worker' were 32.3% (99 respondents). When the respondents who answered 'I am a skilled worker' were asked whether any qualification had been needed for attaining the skill, 37 respondent answered 'It not being needed', and 11 respondents answered 'I do not know.' That is, they evaluated the skillfulness based on the job experience. The respondents who were engaged in jobs by a line were 51.2% and who were engaged in jobs by a non-line were 48.5% (103 respondents). Job by a line is one of processing the jewelry by operating the machine. Job by a non-line contains quality control, packing, carrying of the products and cleaning, etc. 33 of 63 male respondents and 20 of 45 female respondents were engaged in job by a line. The male respondent tended to be engaged in job by a line more than the female respondents. And the regular workers process the jewelry and the contractual workers assist them. However, the share of job does not seem so fixed.

**Working Hour:** The working hour is from 8:00 a.m. in the morning to 4:30 p.m. in the evening and there is 30 minutes of lunch break in between on Monday to Friday. Those who answered that they worked 'regularly' were 95.1% of respondents (102 respondents). But this means only the formal working style. When the overtime work is taken into consideration, the working style becomes 'irregular' in actual. Although the formal overtime hour is up to 6:30 p.m. it often is extended. Workers sometimes work weekend, and so the overtime hour reaches 48 hours per week. There were 21.3% of respondents who answered 'I work at night too' and 16.7% of respondents who answered 'I do not know.' These answers imply that the working style of respondent is irregular in actual. The mean value of overtime hour of respondents was 11.0 hours per week. There were 10.8% of respondents who worked 4 hours on average per day. The overtime hour is long as a whole. Finally, the number of formal holiday of Factory B was 11 days a year. Those who answered that they had 10 to 19 holidays a year were 23.1% of respondents (108 respondents). More than 70% of respondents did not know the exact number of holiday. One third of respondents thought that there was no holiday. The respondents did not have the interest to the holiday as a whole. They could not discern the working day from the holiday because of being busy.

**Work Supervision:** The supervision of work is severe, and operational efficiency and labor mistake are checked strictly. The management of worker also is severe. According to the leader, if the worker is absent without notice one day, he/she will be punished by

the attendance stop of two days, and if absent two days, the attendance stop of one week. If absent three days, he/she will be discharged. Those who answered 'I have no reward and penalty' were 73.1% of respondents (102 respondents). Almost 3 of 4 respondents thought that they were irrelevant to reward and penalty. The system of reward and penalty almost did not function.

#### **4. Wage Income**

**Form of Wage Payment:** Those who got wage 'every week' were 64.8% of respondents, who got 'twice a month' were 25.9% and who got 'every month' were 5.6% (108 respondents). About the standard of wage calculation, 5.8% of respondents answered 'I am paid by hour', 30.1% answered 'I am paid by day', 58.3% answered 'I am paid by piecework' (103 respondents). There are three forms of wage payment in Factory B. The worker whose standard of wage calculation is by piecework is paid every week. This is the case of regular worker. The worker whose standard of wage calculation is by day is paid every day. This is the case of contractual worker. Worker whose standard of wage calculation is by month is paid every month. This is the case of managerial worker (supervisor). However, regardless to the form of wage payment, the worker does not have the paid holiday. If the worker leaves job, he/she is not paid. In this meaning, the worker's treatment about wage is almost same to one of day worker.

**Allowance and Deduction:** There is the allowance of commutation, maternity/paternity and other. Other means the allowance to worker of excellent achievement. According to the leaders, it has the cap of funds. Therefore, if the labor achievement becomes good wholly, the amount of payment to worker decreases. The female worker has three months of maternity holidays, and the male worker has 7 days of paternity holidays. But they are unpaid. On the other hand, workers were deducted money from wage. They have social insurance, medical insurance and housing reserve. The tax is united with these burden charges. There is no labor union<sup>9</sup>. Therefore, they do not have the collective bargaining agreement with the employer. The decision of allowances, rewards and penalties, personnel management and worker's dismissal are left to the employer's arbitrariness. Those who got the allowances were 75.2% of respondents (the breakdown is 12.8% of commutation allowance, 5.5% of maternity allowance and 56.9% of other) (109 as multiple answers). There were not many respondents which got the allowances as a whole. The allowance system seems to function for the worker's welfare sufficiently. On the other hand, those who answered that the fixed amount was deducted from wage

were 95.4% of respondents (297 as multiple answers). A respondent was deducted by 2.9 kinds of deduction on average. The breakdown was 32.7% of social insurance, 32.4% of medical insurance and 25.3% of housing reserve. The total number of deduction is big, and so the pressure of deduction to wage seems to be big, because the unbalance of allowance and deduction is remarkable.

**Wage Income:** Worker is paid 217 pesos daily (8 hours) (monthly amount of 5,700 pesos). Some workers are paid the biggest amount of 250 pesos daily (monthly amount of 6,700 pesos). Worker is paid 70% of wage to the overtime work, 30% of wage is added to the weekend work, and 100% of wage is added to the holiday work. The mean value of respondent's wage income was 1,803.4 pesos (360.7 pesos daily). Since the minimum wage of manufacturing industry's worker of Metro Manila in 2006 was 1,750.0 pesos per week (350.0 pesos per day) ([NSCB, 2007:11-20], the mean value exceeded the minimum wage by 53.4 pesos per week. However, this is the wage income which contains the overtime payment. At least 83.5% of respondent worked overtime and the mean value of overtime hour was 11.0 hours per week. The mean value of overtime payment was calculated as 208.9 to 240.6 pesos per week. If it is taken off from the mean value of income, the net wage becomes 1,562.8 to 1,594.5 pesos per week. This is under the level of minimum wage. Wage of worker who is engaged in the operating the machine to process the non-metal mineral was 2,531 pesos per week on average in 2006 (NSCB2007:11-30). The amount of net wage of Factory B is much smaller than this. However, the wage income's mean value of respondent who worked less than one year was 1499.0 pesos, who worked 1 to 3 years was 1,786.3 pesos, who worked 3 to 5 years was 1,861.3 pesos and who worked more than 5 years was 1,862.3 pesos per week respectively. The longer the working year became, the bigger the amount of wage was. That is, wage slides up following to the length of working year.

## 5. Household Income

**Ratio of Wage Income:** Those who covered 100% of living expenses by the wage income were only 5.6% of respondents, who answered 'I don't know' were 37.0% and who did not answer were 12.0% (108 respondents). The total of those who answered 'I don't know' and those who did not answer attained to almost half of respondents. It is inferred that it was not easy for them to calculate the ratio of wage income in the living expenses, because they had the household income other than wage income. Those whose wage income covered 100% of living expenses were very few. The poverty line of Metro Manila



was 2,279.3 pesos per week for one household (six persons on average) in 2006 (NSCB2007:2-30). The level of wage income of respondent (1,803.4 pesos) is much smaller than this. The respondent cannot keep the household income without the other income, that is, the side job and/or the income by the other family member. The relationship of wage income and its ratio in the household income was as follows. Those whose wage income was less than 1,499 pesos per week tended to be those whose wage income supported less than 60% of household income (26 of 48 respondents), and vice versa. And there were more respondents who answered 'I don't know,' that is, who had the income other than the wage among those whose wage income was more than 1,500 pesos per week than those whose wage income was less than 1,400 pesos per week. As such, it can be seen the correlation between the wage income and the household income.

**Other Work:** Those who answered to have the side job were 36.1% of respondents (108 respondents). And those who answered that the other family member had the income were 72.2% of respondents. One third of respondents had the side jobs and almost three fourth of respondents had the other family members who got the income. Among the respondents who had the side jobs, those who had the other family member getting the income were 33 of 39 respondents, and those who did not have the other family member getting the income were 5 respondents. On the contrary, among the respondents who did not have the side jobs, those who had the other family member getting the income were 45 of 66 respondents, and those who did not the other family member getting the income were 16 respondents. That is, the family of respondent tended to be divided into two groups; the family which had both the respondent's side job and the other member's income, and the family which did not have both the respondent's side job and the other member's income. It seems that the family size (number of member) intervened here.

Who was the other family member getting the income? Among 71 respondents who answered this question, 35 respondents answered the 'husbands or wives' getting the income. It seems that there were many double incomes. What kind of occupations were other than jobs in the factory? Among the main side jobs which 38 respondents had, there were 22 factory workers and 13 workers of informal kinds of job. This factory means mostly not the other factory but the small workshop making the accessories, etc, in the house of relative or friend. It may be regarded to be almost same to the informal kind of job. Among the main jobs of other family members which 79 respondents had, there were 31 factory workers and 33 workers of the informal kinds of job. This factory also means the same thing. After all, the side job of respondent and the other family member's job were the informal kinds of job mostly.

#### IV Verification of Hypothesis

How much did the questionnaire survey to the workers of Factory A and B verify the new labor/new poverty hypothesis presented earlier in this paper? This paper is expected to verify the hypothesis by analyzing the actual condition of 'informalization of labor' of the workers who work in the formal sector. However, the survey was conducted to a total of little more than 200 workers of two factories only. Therefore, even if the hypothesis was verified by the results of survey, the results are restrictive. We cannot generalize from it and properly interpret. With this in mind, let me summarize first the results of survey and present an appropriate discussion afterwards. The table below shows the summary of characteristics and tendencies of the workers (respondents) in Factory A and B.

The workers are from the different areas of the country. Therefore, it did not verify the hypothesis that the labor force is supplemented mainly not by the migrants from the local regions but by the people who were born in Metro Manila. Workers are either graduates or dropped out from school in their hometowns, they migrated to Metro Manila, worked in factories or performed informal kinds of job, most of them got married, and 3 to 4 years later got jobs at the present factories. Although they continue to keep their hometown, they are not migrants but permanent residents of Metro Manila. The longer they live in Metro Manila, the more estranged their hometown ties become.

Many workers in Factory A got the present jobs by direct application after seeing the classified ads of the newspapers. In terms of the employment status, many workers got their regular status through the introduction of relatives and friends who had already worked in the factory, and many non-regular workers got jobs by the direct application. Among the non-regular workers there were workers who got jobs via the job banks. In Factory B, many workers got their regular status through the introduction of relatives and friends who worked for the factory before. The connection with relatives and friends is an important variable in getting the more stable employment status in both Factory A and B.

Table. Composition of Workers of Factory A and B (Dec.2006~Jan.2008)

	Factory A	Factory B
production item	underwear sewing	jewelry processing
owner	Taiwanese	Taiwanese
worker in number	reg.200 / non.299	reg.181 / con.7
number of respondents	reg.45 / non.63	reg.96 / con.7
sex	male14% / fem.87%	male58% / fem.42%
age (average )	34.7 years old	27.6 years old
way of employment	reg. introduction con. recruitment	introduction
employment period (average)	3.4 years	3.7 years
net wage (week)	reg.₱2337 non.₱2181	₱1085-1250
overtime work (hour, week)	reg.6.9 non.12.0	reg.1.0
wage income (week)	reg.₱2579 / non.₱2574	reg.₱1803
wage as 100% household income	12.4%	5.6%
side job engagement	res.54% / fam.51%	res.36% / fam.72%

‘reg.’ is regular, ‘non.’ is non-regular, ‘con.’ is contractual,  
‘fem.’ is female, ‘res.’ is respondent, ‘fam.’ is family member

As for the status of employment, there were more non-regular workers (mainly contractual workers) than the regular workers in Factory A, and its number is increasing. On the contrary, most workers of Factory B are the regular ones. The factories which have more regular workers are very few in the manufacturing industry nowadays. However, in actual labor and wage condition of the regular worker are almost the same with that of the non-regular worker. Especially in Factory B, workers do not have the labor union, and the decision of labor condition and wage are left to the employer's sole decision. They work in severe labor condition with meager wages. The personnel policies in the factories are also severe. There are work sanctions such as work suspension and dismissal for committing work mistakes, for absence without notice, overtime work refusal, and other violations. In Factory A the contractual worker's extension of contract of employment is left to the judgment and discretion of the supervisor. In Factory B, the penalty for work mistake, absence without notice, and overtime work refusal is comparatively severe. Work suspension and dismissal are being implemented easily. On the other hand, the incentive system for the excellent workers seldom functions.

In Factory A, the wage income which contained overtime payment and allowance is in the level exceeding the minimum wage. It contains the urgent family allowance based from the agreement of labor-management consultation. The non-regular worker is supported by the regular worker's labor union, and so the wage income exceeds the level of minimum wage. However, the margin exceeding the minimum wage is smaller than the case of regular workers. In Factory B, wage income even of the regular worker has not reached the level of minimum wage. It is far less than the level of minimum living expenses (poverty line). Worker's household income has hardly reached its descent level even with supplemented wage through overtime work and/or the income from the side jobs and/or the income of the other family members.

In Both Factory A and Factory B, there is no sufficient allowance system and worse there is a substantial salary deduction. The wage income of workers of Factory A is at the level exceeding the minimum living expenses (poverty line). Workers who can support their living expenses only by the wage income are a little more than ten percent. In order to live a more descent life, workers have no choice other than doing more overtime work, performing side jobs or encouraging other family member who works. In Factory B, the situation is more severe. Even most of the workers are regular, the wage income does not reached the level of minimum wage, and therefore it does not suffice to meet the minimum level of living expenditures. Only less than 10% of the respondents could support the living expenses only by the wage income. Most of the workers hardly met the living expenses even by getting overtime payment, having the side job or having income of other family members. These are the actual conditions of the workers of Factory A and B.

Workers on the average work overtime for 1 to 2 hours every day in both of factories. The role of side job to supplement the living expenses is very important. The regular workers tend to have the side jobs, and the non-regular workers tend to work overtime at Factory A. The non-regular worker can attain to the level of regular workers' wage income by getting the overtime payment. On the other hand, the regular worker works a short overtime, and assigns the time of margin to the side job.

In Factory A and B many workers had worked in Metro Manila before getting into their present jobs. They were either in factory work or other informal kinds of job. The nature of the factory work is almost the same to ones in informal kind of job. Moreover, most of the side jobs performed are in the same nature with these factory work and the informal kinds of job. From these facts, we can infer that the work in the formal sector and informal sector partly overlap each other. This becomes clearer by seeing the actual condition of 'factory labor.'

Both of Company A and B are the Taiwanese's foreign-affiliated firms. They are typical middle-sized manufacturing companies in the industrial area in the suburbs of Metro Manila. The actual labor condition of those factories has been summarized as above. The labor condition is severe and the level of wage income is just a little over one of minimum wage (Factory A) and under it (Factory B). Workers could hardly meet the level of minimum needs even with supplemented income overtime work , side jobs and from jobs of other family members. Thus, it is possible to interpret such actual labor condition and wage income as a representation of the informalization of labor. Moreover, it may be interpreted as the product of globalization and the personnel management of the company in the capital competition caused by the neo-liberalism. It is possible to interpret the labor situation in both Factory A and B not as the general deprived labor, but as a "new labor" in the foreign-affiliated firms exporting products to European countries. And in line with this, it seems possible to interpret labor and poverty not as the general deprived labor and poverty but as the "new labor and new poverty" . The foregoing statements tentatively conclude this paper.

#### **Footnotes**

1. World City is the city which achieves the big function in the world economy. It had been from before the economy was globalized. On the other hand, global city is the city which became an indispensable organic part (knot) of world's economic network (Baum.1998:2). It is the product of globalization.
- 2 The expansion of service sector in the economy of developing country was not caused only by globalization. In developing country, the manufacturing industry lacked the infrastructure which could grow it sufficiently from the beginning. The people of new middle class increased in number not in the manufacturing industry, but in the service sector including the informal sector (Kimura 2002:177 and 181). Asian nations also followed the different economic way from the European and American model of industrialization. The people of old middle class did not disappear but rather increased in number in those countries (Hattori and Funatsu 2002:10). Such economic course reversed the foreknowledge of over-urbanization theory and the urban development theory constructed based on the European and American model. Furthermore, it reversed the validity of the modernization paradigm, that is, the scheme that modernization induces the economic growth, the latter forms the new middle class, and it brings about political democratization.
- 3 Generally speaking, informalization of labor means the expansion of informal

economic sector. However, the concept is extended here, and used to mean the informalization of whole labor market, that is, worsening of labor condition, wage cut and emergence of the new kind of informal job in the formal sector (Ofrenco. 1995:22-23).

- 4 Men who had worked in the formal sector entered into the informal sector for getting the side job. As a result, women who had worked in the informal sector were driven away to its periphery (Kodamaya.1998:136-137). The informal sector became the last place where the poor support the livelihood. It changed from the 'informal sector of hope' to the 'informal sector of despair.' There are many other studies discussing about the change of relationship between the formal sector and the informal sector (Joshi.1997)(Ikeno.1998a:14;1998b:163-172)(Miyamoto.1999:11)(Fujimaki.2001:12-23). The continuity of formal and informal sectors was emphasized in those studies. There is the opinion that the formal/informal classification became meaningless. However, the reorganization process of labor market in globalization can be thrown into relief by studying how the classification of two sectors became meaningless. Here, paying attention to this point and putting the whole labor market into a view, the concept of 'informalization of labor' is used as a key concept with which the downward pressure of labor market and the segmentation of the labor strata have come out.
5. There are many studies which point out the emergence of the new mediate class and the new middle class (or the new rich) in developing country (Hattori and Funatsu. *ibid*)(Koyano, Kitagawa, and Kano.2000). They have the common concern exploring the way of economic take-off and of political democratization in developing country. Moreover, there are the studies pointing out the emergence of the new poverty in whichever the developed country or developing country is (Castells.1997:tr.236) (Ota.1997:44)(Rebullida.1999:1). However, there is no study pointing out the emergence of the new labor.
6. Although the word 'graduate school' was included as a choice in the survey question for educational attainment, it is inferred that there are some respondents who understood this word as 'graduated' from school. Therefore, it cannot be judged whether the respondent has undergone graduate or master's studies. Thus, this item was ignored in the survey.
7. The mean value of wage income both of regular worker and non-regular worker is smaller than one when it is calculated about the whole worker. This is considered to be the error because of the sample being too small.

8. Here, the respondents who answered 'graduate school' were removed from the total because of the same reason of Footnote 6.
9. Most respondents (88.0%) answered 'Yes, I think we need the labor union in order to acquire the worker's rights' (108 respondents). They had the positive opinion about organizing the labor union in order to acquire the worker's rights. However, they voted for deciding if the labor union is needed on March 2007, and the proposal was rejected by the agreement of 57 votes, the rejection of 96 votes and 7 white votes.

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