

ROLE OF GOVERNMENT IN IMPROVING INDUSTRIAL RELATIONS¹

By Antonio C. Asper

The topic description provided by the organizers of this roundtable wishes the discussions to be “centered on how the government can assist in providing more efficient welfare for labor which will essentially reduce the possible sources of friction between labor and management.”

The “new” approach suggests to achieve industrial peace through social protection and promotion of social welfare of labor. It means that, aside from acting as the arbiter of social conflict, the government should take a proactive role in reducing social and industrial conflicts by acting on its source, that is, by improving the institutional arrangements to welfare of labor and its share in the wealth of the nation, The FFW has a list of proposals in this respect contained in its most recent Policy and Program of Action, which it offers as a basis for entering into a social dialogue with the social partners.²

Two concepts may be useful in discussing this objective. The first refers to the framework of “decent work”; the other to the principle of subsidiarity. The framework of decent work defines what should be done to promote the welfare of labor. The principle of subsidiarity shows how and what can be done by the social partners for the same purpose.

Decent Work

The concept of decent work is now adopted by the ILO as the main guiding principle of its action. According to the ILO, decent work has four main pillars. These are promoting respect core international labor standards; generating decent and productive employment; improving social protection and encouraging social dialogue. In the Philippines, the ILO in cooperation with the social partners is set

¹ Paper contribution by Antonio C. Asper, Executive Assistant to the FFW President, to the Roundtable Discussion on “Furthering Workers’ Welfare Whilst Improving Labor Productivity and Increasing Firms’ Competitiveness: New Role of Government in Improving Industrial Relations”, conducted by the Angelo King Institute of the De La Salle University (AKI-DLSU), on November 22, 2001, at Traders Royal Hotel, Manila

² See FFW Policy and Program of Action for the Period 2001 to 2006.

to launch a country program that will attempt to demonstrate how to address the country's deficit in decent work.

In Chapter 2 of the Medium Term Philippine Development Plan (MTPDP) on "Providing Full, Decent and Productive Employment", for the first time, the

MTPDP elevated employment as a chapter, ensconced decent work as a framework and defines it as a condition where "rights of work are protected, adequate income is generated, social protection is provided and democratic processes are guaranteed through tripartism and social dialogue. Decent employment also entails the continuous improvement of workers' personal capabilities through a build-up in competitive skills and positive work ethics."³

The elevation of employment as a chapter of the MTPDP was a product of social dialogue that was expressed during the Employment Summit in March 2001 and its preparatory meetings. More particularly, it was drawn-up during the multi-sectoral consultations conducted by NEDA and DOLE to finalize the MTPDP, and which will again be taken up in the forthcoming Socio-Economic Summit in December 10, 2001.

When the decent work framework in the MTPDP is taken together with the Chapter on Human Development, and the State of the Nation Address of the President last July 2001, it would seem that the welfare of labor has concretely been taken into account by government, at least at the level of policy statement.

What remains to be done is to properly allocate scarce government resources to translate policies into concrete and viable plans, programs and projects with immediate impact on the workers and the poor. Often, here is where the gap lies: the policy statements are not translated in terms of budgets in the General Appropriations Act or in the guidelines and releases made by the Department of Budget Management. Politicking dominates who gets what.

Principle of subsidiarity

This is where the principle of subsidiarity becomes a useful concept. This principle states that each or a combination of the social partners should be doing what best they do. For example, determining what firms and industries can afford in terms of labor welfare and social protection can best be left to collective bargaining between employers and trade unions.

The role of government is to see to it that the two social partners do not destroy the common good or go out of bounds of commonly agreed policies or, even more precisely, to promote an environment where free collective bargaining can operate.

³ See NEDA: "The Medium-Term Philippine Development Plan 2001-2001 (Executive Summary, Draft as of September 19, 2001).

However, what government desires as expressed in policies are not often what it can do or what it should do. For example, despite the many consultations held by the Congressional Commission on Labor on how the country and its labor laws and social legislations may respond to globalization, the final Report⁴ was finally rejected by the social partners. After spending P50 million, the Commission now functions as an Oversight Committee to draw up proposed bills to amend the labor code and other social legislation. One is forced to conclude that something must have gone wrong in the social dialogues that were held to draw up the report.

If one were to assume that tripartism can best define what the social partners can do separately and together, one has also to ensure that the three sides of the triangle are equilateral, which is not. In which case, the first thing government can and should do is to ensure a level playing field and a more or less a symmetric power relations between and among the parties to a social partnership.

The problem here is one of translating the principle of subsidiarity into operable development policies and plans. In the first place, the principle of subsidiarity best works in a social market economy. The principle is more problematic in the Philippine setting. For example, to what extent should government regulate the functioning of the market in general and the labor market in particular while ensuring freedom in the market and solidarity, social justice and democracy in society? This goes for collective bargaining and industrial relations.

Perhaps, a possible nexus may be found in the operating procedures of a social market economy adapted to Philippine realities. In my understanding, these procedures relate to leveling the playing field and establishing institutions for social protection. But even the concept of social market economy in the Philippine context need still to be agreed upon by the social partners.

And then again, as George Soros says, social justice can not come from the market. Social justice is ensured by social organizations and institutions that must regulate and countervail the natural greed of players in the market place while freedom and solidarity are expanded and strengthened.

Social dialogue

What comes out from this discussion is the importance of social dialogue. If instituted at all meaningful levels and correctly practiced, social dialogue can forge a national and social consensus as well as draw up concrete measures and mechanisms that will realize the consensus.

⁴ The final Report was completed during the incumbency of President Joseph Ejercito Estrada and was rejected after he was dislodged from power. The principal cause of its rejection was the Report's endorsement of flexible employment and contractual employment arrangement.

The social dialogue that is going on in the banking industry is an example. So far, the social partners in this industry are reported to have agreed on the training and retraining of employees affected by banking mergers and acquisitions. They are discussing, but have not agreed, on a funding mechanism that can be used to finance adjustment measures for employees in case of corporate restructuring.⁵

The Quick Response Team (QRT) initiated by the DOLE at the behest of the private sector leaders is another effort to address problems arising from workers' displacement due to closures and retrenchments. It seeks to foster social dialogue within enterprises and industries such that displaced workers or workers to be displaced by corporate restructuring and macro-economic adjustments can look to job placement locally or overseas or be skilled or re-skilled for another wage employment or self-employment. Workers desiring to go it on their own can avail of services for entrepreneurship, including training.⁶

Recently, the Bishop-Businessmen Conference on Human Development (BBSHD) has gone a step ahead in convincing businessmen to avail of the services of the QRT and participate in its functioning or to install the QRT as part of their HRD programs. In addition, the BBCHD Committee on Labor and Employment is active in advocating for policies to re-integrate the informal sector in society as well as in helping informal sector groups undertake housing programs and socio-economic projects.

The programs of the *Kaunlaran ng Manggagawang Pilipino, Inc.* (KMPI) is yet another trade union effort to expand social welfare for workers. Its social housing projects help the members of the FFW, TUCP and LMLC to own affordable housing. An MOU with the SSS and the Lending Program of the Pag-Ibig enables KMPI to access government resources for their members' housing. Until recently, KMPI was providing social credit for cooperatives established by unions. It is also helping PAKISAMA, a farmers' organization, to come up with its own scheme for social insurance.

The social dialogue for the banking industry and the QRT are examples of what government can do and is doing to promote social welfare of labor. While government is on the lead in these two examples, its actions are taken in the context of social dialogue, always working with the social partners, instead of for them or against them.

The examples of BBC-COLE and KMPI show what some civil society and trade union groups are doing to promote social welfare for labor. Both are engaging

⁵ At enterprise level, the local union of FFW at Warner Lambert negotiated a Career Advancement, Retirement and Entrepreneurship (CARE) program which was run for 10 months before the company closed its plant in Pasig, resulting in an mutually acceptable adjustment package. For details, see *Workers' Satellite*, Vol. 1, No. 3, 1999.

⁶ The TESDA, for example, operates one *Kasanayan at Kabuhayan One-Stop-shop* (KKOSS) at the its Women's Center in the TESDA Taguig Complex. DOLE NCR occasionally conducts jobs fairs that seek to place displaced workers and the unemployed.

government and their respective members in social dialogue to shape policies and concrete programs for workers. Private resources are mobilized and public ones are tapped for these purposes.

All four examples show how the principle of subsidiarity becomes operable in the Philippine setting. Each social partner work for the common good, and in the process they find a nexus for promoting the greater common good.

The impact of all these efforts in promoting industrial peace can not be traced directly nor measured precisely. But the fact that the social partners are promoting social dialogue to arrive at consensus and compromises is helping create understanding and cooperation between and among them, that can be the basis for a more stable and peaceful industrial relations.

What government can do further to encourage such development is to provide timely, accurate and reliable information. Social dialogue results in many misunderstandings for lack of information as well for lack of access to needed information. A Freedom of Information Act, as is being proposed by some quarters, can go a long way in correcting this problem.

Social Protection and Globalization

Globalization forces economies to adjust. Some painful adjustment measures are needed for economies to reap the benefits of globalization. Social dialogue can mitigate the pain, but this is not enough. Effective and adequate institutional social protection should also be in place.

Among the most basic schemes for institutional social protection that are needed to soften the impact of macro-economic and corporate restructuring are: quality lifelong education and training, social housing and social assistance and insurance. These schemes are already in place but they need to be strengthened.

The quality of basic education for instance can be improved to meet global standards. Middle level manpower training and post secondary education that is demand-driven ought to have a bigger slice in the budget while its quality can be further improved. Higher education seem to have a disproportionate share in the total education budget when compared to middle level manpower training, graduating engineers being employed as technicians, for example.

Social housing is problematic in many respects. The financial viability of the Pag-Ibig is not only affected by corporate closures and retrenchments but also by other policy and administrative problems.

Social security is another problem. Recent scandals involving the SSS and GSIS have brought to fore the problem of financial viability and poor administration of the systems. SSS has began to dip into its reserves while ECC funds are being

depleted. Their financial viability are, furthermore, being endangered by the non-remittance of contributions owing to the general economic and financial crises involving the country. These are affecting their members' ability to pay the premium. Besides, the goal of social security for all is far from being achieved, in the absence of social security arrangements that are adequate and effective for the informal sector workers that now constitute fully 52 percent of the labor force.

Collective bargaining agreements form another tier of social security for workers, whose provisions on group social insurance are actually the first tier of social protection for the organized workers. However, the limited coverage of CBAs and its declining coverage of formal sector workers are marginalizing its significance in offering better social protection schemes. In the aftermath of down-sizing, workers previously protected by CBAs have lost this protection and worse, have fallen into the unprotected informal sector, if at all they can find wage employment locally or overseas.

Concluding remarks

The coming Socio-economic Summit, as an exercise in social dialogue, intends to focus on getting the economy on track once again while promoting social development. Preparatory meetings are being held by 12 panels constituting the big issues which the Socio-economic Summit expects to resolve.

In the past, summits have been held with varying effectiveness. Given an unfriendly external and internal environment, both economic and political, one wonders what will happen next, or if the Summit will be effective at all.

But as a forum for social dialogue, the Summit is preferable to war.