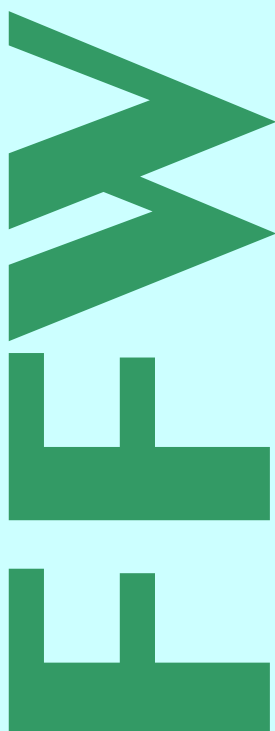


Research Paper,
June 2003

Expanded from ALNI's
Monograph Series 1,
April 2003;

BATU-WCL



Federation of Free Workers

Philippines

FFW Building
1943 Taft Avenue, Malate, 1004
Manila, PHILIPPINES
Tel: 5219435; 5219464
Fax: 4006656
acasper1951@yahoo.com
Website: www.ffw.org.ph

J. C. Tan, President Emeritus
R. J. Jabar, President
Allan Montaño, Vice President
Jose Cayobit, Treasurer

Liberalization

and its Impact on Labor in the Philippines

➔Focus on AFTA-CEPT

This publication is adapted from a research paper of the same title prepared by Antonio C. Asper, Executive Assistant for External Affairs of the Federation of Free Workers.

Although we've highlighted the key points of the research, we strongly suggest that you get hold of the original document, because it contains a lot of factual and insightful information that will help you understand liberalization in the context of labor relations.

Here's a rundown of the information you'll find in this publication.

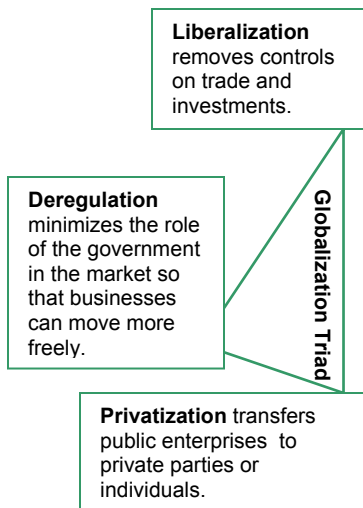
If you want to answer this question:	Go to this topic:
What is globalization and what has it got to do with liberalization?	<i>The Axis of G</i> on page 2
Why the trend toward regional trading arrangements?	<i>When the going gets tough, countries team up</i> on page 2
What does the ASEAN's regional trading arrangement want to achieve?	<i>AFTA-CEPT</i> on page 3
How does liberalization happen in Asia?	<i>The fast way is the sure way and Asia's own EEC</i> on page 3
How does liberalization happen in the Philippines?	<i>Why we do the things we do and A case of too much enthusiasm</i> on page 4
What are the results and risks of liberalization?	<i>Pinoy's divided on the issue</i> on page 5
How does liberalization affect labor and how are workers dealing with it?	<i>Carrying the brunt of liberalization</i> on page 6
What is the impact of liberalization on the community?	<i>Ripple effect</i> on page 7
What is the course of action that labor proposes so that we can get the most out of liberalization?	<i>Labor's stake on the issue</i> on page 8

The Axis of G

► Globalization explained

Globalization is not just the integration of economies into one. It has become a way of thinking, a way of life, and a way of doing things. For workers, globalization determines work schedules, terms of employment, the location of work areas, and eventually, workers' organizations. So pervasive has globalization become that a nation's entry into the global economy has become a matter of course, not of choice.

There's a triad of policies that puts globalization into place.



The triad determines the programs and operations of global and regional trading bodies as well as of international financial institutions or IFIs.

Institutions that promote global economic integration through trade and investments
World Trade Organization (WTO)
ASEAN Free Trade Area - Common Effective Preferential Tariff Scheme (AFTA-CEPT)
Asia Pacific Economic Cooperation (APEC)
Institutions that support and supplement the activities of WTO, APEC, and AFTA-CEPT through financing
International Monetary Fund (IMF)
World Bank (WB)
Asian Development Bank (ADB)

The policies in the globalization triad are interrelated; however, we will focus our discussion only on Liberalization, because this policy accounts for many of the decisions taken by our government. Liberalization comes in three forms: regional trading arrangements, multilateral liberalization, and unilateral liberalization.

When the going gets tough, countries team up

► A look at how RTAs were born

Nations pulled together after World War II to establish the General Agreement on Tariffs and Trade. With GATT, countries traded with one another and helped each other rebuild their ruined economies. To do this, governments had to implement certain measures that would allow free trade among them. Collectively, these measures are called *multilateral liberalization*. Multilateral because it required many countries to put the measures in place.

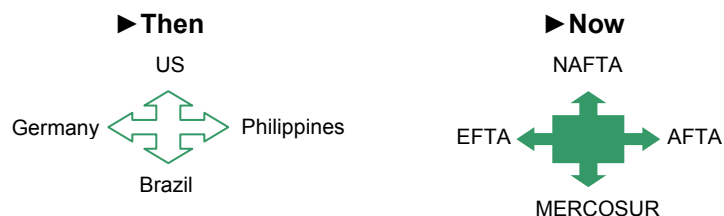
But there was a bit of a problem. The GATT was dominated by developed countries.

Developing countries that wanted to join in had to adopt outward looking strategies such as lowering of tariff rates applied on imported goods. This self-imposed measure to restructure their economy is called *unilateral liberalization*. The outward looking strategies gave developing countries a license to tell developed countries: We have something to offer, you should give us something in return. And so, in exchange for lax trading requirements, developing countries demanded preferential treatment of their exports to developed countries, hence the North-South Trade. Developing countries also banded together for trade with developing countries, hence the South-South Trade.

Eventually, developing countries realized they needed to act together if they were to gain something from GATT, hence *regional trading arrangements* (RTAs) came about. Understandably, the US blocked the RTAs because they restricted US influence in developing economies. But US opposition did not last, and pretty soon there was the European Free Trade Area. Latin America and Africa soon followed. Eventually, the European Union's Single Market sprouted, then the US-Canada Free Trade Area and the North American Free Trade Area. And finally, the AFTA and the Asia-Pacific Economic Cooperation or APEC.

Meanwhile, Europe's FTA evolved into a Common Union, then to a Common Market, and is now becoming an Economic Union.

Were before, individual countries were trading with one another, now, regional trading blocs are transacting business with other trading blocs. The regional trading blocs, meanwhile, are consolidating into a single world market. In this context, the GATT transformed into the WTO.



AFTA-CEPT

► ASEAN builds an RTA

The Philippines is one of the first countries to sign up for the *ASEAN Free Trade Area - Comprehensive Effective Preferential Tariff*. Launched in January 1, 1993, AFTA-CEPT has nine other participating countries: Brunei, Indonesia, Malaysia, Thailand, Singapore, Myanmar, Laos, Kampuchea, and Vietnam.

AFTA wants to be the one to produce goods and services for the world market and attract other countries to own and operate their businesses in the ASEAN region (an economic measure called foreign direct investment).

CEPT is the instrument that AFTA uses to create a Free Trade Area by year 2002. To allow the free flow of goods within the region, member-countries reduced the tariffs on products coming from other members (called preferential tariff). The liberalized items include all manufactured products, as well as processed agricultural products and capital goods like machines and equipment.

Under the CEPT, member-countries remove the limit on the number of goods that can be imported or exported within the region (this limit is also known as quantitative restrictions). Members are also taking out non-tariff barriers that restrict the free flow of goods and services. Non-tariff barriers are government measures other than tariffs that restrict imports, for example, the requirement that an imported product be labeled and packaged a certain way before it can be sold in the local market.



AFTA can be a weapon against the “disturbing trend of intensifying protectionism and trade distortion of developed countries...ASEAN members would have a better chance working together than moving separately in a harshly competitive world.” - Rodolfo Severino, ASEAN Secretary General

The fast way is the sure way

► ASEAN reduces tariffs and speeds up integration

A tariff is a tax imposed on a product when it is imported into a country. It is usually computed as a percentage of the value of goods .

Originally, CEPT wanted to reduce tariff rates for 15 products from 20% to 5%. Called the Fast Track tariff reduction, this measure was expected to be in place within two years beginning 1998. The products were cement, fertilizer, leather products, pulp, textile, gems and jewelry, electronics, wooden and rattan furniture, vegetable oils, chemicals, pharmaceuticals, plastics, rubber products, ceramics and glass products, and copper cathodes.

For products that are not part of the General, Sensitive and Temporary Exclusion Lists, CEPT also had a Normal Track program to reduce tariffs to 20% by January 1, 1997 and to 0-5% by January 1, 2003.

After the 26th ASEAN Economic Ministers Meeting in September 1994, the 15 year timeframe to set up a Free Trade Area was shortened to just 10 years. Later, and in response to the Asian financial crisis of 1997-1998, the members agreed to advance the deadline by another year, to 2002.

In the 16th AFTA Council, members advanced the implementation of the ASEAN Integration System of Preferences. Through this system, old members (the Philippines, Brunei, Indonesia, Malaysia, Thailand, and Singapore, also known as ASEAN 6) extended reduced tariff rates to new members (Myanmar, Laos, Kampuchea, and Vietnam).

Asia's own EEC ► A free trade area by year 2003

Ten years after it was founded, AFTA-CEPT claims the following:

- A massive expansion of trade among ASEAN members (called intra-regional trade)
- An average tariff level of 3.2 %
- Increasing regional economic integration, which is ASEAN's defense mechanism against protectionism among developed countries and other regional trading blocs

In 2002, ASEAN floated the idea of a single market for the region, something similar to the European Economic Community (EEC) in the 1950s. According to Singapore Prime Minister Go Chok Tong, it may take 10 to 20 years more before this becomes a reality. He says the region first needs to resolve issues relating to the use of common currency, the free flow of trade, services, and people.

In the meantime, AFTA-CEPT is negotiating with its neighbors. It signed an agreement with China for an ASEAN-China FTA. Discussions are underway for a similar agreement with Japan, Korea, the US, Australia, and New Zealand.

Why we do the things we do ► The Philippine Liberalization Program

We got into the mainstream of liberalization after becoming a member of the AFTA-CEPT, APEC, and WTO. Remember that the decision to liberalize the economy was a move initiated by the Philippine government as a form of unilateral liberalization. It has three components: trade liberalization, investment liberalization, and exchange rate policy.

Trade liberalization ► This is embodied in the Tariff Reform Program of the government. TRP reduces both the tariff rate (that is, the tax imposed on an imported product) and the nominal tariff (or the percentage difference between the price of a good with and without protection).

In TRP Stage 1 (1981-1985):

- Tariff rate was reduced to 50%
- Nominal tariff was reduced from 41.4% in 1980 to 27.6% in 1985
- The number of items subject to tariff in the PSSC lines was reduced to 32% in 1985

In TRP Stage 2 (1991-1995):

- Tariff rate remained at 50%
- Nominal tariff was down to 15.9% in 1995
- The number of items subject to tariff was reduced to 7.8% in 1991

In TRP Stage 3 (1996-2003):

- Tariff rate at 3% clustered since 1996
- Nominal tariff is expected to go down to 4.2% in 2004
- The plan is to have a uniform 5% on all commodities by 2004, except machinery and capital equipment, garments and textile, industrial products, non-sensitive agricultural products, agricultural commodities with quantitative restrictions, and imported crude oil and refined petroleum products which have a 3% tariff under government regulations.

Investment liberalization ► This allows foreign investors to own as much as 100% in company stocks or net assets (called foreign equity participation) in the Philippines. The Foreign Investment Act of 1991 (Republic Act 7042) makes this possible in all industries, except the ones found on the Foreign Investment Negative List (FINL) such as the mass media. In 1996, the FINL was shortened so that there are now very few exceptions, among them defense, risk of health and morals, and small and medium enterprises. In addition, the Omnibus Investment Code established incentive systems to attract more foreign investors.

Exchange rate policy ► This lifts the restrictions on foreign exchange so that moneys from other countries can be sold or bought freely outside the banking system. By doing this, the government hopes to help the export sector trade freely and compete in the global market.

A case of too much enthusiasm

► Philippine commitments to AFTA-CEPT

Did you know that:	1997	1998	1999	2000	2001
The Philippines used these applied rates to comply with APEC requirements:	12.11	9.44	9.05	6.92	6.70
The rates above are lower than these unilateral tariff rates under the TRP:	13.43	10.69	9.98	8.06	7.71
And a lot lower than these bound rates required under the WTO:	32.50	31.85	30.05	27.59	27.53
And yet, the Philippines committed much lower preferential rates under the AFTA-CEPT:	9.07	7.34	6.83	4.53	3.87

Bound rates are the minimum tariff rates which a country that signed up for GATT is required to implement. As you can see, the bound tariffs are much higher than the unilateral tariff reduction of the Philippine government. In fact, the Philippines has the smallest percentage of bound tariff in the ASEAN. We've liberalized our market so much that no further reduction in tariff is needed as far as WTO is concerned.

Why the Philippines accelerated its tariff reduction a lot faster than its AFTA partners is an issue being hotly debated.

And look, the preferential tariff rates committed by the Philippines under the AFTA-CEPT are a lot lower than the unilateral rates under the Philippine Tariff Reform Program. In addition, the scope of bindings under AFTA has reached almost 99% of the country's tariff lines in 2001, while the average in the ASEAN for the same year is 90%.

And there's more:

In year:	Philippine exports to these countries:	Reached this rate:	Which was higher than the ASEAN average of:
2001	ASEAN 6	30.5% (next to Brunei, the highest)	8%
	Outside ASEAN	17% (the highest)	7.6%
2000	ASEAN	29.9	26.3

However, in 2000, Philippine imports from ASEAN countries grew by 11.1% only, which was lower than the ASEAN average of 27%.

Pinoys divided on the issue► Should development be outward-looking or inward-looking, or is there a middle ground?

While these schools of thought look at globalization as a given, they differ on how to approach Philippine integration in the global economy.

↻ Proponents of the outward-looking strategy say...

In a document prepared by DTI's Bureau of International Trade Relations in August 2001, we find the following arguments:

- There was stronger industry growth and employment rate after we joined the WTO, and if there were problems, they were because of external factors like the El Nino and the regional financial crisis.
- Liberalization has spawned new export industries, brought in new investments in previously closed domestic industries, and given consumers price stability

A study made by Myrna Austria of the Philippine Institute for Development Studies notes that the reforms improved domestic resource allocation, increased productivity, increased competitiveness of manufacturing industries, expanded our exports, and increased the integration of the country in the global market.

However, Austria observes that the growth of the industry sector, particularly manufacturing, has not been as robust as many had expected.

Austria comments: "The experience of the country during the past two decades shows that getting the most out of international trade is not just a matter of shift away from exports of primary commodities to exports of manufactures. This paper argues that the effects of international trade on the country's economic growth depend largely on how much of that trade is linked to domestic activity. In effect, the fundamental policy issue for the country is not one of more or less trade liberalization, but how best to extract from its participation in the global trading system the elements that will promote economic development."

↻ Proponents of the inward-looking strategy say...

Those who propose protection of industries foresee more crises as a result of the government's outward-looking strategies.

Walden Bello says we need to suspend trade liberalization because the supposed merits of free trade are doubtful. He cites a study by UNCTAD (United Nations Conference on Trade and Development) showing that "during the period of greater global trade liberalization from 1965 to 1990, the income share of the richest 20% of the world's population rose from 69 to 83% of total global income."



Do lower trade barriers spur greater economic progress?...If anything, the evidence for the 1990's indicates a positive relationship between import tariffs and economic growth. The only clear pattern is that countries dismantle their trade restrictions as they grow richer. - Dani Rodrick, Harvard University

Joseph Lim and Manuel Montes observe that since 1980, the proportion of gross domestic product (GDP) attributed to manufacturing has declined from 24% to 22%. Dependence on commodity exports has likewise declined, and the Philippine export structure is now less diversified than it was 20 years ago.

► The Three-Gap Model

Using a three-gap model, Lim and Montes say that the Philippines' poor economic performance is a result of shortcomings or *gaps* in three areas:

- There's very little investment made in the private sector and the country has low savings. This is called the *Savings gap*.
- As a result, we become too dependent on foreign capital. A drop in the inflow of foreign capital is called *Foreign exchange gap*.
- Government tries to stimulate the ailing economy by changing interest rates according to IMF policies, but instead of helping local businesses, the tight credit policy prevents export-oriented and import-competing local firms from maturing. This situation is called the *Fiscal gap*.

↻ A middle ground might be possible

Lim and Montes affirm that if the state directs the extent, depth, and timing of reform efforts, then we can maximize the gains and minimize the threats of market-friendly global economic and social integration. We need a social consensus and a strong government, they say, to face the internal as well as the external challenges.

Liberalization is widely felt by all sectors, but nowhere is it most apparent than in the plight of workers and trade unionism.

Flexibilization of employment.

Corporate restructuring resulting from globalization is leading to downsizing and flexibilization.

Only a “core-periphery” of a small number of regular, skilled and higher paid workers are maintained around an army of mostly contractualized, low and semi-skilled, poorly-paid workers.

Data from the Bureau of Labor and Employment Statistics show that non-regular employment increased from 22% in 1992 to 28% in 1998.

Between July 2001 and 2002, part-time employment grew at 2.3%, while full time employment was at 2.2% only. This shows that contractualization was again inching up.

Informalization. Estimates place the number of informal sector workers between 51% to 80% of the labor force. This sector includes workers in small-scale industries and workshops, street vendors, farm and plantation workers, small-scale fishermen and divers, transport drivers, scavengers, and workers in other small-scale enterprises.

Many studies have documented the wages and incomes as well as working conditions in the informal economy, and all agree that with the exception of only a few, appalling conditions exist that would shame the ILO standards on “Decent Work”, and which the social partners are trying to do something about.

Deteriorating labor standards. Myrna Austria observes that “the intense competition could lead to a race to the bottom in wage cuts and other incentives to attract FDIs [foreign domestic investments].” The case of Warner Lambert Philippines supports this observation, when it relocated its confectionery plant from the Philippines to Thailand where sugar is cheaper, subcontracted many of its other products to lower-cost third party manufacturer Interphil Laboratories, and imported its higher-value pharmaceutical products from its affiliate in Australia.

Union leaders claim that health and safety measures are sacrificed to maintain present level of wages and fringe benefits. This trend is validated by the Employee Compensation Commission, which reports an increasing trend in workplace accidents and predicts that “competition resulting from globalization can possibly lead to more occupational safety and health negligence in the future.”

Inadequate safety nets and social protection. When AFTA-CEPT started in 1993 and when the Philippines acceded to the WTO two years later, government promised to put up safety nets to cushion the impact on workers who were to be affected or displaced.

The government promised these:	Workers got these instead:
Emergency employment plan, target = 1 million jobs	1 million jobs generated in 2002, mainly in agriculture where 1 job + 90 days employment in agri and infra
Massive retraining so that workers could find jobs in emerging industries	Trained or retrained workers ended up working abroad as entertainers in Japan, seafarers, domestic workers, teachers, nurses, medical personnel, and caregivers
SSS emergency loan program	Giving out loans was stopped due to lack of funds.
Price subsidy for basic commodities	1,000 rolling stores were distributed, but the project was stopped because of reports that the products which were sold in the stores at subsidized prices were not reaching the beneficiaries. The National Food Authority bought rice from farmers at higher-than-market-prices, but it did so long after the harvest.
500 million peso adjustment fund by virtue of a Senate Resolution	Some 400 million pesos seemed to have been released at different periods during the Ramos Administration and it was spent mainly for putting up the Philjobnet, an Internet-based job matching service. The rest of the money has not been released, other than the amounts from the government’s annual line budgets that were realigned to comply with the Senate Resolution.

Displacement of workers. Between July 2001 and 2002, the labor force grew by 1.3 million, from 32.6 million to 23.9 million. Employment, however, increased by only 823,000, from 29.3 million in 2001 to 30.1 million in 2002. In 2002 (July round), 3.8 million Filipinos did not have jobs, up from 3.6 million in 2001.

Displacement can be through permanent or temporary lay-off, retrenchment, and forced leaves of absence, whether paid or unpaid. Without active labor market interventions, displaced workers, on account of age and because of skills mismatch, cannot find a suitable employment. Their options are to either work overseas or fall into the unprotected informal sector.

Ripple effect

► The community is likewise affected

When National Steel Corporation shut down, it wasn't just the 3,000 NSC workers that lost their jobs, but the company's suppliers and clients as well.

- Consumption of electricity declined in workers' households and establishments affected by NSC's closure, hence decreasing the sales of NAPOCOR and electric cooperatives.
- Food shops, restaurants, nightclubs, hotels, and inns lost their NSC customers.
- Schools, hospitals, and clinics similarly lost their clients.
- The revenues of the City Government from fees, taxes and other charges dropped by about 30%. Infrastructure projects and social services were either suspended or stopped altogether.

Loss of jobs has other social consequences. Poverty-related crimes tend to increase. General health levels tend to decrease for lack of income to pay for better services, or due to deteriorating public services following a substantial loss in the City's revenue.

Malnutrition especially among children tends to become widespread as displaced workers and residents cut down on their consumption of food, private health services and medicines.

Weakening trade unions. It is no secret that trade unions have been losing membership because of closures and retrenchments in firms that have become globally uncompetitive or those that are preparing to compete globally.

According to Glenda M. Gloria, "(T)he Kilusang mayo Uno (KMU) must have lost 20 percent of its dues paying members owing to (these) layoffs. The Alliance of Progressive Labor (APL) has the same loss estimates, while the FFW claims it lost more than 15 percent of its members from 50 companies that closed down or downsized."

Psycho-social consequences. Displacement has far-reaching consequences. Former employees of the National Steel Corporation admit to certain fears:

- They "lose face" with their families, relatives, friends and acquaintances.
- Their "social status" is reduced and their "social influence" blown away.
- Children are transferred from the more expensive private schools to public schools and are stigmatized or lose their pride altogether, and in some cases, lose their drive to excel in school.
- Where both couples are working, the one who lost the job tends to snipe at the other, even for quite flimsy reasons.

Marginalization of basic social sectors. Basic sectors continue to feel marginalized either in the market or in social and political life. Small farmers and fisherfolks find their incomes dwindling; agricultural workers work on contractual arrangements and have seasonal employment. The same is true with the formal-sector, urban and industrial workers.

The World Bank Study on the Filipino Report Card in fighting poverty also shows that social assistance and welfare are skewed against the poorest who need it most. For example, in the University of the Philippines, some 90% of the student population is composed of children of the rich.

Child labor. In more extreme cases, older children are put to work, alone or together with their parents who are forced to eke out a living usually in the informal sector because they can no longer get employed by other firms on account of age. Some younger children are pulled out of school and put to work or made to do all types of light and heavy household chores while parents are at work.

External migration. There are 6-7 million Filipinos abroad either as permanent migrants or as overseas contract workers. The number of Filipinos leaving the country for overseas work is placed at around 2,000 a day, while one can readily observe the long queues of workers applying in overseas placement agencies and foreign embassies.

While overseas work is a valid alternative for working Filipinos, and while their remittances has kept the country's economy afloat, the negative social consequences particularly on families and the children cannot be ignored.

Labor's stake in the issue

The consequences of trade liberalization will continue to be debated for some time yet. And while the talks unfold, there are a number of structures that require our attention.

Institutionalized social dialogue. Whether in the form of exchange of information to correct the situation or to open up reasonable discussions for workable policies and programs, or through social negotiations and collective bargaining at appropriate levels, genuine social dialogue creates a process of building social cohesion and consensus.

National consensus on a development model. It may not be reasonable to expect a national consensus on a development model and strategy in the short or medium term. But we need to start now to build a national consensus that will frame our policies and programs.

Social protection. Where people can expect adequate safety nets and social protection, the continuing debate on directions, policies and programs would become more reasonable and rational.

An expanded and premium-adjusted social insurance scheme is also a way of forcing domestic savings for social investment. But part of the effort should be reforming these institutions to build the trust and confidence of members on the viability, efficiency and efficacy of the system.

► Our social protection system is in bad shape

Policy making and implementation

The government can't provide complete social protection to everyone. This is a shared responsibility between the government, companies that provide social protection, and unions that work for the inclusion of social protection in collective bargaining agreements.

The greater burden is on the government, however, to guarantee the operation of public social protection schemes and prevent the excesses of private providers.

The negative social consequences of economic reforms, global economic integration and intermittent economic crises limit the exercise of these responsibilities by government. Unable to grapple with the demands of economic restructuring and buffeted by intermittent externally-induced economic crisis, the means of government to set up, strengthen, and expand social protection become limited. Pressures of global competition encourage employers to evade mandated systems or to not comply at all.

Unions and collective bargaining agreements are dismantled due to closures, or weakened as a result of corporate restructuring under pressure from the crises and intensifying global competition.

Social insurance

Horacio Templo, Executive Vice President of the Social Security System, says the SSS will begin to dip into its reserve fund in 2003. The SSS and the Government Service and Insurance System report low remittance, and both are rocked by administrative scandals and unwise investments.

Because of unclear provisions and loopholes in the SSS law, and also because of flexible working arrangements such as contractual, temporary and short-term employment, employers are able to evade SSS coverage for their employees.

Social assistance

Social assistance in housing, health, water supply and education should benefit the poor primarily. However, World Bank studies point out that not only does social assistance fail to reach most of its intended beneficiaries, it also favors the non-poor at the expense of the truly poor. World Bank notes that pro-poor public services are low in cost and inferior in quality.

In the operation of social protection, particularly of public social insurance, the principle of social solidarity should imbue the system, so that social insurance can benefit its poorer members.

Global economic integration with a social dimension

Together with the search for a development model applicable to the Philippines, acting on the global front is equally important.

There are many efforts in this direction, among which are:

- International Supervisory mechanisms of the UN and the ILO
- Programs to promote corporate social responsibility
- OECD Guidelines on MNCs
- Social Accountability 8000
- Global compact initiative
- Changing policies of international financial institutions and multilateral trading bodies
- ILO's thrust to promote the fundamental principles and right at work and "decent work"
- Multinational codes of conduct and social labeling
- International Framework Agreements

All these are efforts moving in the direction of international social justice.

There are no doubt equally strong if not stronger forces working in the opposite direction. Or efforts with noble purpose but using unacceptable and uncivilized means. All the more that we should act.

Shifting paradigm of unionism

Finally, for all their tradition of fighting and struggling to improve the lot of workers all over the world, the character of unionism as well as its strategies must adapt to the changing times. As it is doing.

In the Philippines, as well as all over the world, unions are going back to their social movement character, realizing that workers in all types and forms of employment need to be organized in a solidary struggle to improve their lot. Social dumping and the resulting marginalization of unions are actually rooted in traditional concepts of unionism that are not in step with a fast changing world. The issue is not who gets the job and who loses it; it is how to provide jobs and life-support for all workers.

The traditional confines of industrial relations are no longer enough even for the purpose of promoting or maintaining industrial peace. Industrial relations itself will have to change, as it is changing. What arena will be created is as much the result of objective factors as it will be the result of negotiated coexistence by the social partners.

Whatever the form of social dialogue that may evolve under specific circumstances, organized workers and other basic sectors must engage other equally organized social partners in productive dialogues. After all, it is in organized efforts that the dialogues on social issues can result in broader consensus about directions, policies and programs as much as they assure that agreements are implemented.