

# Social Pact for Empowered Economic Development\*

To revitalize the sluggish growth of the Philippine economy, the country's top political leaders attended an Executive-Legislative Economic Summit last August 20, 1993 at the Manila Hotel. This mini-summit was to precede an even larger summit which will produce a 'Social Pact' that will commit every social and political sector to a plan of action which is explicit to everyone.

The Pact centered on eight (8) priority areas:

- 1.) Ensuring national unity, justice, peace, and security.
- 2.) Investing in human resources and generating employment.
- 3.) Ensuring infrastructure support and adequate energy for development.
- 4.) Closing the fiscal gap.
- 5.) Mobilizing investments and 'leveling the playing field.'
- 6.) Conserving the environment and ensuring sustainable development.

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\*This Pact was signed during the Economic Summit held last September 8, 1993.

- 7.) Accelerating agro-industrial development and promoting food security.
- 8.) Energizing the bureaucracy.

### **Guiding Principles for Higher Long-Run Growth with Equity**

The following principles are essential to achieve the desired long-run growth with equity:

- 1.) Government shall reform the sociopolitical and cultural environment to sustain economic growth.
- 2.) The government shall rely on the ability of markets to allocate resources efficiently, intervening only when market inadequacies have to be overcome.
- 3.) In the process of instituting reforms, the government shall provide safety nets for the most vulnerable sectors.
- 4.) The economy shall be made competitive, flexible, and adaptable to domestic and international changes.
- 5.) Self-discipline and civic responsibility shall guide the conduct of public policy.
- 6.) The government shall strongly encourage the full development and utilization of labor, the country's abundant resource. Labor unions shall be consulted on structural adjustment measures affecting workers.
- 7.) The government shall invest in essential physical infrastructure and in human capital without sacrificing fiscal discipline.
- 8.) Acts using the regulatory powers of local governments to promote local welfare and development should be in harmony with national development goals.
- 9.) The government shall improve the delivery of public services and shall make Philippine farms and factories conform to international standards of excellence.
- 10.) The government shall provide an environment where Philippine exports are globally competitive.
- 11.) Monetary policy shall support price stability and export competitiveness, mobilization of domestic savings, and capital accumulation.

- 12.) Regular and formal consultations by the government with representatives of people's and non-government organizations, trade unions, and other affected parties shall be instituted.

### Plan of Action

The political branches of government, political parties, business and labor organizations, and representatives of the various sectors agreed on certain measures and actions to address the eight priority areas. These should be done within 12 months to ensure the transformation of the Philippine economy.

The plan of action involves, among others:

- a.) Ensuring national unity, justice, peace and security.
  - o Respect peace zones.
  - o Provide basic services to indigenous cultural communities.
  - o Assist victims of armed conflict.
- b.) Investing in human resources and generating employment.
  - o Executive: Ensure high labor content in infrastructure projects.
  - o Legislative: Prioritize Anti-Child Labor bill.
  - o Private Sector: Comply with labor laws and standards.
- c.) Ensuring infrastructure support and adequate energy for development.
  - o Privatize Department of Public Works and Highways (DPWH) activities subject to the retention of a sufficient capability to immediately respond to disaster and emergency situations.
  - o Work for stricter penalties on acts of economic sabotage.
- d.) Closing the fiscal gap.
  - o Undertake administrative measures which will generate P30 billion in two years.
  - o Declare a moratorium on new tax exemptions.
  - o Improve tax collection efforts of Philippine embassies.
- e.) Mobilizing investments and 'leveling the playing field.'
  - o Review system of wage fixing.

- Improve purchasing powers of workers.
- Prioritize bills on anti-trust, counter-trade, social housing, and inter-island shipping.
- f.) Conserving the environment and ensuring sustainable growth.
  - Promote environment-friendly technologies through increased allocation for science and technology.
- g.) Accelerating agri-industrial development and promoting food security.
  - Address the needs of cultural minorities in their ancestral domain.
  - Place priority on land distribution rather than additional support services.
  - Strengthen the agrarian reform program.
- h.) Energizing the bureaucracy.
  - Privatize government corporations whose services can be taken over by the private sector.
  - Strengthen career executive service system to insulate it from politics.
  - Upgrade salaries of government workers and employees.
  - Revise government control systems and procedures.

### Commitments

The executive and legislative branch with the private sector commit to do the following:

- a.) Work together to pursue the specific measures of the Social pact;
- b.) Settle all inconsistencies through an Oversight Committee; and,
- c.) Draw supplementary agreements and implementing guidelines to make the Social Pact a success with periodic assessment, the first to be made on January 1994.