

Tripartism and the State in the Philippines in the 1990s

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Over the last two decades, the state has intensified its campaign to restructure the economy in conjunction with the adoption of an export-oriented industrialization strategy. Throughout this period, trade and investment liberalization, financial sector reforms, and deregulation and privatization programs were resolutely pursued to attain macroeconomic stability and enhance the country's economic competitiveness. By 1991, tariff rates were down to 20% from 43% in 1981, while close to 2,000 previously restricted imports were delisted. Three years later, barriers to entry in such key industries as telecommunications, land, sea and air transport, and cement were dismantled, consistent with the government's drive to transform the economy from its uncompetitive condition to a state of free competition.

Concomitantly, the government has vigorously pushed for the privatization of government-owned and controlled corporations (GOCCs) and the full liberalization of foreign exchange. By early 1997, the government reported a gross revenue of P180.1 Billion from the privatization of 450 government assets/companies.

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If anything, these sweeping changes in economic policy herald the continued commitment by the government to its structural adjustment program with the end view of enhancing its trade position and economic competitiveness within an integrating world. But, like anywhere else, the unfolding economic transition has exacted costs in the form of high un- and underemployment, widened inequality and greater wealth redistribution problems, and a more fragile and unstable industrial relations.

On Employment

Following the lowering of trade barriers under trade liberalization and the competitive environment this has created, various cost-cutting and rationalization measures have been adopted by industries. Right-sizing programs have resulted in either worker re-trenchment, voluntary or forced early retirement programs, or new employment arrangements such as subcontracting and casual, temporary or contractual employment. Privatization has also contributed to job loss as privatized firms opted for leaner organizational size following the streamlining of their operations.

In general, the resultant unemployment due to the altered economic environment has remained severe. Average unemployment in the first half of the 1990s stood above 9%. In the agricultural sector, employment has been contracting. In 1970, the sector's employment share was 53.8% of total employment but this went down to around 42% in 1996. The service sector accounted for 34.7% of total employment in July 1996, up from its 23% share in 1970, while industry employment has flattened and constituted around 20% of total employment.

While a 3.7% average rate of increase of employment was observed in the 1990-96 period, this modest gain was tempered by a 3.5% average growth rate of the labor force. This being so, no dramatic improvement in government's unemployment record was achieved. In fact, the average unemployment rate during the period stood at around 9% while underemployment hovered at around 20%.

Unemployment and underemployment, have been aggravated by new employment arrangements that emphasize flexibility. These arrangements generally lower the costs of production at the expense of labor.

Various types of flexible labor arrangements exist. The most

Table 1: Labor Force, Labor Force Participation Rate: 1990-96

Year (in thousands)	Labor Force	Rate of Increase Labor Force	Participation Rate
1990	24,244		64.4
1991	25,631	5.7	66.4
1992	26,290	2.5	66.0
1993	26,879	2.2	65.6
1994	27,654	2.9	65.5
1995	28,380	2.6	65.8
1996	29,733	4.8	66.7

Source: BLES

Table 2. Unemployment and Underemployment: 1990-97

Year	Unemployment Rate	Underemployment Rate
1990	8.3	22.4
1991	10.5	22.5
1992	9.8	20.0
1993	9.3	21.7
1994	9.5	21.4
1995	9.5	20.0
1996	8.5	21.0
1997	8.7	22.1

Source: Bureau of Labor and Employment Statistics

common of these are subcontracting, agency hiring and the use of homeworkers. In the garments sector, subcontracted work include textile printing, embroidery, cutting, laundry and ironing while in the electronics sector, the manufacture of spare parts previously made, maintenance services and spare parts machining are but some of the production stages commonly subcontracted (Aganon 1996). Subcontracting is also becoming prevalent in the agricultural sector where contract raising of livestock and contract farming of vegetables are now quite popular. Meanwhile, the employment of homeworkers is fairly common in the manufacturing and service sectors (Macaraya and Ofreneo 1992).

Table 3. Average Weekly Hours Worked of Employed Persons at Work: 1991-96

Year	Ave. Weekly Hours Worked
1991	42.9
1992	42.5
1993	42.0
1994	42.2
1995	42.0
1996	41.2

The extent of flexibilization of labor in the country may be measured using certain indicators. Among these are: the ratio of full-time to part-time workers and the average hours worked, and the number of contractors and subcontractors.

From 1991-95, the percent share of both casual and part-time workers to total employment was estimated at around 4.06% while that of apprentices and learners for 1992-95 is 1.6%. Also, a steady decline in the average weekly hours worked during the 1991-96 period has been noted. From 42.9 hours in 1991, the average weekly hours worked by employed persons at work went down to 41.2 hours in 1996. This decline in working hours is consistent not only with the increasing casualization and part-time employment but also with the increase in service sector employment and the relatively stable employment rate in the agricultural sector where employment is usually seasonal/unstable and is characterized by short hours of work.

Labor flexibilization is also manifest in the increase in the number of establishments resorting to closures and lay-offs, job rotation and reduced worktime. By 1996, a total of 81,627 workers were either subject to job rotation and reduced worktime or re-trenched, a far cry from the 62,990 and 46,159 figure reported in 1995 and 1986, respectively (1996 Yearbook of Labor Statistics).

Finally, a study conducted by BLES in 1994 showed that around 21.1% of the 4,087 establishments drawn from at least four regions in the Philippines resorted to subcontracting. This approximates the figure arrived at in the Philippine Labor Flexibility Survey in 1990 where 19.4% of all establishments was found to resort to

Table 4. Strikes/Lockout Notices Filed, Actual Strikes/Lockouts and Percent Change: 1990-96

Year	Strike/Lockout Notices Filed	Actual Strikes/Lockouts	Percent Change
1990	1 562	183	
1991	1 345	182	- 0.5
1992	1 209	136	-25.2
1993	1 146	122	-10.3
1994	1 089	93	-23.8
1995	904	94	1.0
1996	833	89	- 5.3%

Source: BLES

contracting out of employment. Specific to the BLES study, it was noted that each contractor has an average of two subcontractors each.

On Industrial Relations

The dislocation arising from economic restructuring notwithstanding; the industrial relations situation in the country since the 1990s has been marked by a steady decline in strikes. From 1990 to 1996, the average decline in actual strikes or lockout stands at 10.7%.

The commonly cited cause for the declared strikes/lockouts during the period is deadlock in bargaining on economic issues. Discrimination against or harassment of union members and illegal dismissal or suspension of union officers or members and other ULP were also cited as causes of strikes/lockouts.

The incidence of strikes and lockouts coincides with a relatively high number of cases filed for preventive mediation and an increasing number of cases filed for voluntary arbitration. In a span of three years (from 1994-96), the National Conciliation and Mediation Board has handled an average of 915 preventive mediation cases. In the same period, a 5.5% average annual increase in the number of voluntary arbitration cases was perceptible.

A marked increase in the number of existing unions is perceptible from 1990 to 1996. The annual increase in the number of

Table 5. Number of Existing Unions and Percent change: 1990-1996

Year	Total Existing Unions	Percent Change
1990	4 637	
1991	5 236	12.9
1992	5 710	9.0
1993	6 340	11.0
1994	7 274	14.7
1995	7 882	8.3
1996	8 250	4.7

Source: BLES

Table 6. Total No. of CBAs Filed, Percent Change and Workers Covered, 1990-1996

Year	Existing CBAs	New CBAs Filed	Total Workers Covered	Percent Change
1990	4 982	2 481	7 463	
1991	4 409	1 457	5 866	
1992	4 537	950	5 487	
1993	4 983	1 084	6 067	
1994	4 497	762	5 259	
1995	3 264	990	4 254	
1996	3 398	818	4 216	

Labstat Figures and Analysis on CBAs filed

established unions during the period range from a low of 4.7% in 1996 to a high of 14.7% in 1994. This notwithstanding, national unionization rate remains low. In 1996, only 16.9% of the total establishments employing 10 or more workers were unionized (Labstat Updates, December 1997). A year after, unionization rate dipped to 16.2% (Labstat Updates, September 1998).

Concomitant with the increase of unions is the increase in the number of union federations. This manifests the high degree of fragmentation of labor in the country.

The fragmentation of Philippine unions implicates the relative influence of labor in policy-making and standard setting.

The total number of CBAs (existing plus newly filed) per year has been erratically decreasing. The number of workers covered by these agreements has also shrunk.

Union and Employer Views

Sectoral positions regarding structural adjustments range from complete opposition to compromise to acceptance.

More militant trade unions like the KMU have expressed firm rejection of structural adjustments because of their oppressive, exploitative and imperialistic effects. Since the late 1980s, specifically after the slaying of Olalia and the removal of Sanchez from the Labor and Employment Ministry, KMU has refused to negotiate with government and employers. Its leaders, while critical of globalization, nonetheless rally for greater labor protection and welfare. The traditional demands of KMU are: price-rollback; regulation of the oil industry and nationalization of key other industries; and higher wages.

Meanwhile, moderate labor unions such as TUCP and LACC have opted to compromise and seek concessions especially in terms of greater worker protection and safety nets following the anticipated dislocations from structural adjustment programs.

TUCP and LACC have engaged in many discussions and policy-making procedures and, in such venues, aired their appeal for greater state intervention to mitigate the negative impact of structural adjustments. They have similarly engaged in debates on various issues and concerns arising from structural adjustments.

In various tripartite conferences and meetings, TUCP and LACC have consistently pursued the inclusion of greater employment opportunities and higher value-added content employment in the employment agenda. They have also expressed firm opposition to flexible employment and moved that such arrangements be under strict monitoring by the government. They have also reiterated calls to protect job security which, given the changing work environment, they have redefined to include "the guarantee of jobs for dislocated workers" (1997 MNEs).

TUCP and LACC have also called for training, retraining and

retooling of workers in order to facilitate their transfer to other enterprises or industries in the event of inevitable retrenchment.

While in some instances TUCP has agreed to a wage restraint, higher wages to compensate for effects of inflation and restore the purchasing power of workers remain a consistent demand of this trade center and LACC. In the 1997 NTC, TUCP called for across the board wage adjustments while LACC requested better wages in exchange for increased productivity. TUCP through time has also proposed joint-productivity and gain-sharing programs, and better incentive packages for workers families.

In the field of industrial relations, LACC and TUCP have continuously rallied for the upholding of the right to self-organization which appear to be eroded given the flexibilization of work. Corollarily, they promote unionization, especially in ecozones where a no-union policy apparently exists.

Mild opposition to LMCs are raised by TUCP and LACC because of their threat to displace unions. Both union centers also call for speedy resolution of labor cases.

Employer groups have similarly been active in pushing their own agenda. ECOP has thwarted any attempt to wage indexation. In response to calls for wage increases, ECOP suggested non-wage adjustments such as tax exemptions and exemptions from PAG-IBIG and other contributions to increase workers' take-home pay. ECOP, along with PMAP, has also called for increased investments in human resource development. PMAP, specifically, has been vocal in modifying the thrust of the country's educational system to lessen job mismatch.

Both ECOP and PMAP have fought for more liberal labor laws and advocate the concept of self-policing in terms of labor standards enforcement. They have also been actively supportive of subcontracting as a means of employment generation and have raised calls for the relaxation of controls and limitations against labor-only contracting. PMAP has also been vocal in its support for flexible work arrangements such as compressed work week, job rotation, etc. to enhance the position of companies in the competitive business environment and, at the same time, create short-tem jobs.

In general, sectoral positions on structural adjustments and their effects have been divergent. Labor, while exhibiting signs of resistance, has been extremely divided on the issue with one camp

totally rejecting to negotiate and another cautiously attempting to get concessions. Employer groups have meanwhile been on the whole consistent in their demands for more liberal labor policies and standards to keep them afloat in the competition.

Tripartite Resolution

Tripartism has provided the venue in which the divergent positions assumed by the key players in the industrial relations arena were negotiated.

On the Employment Agenda

The persistent problems of unemployment and underemployment and the more recent threats posed by labor flexibilization to an otherwise secure work environment were the two issues that dominated the tripartite employment agenda in the 1990s.

In both cases, labor and employer groups have shown a marked dependence on the state in providing the policy framework within which attendant problems were to be resolved.

The democratization of the process by which employment-related problems were resolved through the tripartite mechanism increasingly emphasized the need to reach consensus especially on controversial programs and projects. This process similarly underscored the need for concertation among labor and employers in the pursuit of greater employment without necessarily sacrificing investment returns.

Early in the decade, labor and employer groups have evaded any explicit resolve to address un- and underemployment through job creation. Instead, concerns peripheral to employment generation were mistakenly placed at the center of the employment agenda. The prevailing notion during this time was that it was primarily the government that should be responsible for the chronic problem on the provision of jobs.

Not surprising, during this time, tripartite response to unemployment and underemployment has, at best, conservatively followed traditional government-prescribed policies. Within this limited space, labor has exacted refinements in employment practices to ensure worker protection but repressed any concrete demands on the larger issue of employment generation. Employers meanwhile offered no explicit commitment to expand employment and prioritize

job-creation over technological acquisition and other production-related inputs.

The 1992 National Tripartite Conference (NTC) illustrates the low-profile accorded to the issue of employment generation within the tripartite mechanism. In this conference, no viable program of action was proposed by the committee on employment to generate jobs. Instead, participants recognized the necessity of overseas employment as an alternative to the diminishing employment opportunities in the domestic front and proposed the adoption of stricter rules to ensure the welfare of overseas workers.

Thus, the issue of employment in the 1992 NTC was confined and limited to a specific group of workers, i.e. migrant workers. The concern was also specific – the protection and welfare of overseas labor.

Only towards the middle of the decade did key players in the industrial relations arena appear to have assumed a more aggressive role on the issue of employment generation. During this time, unions have started to lobby for investments that will absorb the growing number of unemployed in the country.

Thus, in the 1993 meeting of the Tripartite Technical Committee on Structural Adjustments, labor groups have successfully included greater employment content in investments among the endorsed economic policies. The following year, this was unanimously endorsed in the NTC along with calls for greater and more efficient public expenditures on social services and countryside industrial development.

What is evident in this development was a growing tendency among labor and employer groups to influence economic policy making and re-direct employment generation strategies congruent to their own individual interests. In the case of employer groups, the inclusion of small and medium enterprises development as a strategic employment-related program in the countryside fell directly in consonance with the small-time capitalists lobby for expanded access to finance and other capital resources. For labor, this also meant more jobs in the countryside and in areas where the absorptive capacity of the agricultural sector has waned.

By 1996, the resolve to address unemployment concentrated on enhancing labor mobility to facilitate their transfer from less productive and labor-shedding industries to upstart industries with specific manpower requirements. Again, this remained consistent with

the changing interpretation accorded by labor on the concept of job security which, according to one labor representative, now included the assurance of work after retrenchment or job dislocation. This also ran parallel with employers' demands for more mobile workers and less restrictive and rigid employment structures.

This convergence reached in the interpretation of the unemployment problem paved the way for the endorsement of placement programs and the subsequent implementation of its component programs. These were: (1) the establishment of a labor market information system; (2) the expansion of Public Employment Services (PESO) operations and the creation of satellite offices in strategic areas; and (3) permanent manpower pooling programs/job fairs within industries.

Concomitant with their employment generation and facilitation thrust, the key players similarly began to expand employment to include entrepreneurial activities and jobs outside the formal employment sphere. Under this new perspective, safety net programs that create jobs were imputed within the employment agenda.

The 1994 NTC validates a new approach with which tripartism attempted to resolve the unemployment and underemployment problem. In this conference, safety net programs such as the grant of loan; training and retraining programs; employment, alternative livelihood and self-employment programs; and the revitalization of the Social Amelioration Program for sugar workers and other laborers were consensually endorsed to cushion the dislocations created under the wide-scale economic restructuring.

In hindsight, it would appear that the dramatic shift in tripartite outlook on the unemployment and underemployment problem took effect in mid-1990s. By 1998, the tripartite mechanism has fully internalized the need to address un and under-employment concerns that in the National Employment Conference during that year, each key actor has declared accountability in the document entitled the Commitment to Action For Employment (COME-ACT). In such document, the schema drafted to spur employment essentially reiterated the programs identified in previous meetings.

In general, programs endorsed under tripartism to combat un- and under-employment articulate a more realistic and operational understanding on the part of the social actors of the evolving socio economic system. For instance, calls for public expenditure on technical and vocational education indicate a growing awareness on the part

of labor of the need to temper demands with the reality of limited government resources. Similarly, the recognition of the pivotal role of SMEs in employment generation as manifested in demands for enhanced access by this sector to technology and finance suggest that tripartism has engendered among its participants a more sophisticated and focused interpretation of the nuances of the market.

However, responses to the challenges of un- and under-employment appear to have glossed over more specific concerns. For instance, the declining employment capacity of the agricultural sector has remained outside the tripartite agenda. This is quite unsettling given the dependence of the majority of Filipino households in agriculture-based work. Similarly, the plight of women workers who are most vulnerable to the threat of un- and under-employment has not been sufficiently addressed.

Finally, documents that detail the accountability of each key player in spurring employment glaringly confirms the predominantly reactive role assumed by both labor and employer groups relative to the government. In the COME-ACT document, for instance, the bulk of activity and responsibilities were assumed by the government and its agencies. This being so, there is great reason to believe that tripartite policy direction in the coming years relative to the unemployment problem will gravitate away from regular employment opportunities and more towards alternative employment designs such as self-employment and livelihood creation.

New Employment Arrangements

A new employment framework has been consensually endorsed by the key players in the industrial relations arena with regards to the evolving employment arrangements in the country. This framework, first presented in the National Tripartite Conference in December 1992, explicitly recognized the reality of subcontracting, a recognition that nevertheless fell short of accepting such flexible labor arrangements as legitimate or mainstream employment practices.

In the 1992 Tripartite meeting, consensus was reached to proceed with caution on the acceptance of new and flexible employment arrangements. Thus, calls for effective regulation, the agreement to set limits in the part-time full-time employee ratio and the consensus on the need to define the meaning of promotion vis a vis sales and merchandising for the purpose of determining the status, privileges and obligations of both worker and principal contractor

were aired. Agreements to enact remedial legislation in the long term to clarify and strengthen existing laws and regulations and judicial decisions with particular reference to the protection and welfare of sub-contracted and part time workers was also included as part of efforts to proceed slowly with the new employment arrangements.

In the following years, contracting and subcontracting have become perennial issues in the tripartite agenda. The marked contrast in the position of labor and employer groups regarding these issues necessitated continued dialogues to ensure a mutually acceptable arrangement that would reduce the oppressive and exploitative features of labor flexibilization.

Employer groups led by ECOP have actively pushed for the legitimation of such flexible employment schemes while the government, in specific pronouncements, has conceded that contracting and subcontracting and other flexible employment arrangements were instrumental in creating jobs. In this environment, labor groups have remained mildly resistant but ready to compromise.

By 1996, extensive consultations on the drafting of rules and regulations regarding contracting and subcontracting were carried out. In general, labor groups have negotiated the setting of limits to permissible modes of flexible employment and of restrictive standards and criteria for those wanting to be contractors. On the other hand, employer groups lobbied for less regulation and instead proposed education programs for contractors to ensure fair employment practices.

On Wages and Productivity

Despite the key theme of deregulation in the 1990s, the long established commitment to seek consensus over issues of wages and productivity bargaining has been reinforced by the tripartite actors. The wage determination process promoted by the social partners presumably takes into account the following:

- a. existing regional disparities in the cost of living;
- b. encouragement of the role of trade unions in wage determination at the enterprise level through collective bargaining;
- c. the setting of safety net protection against low wages through a tripartite consensus by the regional tripartite wage and productivity boards;
- d. the use of flexible methods of wage regulation such as collective bargaining in the organized sector and employer-employee

negotiations in the unorganized;

e. wages productivity linkages and their application in the wage decision making process; and

f. an adequate provision of social services, among others, on education, health and housing to complement sound fiscal and economic policies.

The process of wage determination accepted and employed by the tripartite actors required a program of equity as a criterion in resolving wage issues. Concomitantly, the state under tripartism was expected to assume greater responsibility in the assignment of income in terms of more goods and services. Understandably, in the 1990 and 1994 tripartite agreements, these two themes were given greater emphasis. Consensus was reached on the need to overhaul the tax system through improved tax collection efforts, the reduction of the budget deficit, a social security system that is more responsive to workers needs and an immediate review of all macro-economic policies that affect incomes, prices and employment. Specific to non-wage incomes, issues centered on the tax exemption ceilings, operation of provident funds, productivity and gain sharing schemes, stock ownership programs and cooperatives. When labor demanded for wage adjustments, the response on the part of employers was that it should be productivity based and location specific.

Apart from wages, the focus of the 1992 conference was on tax relief. An agreement was made to submit to competent authority, including Congress, proposals for tax exemption of employee benefits such as cost of living allowances, retirement, separation, whether voluntary or involuntary, bonuses and other forms of benefits. As a reaction to the need to improve the incomes of workers both in the public and private sectors, the employer sector proposed to submit the issue to the regional tripartite wages and productivity boards taking into consideration the viability of the enterprises, productivity levels, unemployment and global competitiveness.

Precisely what range of an incomes policy is appropriate has always been a matter of dispute. Equitable and efficient policies on employment, wage and non-wage determination, social security and inflation, raise two common issues for the successful development and implementation of a coordinated tripartite policy agreement on wages. The first is how such an agreement is to be developed. The second is the issue of how to implement the policy. These two questions were at the forefront of the 1996 and 1997 tripartite conferences as indicated on the agreed consensus points.

The 1996 national tripartite conference's stated commitment was a significant change from the previous government policy of the salary ceiling approach and instead adopted the safety net concept on minimum wage fixing and other alternative approaches to wage determination. The conference was also instrumental in the adoption of the mechanism by which wage and productivity issues are linked as an alternative approach to wage fixing. Under this schema, tripartism began to provide enough space for businesses to explore strategies for augmenting workers income through a flexible wage system based on performance or productivity of the firm.

The solution to wage adjustment problems primarily in terms of market responses was the dominant focus in the 1997 national tripartite conference. Essentially, the following agreements were reached during the conference:

- 1) Limiting classification of minimum wage rates to non-agriculture and agriculture;
- 2) Concept of minimum wage fixing;
- 3) Validity of the policy that a wage order cannot be disturbed within a 12 month period;
- 4) Need to simplify criteria for wage determination;
- 5) Need to operationalize the constitutional provision for a living wage;
- 6) Need to strengthen enforcement of mandated wages;
- 7) Need to explore other non-wage measures and benefits to increase the workers net take home pay in line with the total incomes policy;
- 8) Need to explore other wage systems such as productivity based or performance based wages to address concerns of workers receiving above the minimum wage;
- 9) Need to address gaps in DOLE policies particularly on the applicable wage rates for employers of job or service contractors with head office in the National Capital Region (NCR), if such employees are assigned to principals or clients outside NCR;
- 10) Voting rights of government representatives (National Economic Development Authority and DTI) in regional boards; and
- 11) Need to ensure security of tenure and proper wages for workers under a sub-contracting/labor only contracting scheme.

In the light of the subsequent drive for a flexible wage system, a more extensive program on employees compensation benefits, social security and health care as well as productivity improvement and gain sharing was called for. A national action agenda on productivity recommended the inclusion of productivity and quality

modules in the TESDA curricula for skills training, retraining and upgrading and the development and promotion of gain sharing modules by the National Wages and Productivity Council (NWPC). As a comprehensive strategy for productivity improvement to further strengthen the competitiveness of the economy, the NWPC launched in May 1998 a pledge of support for the ISTIV (Industrious, Time Conscious, Innovative and Strong Work Values) Productivity Awareness Program. The tripartite partners accepted higher productivity as a shared goal and responsibility and committed themselves to promote productivity improvement and quality awareness.

Tripartism raised the expectation that it could start the process towards the elimination of low pay by establishing a system of regulation such as the minimum wage concept to provide a certain level of protection. There were also concerns for other income guarantees and employment rights that could provide the basis for a gradual and evolutionary move towards a comprehensive social policy to complement its macroeconomic and industrial strategies of employment creation. With the increase in the utilization of less secure forms of employment, such as subcontracting and outwork, attempts to link more closely both the individual and corporate performance have promoted a shift towards further fragmentation in the labor sector where wage struggles are effectively confined between different groups of workers rather than between workers and employers. The more workers and their unions are oriented toward meeting their own immediate interests rather than oriented toward the larger sectoral -oriented objectives, the greater the tendency toward leapfrogging wage claims as evidenced by the 688 minimum wage rates. It has been observed that this has not only led to administrative and operational problems on the part of DOLE but also has muddled understanding among employers and labor.

Three issues stand out from the 1997 conference. First, the need to enhance the level of productivity appreciation among workers and employers. Second, the clarification of the role and capacities of the various institutions engaged in productivity promotion. Third, an incentive program to establishments for them to adopt productivity improvement and gain sharing programs. These concerns run parallel to those raised in 1996 where the conference basically addressed the need to balance the drive to industrialization on the one hand and the social needs of workers on the other and the provision of capacity building measures that will promote entrepreneurship of workers in the informal sector.

On Industrial Relations

The intensification of industrial conflict was expected to characterize industrial relations in the Philippines following the restructuring of the economy and its anticipated economic dislocations. Fears of labor militancy especially in the light of continued attacks on job security were reflected in conferences and discussions among employer groups. Labor unrest following retrenchments and dismissals, depressed wages and reduced purchasing power of workers were similarly anticipated.

Cognizant that voluntary labor participation in policy making and standard setting is crucial to the preservation of industrial peace, both the government and employer sectors generously accommodated labor demands for political enfranchisement. In the 1990 NTC, calls for increased representation in Congress and in local legislative bodies were accepted and endorsed by employers. The government, for its part, enacted orders that secured labor representatives' seats in the Sangguniang Panlalawigan and Panlungsod.

Subsequently, the enfranchisement of labor in the political arena expanded that sectoral representation soon became a common arrangement in various policy-formulating bodies. Labor and employer groups were accorded representation in such government institutions such as GSIS, SSS, NEDA, POEA, among others. Apart from this, new tripartite institutions have been created to formalize the consultative, monitoring and support mechanism forged by the social players. The most prominent of these is the Tripartite Industrial Peace Council (TIPC).

Established in 1990, the TIPC was basically charged with a two-pronged function. First, it was tasked to monitor the commitment of labor and employer groups to the 1986 Code of Industrial Harmony and the 1987 Industrial Peace Accord. Secondly, it assumed the promotion and establishment of labor-management cooperation programs to prevent, minimize and resolve industrial conflict at the earliest possible time. Through time, however, the TIPC mandate was reviewed and consequently expanded that by 1996, it became a consultative venue where controversial industrial issues were debated. It also evolved to become an umbrella organization of all tripartite advisory bodies for the purpose of policy development.

The TIPC structure was an ideal model not only for its po-

tential to enhance consensus formation but more fundamentally, for its confidence-building features. Within this set-up, policy-making was theoretically the product of accommodation and compromise between labor and employer interests under the guidance of the state. In this sense, its outcome is supposed to encompass the common good and would therefore encounter, at least in its theoretical formulation, the least social resistance.

Given its assumptions and the positive social implications these were foreseen to effect, the TIPC model was replicated at the local level. Industry Tripartite Peace Councils (ITPCs) were created. These ITPCs, at least at the time of their creation, were envisioned to ensure industrial harmony at the industry level. It was also expected to promote transparency and egress.

Aside from the TIPC and ITPCs, wage councils have similarly become tripartite in structure. Regional Tripartite Wage and Productivity Councils are the locus of negotiations for wage setting at the regional level. The sensitive nature of wage setting at the regional level makes it imperative for labor and employer groups to participate in this process.

Conflict resolution and the Legal Recourse

The political enfranchisement of labor and the subsequent creation of tripartite institutions suggested a clear direction towards a legalistic and at the same time consensual framework of anticipating and resolving industrial conflict. Evidence of this are the many resolutions and agreements that declare not only the tripartite actors' confidence in the law but more importantly, their resolve to participate in the law-making process.

Various agreements at the national level have been concluded that called for clear and definite legal procedures on a host of activities related to industrial relations. In the 1996 NTC for instance, participants equated conflict minimization with stricter implementation of labor laws. In the succeeding year, sectoral players reiterated the need to improve the legal mechanisms for conflict prevention and dispute settlement to enhance industrial harmony.

Perhaps the most convincing illustration of a renewed confidence in the law as the arbiter of conflicting sectoral interests in the industrial relations arena is the inversely proportionate cases of strikes/lockouts on the one hand and the number of arbitration cases on the other.

The renewed confidence in the law as a final recourse in times of industrial conflict creates a new layer of engagement for the key players in industrial relations. Here, the state assumes the important role of enforcing the provisions of the law to protect both labor and employer interests. For its part, labor is increasingly strengthening its lobby for greater legal protection as evidenced by continuous calls for review of labor laws as well as the reformulation of perceived disadvantageous and discriminative legal clauses. Aside from this, labor similarly vouches for a higher level of consciousness among its ranks specifically with regards to the issue of rights and duties in order to secure their interests. The calls for a much strengthened industry unionism to lessen unfair labor practices and the review of Department Orders, e.g., D.O. No. 10 on Subcontracting, among others, are illustrative examples of how labor acts in this level of engagement. Meanwhile, the involvement of employer groups is similarly manifest in their attempt to influence the law-making process.

At the lower levels of this engagement, conflict resolution is transformed from its tripartite structure to a more or less bipartite set-up. Here, private individuals are increasingly assuming a more significant role in bipartite attempts at resolving industrial conflict following the shift in policy from compulsory to voluntary arbitration. The structure becomes tripartite only in specific cases where parties to conflict include so called 'national interest' industries where the Department of Labor and Employment at once assumes jurisdiction of the case.

LMCs and CBAs

Much like the conflict resolution structure at the lower levels of engagement, the conflict prevention mechanism especially at the plant level is basically bipartite. Here, labor and employers are the key actors and less state interference is the norm.

In this level of engagement, state intervention is confined to the introduction of labor-management cooperation (LMC) programs in various plant settings. These programs principally aim to enhance the interdependence between labor and management, promote transparency, enlarge areas of egress and convergence, and provide avenues for greater labor-management consultations on matters related to employment and work.

Because of the historically antagonistic postures assumed by both labor and management, the acceptance of LMC programs has

met significant opposition from both sectors. Labor groups have been critical of LMC because of perceived threats to labor organization. The dominant belief is that LMC facilitates the cooptation of labor, especially unorganized employees. Ironically, management is similarly wary of LMC because of its potential as a breeding ground for unionism.

Amidst this environment critical of LMCs, a significant number of these programs have actually materialized. These are in fact touted as 'success stories'. In essence, the best practice LMCs commonly cited did not supplant unions and basically concentrated on plant and industry-level issues outside of the Collective Bargaining Agreements (CBA).

Tripartite Direction and State Intervention

Tripartite policy directions through time show a marked consistency with the macro-economic trajectories and political aspirations adopted by the state. Thus, specific regimes bring about unique core objectives for tripartism to achieve. In the 1990s, two such regimes manifesting marked contrasts in policy objectives are worth noting: the Aquino regime and the Ramos administration.

A close look at the content of tripartite policy directions under the Aquino and Ramos administrations reveals two broad sets of intentions.

During the Aquino regime, the achievement of industrial peace for national development became a core policy as evidenced by the many conferences called for during this period which in general explored new mechanisms that could ensure industrial harmony. In such conferences, two specific strategies emerged which came to operationalize the tripartite policy during this time. First of these is the transplantation of democracy from the larger socio-political context into the more specific industrial relations system. Under the Marcos regime, the centralization of decision-making powers to certain labor and employer groups raised doubts concerning the representativeness of the tripartite set-up in the country. In this light, the re-democratization of the industrial relations system became quite expedient upon the succession by the Aquino government. Without this, the propagation of industrial peace could not have been initiated.

The track pursued by the Aquino administration towards this end was twofold. One, it recognized previously disenfranchised la-

bor groups and courted their participation in the National Tripartite Conferences and other tripartite symposia. Two, it widened the ambit of labor influence in policymaking process through the appointment of additional labor representatives to Congress and in other policy making institutions.

Unfortunately, the eventual withdrawal of participation by certain labor groups in the formal tripartite set-up following widespread disagreements with fellow labor representatives as well as with other tripartite actors over controversial issues raised doubts concerning the success of the re-democratization agenda in the industrial relations system during this period.

Concomitant with the re-democratization of the country's industrial relations system, the establishment of institutional modes of cooperation between and among labor, employer and government institutions emerged as the second strategy employed in pursuit of industrial peace. Such modes of cooperation include formal bodies constituted at the national and industry levels to resolve specific issues and cases as well as informal channels such as labor education programs consensually formulated and implemented by the tripartite actors with the end purpose of achieving industrial harmony.

The formation of new tripartite institutions manifest the sensitivity of the government to popular calls for guaranteed access to the policy process and the enfranchisement of labor and employee groups along with other sectors following the widening of the political space for the many actors in society. The creation of the Tripartite Industrial Peace Council (TIPC) is illustrative of the growing openness of the political system as well as the sensitivity of the Aquino administration to popular interests. Its establishment through the issuance of an executive order and the subsequent appointment of its initial members – all former members of the 1988 Tripartite Review Committee – was a direct result of an agreement forged by the tripartite actors in the 1990 National Tripartite Conference which called for precisely such institution formation.

In contrast to the Aquino regime's enunciated policy of ensuring industrial peace through the creation of linkages connecting the key players in the industrial relations arena, the Ramos administration propelled the emergence of a new agenda for the tripartite actors. Broadly defined and subsumed under the abstract label of 'empowerment', the agenda during this period sought to address particular economic and industrial issues.

To be sure, the Ramos government reiterated the re-democratization policy of the previous administration as evidenced by the first National Tripartite Conference held in the regime which basically echoed the intent of the 1990 conference. Later in the period, however, a shift in policy transpired and the formation of tripartite channels of cooperation became a mere instrument in the formulation of viable economic and industrial policies and programs in response to the requirements of economic restructuring.

The divergence in the policy directions pursued by the tripartite actors under the two administrations becomes clearer at the turn of the decade. The faster pace of economic reforms in the early to mid-1990s brought about important changes in the tripartite discussion agenda. By 1992, the issue of contracting out of labor surfaced as a talking point in the NTC, an indication that labor only contracting, while prohibited under existing regulations, is increasingly being practiced given the relative tolerance towards more flexible labor arrangements. In the same year, a conference sponsored by the Philippine Overseas Employment Agency (POEA) highlighted the issue of labor protection for migrant workers. A year later, the Social Pact for Empowered Economic Development (SPEED) conference tackled the need to improve the allocation of resources toward greater competitiveness and employment generation in the face of heightened state-initiated economic liberalization.

The attention accorded by the tripartite actors on these specific issues is indicative of the changes in the prioritization of industrial concerns. The enhancement of tripartite linkages as an end but more as a means of achieving politically viable solutions to the dislocations created by the newly emerging economic order. More importantly, the solutions to the emergent problems formulated under tripartism reinforced the interdependence between and among the social actors. Given the increasing tensions and conflict resulting from structural adjustment programs, the notions of empowerment and commitment started to serve as the key integrating elements in consensus building during this time.

Many illustrative examples support this observation. On the issue of labor contracting, for instance, the commitment by DOLE to monitor the activities of contractors and subcontractors and the aid pledged by both the labor and management sectors towards this end during the 1992 NTC exemplify a growing interdependence among the social actors. So does the establishment of the networking system with the industry NGOs, POs and the media resulting from the

POEA-sponsored Tripartite Conference on Migrant workers and the enactment of a social pact on job creation in the 1993 NTC.

While an observed divergence in policy is perceptible in the tripartite conferences spanning the two administrations, there is no denying that such conferences have always remained ideological in nature. In all of them, the state has come to play an activist role in asking labor and employers to modify their behavior for its perceived 'common good'.

With the advent of globalization and its ramifications, the Philippine state has been influential in modifying the perspective of tripartism in the country. Essentially an instrument of macro economic management, tripartism has now begun to confront issues and key elements of distribution, job creation and livelihood. Under globalization, distributional outcomes and the different guises in terms of property and labor relations to facilitate both flexibility and the sub contracting system have interacted with larger macro structures and processes. Needless to say, they now present themselves as urgent concerns and have therefore become 'legitimate' issues for tripartism to address. Fortunately, the mainstreaming of these issues has gained support from the state that they have now penetrated the tripartite agenda. The 1997 tripartite conference on Social Partnership: Strategy for Development in a Globalizing World which tackled the dynamic interplay of labor, wage and productivity issues on the one hand and labor and management participation and representation on the other serves to illustrate this point.

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