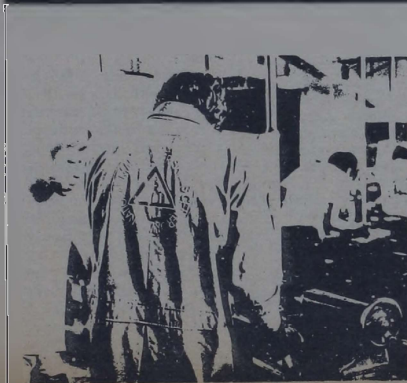


# social justice for Philippine labor



**T**HE employment strategy of the government is basic: reordering priorities to insure the increased absorption of the labor force into gainful economic activities. The thrust is to make employment one of the means by which the majority of the population can participate more substantially in the benefits of development. A corollary, although somewhat underemphasized, aspect of this strategy is to defuse the wise deployment of the country's single, most abundant resource—its labor force—so that it can help trigger off a much awaited economic take-off. Thus, employment is seen both as a natural distributive agent of the country's wealth and well-being and as a catalyst for more rapid growth.

The current government thrust centers on the distributive/egalizing character of employment. This is quite understandable considering that the country has been experiencing a recurring, almost institutional unemployment/underemployment problem. The February 1975 report of the NSO Survey of Households reveals, for example, that about \$14,300 or 3.6 percent of the country's 44,286-million labor force were openly unemployed during the period. This was an improvement over the yearly unemployment averages during the four-year period 1971-74. In 1971, the unemployment rate stood at 5.2 percent, increasing to an all time high 6.3 percent in 1972, going down to 4.9 percent in 1973 and steadying at 4.0 percent in 1974.

On the other hand, the same survey indicates that some 1.30 million employed workers (about 9.16 percent of the labor force) were working less than 40 hours a week and were openly looking for additional work. Again, this latest figure was an improvement over the underemployment average for the period 1971-74. The underemployment in 1971, for example, stood at 1,862 million or 14.4 percent of the labor force. This stood at 11.9 percent in 1972 and 1973 and dropped to 9.8 percent in 1974.

It is worth mentioning that aside from the burden of providing gainful employment to the yearly unemployed/underemployed carry-overs, the economy is likewise beset with the entrance annually of some 300,000-400,000 people into the labor market. Most of these are out-of-school youth at the age range of 10-19 years old.

The measures so far adopted to correct this unemployment/underemployment problem partake of a more active government intervention in the labor and capital markets. On the demand side, they call for

increased investment on the part of the private sector in labor-intensive export-oriented activities and expanded public expenditure in infrastructural projects to include industrial investments in the various sectors. On the supply side, these consist of measures to improve the quality of the labor force, encourage geographical movements to equalize wage rates, not to mention efforts to moderate the growth of the labor force (through such programs as family planning). The aggressive marketing of excess manpower to take advantage of the expanding overseas job market has also been instituted as a stop-gap measure to reduce the labor surplus.

## Basic Measures

**Expansion of Demand.** The employment strategy is two-pronged. To expand demand, the government allocates massive investments in irrigation, road construction and electrification in the rural sector to support the government's food production program and the development of rural-based manufacturing industries. About P10 billion were spent in 1974 for infrastructure development. This public commitment is expected to increase over the five-year plan period 1976-1980. Hopefully, the corresponding employment generation of such investments will alleviate unemployment/underemployment in the rural sector and enhance the area's economic attractiveness. It is estimated, for instance, that the present four-year irrigation program will bring under more intensive cultivation some half a million hectares of land, not to mention the additional jobs created for the construction works.

On the other hand, the labor-intensification of the construction of programmed roads and highways would mean an additional 16 million man-days while the flood control program can account for about 15 million man-days more.

With the expected completion of the roads/highways package, there would be greater mobility of goods and men as new major arterial routes and secondary link roads span the islands. The hinterlands will be opened up to greater economic participation.

Finally, it is noted that by 1980, about 75 percent of the country shall have been energized thus affording the rural areas greater opportunities for increased industrial production.

Complementing this infrastructure development are the government's land reform and "Masagana 99" programs which are geared to expand the capacity of the agricultural sector to create employment. The land reform program is an attempt to transfer 2.3 million hectares of agricultural lands (rice and corn) to over a million farmers. This program is an integrated service package which includes provision of credit and extension services, cooperatives and irrigation/road system.

Coupled with this massive agricultural thrust, the government is also encouraging the establishment of labor-intensive small and medium industries by extending a package of services to entrepreneurs and potential entrepreneurs in the rural areas. The government has set aside close to half a billion pesos under the management of the Development Bank of the Philippines for lending in the countryside. Furthermore, a Central Bank of the Philippines ruling stipulates that at least 25 percent of the private bank's loanable funds should be made available for the rural areas. These funds are in addition to the Industrial Guarantee Loan Fund (IGLF) which guarantees as much as 75 percent of the small entrepreneurs' borrowings from commercial, savings or rural banks.

This accessibility to credit is now being complemented with marketing and technical assistance by the Department of Industry through the Commission on Small and Medium Industries, MASICAP, and Small Business Advisory Centers (SBAC), and by the Department of Trade through its Trade Assistance Centers (TACs).

The government is also in the process of expanding its network of industrial estates with the near completion of the PHIVIDEC estate in Misamis Oriental. The first such estate, the EPZA, located in Marikina, Batangas, has absorbed some 15,000 workers in its first phase of operations. Similar projects in other regions are in the drawing boards.

Several integrated area development (IAD) projects are now underway, all designed to enhance the attractiveness of certain growth poles to induce industrial expansion and open up the hinterlands. Such projects as the Suba-Basin in Leyte, Bicol River Basin in Camarines, the Ilog-Hinabuan Project in Negros and the Candaba Swamps Rehabilitation are geared toward generating in place development in designated growth areas.

The government is also in the process of rationalizing the growth of the modern sector to favor the use of labor-intensive technologies and/or those projects with high growth/linkage potentials. Fiscal incentives and penalties are now being made to bear on the determination of priority projects. A clear manifestation of this policy is the BOT ruling to afford



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some tax incentives only to firms with imported fixed assets per worker ratio of \$6000. Projects failing to meet this criterion can only be given tax incentives if they generate substantial export earnings or are necessary activities in a priority sector.

The Board of Investments is also integrating sectoral activities to identify growth projects within sectors and problem areas from without. An example of this is the sub-contracting undertaking in garment manufacturing and the recent rationalization of the textile industry.

Another approach being undertaken is the generation of markets for unused industrial capacities and the redirecting of investments away from over-crowded industries.

A complementary measure is the presidential directive to locate all new manufacturing activities outside a 30-kilometer radius from the center of Metro Manila. This is designed to decongest the urban core and disperse industries and human settlements into new, environmentally desirable areas.

We also note that there is renewed export promotion and development thrust which may stimulate certain "leverage" rural-based linked activities into action. An example of this is the remarkable showing of shellcraft and craft-based exports such as abaca and banana which is attributable to aggressive marketing by the government and the private sectors. It is likewise expected that the effects of the ASEAN complementation schemes will soon spill over the country-side through linkage activities.

We also note that a guided foreign investments policy is now in operation to insure that the country derives the maximum benefits from such investments.

Finally, our skills trade is now being rationalized to maximize the benefits generated from the opening up of overseas labor markets. The Overseas Employment Development Board and the National Seaman Board were organized last year and mandated with considerable powers to explore markets for Philippine labor overseas and look after the conditions of employment of Filipinos working in foreign countries. The objective is not only to facilitate the discovery of job opportunities abroad but also to insure fair treatment for our fellowmen employed overseas. It goes without saying that our goal is to make the economy capable of absorbing the entire Philippine labor force within the not-too-distant future.

**A Modern Rural Sector.** The development of resource-based industries and the expansion of existing ones in the rural areas are expected to create direct employment and self-employment and should lead to the expansion of employment in the sectors. In fact, the multiplier effects of industrial investments on secondary and tertiary employment should be more significant than the direct employment that they will create. However, considerations on the selection of new industries to be set up will hinge on, first, the capacity of the industry to create new employment; and, second, the effects of a particular industry on employment in other industries whose output serve as input to the new industry.

**Adaptive Technology.** Some basic considerations may be observed in the use of adaptive and/or appropriate technology in the Philippines for increasing the demand for manpower. These are: (1) the appropriateness of this type of technology to the level of our country's development; (2) the assumption that there is the availability of indigenous technology in rural areas which may be improved to suit quality control requirements through the use of applied research; (3) the comparatively low cost of producing and maintaining the equipment and machinery of this type of technology; and (4) the comparative advantage of this type of technology over transfer of technology for the agricultural and small-scale industry sectors, doubtlessly having the largest potential capacity for employment.

Being a pioneering concern, there is much scope for improvement of policy areas and incentive schemes





for promoting the development and the acceptance of adaptive and/or appropriate technology as a strategy for increasing the demand for manpower.

**Development of Agriculture.** While diversified farming plays an important role in increasing farm productivity and in helping minimize unemployment in the rural areas, there will be other traditional activities that will help promote employment and further reduce underemployment. These will include the following: forestry, fishing, poultry raising, livestock production, dairy farming, and bee-keeping.

The export ban on logs should encourage greater domestic processing and use of forest resources. Locally processed wood and other forest products for export and local consumption should hold unlimited possibilities for opening up and expanding opportunities for the rural population. The fishing industry can likewise offer great opportunities for rural employment. Fishermen can be encouraged to employ more efficient methods in fishing, both offshore and inland. It would be necessary, however, to lay down firmly the technical and infrastructural requirements of developing these activities. Technical assistance, financial and credit support and marketing assistance will have to be provided for the purpose.

**Technical Services.** The provision of technical assistance, training and consultancy services is a very necessary factor in industrial dispersal and rural mobilization. Organized activities to provide such services should be timed with the provision of infrastructural, financial, credit and other inputs.

As a side benefit for people with higher levels of academic and technical background, the development of various technical services would offer a number of employment opportunities for them. Consultants on development projects, feasibility studies, and management of small business enterprises may prove to be a source of new employment.

**Recycling Investments.** The expansion of investment in the rural areas by the private sector by reinvesting certain percentages of their profits before tax should help accelerate the flow of investment to the areas. This scheme will complement the government's other incentive programs for the dispersal of industries to the rural areas.

**Export Substitution.** The high cost of necessary imported materials becomes a compelling reason for the Philippine government to intensify the production of export-oriented products. More domestic processing will be called for to generate employment opportunities, curb inflationary forces and earn more foreign exchange to cover import costs. As a complementary measure, the government is encouraging more foreign investment in priority areas and open up new incentives for development.

**Regional Specialization.** ASEAN regional complementation by way of specialization should be an added boost in the country's drive to generate income and employment. Some regions should have some advantage over another in terms of available resources, manpower and even in geographic location. Areas of specialization will have to be pinpointed and efforts to develop these will be warranted.

#### Restructuring Labor Supply

**T**HE second prong of the employment strategy is the restructuring of the labor supply to increase those skills in rising demand and moderating those that are becoming redundant to the development process. The scheme includes provision of employable skills to the unskilled and upgrading/re-directing the skills of those with insufficient training.

This restructuring is being undertaken through the educational system and through the integrated training program of the government and the private sector. The educational system is being reoriented to contribute its fullest toward the achievement of national development goals. Training programs, on the other hand, are being strengthened and expanded to accommodate the needs of industry and the various regions.

Corollary to this educational restructuring is the integrated human resources development program undertaken by government which includes, among others, the construction of prototype training schemes, training of instructors, setting up pilot training centers and provision of accelerated training schemes to marginal workers. The National Manpower and Youth Council (NMYC), the principal government agency for nonformal training, is now re-organized to provide training and research assistance to small and medium industries in the rural areas.

The NMYC is also in the process of organizing industry boards to systematically carry out manpower training programs within the various industry groups through the initiative and collaboration of member enterprises.

To achieve the same objective, corporations are being induced to initiate and administer training programs through the provision of tax incentives for cooperating firms.

The government has also established a network of public employment offices to facilitate the match-

ing of jobs and men. These employment offices shall serve as monitoring stations for needed employment information, i.e., trends of employment in the regions, the composition of manpower skills, prevailing wage rates, the needs for manpower training and such other important planning data.

With such a centralized system of employment, information regarding availabilities, maximum manpower utilization, facilitation of geographical mobility and reduction of recruitment/placement cost for workers and firms can be realized.

Finally, we note that a sound labor-relations system has been established to ensure industrial peace and expeditious labor justice thus enhancing production and indirectly inducing added investments.

**Manpower Planning.** Manpower planning should be able to help ensure adequate numbers of competent persons in particular occupations at given times, consistent with and related to the overall development thrust. A careful assessment of the current manpower and employment situation and the forecasting of required manpower in the future should aid in this activity. It is also highly desirable that the manpower plan should be prepared at the time that the output plan is being prepared so they affect each other. A major component of this activity is a continuing inventory of our manpower resources by region and by skills, and the definition of the appropriate production models to skillfully employ them.

**Skills Incentives.** Rationalization of the skills/wage structure by giving some form of incentives to scarce and critical skills should be considered. The contribution of the scarce skilled worker to the value of production has not been fully appreciated or analyzed. A strategy may be called for to correct some miscalculation and attitudes and reflect the true value of critically needed skills.

**Skills Dispersal.** Deliberate dispersal of skills should be effected to discourage the concentration of skilled labor in certain regions/industrial sectors. This can be done by, among others: 1) establishing skills training centers in the regions; 2) instituting mobile training centers; 3) determining skills most needed by particular industrial sectors; 4) restructuring wages in specific regions/industries to attract skilled labor to work in these areas; and 5) accelerating the delivery of the needed physical/social services infrastructure in the countryside.

**Dispersal of Institutions.** To improve the quality of labor in the regions, some form of incentives should be given to educational institutions located outside the Greater Manila Area. This strategy, likewise, calls for regulating the proliferation of schools and colleges in the metropolis and for regulating school offerings based on regional needs. Another would be to provide high salaries to attract competent personnel to teach in the regions.

**Accreditation Scheme.** The implementation of accreditation schemes should be hastened. Special tax treatment should be increasingly applied only to accredited schools.

**Cooperative Training.** A cooperative training program that will provide closer school-industry coordination in undertaking vocational educational activities should be instituted. This will also help assure the immediate placement of trainees.

**Study-New, Pay-Later.** The scheme, which is competitive in nature, is conceived to help poor but deserving students to pursue technical or higher education. This scheme subsidizes a student in training or in school, who in turn pays for the cost of training upon employment. The dispersal of educational institutions and the implementation of a cooperative training program providing for a closer school-industry coordination should complement this effort. Besides being a scholarship program, the scheme seeks to influence the educational decisions of participants to direct them to needed professions.

#### Development Impact

**A**S has been said, this employment strategy has direct implications to development strategy. In making possible the mobilization of a larger portion of the labor force in gainful activities by its stimulation of investments and other components of demand, and in raising the productivity of a progressively expanding portion of the labor force through manpower training schemes, in facilitating the matching of men and jobs through placement programs and, finally, in establishing industrial peace through expeditious labor justice, this employment strategy not only achieves some of society's pressing income distribution objectives but also fulfills the goals of overall development strategy. The employment of more persons permits the acceleration of production, the more rapid increase of GNP, and the accrual to workers, who constitute the vast majority of our countrymen, of income with which they can enjoy the benefits of development.

The strategy is producing desirable results. It can produce even more beneficial results in the future as it becomes more elaborate and more complete in response to, and in reflection of, positive suggestions and demands of our people. □

