## AN ASSESSMENT OF LABOR AND EMPLOYMENT POLICIES IN THE PHILIPPINES, 1986-1988

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# AN ASSESSMENT OF LABOR AND EMPLOYMENT POLICIES IN THE PHILIPPINES, 1986-1988\*

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#### I. BACKGROUND

of the most glaring evidences of the deteriorating economic conditions of the Philippine economy during the first half of the decade was the significant deterioration of conditions in the labor market. The period was marked by rising unemployment and underemployment rates as well intensification of labor unrest. For example, unemployment and underemployment soared to alarming levels of 12.5 percent 37.9 percent in 1985, respectively. Likewise, the incidence of strikes increased by 82 percent and 32 percent in 1984 and 1985, respectively, and the major sources of conflict had to do with unfair labor practices committed by employers ranging from illegal dismissals especially of union officials to violation of labor standards and collective bargaining agreements especially on matters of wages and other benefits. This condition in labor relations was very much reflective of the repressive nature of our labor laws in the past and the subsequent abuses these laws permitted to be committed.

The ascendancy of the Aquino leadership in February 1986 ushered in a period of reforms and the labor sector was immediately a target for big changes. Conditions in the labor

<sup>\*</sup>This is Chapter VIII of a larger study which reviews the Performance of the Aquino Government in Selected Policy Areas from 1986-1988.

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sector that time were seriously unstable and there was widespread dissention over major aspects of how workers' activities should be handled. Efforts to restore the workers' confidence in the government's concern for their welfare had to be clearly and immediately instituted. The first Labor Day speech of President Aquino on May 1, 1986 did express the government's overriding concern over the attainment of a climate of industrial peace based on justice and the improvement of the economic well-being of all the workers in the country. A series of policy pronouncements and directives was issued, mostly related to labor relations issues. The succeeding Labor Day speeches of the President followed a similar format - they all carried policy messages addressing specific issues of immediate and paramount concern to labor.

The Medium-Term Development Plan of the country which subsequently came out in 1987 articulated the government's overall policy direction for the labor sector. Specifically, the promotion of employment through the utilization of more techniques in all productive sectors, particularly construction, is emphasized. This is to be pursued to allow unemployment and underemployment to continuously decline from a target of 10.6 percent in 1987 to 4.9 percent in 1992, and 33.0 percent to 23.7 percent, respectively. Likewise, the government is committed to provide the means for labor to receive its fair in the fruits of production and for capital to get reasonable return on investments. This will be carried out through the promotion of collective bargaining as the principal mode for setting wages and other terms and conditions Further, labor's bargaining position relative employment. management shall be strengthened through the quarantee of their right to self-organization, to free collective bargaining, and to undertake concerted actions, including the right to strike, in accordance with the law; the provision of labor education and training to both labor and management regarding their duties responsibilities not only to each other but also to government and nation; and access to timely and accurate information. 1/ Further, the government adheres to a policy nonintervention in wage setting in the private sector with the being an important part of collective bargaining latter However, whether these pronouncements and policy negotiations. directions have indeed been translated into concrete actions or programs, and to what extent they answer the needs of the working masses are other matters which will be addressed in this paper.

NEDA (1987), Medium-Term Philippine Development Plan, 1987-1992.

This paper is an attempt to look at the labor and employment policies of the Aquino government from 1986 to 1988 and possibly assess their impacts on the following major areas:

- 1. employment promotion
- 2. wages, salaries and other forms of compensation
- labor relations
- 4. labor standards and workers' welfare
- 5. overseas employment

In addition, an attempt to assess the direction of future labor and employment policies will be made by looking at the relevant bills filed in both houses of Congress. Finally, we will try to identify some other areas which are in need of further reforms.

This paper is organized following the major areas mentioned above. Each section will uniformly include the policy pronouncements/directives made relevant to the area of concern and the actions taken, policy directions and problems of implementation, and quantitative and/or qualitative impacts of the policies.

#### II. AREAS OF CONCERN

## A. Employment Creation and Promotion

Two vital documents of the Philippines provide the general policy setting for the labor sector. These include the Philippine Constitution, which was overwhelmingly ratified 1987 and the Medium-Term Development Plan which was formally approved and implemented in 1987. The Constitution explicitly recognizes labor as a primary social economic force (Article II, Further, the State is mandated to afford full Section 8). labor, local and overseas, organized to protection and promote full employment and equality unorganized, employment opportunities for all (Article XIII, Section paragraph 1). Similarly, recognizing the urgency of unemployment and underemployment problems of the country which subsequently contribute to a more severe poverty situation, the government adopted a medium-term development plan which is geared towards attainment of the following major goals: alleviation of poverty, generation of more productive employment, promotion of equity and social justice, and the attainment of sustainable growth. The creation of productive opportunities is viewed the key factor in poverty reduction and the principal springboard in the social transformation of the poor. Employment creation

and promotion then is a principal concern of the government and appears to be the underlying theme for the general development efforts of the government. Productive jobs will not only be provided to those who are presently unemployed and underemployed but also to the growing number of new entrants to the labor force which is estimated to be about 750,000 per year.

Under the new leadership, productive employment opportunities are created by pursuing a demand-led employment-oriented and rural-based strategy. Rural-based small and medium enterprises particularly in the manufacturing industries are encouraged and given assistance, while labor-based methods or technologies are adopted in government construction activities.

A major program launched by the government in July 1986 was comprehensive employment generation program called Community Employment and Development Program (CEDP). Aimed to generate one million jobs in the countryside by the end of the CEDP was expected to ease the unemployment problem especially among the rural poor. Its target beneficiaries were, therefore, the unemployed, the underemployed and the poor. As a pumppriming activity, it was envisioned to increase the purchasing power of the people in the rural areas through income from productive employment and thereby contribute to economic recovery in the short-run. The major activities included in the program basically small-scale, labor-intensive infrastructure projects such as the construction of feeder roads, communal irrigation systems, school buildings and rural water supply. Other labor-intensive development projects such as reforestation. seed production and distribution of planting materials were included under the program. The program was to be implemented on nationwide basis and involved twelve (12) major government agencies during its first year of implementation. 2/

Aside from CEDP, the government has put into action other measures to create jobs by launching the following programs:

1. National Reconciliation and Development Program (NRDP). This is an umbrella program established to coordinate and integrate the programs, projects and other efforts of all government and non-government organizations towards national reconciliation. Composed of two major components namely,

These agencies included the following: Department of Agriculture (DA), Department of Agrarian Reform (DAR), Department of Environment and Natural Resources (DENR), Department of Social Welfare and Development (DSWD), Department of Public Works and Highways (DPWH), Department of Transportation and Communication (DOTC), Department of Trade and Industry (DTI), Department of Health (DOH), Department of Justice (DOJ), Office of Muslim Affairs (OMACC) and the Department of Local Government (DLG).

national reconciliation and countryside development, the program hopes to eradicate the roots of rebellion and facilitate the returnees' rejoining the mainstream of society in a peaceful and productive life. Major government agencies, in coordination with the inter-agency-based reconciliation and development councils, provide the necessary legal, technical, financial and educational assistance to rebel returnees to enable them to engage in economic activities by finding productive employment or becoming self-employed. Local jobs are provided through the CEDP projects while the processing of overseas job applications are facilitated by POEA through its decentralized procedures.

The program's target is to reach out to the 15,291 insurgency affected barangays of the country and to facilitate the return of at least 5,000 of the regular armed members of the insurgency movement.

- 2. Urban Livelihood Financing Program (ULFP). This program promotes small- and medium-scale enterprises and aims to create employment opportunities in depressed urban communities of Metro Manila. Low-income individual entrepreneurs or group borrowers are given financial assistance in the form of equity loans and grants.
- 3. Tulong sa Tao (TST) Employment Creation Program. This program which operates under the auspices of the Bureau of Small and Medium Industries of the Department of Trade and Industry (BSMI-DTI) and accredited financial institutions is designed to increase employment opportunities and income in the rural areas. The program includes the following components:
- a. The <u>Self-Employment Loan Assistance</u> which provides financial and technical assistance to micro entrepreneurs, government retirees, and ex-detainees to expand or start livelihood projects; and
- b. Expansion of the Subcontracting Program which gives assistance to potential contractors and subcontractors on machinery acquisition or transaction financing; and
- 4. Movement for People's Livelihood and Welfare (MPLW) Program. The program aims to promote livelihood or self-employment opportunities in the rural areas.
- 5. Self-Employment and Entrepreneurial Development (SEED) Program. This program trains the unemployed and idle families of overseas workers for self-employment and entrepreneurship.

While the first two Labor Day speeches of the President concentrated mostly on labor relations and standards issues, the 1988 Labor Day speech explicitly expressed concern over employment generation. Specifically, the President directed the Department of Labor and Employment (DOLE) to monitor the various

employment programs and, with the National Economic and Development Authority (NEDA) and the Department of Trade and Industry (DTI), to render periodic reports to the Cabinet. In response to this policy directive, the DOLE created an interagency committee on employment programs monitoring (IAC-EPM). It took some time though before an employment monitoring unit was finally set up at DOLE in early 1989.

also directed On the same occasion, the President the Department of Public Works and Highways (DPWH) and infrastructure agencies like the Department of Local Government (DLG), Department of Transportation and Communications (DOTC) and National Irrigation Administration (NIA) to adopt labor-intensive methods in their various infrastructure programs in order to ease the unemployment problem. Executive Order No. 336, which, among others, effects the establishment of labor-based units in infrastructure agencies of the Government, was issued for this purpose and took effect on September 13, 1988. The EO aims to improve the existing systems and procedures and strengthen the institutional capabilities of government infrastructure agencies effectively and efficiently undertake projects utilizing The labor-based units of the agencies labor-based methods. concerned are supposed to identify suitable labor-based methods of construction or maintenance while the heads of these agencies jointly or individually issue guidelines for the programming of these labor-based projects. Other agencies are to provide support to the programs: the Department of Budget and Management - facilitates the release of funds for labor-based projects; the NEDA - assists in monitoring and promotion of labor-based projects; and the DOLE - assists in recruitment and training of manpower for employment in labor-based projects.

Evidently, there were concrete efforts to increase labor absorption through specific employment programs. However, while these programs have been put in place, their implementation has been fraught with problems. For example, the CEDP's initial implementation was delayed because of difficulties encountered particularly with slow funding/disbursement procedures. a result of this delay, the project has been extended until The project execution also suffered from irregularities and problems like the failure of some project contractors to comply with guidelines such as the 30 percent labor cost allocation requirement, widespread misreporting on the status of projects, substandard work, extension of work hours, absence of physical accomplishments (NEDA 1988). In some cases, local governments lacked the capacity to administer projects implementing failed to coordinate properly with the major Further, problems were encountered in aligning agencies. allocation of projects with poverty alleviation regional This may have been due to a combination of several priorities. such as the political influence exerted in getting allocation, some natural topographic conditions and in cases, the volatile peace and order condition. There were also

problems of political intervention in the selection of contractors, the hiring of workers and the realignment of projects.

The other employment programs also encountered similar problems especially those concerning the release of funds. Particularly, the release of loans to rebel returnees for surrendered firearms under the Firearms Loan Program (FLP) of the NRDP has always been very much delayed. This, in effect, did not allow more active participation in productive employment activities by returnees since they either did not have the funds or were in Manila following up their claims. The more serious effect of these delays is that by the time the money is released, it is too small to even allow a rebel returnee to start a small business since a large proportion of it has already been eaten up by "follow-up" expenses.

implementation of the NRDP is closely tied-up with the 12-month program on amnesty under Proclamation 138 which expired on February 29, 1988. Thus, an evaluation of the reconciliation component of the program would reveal that about 13,491 grants of amnesty have been issued as of February 29, 1988. Some of returnees are housed in DAR-developed Bayanihan Resettlement Communities where they are expected to engage in farm activities be employed in the construction and development of bayanihan centers and other small-scale infrastructure work. The FLP or BARIL (Bring a Rifle and Improve your Livelihood) program is also expected to provide the returnees sufficient resources to help them start their new lives by using their firearms as loan collaterals. BARIL offers cash loans, the amounts of which depend on the kind of firearms surrendered, and an additional entitlement of an equivalent amount "in-kind" consisting of farm or fishing equipment, whichever is applicable. As of February 1988, a total of \$3.796 M have been released under the program. Whether these funds have actually gone into livelihood activities and how much employment has been generated by this program be gauged directly as no data on beneficiaries available at present. However, there have been reports that a significant proportion of these loans did not actually go into livelihood activities, and that the "in-kind" loan components in fact traded for cash, with the knowledge and consent of the authorities and the equipment suppliers.

There are other components of the program which are directed to provide livelihood activities to these people like the Livestock Dispersal Program (Department of Agriculture) and the Financing Rebel Returnees Livelihood Assistance Program (Department of Trade and Industry) which provides loans to finance small scale businesses like sari-sari stores, tricycle operation, vegetable vending, bakery, basket dressmaking, tailoring and other related single proprietorship and income-generating activities. Again, unavailability of data on beneficiaries does not allow us to make statements on how much these programs have contributed to employment generation.

But some things have to be said about the whole NRDP For a huge program involving more or less the whole machinery of the government and getting about \$202,243 M appropriated for its activities for one calendar year (i.e., 1987), the accomplishments of the program pale significantly when viewed against its hugeness. The seemingly ambitious plans, including the complex structure of the organizational machinery of the program, seem to create more problems than facilitate implementation through more and better coordination among different departments involved. Interviews with some people involved in the implementation of the program suggest that the anticipated networking and collaborative effort of different agencies did not fully materialize. For example, one group did not seem to know exactly what was happening in other components of the program. Even the monitoring of each department's activities under the NRDP has not been carried out efficiently as evidenced by the dearth of information about the progress of the program components.

Definitely more a political rather than a development program, the NRDP clearly overlaps with a number of existing employment-generating or livelihood programs of the government. There is a need, therefore, to evaluate the program more carefully and perhaps refocus its thrusts or completely discontinue it if deemed unproductive and wasteful of our country's very scarce resources.

The Department of Trade and Industry's Tulong sa Tao program generated more positive results, in particular its Selfhas Employment Loan Assistance Program. Operating through NGOs which act as conduits for credit to small borrowers for microenterprises and livelihood projects, the project has so far lent out some ₱65.7 M to 173 NGOs. With additional \$8 M availed of from the Asian Development Bank, the program was able to lend additional \$34.9 M to 47 NGOs as of October 1989. Translati Translating these loan figures into the number of individual beneficiaries. would expect that the program must have opened up employment opportunities to at least 4,027 people assuming that each individual borrower availed of the \$25,000-loan limit. This may, however, be an understatement since group borrowers are allowed under the program and the livelihood projects may have employed more workers (See Appendix A).

Despite the problems encountered in the implementation of these employment programs as well as the growing number of new entrants to the labor market, the country's general employment situation improved during the first three years of the Aquino government. Table 1 summarizes relevant employment indicators from 1985 to 1988.

Labor force continuously increased from 1985 reaching 23.5 million in 1988. Labor force participation rate remained fairly high at 65.5 percent relative to the 1985 level of 63.4 percent

Table 1
EMPLOYMENT INDICATORS

	1985	1986	1987	1988 <u>p</u> /
Labor Force (million persons)	21.3	22.1	22.9	23.5
Employed	19.8	20.6	20.8	21.5
Unemployed	1.5	1.5	2.1	2.0
Labor Force Participation				
Rate (%)	63.4	63.8	65.7	65.5
Employment Rate (%)	92.9	93.3	90.9	91.5
Unemployment Rate (%)	7.1	6.7	9.1	8.5
Underemployment Rate (%) 1/	33.7	36.0	30.5	33.1

 $<sup>\</sup>underline{1}/$  Percentage of those who worked for less than 40 hours within a week of total employment.

Note: Figures are for the Third Quarter

Sources: NEDA Statistical Yearbook 1988

Current Labor Statistics Feb. 1989, BLES-DOLE

NSO, Labor Force Survey, various years

p/ Preliminary (Oct.)

Unemployment rate showed a significant increase in 1987, 3/ but a significant decline was also observed in 1988. The decline may have been partly brought about by the significant contribution of the employment programs introduced by the government. For example, the CEDP generated a total of 36,851,903 mandays, equivalent to 795,456 jobs by the end of 1987. Underemployment, however, has remained fairly high, despite the decline experienced after 1986.

amount of employment generated by major industries given in Table 2. Two rough measures following Tidalgo (1983) are used. These include the net absolute change in employment by industry and the growth rates of employment in each industry. The figures show that for the period 1985-1986, Agriculture generated the most number of jobs totalling about 591,000, equivalent to a growth rate of 6.1 percent. Services likewise absorbed a significant number of workers, i.e., 269,000. the industrial sector experienced a decline However, This is reflective of the still poor conditions employment. industrial sector which was hardest hit by the economic of the early 80s. Favorable changes, however, were observed in 1986-1987. Although the change in overall employment has relatively been less, the industrial sector has been able to generate jobs for the unemployed and perhaps even for those moving out of the agricultural sector which experienced a decline of 3.4 percent in employment. This decline was accompanied by a 10.9 percent increase in Industry and 3.3 percent in Services. For the period 1987-88, the agricultural sector continued to release considerable number of workers reaching 20,000. in employment of the however, matched by an expansion industrial and the service sectors equivalent to 10.0 percent and 8.1 percent, respectively. On the whole, for period 1986-1988, total employment grew at 4.4 percent as economy was able to absorb around 902,000 additional workers. The industrial sector showed a remarkable improvement in terms of growth rate (21.9 percent) and employment generation (602,000). The relatively high absorption rate is consistent with the sector's performance during the period, having expanded by 7.73 percent and 8.55 percent in 1986-87 and 1987-88, respectively. total number of additional workers employed may, however, reflect the re-absorption of those who may have been laid-off in early period as a result of the crisis, the number of was fairly significant especially in 1983-1985. Total number of The laid off during this period was 241,011. workers sector continued to experience a decline agricultural in

This may have actually been magnified by the change in the reference period used in the survey from past quarter to past week. Tidalgo and Esquerra (1984) noted that employment figures based on the reference quarter were higher than those based on the reference week for the period 1976-1978.

Table 2 EMPLOYMENT GENERATED BY SECTOR 1980-1988

	Total		Agri		Industry		Services	
	GR (%)	ÁC (000)	GR (%)	AC (000)	GR (%)	AC (000)	GR (%)	AC (000
1980-81	6.2	1019	5.6	475	(0.03)	(9.0)	10.2	55
1981-82	(0.4)	(81)	(0.1)	(8.0)	(0.03)	(73.0)	0.96	4
1982-83	10.6	1841	10.8	960	11.8	292	9.7	58
1983-84	2.2	420	(1.4)	(140)	5.2	145	6.5	42
1984-85	0.9	169	(0.4)	(42)	(3,3)	(97.0)	4.4	39
1985-86	4.0	794	6.1	591	(2.3)	(66)	3.7	26
1986-87	1.0	200	(3.4)	(349)	10.9	229	3.3	24
1987-88	3.4	702	(0.2)	(20)	10.0	3Ø3	8.1	61
1986-88	4.4	902	(3.6)	(369)	21.9	602	8.8	66

Note: Figures in parenthesis are negative. GR - Growth rate

AC - Absolute Change

Computed from the employment figures from NSO, Labo Force surveys, Third Quarter except 1988 (Oct.) Source:

employment at the rate of 3.6 percent while the services sector consistently absorbed a great bulk of the labor force at the rate of 8.8 percent.

This observation in sectoral employment conforms with other data given in Tables 3 and 4. The figures suggest that indeed there was a rise in the proportion of sales and service workers as well as production and related workers from 1985 to 1988. This is also corroborated by the increase in the proportion of wage and salary workers for the same period. What is unclear, however, is whether those moving to the services sector actually get trapped in very low productivity sectors, i.e., informal sector. There was also a significant decline in the proportion of professional and technical workers especially during the period 1985-1988, signifying the flight of these workers to other countries for better-paying jobs.

There seems to be emerging some positive signs with regards to the performance of the industrial sector in terms of absorption. However, the process appears to be relatively example, we observe that the share of the industrial total employment has significantly increased from 1986 Table 5) and Manufacturing and Construction in fact accounted for of this increase (Table 6). However, the shares have remained low, with manufacturing accounting for only 10.4 percent of total employment and construction, 4.0 percent in 1988. to suggest that despite the vigorous effort to implement employment programs, if the general policy environment for industry remains biased largely in favor of capital, initial efforts to increase labor absorption cannot be sustained in the long run.

The CEDP and its impact on the target groups deserve further discussion because certain positive features of the program can be integrated into future rural-based possibly employment programs. As mentioned earlier, there were some problems in the implementation of the CEDP. In fact records show (Table 7) that as of 1987, only 96.8 percent of the target projects have been However, while the target of one million jobs has implemented. been attained, the amount of employment generated was substantial, i.e., 795,456. This number can even be better appreciated in the context of whether the intended target have indeed been reached by the program. Table 8 provides information on those who were employed by CEDP projects based on survey of some 11,086 workers. In general, the program was successful in utilizing local resources as about 78 percent those included in the survey were residents of the barangay where projects were implemented. However, not all of those who employed in these projects were unemployed before. Nevertheless, a large proportion of them, 54.4 percent, were unemployed before CEDP. Likewise the program was able to reach to the poor as more than 53 percent of the surveyed workers incomes below subsistence level; 82 percent had family had

Table 3
DISTRIBUTION OF EMPLOYED PERSONS
BY OCCUPATIONAL GROUPS

	1985	1986	1987	1988*
Major Occupation Group				·
Professional and Technical Workers	6.0		5.6	
Administrative, Executive & Managerial Workers	ø <b>.</b> 9	0.9	Ø.9	Ø.8
Clerical Workers	4.2		4.3	4.2
Sales Workers	12.9	13.4	13.3	13.3
Service Workers	8.3	7.8	8.6	9.0
Agriculture, Animal Husbandr & Forestry Workers, Fishermen & Hunters	У 48.4	49.4	47.4	45.6
Production & Related Workers Transport Equipment Operators & Laborers	19.3	18.8	20.0	21.5

<sup>\*</sup> October Survey

Source: NSO, Labor Force Surveys, various years, Third Quarter.

Table 4
DISTRIBUTION OF EMPLOYED PERSONS
BY CLASS OF WORKER

	1985	1986	1987	1988*
Class of Worker			·	
Wage and Salary Workers	43.8	42.3	44.1	45.8
Own Account Workers	39.7	40.4	39.2	38.4
Unpaid Family Workers	16.5	17.3	16.7	15.8

<sup>\*</sup> October Survey

Source: NSO, Labor Force, various years, Third Quarter.

Table 5
EMPLOYED PERSONS BY INDUSTRY
1980-1988

	Agricult Fishery	&	Indus Sec		Service Secto		Othe	rs
	Forestry (000)	/ %	(ØØØ)	8 	(000)	8 	(000	) %
1980	8453	51.5	2554	15.5	5421	33.0	6	0.04
1981	8928	51.2	2545	14.6	5974	34.2	4	0.02
1982	8920	51.4	2472	14.2	5978	34.4	-	-
1983	9880	51.5	2764	14.4	6558	34.1	_	-
1984	9740	49.6	2909	14.8	6983	35.6	_	-
1985	9698	49.0	2812	14.2	7292	36.8		<del>-</del>
1986	10289	50.0	2746	13.3	7561	36.7		-
1987	9940	47.8	3Ø45	14.6	7810	37.6	· .	-
1988	9920	46.1	3348	15.6	8229	38.3	_	· _

Source: NSO, Labor Force Survey, various years, Third Quarter.

Table 6
PERCENTAGE DISTRIBUTION OF EMPLOYMENT BY MAJOR INDUSTRY

	1985	1986	1987	1988
Industry				
Agriculture, Fishery & Forestry	49.0	50.0	47.8	46.1
MIning & Quarrying	Ø.6	Ø.7	Ø.7	Ø.7
Manufacturing	9.7	9.2	9.9	10.4
Electricity, Gas & Water	0.4	Ø.3	Ø.4	0.4
Construction	3.4	3.1	3.6	4.0
Wholesale & Retail Trade	13.2	13.7	13.7	13.8
Transportation, Storage & Community Services	4.7	4.1	4.5	4.9
Financing, Insurance, Real Estate & Business Services	1.7	1.9	1.9	1.8
Community, Social & Personal Services	17.2	17.1	17.4	17.8
· · · · · · · · · · · · · · · · · · ·				

Sources:

Reyes et al. (1988), Table 12 NSO, Labor Force Survey, various years.

Table 7
COMMUNITY EMPLOYMENT AND DEVELOPMENT PROGRAM
SUMMARY OF ACCOMPLISHMENTS AS OF FEBRUARY 1988
1986 and 1987 Program

	1986 Program	1987 Program	Total
Allocation (P000)	4,177,735 <u>1</u>	/ 4,857,134	9,034,869
Releases (P000)	3,334,977	3,920,966 <u>3</u> /	7,255,943
Percent Support	79.8	80.7	80.3
Disbursement (P000)	2,509,120 <u>2</u>	/ 2,312,887	4,822,007
Percent Utilization	75.2	59.0	66.5
Number of Projects			·
Target Completed Ongoing Unstarted Percent Implemented	22,842 20,148 2,410 284 98.8	30,999 21,686 7,891 1,561 95.4	53,841 41,834 10,301 1,845 96.8
Employment Generation			
Target Man-days Generated Man-days Percent Accomplished Equivalent No.ofJobs	18,647,668 95.9	29,037,119 18,204,235 62.7 405,603	48,483,364 36,851,903 76.0 795,456

<sup>1/</sup> Revised allocation; original amount was P3.9 billion

Source: NEDA, National Planning and Policy Staff.

<sup>2/</sup> Excludes disbursements of five agencies due to nonavailability of reports

<sup>3/</sup> Actual amount received by line agencies out of the P4.2 billion advice of allotment (AA) from DBM

Table 8
EMPLOYMENT, INCOME AND WAGE CHARACTERISTICS OF CEDP WORKERS
COMPARED WITH MACRO PARAMETERS OR STANDARD, BY REGION

	Employment Characteristics	Income Chara	cteristics	Wage Characteristics
Region	Proportion of Workers Unemployed Before CEDP (%)	Proportion of Workers w/ Monthly Family Incomes Below the Subsistence	of Workers w/ Monthly Family Incomes Below the	Workers with Daily Incomes Below the Effective Minimum Wage
		Level (%) <u>1</u> /		(%) <u>3</u> /
Phils.	54.4	53.7	81.9	85.7
NCR	35.1	39.7	75.8	82.9
I	52.9	62.3	87.5	80.8
11	63.7	49.5	76.2	8.7 . 6
111	58.9	40.5	83.2	86.9
IV	60.0	46.3	85.5	82.1
V	56.0	55.9	84.2	94.0
VΙ	61.2	64.0	88.2	86.4
VII	62.3	69.1	83.1	88.0
VIII	55.2	73.9	84.2	93.3
IX	55.4	49.8	68.7	82.3
X	67.2	58.5	85.4	90.3
XI XII	57.3 58.4	53.Ø 67.3	78.1 90.0	96.1 92.0

<sup>1/</sup> The subsistence line refers to the monthly food threshold for a family of six. In 1985, the subsistence line for the Philippines was ₱1,191.00.

Source: NEDA. Based on a survey done, i.e., Workers' Profile Survey, July 1987 to Aug. 1987

<sup>2/</sup> The poverty line to the monthly income required to satisfy almost 100 percent of nutritional requirements and other needs of family of six. In 1985, the poverty line in the Philippines was ₱2,382.00.

The effective daily minimum wage of non-agricultural workers in NCR is ₱57.83 while that of non-agricultural workers outside NCR is ₱56.75.

incomes below the poverty line; and 86 percent had daily incomes below the effective minimum wage.

There were other successful features of the program like the active participation of the NGOs and PVOs in the monitoring and coordination of the projects. This allowed for more transparency and in effect reduced anomalies in the implementation of the projects. This is one aspect which can be adopted as an integral part of the existing and future programs of the government.

Indeed, through CEDP the government was able to provide more infrastructure facilities to the rural people and help increase their incomes. However, whether this favorable effects can be sustained is a big question. Unless other programs complementing CEDP are put in place and become operational fast enough, we might find ourselves back to where we started before.

There have been some attempts in Congress to preserve some features of CEDP in some of the laws it passed, prominent among which is Republic Act No. 6685. This law requires contractors to whom government public works projects have been awarded under contract, to hire at least 50 percent of the unskilled and least 30 percent of the skilled labor requirements from the bona fide residents of the locality in which the projects are to fail Said law also provides that those who undertaken. enforce this requirement shall be duly penalized. This positive step and should the implementation of this requirement be followed strictly, this law may still contribute significantly labor absorption and employment creation especially in rural areas.

#### B. Wages, Salaries and Other Forms of Compensation

A large proportion of the labor force derives income from wages. As of 1988, wage and salary workers in the private sector accounted for 37.6 percent of total employed. In addition, 8.1 percent who are in government also primarily derive income from salaries. Recent data show decreasing real wages which reflect the deteriorating living conditions of the workers. To address the problem of falling real wages and in accordance with the Constitutional provision which guarantees the workers' right to a living wage, the Aquino government continues to raise nominal wages through minimum wage legislation and other laws increasing the material well-being of the workers.

The government gives emphasis to the workers' need for a decent daily wage and for a flexible wage bargaining system that reflects productivity. Two significant labor legislations were enacted in this regard, i.e., Executive Order No. 178 (which took effect on May 1, 1987) which integrates the cost-of-living-allowance (COLA) into the basic pay and R.A. No. 6640 (December 1987) which provides for an increase in the salaries of government employees by 10 pesos per day and in the minimum wage

and salary rates of workers in the private sector by 10 pesos per day for agricultural and nonagricultural workers in Metro Manila and 11 pesos per day for nonagricultural workers outside Metro Manila. In addition to these legislations, the DOLE issued D.O. No. 13 Series of 1988 providing guidelines to ensure that the adjustments in the statutory minimum wage effected by R.A. 6640 are properly implemented by all concerned.

The government also recognizes its role in alleviating poverty within its own ranks by adjusting the salaries, wages, and the nonwage compensation of government employees. Increases in wages and salaries of civil servants will not only serve as morale booster to improve the quality of public service but will also hopefully reduce corruption and red tape in government.

In the first year of the Aquino government, Executive Order No. 31 was issued granting two-salary step adjustments which is approximately equivalent to a 10 percent increase, to government employees. Likewise, EOs granting and expanding the coverage of the year-end bonus, the cash gift and the medical allowances were also enacted (See Appendix B for a listing and description of these EOs and laws concerning labor and employment).

In 1987, a series of Executive Orders (EOs) and Memorandum Orders (MOs) granting an increase amounting to five percent of basic salary for career executive service positions and 30 percent of basic salary for all rank and file employees in specific government agencies were issued. In the same year, the coverage of the grant of nonwage compensation was extended. (See Appendix B.)

With the aim of developing an alternative system of minimum wage fixing that will bring about better income distribution, the National Wages Council (NWC) embarked on a program called Wage Policy Review. The program includes regular price monitoring and cost of living analysis including the effects of price changes on wage and the purchasing power of the peso. The program also generates occupational wage data in the various industries.

The most recent adjustments in the minimum wage have been effected by the passage of Republic Act No. 6727 also known as the Wage Rationalization Act, which allowed for a 25-peso increase in the minimum wage effective July 1989 of workers in the National Capital Region and outside except for the following:

- \$20.00 those in plantation agricultural enterprises with an annual gross sales of less than \$5 M in the fiscal year immediately preceding the effectivity of the Act;
- 2. \$15.00 for those in the following enterprises:
  - a. non-plantation agriculture
  - b. cottage/handicraft

- c. Retail/Service regularly employing not more than 10 workers
- d. Business enterprises with a capitalization of not more than ₱500,000 and employing not more than 20 workers.

With the implementation of EO No. 178, RA 6640, and RA 6727, legislated money wages of workers in both the public and private sectors increased (See Table 9). RA 6640 finally raised the minimum wage of Metro Manila non-agricultural workers ₱69.33 per day. For the agricultural workers, it was raised to ₽58.50 and \$47.12 per day for plantation and non-plantation workers, respectively. Effective July 1989, the leg minimum wage was P94.33. In real terms, however, legislated increases do not mean much for they have been eroded by rising prices of goods and services. The legislated real wages in both the agricultural and non-agricultural sectors have continuously been declining since 1982. In fact, it was only in December 1987 when RA 6640 took effect that real wages slightly increased. However, the discrepancy between the nominal and real wages further widened. The National Wages Council also provides data on actual wages of workers in selected occupations in the private The figures, however, reveal increasing real wages for practically all the occupations included in the survey and for the entire period under consideration (See Table 10). inconsistency here may be accounted for by the fact that most of those firms included in the surveys are large firms in Metro Manila which offer pay packages much higher than the legislated minimum wage on account of their relatively good business performance or because they are governed by CBAs. It should be noted that workers in most of the big firms in Metro Manila are strongly unionized and labor standards including wages in these firms are mostly governed by CBAs.

increase in the minimum wage does not also offer much especially when viewed against the needs of the workers. For example, as of 1988, a principal breadwinner of a family of six would need about ₱88.90 per day or an equivalent of ₱22.20 based on 1978 prices. This is actually less than the average cost of daily food and other basic necessities for a reference family of six as (Tables 11-A and 11-B) of 1988. For example, a family of six in Metro Manila spends about ₱142.70 daily on food other necessities. This figure, however, does distinguish between families with multiple wage earners and those with single breadwinners. The current minimum wage of \$94.33 appears adequate enough in relation to the minimum amount a principal breadwinner needs to support a family of six as of However, for a real value of ₱21.21, this amount is definitely inadequate as prices have risen significantly again.

Table 9
LEGISLATED MONEY AND REAL WAGES
(1975 to 1989)

	Non-Ag	gricultu	ral Secto	r	Agricu	ltural	Sector	
	Metro	Manila	Outside	MM	Plantat	ion No	n-Plant	ation
	LW	R₩	ĽW	RW	LW	RW	LW	RW
1975	10.65	12.94	10.65	13.90	7.13	9.31	7.13	9.31
1976	12.09	13.94	11.37	13.42	8.75	4.77	8.03	9.48
1977 1978	14.40 15.74	15.40	13.32	14.28	11.15	11.95	10.07	10.79
1978	20.48	15.74 17.17	14.65 19.40	14.65 16.55	12.48 16.63	12.48 14.19	11.40 14.16	11.40 12.08
1980	27.39	19.36	26.30	19.00	22.68	16.49	17.03	12.30
1981	31.37	19.77	30.29	19.32	25.85	16.49	19.43	12.39
1982	31.82	18.06	30.74	17.81	26.18	15.17	19.65	11.38
1983	34.22	17.52	33.14	17.48	27.97	14.75	20.95	11.05
1984	48.47	16.63	47.38	16.60	39.66	13.90	29.92	10.48
1985	57.08	16.22	56.00	15.87	46.67	13.23	35.67	10.11
1986	57.08	15.41	56.00	15.90	46.67	13.25	35.47	10.12
Jan	57.08	15.47	56.00	15.65	46.67	13.04	35.67	9.97
Feb	57.08	15.45	56.00	15.54	46.67	12.95	35.67	9.90
Mar	57.08	15.39	56.00	15.52	46.67	12.93	35.67	9.88
Apr	57.08	15.54	56.00	15.81	46.67	13.18	35.67	10.07
May Jun	57.08 57.08	15.58 15.61	56.00 56.00	15.93 16.06	46.67 46.67	12.27 13.39	35.67 35.67	10.14 10.23
Jul	57.08	15.48	56.00	16.10	46.67	13.42	35.67	10.23
Aug	57.Ø8	15.42	56.00	16.11	46.67	13.42	35.67	10.26
Sep	57.08	15.39	56.00	16.09	46.67	13.41	35.67	10.25
Oct	57.08	15.28	56.00	16.05	46.67	13.38	35.67	10.22
Nov	57.Ø8	15.22	56.00	15.97	46.67	13.31	35.67	10.17
Dec	57.08	15.07	56.00	15.95	46.67	13.29	35.67	10.16
1987	58.27	14.73	57.24	15.74	47.67	13.11	36.49	10.04
Jan	57.08	15.02	56.00	15.84	46.67	13.20	35.67	10.09
Feb	57.Ø8	14.86	56.00	15.77	46.67	13.14	35.67	10.04
Mar	57.08	14.79	56.00	15.77	46.67	13.14	35.67	10.04
Apr	57.08	14.80	56.00	15.79	46.67	13.16	35.67	10.06
May Jun	57.83 57.83	14.91 14.66	56.75 56.75	15.84 15.66	47.21 47.21	13.18 13.03	36.00 36.00	10.05 9.94
Jul	57.83	14.52	56.75	15.48	47.21	12.88	36.00	9.82
Aug	57.83	14.52	56.75	15.42	47.2.	12.83	36.00	9.78
Sep	57.83	14.52	56.75	15.32	47.21	12.75	36.00	9.72
0ct	58.50	14.27	57.42	15.51	47.67	12.87	36.29	9.80
Nov	58.50	14.36	57.42	15.41	47.67	12.80	36.29	9.74
Dec	58.50	16.81	69.33	18.42	58.50	15.55	47.12	12.52

1988 69.33 16.81 69.33 18.42 58.80 15.55 47.12 12.52 1989 94.33 21.21 94.33 21.21

LW - Legislated wage RW - Real wage

Legislated money wage is the total of minimum wage, cost of living allowances and 13th month pay; for real wages: 1978 = 100

Source: National Wages Council, DOLE.

Table 10

DAILY REAL WAGES OF SELECTED OCCUPATIONS
IN THE NON-AGRICULTURAL PRIVATE SECTOR

Area/Occupation	1985	1986	1987	1988
Philippines	23.40	24.59	25.77	27.52
Carpenter	22.04	22.17	21.60	22.77
Cashier I	33.34	36.25	36.57	38 <b>.</b> 56
Clerk-Typist	26.04	27.59	30.16	29.94
Driver	21.48	23.69	25.06	27.03
Electrician	22.70	24.79	25.63	28.50
Janitor	20.99	21.82	22.96	23.96
Laborer	20.59	20.47	22.27	23.93
Mechanic I	23.20	24.66	26.20	28.97
Messenger	23.67		26.72	28.71
Plumber	21.23			23.62
Secretary		30.98		
Telephone Operator	23.33			
NCR	26.20	26.32	26.61	28.20
Carpenter	21.38	21.27	20.73	20.99
Cashier I	40.48		40.87	44.90
Clerk-Typist	30.55			
Driver	23.87	23.72		
Electrician	23.20			
Janitor	21.40	21.47		
Laborer	21.09			
Mechanic I	23.63			
Messenger	25.65			
Plumber	22.04			
Secretary	32.69			
Telephone Operator	26.36	26.64	28.95	31.97
Outside NCR	22.20	23.60	24.75	27.47
Carpenter	22.00	22.38	21.77	23.73
Cashier I	29.15	31.98	32.71	34.48
Clerk-Typist	21.53	23.56	24.92	26.91
Driver	20.70	23.57	25.14	28.36
Electrician	22.40	25.40	25.88	30.71
Janitor	20.80	21.72	22.98	25.05
Laborer	20.47	20.38	22.51	25.05
Mechanic I	22.99	25.29	27.04	30.33
Messenger	22.23	24.21	25.85	27.87
Plumber	20.84			24.42
Secretary	26.20		31.27	35.06
SECTERATA:				

Note: Daily real wages were computed by dividing the monthly real wages by 20 for a five-day week work schedule.

Source: National wages Council.

Table 11-A
DAILY EARNINGS REQUIREMENT OF PRINCIPAL BREADWINNER
FOR A REFERENCE FAMILY OF SIX

	1986		1987		1988 <u>a</u> /	
Agricultural (ONCR)	44.4	(12.6)	46.2	(12.7)	49.9	(12.9)
Non-agricultural Philippines NCR ONCR	79.2 80.2 67.3	(22.3) (22.8) (18.2)		(22.3) (22.9) (17.9)	88.9 89.9 75.8	(17.9) (23.3) (17.9)

a/ Figures are for January 1988.

Note: Figures in parenthesis are real values (1978=100).

Sources: Special Release, NSO (various issues).

Table 11-B
AVERAGE COST OF DAILY FOODS AND OTHER
BASIC NECESSITIES FOR A REFERENCE FAMILY OF SIX
ON A GIVEN PATTERN OF FAMILY EXPENDITURES
(in Pesos)

	1986	1987	1988 <u>a</u> /	
Agricultural (ONCR)	110.1 (31.3)	141.2 (31.4)	123.4 (31.9)	
Non-Agricultural Philippines NCR ONCR	117.7 (33.1) 126.7 (34.2) 117.0 (33.2)	122.4 (33.2) 133.2 (33.7) 121.5 (33.4)		

a/ Figures are for January 1988.

Note: Figures in parenthesis are real values (1978=100).

Source: NSO, Special Release.

In addition to the wage increase, RA. No. 6727 hopes to accomplish more. Section 2 of the Act states these objectives succinctly:

"It is hereby declared the policy of the State to rationalize the fixing of minimum wages and to promote productivity-improvement and gain-sharing measures to ensure a decent standard of living for the workers and their families; to guarantee the rights of labor to its just share in the fruits of production; to enhance employment generation in the countryside through industry dispersal; and to allow business and industry reasonable returns on investment, expansion and growth."

To achieve these objectives, the State shall promote collective bargaining as the primary mode of setting wages and other terms and conditions of employment, and whenever necessary, the minimum wage rates shall be adjusted in a fair and equitable manner, considering existing regional disparities in the cost of living and other socio-economic factors and the national economic and social development plans.

This law in effect prescribes the fixing of minimum wages applicable to regions, provinces or industries following some criteria, among which as cited in the Act, include the following:

- a. the demand for living wages;
- b. wage adjustment vis-à-vis the consumer price index;
- c. the cost of living and changes or increases therein;
- d. the needs of workers and their families;
- e. the need to induce industries to invest in the countryside;
- f. improvements in standards of living;
- g. the prevailing wage levels;
- h. fair return to the capital invested and capacity to pay of employers;
- i. effects on employment generation and family income; and
- j. the equitable distribution of income and wealth along the imperatives of economic and social development.

At best, what the law can do is to effect the regionalization of wages allowing for higher minimum wages in areas where conditions warrant such higher levels. However, as

an instrument for industrial dispersal, the law will probably not be of much help. In the first place, labor cost almost always is not the major consideration in industry location since at the moment, it comprises only about 10-15 percent of total production cost. Likewise, without the usual infrastructure support and other ingredients of a good investment area, lower wages will not likely be an important attraction for industrial dispersal.

In the government sector, the major effort to adjust salaries was highlighted by the passage of Republic Act No. 6758, which basically prescribes a revised compensation and classification system in the government. In effect, the law assures that government personnel are paid just and equitable wages comparable with the private sector. Moreover, it mandates that periodic review of the compensation rates be done to account for possible erosion in purchasing power due to inflation. It also ensures that workers in government doing similar jobs are paid the same salaries following the scale and classification prescribed by the Act. In fact, what precipitated the initial effort to standardize salaries in government were the widespread disparities in the salaries of people working in different departments and agencies of the government.

All these laws adjusting the minimum wage especiallly in the private sector were introduced despite the government's explicit adherence to a policy of non-intervention in wage setting. Aside from the classic argument that a minimum wage is distortionary inconsistent with a policy of full employment, the major argument against the setting of the minimum wage is that it is there but is not widely enforced. Besides, it is felt that adjustments in salaries and wages must be determined at the shop wherein wage setting becomes an integral part of collective bargaining agreement. Also, allowing exemptions to firms in the guise of being economically distressed is already a contradiction to the very objective of a minimum wage - to protect those workers who are not organized and who are not in a position to demand better wages. Unfortunately, the agencies concerned seem not to have the capability to closely monitor and enforce the law. If compliance rates are low as has been admitted by authorities especially outside of Metro Manila where most of the unorganized labor are and where the unions, if there are, are not that strong, then the minimum wage law ironically seems to protect only the few well organized union members in Metro Manila.

The other side of the argument suggests that wage setting should be left to management and the workers. The often-cited difficulty in this system is that only a small proportion of the total work force is organized (i.e., 21.0 percent in 1988) and able to effectively bargain for higher wages. But what significant difference does this make when these workers are in fact left out even with the minimum wage law in place? Nonpayment of minimum wage ranks the highest among labor

standards violations reported (See Table 12). Its share has been increasing from 6.3 percent in 1986 to 21.9 percent in 1988. Further, these laws do not really address the large number of families below the poverty line, most of whom are working in the informal sector.

If indeed the government will move away from direct interference in wage setting through minimum wage legislation, then more concrete efforts should be made to provide consistent and more readily available information to the workers. The government has already taken a big step in encouraging the organization of workers as well as instituting the necessary safeguards to protect them. However, we have yet to see the establishment of a system of information which will guarantee union members access to up-to-date and consistent information about the firm or industry which will help them in the bargaining negotiations. Also, if it is the honest opinion of the government that the workers can be better protected through the imposition of minimum wage law even on a transition basis, then extra effort should be taken to ensure full compliance to the law. There should be a shift from the passive monitoring schemes already in place in the agencies concerned to a more active and aggressive program of implementation and monitoring.

## C. <u>Labor Relations</u>

From the start, the Aquino government has signified its intention to move away from the repressive labor relations laws of the previous regime. The policy pronouncements made concerning labor relations in the past two years attest to this. The government considers labor relations as a relevant issue in the face of the present economic situation and recognizes stable industrial peace as a necessary condition for national economic recovery. Certain pronouncements concerning labor relations are highlighted in the 1987 Constitution. Article XIII Section 3, for example, reads:

"The State ... shall guarantee the rights of all workers to self-organization, collective bargaining and negotiations, and peaceful concerted activities including the right to strike in accordance with law ... they shall participate in policy and decision-making processes affecting their rights and benefits as may be provided by law.

The State shall promote the principle of shared responsibility between workers and employees and the preferential use of voluntary modes of settling disputes, including conciliation, and shall enforce their mutual compliance therewith to foster industrial peace ..."

Table 12
GENERAL LABOR STANDARDS (1985-1988)

	1985	1986	1987	1988
Šlava biliša karaka ir				
Establishments Inspected on General Labor Standards	1,307	1,441	12,044	12,983
<pre>% of Establishments with Violations on General</pre>				
Labor Standards	51.7	52.3	42.7	50.8
Selected Labor Standards Violations				
Minimum Wage	7.7	6.3	13.7	21.9
ECOLA	7.5	6.8		2.8
Overtime Pay	10.5	7.5	3.8	3.0
13th Month Pay	13.3	12.1	8.3	6.6
Regular Holiday Pay	7.2	8.6	6.0	6.2
Special Holiday Pay	2.0	2.2	Ø.8	1.8
Incentive Leave	<u>a</u> /	8.7	5.5	2.7
Night Shift Differentials	_	1.8	2.1	0.9
Vacation/Sick Leave		2.4	0.4	0.3
Record Keeping		1.5	9.8	12.0
Falsification/Concealment		Ø.2	1.6	1.1
·				

a/ - Not available Source: Current Labor Statistics, Feb. 1989 (BLES-DOLE).

Moreover, it has also been emphasized in the country's development plan that the government will maintain its policy of nonintervention in union organization and administration. The government's role in the promotion of trade unionism in effect is limited to the provision of a democratic atmosphere conducive to the formation of labor organizations and the implementation of laws protecting workers' rights.

In compliance with the constitutional provisions and the policy pronouncements made by President Aquino concerning relations, especially during her first Labor Day speech on May 1, 1986, Executive Order No. 111 and the Implementing Rules which accompany it were issued in December 1986. This was the initial but, perhaps the most crucial instrument in changing repressive labor laws of the past administration. It took some time though before it actually came out (i.e., 8 months after the The EO amends and repeals various pronouncement was made). provisions of the Labor Code. Specifically, it promotes and encourages public sector unionism by granting employees of government-owned or controlled corporations the right to organize and to bargain collectively. As a follow up, Executive Order No. 180 which provides the guidelines for public sector unionism which led to the creation of the Public Sector Labor-Management Council was issued in 1987. This EO in effect provides for right of all government employees to form or join organizations and to negotiate with the appropriate government authorities on terms and conditions of employment not fixed by law. changes involving public sector labor relations actually bring us back to the famous Magna Carta of Labour (Republic Act No. 875) which was enacted in 1953. This Act provided for a system where employed in governmental functions, whose terms employees conditions of employment were governed by law did not have right to strike, while those in "proprietary functions of government including but not limited to government corporations" were governed by provisions applied in the same manner as in private sector. These privileges were, however, curtailed when Martial Law was imposed in 1972.

lll also strengthens trade unionism by abolishing provisions in the Labor Code which limit the workers' rights and hinder them from bargaining collectively with their respective In this regard, the law which strictly pursues one-union-one-industry policy was repealed. EO 111 also orders the implementation of the policy of automatic certification Likewise, the election in representation issues. required percentage for union registration has been lowered from 30 to 20 percent while the 2/3 strike vote requirement was revised to a simple majority vote. The EO also allows unions to ignore the 15-day cooling-off period in case of union busting, and orders the military and the police forces to keep out of the lines in cases of strikes. Moreover, LOI 1458 which allows management to replace striking workers who defy return to work orders was repealed.

The defects in the dispute settlement procedures as well as corruption and sectoral interest have caused delays in the resolution of most cases concerning unions and employers in The delays resulted in prolonged strikes, greater losses in terms of mandays and productivity, and oftentimes, violence. In order to minimize strikes and to facilitate workers' right to seek redress for legitimate grievances, governments' dispute settlement machinery, i.e., the National Labor Relations Commission (NLRC) was to be professionalized and cleansed of sectoral interest by appointing in the Commission men of honesty and integrity. In this regard, Executive Order No. 47 which reorganizes the NLRC was issued in September 1986. further strengthen the NLRC, Executive Order No. 252 was issued July 1987 which revises the composition of the NLRC, the appointment procedures and the qualifications of members which will comprise the commission.

align the Department of Labor and Employment's objectives with that of the government, Executive Order No. was issued on July 25, 1987 which reorganized the DOLE. Included in the reorganization was the establishment of the National Conciliation and Mediation Board (NCMB) which is tasked with absorbing the conciliation, mediation and voluntary arbitration functions of the Bureau of Labor Relations (BLR). This board was established to stress preventive rather than remedial actions labor-management relations. To promote voluntary arbitration as the preferred mode of dispute settlement, the Tripartite Voluntary Arbitration Advisory Council which is attached to the NCMB was also created by EO 251. The DOLE also issued Department Order No. 16-A Series of 1987 which provides for the creation of a Tripartite Review Committee that will study the existing labor relations provisions of the Labor Code, with the view determining changes and improvements on the laws which can recommended to the President and to Congress to ensure the effective promotion of industrial peace, social justice and national recovery.

In addition to these legislations, projects such as the UP-IIR/DTI Promotion of Harmonious Industrial Relations Project (PHIR) and the Labor Education Program (LEP) of the BLR-DOLE were launched. The PHIR aims to promote industrial peace through the conceptualization and implementation of activities that advocate preventive efforts and enhance cooperation between labor and management. On the other hand, the LEP aims to provide information on labor laws, policies, rules and regulations, to labor and management through dialogues and seminars.

How much have these laws changed the labor relations condition in the country? During the past two years, an improvement in the overall labor relations climate is notable. An examination of the figures on strikes given in Table 13 shows a sharp increase in the number of actual strikes at the rate of 44.6 percent in 1985-86. During this period, newly-

Table 13
NUMBER AND GROWTH RATES OF ACTUAL STRIKES
1985-1988

	NUMBER				
	1985	1986	1987	1988	
TOTAL STRIKES	413	597	484	296	
Pending, Beginning	42	16	48	30	
New Strikes Declared	371	581	436	266	
CASES DISPOSED	397	549	454	288	
WORKERS INVOLVED (000)	111	169	90	76	
MAN-DAYS LOST (000)	2,458	3,652	1,908	1,497	

## GROWTH RATE IN PERCENT

	1985-86	1986-87	1987-88	1986-88
TOTAL STRIKES	44.6	(18.9)	(38.8)	(50.4)
Pending, Beginning	(61.9)	200.0	(37.5)	87.5
New Strikes Declared	56.6	(25.5)	(39.0)	(54.2)
CASES DISPOSED	38.3	(17.3)	(36.6)	(47.5)
WORKERS INVOLVED				ı
(000)	52.3	(46.7)	(15.6)	(55.0)
MAN-DAYS LOST (000)	48.6	(47.8)	(21.5)	(59.0)

Note: Numbers in parenthesis are negative numbers.

Sources: Bureau of Labor and Employment Statistics. Yearbook of Labor Statistics, DOLE. declared strikes rose by 56.6 percent while man-days lost increased by 48.6 percent. Various studies on labor relations (e.g., ILO 1986) point out that the rise in the incidence of strikes in 1986 was mainly due to the newly-acquired sense of freedom as well as the pro-labor stance of the then Minister of Labor (e.g., decisions on strikes and other labor disputes which were in favor of unions).

In 1987, a very encouraging improvement can be observed as the number of actual strikes decreased by 18.9 percent. The decline in the incidence of strikes continued in the following year at an even faster rate, 38.8 percent. The implementation of EO 111 in December 1986 contributed largely to this marked improvement. Collective bargaining agreement as a preferred mode of settling labor disputes proved to be an effective tool in achieving industrial harmony and in minimizing losses in productivity and other forms of work stoppages.

With the government maintaining a non-interventionist stance on union organization and administration as well as its actual encouragement on workers to organize, the last two years saw a rise in the number of existing unions and total union membership. (See Table 14). From a total of 2,353 in 1986, the number of active unions increased to 3,235 in 1988. This is equivalent to a 37.5 percent rate of increase. Total union membership also increased but at a lower rate of 2.05 percent during the same period. From 4.8 million in 1986, total membership rose to 4.9 million in 1988. This represents about 50 percent of the total wage and salary workers in the country.

Public sector unions also increased at a rate of 172.4 percent during the 1987-88 period, from 29 in 1987 to 79 in 1988. The rise in the number of public sector unions and its corresponding membership is the result of EOs 111 and 180 which granted employees of government corporations the right to organize and bargain collectively.

Despite the increase in the number of public sector unions as the result of EOs 111 and 180, the problem of determining the limit and extent of public union rights arose because of lack of complete and clear guidelines. Moreover, even if EO 180 promotes and encourages public sector unionism, government unions are banned from staging strikes as provided for in the Civil The recent strikes staged by employees of the Department of Education, Culture and Sports, for example, brought to fore legal as well as political questions regarding public sector unionism. First, there is the question of whether the constitutional provision regarding the rights of all workers to self-organization, collective bargaining and negotiations and peaceful concerted activities including the right to refer only to the rights of workers in the private sector. Second, there remains a question as to who in the government service are entitled to collective bargaining activities. EO 180

Table 14
LABOR ORGANIZATIONS AND COLLECTIVE BARGAINING AGREEMENTS
(1985-1988)

~~~~~~~~~~	1985	1986	1987	1988
LABOR ORGANIZATIONS				
Unions Registered/				
Restored	192	359	485	399
Unions Cancelled	Ö	1	1	1
Active Unions Total Union	1,996	2,353	2,837	.3,235
Membership (000)	4,789	4,840	4,890	4,939
COLLECTIVE BARGAINING AGREEMENTS				
CBAs Newly-Filed	1,086	1,128	1,459	1,434
Expired CBAs	-	810	694	902
Existing CBAs Workers Covered	2,029	2,347	3,112	3,644
(000)	262	313	355	378
PUBLIC SECTOR UNIONS		. 1		
Unions Registered	na	na	29	50
Existing Unions Total Membership	na	na	29	79

na - not available

Sources: Current Labor Statistics, Feb. 1989 (BLES-DOLE)
Yearbook of Labor Statistics, 1986, DOLE.

does provide for negotiations on the terms and conditions of employment not fixed by law. But what terms and conditions in the government are not governed by law? Third, if indeed these government employees are not allowed to go on strike as provided by law, what legal actions can be taken against them? Is the government prepared to take these legal actions? Given these unresolved questions and the seemingly ambivalent attitude of the government towards these issues, more problems are likely in the future.

The rise of unionism in both the private and the public sectors along with the promotion of the practice of collective bargaining as a principal mode in resolving labor-management conflicts and determining wages and other labor standards influenced the growth of CBAs. Existing CBAs rose from 2,347 in 1986 to 3,644 in 1988. There was also an increase in the number of workers covered by CBAs during the period.

# D. Labor Standards and Workers Welfare

The government adheres to the principle of social justice and aims to protect workers' welfare by providing them just and fair working conditions and nonwage benefits such as social security and compensation for work-related sickness and deaths. These non-pecuniary aspects of compensation for work are crucial due to their direct effects on productivity. The effectiveness of laws concerning labor standards and welfare depends on their practical applicability and on the availability of proper procedures and machinery for enforcement.

The country's development plan calls for the revitalization and expansion of the labor inspectorate system in order to strictly enforce labor standards laws. The inspection system will not only include inspection of general labor standards but also of occupational health and safety. This is in response to the increasing number of cases of noncomplying employers. Noncompliance of employers to minimum labor standards led to losses in terms of productivity, destruction of property, more expenditure for employees compensation, and suffering of victims of industrial accidents.

this regard, specific labor standards implemented. In 1986, Executive Order No. 28 which amends certain provisions of RA No. 1161 known as the Social Security Law and Executive Order No. 1102 which further amends were issued. These EOs increased some of the existing benefits and added new ones without increasing the contributions of members. In 1987, the President authorized an increase in social security benefits in addition to those authorized Executive Order No. 179. The EO increases the employee compensation benefits for work-connected contingencies as well as death benefits under the employees compensation program.

To upgrade the capability of the government to eliminate or reduce work-related injuries, illnesses and deaths, the Occupational Safety and Health Center (OSHC) was established to operate under the supervision of the Employees' Compensation Commission through Executive Order No. 807 issued in 1987. The Center serves as the expert on industrial disease and occupational safety intelligence and as a training center that will provide the mechanisms in the achievement of the objectives set in the EO.

The revitalization and expansion of the labor inspectorate system to strictly enforce labor standard laws resulted in an increase in the number of establishments inspected from 1,441 in 1986 to 12,044 and 12,983 in 1987 and 1988, respectively. The number of establishments violating general labor standards decreased from 52.3 percent in 1986 to 42.7 percent in 1987. However, the figure increased to 50.8 percent in 1988. The increase was presumably due to the full resumption of inspections in 1987. (See Tables 15, 16, 17, and 18.)

# E. Overseas Employment

The rapid outflow of contract workers in search of better opportunities gave rise to the widespread problem of illegal recruitment and increasing cases of abuses and violations contract alteration in worksite, harassment and maltreatment, etc.) committed by employers abroad. In this regard, the President directed the DOLE to exert utmost efforts to curb illegal recruitment practices, ensure compliance by recruiters and their principals to their contractual obligations with workers, and prevent any form of exploitation of Filipino workers In response to these directives, the DOLE through Philippine Overseas Employment Administration (POEA) established anti-illegal recruitment branch within the satellite offices the regions for the surveillance of establishments suspected to be undertaking illegal recruitment activities, filing of cases proper courts, and dissemination of information against The POEA was reorganized through Executive illegal recruitment. 247 issued in July 1987. The reorganization Order No. carried out to systematize the operations of the POEA rationalizing its functions, structure and organization thus making it more efficient in formulating and implementing programs which promote and monitor overseas employment of Filipino workers rights to fair and equitable employment and protect their effort is definitely in support of the open practices. This the government to allow workers to work abroad as a policy of temporary solution to the unemployment problem of the country as explicitly stated in the medium-term development plan.

With the increase in the number of cases reporting abuses committed against female domestic workers, the DOLE through the POEA imposed a temporary ban on the export of women domestic workers effective March 1, 1988. This ban was lifted only recently.

Table 15 ENFORCEMENT OF GENERAL LABOR STANDARDS LAWS (1985-1988)

	1985	1986	1987	1988
Establishments Inspected	1307	1,441	12,044	12,983
Establishments with Violations	676	754	5,145	6,590
Establishments with Violations Corrected	a	535	1,533	1,213
Workers Benefited	2122	4,757	34,440	30,234
Amount of Field Restitutions (000pesos	) 228	889	33,421	33,920

a - not available Source: Current Labor Statistics, Feb. 1989 (BLES-DOLE).

Table 16
LABOR STANDARDS CASES
(1986-1988)

<del></del>			
	1986	1987	1988
A. REGIONAL OFFICES	•		
(ORIGINAL)			
Cases Pending, Beginnin	ig 1,377	767	1,240
Cases Newly-Filed	1,617	2,844	2,252
Total Handled	2,994	3,611	3,492
Total Disposed	2,227	2,371	2,036
Cases Decided/Settled	1,602	1,979	1,778
Workers Benefited	13,928	21,276	22,455
Amount of Benefits (PM)	20.9	44.7	32.7
B. OFFICE OF THE SECRETARY			
(APPEALED)			4
Cases Pending, Beginnin		342	188
Cases Newly-Filed	178	108	248
Total Handled	634	450	436
Total Disposed	294	262	412
Workers Benefited	7 <b>7</b> 1	336	2,690
Amount of Benefits (PM)	3.4	3.2	13.8

Source: Current Labor Statistics, Feb. 1989 (BLES-DOLE).

Table 17
HEALTH AND SAFETY STANDARDS
(1986-1988)

			<del></del>
	1986	1987	1988
Establishments Inspected on Health and Safety	917	7,821	11,172
<pre>% of Establishments with Violations on Health and Safety</pre>	63.5	43.3	42.3
Selected Health and Safety Standa	ards Vi	olations	
Safety Committee Organized Registration Reports on Accidents Record on Accidents Personnel Protective Equipment Housekeeping Provision of Health	13.0 16.9 1.5 0.0 2.0 12.3	13.4 3.7 9.1 2.3 2.0 2.8	12.2 10.7 5.5 0.4 1.5
Personnel Adequacy of Medicine Ventillation	2.9 15.6 Ø.7	6.6 5.8 1.0	5.1 5.9 Ø.7

Source: Current Labor Statistics, Feb. 1989 (BLES-DOLE).

Table 18
ANTI-ILLEGAL RECRUITMENT CAMPAIGN
(1986-1988)

1986	1987	1988
2,137	2,251	2,368
2,238	2,557	1,480
4,736	3,461	1,616
35.4	27.6	62.5
	2,137 2,238 4,736	2,137 2,251 2,238 2,557 4,736 3,461

Source: Current Labor Statistics Feb. 1989 (BLES-DOLE).

Aside from the abovementioned laws and policies, there to be no explicit policies which protect workers from abuses and violations at the worksite. In most cases, the laws of the labor importing countries limit the government's jurisdiction of violations and abuses. Courts and administrative procedures are, therefore, rendered ineffective. In some cases, embassy personnel are more concerned with protocol and imagebuilding, and oftentimes intentionally ignore and neglect their responsibilities to the workers. It also seems that the workers lack the knowledge and information about their rights, their new environment and worksite practices. There have numerous cases of fraud and sexual harrassments, especially of domestic helpers, which remained unresolved and at best resulted only in the safe return of the victims.

The anti-illegal recruitment campaign of the government has resulted in more complaints filed (Table 18) over the period 1986-1988. The seemingly increasing abuses committed against workers on account of illegal recruitment, however, do not seem to discourage workers to go abroad as the total number of processed overseas contract workers continued to increase from 389,200 in 1985 to 477,764 in 1988 (Table 19). Most of these contract workers go to the Middle East and other countries in Asia (Table 20) and work as laborers and domestic helpers, i.e., service workers (Table 21). This evidently reflects the still unfavorable conditions in the domestic labor market.

The curbing of illegal recruiters remains a major task of government in its effort to protect prospective overseas the Much can still be done to solve this problem in terms Since one of the major causes of the illegal policy. recruitment problem is the lack of information on the part of the workers, there ought to be a more vigorous information campaign especially for workers on their rights and the available services embassies/consulate offices provide in case problems arise. example, they should be made aware of the existence of welfare centers established by the Overseas Workers' Welfare Administration (OWWA) in countries like Saudi Arabia, Similarly, our foreign affairs personnel Italy and Greece. deployed in these areas should be better informed or trained on what help they can and are obliged to extend to these workers. Moreover, the current licensing procedures tend to limit number of authorized recruitment agencies. This limited number authorized recruiters may have given rise to more illegal applicants recruiters as there remains an increasing number of overseas jobs. It would probably help if POEA would steps to increase the number of legal recruiters, but at the same time maintain an efficient monitoring scheme to ensure that no procedures of recruitment are practised by recruiting agencies.

Table 19
PROCESSED OVERSEAS CONTRACT WORKERS
(1975-1988)

YEAR	LAND-BASED	SEA-BASED	TOTAL
1975	12,501	23,534	36,035
1976	19,221	28,614	47,835
1977	36,676	33,699	70,375
1978	50,961	37,280	88,241
1979	92,519	44,818	137,337
1980	157,394	57,196	214,590
1981	210,936	55,307	266,243
1982	250,115	64,169	314,284
1983	380,263	53,944	434,207
1984	371,065	54,016	425,081
1985	337,754	51,446	389,200
1986	357,687	56,774	389,200
1987	425,881	70,973	496,854
1988	381,892	95,872	477,764

Source: Philippine Overseas Employment Administration (POEA).

Table 20
PROCESSED LAND-BASED CONTRACT WORKERS
BY COUNTRY OF DESTINATION
(1983-1987)

	1983	1984	1985	1986	1987
AFRICA	2,353	2,146	2,053	2,072	2,125
OCEANIA	2,072	1,027	845	1,129	1,344
ASIA	40,814	43,385	54,411	76,650	96,018
EUROPE	2,878	3,724	3,679	4,225	6,610
MIDDLE EAST	323,414	311,517	266,617	262,758	306,757
AMERICAS	5,646	5,905	6,897	6,692	7,574
TRUST TERRITORIES	3,086	3,361	3,252	4,161	5,453
TOTAL	380,263	371,065	337,754	357,687	425,881

Source: Philippine Overseas Employment Agency (POEA).

Table 21
PROCESSED CONTRACT WORKERS BY OCCUPATION

		_		
	1984	1985	1986	1987
A. LAND-BASED WORKERS	371,065	337,754	357,687	425,881
Professional, Technical				,
and Related Workers	51,403	57,617	87,569°	112,236 a,
Entertainers	13,998	18,342	26,816	<u> </u>
Managerial, Executive		,	•	
and Administrative				
Workers	1,222	1,202	1,317	1,675
Clerical Workers	15,117	15,141	15,261	15,929
Sales Workers	2,295	2,780	3,562	4,268
Service Workers	77,564	91,381	117,127	144,549
Agricultural, Animal Husbandry, Forestry Workers and				,
Fishermen Production Process Workers, Transport Equipment Operators	1,578	1,217	1,557	2,690
and Laborers	207,888	150,074	131,294	144,541
B. SEA-BASED	54,016	51,446	56,774	70,973
TOTAL PROCESSED WORKERS	425,081	389,200	414,464	496,854

a/ Includes entertainers

Source: POEA Annual Report (various years).

Considering, therefore, the significant contribution they offer to nation building in terms of their foreign exchange remittances (Table 22), these workers rightfully deserve adequate protection from abuses both here and in their worksites, which the government should consistently provide.

# III. FUTURE DIRECTIONS

The future of Philipppine labor and employment depends to a large extent on the policies and laws that will be implemented by the government. Future directions can be gleaned from the numerous bills filed in the Senate and the House of Representatives, as well as the laws which have been recently approved (See Appendix C). An examination of these laws and bills seem to suggest the following general observations:

There is a continuous effort to expand and increase labor absorption in the rural areas. Specifically, Senate Bill 265 and 670 aim to generate employment in the rural areas promote comprehensive rural development by providing registered cottage and small-medium scale industries in the form of tax exemptions, tax credit and access incentives bonded and warehousing system, nonfiscal incentives such preferential treatment of registered industries in the availment of commercial or development loans, and protection of investment. Similarly, Senate Bill No. 743 (Magna Carta for Small Business) House Bill No. 17848 (Kalakalan ng 20 or popularly known as the Crbos Bill) give priority to small businesses. Both bills aim to enhance and accelerate the growth of small enterprises through the provision of credit and other incentives. The Orbos Bill specifically targets those enterprises with less than and which are located in the countryside. It offers these enterprises exemption from the payment of income taxes and the minimum wage law but not laws on labor standards, social security, employees compensation, medicare and health and safety Further, the bill attempts to simplify registration procedures to encourage more entrepreneurs to go into small businesses. In effect, entrepreneurs who qualify only have to pay an annual registration fee of \$250.00 for every ₱50,000 of assets in the city or municipality where they are The underlying objective is to minimize government located. intervention in the activities of these small businesses at the time provide the necessary assistance and protection they need. While this may sound encouraging as success stories are available especially that of the Italian case, there widespread apprehension as to its ability to indeed promote the growth of micro enterprises. As of 1986, more than 94 percent of all nonagricultural establishments are small with employment size of 10 or less and a large proportion of these establishments are operating in the informal sector, also popularly called the "underground economy." Most of these establishments operate

Table 22
PROCESSED AND DEPLOYED OVERSEAS WORKERS AND REMITTANCES

OVERSEAS EMPLOYMENT				
Processed Contract Workers	389,200	414,461	496,854	477,764
Land-based	337,754	357,687	425,881	381,892
Sea-pased	51,446	56,774	70,973	95,872
Deployed Contract Workers	372,784	378,214	449,271	471,030
Land-based	320,494	323,517	382,229	385,117
Sea-based	52,290	54,697	67,042	85,913
REMITTANCES FROM OCW				
(In US\$M)	687.2	680.44	791.91	845.7
Land-based	597.9	571.75	671.43	675.6
Sea-based	89.3	108.69	120.48	170.1

Source: Philippine Overseas Employment Agency (POEA).

under no formal regulation and in effect do not pay any taxes or While this sector has been viewed as a low-productivity accommodating workers more on a temporary and short-term sector its size has been growing over the years and its basis. contribution to national output has been increasing as well. passage of this bill, therefore, is viewed by some as something that will eventually wipe out the underground economy since this sector exists principally because it remains unregulated. Should this happen, overall employment and output will definitely affected unfavorably. The other possibility, however, is that with better access to credit and other technical assistance, small enterprises will be better organized and perhaps be better prepared for future expansion. This will serve as an attraction for the existing ones to "formalize" and for new ones to join in. objection to the bill is the provision on exemption The other from the minimum wage. With about 94 percent of total employment in establishments with 10 workers and below, the exemption will deprive about 1,090,133 workers of higher wages. This is viewed as an anti-labor provision and should thus be modified.

The Magna Carta for Small Business similarly caters to small businesses, although bigger in size than those included in Orbos Bill i.e., not more than 99 workers. Likewise, provisions for credit and other incentives are similar. The Bill, however, is very specific about the location of project eligible under its program, while the Magna Carta Business is not, except that the projects should promote regional development and sub-contracting activities. Since these bills are very similar in both objectives and scope, since both of them are likely to involve the same set government agencies in their implementations, they might as well integrated into one law to avoid duplication and to ensure more efficient implementation.

- B. The promotion of industrial peace will remain to serve as a key to the promotion of an investment climate attractive to foreign investors. This is evidenced by the approval of Republic Act No. 6715 (Amendments to Labor Code) in January 1989 which is the consolidation of Senate Bill No. 530 otherwise known as the Herrera Bill and House Bill No. 11524.
- income is a move towards increasing and There productivity by providing incentives to labor and capital industrial enterprises and through achieving and maintaining industrial peace. Likewise, wider protection of workers envisioned in the bills which hope to include more workers in the provision of social security like the domestic helpers, provide additional protection to handicapped workers against discrimination, and to increase protection of women against sexual harassment and discrimination with respect to terms conditions of employment.

D. Finally, overseas workers will be given utmost assistance not only in the areas of recruitment and processing but also in the areas of credit and minimum wage fixing.

#### IV. AREAS FOR REFORMS

While it is becoming more evident that the government is more serious in tackling the problems of the labor sector, there still remain areas where further reforms are called for. Generally, employment policies and programs that are implemented in isolation will not be effective and may not be sustainable in the long-term. It is necessary, therefore, to integrate these employment policies and programs into the overall development strategy to complement the policies of the other sectors. There should also be serious efforts to avoid the duplication of programs implemented by the different agencies in government. Further, the expertise of more NGOs should be tapped to assist in the implementation of these employment programs.

The government should veer away from the minimum wage legislation as a way of improving the income of workers not only because noncompliance among firms is widespread but because it is distortionary in the first place. An information system should be put in place and institutionalized to provide consistent and readily available information to the workers and to facilitate the market determination of wages. Moreover, the total incomes approach should be adopted where the other nonmonetary aspects of workers' benefits will be given greater emphasis.

Bilateral agreements with labor importing countries should be given more emphasis to assure the protection of the workers especially on the work site and to ensure justice on the labor problems and benefits.

Finally, productivity enhancing programs for workers should be promoted not only to increase the workers' real incomes but also to contribute to economic growth. Likewise, human capital accumulation should also be emphasized especially in the manufacturing sector where skills are acquired on the job. This implies that we should concentrate on activities which have higher value added and which provide adequate opportunities for the workers to acquire new skills.

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Appendix A
TST-SELA/NGD-MCP APPROVALS
BY REGION
as of Oct. 23, 1989

REGION	TST-SELA Amount	No. of Beneficiaries		NGO-MCP Amount	No. of Beneficiaries	No. of <b>N6</b> Os
I	7,075,000	283	17			
CAR	7,216,000	289	21			
11	13,333,000	533	16			
Ш	3,125,000	125	11	9,050,000	362	9
IV	5,666,000	227	14			
٧	2,570,000	103	12	1,625,000	65	6
17	2,685,000	107	9			
117	4,101,000	164	12	5,412,000	216	7
VIII	2,255,089	90	6	5,780,000	231	{
11	1,789,000	68	12			
X	3,540,000	142	8	6,719,900	269	(
11	3,302,000	132	12	6,350,800	254	(
XII	4,188,000	168	12			
NCR	4,970,000	199	11			
Totals	65,726,006	2,630	173	32,886,000	1,397	4

Source: Bureau of Small Scale Industries.
Department of Trade and Industry.

#### DESCRIPTION

#### I. EMPLOYMENT CREATION AND PROMOTION

Executive Order No. 336 Establishing Labor-Based Units poses

(September 13, 1988)

To adopt labor-based methods in inin the Infrastructure Agencies of frastructure projects to alleviate unemthe Government and for Other Pur-ployment and underemployment, promote self-reliance, and conserve foreign exchange through reduced importation of construction equipment and fuel

Agencies such as the BPWH, DLG, DOTC and NIA are directed to establish, within 6 months from the date of this Order, labor-based units (LBUS) in their respective agencies. These agencies shall also assist small contractors in organizing labor-based operations and in the training of their personnel.

# II. WAGES, SALARIES AND OTHER FORMS OF COMPENSATION

Republic Act (R.A.) No. 6640 An Act Providing for an Increase in the Wage of Public or Government Sector Employees on a Daily Wage Basis and in the Statutory Minimum Wage and Salary Rates of Employees and Workers in the Private Sector and for Other Purposes (Consolidation of Senate) Bill No. 156 and House Bill No. 2842)

(Dec. 10, 1987)

The act adjusts minimum wage outside of COLA integration.

All workers and employees in the public or government sector on a daily wage basis shall receive an increase of ten pesos (Pl0.00) a day.

The statutory minimum wage rates of workers and employees in the private sector shall be increased by:

> Pl0.00 - Metro Manila for Agricultural and Non-Agricultural workers

Pll.00 - Outside Metro Manila for Non-Agricultural Workers

The RA brought the total base pay and allowances (legislated wage rates) effective Dec. 14, 1987 to:

> P67.08 - for non-agricultural workers P56.67 - for plantation agricultural

workers

P45.67 - for non-plantation agricultural workers

R.A. No. 6727

An Act to Rationalize Wage Policy Determination by Establishing the Mechanism and Proper Standards thereof, Amending for

"Wage Rationalization Act" -Rationalizes the fixing of minimum wage and to promote productivity improvement and gain-sharing; to guarantee the

DESCRIPTION

the Purpose Article 99 of, and Incorporating Articles 120, 121, 122, 123, 124, 125, 126, and 127 into, Presidential Decree No.442, As Amended, Otherwise Known As the Labor Code of the Philippines, Fixing New Wage Rates, Providing Wage Incentives for Industrial Dispersal to the Countryside, and for Other Purpose

(Consolidation of S.B. No. 1034 and H.B. No. 23227) (June 5, 1989)

#### R.A. No. 6686

An Act Authorizing Annual Christmas Bonus to National and Local Government Officials and Employees Starting CY 1988 (Dec. 14, 1988)

# EXECUTIVE ORDER

# E.O. No. 31

Granting Compensation Adjustments to Government Personnel (July 1, 1986) rights of Labor to its just share in the fruits of production, to enhance employment generation in the countryside through industry dispersal; and to allow business and industry reasonable returns on investment, expansion and growth.

-Promotes collective bargaining as the primary mode of setting wages and other terms and conditions of employment; and whenever necessary, the minimum wage rates shall be adjusted in a fair and equitable manner, considering existing regional disparities in the cost of living and other socio-economic factors and the national economic and social development plans.

-Creates the National Wages and Productivity Commission and the Regional Commission and the Regional Tripartite Wages and Productivity Boards

-Grants bonus equivalent to one month basic salary and cash gift of Pl,000.00 to all officials and employees of the National goveernment who have rendered at least four months of service from January 1 to October 31 of each year.

Provides the increase in basic salary of government personnel by two (2) salary steps (approximately equivalent to ten percent, excluding: government-owned and controlled coporations; agencies adopting the OP Play Plan; critical or OCPC-exempt agencies which have their own special pay plans, positions allocated to upgraded classes in the National Compensation and Position Classification Plans in recently organized agencies and whose staffing patterns have been approved only in 1985; positions in government agencies given special salary increases under E.O. 1059, E.O. 1060 and E.O. 1065 for lawyers, allied medical personnel and postal workers, respectively; and Career Executive Service Officers (CESO) and equivalent and higher position for whom a separate pay plan will be submitted by the DBM.

#### DESCRIPTION

Provides an additional cost-of-living allowance (COLA) based on their adjusted salary levels, as follows:

Salaray Level

Additional COLA

Per Month P150.00

P2,500 and below P2,502 to P3,000

P 50.00

The following shall be excluded from the additional COLA: employees of gov't owned and controlled corporations; and employees of agencies who are already receiving cash emoluments other than the standard basic pay and allowances under the National Compensation and Position Classification Plan.

E.O. No. 74

Granting Year-end Bonus and Cash Gift to National and Local Government Officials and Employees

(Nov. 26, 1986)

Provides a year-end bonus equivalent to one month basic salary to employees who have rendered at least 4 months of service as of October 31, 1986.

Grants an additional cash gift of P1,000 to all officials and employees of the National Government and of the local Government Units.

E.O. No. 74-A
Expanding the Coverage of the Year-End Bonus
(Dec. 19, 1986)

Officials and employees of the National Government owned and controlled corporations who have rendered less than four months of service from Jan. 1, 1986 to Oct. 1, 1986 shall be entitles solely to the following cash gift:

Length of Service

3 months but less than 4 months
2 months but less than 3 months
1 months but less than 2 months
1 less than 2 months
1 months but less than 2 months
1 months less than 2 months
1 months less than 2 months

Local Officials and employees shall receive the above but subject to the availability of local funds.

E.O. No. 75

Upgrading the Salary Scale of
Forestry and Legal Officers of
the Ministry of Natural Resources

(MNR)

(Nov. 28, 1986)

The basic salary of all forestry positions in the MNR, its bureaus and attached agencies requiring minimum qualifications of a degree in forestry shall be upgraded by four (4) steps (gov't. salary scale) equialent to twenty (20) percent.

#### DESCRIPTION

The basic salary of all legal officers in MNR shall be upgraded to the same salary scale granted to legal officers in the MAR, Justice and Labor under E.O. No. 1959.

#### E.O. No. 110

Allowing Certain National Government Agencies to Continue the Practice of Paying Medical and Incentive Allowances Based on Prior Years' Tradition (Dec. 24, 1986)

# E.O. No. 147

Expanding the Coverage of the Grant of Medical Allowance Under E.O. No. 110 Dated Dec. 24, 1986 (March 3, 1987)

# E.O. No. 152

Granting Salary Increases to Career Executive Service Officers of the Gov't.

(March 1, 1987)

Allows all national national government agencies with available savings from funds previously released to continue allowances to their personnel.

Provides one-time payment of medical allowances worth P2,000 per employee in the National Government Agencies and government agencies and government-owned and controlled corporations not covered by E.O. No. 110, and full-time regular and casual employees employed as of December 31, 1986 and who continue to be employed as of the date of the effectivity of the E.O.

The received monthly salaries of Career Executive Service Officers and Government shall be as follows: Department Secretary P17,000 Presiding Justice of the Court of Appeals P15,000 Department Undersecretary P15,000 Special Prosecutor (Tanodbayan) P15,000 Presiding Justice P15,000 of the Sandiganbayan Associate Justice of the Court of Appeals P13,500 Associate Justice of the Sandiganbayan P13,000 Deputy Tanodbayan P13,000 Presiding Justice of the Court of Tax Appeals P12,000 Asst. Secretary P12,000 Line Bureau Director P12,000 Associate Justice of the Court of Tax Appeals Pl1,000 Dept. Staff Bureau Director P11,000 Dept. Regional Director P11,000 Line Bureau Asst. Director P11,000 Dept. Service Chief P10.000 Dept. Staff Bureau Asst.Director P10,000 Dept.Asst. Regional Director P10,000

#### DESCRIPTION

Line Bureau Reg. Director	P10,000
Head Executive Assistant	P10,000
Regional Trial Court Judge	P10,000
Shari'a District Court Judge	P10,000
Metro Trial Court Judge	P 9,000
Line Bureau Asst. Reg. Director	P 9,000

#### E.O. No. 152-A

Further Rationalizing the Salaries of Justice and Judges of the Lower Courts of the Judiciary and the Special Prosecutors of the Office of the Tanodbayan (March 1, 1987)

#### E.O. No. 153

Granting Salary Increases to Rank and File Government Employee (March 1, 1987)

Provides a basic salary increase to all employees of the national government below the rank of CES officers equivalent to five percent (5%) of their basic salaries.

Under the Agency equity increase, employees of government agencies not receiving any regular emoluments higher than those provided by the National Pay Plan are given an additional salary increase equivalent to ten percent (10%) of their basic salaries.

Under the Occupational equity increase, the following are given additional salary equivalent to five percent (5%) of basic salary:

- 1. Teachers and related teaching positions
- 2.Agricultural and agrarian reform technologists who are bachelors degree holders
- 3. Vocational placement officers
- 4. Youth welfare and development Offices
- 5. Veterinary services group
- 6. Social welfare group

E.O. No. 178

Increasing the Statutory Daily
Minimum Wage After Integrating
the Cost of Living Allowance Under Wage Order Nos. 1,2,3,5 and 6 schedule:
into the Basic Pay of All Covered
Workers

The
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a) COL
Morkers

The COLAs under existing WO are integrated into the basic wage of all covered workers based on the following schedule:

- a) COLAs under WO Nos. 1,2 &3,effective May 1, 1987
- b) COLAs under WO Nos. 5 & 6, effective Oct. 1, 1987

For establishments with less than 30 employees and paid-up capital of P500,000 or less:

#### DESCRIPTION

- a) COLAs under WO Nos. 1 & 2,effective May 1,1987
- b) COLAs under WO No.3, effective Oct.1, 1987
- c) COLAs under WO Nos. 5 & 6,effective May 1,1987

Provides year-end bonus equivalent to one month basic salary and cash gift of P1,000 to all officials and employees of National Government and Gov't-owned and/or controlled corporations whether regular, temporary or contractual as of Oct.31,1987 who have rendered at least four (4) months of service

Provides 13th month pay to rank and file employees

Grants five percent (5%) salary increases for Career Executive Service Positions and thirty percent (30%) to rank and file employees

GFIS: CB of the Phils., DBP, GSIS, SSS, LBP, Home Finance Corporation, Home Mutual Development Corp., National Dev't. Company, National Home Mortgage Finance Corp., Philippine Amanah Bank, Phil. Crop Insurance Corp., Phil. Export & Foreign Loan Guarantee Corp.

## E.O. No. 310

Granting Year-End Bonus and Cash Gift to National Government Officials and Employees (Nov. 12, 1987)

# MEMORANDUM ORDER

M.O. No. 28

Modifying P.D. No.851 Requiring All Employers to Pay Their Employees a 13th Month Pay (Aug. 13, 1986)

M.O. No. 74

Expanding the Coverage of the Grant of Medical Allowance and E.O. No. 110 dated Oct. 15, 1986 (March 9, 1987)

M.O.

Grants Salary Increases for Positions in

No.75 Insurance Commission

75-A NCSO

75-B Nat'l Computer Center

75-C Tariff Commission

75-D National Tax Research Center

75-E MTRCB & URB

75-F DOST

(March 26, 1987)

M.O. No. 87

Grants a 10% Salary Increase to Employees of Government Financial Institutions (June 1, 1987) M.O. No. 87-A

Effecting a 10% Across-the-Board Increase for Employees in the GFIS

(Jan.27, 1988)

M.O. No. 88

Grants Salary Increases to Court Stenographer reporters of the Regional Trial Courts and Other Lower Courts of the Judiciary

(June 2, 1987)

M.O. No. 71

Provides for the Payment of Separation Benefits to Officials and Employees of the MHS and Other Agencies Abolished Under E.O. No. 85

(Feb. 18, 1987)

M.O. No. 89

Provides for the Separation Benefits to Officials and Employees of the MHS and Other Agencies Abolished Under EO No. 85 (June 8, 1987)

M.O. No. 110

Authorizes the Integration of the 40% Incentive Allowance into the Basic Salary of All Rank and File Positions of the DTI (Sept. 24, 1987)

M.O. No. 120

Grants Salary Increases for Positions in the Commission on Audit

(Oct. 16, 1987)

M.O. No. 122

Realigns the Salaries of the Personnel of the Commission on Human Rights with those of the COA and the CSC

(Oct. 20, 1987)

M.O. No. 130

Realigns the Salaries of the Personnel of the CSC with those of the OP

(Nov. 13, 1987)

#### DESCRIPTION

## M.O. No. 134

Granting Salary Increases for Positions in the Foreign Service Institute (FSI) and UNESCO National Commission of the Phils. (NCP) under the DFA

(March 27, 1984)

M.O. No. 156

Granting Salary Increase for Positions in the University of the Phils. System (Feb. 8, 1988)

DEPARTMENT ORDER (D.O.)

D.O. No. 13 (March 25, 1988)

# III. LABOR RELATIONS

# R.A. No. 6715

An Act to Extend Protection to Labor, Strengthen the Constitutional Rights of Workers to Self-Organization, Collective Bargaining and Peaceful Concerted Activities, Foster Industrial Peace and Harmony, Promote the Preferential Use of Voluntary Modes of Settling Labor Disputes, and Reorganize the National Labor Relations Commission, Amending for these Purposes Certain Provisions of Presidential Decree No. 442, As Amended, Otherwise Known as the Labor Code of the Philippines, Appropriating Funds therefore, and For Other Purposes

(Consolidation of S.B. No. 11524)
(Jan., 1989)

Salary Increases:

15% - officials and employees of FSI for those whose rank are FSO IV to Chief of Mission

30% - personnel whose ranks are FSSE III to FSCO I and UNESCO officials and employees

5% - Executive Secretary and UNESCO Phils. Asst. Secretary

Salary Increase: 10%

Guidelines to ensure that the statutory minimum wage adjustment effected by R.A. No. 6640 is properly implemented by service contractors such as security agencies, janitorial service firms and other service contractors TITLE .

DESCRIPTION

#### EXECUTIVE ORDERS (E.O.)

E.O. No. 47

Reorganizing the National Labor Relations Commission (Sept. 10, 1986)

E.O. No. 111

Amending Certain Provisions of the Labor Code of the Phils., as Amended

(Dec. 24, 1986)

E.O. No. 180

Providing Guidelines for the of Government Employees, Creating a Public Sector Labor -Management Council and for Other Purposes (June 1, 1987)

E.O. No. 252

Further Amending Articles 213, 214 and 215 of PD No. 442, As Amended

(July 25, 1987)

IV. OVERSEAS WORKERS

EXECUTIVE ORDERS (E.O.)

E.O. No. 25

Granting Exemption from the payment of the Travel Tax to Filipino Overseas Contract Workers (July 1, 1986)

E.O. No. 247

Reorganizing the Philippine Overseas Employment Administration and for Other Purposes (June 24, 1987)

Aims to professionalize the labor dispute settlement machinery and to clear NLRC of sectoral interest

Amends or repeals provisions of the Labor Code that repress the rights of workers and of their trade unions.

Grants gov't employees the right to Exercise of the Right to Organize form, join or assist employees' organizations. Outlines rules, with respect to registration of organizations, selection of representattives, settlement of disputes and concerted activities and strikes

> Reorganization of NLRC to strengthen further the labor dispute settlement machinery, to prevent undue delays as well as ensure the just and efficient resolution of labor cases

Changes the functional structure of POEA to make it more efficient in undertaking its function of formulating and implementing a systematic program for monitoring and promoting the overseas employment of Filipino workers and for protecting their rights to fair and equitable employment practices

#### V. LABOR STANDARDS AND WORKERS' WELFARE

# EXECUTIVE ORDERS (E.O.)

E.O. No. 28

Further Amending Certain Provisions of RA No. 1161, as Amended, Otherwise Known as the Sociali Security Law

(July 16, 1986)

E.O. No. 31-A

Granting Hazard Pay to Officers, Enlisted Personnel, Draftees and Extended Trainees of the NAFP and the Uniformed Members of the INP, and for Other Purposes (July 23, 1986)

E.O. No. 179

Further Amending Title II, Book Four of the Labor Code of the Phils.

(June 1, 1987)

E.O. No. 256

Increasing the Daily Subsistence Allowance of Patients Confined in AFP/INP Hospitals and Dispensaries, Cadets of the Phil. Military Academy, the Phil. Air Force Flying School and the Phil. National Police Academy, and AFP/ INP Personnel Undergoing Training in Local Training Institutions (July 25, 1987)

E.O. No. 257

Increasing the Subsistence Al- Daily Subsistence Allowance: lowance of Officers and Enlisted Personnel of the AFP

(July 25, 1987)

VI. OTHERS

E.O. No. 251

Amending Certain Sections of Executive Order No. 126 Dated Jan. 30, 1987

(July 25, 1987)

Provides for the feasible increases in benefits and addition of new ones without increasing the contribution and for the constant upgrading of the benefit structure for the low income group. Amendments cover monthly pension, funeral benefit and sickness benefit.

Hazard pay - Pl20.00/month

Amendments cover disability benefits, funeral benefit and sickness benefit

Daily Subsistence Allowance: increase from P20.00 to P30.00/day

increase from Pl2.00 to Pl8.00/day

To make the on-going reorganization of the DOLE urgent demands of national economic and emloyment more responsive to the recovery and to promote efficiency and effectiveness in the delivery of public services

# Appendix C BILLS FILED IN AND RECENTLY APPROVED BY CONGRESS AFFECTING LABOR AND EMPLOYMENT

S.B. NO.	TITLE	DESCRIPTION
I. EMPLOYM	MENT CREATION AND PROMOTION	
	An Act to Help Students Pursue their Education by Encouraging their Employment During Summer Vacation by Granting Incentives to Employers in the Form of Subsidy Equivalent to the Salary or Wage to be Paid Refundable in Cash or in the form of Tax Credits and for Other Purposes	Coverage:  Employer or entity employing at least 50 persons may    employ students 16 and over
	; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ; ;	: !Benefits: !50% of salary or wage shall be refunded by gov't to !employer within 30 days from presentation of payroll !or voucher tax credit !
	An Act Granting Special Tax Incentive to Employers Who Employ Disadvantaged Persons	Policy:  -promote and ensure full employment opportunities to
	f	Disadvantaged Persons:  -handicapped, ex-convicts, out-of-school youth, reha-  bilitated drug abusers, those who need rehabilitation   and are qualified to be hired as workers or employees
	1 1 1 1 1 1 1 1 1 1	Privileges to employers: -for income tax purposes: additional expense deduction of 5% of gross salaries paid during the year ((provided the number of disadvantaged persons employed (is at least 5)
		'-special tax credit for employers whose fringe benefit 'include workers training, education, research and dev'
	: An Act to Generate Employment in the Rural Areas by Providing Incentives Therefore, and for Other Purposes	:  Policy:  -promote comprehensive rural development
	1	<pre>(Fiscal Incentives:</pre>

S.B. NO. TITLE DESCRIPTION c) Tax Credit for Taxes and Duties on Materials and : Supplies d) Access to Bonded and Warehousing System e) Exemption from Contractor's Tax f) Exemption from wharfage dues, exports tax, duty, import as fee? !Protection of Investments: Registered industries are !entitled to: a) Repatriation of Investments b) Remittance of Earnings c) Foreign loans and Contracts d) Freedom from Expropriation e) Freedom from requisition of Investment !Non-fiscal Incentives: |-preferential treatment of registered industries in lavailment of commercial/or development loans particu-!larly for operating capital requirements Setting-up of Employment Generation and Incentives 'Fund:-for loans dev't and operating capital requirements of registered industries SB No.678 (An Act Providing Employment in th Rural Areas. :-Gives priority to rural employment to strengthen and : (Tamano) (Creating A Coordinating Council, and for Other 'stabilize the economic, political and social structure; !Purposes of the national gov't in the rural areas and in keeping with its obbligation to provide for the greatest inumber of people basic needs in order to make their 'existence decent !-Coordinating Council shall be: responsible for planning, developing and implementing trural employment programs designed to create maximum ;employment opportunities in gov't-financed projects; ; promotion of cottage industries; conservation and re- : forestation of forest resources; public works projects; ;which promote economic growth, such as dev't. projects; !national and commercial irrigation, river control and ; drainage: airports and ports construction, improvement: land maintenance, shore protection, construction and aintenance of highways and feeders roads connecting !agricultural areas with market centers (SB No. 153 An Act to Insure Equal Employment Opportunities to Policy: (Pimentel) Muslims and Tribal Filipinos :-to promote social justice by equal employment opportunities to Muslims and Tribal Filipinos Copportunities: ;-hiring and union membership

; ; s.B. NO.	TITLE	DESCRIPTION
;		Gov't sector:
1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		Private Enterprises:
; ; ; ; ; ;		;Other Privileges:  -Employees right to actively participate in religious ;  or ethnic activities
l I		-provided that investments, loans or programs directly;  in favor of employee -members shall not be affected by  this Act
t ; ; ;		Purpose:   -generate more employment opportunities
: SB No.743 :	1 1	I.Objective:
		II.Coverage:  -small enterprises whose:   a)assets do not exceed P5 M after the loan   b) employees do not exceed 99 workers   c) micro and cottage enterprises
		(III.Nationality Requirement: ; ; a) Single proprietorships - 100% Filipino-owned ; ; b) judicial entity - 60% Filipino-owned ;
\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \		IV.Eligible Projects:  (a) projects that promote self-employment and live-lihood  (b) labor-intensive (c) export-oriented (d) import-substitute (e) promote regional development and sub-contracting (f) generate development
	'	V.Incentives: A. Credit 1. Mandatory allocation - all lending institutions within the region to retain 50% of funds to fund projects 2. Preferential interest rates on loans which shall remain fixed for the duration of obligation;
 		3. Collateral-free or less collaterally burdened : loans as complemented by a guaratee and insurance; system :

S.B. NO.	TITLE	DESCRIPTION
		B. Tax  1. Exemption from import tax, for importation of machinery and space parts  2. Tax credit on purchase of domesticaly manufactured equipment, machinery and spare parts  3. Small enterprises grouping together for establishment and use of common facilities or industry complex shall enjoy abovementioned tax privileges
		VI.Registration: -regional or provincial offices of the DTI VII. Research/Technical Assistance: DTI, NEDA, DOLE, DOST, CB, DOF, DBM, DA, DAR, DENR (Inter-Agency Council)
		VIII. Nature of Assistance Presented:  A. Marketing Assistance  1. Inter-agency council shall establish a medium of assistance in terms of marketing and distribution  2. Small enterprises seeking to supply goods and services to the gov't shall be entitled to a share of 15% of total procurements value.  B. Raw Materials Assistance  - reference in the procurement of raw materials sup-
		ply particularly, forest and marine products  IX.Labor Regulations -Provincial wage rates, whenever advantageous to both small enterprise and employer, subject to rules of DOLE
HB No. 17848	Kalakalan ng 20	I. Objectives:enhance the growth of Countryside Business Entities (CBEs) through incentives and Minimal gov't interven- tion
		II. Coverage: CBEs whose  A. Assets do not exceed P500,000 before financing and and do not exceed P 5 M during the 5-yr, period  B. Capitalization not exceeding P50,000 for every worker
		C. Employees do not exceed 20 workers D. Principal location of business is in the country- side III.Incentives A. Credit:
		<ol> <li>85% project loan financing at a maximum effective; subsidized rate of 12% p.a.</li> <li>collateral free other than equipment to be financed by the loan</li> </ol>

DESCRIPTION TITLE S.B. NO. 3. participating financial institutions -loans exempted from gross receipt tax -interest income tax deductible ! B. Tax -exemptions from income tax and VAT IV.Registration !-Municipality or City: CBEs shall pay annual registration fee of P 250 for every P 50,000 of assets V. Research/Technical Assistance DTI, UP ISSI, NEDA, NGOs **IVI.** Nature of Assistance Presented ! A. Marketino Assistance DTI shall provide information as regards input and: coutput prices, markets, possible business ventures, etc.; **!VII.Labor Regulations** ; A. Minimum wage law is suspended for those with 20 or! less but not laws on labor standards, social security,: temployees compensation, medicare, health, and safety !standards B. CBEs employing more than 20 are covered by all labor and social security legislations III. WAGES, SALARIES AND OTHER FORMS OF COMPENSATION (SB. No. 70:An Act Providing for An Increase of P 20 to the !Salary Increase: (Herrera) | Daily Basic Wage of Public and Private Employees ;- P 20 / day government and private and for Other Purposes a) non-agri workers SB. No.134(An Act Providing for An Increase in the Statutory P 6.00 upon approval of this Act and 'Minimum Wage Rates of Employees in the Private 2.09 effective Jan. 1, 1988 Sector and for Other Purposes b) Agri workers in Retail/Service establishments regularly employing not more than 10 workers P 4.00 Upon approval of this Act and P 2.00 effective Jan. 1, 1988 !Workers paid by result shall receive not less than the: applicable statutory minimum wage prescribed per 8 thours of work per day, on a proportion of for working less than 8 hours Learners, Apprentices and handicapped workers ;-not less than 75% of minimum wage rates ISB. No.156:An Act Proving for an Increase in the Wage of Pub-: a) All Workers and employees in the Public or Gov't sector = P 10/day lic or Gov't Sector Employees on a Daily Wage Ba- : 'sis and in the Statutory Minimum Wage of Employees!

# S.B. NO. TITLE DESCRIPTION 'Workers in the Private Sector and for Other Purb) Privte Sector Employees or Workers poses -Agri or non-agri including retail establishment regularly employing not more than 10 workers: P 10 / day -Non-agri workers outside MM: P 11/day SB. No.271;An Act Amending Section 2 of RA 6648 and for Other;—exempts financially distressed private educational ! (Angara) !Purposes institutions from paying required minimum wage(RA6640); and for other purposes 16B. No.576; An Act Amending Section 5, Rule XII of the Labor !Minimum Monthly Wage of Househelpes: (Lina,Jr.);Code of the Philippines, and for Other Purposes 1) NCR: P 200 2) Other Chartered cities and first-class Municipalities: P 150 3) Other municipalities: P 100 !Note: the Labor Code of the Phil. mandates that the minimum wage for househelpers (Sec. 5 of Rule XII) 1) NCR: P 60 2) other chartered cities nd first-class municipalities: P 45 3) Other municipalities: P 30 :SB No. 802:An Act to Enforce Section 8 of Article IX-B of the:Punishment for Offending public Officer or Employee: Saguisag (Constitution Prohibiting Elective or Appointive :-return treble the amount of compensation received Officers or Employees from Receiving, Directly or :-second conviction: return treble of the amount re-;Indirectly, Additional, Double or Indirect Compen-;ceived; imprisonment for a period not exceeding 5 'sation, Unless Specifically Authorized by Law 'years ; forfeiture of position; absolute perpetual !disqualification ISB No. 803;An Act to Put a Ceiling on the Salry or Compensa- |Coverage: Saguisag !tion of Public Officials and Employees !-public official :-public employee including those in gov't-owned or controlled corporation !Prohibition: i-to receive addition or indirect compensation -an amount in excess of basic slary in his office -such basic salary + allowances, bonuses, etc. shall not exceed basic annual salary of the President !Violation: !-leads to conviction and return of the amount not to lexceed treble the amount of the compensation received :5B No. 135;An Act Increasing the P 12/per Day the Present Mi-;Gov't or Private Whether Agri or Non-Agri: Maceda 'nimum Wage for All Workers and Employees in the !-P 12/dav .Govt and Private Sectors !Increase in Minimum Wage Every Year: :-by not more than 10% of current minimum wage taking linto account cost of living index, economic recovery requirement social justice, etc.

S.B. NO.

TITLE

DESCRIPTION

#### !III. LABOR RELATIONS

ISB No. 15 An Act to Amend Certain Provision of the Labor (Herrera &;Code of the Phils, to Promote Gainful Employment, ; 1. To promote Gainful Employment by: Maceda) !Strengthen the Rights of the Workers to Self-Orga-! Inization and to Bargain Collectively, Promote Industrial Peace and Harmony and to Reorganize the :DOLE and for other purposes

:This proposed Act seeks the ff:

- a) Upholding the full application of the legal minimum wages (begin at no less than 75%) in leadership and appenticeship (not exceeding 6 mos.) agreements and in the employment of the handicapped (75% of applicable legal minimum wage);
- b) Providing equal employment opportunities to the handicapped (every employer shall employ handicapped representing at least 5% of its work force;
- c) Protecting tenurial security in employment thru the establishment of mandatory procedurial requirements,
- !-e.g., allowing issuance of intulocutory orders for provisional reinstatement
- !-providing coercive affirmative punitive reliefs in cases of illegaldismissal
- !-mandating the regularization of jamitorial services;
  - d) Increasing the service incentive leave benefit;
  - e) Making Sunday as the mandatory weekly rest day and increasing the premium compensation for work rendered on Sundays, regular holidays, and special day:
  - f) Making unpaid employees' claims a statutory first; lieu on the employers' assets, over and above those of the gov't and other creditors
  - 2. To Stengthen the Right to Self-Organization and and CB By:
  - a) Establishing a positive mechaism towards the accelerated formation of a truly independent and free trade unionism by making mandatory the cer- : tification election in unorganized establishments; and the direct election of national union and funds:
  - b) Rectoring to the managerial employees the right to the managerial employees the right to selforganization thru the formation of labor organizationzations separate from and independent of the organization of the rank-and-file
  - c) Prohibiting the issuance of restraining orders or writs of injunction in labor disputes except in cases certified by the President for compulsory arbitration;
  - d) Allowing criminal prosecution for acts constituting unfair labor practice simultaneously with or! independently of or separately from the administ: trative action for the name acts;
  - e) Shortening the freedom period from 60 to 30 days;;
  - f) Fixing a longer term for collective bargaining agreements to avoid frequent intra-union disputes:

S.B. NO. TITLE DESCRIPTION g) Providing for the effectivity date of any renewed; or new collective bargaining agreement: h) Doing away with the expensive and divisive runoff election: i) Including labor standard violations as a strikeable issue: j) Eliminating the pre-strike requirement of strike vote and strike vote notice; and k) Identifying the responsible officers who are jointly and severally liable with the company in cases of illegal lockout 3. To Promote Industrial Peace and Harmony by: a) Complying with the constitutional guarantee of the rights of all workers to self-organization, collective bargaining and negotiations, and peaceful concerted activities by extending said rights to gov't employees with the exception of members of the military and police forces: b) Enhancing the constitutional mandate of tripartism in policy-making bodies of the gov't c) Increasing workers' monetary benefits in cases of: retirement, certain types of business closure and: cessation or changers in business operation 4. To Reorganize the Department of Labor and Employment By: Aligning its structure and functions with the 1987 Constitution and present national needs ISB No. 217;An Act to Promote Industrial Peace by Guaranteeing;Policy: guarantee right to engage in (Paterno) (the Rights of Workers in the Private Sector to 1) peaceful concerted activities and to obtain Engage in Peaceful Concerted Activities and to (workers) (Strike in Accordance with Law, and of Employers to: 2) lockout (employers) Lockout and for Other Purposes SB No. 891; (Labor Education Act of 1980) It is the policy of the State to promote the quality! An Act to Institute Labor Education, Uphold Unio- tof labor education, uphold the right of all workers inism, Faster Industrial Peace, by Creating the to self-organization, collective bargaining and nego-Philippine Institute of Labor, Appropriating Funds; tiations, and peaceful concerted activites, including Therefore, and for Other Purposes the right to strike in accordace with law, and enhance; the development of the principle of shared responsibility between workers and employers and foster industrial peace. To these end, the act therefore seeks the creation of a Philippine Institute of Labor whose functions are, among others, ; a) the promotion of awareness among workers of their; rights, duties, and obligations, and

DESCRIPTION TITLE 5.B. NO. b) to undertake studies and researches on labor law. labor relations, productivity, occupational health; and safety and on such other subjects or areas necessary in the performance of its functions and; and publish the results of its researches and studies (SB No. 731;An Act to Protect and Promote the Right to Self- ; i) Declaration of Policy: protect and promote the rights of employees in the; torganization and Collective Bargaining of Gov't Em-; civil service to self-organization, collective iployees, Creating a Civil Service Labor Relations ; bargaining and negotiation, and peaceful concerted; 'Board, Appropriated Funds Therefore, and for Other! activities, including the right to strike in ac-!Purposes cordance with law ! (Civil Service Labor Relations Act) 2) Coverage: Government Employees 3) -right to self-organization -protection of the right to self-organization -right to CBA -right to engage in concerted activities and to strike subject to limitations and restrictions SB No. 647 An Act to Provide for Labor Representation in the :-One representative from the rank and file employees (Romulo) (Board of Directors of Gov't-owned and Controlled (to be elected by all employees; :-As the labor representative to the Board of Directors: !Corporation will have the same functions, voting rights, be paid (Labor Sector Representation in the Board of Directors of Gov't-owned and Controlled Corpo- ; the same empluments, and enjoy the same privileges ration Act of 1988) It is the policy of the State to promote the quality; (SB No. 891)(Labor Education Act of 1988) 'An Act to Institute Labor Education, Uphold Unio- 'of labor education, uphold the rights of all workers to self-organization, collective bargaining and nego- : inism, Faster Industrial Peace, by Creating the 'Philippine Institute of Labor, Appropriating Funds'tiations, and peaceful concerted activities, including' the right to strike in accordance with law, and en-Therefore, and for Other Purposes hance the dev't of the principle of shared responsibility between workers and employers and foster !industrial peace ! To these ends, the act therefore seeks the creation : of a Philippine Institute of Labor whose functions are! among others. a) the promotion of awareness among workers of their! rights, duties and obligations, and b) to undertake studies and researches on labor law,; labor relations, productivity, occupational health; and safety and on such other subjects or areas necessary in the performance of its functions and; publish the results of its researchers and studies ZIV. PRODUCTIVITY ISB No. 10 (Agro-industrial Incentives Act of 1987)

(Guingona);An Act to Provide Further Incentives to Labor and Igrant proportionate bonuses to their employees and Both Productivity and Income Will be Increased

!-provides incentives to all industrial enteprises who |Capital of Industrial Enterprises to the End that |whose employees voluntarily adhere to industrial peace; :-industrial enterprises shall establish welfare coun- : icils to create and incentives program based on an lagreed criterion of the production for the past 3 'years, costs, and manpower

: S.B. NO.

16710

TITLE

## DESCRIPTION

;-industrial enterprises which adopt incentives programs agreed upon by the welfare councils who grant iproportional bonuses to employees based on criteria established by said council, and whose management and labor voluntarily agree in writing to defeat from lockouts and strikes for a continuous period of 3 'vears to ensure industrial peace, shall be granted the; right of tax deduction double that of the bonuses lgiven to he employees as well as manpower training land studies abroad for said employees pursuant to a program prepared by the appropriate gov't agencies

:SB No. 176;An Act to (Provide) Encourage and Maintain Indus- :Policy: (Suingona);trial Peace by Providing (Further) Incentives to ;-promote greater sharing by the workers in the fruits Both Labor and Capital (Industrial Enterprises to ;of their labor to increase productivity (Increased) and for Other Purposes

> "Industrial Place and Productivity Incentives Act; Scope: of 1988\*

the End that Both Productivity and Income will be t-provide incentive for voluntary programs which grant 'productivity bonuses to employers

;-all industrial and agro-industrial enterprises

:Incentives Program:

- ; a) Workers: granted salary bonuses proportionate to ; increase current productivity of workers over the average
  - b) Employers: tax incentives

HB No. : (Industrial Incentives Act of 1988) :An Act Providing Incentives to Labor and Capital of Industrial Enterprises in Order to Increase Productivity and Income

The bill seeks to give incentives for management and: llabor to maintain industrial peace by virtue of a written voluntary agreement to desist from lock-outs and from strikes. Central to the achievement shall be: equally represented in these SWC: which are tasked to: determine their own incentives program for their res-'pective establishments' employees "based on an agreed ! criterion, based on the production for the past 3 'years, costs and manpower."

Industrial establishments which can maintain indus-; trial peace for a continuous period of a 3 years shall; the granted the right to tax deduction double that of bonuses given to their employees, as well as manpower training and studies abroad for said employees pursulant to a program designed by the appropriate governiment agencies.

DESCRIPTION S.B. NO. TITLE

#### V. OVERSEAS WORKERS

ISB No. 19 An Act Providing for Credit Assistance for Over- I-loan assistance for support of the family or benefi-!(Romulo & !seas Workers

Herrera) :

!ciaries of (qualified) overseas workers :-loans shall not bear interest and shall be made paya-; ble in (ten) 10 equal monthly installments :-no bond, collateral !-tide over money not exceeding P5,000 can be availed of upon the workers departure !-the grantee shall remit to the Phils. at least 50% of;

this earnings while on foreign deployment with proviision for deduction of the monthly amortization of his !loan.

(Maceda) tic Helpers and to Provide Penalties for Violation; ment fixed: US \$ 400/month !Thereof

SB. No.371;An Act to Fix the Minimum Wage for Overseas Domes-:Minimum Wage of Domestic Helpers for Overseas Employ-

ISB No. 214;An Act Extending the Compulsory Coverage of the :{Herrera &:SSS to Overseas Contract Workers, Further Amending;-Compulsary-all Filiping Workers recruited in the Phi-(Saguisag) (R.A. No. 1161, As Amended, Otherwise Known as the (lippines by foreign-based employers for Employment Social Security Law and for Other Purposes

!Coverage:

:abroad

Contributions:

!-determined in Accordance with Sec. 18 of this Act

:SB No. 689:An Act Providing for the Monthly Minimum Basic (Herrera) | Wage of Filipino Able Seamen (AB) Employed on Foreign Flagships and For Other Purposes

:All Filipino Able Seamen (AB) employed on foreign flagships shall receive a monthly minimum basic wage of U.S.\$200 or the officially recommended International; Labor Organization (ILO) minimum conthly salary rate, !whichever is higher.

'SB No. 618'An Act to Phase Out Within Five Years the Mandato-; :(Maceda & ;ry Remittance to the Philippines of Foreign Ex-Herrera) (change Earnings of Filipino Workers Abroad

The mandatory remittance to the Phils. of foreign exchange earnings of Filipino workers shall be phased out and shall cease to have any leagal effect within a period of 5 years from the effectivity of this act !Schedule:

- ! 1) 60% of basic salary within the first 2 yrs. and 30% o the same thereafter until the 5th year
  - -Seamen or Mariners

tioned categories

- -Workers of Filipino Contractors and Construction Companies
- -Doctors, engineers, teachers, nurses and other professional worker whose contract provide for free board and lodging
- 2) 48% of basic salary within the first 2 years and 20% of the same thereafter until the 5th year. -All other professional workers whose employemnt contracts do not provide for free board and lodging facilities -domestic and other service workers -all other workers not falling under the abovemen-;

S.B. NO. TITLE DESCRIPTION !VI. LABOR STANDARDS AND WORKERS' WELFARE (SB No. 819;An Act Strengthening the Merit and Fitness System ; 1) Promotions in the career service based primarily (Rasul) (by Requiring Promotions to be Based Primarily on ; on performance and competence 'Satisfactory Job Performance 2) Vacant position: employee who is next in rank and who has attained at least a satisfactory performance rating, who is qualified and possesses an appropriate civil service eligibility shall be promoted (SB No. 65 |An Act Amending Article 135 of the Labor Code, As (Discrimination of Momen Prohibited: Amended by Strengthening the Prohibition on Dis-!-Acts of discrimination shall include, but shall not criminating Against Women with Respect to Terms be limited to the ff.: and Conditions of Employment a) Payment of a lesser wage or salary to a female as against a male employee b) Favoring a male employee over a female employee with respect to promotion solely on account of their sexes (SB No. 213)An Act Amending Article 78, and Chapter 1, Title 3!Prohibited Acts (Employer) (Rasul) (Book 3 of the Labor Code, As Amended, by Giving : 1) to reject or discriminate against any handicapped Additional Protection to Handicapped Workers person with respect to terms and conditions of employment solely on account of his disability 2) to reassign or transfer a handicapped worker to a job in which he cannot perform well due to his handicap 3) to discharge or dismiss an employee on account of his disability (SB No. 256;An Act Prescribing Sexual Harrasment of Employees ;Purpose: (Pimentel):and Workers and Providing Penalties Thereof :-to uphold the dignity of workers and guarantee full respect of their human rights The 1988 Act Against Sexual Harassment\* Sexual harasment: unlawful Employee who resigns due to sexual harassment :-deemed to have been illegally dismissed !Penalties: ;-imprisonment of not less than 1 month nor more than 6 aonths i-fine of not less than P 1,000 nor more than P 10,000 or both SB No. 831¦An Act Amending Article 279 of the New Labor Code,¦An employee who is unjustly dismissed from work shall (Laurel) :To Provide for Payment of Damages to Illegally Dismissed Employees ; 1) entitled to reinstatement without loss of seniority rights 2) entitled to damages equivalent to full back wages, inclusive of allowances computed from time to time! of his actual reinstatement without deductions SB No. 79 (An Act Amending Certain Provisions of Book III, :Minimum Wage of Househelpers: :Title III, Chapter III of PD No. 442, As Amended...; a) P 390/month (from P 60) in MM ; b) P 250/month (from P 45) in other chartered cities and first class municipalities

; c) P 200/month (from P 30) in other municipalities

S.B. NO.	TITLE	DESCRIPTION
		Normal Hours of Work: -no more than 10 hours except upon payment of addi- tional compensation equivalent to 25% of regular wage
	•	-Assignment of nonhousehold work is prohibited -Treatment to househelpers
(Laurel)	Welfare of Househelpers and for the Purpose Amending Articles 146 and 147 of Book III of the Labor Code of the Phils. and Articles 1691 and 1694 of	
i 	<u>-</u> '	Treatment of househelpers: -just and humane manner
	Bankcruptcy by Amending Article 110 of the Labor Code of the Phils.	Art. 110 Worker Preference in case of bankruptcy In the event of bankruptcy or liquidation of an lemployer's business, his workers shall enjoy first preference as regards wages due them for services rendered during the period prior to the bankruptcy or liquidation. Unpaid wages shall be paid in full before other creditors may establish any claim to share in the other assets of the employer, any provision of the Civil Code, the Insolvency Law, the Internal Revenue Code and Any other law to the Contrary not with standing
; SB No. 796 ; (Maceda)	; (An Act Granting Parental Leave of Twenty Days (Without Pay Every Year to All Employees in the (Government and Private Sectors in the Event of Any (Serious Illness or Death of Spouse, Child or Pa- (rent, in Addition to His Right to Sick and Vaca- (tion Leaves and for Other Purpose:	-Serious illness: such sickness requiring actual hospitalization of the patient : -Parental leave availment shall not be a ground for suspension, dismissal and discrimination
:  SB No. 867  (Herrera)  -	An Act Providing Free Immunization in Favor of Employees and Their Dependents Amending Thereby RA No. 1161, As Amended, Otherwise Known as Social Security Law	Program of free immunization against viral,bacterial,  bacillar and similar ailments or diseases   
	An Act to Create the Domestic Service Identification and Referral System, and Amending for that Purpose Article 141 of PD No. 442, As Amended, Otherwise Known as the Labor Code of the Phils., and for Other Purposes	!-Institution and implementation of a comprehensive    -Institution and implementation and referral system

S.B. NO.	TITLE	DESCRIPTION
SB No. 698	: : : : : : : : : : : : : : : : : : :	<pre>? 2) Provide prospective and former employers with relevant data to be used in the selection of househelp</pre>
(Herrera)	<pre>pational Safety and Health Center, Establishing la Research Fund Therefor and for Other Purposes ! !</pre>	 
OTHERS		
	S:An Act Amending Article 45 of PD No. 442, Other- liwise Known as "The Labor Code of the Phils." by !Including in the Membership of the NMYC the Execu- tive Director of the Presidential Council for !Youth Affairs or its Replacement as may be Provi- !ded for by Law	{ -} -

# List of PIDS Working Papers Comprising the Study on "An Assessment of the Performance of the Aquino Government in Selected Policy Areas, 1986-1988"

- WP No. 90-02 An Assessment of the Performance of the Aquino-Government in Selected Policy Areas, 1986-1988: An Overview and Summary by Erlinda M. Medalla
- WP No. 90-03 An Assessment of Public Administration in the Philippines, 1986-1988 by Ledivina V. Cariño
- WP No. 90-04 An Assessment of the External Debt Management in the Philippines, 1986-1988 by Josef T. Yap
- WP No. 90-05 An Assessment of Policies Affecting the Financial Sector, 1986-1988 by Mario B. Lamberte and Julius P. Relampagos
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- WP No. 90-08 A Review of Philippine Natural Resource and Environmental Management, 1986-1988 by Marian S. delos Angeles and Noela C. Lasmarias
- WP No. 90-09 An Assessment of Labor and Employment Policies in the Philippines, 1986-1988 by Edna A. Reyes and Ma. Teresa C. Sanchez
- WP No. 90-10 An Assessment of Population, Health and Education Policies in the Philippines, 1986-1988 by Alejandro N. Herrin
- WP No. 90-11 A Review of the 1986 Reform of the Individual Income Tax
  by Rosario G. Manasan
- WP No. 90-12 An Analysis of the Value Added Tax in the Philippines by Rosario G. Manasan