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Strain in Filipino Industrial Relations

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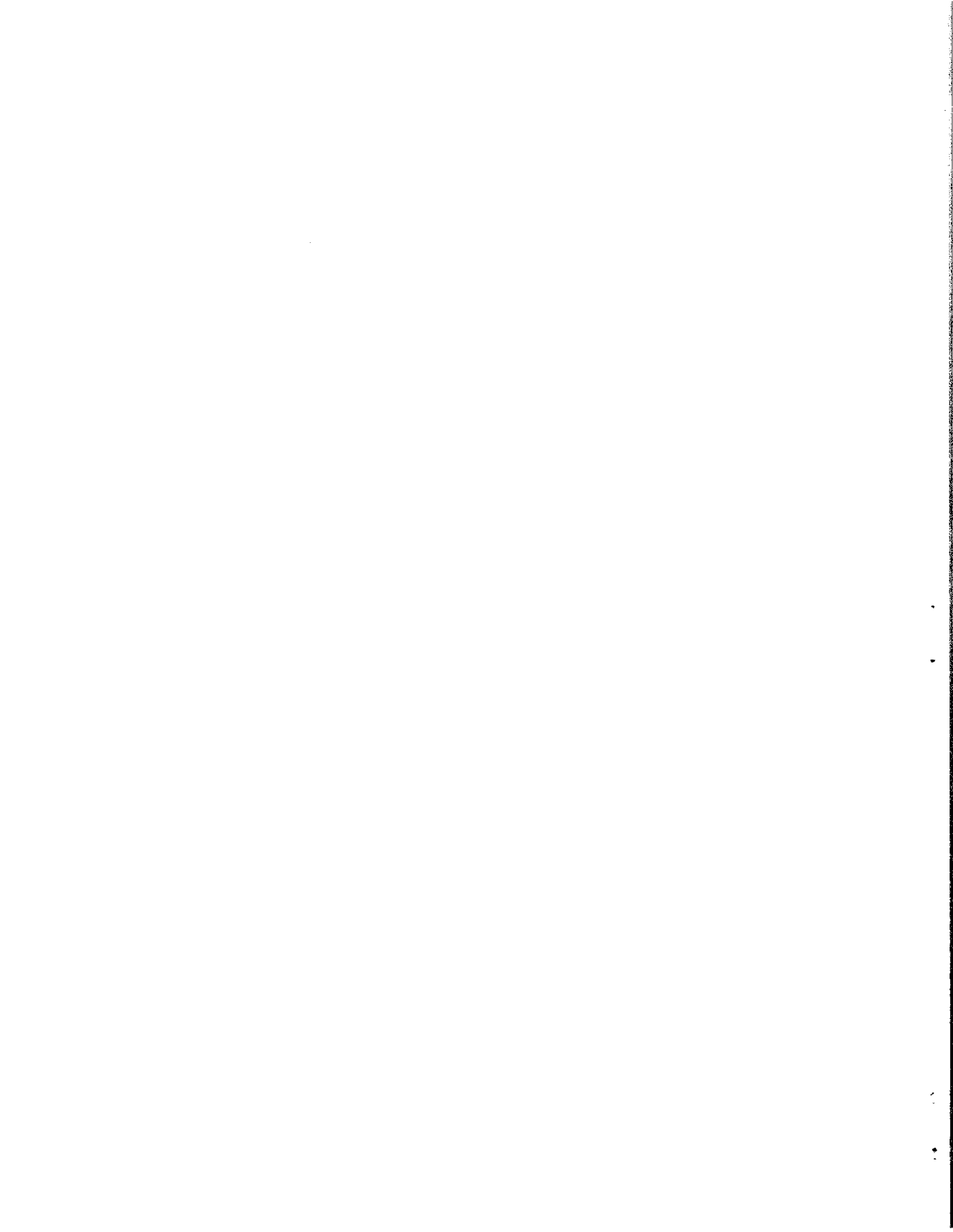
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Strain in Filipino Industrial Relations

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Abstract

During the 1980s, the Filipino industrial relations system has been undergoing a severe strain as evidenced by mounting labor disputes, an openly vocal and hostile labor movement—its resort to a people's strike, popularly known as the Welga ng Bayan method— and a very strong governmental move, inspired by the employers, to make the trade unions toe the line purportedly to bring about a speedy economic recovery and political stability. Amid a tense socio-economic environment, labor-management relations became the focus of intense confrontation and debate in the legislative chambers and among employer groups.

This paper describes and analyzes the recent Filipino experience in labor development and industrial relations. It traces the specific problems and issues which created the strain in labor-management relations. In particular, the numerous pressures on the labor economy and the apparent absence of consensus in Philippine society are examined, and the impact of these on industrial relations is discussed.

The changes in the labor policy framework ushered in by the new government are highlighted; the response of the labor movement to the new constitutionalism, the split of the labor movement several ways and the ideological drift of a major segment of organized labor are analyzed. Likewise, the response of employer organizations to the upsurge of union militancy is examined. Finally, the future directions of Filipino industrial relations are discussed.

Introduction

The recent upheavals in Philippine society have ushered in considerable impact on major aspects of the political economy. One of those heavily affected was the institution of trade unionism, its industrial relations strategy and ability to serve as a vehicle for the advancement of worker interest. In order to appreciate Philippine industrial relations today, one must review the performance of the labor economy, the political and legal changes which had taken place since 1986, and the primary issues which organized labor pursued throughout the decade of the 1980s. Moreover, the organizational and ideological proclivities of trade unions must be examined in light of various external pressures and the ramifications of these forces on the future of Filipino trade unionism and industrial relations.

The Turning Point

During the early 1950s, relative calm prevailed in the Philippine labor front. For one, the labor movement had to regroup after having been harassed and subjected to left-wing charges; for another, a major reorientation took place following the introduction of the American model of collective bargaining. The impact of these on labor was heavily felt. A void in the leadership of the labor movement became apparent as key leaders were incarcerated; those who remained had a chance to fill the vacuum, but were too preoccupied with the mechanics and operations of collective bargaining, something that took some learning and getting used to.

By the early 1960s, however, a period of disquiet started to emerge as some in the labor movement questioned the wisdom of applying the collective bargaining process in the Philippine labor market context where an abundant supply of labor

existed and the limited capacity of industry to employ new entrants to the labor force tended to weaken labor's bargaining leverage. In the quest for a viable approach to the pursuit of worker interest, labor gradually gravitated towards political action. Eventually, a Workers Party (Lapiang Manggagawa) was formed to serve as labor's arm in the electoral process.

The politicalization of the labor movement in the 1960s was not anything new. Organizers of the Workers Party linked labor's political agitation to the early struggles of the revolutionary secret society, Katipunan, which emerged in the 1890s to fight Spanish colonialism, with the peasant movement in the 1920s and 1930s and the Huk movement of the 1940s and 1950s.¹ Yet, the issues which prodded the formation of a labor party in 1963 were related to the labor problems of the day-- joblessness, low pay and apparent lack of participation in government decision-making. Labor also felt that the continuing control of the economy by the entrenched local elite in close alliance with foreign interests was disastrous to the working class.²

These socio-economic conditions led to the rekindling of nationalism, as an emboldened organized labor, in alliance with the student movement and other interest groups, spearheaded the resurgence of the nationalist movement. With further organizing in the public sector, trade unions became even more agitated. By 1969, labor conflict reached an unprecedented level of over a million man-days lost followed by further increases in the next several years. Thus, for labor, 1969 proved to be the

¹ Elias T. Ramos, Philippine Labor Movement in Transition, New Day Publishers, 1976. Chapter 1, pp. 6-32.

² Ibid., Chapter 3, pp. 33-80.

turning point of militancy in the postwar years. Its willingness to pursue its demands vigorously at the risk of cultivating the ire of the government was clearly established. In fact, strong measures were used by the government against labor after the normal machinery of disputes resolution failed in fostering consensus in industrial relations.

Extent and Sources of Conflict

Although the resurgence of political unionism in the mid-1960s was not sustained, its reappearance then was indicative of increasing assertiveness on the part of organized labor. The number of industrial disputes rose to over 100 and the number of workers involved in labor conflict reached nearly 62,000 in 1966. By 1969, man-days lost in the Philippines exceeded a million mark, a figure which policy-makers considered too high a price for a less developed economy.

Against this backdrop, the 1970s ushered in a different context for trade unions. Like other groups in Philippine society, organized labor had become quite assertive as it pursued issues affecting the rank and file and the working class, as a whole. Consequently, the organizational factionalism and ideological divisions which normally characterized the Filipino labor movement were temporarily set aside in order for the major federations to be cohesive on fundamental issues, e.g. cost of living, foreign policy, negotiability of key economic items and, most of all, in resisting the employers' effort to undermine labor representation. The level of conflict rose sharply; by 1971, man-days idled nearly reached 1.5 million.³ The number of work

³ Elias T. Ramos, "The Quest for Industrial Peace in the Philippines," in Social Tensions and Industrial Relations Arising in the Industrialization Processes of Asian Countries. Tokyo: The Japan Institute of Labour, 1979. P. 194.

stoppages increased to 157 although the extent of worker participation in overt conflict did not increase by very much than the 1966 figure. In 1972, the number of work stoppages dropped considerably to 69 but the number of man-days lost stayed well over the million mark despite a ban on strikes after September 21, 1972 due to the martial law imposed that year. Table 1 below summarizes the incidents of labor conflict over a ten-year period.

Table 1. Work Stoppages in the Philippines, 1963-72

Year	Stoppages	Workers Involved	Man-Days Lost
1963	88	47,520	454,937
1964	100	69,109	839,446
1965	109	54,944	794,185
1966	108	61,496	756,257
1967	88	47,524	696,890
1968	121	46,445	584,498
1969	122	62,803	1,066,642
1970	104	36,852	994,689
1971	157	62,138	1,429,195
1972*	69	33,369	1,003,646

*Up to September 1972 only. Taken from various sources and reproduced from E.T. Ramos, "The Quest for Industrial Peace in the Philippines," in Social Tensions and Industrial Relations Arising in the Industrialization Processes of Asian Countries. Tokyo: The Japan Institute of Labour, 1979. p. 194.

The intensification of industrial conflict in the Philippines during the early '70s may have been a clear manifestation of the growing alienation of workers in the midst of increasing economic uncertainty. This agitation contributed, undoubtedly, to the promulgation of martial law in 1972 as the Marcos government became overly concerned about the implications of worker militancy. Although not entirely its own doing, trade unions were, nevertheless, blamed for the undue rise of public militancy that year. As a consequence, labor organizations were subjected to severe restraints:

outspoken union leaders were selectively picked up for questioning and incarceration, the right to strike was suspended, and the behavior of other key personalities in the labor front was watched very closely by the authorities. Some unionists stayed behind bars for several years and upon release had to report to the authorities regularly; they were further mandated to refrain from active involvement in labor affairs.

Organizational Autonomy

Experiences in other developing countries suggest that stringent government actions could lead to either the total subjugation or demise of the labor movement.⁴ On this basis, policies put forward by governments have become a major ingredient of industrial relations in these countries.⁵ In some countries, the labor movement serves as an extension of the state, virtually coopted and mobilized as an instrument of state corporatism.⁶ In these places true trade unionism, as known in the West, is non-existent, although the form and symbols are there. Sometimes, trade unions function

⁴ See Elias T. Ramos, "The Labor Movement in Taiwan," unpublished monograph, 1969. Asian Labor Education Center, University of the Philippines; Michael A Launius, "The State and Industrial Labor in Korea," Bulletin of Concerned Asian Scholars, V. 16 No. 4, 1984, pp. 2-10.

⁵ Basu Sharma, Aspects of Industrial Relations in ASEAN. Singapore: Institute of Southeast Asian Studies Occasional Paper No. 78, 1985.

⁶ Frederic C. Deyo, Dependent Development and Industrial Order: An Asian Case Study. Praeger, 1981; Barry Wilkinson and Chris Leggett, "Human and Industrial Relations in Singapore: The Management of Compliance." Euro-Asia Business Review. V. 4 No. 3, July 1985, PP. 9-15.

primarily as "transmission belts" for state policies;⁷ in other cases, the labor movement drifts toward welfare activities for organizational survival purposes.⁸

Although not exceptionally unique even by Asian standards, the Filipino labor movement has shown a great deal of muscle in resisting the combined pressures of government and large, influential employers. Instead of capitulating, organized labor remained autonomous and persisted to perform its role faithfully both at the bargaining table and in the political arena to the extent that it could influence political developments. As a consequence, the labor movement became even more polarized with the left gaining a great deal of ground. Many independent local and federated organizations gradually disaffiliated from the government-sponsored and supported Trade Union Congress of the Philippines (TUCP) and instead aligned with the independent groups. Hence, when the left-wing Kilusang Mayo Uno (KMU) or May First Movement, was formed in 1980, many sympathetic unions and federations readily embraced its ideology. Judging from the number of federations which became charter members of the KMU, the majority of labor federations became openly critical of the government's posture and its attempt to make unions toe the line.

Philippine labor's relative success in maintaining organizational autonomy despite strong pressure from the government may be attributed to the following factors: first, it has a strong tradition in maintaining an organizational solidarity since its

⁷ June Hearn, "Whither the Trade Unions in China," The Journal of Industrial Relations, June 1977 pp. 158-172.

⁸ Pang Eng Fong, "Singapore." International Handbook of Industrial Relations: Contemporary Developments and Research. Greenwood Press, 1981.

inception in the 1890s; second, it serves as an avenue for politicians to cultivate relationships with pressure groups including labor, a phenomenon which trade unions exploit when confronted with adverse developments; third, organized labor functions as a "little patron" in an environment of the patron-client system; and finally, unions are concentrated in the modern sector of the economy, particularly in multinational enterprises.⁹

An Attempt at Cooptation

The curtailment of the right to concerted activities over a 10-year period of martial law (1972-81) constituted a major blow to Philippine labor. As mentioned, many leaders were detained; others were placed under surveillance. Because work stoppages were banned, the Labor Ministry served as organized labor's guardian by approving or disapproving any lay-off and disciplinary cases and in making sure that trade unions did not stage illegal walkouts. Between 1973 and 1975, no strikes were reported although numerous complaints were settled by the Ministry of Labor and Employment (MOLE) and the newly-created National Labor Relations Commission (NLRC), a tripartite body which was formed for the sole purpose of resolving labor disputes. After restraining militant labor action,¹⁰ then President Ferdinand Marcos issued a decree revising several major provisions of the 1953 Industrial Peace Act and consolidating it with all other existing social and labor legislation into a single but

⁹ Elias T. Ramos, "Filipino Trade Unions and Multinationals," in Foreign Investment and Labor in Asian Countries. Tokyo: The Japan Institute of Labour, 1976. pp. 72-85.

¹⁰ General Order No. 5 (September 22, 1972) & Presidential Decree No. 21 (October 14, 1972).

comprehensive Labor Code.¹¹ The new labor code substantially drifted away from the "quest for industrial peace" principle established earlier as the fundamental organizing focus of labor relations and moved towards a redefinition of labor's role in the context of economic development as outlined by and in consonance with the goals of the New Society.¹² The new code mandated unions to act as "agents of democracy, social justice and development."¹³

Cooptation of the labor movement was further worked out through a program of organizational restructuring. Under the aegis of the MOLE, a segment of Philippine labor initiated the formation of a national center for the purpose of minimizing inter-union rivalries which Labor Ministry officials fingered as the principal source of strikes. The effort initially led to the formation of the Philippine National Trade Union Center (PNTUC) under the leadership of the late National Mines and Allied Workers' Unions (NAMA-WU) Roy Padilla in April 1974.¹⁴ The conspicuous absence of representatives from larger federations and the Labor Ministry at the convention led many to conclude that the government disapproved the formation of PNTUC. This was confirmed about two years later when the TUCP was launched with the blessings of the government.

As the Labor Ministry's duly approved labor center, TUCP provided the

¹¹ Presidential Decree No. 442 (May 1, 1974).

¹² Ferdinand E. Marcos, Today's Revolution: Democracy, 1971. See Chapter 6, "The New Society."

¹³ Presidential Decree No. 442, Book V, Chapter 1, Article 259.

¹⁴ Padilla was killed in early 1988 while campaigning for governor of Camarines Norte province.

collaboration sought by the government. However, the collaboration that the government obtained was only partial largely because several major federations, e.g. the Philippine Association of Free Labor Unions (PAFLU) and the Federation of Free Workers (FFW), shied away from the TUCP umbrella. Also, a few initial signatories seceded from TUCP not long after its formation and formed separate labor centers. Eventually, the role that TUCP was supposed to provide in accepting the blessings of the government became, at best, symbolic in nature. Although TUCP claimed to have the largest membership of any grouping, in reality the proportion of organized workers outside its umbrella was much larger.

The situation polarized the competing centers and further intensified the divisions in the labor movement which then Labor Minister Blas Ople tried to avoid. Hence, after a few years, over half a dozen centers openly vied for national prominence marking the failure of the government's move to form a single national confederation of labor. With seven national centers listed in the government's roster in 1985, plus those not listed despite their strong physical presence, Philippine labor was far more divided at the beginning of 1986 than in 1972 when the restructuring program started!¹⁵ Developments since 1986, including the launching of a series of Welga ng Bayan (or People's Strike) in which both the left and the right-wing segments of labor movement participated, did not draw labor any closer. In sum, the restructuring program did not achieve the desired goal of unification; instead, it polarized organized labor further.

¹⁵ "Trade Union Directory of the Philippines," Volume II. Manila: Institute of Labor and Manpower Services and Bureau of Labor Relations, Ministry of Labor and Employment, November, 1983. PP. 269-271.

Ideological Positioning

The split within the major ranks of organized labor in the Philippines was a phenomenon that showed up before and after the second World War. In the postwar period beginning in 1954, there have been serious attempts to form national centers for the purpose of bringing about a united labor front. The restructuring program during the Marcos years was chiefly designed to unify labor; however, as noted above, that effort failed also. Arguably, it was perhaps due to either the existing ideological gap between federations and labor centers that unity became very elusive or as a consequence of the failed governmental unity effort, the ideological chasm between major ranks of organized labor widened. In any case, some peasant groups, e.g. the Katipunan (or Society), have visibly positioned at the extreme left followed very closely by KMU. At the left of center was the Trade Unions of the Philippines and Allied Services (TUPAS) while the Catholic-oriented FFW stabilized its foothold at the center. True to its background and leadership preference, TUCP is the epitome and, perhaps, the classic example of right-wing unionism in the Philippines. Within each major center, affiliated unions tended to be somewhat spread within a range of positions under the over-all umbrella of the national center, e.g. the KMU includes several major federations which are quite moderate and, therefore, not necessarily as extremely radical as KMU is perceived to be.¹⁶

In general, Philippine society does not provide any easy way to delineate the philosophical orientation of existing groups apart from the leadership. Like other

¹⁶ Interview with Ibarra Malonzo, president of the National Federation of Labor, an affiliate of the Kilusang Mayo Uno (KMU), December 17, 1987.

social and political groups in Philippine society, unions carry the same character. A labor federation's position in the ideological spectrum is principally a function of leadership preference, although in several instances, e.g. Katipunan and, to a degree KMU, the preponderance of left-leaning people at the periphery of the organizational roster chiefly accounts for the ideological extremism of these organizations.¹⁷

In the case of TUCP at the extreme right, the leadership phenomenon gives the ultimate clue to its position. Its former leader, the late Roberto Oca, was an elitist waterfront labor leader whose personality thrived best in confrontation with employers and the government, but he made no bones about his strong acceptance of the system. His successor, Democrito Mendoza, a lawyer, and associates Cecilio and Januario Seno, also lawyer and accountant, represented stevedores and pier hands in an entrepreneurial way in the port city of Cebu in central Philippines. After building up a union called Associated Labor Union (ALU) and gaining the confidence of then Manila's south harbor strong man Oca, the Mendoza-Seno group extended its operations to Manila initially to service unorganized workers particularly in the textile industry. Eventually, Oca's Philippine Transport and General Workers Organization (PTGWO) and Mendoza's ALU closed ranks and became the mainstay of TUCP although several federations and national unions bolstered TUCP's claim to being the biggest single national center.¹⁸ The government's endorsement certainly boosted

¹⁷ Ibid.

¹⁸ For several years now, ALU has been TUCP's mainstay (PTGWO broke up into the Andres Dinglasan faction which stayed with TUCP and the Oca faction, which left TUCP). Because of this, Mendoza makes known often that he might pull out ALU

TUCP's image; as a result, TUCP monopolized labor's representation in government agencies and in the ILO annual conventions in Geneva. The majority of unionized workers, most of whom were bunched up at the left of the political spectrum, were not represented in the aforementioned bodies simply because they refused to affiliate with TUCP.

Obviously, the blessings of the government in those representations were the most important ingredient on the side of TUCP. In addition, the assistance provided by the Asian-American Free Labor Institute (AAFLI), which started its program in the Philippines in the late '60's, helped prop up TUCP. Both OCA's and Mendoza's unions were recipients of generous financial help from AAFLI.¹⁹ During the martial law regime, Ople sought to channel foreign fund assistance to unions through the Labor Ministry and used it as a bait for other labor federations to come across. Thus, TUCP became the sole beneficiary of AAFLI's funds since, like its parent AFL-CIO, AAFLI discriminated against unions whose political preference did not agree with that of the late George Meany's straight-forward, apolitical, "bread and butter" unionism.

Due to the control the Labor Ministry placed on the distribution of foreign union fund assistance and due to the monopoly that TUCP had on AAFLI funds, other labor federations looked elsewhere for counterpart funds. The search for other sources of

from this center. Also, as of December 1987, TUCP could not document its claim to being the "largest labor center" in the Philippines. Several of its affiliated federations have become paper unions but do remain there largely because of the support which AAFLI provides.

¹⁹ Julie Q. Casel, a report on the financial status of labor federations in the Philippines, University of the Philippines School of Labor and Industrial Relations, December 1987.

union assistance money further deepened polarization within the labor movement. The FFW continued to rely on the Brotherhood of Asian Trade Unionists (BATU) as the channel of training funds from the Belgium-based World Congress of Labour (WCL). Other unions went to Germany's Ebert Stiftung; TUPAS, which was not known for its ideological commitment, suddenly became an affiliate of the World Federation of Trade Unions (WFTU). KMU's core affiliate, the late Felixberto Olalia's National Federation of Labor Unions (NAFLU), was associated with WFTU much earlier. Likewise, the white-collar militant union, National Association of Trade Unions (NATU), founded and led by Ignacio Lacsina until 1972 (NATU broke up into two factions after Lacsina's incarceration), was also a WFTU affiliate. Additionally, the National Federation of Labor (formerly Mindanao Federation of Labor, MFL) received grants from the World Council of Christian Churches.²⁰ Several Filipino unions, e.g. United Lumber and General Workers (ULGW) and the Confederation of Garment and Textile Workers (COGTEX) were known to have received generous grants from Japanese unions.²¹ Similarly, a number of labor education training centers organized between the late 1970s and early 1980s have received generous grants from a variety of external funding agencies and have aided in the cultivation of stronger union consciousness in the Philippines.²²

What these developments suggest is that foreign assistance on trade union

²⁰ Ibid.

²¹ Conversation with officials of the Japanese Council of Trade Unions (SOHYO) in Tokyo, March 1983.

²² Interview with Bishop Madriaga in Cebu City, November 1987.

activity became a major source of ideological rift between segments of the Philippine labor movement. To this day, the AAFLI has not changed its policy of assisting only conservative unions; thus TUCP continues to be its channel of whatever it stands for in the Philippines.²³ While this policy has kept some national unions and federations within the TUCP framework, it has also caused others to shy away from it. Moreover, AAFLI funds have become a major source of irritation between TUCP and other trade union bodies.

Adverse Labor Market Conditions

The status of Filipino organized labor today, its weak bargaining posture and increased tendency towards political action may be appreciated in light of existing labor market conditions. In the first place, the lack of growth in industrial employment made it difficult for collective bargaining to have a sound base. Between 1960 and 1983, for example, industrial employment in the Philippines grew only marginally; as a proportion of the labor force, employment in industry actually declined from nearly 16 percent in 1970 to only 13 percent in 1983, a trend not found anywhere else in Asia. At the end of 1985, industrial employment was proportionately worse off having declined to 11 percent. As of the end of 1987, agricultural employment in the Philippines continued to account for about 50 percent of the labor force; the service sector expanded to over 32 percent leaving industry at a near standstill.²⁴

Because collective bargaining thrives best in the industrial sector, the economic

²³ Interview with Donald Phillips, then director of the Asian-American Free Labor Institute in Manila, on July 18, 1986.

²⁴ ILO Yearbook of Labour Statistics, 1987.

thrust of trade unionism was severely limited. The sectoral distribution of the Filipino labor force explains to a great extent why, despite impressive gains in union membership, the proportion of workers covered by collective bargaining agreements represents an insignificant minority. As of 1985, only some 266,537 workers were covered by negotiated contracts.²⁵ In contrast, the membership of the entire trade union movement that year was reported as 4.78 million workers. This meant that less than six (5.6) percent of all trade union members directly benefited from the collective bargaining system; a situation which explicitly attested to the miserable failure of collective bargaining as a system of wage determination in the Philippine context despite claims to the contrary.²⁶ This awkward situation left most labor unions no choice except to engage in overt political activities. Peasants, agricultural hands and service sector employees, including those in government payrolls, used their organizations to obtain political influence anywhere and however they could get it. In these efforts, labor mobilized a variety of ways to make its point. A distinct method was the establishment of interunion alliances by provinces and regions, e.g. the Workers Alliance in Region 3 (WAR3) covering the labor alliances in the provinces of Bataan,

²⁵ It is possible that this figure might be understated slightly since unions are not required to submit the exact number of employees covered, according to former Labor Minister Augusto Sanchez and National Federation of Labor's Ibarra A. Malonzo in interviews with the author July 22 and July 24, 1986, respectively.

²⁶ Ibarra A. Malonzo, "Trade Unions as Participatory Agents in Philippine Industrial Relations System," Philippine Journal of Industrial Relations, VII:1-2, 1985. pp. 70-71.

Bulacan and Pampanga.²⁷ Another popular method is the staging of mass sickouts, demonstrations and rallies, and, as mentioned, the welga ng bayan strategy.

Resurgence of Political Unionism

As a new strategy, worker alliances emerged as a joint action at the Export Processing Zone in Bataan when the various unions in the area staged a zone-wide strike against the foreign multinationals operating there. The success of the alliance at BEPZ encouraged numerous local unions elsewhere to emulate the strategy and to combine efforts irrespective of federation affiliation. Worker alliances were organized in Mindanao, the Visayas, southern Luzon and in metro Manila. These alliances then became an important ingredient of the industrial relations landscape although these groupings represented a radical departure from Philippine labor's traditional organizational approach.²⁸ In many ways, the growth of the alliances clearly shows how organized labor utilizes other means of action whenever collective bargaining fails. According to a KMU official, "How can labor rely on collective bargaining when the economy itself is down? There is nothing to bargain for anyway!"²⁹

It was in this context that worker alliances emerged. It was deemed as an answer to the problems labor faced within the context of martial rule. Many local

²⁷ Business Day November 4, 1985. p. 31.

²⁸ "Workers Alliances: Expression of Worker's heightened Militancy," Philippine Labor Monitor. Institute for Labor Research and Documentation. 1:2, 2nd Quarter, 1985. pp. 53-76.

²⁹ Interview with Roberto Ortaliz, secretary-general of the Kilusang Mayo Uno, Honolulu, Hawaii, April 1986.

unions felt the need for alternative forms of labor solidarity largely because existing labor federations and centers had become virtually impotent. Constrained by numerous government rules, many labor federations abdicated their responsibility to the local unions; consequently, multiple disaffiliations took place. Rank and file unionists felt that keeping their organizational ties with labor federations merely subjected them to exploitation and extortion via the compulsory collection of union dues despite the lack of adequate services.³⁰ Alternatively, local unions thought that forming regional alliances among themselves could reinforce their attempt to carry on without federation support.

Because of the evident strong movement of grassroots unionists and the broad support of concerned citizens and cause-oriented groups, which sprouted in the 1980s originally to help topple the Marcos dictatorship, manifestations of labor coalitions became very common in recent years, a phenomenon which bolstered the cause of political unionism, i.e., the mobilization of strategies designed to enhance the ability of the labor movement to pursue its goals and objectives by mobilizing rallies, demonstrations and mass walkouts.³¹

For a while, broad regional coalitions of local unions threatened the very existence of major labor centers, and to this day it still does. But as recent events indicate, instead of frowning on these grassroots movement, labor federations realized the necessity of a political action that emanates from below as a substitute to the failed

³⁰ Interview with Ibarra A. Malonzo, Quezon City, October 1983.

³¹ Adolf Sturmthal, "Industrial Relations Strategies," in International Labor Movement in Transitions. University of Illinois Press, 1973. pp.

attempts in the past which were initiated from the top, e.g. the Lapiang Manggagawa. As a result, in addition to the KMU affiliates, many federations supported the broadly-based worker alliances—thus lending political unionism a new structural foundation and encouragement.

The most visible signs of political unionism in the 1980s were bared in 1987 and 1988 through the series of Welga ng Bayan (People's Strikes). At first, the Welga ng Bayan was largely supported by unions of jeepney drivers especially because the main issue was labor's call for a drastic rollback of the price of oil. Eventually, with a set of broader issues, e.g. the upgrading of the minimum wage rate, the movement received the support of both left-wing and right-wing unions, and the public at large.

Other manifestations of political unionism were labor's support in the formation of a left-wing political party, the Partido ng Bayan (People's Party) in 1986. Then KMU chairman, Rolando Olalia, became the head of the People's Party—a phenomenon which may have triggered his assassination later that year; nevertheless, the Partido ng Bayan persisted and had a few candidates elected later to Congress.

In explaining the resurgence of political unionism in the Philippines in the 1980s, it is not enough to cite the phenomena of the worker alliances, the Welga ng Bayan and labor's weak bargaining posture. The context of relatively indifferent, if not outright oppressive, political system to the welfare of the working class and the unfavorable labor market conditions must be considered equally. In fact, following Professor Adolf Sturmthal, the labor market environment outweighs any other factor in

labor's eventual decision to mobilize an alternative industrial relations strategy.³²

In particular, one must look at the large size of unemployment and underemployment in the Philippines to understand the significance of labor's ideological drift in recent years. While official figures estimate unemployment at around 11 percent, in actuality the unemployment rates for urban areas go as high as 20 to 25 percent. Since underemployment is also estimated to be around 18 to 20 percent nationwide, the problem is exacerbated if the full-time equivalent is computed and the balance added to the unemployment data.³³ In the Philippine labor economy, these figures would likely sum up to an effective underemployment rate of 30 percent and perhaps nearly 20 percent unemployment rate out of a labor force of 22 million.³⁴ To the extent that a huge pool of labor remains unoccupied, alienation and discontent of this group spills over to the employed whose ability to improve their plight through the collective bargaining process is constrained by existing labor market conditions and policies which inhibit labor's independent action.

³² Ibid. See also Elias T. Ramos, "Industrial Relations Strategies of Trade Unions in Southeast Asia." Agenda for Industrial Relations in Asian Development. Tokyo: The Japan Institute of Labour, 1981. pp.; Solomon B. Levine, "Japanese Trade Unionism as a Model in Economic Development." National Labor Movements in the Postwar World ed. by E. M. Kassalow. Northwestern University Press, 1963. pp. 185-203.

³³ Rosa Linda Tidalgo, "Labor Absorption in the Philippines, 1956-73." The Philippine Economic Journal, XV:1&2, 1976. p. 186. See also Farhad Mehran, "Employment Data for Measurement of Living Standards." World Bank, October 1980. 14 pp.

³⁴ Philippine Statistical Yearbook 1987. National Economic Development Authority, Manila. August, 1987. p. 472.

Additionally, the degree to which rising prices negated the gains in workers' real income enhanced the possibilities for political unionism in the Philippines in recent years. Between 1978 and mid-1984, for instance, the consumer price index nearly tripled; the highest increases have been mostly notable in basic necessities like fuel, light and water which showed more than 300 percent increases.³⁵ Between 1980 and 1983 the inflation rate averaged 15 percent annually, but by 1984 this rate jumped to over 50 percent sending shock waves all over the place. Although the inflation rate dropped to 25 percent in 1985,³⁶ the trend did not save the country from the worst economic disaster since World War II.³⁷ Available data for 1988 indicate that the economy has improved but inflation at nearly 10 percent took back whatever money wage gains were made by the Filipino workers following the P10 increase in December 1987 made possible by the revision of the minimum wage rate.

Compounding the massive economic problem was the huge layoffs during most of the 1980s, e.g. 78,466 in 1981; 44,362 in 1982; 75,000 in 1983; 93,000 in 1984; and 61,986 in 1985.³⁸ The immediate reasons for these layoffs were the lack of raw materials arising from the US\$28 billion foreign debt the Philippines had incurred and

³⁵ Philippine Statistical Yearbook 1984. National Economic Development Authority, Manila. p. 156.

³⁶ Fookien Times Philippines Yearbook 1984-85, p. 120.

³⁷ Dante B. Canlas, et al. "An Analysis of the Philippine Economic Crisis: A Workshop Report." School of Economics, University of the Philippines, June 1984, 171 pp. Mimeographed.

³⁸ Business Day, January 2, 1986. p. 6.

the erosion of confidence in the discredited Marcos administration. Substantial amounts of capital left the country due to the atmosphere of political uncertainty following the assassination of Ninoy Aquino on August 21, 1983; the change of government in 1986 and the apparent recovery of the Philippines since then has not fully induced much of those capital to return to the country.

The runaway inflation which hit the Philippines in the 1980s fueled the clamor of workers for substantial wage adjustments to a point where a serious confrontation loomed large in the horizon by 1984. The clamor produced some political response as wage orders were issued to provide for much-needed income adjustments. By 1985, the minimum wage rate reached about P50 a day including cost of living allowances. The adjustments were, however, not substantial enough to offset the rise in the consumer price index. The purchasing power of the Philippine peso went down to 28 centavos between 1978 to 1986.³⁹ Moreover, its exchange rate fell to P20 per US\$1, and presently fluctuating between P21 and P22 per US\$1. In other words, what industrial workers received in 1951 at the rate of P4 a day (equivalent to US\$2 then) improved only slightly since P50 in 1986 translated to only US\$2.50, or an improvement of 50 cents in a period of 35 years! The integrated minimum basic pay estimated at P57 per day in July 1986 was only equivalent to \$2.85 representing an annual average improvement of 2.4 cents in the daily wage of Filipino workers. Under these conditions even the relatively hefty wages increase made possible by the 1987 and 1989 amendments to the minimum wage law -- which provided for P10 and P25

³⁹ Business Day, January 6, 1986, p. 8; 1986 Yearbook of Labor Statistics, Department of Labor and Employment, Manila. December 1987. p.289.

daily wage increases respectively -- did not improve the real income of Filipino workers. In fact, a major justification for the 1987 and 1989 minimum wage increases was to catch up with the rapidly rising prices.⁴⁰

Table 2. Work Stoppages in the Philippines, 1973-88.

Year	Number of Disputes	Workers Involved	Man-Days Lost
1973	---	---	---
1974	---	---	---
1975	5	1,760	3,880
1976	91	72,689	218,070
1977	30	30,183	34,200
1978	47	33,731	156,200
1979	39	16,728	173,880
1980	62	20,902	105,290
1981	260	98,585	795,960
1982	158	53,824	1,670
1983	155	33,683	581,290
1984	282	70,306	1,907,800
1985	366	109,000	2,440,000
1986	533	161,322	3,394,143
1987	400	285,000	1,619,000
1988*	239	274,000	1,275,000

*Up to October only.

Sources: 1981 Yearbook of Labor Statistics, Ministry of Labor and Employment, Manila, Philippines; ILO Yearbook of Labour Statistics, 1985, p. 868; Business Day (Manila), various issues is 1985 & 1986; Far Eastern Economic Review, August 7, 1986, pp. 54-56; Manila Bulletin, various issues, 1986; Labor Statistics Service, Ministry of Labor & Employment, "Comparative Statistics on Actual Strikes, 1985 and 1986;" BusinessWorld, November 14, 1988.

⁴⁰ Elias T. Ramos, "Toward a Viable Wage Policy," The Manila Chronicle, October 15 and 16, 1987. p. 5 respectively.

Additionally, violations of the prescribed minimum wage rate are rampant in both industrial and agricultural sectors. In the provinces of Negros, for example, many sugar industry field hands often received only P10-P15 a day⁴¹ while in the rattan industry of Cebu, many workers got paid only P18 a day despite the existence in 1987 of a P53 daily minimum wage.⁴² In fact, minimum wage violations have become a major cause of strikes.

The statistics above clearly show that the rise of labor conflict is, in general, correlated with the worsening crisis of the political economy. At the micro-level, the specific causes of labor disputes in recent years have not been too sharply different from those in the past, i.e, non-implementation of minimum wage order guidelines, unfair labor practices, violation of the existing collective bargaining agreements, contract renewals and, often, union rivalry whenever another union is formed in the plant. During the 1983-86 period, dismissal and lay-off cases have triggered widespread strikes as the workers tried to hang-on to their jobs. In addition, harassment and, sometimes, dismissal and suspension of union officers and members have caused numerous strikes. Overall, labor conflict in the Philippines in recent times has been heightened by feelings of relative deprivation and a growing rank and file awareness to find new avenues for the expression of worker protest.

In comparison with some of her neighbors, the Philippines appears to be the

⁴¹ Interview with Isabelo "Biloy" Amato, an organizer of the sugar workers union, in Bais, Negros Oriental on July 21, 1986.

⁴² Interview with members and officers of the Cebu Rattan Workers Union, Cebu City, November 1987.

most strike-prone country in the region during the 1980s, a further testament to the problems of the Philippine economy lately. Evidently, the worsened economic situation sparked numerous strikes some against lay-offs, others to secure compliance to the minimum wage standards and attempts by workers to minimize the erosion of real income. While the 1987 and 1988 data do show some decline in the man-days lost, the number of work stoppages and workers involved remains quite high and is expected to be so for sometime unless the economy rapidly improves and/or the workers' real income rises dramatically in the next few years.

Changing Framework of Labor Relations?

The change in government on February 26, 1986 created an ideal opportunity for revising the labor relations framework considered to be oppressive. As of 1988, however, except for a few minor changes, the framework of Filipino labor relations remained basically the same as was promulgated by the Labor Code of 1974. In broad terms, although the 1987 Philippine Constitution introduced the concept of equal partnership between labor and management, this notion is yet to be fully recognized and implemented. Likewise, President Cory Aquino's initial promise to drastically bring about social justice and to reaffirm the workers' freedom of association has been put in place but there are many questions related to its implementation. Hence, halfway the term of the present government, labor still remains somewhat alienated despite a fairly good upgrading of the minimum wage

rate in December 1987 and June 1989.⁴³

The changes that the Aquino administration introduced consist mainly of rules related to the strike vote—from two-thirds vote to simple majority, reduction in the proportion of bargaining unit members who could petition to organize or decertify a union, initiating an agreement between labor and management through a Code of Harmony and, as the Constitution provides, allowing public sector employees to exercise the right to self-organization including collective bargaining and concerted action. New amendments to the 1974 Labor Code have been passed by Congress and a wage rationalization act approved to decentralize future minimum wage adjustments.⁴⁴ Public sector employees have, however, been still prevented from exercising the right to strike despite the Constitutional provisions. As far as providing for adequate labor representation in Congress and in government bodies, the new administration has wavered between giving labor a free ride particularly the left-wing segment and carefully avoiding adequate encouragement to the left-wing segment of the labor movement, an approach that has made it difficult lately for the government to establish full rapport with the Filipino working class as a whole.

⁴³ Rigoberto Tiglao, "Unions Ram Minimum Wage Rise Through Congress: Muscle Flexing," Far Eastern Economic Review, June 29, 1989. pp. 12-13.

⁴⁴ Republic Act No. 6715, "1989 Amendments to the Labor Code," approved March 2, 1989; Republic Act No. 6727, "Wage Rationalization Act," approved June 9, 1989 (See Vicente B. Foz, ed. 1) The Labor Code of the Philippines and Its Implementing Regulations, 1989 First Edition. Philippine Law Gazette, 1989.

Concluding Observations

Philippine labor today is much more assertive, ideologically divided and organizationally factionalized. While a great deal of regrouping took place in the 1980s especially as more and more labor unions affiliated with the left-wing KMU, many unions have also disaffiliated from the right-wing TUCP, and formed separate centers. As new local unions were organized, the competition between established and newly-formed labor federations became intense; likewise, the competition between KMU and TUCP remained at its peak despite some amount of getting together during the October 1987 Welga ng Bayan and those of 1988 and 1989.

A major development during the 1980s was the formation of a highly politicized labor movement. Among the factors that contributed to this phenomenon were the ideological division between the major segments of the labor movement, the formation of grassroots worker alliances by regions and labor markets, the continuing adverse labor market conditions, erosion of workers real income and the feeling of relative deprivation. On account of the above, perhaps, the future course of Filipino industrial relations appears difficult to predict. While the level of confrontation seems to be declining, the level of conflict is still very high and may be expected to remain high for sometime. Also, the rank and file may be expected to pursue labor's basic goals with or without the assistance of the established, federated groups simply because the cost of affiliation is considered to be too high economically--on account of low rank and file income--and politically, due to ineffective representation.

The splits that characterized several well-known federations and the attempts in

early 1987, following the ratification of the Constitution, to form new labor groups in the private as well as public sectors⁴⁵ indicate that the prevailing federation structure tends to be undermined in favor of giving more expression to working class demands. If this trend continues for the next several years, the structural foundation of existing labor organizations may undergo some major change. The metamorphosis of militant rank and file-dominated organizations is a likely scenario. However, due to the persistence of established professional leadership in the Philippine labor movement, the federated organizational structure is not going to self-destruct easily, but its continuation hinges largely on its ability to attract foreign aid and on its assumption of new advisory roles including a wide range of legal and political representation. The line leadership drawn from the rank and file may be expected to assert itself more and more in the near future and, perhaps, also push for a redefinition of staff roles for professional hangers-on.

If and when the above scenario takes place, industrial relations in the Philippines will generate a tendency to become less legalistic in nature but perhaps more political in orientation. Eventually, the functional prerequisites of sound industrial relations strategies will be recognized.

Finally, as the events of the 1980s indicate, Filipino workers have reaffirmed, and will perhaps continue to do so, the use of a dualistic industrial relations strategy in which trade unions are seen as performing the functions of a bargaining agent at the

⁴⁵ Interview with Ramon T. Jimenez, president of the Philippine Industrial Relations Association, February 11 and 12, 1987, and July 1987. According to Jimenez, the possibility of "a centrist, apolitical alternative" to surface in a new era of Philippine labor is very likely in the future. As of November 1989, however, this has not happened; rather, the left-wing faction has grown in size.

plant level and as a political machine at the macro-level seeking to represent workers who, on account of adverse labor market conditions and/or organizational fragility, fail to benefit from the collective bargaining process.⁴⁶ The opening up of the political process concomitant with the drastic change in the structure and philosophy of the present government provides additional avenues for organized labor to drift further towards political action.

⁴⁶ See Elias T. Ramos, Philippine Labor Movement in Transition. New Day Publishers, 1976. p. 104 and a forthcoming book, now in press, Dualistic Unionism and Industrial Relations, New Day Publishers.

