

## New Employment Patterns: The Trade Union Response

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Formed to protect workers' rights and improve their working conditions, trade unions are a potential source of power. Today's trend of globalization, however, compels trade unions to reexamine their strategies and modes of action. The liberalization and integration of economies worldwide have compelled local industries to be more competitive. The most convenient means to raise competitiveness is to lower labor costs through greater flexibility in labor utilization. In the Philippines, labor flexibility entails the unbridled use of labor-subcontracting, contractual labor, part-time, casual/temporary and probationary employment. While unanimously opposing these measures, most labor unions have not really levelled-off on this issue and the implications of globalization in general. Their responses operate on the present labor relations framework and are remedial in character. Since labor flexibility phenomenon springs from an economic restructuring, labor should be able to intervene in the economic and political decision making of the country. It must unify its ranks in order to carve its own niche in the present political terrain and eventually, to be taken seriously by the employers and the state. Lastly, it must come up with alternatives to such economic restructuring and an agenda to serve the workers' interests amid the globalization of the Philippine economy.

### Introduction

Trade unions are formed to protect workers' rights and improve their working conditions. In many countries, they do not only represent the workers in negotiations with their employers but also fight for their collective interests in the formulation of industry-wide and national policies.

With its large membership, trade unions are a potential source of power. Political parties and individual candidates seek their support in elections. Some trade unions have also tried to influence policies through lobbying or pressure politics. In Scandinavian countries, for example, unions play a dominant role in labor parties and in their respective parliaments.

Today's trend of globalization, however, compels trade unions to reexamine their strategies and modes of action. The growing competition brought about by the opening up and integration of economies all over the world have exerted greater pressure on the local industries to be more competitive.

Conversely, the most convenient means to raise competitiveness is to lower the labor costs. The new ball game here is for the capitalists to strive for greater flexibility in labor utilization which means a relaxation of the terms of employment.

In the Philippines, labor flexibility entails the unbridled use of labor subcontracting and hiring of casual, part-time, temporary and contract workers. These measures could substantially reduce the number of workers who are legally allowed to join unions, weakening further the already feeble trade union movement.

In this light, this exploratory study aims to find out the steps which the labor groups have taken to cope with issues confronting them. It will also address the question of whether or not they perceive labor flexibility as a major threat to trade unionism. Moreover, the paper will examine the impact of labor flexibility practices on trade union issues such as workers' welfare, particularly on job security and work benefits.

This research is conducted at a time when the private sector, government and trade unions are still coming to terms with the effects of globalization. Philippine trade unions have just recently recognized labor flexibility as an issue to contend with.

For its significance, a study on the subject can contribute to the ongoing debate and analysis done by trade unions to enable them to better respond to the issue of labor flexibility. This will also aid organized labor in examining their strategies in penetrating the unorganized sector and expanding their coverage.

### **Trade Unionism in the Socialist Framework**

Trade unionism in the socialist framework seeks to redefine property and social relations. In the capitalist set-up where labor does not own the means of production, the working class is disempowered and marginalized. Capitalism increasingly subordinates labor to capital.

Unionism along the socialist perspective envisions the empowerment of the working class through the ownership of the social means of production. The laboring class will only attain the dignity and emancipation they deserve in a socialist society. The means to attain this vision focuses on the union as the instrument of change. A strong trade union addresses

the three basic interests of the working class: political participation, economic empowerment and social equity. Based on these premises, socialism advocates a holistic and balanced trade unionism.

For the purposes of this study, the framework presented above will be used in analyzing the labor flexibility issue. Other labor centers have their own framework of action and analysis as expressed in their trade union work. The research will try to make use of these equally relevant trade union principles and visions.

The struggle of unionism goes beyond collective bargaining in bringing about empowerment of the working class. A balanced unionism harnesses strong unions not only to effect societal change but also to promote cooperatives and self-management of worker-owned enterprises to address economic marginalization. Likewise, it enables them to participate in the political arena either by forging a labor vote or working towards the formation of a labor political party.

In the immediate term, labor must be able to intervene in the arena of policy and decision making as critical areas in changing the present labor relations framework. Labor must take the lead in formulating policies concerning the labor market and capital to safeguard workers and trade union rights. Likewise, it must be able to influence policy legislations on matters of fiscal and budget, employment and productivity measures.

To realize these objectives, the trade union movement must expand its scope and membership to evolve a strong pressure group that plays a key role in determining the socio-political environment that would make change possible.

These strategies draw direction from the socialist principles which envision an equitable, gender-fair and just society.

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## The Challenge to Trade Unions

Labor flexibility affects the labor sector, particularly, trade unions. With these irregular employment arrangements, organizing workers under the traditional union principle becomes doubly difficult. Likewise, labor flexibility threatens to streamline the coverage of workers organizable under the traditional trade union strategy where most of them are regular workers. The challenge to trade unions is to transcend traditional unionism in mobilizing and organizing workers.

The narrowed scope of organizable workers due to labor flexibility creates different problems. Without the strength that a broad organized labor provides, the critical mass needed for a political base is also weak. Envisioning economic empowerment and social equity will also be difficult to achieve without this key element.

The political, economic and social objectives of trade unionism are interrelated. The social fabric that binds the three strategies rests on an active and broad mass base. Labor flexibility affects the labor base, thus, affecting the over-all strategy. The organizing strategies in this framework is meant to encourage trade unions to organize beyond unionism and strive towards social movement unionism. It means that unionism can evolve into other kinds of labor organizations which can address the various interests of either informal or formal workers. It includes organizing workers for economic empowerment and social transformation through the formation of workers' cooperatives and acquisition of worker-owned companies. Responding to the objective of political empowerment, labor must also harness a labor vote or establish a political party.

These three aspects of trade unionism are interdependent because, without the other, a holistic change will not be realized. The goals that have always been labor's concern are: secured trade union and workers rights; enactment/enforcement of pro-labor legislations; economic empowerment; political participation; and social equity.

In achieving these goals through its strategies, labor must first deal with the issue of labor flexibility. If necessary, it should adjust with the phenomenon by being creative enough in organizing casual or contractual workers and those in the informal sector. Labor might be able to re-orient its organizing strategies to include in its coverage these types of workers.

How it overcomes the threat of labor flexibility depends on labor's capability to expand despite this trend.

### **The Current Workforce and Labor Laws**

The Philippines has an abundant supply of labor, comprising more than a third of its entire population. Roughly 28 million Filipinos are employed but a sizeable three million remain jobless.

While government boasts of a 90 percent employment rate, 20 percent or 7.6 million workers are underemployed and 13 million are classified as informal workers. They are the self-employed or own-account and unpaid family workers. On the other hand, the underemployed persons are those who worked less than 40 hours a week.

Rising unemployment still has to account for some 800,000 persons who join the labor force every year. Lack of job opportunities and depressed wages in the country force an average of 500,000 workers to leave for abroad.

In terms of employment distribution, agriculture still accounts for the highest with 48.5 per cent, followed by 36.6 per cent in services (transport, commerce, retail, etc.). Industry (mining, manufacturing, construction and utilities) only accounts for 14.9 per cent of the employed persons.

While labor laws in the country purport to protect the workers, these laws can also work against them and the trade unions. At the formation stage, unions are directed to fulfill complex registration requirements, like submitting voluminous documents to the Department of Labor and Employment (DOLE). These are: the list of officers and their addresses, the union office address, names of all union members, minutes of the organizational meetings, the names of workers who participated in these meetings, annual financial statements if the union has been existing for more than one year, constitution and by-laws, minutes of adoption and ratification and the members who ratified it, and a sworn statement that there is no existing bargaining agent in the firm. At this juncture, the identified union leaders and ordinary members face the risk of being terminated or harassed by their employers even before their union is officially recognized.

Likewise, several requirements are imposed in cases of certification elections, collective bargaining and local union elections. Thus, unions, especially the small ones, have a hard time meeting these legal prerequisites without the assistance of federations or lawyers. And if the latter have dubious backgrounds, unions fall prey to different types of dependency and fraud.

In addition, the government regulates the labor market through wage determination, job security, labor standards, terms of employment and trade union rights. Employers cannot dismiss workers without cause as stated in Article 282 of the Labor Code. Employers must abide by the minimum wage law, provide a healthy working environment, recognize trade unions and meet the minimum requirements of workers' benefits (e.g. vacation leaves, medical benefits, occupational health and safety).

Many employers decry these provisions imposed by the Labor Code. They argue that, in a growing economy with high unemployment, the laws tend to discourage investments. However, the employers are able to circumvent these legal provisions. The Current Labor Statistics, a monthly DOLE study, showed that, from January-October 1994, 61.2 per cent of establishments inspected violated the labor standards and 24.3 per cent violated the minimum wage law.

Labor laws affect workers and capitalists differently. Filipino workers feel these are not substantial enough to protect their welfare. On the other hand, capitalists bewail the restrictions imposed by them.

### **The Status of the Trade Union Movement**

Organizing efforts of trade unions concentrate on the 11.6 million wage and salary workers. Based on the registered unions at the Bureau of Labor Relations (BLR) of the DOLE, organized workers are estimated at 3.2 million or 16 per cent of the labor force. However, dues-paying workers only number about 600,000 and are covered by 4,824 collective bargaining agreements (CBAs). This is a far cry from the declared three million members of organized labor.

According to a 1994 DOLE study, 15.9 percent of unions are located in major industrial firms. Only 24 per cent of manufacturing firms are organized, 23 per cent in banking and finance, and 15 per cent in transport, communications and storage.

Presently, there are about eight major labor centers and 152 federations in the country. Of the 7,013 unions registered at the Bureau of Labor Relations, there are about 596 registered local/independent unions. More than half of registered unions have an average membership of less than 200 workers.

Public sector organizing only accounts for 125,000 employees organized out of the 1.9 million government workforce. The vast number of workers in the informal sector is still an unexplored terrain in trade union organizing.

Filipino unions are split over the concept of political as against economic unionism. The politically-oriented trade unions do not only push for sectoral issues (labor laws and policies, across-the-board wage increases, codal amendments, trade union rights) but also take strong positions against foreign debt, the former US military bases in the Philippines, political repression and human rights violations. They attempt to address all kinds of societal problems.

On the other hand, trade unions leaning toward economism concentrate on the demand for economic benefits and shun political involvement. They also focus on immediate solutions to problems in the workplace.

While the local affiliates rely heavily on collective bargaining rather than venture into pressure politics, their mother federations sometimes enter into alliances to utilize political channels for advancing the interests of the working class as a whole.

Of late, all the major trade union centers including the "economists," have shown concern for national issues like the expanded value-added tax (EVAT), General Agreement on Tariffs and Trade (GATT) and foreign debt, and have participated in national elections. The politically oriented unions have aligned with political movements but the economists are more comfortable with efforts to build labor alliances. At the enterprise level, trade unions continue to assert their influence through collective bargaining and labor-management councils.

Despite massive unemployment and underemployment due to the rapid growth of the labor force which the economy cannot absorb, trade unions have been preoccupied with one major issue: wage improvement.

Campaigns for wage increases usually take center stage during Labor Day celebrations when labor unions press government to meet the increasing cost of living and uplift the wage rate of almost 90% unorganized workers. The minimum wage is meant to support at least the daily basic needs of workers. The irony, however, is that the minimum wage has in fact become the prevailing rate, and management negotiators insist that it should be the basis for negotiations with labor. In some instances, labor-management negotiations start on the immediate implementation of the minimum wage.

From 1974-1984, government has assumed a direct responsibility for wage determination. Elias Ramos, a former unionist and now a professor of industrial relations, claims that during this period, collective bargaining was not developed as a powerful mechanism in labor-management relations. He said that the government's intrusive role in wage setting has resulted in the inability of trade unions to strengthen their bargaining power at the enterprise level. In effect, workers were disempowered since they had no control over the determination of their wages and employment conditions, these being fixed outside the shopfloor.

On the other hand, present-day labor leaders assert that legislated wages were instituted as a response to strong pressures from the organized labor. Major labor centers in the country usually unite on issue of wage increase. The militancy shown by organized labor in calling for across-the-board wage increase reflects its paramount concern with the issue. In their campaigns, Filipino trade unions form ad hoc alliances and use media hype to carry their wage hike demands.

Only a fraction of workers are covered by CBA and the overwhelming majority depends on the government's legislated dole outs. Of the estimated three million organized workers, only 600,000 are covered by collective bargaining agreements (CBAs). The former administration's action to create the Regional Tripartite Wage and Productivity Boards (RTWPBs) was intended to depoliticize the wage-fixing process.

The enactment of Republic Act 6727 in 1989, which created the RTWPBs and National Wage and Productivity Commission (NWPC), forced trade unions to shift the struggle for wage improvements at the regional level. With the regional wage boards, the national labor organizations are in a quandary as to how the wage issue will be fought.



Wage orders are issued on a regional basis taking into consideration the standard of living and industrial development of the area.

On the other hand, employers continue to perceive trade unions' efforts to attain wage benefits as detrimental to the company. Trade unions are considered labor rigidities. Pushing for better working conditions and benefits is translated into production costs. Higher production costs, the capitalists argue, will make their products less competitive in the world market. Likewise, they perceive unions as impediment to productivity. For example, during the strike fever in the early 80s, capitalists lost their grip over their workers who defy work orders, thus, impairing productivity. At present, they are investing heavily in resource management schemes that will enable them to better understand their workforce.

On the part of the state, it adopted policies to reduce union militancy in order to attract investments. Restive workers make investors wary and consequently, make the Philippine market unattractive to international capital. The low cost of labor in the country is being advertised by the government primarily to lure investors.

Meanwhile, the DOLE has initiated a review of the Labor Code. It claims that a revision is meant to reflect the changes in the global market and comply with President Ramos' *Philippines 2000* vision. Among the proposed amendments is the liberalization of labor policies, which is being pushed by local employers. They argue that liberalization is badly needed amid the stiff economic competition in the international market.

### **Emergence of Employment Patterns**

The decade of the 80s' saw dramatic political and economic upheavals in the international scene. The collapse of the East European bloc signalled the end of the Cold War and the emergence of new free market economies. The rise of protectionism in industrialized European countries and the rapid industrialization of Asian countries led by Japan have propelled countries all over the world to be involved in political-economic realignments and interdependence towards globalization.

Vigorous economic relations among countries have established a global market for goods and services, hence, intensifying competition and lowering of trade barriers.

The opening of free market economies in Eastern Europe and the rise of newly-industrialized countries (NICs) in East and Southeast Asia created new economic opportunities for the already industrialized countries. While moves to liberalize economies were urged, trends of regional protectionism slowly took shape. This resulted in the forging of a single European market.

On the other hand, trade agreements were made to open up new markets. These were spearheaded by the United States to penetrate potential markets in Asia and Latin America, and to countervail the strong economic alliance among European states. Trade agreements such as the North American Free Trade Agreement (NAFTA), Asian Free Trade Agreement (AFTA) and GATT are meant to lower trade barriers since intense competition is expected among the participating countries.

Transnational corporations (TNCs) stand to gain in this globalization efforts because they lead in industrial innovations. Aided by revolutionary changes in communication and transportation technology, TNCs have increased their subsidiaries or satellite companies all over the world.

However, the global labor market has caused intense competition of jobs and further depression of wages in developing countries. International trade unionists cited massive unemployment and exploitation of labor as a result of globalization. In the name of competition and productivity, workers' rights and humane working conditions are sacrificed.

The massive transnationalization of capital and intense competition in the international market have, nonetheless, spurred the restructuring of local economies to enable them to meet new market demands or opportunities.

For local capitalists, the situation asks for increased efficiency and productivity in order to remain competitive and thus, survive. With the current economic condition, employers are aspiring for more control of the production process. The challenge to compete in the international market compels them to seriously look at their productivity levels and efficiency. Various management schemes are explored to maximize profit and production output while even improving quality. Hiring of contract labor is regarded as a means to increase efficiency and profitability. In this light, the ratification of GATT by the Philippine Senate

signals the government's intention to participate in the race for economic supremacy in the region and the rest of the world.

However, while the basic objective of labor sub-contracting and hiring of casual work is only to cope with excess work during peak season, more and more casual workers are taking over regular jobs. And while hiring temporary work through agencies is initially intended to give employers the capacity to meet production demands by having a flexible work force, the current practice of agency-hiring has brought about lower labor costs. Through these bold management schemes, employers can easily control their production output and at the same time save on labor.

Moreover, through these practices, employers can easily contain union formation and militancy in the workplace since contract workers do not have the tenurial security compared to other workers. Trade union leaders, likewise, admitted experiencing great difficulties in organizing contractual, temporary and casual labor. Expansion plans of trade unions, they noted, have been affected.

Another scheme detrimental to the trade union movement is the breaking-up of companies into small and separate entities. Registered as a different company, it still functions as a department or a subsidiary of the main company. In dividing the company and separating certain production processes from the main factory, unions also become fragmented and less organizable. Companies practicing these tactics are increasing resulting in thousands of workers excluded from union coverage.

### **Labor Flexibility Practices**

Labor flexibility means more leeway in management's policy on hiring and working practices, wage levels and use of skills, and deployment of human resources. It can be classified as internal and external. Internal labor flexibility refers to measures concerning "job structures and work organization" such as multi-skilling, job-sharing, job rotation, and flexi-time. External flexibility practices, on the other hand, permit establishments to adjust the size and composition of their workforce easily. Flexibility is achieved through the ease in hiring and firing, temporary layoffs, use of casual, probationary and contractual labor as production levels rise or fall.

■ Capitalists argue that labor flexibility, aside from being cost-effective, promotes job opportunities because it enables establishments to be responsive to the changes in the labor market. On the other hand, labor contends that it marginalizes workers because flexibility suppresses security of tenure, checks unionism and collective bargaining and subjects workers to precarious and vulnerable working conditions.

Casualization and labor-contracting are the most common labor flexibility measures being implemented in workplaces. These measures are also called non-standard, non-regular or atypical working arrangements.

Manifestations of labor flexibility in the Philippines include the following: preference for temporary/casual over regular workers; subcontracting in the manufacturing and service sectors (transport, packaging, maintenance and security) through employment agencies; increasing work shifts and overtime; replacing the pay system based on length of service or hours of work by piece rate and quota system; and introducing internal training systems to ease redeployment of workers within the factory.

Two views have emerged concerning flexible forms of employment. Capitalists argue that labor flexibility, aside from being cost-effective, promotes job opportunities because it enables establishments to be responsive to the changes in the labor market. On the other hand, labor contends that it marginalizes workers because flexibility suppresses security of tenure, checks unionism and collective bargaining and subjects workers to precarious and vulnerable working conditions. In the Philippines, the negative impact of labor flexibility is compounded by the high rate of unemployment.

### **The Philippine Labor Flexibility Survey (PLFS)**

A 1988 survey on specific groups of workers by the Bureau of Labor and Employment Statistics (BLES) became a yearly study when it confirmed the rampant practice of non-regular employment in the country. It has also prompted another government agency, the Institute of Labor Studies, with the support of ILO-Manila, to come out with a 1990 PLFS Report on external labor flexibility, based on the BLES data.

The extensive research inspected 1,311 establishments in 1988-1990, covering Regions IV, VII, X, XI, and the National Capital Region (NCR). The sample was fairly well-represented and classified into small (61%), medium (30%) and large (9%) firms, and into different sectors, namely, manufacturing (76%), trade (17%) and construction (7%).

Despite "wide industrial differences," the PLFS reveals that two-thirds of the establishments studied employed non-regular labor. Examples of firms that are prone to this practice are those in the construction and wood industries. But the main employers of contractual or casual labor are the big companies, irrespective of their line of industry. Only large electronics firms show a moderately positive picture with 50 per cent of their workforce remain regulars.

The number of non-regular hires fluctuates in some firms. Some companies vigorously implement casualization/contractualization but others ease out non-regular workers. This is attributed by the PLFS to the economic uncertainty experienced by Philippine firms. From 1988-1991, the Philippine economy plummeted partly due to a series of man-made and natural calamities such as coup attempts, the 1990 earthquake in Northern Luzon, El Niño phenomenon, Mt. Pinatubo eruption, Gulf War and the energy crisis. Establishments reported low profit and a surplus of labor, thus, the retrenchment of both regular and non-regular workers. In fact, during that period, the lowest net increase in non-regular employment was posted.

### **Types of Non-Regular Employment**

1. *Part-Time Employment.* This is defined by the Department of Labor and Employment as wage employment with hours of work shorter than the normal duration set in the Labor Code (eight hours a day or 40 hours a week). The PLFS survey shows that part-time employment is not as prevalent as casual employment. Only 14 per cent of the total establishments sampled hire part-time workers. Textile firms are most likely to hire them; those in the electronics and trade, the least.

Over 47% reported that part-time workers hold technical and professional positions. Establishments also employ part-time work to accommodate workers' preferences. These workers are hired because they bring specialized skills to the firms.

2. *Casual/Temporary Employment.* It is a work arrangement wherein workers are employed to fill up a vacancy or a new position usually while a more qualified applicant has not yet been hired. Casuals are pressed into work for a fixed or limited time only. This mode of employment is also used as a prerequisite or preliminary stage before a worker is regularized. Under the Labor Code, a casual who occupies a position deemed vital and necessary to the establishment must be elevated to regular status after one year of continuous or broken service.

Among the reasons for employing casual or temporary labor are the changing demands for specific quantity and quality of products, labor shortage and the unstable market. In these case, majority of companies provide oral rather than written contracts with their workers. Over a third of these firms layoff temporary workers even before the end of their contract, usually during the fifth month of service, and subsequently, a new batch of workers are hired. This is evident in the BLES study that documented the practice of 42 per cent of said firms to readmit temporary workers but under new temporary contracts. Only 22 per cent offer a regular status for the ex-casuals who are rehired.

As a rule, casuals are paid less than the regular workers. The mean average wage reportedly paid was around 81% compared to regulars who do the same job. And due to their ineligibility, casuals do not receive the benefits accorded to the regulars. For example, only about half of establishments surveyed give medical benefits to temporary employees. This is an added savings on operational costs as even the regulars are shortchanged by the companies: small firms pay only 73% of the regular workers' wage and large firms, 83%. While in medical benefits, the regulars enjoying this comprise only 80% of the total.

Moreover, since casuals are hired to perform specific tasks for a limited period, they are easily terminated when signs of market instability appear.

3. *Probationary Employment.* Under the Labor Code, the probationary period is limited to only six months. After which, the worker must be regularized. However, the survey showed that the typical length of probation among 83% of the firms is two years or more.

Either the probationers are terminated before the end of the probation period or they endure a long absence of security of tenure and other benefits until they finally become regulars. According to the survey, 63% of firms employing this type of workers pay lower wages and 79% offer fewer benefits.

The study confirms the vulnerability of probationary workers. The probation policy gives the employers the opportunity for external flexibility. A firm can increase the number of workers on probation with lower wages but can easily terminate the same without cause.

4. *Contract Labor.* Here, the workers are hired on contract either directly or through an employment agency. A rapidly increasing employment practice, workers under this arrangement are hired for a specific project and time frame. Such workers are paid on a piece-rate basis or by output.

Data on contractual employment from 1989-1990 showed a declining trend. This course is reflective of the country's low economic performance during that period. Thus, in 1991-1992, the contractual system rose again to 55.2%.

In the electronics industry, the use of temporary labor has been replaced by an increased reliance on contract labor among 50% of firms. The shift from temporary to contract employment indicates that larger firms are more likely to increase their use of contract labor.

On the average, contract workers are paid 88% (as opposed to 81% for temporary workers) of the wage received by regular workers. Salary-wise, they are a little better off than temporary and casual workers. Contractuals may also be more secure because over a third (36.9%) of contract labor are hired for skilled positions compared to only a quarter (24.9%) of temporary workers.

5. *Labor Subcontracting.* This is an employment mechanism wantonly abused today by establishments which grant contracts to others to perform specific tasks or hire workers on a project basis. There are certain industries that, as a rule, subcontract work to attain maximum profits. Subcontracting takes advantage of specialized skills offered by the subcontracting firm. Construction companies or projects are most

likely to contract out workers but this is more a rule rather than a response to market forces.

### **Views on Non-Regular Employment**

Employers consider productivity and competitiveness as important elements in running their firms. Having the power to hire and fire workers and complete control over their working arrangements contribute to increased workers' productivity and efficiency. However, labor sees this as a one-sided view.

In a newspaper article, Vicky Garchitorea, a *Businessworld* columnist, contends that hiring of casuals for only five months is a necessity and a fact of life. Employers should not be blamed for this practice because once workers become regulars, they can no longer be "easily" separated from the company. But non-regular employment may encourage workers to be complacent and therefore, lessen productivity. Garchitorea added that enterprises are already burdened by problems on low product demand and high overhead costs. Worrying about worker's productivity becomes another cross which entrepreneurs must bear. She boldly advocated that a broader power for employers to hire and fire workers must be included in the proposed amendments to the Labor Code.

*The Philippine Daily Inquirer*, in a Special Year-End Report in 1994, exposed the rampant practice of labor-only contracting a prohibited employment arrangement in the country. It also disclosed efforts to subvert the initial ban on labor contracting only in the ongoing Labor Code review.

There is incidentally a working paper prepared by DOLE which seeks to amend the provision banning labor contracting only by providing policies to regulate the practice. This has been met by protests by the trade unions. The Trade Union Congress of the Philippines called for the immediate protest against the plan to amend the Labor Code provisions protecting workers against labor-only contracting practices.

The ulterior and primary objective of said modes of employment is indeed to save on labor costs and avoid unionized workers, thus, ensuring more profits and stable business.



### Responses of Trade Unions

Significant aspects in the study made are the responses of major trade union organizations in the country on this new trend of employment pattern (see the next two pages for details). The five labor organizations interviewed represent the bulk of organized labor and are seen to be one of those largely affected by any radical restructuring in the labor market. Organized labor, in a sense, plays a fiscalizing role for government policies not only on labor issues but also in politics. With a highly eschewed labor policy aimed at promoting investments rather than improving the lot of workers, organized labor becomes the champion of workers' causes in national policy advocacy. It has also engaged in pressure politics through social mobilizations and lobby work.

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Interview questions focused on the following: their perception of the emerging new employment patterns; whether their unions are affected or not; the implications of these flexibility measures on union organizing; whether such patterns of employment weaken their unions; and the steps they have undertaken and still are undertaking against these practices.

Trade union leaders interviewed were: (a) Atty. Louie Corral, Executive Director of the Political Affairs Department of the Trade Union Congress of the Philippines (TUCP); (b) Rene Magtubo, Secretary-General of the Bukluran ng Manggagawang Pilipino (BMP); (c) Francisco Cristobal, Vice-President for Political Affairs of the Federation of Free Workers (FFW); (d) Atty. Ernie Arellano, President of the National Federation of Labor (NFL) and Spokesperson for the National Confederation of Labor in the Philippines (NCLP); and (e) Daniel L. Edralin, Chairperson for the Alliance of Progressive Labor (APL).

## ***Trade Union Congress of the Philippines (TUCP)***

### ***Profile***

Formed in December 14, 1975, the Trade Union Congress of the Philippines claims to represent 1.4 million workers belonging to some 50 affiliated federations nationwide. The TUCP was established to unify labor under the Marcos administration promoted through a so-called "one union, one industry" policy. Marcos sought to restructure the labor movement and rally them to support his martial law government.

The TUCP emphasizes economic-oriented issues (wages, job security, working conditions) at the shopfloor level. As a national center, it claims to support democratic and political issues. For a time in the mid-80s, it tried to shed-off its predominantly pro-government stance by articulating national and political issues.

### ***Awareness of labor flexibility***

The TUCP is aware of the labor flexibility trend and of the massive globalization of the world economy.

It believes that other countries have prepared for the effects of globalization in their economies while our country does not have the technology and capital for restructuring its industries, causing negative impact on the casualization pattern.

### ***Views on the increasing practices of labor flexibility***

The TUCP admits that it must be more than a bread and butter union, representing privileged workers who have jobs. It will adopt new paradigms and work towards a policy climate for job creation and labor organizing. Among the issues that they think must be addressed are how to generate employment, participate in a national industrial relations review, formulate and propose new profit-sharing schemes, call for new educational services and address the economy's export-oriented growth strategy which has no underlying strategy to develop the domestic market.

This trade union rejects government's policy of maintaining low wages so as attract investors and generate new employment. Safety nets are not enough to cushion the impact of unemployment. Government has to generate direct employment. As of now, the highest job-creating

institution is the government through its outlays in infrastructure projects undertaken at the national level and through local government units. But these are impermanent job placements.

### ***Implications on labor organizing***

The TUCP unions are affected by casualization, particularly their unions in the Bataan Export Processing Zone. Majority of workers in BEPZ are women and they face massive casualization thereby denying them security of tenure.

### ***Response to the issue***

At present, the TUCP is reorienting its directions and organizational relations between its locals and the national center to meet the challenges ahead. One of these organizational initiatives is to establish area councils and encourage area coalitions at the regional level. Territorial organizing aims to better respond to issues and ensure a mobilizable force for lobbying and other activities. Through the regional coalitions, the TUCP can expand its base of organizations and identify new organizing opportunities. In the coming months, the TUCP will increase their campaign against labor-only contracting (LOC) practices.

The casualization trend should become an impetus why trade union organizers should evolve new organizing skills and approaches. In this regard, the TUCP's organizing will put premium on workers classified as trainees or apprentices in its campaign against labor flexibility. Organizing them will be afforded the same treatment as other salary and wage workers.

At the national center, the TUCP intends to conduct studies on labor-contracting as part of their lobby work in Congress. Another concern for advocacy work is to influence their TUCP sectoral representatives in Congress and those coming from FFW. In particular, the sectoral representatives should come up with a stand on the proposed Labor Code amendments which involve, among others, the criminalization of labor-only contracting and the right to compel NLRC to issue a writ of execution for any decision involving workers' claims and damages resulting from labor disputes.

So far, the TUCP's confrontations with government are focused on policy initiatives. These were done through high level conferences with

government officials. As an immediate step, TUCP will call for new labor policies that would not further dehumanize labor and that would develop a productive labor force.

The May 1995 elections were also seen by the TUCP as a venue to express their opposition to the casualization trend. Before the elections, they conducted a survey among some senatorial candidates about the bills they would likely to sponsor or co-sponsor in Congress. The idea was to create a constituency for their lobby work in the 10th Congress.

At the labor front, the TUCP will initiate the reactivation of the fledgling Caucus for Labor Unity (CLU) after the elections. The CLU will become the broad labor base which shall openly oppose labor contracting issues.

The TUCP believes that unions must be relevant to the times if trade unions are here to stay. If the union fails to become relevant, workers will not join unions and instead, will work on their own to get out of the casualization trap. One practical way individual workers have resorted to is to train themselves or avail of skills training programs from private agencies to get out of the casual labor market. Getting them organized in addressing the casualization trend is the only way for unions to become relevant and necessary.

### ***Bukluran ng Manggagawang Pilipino (BMP)***

#### ***Profile***

The Bukluran ng Manggagawang Pilipino (BMP) is a break-away group of the Kilusang Mayo Uno. It originally consists of the KMU trade unions under the National Capital Region-Manila and Rizal (NCR-MR) areas. BMP claims to have 214 trade unions while they were still with KMU and has expanded to 350 unions to date.

As early as 1988, a serious rift developed between the KMU-NCR/Rizal chapter and the KMU national leadership which in a way was reflective of the ideological debate inside the Communist Party of the Philippines (CPP). The internal debate took on a serious turn in 1993, prompting a split of the NCR-MR group from the KMU national organization.

Rene Magtubo, current Secretary-General, identified three major issues that caused the split: one, the ideological analysis of whether to adopt outwardly a socialist point of view as against "hiding it" under the national democratic line; second, issues of corruption within the NCR-MR leadership which the national leadership failed to address; and third, the flawed organizational process undertaken by KMU in resolving the internal conflicts.

The decision handed down by the KMU national leadership on their legitimate ideological grievances and failure to resolve issues over corruption were the immediate factors that brought the conflict to end in a split, Magtubo said. He also admitted that only by differentiating the BMP from the KMU, the workers could identify with the organization.

BMP defines itself as a political organization of workers with direct membership from local unions and which espouses a socialist ideology. Magtubo stresses that unlike the KMU, the BMP believes that the struggle of the working class is directed against capitalist exploitation and unless capitalism is eradicated, the working class will never be truly free. He reveals that they also differ from the KMU in terms of strategies. For instance, in doing alliance-building work, capturing the leadership role is not necessarily the end-all in organizing networks but having an influence in its direction-setting is significant for building a broader base.

### ***Awareness of labor flexibility***

BMP is very much aware of the trend in labor flexibility and has direct experiences of such in its own local unions. Particularly in their local union at Purefoods Corporation, Magtubo characterized three types of employment practices: (a) *direct employment*: it is regular employment where workers are hired and regularized according to their skills and capabilities; (b) *direct hire but rotated in work*: casual/peripheral workers are replaced every three months by hiring another batch of workers; and (c) *direct from the agency*, meaning the company hires an agency to supply them with casual / peripheral workers.

To explain what he means by peripheral workers, "ito ang mga manggagawa na kung aalisin ay hindi makakaapekto sa produksyon. Sila ang ginagawang contractual or hired on a casual basis," (These are the workers that can be removed without affecting production. They are the ones hired on a contractual or casual basis) Magtubo said.

Introducing the term "peripheral workers" into the interview was necessary because it is significant in the way the BMP perceives the implications of flexibility measures in their local unions and in the organization itself.

### ***Views on the increasing practices of labor flexibility***

The BMP perceives the country has enough laws prohibiting irregular employment arrangements but the government is just not serious enough in enforcing them. For instance, there are laws against hiring agency workers doing regular work but then employers still ignore them with nary a sanction imposed by government for employer-violators.

These laws are now gradually subverted by the state as shown in the current review of the Labor Code and the employment programs being undertaken. It is clear that in the proposed amendments of the Code, the state wants to impose a system of employment compatible with General Agreement on Tariffs and Trade (GATT) and President Ramos' Philippines 2000 vision.

An example of such proposal is extension of the apprenticeship employment period from three months to three years. Another proposal is the creation of an agency (most likely under DOLE ) to regulate labor-only contracting. This is tantamount to legalizing labor-only contracting practices.

The challenge for the trade union movement at present is how best to respond to these changing employment patterns. It should propose a clear-cut, viable alternative without causing serious damage to itself by being tagged as anti-employment/employer. It should also prod government to decisively enforce laws against labor-only contracting and curb efforts to subvert these laws. "Kung papayagan ng trade union movement ito, tagumpay ang kapitalista na ipatupad ang casualization dito sa Pilipinas," (If trade union movement would allow this, then the capitalist would succeed in promoting casualization in the Philippines.) Magtubo said with finality.

### ***Implications on labor organizing***

Magtubo claims that the labor flexibility measures affect the trade union movement on two levels: at the shopfloor and the macro-level.

For a company with a small number of regular workers, organizing a union to demand for just wages and benefits is rather difficult, if not downright impossible. Employers from the start possess a strong leverage (even before collective bargaining and negotiations) by hiring contractual workers. This practice, however, does not seem to affect companies with a large number of regular workers. This means that casual and contractual workers handle only the peripheral work and not the major task in the company.

At the macro-level, the number of workers organizable into unions will surely decrease. "May trend na casualization ngayon, kung kaya't hahabulin namin na ma-regularize ang mga contractual workers na gumagawa ng trabahong mahalaga sa produksyon," (There is a trend towards casualization nowadays; hence, we would pursue the regularization of contractual workers involved in the important aspects of production.) Magtubo said.

He further added that these measures have serious implications in terms of membership among organized labor. It is only logical to deduce that because labor flexibility makes it doubly difficult to unionize workers, the number of organized labor is not likely to expand.

### ***Response to the issue***

Firstly, the BMP believes that trade unionism is still the best strategy to organize the working class. The challenge now is how to struggle in a nationwide scale for greater employment opportunities for all workers and hold the state accountable for allowing flexible working arrangements, low pay and an anti-union environment. "The state has sacrificed the workers' constitutional right to organize in order to attract capital," sums up Magtubo.

Secondly, the trade union movement must unite in confronting this problem by increasing or doubling the number of organized labor. In this aspect, trade unions must organize new unions, deploy organizers in non-traditional labor sectors and not depend on full-time organizers.

Thirdly, there is a need to study this trend and the other implications brought about by globalization. Perhaps, the trade union movement can then identify the various strategies on how to confront this issue.

Despite the evolving view among other trade union groups that in order to adjust to this problem, new organizing strategies should be developed, the BMP believes that trade union principles and strategies are still the solution. However, the BMP is aware of the trend in employment patterns such that they recently formed BUMAKLAS or Bukluran ng mga Manggagawang Kaswal (Organization of Casual Workers) in department stores. Their objectives are to establish a forum to discuss and work for the regularization of casual workers and set up a grievance structure for casual workers before a union is formed.

### ***Federation of Free Workers (FFW)***

#### ***Profile***

The Federation of Free Workers (FFW) was formed on June 19, 1950 by labor leaders led by Juan C. Tan. The FFW is composed of different organizations of workers, farmers, and other types of membership variations. The diverse composition of the FFW is reflective of their principle of social movement unionism.

According to the FFW documents, "It was founded in response to the growing oppression and marginalization of labor, not only by exploitative social structures and arrangements, but also by pseudo-labor leaders and opportunists, politicians, racketeers, communists, oppressive employers and even by the government."

The FFW focuses on democratic and political issues of unionism particularly on trade union freedom, widespread poverty, and government attempts to wrest control of the entire labor movement. It also stresses economic issues at the factory level and rely heavily on the process of bargaining and negotiations. However, it is perceived to be slow to come out with definitive political positions on national issues, thereby projecting itself as being conformist.

#### ***Awareness of labor flexibility***

The FFW is very much aware of the trend of labor flexibility but offers another explanation of the phenomenon. The interviewee argues that what is happening in the country is labor-only contracting which should be seen as entirely different from labor flexibility. The organization clarified that they are against labor-only contracting but not to labor



flexibility. The following statements reveal the understanding of the interviewee on the subject at hand.

The FFW admits that globalization somehow caused the labor flexibility trend to spread from Europe to the Philippines. But flexibilization in the Philippines must be viewed differently from the European context because in the latter, it means flexible time, flexible work assignments and flexible pay systems. To illustrate, a mechanic working in the shopfloor who has no more repairs to be done still gets paid with the same rate. In the event that he is assigned to another task within the factory, this becomes a flexible work arrangement. In flexible work arrangements, a factory may have a two or three shifts per day. For instance, it will have a 6:00 a.m.- 2:00 p.m. shift, another shift at 2:00 p.m - 10:00 p.m., and another at 10 p.m.-6 a.m. to complete the 24 hour daily schedule. However, in the Philippines, employers are trying to save one shift by extending the workers' eight-hour work to 12 hours per shift. Mr. Cristobal points out that to be productive and competitive, employers should put a third shift and limit the work time per shift to only eight hours. In such a way, it will also address unemployment.

The FFW contends that the hiring of contractuels and casuals violates ILO Convention 67 which upholds the freedom of association. A casual worker whose aggregate service exceeds six-months can be regularized and could then become a union member. Hiring casual workers should also be dealt with caution because the Labor Code specifically provides that casual work has no connection with the income-generating and production activities of the company. Illustrating his point, Cristobal cited the practice of employing repairmen who are hired in time of typhoons. These type of workers are considered casual workers. But if the employers hire them to do a particular productive, skilled work (sometimes they are called temporary workers), the practice is considered as labor contracting.

But Cristobal differentiates it from another kind of flexibilization which is commonly called job-contracting. In Japan when transistor radios were coming in as a new technology, factories produced all the components and distributed them to households for assembly. Afterwards, the assembled radios were returned to the factory and the company put them in a case and exported them. This flexibilization type of work is one way by which Japan progressed and provided additional income to Japanese

households. Others call it job-out or job-contracting but not labor-contracting. In the Philippines, this is legal. What is prohibited is the labor-only contracting type as differentiated earlier.

To stop the unbridled labor-contracting practices in the Philippines, the DOLE proposes to regulate such practice. The FFW is strongly against this proposal, citing that such runs counter to the Labor Code. The Secretary of Labor cannot implement such scheme because it is tantamount to amending the Labor Code: A statutory amendment is legislative in nature and legal processes must be complied with. "Hindi kami naniniwala sa argumento nila that if we cannot control it anyway, allow it through regulations," (We do not agree with their argument that if we cannot control it anyway, allow it through regulations) Cristobal said.

#### ***Implications on labor organizing***

The FFW admits that labor flexibility seriously affects their organizing. "This means that we will not have the natural increment of new membership unless, of course, we organize the unorganized."

A negative impact of labor flexibility, Cristobal avers, is that of limiting membership coming from organizable workers. Decreased membership scope will further drive the labor movement to a slump. Another reason Cristobal cited why the size of organized labor is not increasing at the macro-level is the penchant for union-raiding. He bewails that instead of focusing the movement's energies on organizing the unorganized, organized workers just move from one federation to another.

#### ***Views on the increasing practices of labor flexibility***

According to Cristobal, flexibility is not bad if it is implemented correctly. Foremost is to apply flexibilization which does not mean employing casual, temporary, or contract workers within the factory.

"As far as we are concerned, it's not labor flexibility that is happening now. Casualization is just a jargon created by the government," Cristobal argues.

These practices that are presently resorted to by employers can be classified as labor-only contracting. One form of labor contracting is hiring

casual labor. Casual labor runs counter to the Labor Code which defines them as those workers that do peripheral work and has nothing to do with the production process. These casual and temporary workers are hired only for five months and terminated soon after the period expires. Some contract workers, however, continue to work even until three years but without the benefits afforded regular workers.

Agency-hiring is another form of labor-contracting. the FFW expressed their negative position on the existence of agency-hired workers. Although federations can unionize these type of workers, it is very difficult to do so because they are frequently transferred. The Labor Code allows any agency with enough capital to provide workers for peripheral jobs such as janitorial services, security, maintenance, etc.

Regarding the practice of capitalists in avoiding unionization through dispersing corporate ownership into small firms doing the same production process, the FFW argues that there is already a decided case in the Supreme Court to counter this scheme. Unions can organize these companies as long as they can prove that ownership is one and the same. By virtue of having interlocking operations, unions can prove that there is actually just one company.

### ***Response to the issue***

For starters, the FFW circulated a manifesto condemning the practice of labor-only contracting and has sent it to the Department of Labor and Employment, Department of Finance, and other government agencies. It has also embarked on an advocacy and lobbying program. In the case of the Omnibus Amendments to the Labor Code, the FFW has reviewed it and opposed certain amendments which they think are not beneficial to the workers. Among the amendments they support are those pertaining to the CBA effectivity, tenure of office, provisions on direct elections, etc.

Although the FFW is open to organizing contractual labor, the latter problem must be approached differently. What the FFW envisions for them is an industry organization that seeks to standardize their wage rates and protect their terms of employment. An organized pool of such workers that can pressure anyone violating the standard wage rates could then be one form of workers' organization.

## ***National Confederation of Labor in the Philippines (NCLP)***

### ***Profile***

The split in the ranks of the Kilusang Mayo Uno has paved the way for certain realignments in the Philippine labor movement. The fluid condition of the trade union movement has spawned new labor alliances and centers. One such formation is the National Confederation of Labor in the Philippines launched on March 19, 1994. The NCLP declared its dues-paying members to be around 140,000 coming from eight labor federations, associations and cooperatives.

Its member federations and organizations are February Six Movement (FSM), Kaisahan ng mga Manggagawang Pilipino (KAMPIL), National Federation of Labor Unions (NAFLU), National Federation of Labor (NFL), United Filipino Service Workers (UFSW), United Independent Labor Union in the Philippines (UNILUP), United Workers of the Philippines (UWP) and Workers Solidarity for Nationalism (WSN).

### ***Awareness of labor flexibility***

The NCLP has a firsthand experience with labor flexibility, particularly in Gelmart Industries, Inc., a large garment factory. Gelmart produces brassieres, knit gloves, and other undergarment products. For years, it is subcontracting its production lines. For instance, for their brassiere products, it only does the cutting and revising. The whole process of sewing is subcontracted outside the plant. Atty. Arellano noted that sewing is the most important in the whole production process yet Gelmart subcontracts it outside.

The factory provides the machines, personnel to maintain the machines and the materials to subcontracting agencies. The supervisors of subcontract employees are Gelmart regular employees while the rank-and-file workers are provided for by the contractor. Gelmart, thus, has no employee-employer relations with the rank-and-file workers of the contractor.

The company's argument in contracting-out is to reduce production costs so as to create a much cheaper product than its competitors. Sewing is much cheaper done outside than employing regular workers to do this work in their factory. "Ang Gelmart ay nag-concretize lamang ng

Isang kawangis ng labor flexibility. Ito rin ang trend sa garment industry," (Gelmart merely concretizes a form of labor flexibility. This is the same trend in the garment industry.) Atty. Arellano said.

Ric Merced, Coordinator of the NCLP National Organizing Committee, joined in the interview and shared his ideas on labor flexibility. As the organizer for Gelmart, he exhibited a firm grasp of the situation and weighed its impact on the union. He pointed out that the issue is a matter of survival for both sides — the employer and the workers.

Gelmart is directly exporting their products such that the workers directly feel the impact of globalization. The increased competition abroad has driven the company to subcontract its products and employ contractual and casual labor to meet market uncertainties. Gelmart threatens to file closure and bankruptcy proceedings if they could not reduce labor costs, thereby legitimizing these practices.

#### ***Views on the increasing practices of labor flexibility***

Casualization is an issue which is difficult to define but already manifest. Labor flexibility measures have been in the country for a long time. Though it originated from developed countries, its objective is the same for both the developed and underdeveloped countries — reduce labor costs. But unlike in developed countries, casualization has a different impact on the Philippines.

In appreciating this problem, the NCLP admits that it has yet to discover a formula to deal with this phenomenon. In the meantime, the trade union movement can take lessons from the negative impact of such practice on the labor movement. Perhaps, it is about time for trade unions to reorient their organizing strategies to include contract workers in union coverage. Some of the suggestions Arellano pointed out are organizing on an industry, territorial or community basis.

#### ***Implications on labor organizing***

The two interviewees agree that these practices have disastrous impact on labor organizing. Workers under the contractor are effectively beyond the scope of the union's bargaining unit, thus excluding them from whatever benefits given in the collective bargaining agreement. Consequently, the union's bargaining power is diminished.

Moreover, labor flexibility considerably weakened the union itself. The interviewees narrated one instance when Gelmart laid-off 530 knit-glove workers from the company. The company justified their dismissals by claiming that the market of their products shrunk and the company has no more contracts or customers due to high cost of labor. "Imbis na mawelgahan sana at ipilit na i-retain ang mga retrenched employees, hindi na nagawa dahil may threat to break up the company at ipapasalo sa subcontractors ang trabaho," (We are not able to strike to press the retention of the retrenched employers because there is a threat to break up the company and delegate their work to subcontractors) Arellano added.

The union is practically "under the gun" of management with the ever-present option to contract-out work. Even union members realize that they are not protected from retrenchment if the company decided to do so.

At the macro-level, organized labor has decreased because jobs normally given to regular workers are instead taken over by contract workers. While contract workers can be unionized, it is doubly hard for the organizers to do so. Arellano reasoned that, "una, maliit lamang itong grupo at pangalawa, scattered ito." (First, this group is very small and secondly, it is scattered.)

### ***Response to the issue***

The NCLP is still in the process of defining this trend and firming up their advocacy work. It has sought dialogues with the Department of Labor and Employment to discuss the possible regulation of the casualization trend. It has also set dialogues with the Labor Secretary on an industry basis. This trade union reveals that its efforts are still local-based and not national-based.

### ***Alliance of Progressive Labor (APL)***

#### ***Profile***

The Alliance of Progressive Labor (APL) is an umbrella organization of various labor organizations from different industries. A labor center by nature, the APL has currently three federations, four labor alliances, five independent unions, and one workers' cooperative as affiliates.

The APL is the organizational expression of unions pursuing the following objectives: progressive politics in trade union work; mass base expansion not only in the formal but also in informal sectors; integration of independent unions into the mainstream labor movement; and unification of the Philippine labor movement.

### ***Awareness of labor flexibility***

The interviewee offers a different understanding of how labor flexibility came about in the country. However, the situation is the same and the root causes are relatively similar.

The APL contends that labor flexibility permeated the country since the middle of the 1980s. Employers embraced these practices to protect them from the type of trade union activism sprouting at that time. It was a time when unions were noted for their militancy under a repressive dictatorial government.

Setting runaway shops, dissolving companies and hiring contract workers were initially defense mechanisms of the employers to protect their businesses. The capitalists, with the help of lawyers, conspired to hide the names of companies under the veil of corporate secrecy, break up operations, divide them into smaller units, hire contractuels, and spread the location of corporate operations to avoid union influence. Big companies attract big labor federations, so capitalists break up their companies into smaller ones.

Economic policymakers' desperate attempts to attract foreign investors also contribute to the introduction of labor flexibility measures in the country. A cheap labor policy attracts transnational corporations in the country. On the other hand, the government tolerates the irregular employment practices of these TNCs and multinationals in exchange for jobs. Capitalists want to improve their competitiveness by directly reducing labor costs. Having control over their workers' conditions of employment and given the relative ease with which they can change them, they can avoid additional labor costs incurred under collective bargaining agreements. They will also be able to avoid union formation. "That is why labor-contracting and flexible working arrangements are very attractive to the capitalists. With the increasing globalization of our economy, these practices are heightened," Edralin said.

### ***Views on the increasing practices of labor flexibility***

APL believes that the trade union movement will survive this challenge. Trade unions are capable of adjusting their modes of action to the situation. However, the movement will be forced to come up with new forms of organizing workers and even trade unions.

The trade union movement has evolved from craft unions or guilds with different forms of CBAs to present -day trade unions. In Europe and Australia, workers are organized along line industries but these organizations are still called unions.

The APL hopes that the trade union movement will attain a wider coverage for collective bargaining units. It plans to push for a three-layered collective bargaining from the enterprise level, industry or area level and national level. Area unionism and territorial organizing are also viable alternatives. The concept and coverage of issues in the collective bargaining agreement can take many forms. An example is the standardization of wage rates.

### ***Implications on labor organizing***

Labor flexibility measures have negative implications on their organizing work. Organizing a small company dependent on contract labor is very hard. It is easy for employers to terminate workers if they see any sign of labor organizing for which they assume will lead to labor unrest. Contract employment practically binds workers in a leash resulting to a subservient workforce.

"The traditional situation where unions are firmly based in main companies can easily become a thing of the past," warned Edralin. Employers can break up their companies at will which is a classic case of "divide and rule." The combined effects of such trend could result in the decreased coverage of organized labor. The APL posits that the present ten per cent scope of organized labor could eventually shrink. As the labor force increases, the ratio of the organized to unorganized workers decreases.

### ***Response to the issue***

The APL has registered its strong resistance to these practices. Its leaders participated in the Economic and Social Reform summit called by



government and it submitted position papers on the issue during this occasion and participated in the deliberations.

In the ongoing review of the Labor Code, the APL advocates certain amendments to benefit workers while employers call for the liberalization of labor policies in the Code. It also took part in the Tripartite Consultations held two years ago for the proposed amendments to the Code. It supports the proposal to regulate labor-contracting agencies.

Advocacy work also takes a significant attention from the APL. It clamors for the passage of pending bills in Congress concerning labor flexibility and security of the tenure of workers affected. They conduct dialogues with the Secretary of Labor regarding the issue.

### Conclusion

The argument that labor flexibility and other forms of non-regular employment are coping mechanisms of enterprises to the new economic structure brought about by globalization may well be true. These practices reduce production costs, allowing them to compete. Subcontracting, for instance, is the most logical economic approach for some industries. And for other enterprises, labor flexibility measures are undertaken to adjust to rapid technology development.

On the other hand, organized labor has also valid arguments, particularly the precarious nature of the new employment arrangements. Moreover, these practices affect the organizing strategies of trade unions. While unanimously opposing the flexibility measures, the major trade unions have not really levelled-off on this issue and the implications of globalization in general. They do not differ much in approaching the problem but their ideological orientations and mistrust with each other hinder them from fostering dialogue and forging collective action against the disadvantageous trend.

■ Since the labor flexibility phenomenon spins-off from economic restructuring, labor should be able to intervene in the economic and political decision-making of the country. This can only be possible if labor has a comprehensive economic development strategy that projects the laboring class as a co-equal partner in the development processes.

All of the major labor centers interviewed have varied responses to the labor flexibility issue. However, majority of these responses operate on the present labor relations framework and are remedial in character.

Regarding the framework this study endorsed, trade unions must be able to respond labor flexibility structurally. The trend is an immediate effect of structural adjustments being undertaken by the country's economy to adjust in the rapidly globalizing economy. Given that labor flexibility is a trend borne out of structural adjustments, the framework calls for a re-examination of labor's organizing strategies and trade union framework. Labor must be creative enough to broaden its ranks despite the further decrease of the number of regular workers as an immediate effect of labor flexibility. Transforming the labor relations framework and achieving a balance of power for labor vis-a-vis the state and employers is the long-term objective.

In the short-term, labor market issues and economic realignments are debated upon on the legislative and executive levels in the country. On this regard, a united labor participation on these levels, while minimal, should be encouraged. However, a comprehensive labor agenda which contains economic and electoral objectives of the labor sector is non-existent. This is manifested through the absence of a common economic development package and a solid labor vote during elections. Some labor groups intervene on the legislative and executive level but working within the framework of the present administration. The laboring class as a whole lacks an agenda on governance through elections as what trade unions in more advanced countries have shown.

Since the labor flexibility phenomenon spins-off from economic restructuring, labor should be able to intervene in the economic and political decision-making of the country. This can only be possible if labor has a comprehensive economic development strategy that projects the laboring class as a co-equal partner in the development processes. Labor unity is one key factor in establishing a niche in the present Philippine political terrain. Without this, organized labor in the country will not be taken seriously.

As the full impact of GATT and other economic restructuring measures take effect in Philippine industries, the labor sector is also anticipated to

restructure. Deployment and displacement of workers are expected to happen as new industries permeate our economy and as technology penetrates the local industries. On these developments, the employees also need to come up with their own coping mechanisms just as employers have their own. Organized labor has to confront the growing informal sector. The issue of employment, or the lack of it, is a trade union issue because for as long as unemployment abound, job security and workers' benefits will remain elusive.

On the whole, labor need to come up with concrete alternatives to the economic restructuring undertaken by the present administration and an agendum to secure, above all else, workers' interests in the ongoing globalization of the Philippine economy. ♦

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