

Trade Unions in the Philippines: Struggle for Relevance Amidst Globalization and Technology

Jan Antoni A. Credo*
Silliman University

Abstract

Philippine unionism and organized labor have been at the forefront of validating the cause of workers and advancing their rights and welfare. In addition to legitimizing the cause of labor, it has also led in the struggle for justice, equity and the improvement of working conditions for its members for more than a century now. But recently, a sharp weakening of unionism has been observed in the Philippines and in many parts of the world. This weakening is engendered by the integration of markets for globalization and the rapid advance of technology. These factors have irreversibly altered the work environment where unions operate and have threatened their relevance. This paper, therefore, examines how globalization and the advance of modernity and technology have further weakened trade unions and shaped its politics. Moreover, it examines an actual example of how pressures brought about by globalization and modernity manifesting in the establishment of labor control regimes in economic and

*The author is a full-time faculty at the Political Science Department of Silliman University. He is also the current president of the faculty union of the university. Currently, he is on full release to complete his PhD in Political Science at De La Salle University in Manila under the K to 12 Transition Scholarship Program of the Commission on Higher Education. His email address is jan_credodlsu.edu.ph.

export processing zones in the country, have weakened labor unions and undercut the bargaining power of organized labor.

Keywords: Trade unionism, domestic trade, globalization, industrial estates, labor control regimes

Introduction

“I never expected this to happen to me since I received many awards honoring my loyalty and service.” These were the words of an exasperated and perplexed employee of one of the two contracting agencies providing the manpower requirements of Jollibee Foods Corporation (JFC) after they learned that JFC terminated the services of their company. In April 2018, JFC was ordered by the Department of Labor and Employment (DOLE) to regularize around 6,500 employees after the government agency found it to have violated DOLE Order # 174. The order which JFC is said to have violated governs labor-only contracting which is strictly prohibited by the Labor Code of the Philippines. The company maintained it has not violated any provision of the law and in terminating the services of its contractor, it was merely exercising its management prerogatives, a right recognized and guaranteed by the Labor Code, albeit not absolutely (Amoroso, A. & Amoroso, H., 2018). In a related incident, Rolando De La Cruz of the Trade Union Congress of the Philippines (TUCP) castigated Coca Cola FEMSA Philippines Inc. saying “Coca-Cola is sweet, but it treats its employees very bitterly.” This, after the management of the beverage giant decided to terminate around 600 workers in March 2018 in an effort to cut on labor cost. The decision was said to have been largely driven by fear of the implications of the implementation of the Tax Reform package of the government. In response, employee unions in the company decided to coalesce and form a unified front to challenge and demand the beverage company to show evidence that indeed there was a need for the mass lay-off of workers (Enano and Canivel, 2018).

The predicament of the workers and management at JFC and Coca-Cola FEMSA Philippines sums up industrial relations¹ (IR) in

¹ The Labor Code of the Philippines defines this term as the relationship between the employee and the employer in a particular industry.

the Philippines. Essentially, it captures the antagonistic relationship between labor and management in the country, which has endured for more than 100 years. De Dreu and Gelfand (as cited in Aragon, 2017) noted that conflict or antagonism between individuals and groups becomes apparent when a person or group of persons suppose hostility between himself/themselves and another individual or group. This opposition or antagonism stems from incompatible interests, access to and use of resources, beliefs, practices and values that are cherished by the person or group. As a social phenomenon, conflict is ever present in societies and cuts across time, species and even cultures. The eminent social thinker Karl Marx astutely understood conflict, particularly the antagonism between labor and management when he analyzed the growing intensity between the struggle of the working class and the owners of the means of production² (Gurley, 1975). While Marx admired capitalism and the tremendous forces of production it has created, he was particularly struck by the way it polarized society. Capitalism created so much wealth on one end and immense poverty and suffering on the other. He saw how the owner of the means of production exploited the worker when the former buys the labor of the latter to produce commodities. John Gurley succinctly explained this point, saying:

A capitalist purchases labor-power at its value, employs the labor-power in a work process that he controls, and then appropriates the commodities produced. The worker sells his labor-power, his mental and physical capabilities to a capitalist for its value, and the capitalist uses the labor-power to obtain commodities which have a value higher than that of the labor-power purchased (1975).

Such draconian state of affairs between the employer and the worker created a working environment that was not only humiliating and hard, but one that was “alienating and mutilated the laborer” into an individual devoid of beauty. Marx (Gurley, 1975) added that the employer’s desire to acquire more profit for himself served to aggravate the “misery, agony of toil, slavery, ignorance, brutality, mental degradation” of the worker. But this condition was not interminable. To Marx, there was an escape from this dismembering quandary. Emancipation can only be obtained through the workers

² To use the language of Marx, he referred to the working class as the proletariat and the owner(s) of the means of production or capital as the bourgeoisie.

collective struggle against employers through the trade unions. The trade union was seen as the vehicle critical in uniting the struggles of the workers into a collective class struggle, which, according to Marx, would eventually give birth to a political party and secure legislative concessions for the class and improve their conditions (Rius, 1976). The emancipation of the workers from the exploitative designs of their employers was to be secured through a revolution which would overthrow the capitalist regime and lay the foundations of socialism. As argued by Marx, unions play a critical role in the empowerment and mobilization of the working class for the socialist revolution.

Trade unions³ occupy an acclaimed and prominent position in Philippine IR history. Bingham (2007) pointed that the seeds of trade unionism in the Philippines were planted as early as the days of the Katipunan. But it was not until the American colonial period that palpable signs of trade unionism emerged (Asian Labor Education Center, 1967). Trade unionism was the workers' way of shielding themselves from the damaging impact of capitalist penetration. While the Philippines was under American tutelage, organized labor underwent a series of radical transformations. The infiltration of the communist ideology increased the militancy of labor unions, which had a chilling effect on American and domestic elite business and property interests. In response to the growing threat, policies and measures by way of legislation were adopted and passed to stifle the militant threat (Bingham V. , 2007). These weakened the radicalized labor movement and created deep fractures in the organization. After the Second World War, succeeding administrations followed the same policy of introducing legislation and mechanisms with the objective of controlling labor to create a climate of industrial peace (Wurfel, 1959). These waves of reforms, which extended up until the post-Marcos era, not only brought about significant alterations in the state of IR in the country but also had the effect of weakening organized labor in general.

With the advent of globalization, accompanied by the modernization of technology, a new set of powerful forces reshaped domestic trade and business and placed insurmountable pressure on local economies. Firms needed to acquire new technology to reduce the cost of production, improve the quality of products and scale-up productivity and competitiveness (Imson, 2006; Bingham,

³ This term is synonymous and can be used interchangeably with labor unions, labor organizations, employees association, and organized labor (Staff, 2007)

2007). These forces and pressures resulted in significant structural changes in the domestic economy leading to employment insecurity, retrenchments, and in some instances, political instability (Frenkel and Kuruvilla, 2002). These repercussions, brought about by the integration of markets, not only further weakened trade unionism in the Philippines but also seriously questioned the relevance and efficacy of organized labor as well. Thus, the central question this paper will seek to answer is how the forces and pressures of globalization and technology have weakened trade unionism in the Philippines.

This paper is divided into two sections. The first section provides a historical background of trade unionism in the Philippines. The second section discusses how structural alterations in the domestic economy engendered by efforts to integrate markets and the rapid introduction and use of technology to achieve increased levels of productivity and competitiveness have worked to weaken unions. A remaining portion of the second section is devoted to examining labor control regimes and how they have adversely affected organized labor in production zones in the country.

Section 1. Historical note on trade unionism in the Philippines.

The seeds of unionism in the country were said to have been planted as early as the days of the Katipunan when Filipino nationalists who traveled to Europe were exposed to European education. These nationalists brought home ideas that became the foundation not only for succeeding local resistance but also organized labor. But nascent articulation of the collective interest of labor did not fully surface until the American period. David Wurfel (1959), in his study of the IR policy of the Philippines from 1901 to 1958, suggested three stages in the development of trade unionism in the country. These are Repression Stage (1901-1907), the Recognition Stage (1908-1935) and the Regulation and Protection Stage (1936-1953). These stages will form the framework in tracing the history of the development of trade unionism in the Philippines.

The Repression Stage

It was in 1902 when the first workers union was organized in Manila. The man behind its formation was Isabelo Delos Reyes,

an individual of profound academic training and whose penchant for agitation caused a lot of worry among Spanish officials. His close association with ordinary laborers in the print shops, other craftsmen and laborers in Manila caused Spanish colonial authorities to decide to exile him. When he returned in 1901, he revived his nationalist passion and zeal for organizing and eventually coordinated the first labor union in the country, Union Obrera Democratica, which was composed of workers from various trades like printing, clerks, commerce, barbers, shoe workers, foundry woodworkers, transport workers and tobacco laborers (Binghay, 2007; Asian Labor Education Center, 1967; Salazar, 1953). Delos Reyes' organizing resulted in crippling strikes in many workplaces in Manila. One particular strike he was responsible for agitating was that of the workers in the Manila Electric Railway Company (Wipper, 1964). The American colonial government, worried about his leadership and agitation, imprisoned him in the hope of silencing the unions. Delos Reyes' lead was eventually succeeded by Dominador Gomez who, just like his predecessor, troubled authorities with his organizing and relentless agitation of workers. The Americans also sought to neutralize him for his ostensible rabble-rousing. Delos Reyes and Gomez were later released by pardon when they decided to run for political office in the elections of the 1st Philippine Assembly in 1907 (Wurfel, 1959; Asian Labor Education Center, 1967; Wipper, 1964,).

Recognition Stage

In the succeeding years, trade unionism ceased to be outlawed by the American colonial government. Ruggunan (2011) explained that this move was part of the colonial regime's larger plan of designing IR in the colony after the non-militant and non-reactionary labor unions of the United States. American unions encouraged workers to identify themselves with the conditions in their work rather than the condition of their class, which guaranteed a dilution of radical and mutinous inclinations depictive of Philippine labor unions. Together with the decriminalization of unionism, the Bureau of Labor was established by virtue of Act 1868. Its primary function was to gather data⁴ and information on the existing unions in

⁴ Information such as union leadership and membership, organizational structure and specific details about an ongoing or a pending strike were the kind of data that the Bureau of Labor was tasked to gather.

the colony. The Bureau⁵ was also given powers to register and de-register unions, monitor its activities, conciliate parties involved in a labor dispute and impose certain penalties on non-compliant unions (Wipper, 1964; Wurfel, 1959; Ruggunan, 2011). The move to legalize unionism led to an upsurge in the number of unions in the capital. Wurfel (1959) pointed that initially there were only 31 unions in the Bureau's roster but soon after the activity was legalized, the numbers soared to 145. Alongside the growth in the number of trade unions was the emergence of the communist ideology. A paramount factor in the communist penetration of the labor movement was the power vacuum created when Delos Reyes and Gomez left. Filipino labor leaders became inspired as leading communist organizers and cadre touched base with local leaders and counterparts and encouraged the latter to join in the growing number of communist unions in many parts of the world. One of the Filipino communist labor leaders they particularly worked with was Crisanto Evangelista⁶ whose leadership completely changed the milieu of IR in the country and ushered in a period of aggressive militancy among organized labor (Asian Labor Education Center, 1967; Bingham, 2007; Salazar, 1953). Wipper (1964) noted that critical to the communist penetration of labor unions at that time was the cold treatment that domestic unions received from American counterparts who saw Filipino unions as a threat to the prevailing free trade system.

In the years that followed, the Communist Party of the Philippines (CPP) engaged in vigorous campaigns to organize laborers in the urban and rural centers and by 1931, they were considered by the government as an outlaw organization (Salazar, 1953). However, the consolidation efforts of the communist labor unions created cleavages in the labor movement as a whole. The conservatives were treated by the government as legitimate labor organizations while the radicals were regarded as enemies of order since they sought to dismantle what they believed were remnants of the feudalistic system and the existing exploitative capitalist system (Wipper, 1964).

⁵ The Bureau of Labor, which the American colonial regime established by virtue of Act 1868, became the forerunner of the Department of Labor and Employment.

⁶ Crisanto Evangelista's rise to the top leadership among the communist-inspired labor unions in the colony then was largely due to his exposure to international missions and conferences, which served to widen his ideological footing. Among the international affiliations and engagements critical to his ideological leanings were the China-based Pan-Pacific Trade Union in 1927, where he was accepted as a member and the Fourth Profintern he attended in Moscow in 1928. Under Evangelista's leadership, the Communist Movement was formally organized. He is known in the annals of Philippine History as the "father of the communist party of the Philippines" (Bingham V., 2007, p. 8) (1967, p. 13)

Regulation and Protection Stage

Alarmed by what they perceived as a growing threat to American and Filipino elite business interests, Manuel Quezon, who was President of the Commonwealth Government, introduced his Social Justice Program (SJP) (Center, 1967). Patterned after Franklin Roosevelt's "New Deal," Quezon's Program was viewed as the government's response to the thriving confrontational and often violent methods of workers in demanding wage increases and improved work conditions (Binghay, 2007).

Determined to subvert the increasing militancy of labor organizations, the Quezon Administration passed two vital pieces of legislation which had dramatic mellowing effects on militant trade unionism. These pieces of legislation⁷ introduced the mechanism of compulsory arbitration, stringent union registration and created a special court to deal solely with labor cases. Fundamentally, these mechanisms, crafted by a legislature dominated by landlords, businessmen and elites, were designed to control labor and delegitimize those that have been infiltrated by the communist ideology (Ruggunan, 2011; Asian Labor Education Center, 1967; Wurfel, 1959). Admittedly, quite a number of affirmative outcomes were brought about by these decisive pieces of legislation. Nevertheless, issues arising from the tensions created by labor and capital persisted.

When the Second World War broke out, moderate and militant unionism came to a halt as economic activities in the country were disrupted. The normalization of conditions in the country welcomed the period of collective bargaining.⁸ This came about with the passage of the Industrial Peace Act (IPA) (R.A. 875).⁹ This development led to an upsurge in the number of labor unions with its number increasing by 300 percent. The number of collective bargaining

⁷ These legislative measures were the Commonwealth Act 103 and Commonwealth Act 213. Passed in 1936, CA 103 created the Court of Industrial Relations (which was the forerunner of the National Labor Relations Commission). This special court had jurisdiction over labor cases and disputes. This important piece of labor legislation also introduced the 8-hour work period and rules on union organization (Binghay V., *Trade union movement in the Philippines: One hundred years of challenges and Responses*, 2007) (Asian Labor Education Center, 1967, p. 13). On the other hand CA 213 introduced the compulsory arbitration mechanism, which had the effect of protracting the resolution of labor disputes (Ruggunan, 2011, p. 188).

⁸ It is a process where the employer and labor agree to fix and administer terms and conditions of employment which must not be below the minimum standards fixed by law and set a mechanism for resolving their grievances (Relations, 2018)

⁹ Historically, this was known as the Magna Carta of Labor.

agreements (CBA) concluded by management and labor during this period also quadrupled (Asian Labor Education Center, 1967).

Post-war, Marcos, and post-Marcos IR

Peaceful IR followed the normalization period, but there were also occasional strikes and labor disputes. The relatively peaceful IR experienced by the country was primarily because of the criminalization of radical labor organizations and the arrest of its leaders. It must be pointed out that the series of legislative measures and government policies beginning with Quezon's SJP and culminating in the IPA had a neutralizing or pacifying effect on the once aggressive labor movement. However, this condition would soon change under President Ferdinand Marcos.

When Marcos became president, he continued the American-patterned program of systematically weakening unions. His most devastating blow to the labor movement, albeit most were already non-militant, was his declaration of Martial Law. The declaration of Martial Law in 1972 unleashed a vortex of repression against unionism in the Philippines. Strikes were completely banned and aggressive union leaders were arrested with trumped up charges and jailed (Ruggunan, 2011). It must be clarified that at that time, while unions were relatively free from communist influence, labor unrest started to spread after the country was struck by a crippling economic crisis in the 1970s. As a firm response to the seeming resurgence of militancy, Marcos introduced a significant counter-measure in 1974 by way of Presidential Decree 442 otherwise known as the Labor Code (Binghay V. , 2007). The consequence of these aggregated anti-labor measures was a further enervation of organized labor. Frenkel and Kuruvilla (2002) noted that under Marcos, the labor movement became weaker than ever. Of the 3.6 million workers at that time, only 3.6 percent were union members. Aside from being weak, it was also fragmented in that the 8,822 registered unions were allied with close to 200 labor federations. Interestingly, only 600,000 of the close to four million workers were covered by CBAs.

Towards the 1980s, there was a winding down of the strike ban. This provided the opening for radical labor groups to coalesce and form the Kilusang Mayo Uno (KMU)¹⁰ as a countervailing force

¹⁰ The KMU at the time of Marcos and even until today continues to be linked by military intelligence to the New People's Army (Ofreneo, 1993).

to the pro-government TUCP (Ofreneo, 1993). Consequently, the number of strikes and labor unrest increased and even became avenues for political resistance against the Marcos regime. In the events leading to the EDSA People Power Revolution, militant labor groups would play a critical role in toppling the dictatorship (Ofreneo, 1993).

The administration of Corazon Aquino, wanting to make good the promises she made to organized labor and pay her debt of gratitude, made drastic reversals to the anti-union policies of the Marcos regime. Significant policy change made by Aquino was the liberalization of trade unions. Under this package of reform measures, the strike vote requirement was tapered.¹¹ A policy of minimum government intervention was adopted on the rights of workers to organize. Aquino also made sure that measures designed to settle disputes arising from labor-capital tensions were set in place. In sum, there was a new approach to IR in the Philippines (1993).

Section 2. The penetration of globalization and technological change

Despite the positive measures of the Aquino administration towards organized labor, there had been a significant, unexpected decline in labor unionism in the last two decades. Bingham (2007) revealed that data from the DOLE indicate that trade union members have been increasing in the past several years¹² but the same figures do not indicate any remarkable increase in membership.¹³ The number of CBAs also waned, along with the number of people covered by these agreements. The same observation was made by Neureiter (2013) who noticed the decline in 2000. This pattern of unswerving decrease is attributed by experts to globalization and technological change.

Globalization has swept the world at an unprecedented pace. From a macro perspective, it simply means an expansion of the reach of “locally consequential social interactions,” which crosses international borders (Tilly, 1995). As a collection of economic, political and cultural processes that operate altogether, globalization

¹¹ The strike vote requirement was reduced to a simple majority from 2/3 of total union membership (Ofreneo, 1993, p. 74)

¹² In 1985 there were 1,996 trade unions with 2.117 million members. In 2002, there were 11,365 trade unions and 3.194 million members

¹³ Union membership comprised 10.21% of the total labor force in 1985. In 2002 this figure went up by 11.53%. But since then the numbers have been going down (Bingham, 2007).

has resulted in four resemblant transitions. Occuring mostly in the 1980s, these transitions include (i) the global integration of markets and the declining utility of national boundaries, (ii) the reduction of taxes on trade all over the world, (iii) the interconnection of world systems, (iv) and the growing importance of markets (Mills, 2009). Staunch apologists of globalization claim that this process, hyperbolically pictured as the ultimate independent variable of our time, has engendered astronomical growth of markets, exports and production, foreign direct investments and superprofits for transnational firms (Ross, 2000). These were accomplished via the dismantling of national borders and the integration of previously protected trading posts, resulting in the emancipation of millions of people from the quagmire of poverty (Mills, 2009). But despite many positive rhetorics about the process, globalization has placed an insurmountable pressure on local economies (Daenekindt, 2002). As a matter of fact, there has been an unrivalled proliferation of empirical work and literature seeking to establish the nexus between globalization and inequality. For example, Mills (2009) noted that income inequalities across countries have become more pronounced, and income disparities between countries have reached epic proportions in comparison to income gaps within a country. These changes have had detrimental effects on labor and organized labor on the whole. As pointed out by Mills, globalization magnified disparities of wages between skilled and unskilled laborers. It has reduced the pay of workers in countries in the North because of tough competition posed by low-paid workers coming from countries in the South. Moreover, it has led to rising levels of unemployment and transfer of capital as firms try to look for more promising markets where labor is cheap and costs are down.

Engendered by the leveling up of competition, companies were compelled to adopt certain measures to come face to face with global competitiveness requirements. Companies have adopted greater flexibility in terms of how to utilize manpower. Practices such as broadening of job descriptions, work mobility across tasks, expanding the coverage of skills and retraining and upgrading of requisites have been arrogated to keep pace with an increasingly competitive global market (Binghay, 2007). Imson (2006) argued that competition, which is elemental in globalization, has profoundly reshaped businesses in countries. He noted that domestic enterprises and exporters are facing tough competition from all sides as new

importers and exporters have vigorously asserted their desire to get a share of the market. With the increasing stress to compete in the domestic and world market, businesses are pushed to make inflexible decisions. Vitangcol (2001) pointed that in the Philippines, firms are increasingly using computers and information technology (IT) to increase productivity. However, the massive use of IT and computers in production have not only compelled workers to adapt and learn new skills and knowledge, they have also impinged into the normal processes in the workplace culminating in acute effects on IR.

Impact of technology on IR

The automation and the use of computer technology in certain transactions and production processes has led to the replacement of certain procedures that require tremendous use of manpower with technology that utilizes less or no manpower at all. The use of IT has also created virtual workspaces and have, in effect, shifted the workplace from the office to the home. As a consequence, some skills and work have become irrelevant and inconsequential. For example, since people will not be using the road often as they can work from their homes; some skills related to construction are not needed anymore.¹⁴ Also, IT¹⁵ has led companies to outsource certain inherent functions.¹⁶ As Rifkin (as cited in Vitangcol, 2001) noted, IT is beginning to take away the skill of the worker, discipline the worker and displace him. Intelligibly, he said:

The hard reality is that the global economy is in the midst of a transformation as significant as the industrial revolution. We are in the early stages of a shift from mass labor to highly skilled elite labor accompanied by increasing automation in the production and the delivery of services. Sophisticated computers, robots, telecommunications and other information age technologies are replacing human beings in nearly every sector. Factory workers, secretaries, receptionists, clerical workers, sales clerks, bank tellers, telephone operators, librarians, wholesalers and middle

¹⁴ In the Philippines though, we must admit that this will take time to occur considering that infrastructure in the country is still in a very poor state.

¹⁵ An AIM study among ASEAN countries ranked the Philippines 14th in terms of IT skills.

¹⁶ Outsourcing is often done to reduce labor cost and maximize profits. It is, as Vitangcol (2001, p. 15) noted, the direct result of technological advancement.

managers are just a few of the many occupations destined for virtual extinction (as cited in Vitangcol, 2001).

In many parts of the world, the expanding use of technology in production and in the workplace has had dire consequences on workers. Empirical studies have been conducted to measure and understand its unintended consequences. In a study which sought to gauge the impact of technology on the labor structure of five countries in Europe (Britain, Denmark, Spain, Germany and Switzerland), it was found that there had been an increase in the demand for skilled labor in the countries studied from 1996 to 2008. Interestingly, the surge in the demand for workers was accompanied by sharp amelioration of occupations and an improvement in the pay and skill of workers. The study attributes these changes to the advancement of technology which is strongly biased towards skilled laborers (Goos and Salomons, 2014). The bias towards skilled labor or what experts refer to as skill-biased technological change is a trend happening not only in industrially-advanced countries but also in most developing countries. Berman, Bound and Machin (as cited in Morrison Paul and Siegel, 2001) argued that these shifts in the employment structure are all strongly linked to technological advance. The logic behind this transition to skilled workers is their ability to generate higher productive capacity. But it should be pointed out that while technological advancement brought benefits to skilled labor, in the process, it displaced routine work and blue-collar labor. This resulted in massive job polarization in the countries studied (Goos and Salomons, 2014). In Morrison Paul and Siegel's study, these transitions in the employment structure and labor composition are strongly connected to technological change. In the same vein, an earlier study which sought to analyze the probability of displacement from jobs as a direct result of technological advancement found a strong nexus between job loss and technology. Addison, Fox and Ruhm (2000), employing probit models to analyze data sets from the United States, found a considerable amount of risk of job displacement for workers based in computer technology industries.

Impact of globalization on Industrial Relations

It is important to point that open markets created by globalization are unpredictable systems that adjust quite often.

Labor, on the other hand, especially organized labor, takes time to fully develop. What has happened, according to Ross (Labor versus globalization, 2000) is that globalization processes like “tertiarization” or the shift from primary to tertiary production, and “precarization” of quite a number of unskilled jobs has significantly depleted a vital resource of unions- blue-collar and unskilled workers. To a great extent, the closure of businesses brought about by intense competition and capital mobility has rendered organized labor irrelevant in many countries. Political scientist Charles Tilly (1995) pointed that because of the mobility of capital in a globalized setting, states have become powerless to threats of capital flight. In effect, globalization has subverted the state’s capacity to oversee and control economic activities, including its capacity to ensure the protection of the rights of labor. The drive to be competitive and maximize productivity and profits in the context of globalization has also provoked the organizational restructuring of firms and enterprises. Structural reorganization is done to reduce labor cost, thus lowering production overheads leading to more competitive prices (Imson, 2006). Companies have resorted to radical manpower cuts by making jobs more malleable. For example, a common practice used by companies is the broadening of job designs to allow a worker to perform multiple tasks and be mobile across different functions (Binghay, 2007). Mamkoottam (2001) refers to this as work flexibility, which allows an action to be altered or adjusted on the basis of the uniqueness of the situation encountered.¹⁷ At the core of work, flexibility is the ability to choose other alternative ways of executing an objective.

Labor subcontracting and the hiring of casuals and part-time employees is also a popular modality in reducing labor cost and achieving numerical flexibility. Sometimes referred to as downsizing, delayering and productivity improvement reorganization, they are meant to reduce cost and maximize profits and productivity. On a more critical note however, Tilly (1995) asserted that these productivity-enhancing measures also bring along the nuanced objective of reducing the contiguity and strength of the connections of organized labor and its

¹⁷ Work flexibility is a challenge especially to the Filipino worker, and could potentially lead to problems that can be disruptive to IR. A study conducted by the Asian Institute of Management showed that the Philippines ranked first in terms of skilled labor, third in terms of availability of competent managers, and fourth in terms of finance skills among countries in the ASEAN. But ironically, the country ranked seventh in terms of flexibility (Imson, 2006, p. 149).

networks. And in all these, unions have been ineffective in challenging the process. In many instances, organized labor has been reluctant to challenge these structural changes for fear that their members might lose their jobs (Mamkoottam, 2001; Bingham, 2007). This is basically what has happened in India recently. The organizational restructuring of firms brought about by the forces of globalization and modernity have significantly sapped the strength of unions and organized labor as a whole. Across India, union memberships have drastically fallen to dismal levels. It has also been noted that the power to collectively bargain had been largely eroded and the tendency to stage a strike against employers had predominantly decreased. Traditional and rigid collective bargaining deals have slowly become unacceptable to employers because of their ability to restrict flexibility especially on how firms use and allocate their resources (Mamkoottam, 2001).¹⁸ On the other hand, employers with unionized workforces have been experiencing difficulty competing with non-unionized firms because of their low production overheads. This has triggered company closures or the adoption of policies restricting union organizing. As a result, many workers in India now see no valid reason to join unions. There is even a disturbing emerging association between unionism and factory closures.

Undercutting Organized Labor in EPZ and SEPZ

The dismal setting described in Mamkoottam's study also holds true in the Philippines. For a country where the "intensity of globalization" is sharply seen, the weakening of organized labor comes as no surprise.¹⁹ This is vividly seen in the company practices of firms in the export processing zones (EPZs).²⁰ In a study by Takahashi (Takahashi, 1996-1997), he noted that there were companies in the Philippines, particularly those who have set up businesses in the EPZs, who overtly and covertly destabilize organized labor through union-

¹⁸ The term "collectively bargain" refers to the mutual obligation to meet and convene promptly and in good faith in order to negotiate an agreement pertaining to wages, conditions of work, benefits and terms of employment (Bureau of Labor Relations, 2018).

¹⁹ Frenkel and Kuruvilla (2002, p. 391) highlight the "intensity of globalization" in the Philippines. In their article, the authors note that compared to Malaysia, India, and China the Philippines has had a longer exposure to globalization practices. This significant exposure brought about major structural changes in the domestic economy.

²⁰ It was by virtue of PD 66 in 1972 that EPZs were created. The creation of export processing zones was part of the government strategy to attract foreign investors and generate employment. During the term of President Cory Aquino, SEPZs were established under her Philippine Agenda for Sustained Growth and Development.

busting activities and union avoidance strategies.²¹ Unions in these economic zones are rare. This is largely due to the existence of informal “No Union” policies implemented by the investors. A disturbing finding in Takahashi’s study is the apparent cooperation of the local government units where the export processing zones (EPZ) and the special export processing zones (SEPZ) are located in enforcing this informal policy. Takahashi noted a TUCP report, which said:

Union busting in zones is also prevalent. It usually takes the form of intimidation of workers as well as threats of dismissal and factory closures. Companies often leave the zones rather than allow unions. Trade union leaders and organizers are dismissed and discriminated against, and blacklisted by other companies. The DOLE is unwilling or unable to enforce the law in the zones. In the Mactan EPZ, local government officials and the zone administration prevent group meetings, stop union organizers from entering the zone and monitor workers (as cited in Takahashi, 1996-1997, p. 90).

The same form of harassment was observed in the free trade zones of Cavite where mass terminations and dismissal of workers were done by employers under the pretext that they joined unions. On top of these, there were clear violations of labor laws in the zones, as noted by the report (Takahashi, 1996-1997).

In the EPZs and SEPZs, the apparent boldness to undermine the workers’ right to organize and violate labor laws stems from the firms’ confidence in the growing demand for capital and the highly competitive nature of markets. Jonas (as cited in Kelly, 2001) pointed that because markets are very competitive and capital is in great demand, there is always the constant threat that capital might take an exit or leave the country if conditions are not right and friendly. The possibility of relocating investments to another country sends a chilling effect to a host of labor market actors. Thus, to avert capital flight, local labor control regimes were created to guarantee security, industrial peace, discipline cost-effectiveness and efficiency in the labor market.

According to Kelly, this labor control regime is amalgamated in the structures of power in the local scene and acts to constrain unionism in the industrial estates. Kelly noted that the labor market

²¹ Under the Labor Code, any attempt by an employer to prevent or hinder workers from organizing is in violation of Art. 248. It is an unfair labor practice to even require non-union membership as a precondition for employment.

in the country is not just controlled and regulated by usual formal mechanisms like the government and the market. Rather, there is an entire host of informal mechanisms which are personalized and localized that impose control on labor. For example, industrial estate management provides the investor a form of surveillance mechanism and a controlled production space where potential threats to production can be disallowed entry. The potential threats are union organizers who are basically denied entry into the production compound. Kelly mentioned reports of physical harassment and actual threats from employees who made attempts to organize unions in their companies in these estates.

Agencies that recruit labor for firms who establish businesses in these industrial estates also play a critical role in the local labor control regime. These agencies act as an employment agency that hire workers for a production company. In effect, the company is shielded from the burden of regularizing employees as it does not have a direct hand in hiring them. In the first place, the workers are not his employees but that of the employment agency. Hence, recruitment agencies act to make possible the “circumvention of the law.”²²

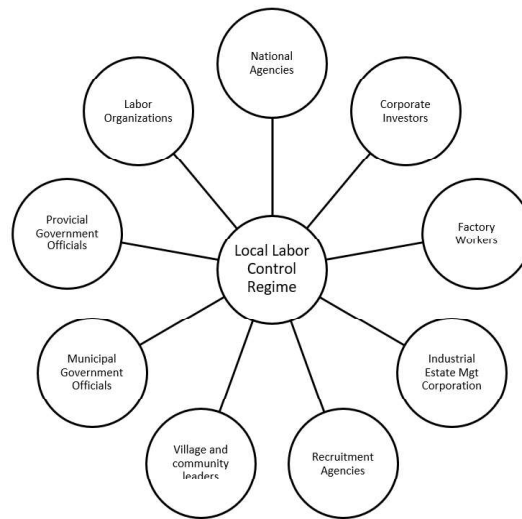
Kelly also highlighted the role played by village and community leaders in maintaining the local labor control regime. Industrial estate managers (IEM) establish a network with village and community leaders where the workers live. Normally, this starts when employees are required to submit a barangay clearance which allows the IEMs to identify and locate them. Such information is crucial especially when strikes occur. Companies and IEMs use the networks they have created with the local leaders to apply pressure on the workers’ families and dissuade them from participating in mobilizations.

Presently, municipal and provincial governments are no longer involved in the conduct of business in the EPZs and SEPZs, as registered industrial estates. LGUs have been relieved of authority. However, LGU officials assert that they get involved, owing to the fact that it is in their “turf.” In many instances, they have been used by companies and the IEMs to serve as conciliators especially when a strike looms in the horizon. Frenkel and Kuruvilla (2002) pointed that in areas where economic zones have been established (Laguna, Cebu and Cavite), mayors and governors pursued anti-union policies

²² This practice is known as Labor only Contracting, which is deemed illegal under the Labor Code. The workers do not acquire any security of tenure and can simply be rehired on a contractual basis, thus effectively shielding the company from the obligation of regularization.

to allegedly promote growth and development and attract foreign investors. When Kelly made his study, he even received disturbing reports that the bodyguards of a local mayor in Cavite physically harassed and threatened female workers in a garments factory who participated in organizing a union. Figure 1 below is a diagram showing the actors in a local labor control regime.

Figure 1. Actors of the Local Labor Control Regime



Constraints applied by the local labor control regime weaken trade unions and diminish the role they play in maintaining industrial peace. Such weakening was noted by Imson (2006) in his country report to the ASEAN.²³ Imson stressed there was a decline in the number of labor organizations in the Philippines. He stressed that the number of labor unions in the past have been growing but the incremental growth has been at a steady nosedive. He noted that this decline was also seen in the number of CBAs that have been reached by organized labor and employers. When he submitted his country report, CBAs had declined in the last 10 consecutive years.²⁴

²³ Manuel Imson was the Undersecretary of the Department of Labor and Employment when he presented this report to ASEAN meetings in Thailand in 2006.

²⁴ Imson pointed in his report that since 1992 the number of CBAs signed have been at a steady decline by 4.56% annually.

Globalization, technological change and trade unionism

Today, labor organizations in general are pummeled by an enemy it hardly knows. The culture, ideology and rich history of labor organizations, as well as the systems of power and decision-making are under attack by the forces of globalization and technological change.

As clearly explained in Section 2 of this paper, globalization and modernity are causing deep structural changes in firms and businesses at a pace that is so fast, unions have found it hard to keep abreast. These structural alterations have placed a serious question on the relevance of labor unions. For example, the drive to maximize profits by modernizing production technology, thus reducing labor costs has caused employers to rethink their CBAs. Mamkoottam's (2001) study noted that employers are beginning to find rigid CBAs unacceptable. This is changing a deeply rooted culture in labor organizations, which looks upon negotiated agreements as a source of security. CBAs are a sacred document to labor unions for it defines conditions of work, wages and succeeding increases, as well as benefits. In the experience of this author as a labor union leader, the leadership is entrusted to protect it at all cost. This is a culture among union leaders and within labor organizations. But globalization's canonical tenet of cheapening wages to reduce labor cost and maximize productivity requires that this sacred document and organized labor be downgraded and dismantled (Daenekindt, 2002).

Thelen and Kume (1999) noted that in Japan and Germany, two countries that were, at one point, the subject of the envy of many because their IR were seen as "models of efficiency and productivity," tensions had surfaced as both scholars and employers started questioning the validity of their unique IR practices. It is worth noting that Germany's IR had the unique feature of having centralized collective bargaining negotiations. In Japan, what made IR unique was the practice of the "lifetime employment policy," which boosted employee productivity. But these novel practices are now under attack as they are viewed as "debilitating rigidities." In the same vein, lifetime employment in Japan is now viewed by employers as "costly and unsustainable."

Moreover, the diffusion of globalization and modernity has induced employment practices such as outsourcing, job flexibility, labor subcontracting, delayering and many more. These employment practices, along with the constant threat of capital

flight, have subdued the historically-rooted ideology of resistance common in labor organizations and substituted it with an ideology of acquiescence. Documented cases of blatant labor rights violations in EPZs and SEPZs narrated in Section 2 are testaments to what has been claimed all along that unions have been emasculated. Labor unions now find themselves unable to sustain gains and victories such as the protection it is afforded in the 1987 Constitution and the Labor Code of the Philippines. The constitution is unambiguous when it commanded the State to commit itself to protect workers' rights and safeguard their interests.²⁵ In the same vein, the Labor Code, promulgated in 1974, clearly articulated that protection of labor and guaranteeing its rights is paramount to the State (Azucena, 2012):

The State shall afford the protection of labor, promote full employment, ensure equal work opportunities regardless of sex, race or creed and regulate the relations between workers and employers. The State shall ensure the rights of workers to self-organization, collective bargaining, security of tenure and just and humane conditions of work (Art. 3 of the Labor Code as cited in Azucena, 2012).

Ironically, while the protection of labor is clear in the Constitution and the Labor Code, labor is also now under threat by the very agency that has been commanded to protect it. This is clear in the case of workers in the industrial zones documented in Kelly's study (2001), where local government officials have implemented anti-union policies in their own spheres of influence. Owing to the prevalence of rent-seeking in Philippine politics, it is not remote to suspect that informal agreements have been forged between investors and local politicians in SEPZs and EPZs to guarantee protection from disruptions brought about by any labor dispute.

What is more deplorable is the fact that the forces of globalization and technological change have also caused a process of "de-radicalization" of labor organizations that are now working against labor by encouraging submission to authority and management instead of elevating complaints through formal legal channels. When the structures of power and decision-making of organized labor are eroded and its leaders are persuaded to believe in

²⁵ Art. XIII sec.3 of the 1987 Philippine Constitution.

the irrelevance of their cause, it can be said that the seeds of its own destruction as an organization have germinated.

Conclusion

In the Philippines, organized labor indeed has a rich and colorful history. Over the years, the struggle for social acceptance has allowed organized labor to secure victories, which unions today are enjoying. While there were challenges from the government and from private interests to emasculate it through government policies and regulations, trade unionism has persisted. Albeit weakened, it has managed to survive and develop into a social and political force.

Unions have been a crucial factor in Philippine society. Aside from the fact that unions legitimized the struggle of the workers, they have been largely responsible for elemental outcomes such as emboldening workers to combat and resist inequity and injustice in the workplace.

However, the wave of globalization and technological change that had swept the globe in the last three decades has introduced profound structural and organizational changes in firms and businesses and in the domestic economy on the whole. These alterations have placed pressure on current industrial relations and have questioned the relevance of labor unions in general. Similarly, the increasing use of technology in production, such as automation, has resulted in the replacement of certain processes with those that require minimal labor. Computerization and the use of IT also had the effect of removing the worker from the workplace. As a consequence, some skills and work have become irrelevant and inconsequential.

CBAs are now being questioned for their rigidity. In the same manner, security of employment and labor rights guaranteed by the fundamental law of the land are seen as hindrances to flexibility. These challenges are raised all in the name of scaling up productivity, reducing the cost of production and raking superprofits for the employers and owners of the means of production.

What is clear is that the transnationalization of trade and the increasing use of technology have overtaken efforts of unions to strengthen their ranks. To a significant extent, these forces have severely weakened organized labor and has left it bereft of its most vital resource. These developments in countries that have been deeply

penetrated by globalization and technological sophistication have started manifesting in the Philippines. History shows that it took a century for unions to develop and gain a stable ground in the country but the wave of transitions brought about by these economic forces are deconstructing the gains of organized labor at a pace never before imagined. This is clear in anti-labor practices of firms in the EPZs where there is an organized and systematic scheme to deny unions access, destabilize existing organized labor through union-busting activities and union avoidance strategies, and eventually root out labor unions in these production facilities.

Globalization and technology have indeed delivered a moderating blow to organized labor in the Philippines. Labor, it appears, is fighting a losing battle. It is difficult to see, let alone imagine, how a weakened social force can recover from the onslaught and overtake the expansion of markets. The challenge before unions now is how they can collectively adapt to the re-configurations in the workplace brought about by the structural changes in the market economy. Since the gains of organized labor in the country were secured out of organized struggle, it is perhaps in renewed organized collective struggle that labor can recover.

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