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Philippine Labor Unions

JOHN J. CARROLL

IN the course of a frank and provocative discussion of the problems faced by labor unions in developing economies, Professor John T. Dunlop remarked:¹

I do not want to get into an argument about this word "free", but I will go so far as to say that I doubt there is a free trade union in any underdeveloped country, and I will go so far as to say that we are unlikely to have a free trade union in such a country. Any elite which is managing industrialization is not going to allow a free trade union.

It is to be noted that Professor Dunlop did not say that a free union is *impossible* in a developing economy; in fact he did include an industrial-relations system with free unions in his typology of industrialization led by a middle-class elite.² But he insists that such a system is *unlikely* in the face of the issues which confront labor movements in the developing nations of today, issues which center on the need to devote any increment of national income to capital formation rather than to consumption, on the need for labor discipline and uninterrupted production, and on the position of economic weakness and political strength in which many of the unions in underdeveloped countries find themselves.³ The conflict between the

¹ "The Role of the Free Trade Union in a Less Developed Nation", in *AMERICAN LABOR'S ROLE IN LESS DEVELOPED COUNTRIES*, A Report on a Conference Held at Cornell University, October 12-17, 1958, p. 19.

² *Ibid.*, pp. 14 ff. See also his *INDUSTRIAL RELATIONS SYSTEMS*, New York: Henry Holt, 1958.

³ *AMERICAN LABOR'S ROLE*, pp. 13, 16.

traditional goals of free unions and the goal of industrialization and rapid economic growth will, he feels, eventuate in government control of one kind or another over the unions.

Felicia J. Deyrup tends to agree with this conclusion.⁴ Other competent authors recognize the problem and wonder to what extent economic development is compatible not only with free unions but with democracy itself.⁵ The rapid erosion of democracy and the rise of military regimes in Southeast Asia since the last war indicate that the question is not academic. Is the only choice which lies before a nation attempting rapid industrialization that between an authoritarianism of the right and an authoritarianism of the left? Even those who — like Adolf Stumthal and Walter Galenson — hold to the possibility of a middle course, are none too optimistic. The gravity of the dilemma is made even more apparent by the fact that it was stated ten years ago by Aneurin Bevan, whose devotion to democratic trade-union ideals is proven by a life-time of labor for that cause:⁶

It is highly doubtful whether the achievements of the Industrial Revolution would have been permitted if the franchise had been universal. It is very doubtful, because a great deal of the capital aggregations that we are at present enjoying are the fruits of wages that our fathers went without. . . . It is not easy in some parts of the world where life is exceedingly primitive to entrust to all the people the power of democratic selection, and then ask them to forego some immediate delights. It is not easy.

This paper will examine an apparent exception to the generalization that there are no free labor unions in developing

⁴ "Organized Labor and Government in Underdeveloped Countries: Sources of Conflict", *INDUSTRIAL AND LABOR RELATIONS REVIEW*, XII/1 (October 1958), 104-112.

⁵ Karl de Schweinitz, "Industrialization, Labor Controls, and Democracy", *ECONOMIC DEVELOPMENT AND CULTURAL CHANGE*, VII/4 (July 1959), 385-404, and "A Rejoinder", *ibid.*, VIII/2 (January 1960), 197-198. Also Adolf Stumthal, "Unions and Economic Development", *ibid.*, VIII/2 (January 1960), 199-205, and Walter Galenson, ed., *LABOR AND ECONOMIC DEVELOPMENT* (New York: John Wiley and Sons, 1959), pp. 8-18.

⁶ "Democratic Values", Fabian Tract No. 282, London, 1950; quoted in Gunnar Myrdal, *RICH LANDS AND POOR* (New York: Harper, 1957), pp. 46, 83.

economies: the case of the Philippines. The purpose is not to prove Professor Dunlop wrong by adducing a minor exception to a generalization made in an informal discussion-period. Rather it is to examine the causes, both historical and socio-economic, which have produced this apparent exception; and at the same time to venture a judgment on its validity as an exception and its possible future developments.

A definition of a free labor movement is necessary at the outset. By a free labor movement I mean — and the authors cited above appear to mean — a movement which is independent of formal or informal control by either the government or a political party; I shall also include as a requirement that it be free of control by employers, that is, that it be able to act for the economic interests of its members as it sees them, even against the wishes of management.

The first part of the paper will deal with the historical background of the Philippine labor movement, with special attention to those factors which either limited or enhanced its freedom at various periods; the latter part of the paper will take up the question of free unions and economic development in the Philippines today.

ORIGINS, 1899-1924

It is possible that antecedents of the modern Philippine labor movement can be found in the religious guilds, mutual-assistance societies, and secret masonic and revolutionary societies of the nineteenth century. Organizations of this type persisted well into the present century, but they were eventually supplanted and had little influence on the labor movement of today. There is record also of guilds of Chinese laborers in the nineteenth-century Philippines, which occasionally went on strike.⁷ But the beginnings of a Filipino labor movement in the modern sense of the word seem to have occurred in the early months of the American occupation. A nearly contemporary account relates that

⁷ Victor S. Clark, "Labor Conditions in the Philippines", *BULLETIN OF THE UNITED STATES BUREAU OF LABOR*, X/58 (May 1905), 842.

Filipino wage-earners in Manila began to organize in June 1899, and in a short time had formed more or less autonomous unions among the barbers, in the tobacco and printing trades, and among woodworkers and carpenters and clerks. The printing trades . . . were the pioneers in this movement.⁸

The movement began to take definite shape two years later, with the appearance on the labor scene of its first outstanding personality — Don Isabelo de los Reyes.

De los Reyes was described by a contemporary as "a Filipino gentleman of good education, and an inveterate fondness for agitation".⁹ In 1901 he returned to the Philippines from an exile which had been the consequence of nationalist activity under the Spanish regime, and immediately threw himself into two new projects: the founding of the Philippine Independent Church and the building of a unified labor movement. His church has been aptly described as "a manifestation of religious and political nationalism".¹⁰ One suspects that his labor union activity was equally nationalist in orientation, or at least was so regarded by the American authorities, and that this was at the root of his later difficulties.

De los Reyes, a newspaperman by profession, put himself at the head of a printers' union, the *Unión de Litógrafos e Impresores de Filipinas*. He then set about uniting the existing Manila unions to form the *Unión Obrera Democrática Filipina*. A petition submitted by this body to the Insular Government, in 1902, asked that

the laws of protection of the working man be studied, adopted, and brought to the notice of the honorable civil commission, especially in regard to dwellings for the workmen, accidents whilst at work, and a protective law for women and children. A law should also be passed

⁸ *Ibid.*, p. 843. For some reason which has yet to be fully explained, a great number of the modern labor movements originated in the printing trades of their respective countries.

⁹ Homer C. Stuntz, *THE PHILIPPINES AND THE FAR EAST* (Cincinnati: Jennings and Frye, 1904), p. 489.

¹⁰ Joseph Ralston Hayden, *THE PHILIPPINES: A STUDY IN NATIONAL DEVELOPMENT* (New York: Macmillan, 1950), p. 571.

for the betterment of the domestic servant class who are now practically in a state of semi-slavery.¹¹

The events of the following months are described by Clark as follows:¹²

During a year of active propaganda the number of organized workers had risen to 20,000 in Manila and vicinity, and the number of federated unions to 150. Thirty of these unions were in the tobacco trades, representing the workers in different factories, and not different divisions of occupations, as in America. Unions were not federated by industries, but had their sole bond of association through the general organization. A number of strikes occurred. . . The first union to walk out was the hemp pressers, then followed the printers, and last of all the tobacco workers. On August 15, 1902, when the tobacco strike had been on about 6 weeks, 4 delegates of a union were arrested for ordering a foreman and employees of the German Commercial Company's factory, who had resumed work, to quit at once, under threat of assassination if they refused. . . . Reyes, who was president of the general organization, was considered the arch offender, however, and was arrested on August 17 under a Spanish conspiracy law still in force, and on the 29th of the same month was sentenced to 4 months imprisonment for violating the provision of the penal code prohibiting organizations of workmen to force up the price of labor. He served half this sentence, and then was pardoned by Governor Taft. Since liberation he has abstained from taking part in the labor movement. . . .

After the arrest of de los Reyes, Dr. Dominador Gómez, a surgeon who had served in the Spanish Army,¹³ reorganized the federation under the title *Unión Obrera Democrática de Filipinas*. The regulations of the reorganized body called for regular payment of dues, subscription to a newspaper edited by Dr. Gómez, legal advice and medical treatment to be made available to members upon payment of a regular monthly fee, and the establishment of factories and stores with capital to be subscribed by the members. A political orientation appears in the provision that "When we have elections and native cham-

¹¹ Dapen Liang, *THE DEVELOPMENT OF PHILIPPINE POLITICAL PARTIES* (Hongkong: South China Morning Post, 1939), p. 255. Liang quotes the *MANILA TIMES* of July 8, 1902.

¹² Clark, *op. cit.*, pp. 844 ff.

¹³ A description of Dr. Gómez from the pen of William H. Taft will be found in the *REPORT OF THE PHILIPPINE COMMISSION, 1903, Part I* (Washington: Government Printing Office, 1904), pp. 36 ff.

bers, every member of the labor union is under obligation to vote for the candidates of the association which the general assembly may select."¹⁴ At this same time (1902) Gómez was busy with the reorganization of a political party, the *Partido Nacionalista*, devoted to the cause of Philippine independence; his party failed to obtain the necessary approval of Governor Taft and, like the other "independence" parties of this period, did not become a serious force in political life. Taft also suspected Gómez of being in contact with the guerilla bands which were still resisting the American forces.¹⁵

On May 1, 1903, Gómez led a group of workers in a march on Malacañang, then the residence of Governor Taft, and there delivered an inflammatory speech. On May 29 he was arrested. In June his union went on strike at the Manila Electric Railway and Light Co. (Meralco), and in the course of the strike a bomb was thrown into a group of strike breakers. The original charges against Gómez were illegal association in that he headed an organization which conspired to raise wages, *estafa* in connection with the funds of the organization, and *bandolerismo*. To these were later added charges of conspiracy, rebellion, treason and sedition. He was convicted and imprisoned for a time; and his union, being unable to met its financial obligations, went into receivership and was later dissolved.¹⁶

It seems clear that the action taken against Gómez, and probably that against De los Reyes, were based more on their political activity than on concern about violations of the Spanish penal code. This conclusion is confirmed by Clark's judgment of the union movement of the time:¹⁷

. . . a very crude attempt at class agitation, somewhat socialistic in its favorable attitude toward political measures, with aspirations at

¹⁴ Clark, *op. cit.*, p. 845.

¹⁵ Taft, *op. cit.*, p. 36.

¹⁶ On the events here related see, besides Clark and Taft, Renze L. Hoeksemana, "Communism in the Philippines: a Historical and Analytic Study of Communism and the Communist Party in the Philippines and Its Relations to Communist Movements Abroad", unpublished Ph.D. dissertation, Department of Government, Harvard University, 1956, p. 27.

¹⁷ Clark, *op. cit.*, p. 843.

the same time toward half-understood trade-union deals [ideals?]. It is said to have been utilized to some extent to support the Filipino independence movement, and to have been engineered in the selfish interests of a coterie of would-be political leaders.

Further confirmation is found in the fact that in 1903 Taft approved the constitution of an *Unión del Trabajo de Filipinas*, remarking that "I understand that this is a society of workmen; that it is in no sense a society of politicians . . ." ¹⁸ The constitution of this union called for regular dues, salaried officers, welfare benefits, and strike funds; it may reflect the influence of an American Federation of Labor representative who spoke to unionists in Manila on June 13 of that year on American union principles and policies. ¹⁹ At any rate, the period of repression of labor union activity and also the period of nationalist activity within the labor movement seem to have coincided and to have come to an end together about 1903.

The possibility of political unionism with close ties to a nationalist party which appeared in the orientation of De los Reyes and Gómez became more remote as a result of a change in the political atmosphere which occurred in the years 1906 and 1907. Until 1906 the Philippine Commission had prevented the effective establishment of any political party advocating independence; political appointments were given only to members, with a few exceptions, of the *Partido Federalista* which advocated United States statehood. ²⁰ But in 1906 the American authorities allowed the establishment of a number of parties committed to early independence, and by 1907 the Philippines had in the Philippine Assembly the first popularly-elected legislative body in Southeast Asia. Its powers were real, and its speaker was recognized as second in authority to the Governor General. Thus the struggle for independence shifted to the formally political arena, to the Assembly and the halls of the American Congress. The electorate was restricted, however, by property-holding and literacy qualifications; thus the union movement, small, and composed largely of individuals who could not fulfill the requirements for voting, would not

¹⁸ *Ibid.*, p. 846.

¹⁹ *Ibid.*

²⁰ Hayden, *THE PHILIPPINES*, p. 317.

have provided an appropriate base for political power. The lower class, which had played a large part in making the revolution against Spain, now found the independence movement and the political parties in the hands of a conservative upper class with which it had few ties. De los Reyes and Gómez both ran for legislative office and both were eventually elected; they seem to have had no further connection with the labor movement.²¹

A Bureau of Labor was created in 1908, thus further legalizing the union movement. As David Wurfel has pointed out, the terminology of the Act which created the Bureau and which refers to "mutual benefit associations, workers' insurance societies . . . and other labor organizations",²² indicated the continuing importance of the mutual-assistance type of organization.

Unions were now legal but not specifically protected or encouraged, and industrial labor formed a very minor segment of a predominantly agricultural labor force. In this atmosphere the union movement grew slowly, and in a variety of forms. The mutual-assistance societies frequently were of a secret, quasi-military nature, and developed elaborate rituals similar to those of Freemasonry.²³ An effort at labor unity produced annual meetings of the *Congreso Obrero* or Labor Congress which first met on May 1, 1913, and in time assumed some importance as an annual labor forum and a loosely-organized trade union center — the *Congreso Obrero de Filipinas* or C.O.F. Its first meeting passed resolutions asking for an eight-hour day, child- and women-labor laws, and an employers' liability law.²⁴ The movement at this period seems to have been relatively non-political, although there were attempts in 1916

²¹ The foregoing analysis of the effects on the union movement of the political developments of 1906-1907 follows that of David Wurfel, "Trade Union Development and Labor Relations Policy in the Philippines", *INDUSTRIAL AND LABOR RELATIONS REVIEW*, XII/4 (July 1959), 584.

²² *Ibid.*

²³ *Ibid.*

²⁴ Hoeksemana, *op. cit.*, p. 30.

and 1917 to use it for political purposes.²⁵ In the post-war boom the union movement grew with some rapidity, from 31 registered unions with a total reported membership of about 42,000 in 1919 to 145 unions and 90,000 members in 1924.²⁶

COMMUNISM, SOCIALISM, AND SOCIAL UNREST, 1924-1935

With the appearance of communism on the Philippine scene, the labor movement began to grow rapidly in numbers and importance, and to move in the direction of radical, ideological and political unionism. The first emissary of international communism to the Philippines seems to have been one "William Janequette", apparently an American, who visited the Philippines in 1924 and invited the Manila unions to send representatives to the conference of Pacific Transport Workers which was being held that year in Canton.²⁷ Five delegates did attend, and on their return a "secretariat" was organized in Manila under the direction of the Third International of Moscow. Alvin Scaff remarks that "although the precise nature of this early 'secretariat' is not clear, it probably indicates the formation of a small nucleus of Communist members or sympathizers."²⁸ In that same year (1924) Crisanto Evangelista, a labor leader whose ideas were becoming progressively more radical and who was to become the founder of the Philippine Communist Party, founded the *Partido Obrero*, a labor political party which lapsed into inactivity in 1925 and was revived again in 1928.²⁹

In 1925 a second emissary of international communism reached the Philippines. This was Tan Malaca, an Indonesian

²⁵ These attempts resulted in the founding of two rival organizations to the C.O.F.: the *Asamblea Obrera* and the *Federación del Trabajo* which absorbed the *Asamblea Obrera*. See *ibid*, p. 30 ff.

²⁶ Wurfel, *op. cit.*, p. 584.

²⁷ Hoeksemana believes that "William Janequette" was really Harrison George, the American communist leader; *op. cit.*, p. 41.

²⁸ THE PHILIPPINE ANSWER TO COMMUNISM (Stanford: Stanford University Press, 1955), p. 7.

²⁹ Hoeksemana, *op. cit.*, p. 37. Evangelista, a printer by trade and a self-educated man, had been in the union movement since 1907; in 1919 he had been a member of the first independence mission to the United States.

and apparently a very remarkable individual; he seems to have been invited to the Philippines by the Filipino representatives at the Canton conference, and he spent two years in the Philippines under an assumed name before being deported for illegal entry. His contacts, and his defenders in the deportation proceedings, included a number of important politicians — men such as the then Representative Claro M. Recto — who themselves certainly were not communists and who regarded him as simply a persecuted Indonesian nationalist.³⁰ His contacts also included the nucleus of the communist movement in the Philippines during the next two decades and more: labor leaders Crisanto Evangelista, Antonio de Ora, Guillermo Capadocia, and Mariano Balgos; newspaperman Cirilo Bognot; peasant leaders Juan Feleo and Jacinto Manahan. Tan Malaca seems to have played a major role in crystallizing the radical sentiments of this group and thereby preparing the way for the founding of the Communist Party in the Philippines.³¹ The contacts of this group with world communism were expanded between 1925 and 1928 by visits of its members to China, Russia, and Brussels, and by visits of Earl Browder and Harrison George to the Philippines.³²

The effect of these contacts was soon visible in the labor movement. On June 30, 1927, the *Congreso Obrero de Filipinas* voted to affiliate with the Pan-Pacific Trade Union Secretariat of which Earl Browder was Chief Secretary; the motion for affiliation was made by Crisanto Evangelista, secretary of the C.O.F.³³ The Pan-Pacific Trade Union Secretariat was, it is to be noted, itself affiliated with the Red International of

³⁰ THE MANILA TIMES, August 15-17, 1927. See also Scaff, *op. cit.*, p. 9.

³¹ Hoeksemana, *op. cit.*, pp. 44-50. The question has sometimes been raised whether Malacca really was a communist, since he is reported to have opposed the official Moscow line in 1922. The most reasonable interpretation seems to be that adopted by Hoeksemana, that he *was* a communist but was also a devoted nationalist and sometimes found the two ideologies in conflict.

³² Hoeksemana, *op. cit.*, pp. 52-65. Other writers give slightly different accounts than that of Hoeksemana of the "junkets" of this period, but Hoeksemana's account seems reliable.

³³ *Ibid.*, p. 54.

Labor Unions. In 1927 and 1928, moreover, Evangelista revived the *Partido Obrero* or Labor Party.³⁴ And in 1929 he and his associates moved to take undisputed control of the C.O.F. But here they ran into difficulties.

The communists had earlier instituted a system of collective leadership in the C.O.F., and had gained a majority in the executive council; they now attempted, in accord with the then-current policy of "united front from below", to eliminate the remaining conservative leadership from that body. The conservatives responded, according to the communists, by packing the 1929 Congress with unauthorized delegates; at any rate, the conservatives had a majority at the Congress and the Communists walked out.³⁵ Shortly afterwards they formed their own organization, the *Katipunan ng mga Anak-Pawis* (literally, Society of the Sons of Sweat) or K.A.P.

Apparently the *Partido Obrero* was abandoned as well as the C.O.F., for the K.A.P. now voted to establish another working-class party. This was the *Partido Komunista*, which was publicly launched in Manila on November 7, 1930, the thirteenth anniversary of the Bolshevik Revolution. Evangelista had an important part in the drawing up of the new party's constitution, which contained the basic Marxist concept of class struggle and the Leninist theory of Communist Party leadership.³⁶

The principal ideal of the Communist Party in the desire to head the Philippine Government is different from that of the burgess [bourgeois?] political parties. Its aim is not to strengthen the capitalist government but to engender — as it cannot be avoided — the war of the classes and to bring about its downfall.

Scaff remarks correctly that "this was not just a local party, Communist only in name; it was real, modern communism with a Moscow connection and all the ideological trappings of Marxism and Leninism".³⁷ It also had clear connection with the

³⁴ *Ibid.*, p. 59.

³⁵ *Ibid.*, pp. 56, 69-76.

³⁶ Scaff, *op. cit.*, p. 11. Scaff is here citing the "Report of Cases Determined by the Supreme Court of the Philippine Islands", *PHILIPPINE REPORTS*, LVII (Manila: Bureau of Printing, 1935), 256.

³⁷ *Ibid.*, p. 11. See also Hoeksemana, *op. cit.*, pp. 85-93 and *passim*.

labor movement; in fact it originated within the labor movement and the K.A.P. graced its inaugural with a manifesto stating that³⁸

due to the success of Soviet Russia, revolutions were incited in the whole world. . . . The idea of revolution spreads itself, struggles become more and more serious but the labor movement continues on the path travelled by the Russian laborers — the Bolsheviks. What is that path? The seizure of the power of the government from the hands of the burgesses [bourgeois?] and the establishment of a government by laborers.

Associated with the *Partido Komunista* also was the *Katipunang Pambansa ng mga Magbubukid sa Pilipinas* (National Association of Peasants in the Philippines) or K.P.M.P. This was a peasant organization founded by Jacinto Manahan in 1919 as the *Unión de Aparceros de Filipinas*; it was to merge with the communist anti-Japanese army, the Hukbalahap, in 1942.

Mass meetings and rallies conducted by the communists in the ensuing months provoked concern and opposition among government and civic leaders. A number of communist leaders were arrested and held for short periods of time on various charges; finally, in 1931, a large number of communists were rounded up in a major raid. Twenty-seven were brought to trial on charges of illegal assembly, sedition, and rebellion; twenty of these — including Evangelista — were convicted and given jail sentences ranging up to eight years.³⁹ The *Partido Komunista* and the K.A.P. were declared illegal by the Court of First Instance in 1931; a Supreme Court review of the decision the following year upheld it in general but specifically mentioned only the *Partido Komunista*. Nevertheless, both organizations seem to have been quite effectively disrupted by the imprisonment of their leaders; they were chided by international communist headquarters for not having prepared an effective illegal apparatus for such an emergency and for not having established firm enough roots among the masses.⁴⁰ Thus

³⁸ Scaff, *op. cit.*, p. 11, citing PHILIPPINE REPORTS, LVII, 257.

³⁹ Hoeksemana, *op. cit.*, pp. 111 ff.

⁴⁰ *Ibid.*, pp. 125 ff.

the threat of a labor movement linked to a communist party was averted for the moment.

Another threat rose almost immediately, centering more on peasant organizations than on urban labor unions. It was posed by the Socialist Party of Don Pedro Abad Santos, an ascetic, sickly and aloof scholar, scion of a landowning family and veteran of the battles against Spain and the United States, whose "reading diet included the Bible in Greek, *Das Kapital* in German, the *Daily Worker* in English, and law books in various languages."⁴¹ There is some controversy as to whether his Socialist Party was simply a continuation of the *Partido Komunista* under another name; in any case, it achieved a mass following only after the suppression of the latter. It too had a workers' organization associated with it, the *Aguman ding Maldeng Talapegobra* (Workmen's Association) or A.M.T., composed mainly of peasants but with a few urban workers. From the A.M.T. was to come Luis Taruc, a peasant organizer who became the Supremo of the *Hukbalahap*.

Scaff reports that "both the Socialist Party and the A.M.T. were mass organizations, unlike the highly disciplined and limited membership of the Communist Party".⁴² Scaff also quotes at length a very interesting captured Hukbalahap document of later years which criticized the Socialists of this period on the ground that in uniting workers and peasants in a single labor organization they failed to take into consideration the leading role of the urban proletariat; that they ignored the Leninist concept of the Party as the vanguard of the working class, and made mass organizations of both the Socialist Party and the A.M.T. On the other hand, it criticizes the Communist Party of this period for being too tied to legality and less militant in direct action than the Socialists.⁴³

The program of the Socialists centered around land reform; their tactics were varied. They made use of the strike weapon, ran candidates for public office, but resorted also to more vio-

⁴¹ Scaff, *op. cit.*, p. 14.

⁴² *Ibid.*, p. 15.

⁴³ *Ibid.*, p. 150, note 30.

lent measures—burning of sugar-cane fields, refusal to vacate lands at the command of the landlords, and murder.⁴⁴

The disorder caused by these tactics of the Socialists was added to in the early 1930's by two violent and bloody peasant uprisings in Central Luzon. The Tanggulan uprising in 1931 combined religious fanaticism with social protest. The Sakdals, four years later, combined social protest with nationalism and opposed the adoption of the Philippine Constitution on the ground that it did not grant immediate independence. Both seem to have represented a reaction against the domination of national politics by the upper-class *Nacionalista* Party.⁴⁵

At the same time, possibly under the impact of the Depression, unrest was appearing among the urban workers. Strikes and lockouts reached a prewar peak in 1934, when 662,399 man-days were lost; in that year also, a strike of 8000 cigar-makers, probably the largest strike in Philippine history, lasted for six weeks and culminated in a bloody riot.⁴⁶ There was evidence of Communist Party leadership.

The Philippines, therefore, approached its period of internal self-government in an atmosphere of social unrest and strong efforts to politicize the labor movement. Since these efforts were centrally organized and dramatic, and since the activities of the non-ideological unions were not, it is easy, especially in the absence of reliable membership figures, to put undue emphasis on the former and to overlook the latter. Nevertheless, the non-ideological unions were themselves in a rather sorry state at this time. Wurfel has described their conditions:⁴⁷

The non-Communist labor unions, though stimulated to somewhat greater activity by Communist competition, unfortunately presented a general picture of organizational confusion, opportunism, highly personalized leadership often not responsible to the membership, and strong rivalries based entirely on personality conflict.

⁴⁴ *Ibid.*, pp. 15 ff.

⁴⁵ Hayden, *op. cit.*, ch. 15, "The Unrepresented Minority".

⁴⁶ Wurfel, *op. cit.*, p. 586. Figures on man-days are from the STATISTICAL HANDBOOK OF THE PHILIPPINES, 1903-1953 (Manila, 1954), pp. 30 ff.

⁴⁷ Wurfel, *op. cit.*, p. 585.

"SOCIAL JUSTICE" AND "UNITED FRONT FROM ABOVE", 1936-1950

Wurfel has described the approach of President Manuel Quezon to the crisis of the mid-1930's as follows:⁴⁸

In an imaginative conservative's reaction to this situation, Quezon and his advisors launched a "social justice" program which was designed to grant the minimum demands of tenants and laborers, but also to preserve the basic character of the economy and to allow greater governmental control over agrarian and industrial relations. Though the "social justice" program employed much of the language of the New Deal, some of the institutions established in its name were borrowed from the experience of non-democratic countries.

Quezon's program included an eight-hour labor law (Commonwealth Act No. 444), extension of workmens' compensation (CA 84 and 210), minimum wage legislation (CA 37, 211, 317), establishment of the Government Service Insurance System (CA 186), and legal protection to members of "legitimate labor unions" (CA 213).⁴⁹ These measures were all calculated to win the support of labor, but Quezon also moved to establish at least some degree of government control over the labor movement and to lessen the danger of subversion from its radical wing. Only members of "legitimate" labor unions were entitled to the legal protection of CA 213; legitimacy was acquired by registration; and a prerequisite to registration was investigation of a union's activities by the Philippine Constabulary. A union whose objectives, in the judgment of the Department of Labor, were subversive, would be denied registration. Moreover CA 103 established a Court of Industrial Relations with power to arbitrate labor disputes involving more than 30 workers and causing or likely to cause a strike or lock-out, provided the dispute was submitted for arbitration either by the Secretary of Labor or by either party; arbitration awards were binding on all parties.⁵⁰

⁴⁸ *Ibid.*

⁴⁹ For a resumé of social welfare legislation in the Philippines see A. V. H. Hartendorp, *HISTORY OF INDUSTRY AND TRADE IN THE PHILIPPINES*, ch. 18, "Labor, Agricultural and Industrial," pp. 483-570.

⁵⁰ The similarity of this system of industrial relations to Latin American systems based on the Chilean model is close. But attempts to introduce compulsory arbitration into the Philippines antedate the

This was the basic system of industrial relations until 1953, but the use of the wide discretionary powers conceded to the Department of Labor in granting or refusing registration permits, and in canceling them, was to vary greatly with changes in government policy.

To the extent that government policy in the next few years was directed toward a decrease in work stoppages due to industrial conflict, it was successful. Man-days lost, which in 1934 had totaled 662,399 and 117,330 in 1936, dropped to 18,097 in 1937.⁵¹ But to the extent that policy was directed toward taming the radicalism of the labor movement and bringing it under government control, it was, until 1950 at least, a failure. This failure was due in large part to a resurgence of communist activity.

In 1938 President Quezon, possibly as part of his bid for labor support, granted a pardon to Crisanto Evangelista, the only one of the communist leaders who was still in prison. The terms of the pardon, and a series of opinions given in 1939 by the Secretary of Justice, had the effect of legalizing Communist organization and activities short of sedition.⁵² Almost immediately, Communist and Socialist leaders began work on a merger of their separate organizations. The new political party which emerged was called the Communist Party of the Philippines; Evangelista became its first president, Abad Santos its vice-president, and Guillermo Capadocia its first secretary. Its publicly proclaimed objectives, in contrast with the revolutionary tone of the *Partido Komunista's* constitution, consisted almost entirely of good liberal trade-union demands.⁵³ About this same time, a *Frente Popular* was being organized, with the hope of attracting all groups left of center. Under this label, Capa-

Chilean Labor Code; such attempts had been made in the Philippine Legislature in 1907, 1918, 1921 and 1934, and the last one had been defeated only by the veto of Governor-General Murphy. See Cicero D. Calderón, "From Compulsory Arbitration to Collective Bargaining," unpublished J. C. D. dissertation, Yale University Law School, 1956, p. 84.

⁵¹ STATISTICAL HANDBOOK, 1903-1953, p. 31.

⁵² Scaff, *op. cit.*, pp. 20 and 151, n. 41.

⁵³ Kurihara, *op. cit.*, pp. 78 ff.; Hoeksemana, *op. cit.*, pp. 187-193.

docia and Mariano Balgos ran as candidates for the National Assembly in 1938, and Abad Santos for governor of Pampanga province. All three were defeated, but Abad Santos made a very strong showing despite the fact that a great number of his supporters, because of the literacy requirement, could not vote; the *Frente Popular* did elect mayors in eight of the 21 towns of Pampanga.⁵⁴

"United front from above" seems to have been the Communist watchword, in the Philippines as elsewhere, at this time. Their peasant organization (the K.P.M.P.) and the Socialist A.M.T. were both brought under the direction of the peasant department of the new party; thus the Communists achieved a peasant base in the Central Luzon provinces, particularly Pampanga, which were to be the scene of the Hukbalahap revolt.⁵⁵ They also worked for the establishment of the Collective Labor Movement (C.L.M.) which, it was hoped, would embrace all the labor unions of the country. The hope was short-lived, however, for very soon after the first organizational meeting in 1938, the conservative unions withdrew, leaving the "radicals", mostly Communists and Socialists, in control of the C.L.M. The labor movement was now split into two bitterly hostile camps: the C.L.M. on the one hand and two conservative federations, the Confederated Workers' Alliance (C.W.A.) and the National Federation of Labor (N.F. of L.) on the other. The conservative wing of the movement had the support of President Quezon and Secretary of Labor Torres.⁵⁶

Even before the organization of the C.L.M., President Quezon had been interested in promoting labor unity, probably as a means to establishing some control over the movement. In 1939, by means of some judicious government pressure, a National Commission of Labor was established, composed of the three major federations and presided over by the Secretary of Labor. The unity was purely formal and the Commission lasted barely a year before being split again by the underlying ideological differences. By contrast, the National Commission of Pea-

⁵⁴ Scaff, *op. cit.*, p. 21.

⁵⁵ *Ibid.*, pp. 20 ff.

⁵⁶ Kurihara, *op. cit.*, pp. 74-76.

sants, organized at about the same time, seems to have had no ideological differences; it accepted the chairmanship of the Secretary of Labor and then went on to elect Juan Feleo, a well-known Communist, and one of Tan Malacca's early contacts, as executive secretary.⁵⁷

Thus, as the War approached, the peasant movement was united under Communist leadership while the trade union movement was divided, its more powerful and better-organized wing being under Communist influence. Crisanto Evangelista was a member of the *praesidium* of the C.L.M., while its president was José M. Nava—who was to die in prison in 1954 while serving a life term for conspiracy and murder in connection with the Hukbalahap uprising.⁵⁸ The government was making efforts to control the movement, but up to this point they had not been successful. The device of registration had not proved an effective means of control, for by 1940 there were more members in unregistered unions than in registered ones. In particular the Communist organizations, the A.M.T. with 50,000 members, the K.P.M.P. with 60,000, and the K.A.P. with 80,000, were unregistered.⁵⁹ The prospects for a non-ideological, non-political labor movement were dim indeed.

With the outbreak of the war in the Pacific, labor union activity was supplanted by resistance activity. A great number of guerilla bands fought the Japanese all over the Philippines; of these, Luis Taruc's Hukbalahap was one which aimed not only at liberation from the Japanese but at the establishment of a Communist government in the Philippines. At the conclusion of hostilities the Communists took part in the formation of a united front party, the Democratic Alliance, which opposed Manuel Roxas and the Liberal Party in the 1946 elections for the first government of an independent Philippines. Six Democratic Alliance candidates, including Luis Taruc, were elected to Congress; but all of them were deprived of their seats by the Liberal-controlled Legislature.⁶⁰ The Hukbalahap now

⁵⁷ *Ibid.*, p. 82.

⁵⁸ Scaff, *op. cit.*, pp. 53 and 154, n. 3.

⁵⁹ Kurihara, *op. cit.*, pp. 70-72.

⁶⁰ Scaff, *op. cit.*, p. 153, n. 12.

resumed armed conflict, this time against the forces of the Philippine Government.

United-front strategy in the trade-union movement was, for the time being, more successful. In the year 1945 the Committee of Labor Organizations was formed; shortly afterwards it was transformed into the Congress of Labor Organizations (C.L.O.). The first president of the C.L.O. was Cipriano Cid, a newspaperman; he was replaced in 1947 by Amado Hernandez, another Manila journalist who, whether or not he was actually a Communist, was made use of by the Communists. The executive secretary of the new organization was the veteran Communist labor leader, Guillermo Capadocia. The C.L.O. quickly became the dominant labor organization in this early postwar period; by 1950 it claimed 78 affiliates and 100,000 members, and was showing great energy and militancy in pushing labor's demands. Its political complexion can be seen from the following:⁶¹

Hernandez visited Europe in December 1948. In January 1949, the day after the final walkout of the anti-Communists in the World Federation of Trade Unions, that body's Executive Bureau voted to accept the CLO request for affiliation which had been pending since 1946.

But the position of the C.L.O. was becoming increasingly difficult. In early 1950 the enlarged Politburo Conference of the Communist Party declared that a "revolutionary situation" existed in the Philippines and adopted the slogan: "All for the expansion of the armed struggle".⁶² Capadocia went underground, the Politburo itself was arrested in a series of raids in October, and Hernandez was arrested in January, 1951. He was convicted of "rebellion, complexed with multiple murder, robbery, and arson" on the contention that as head of the C.L.O. he had conspired with the Hukbalahap, and was sentenced to life imprisonment.⁶³ The following quotation, which records the demise of the C.L.O., also indicates a surprising lack of success on the part of the Communists, considering the quality of

⁶¹ Wurfel, *op. cit.*, p. 588.

⁶² Scaff, *op. cit.*, p. 154, n. 19.

⁶³ Hernandez is now out of prison on bail pending an appeal of his conviction.

their leadership and the energy which they had devoted to the trade-union movement, in establishing an ideologically-committed following in the movement:⁶⁴

In the course of the trial [of Hernandez] it was revealed that several members of the Communist party's Trade Union Department were also members of the CLO Central Committee. The key prosecution witness estimated, however, that only 10 percent of the CLO affiliates had been "successfully infiltrated" by Communists, and that in none were Communists a majority. During 1951 the CLO's Communist-infiltrated affiliates were disbanded. The remainder quickly disassociated themselves from the discredited federation, which had been deprived of its registration permit by the Department of Labor. In fact, such disaffiliations had been occurring since 1948, when the Manila Railroad unions had taken that step.

Apparently their success as organization-builders in the trade-union movement was due to their militancy in pressing traditional trade-union demands, rather than to their ideology. With the peasants, perhaps because of the long tradition of agrarian unrest in the Philippines, their success seems to have gone somewhat deeper. At any rate, trade-union leaders Balgos and Capadocia were eventually to be killed fighting at the head of Hukbalahap peasants.

FROM FIGUERAS TO "MAGNA CARTA", 1950-1953

Faced by a *Hukbalahap* rebellion which threatened to topple his government at any moment, President Quirino in 1950 appointed Ramon Magsaysay as Secretary of National Defense. It is the belief of this writer that the firm and intelligent approach of Magsaysay, first as Secretary and later as President, was the salvation of the country. In 1950 also, as we have seen, the Government began to act with vigor against Communists in the trade-union movement; but as time went on it began to appear that the motive here was as much the political ambition of Secretary of Labor José Figueras as it was concern about Communism. And by 1953 the chief threat to a free union movement was not the Communists but the Secretary.

While still Under-Secretary of Labor, Figueras had been elected president of the new National Confederation of Trade

⁶⁴ Wurfel, *op. cit.*, p. 589.

Unions (NACTU). He retained this position after becoming Secretary and used the powers of his two offices in an attempt to organize political support for himself and for the Liberal Party of President Quirino, which had been discredited by the flagrant corruption of the 1949 election, among other things. By May of 1951 his membership claims for NACTU were the equivalent of the entire non-agricultural employed labor force, and a year later NACTU was claiming far more affiliates than there were registered unions. Wurfel remarks that⁶⁵

the claims were certainly exaggerated, but it was no exaggeration to say that NACTU dominated the Philippine labor movement from 1950 until 1953... A large percentage of NACTU affiliates, however, were not true unions, but were labor contracting associations, the presidents of which profited handsomely from each contract. A number of NACTU affiliates were also charged with being "company unions".

The chief weapon employed by Figueras in dealing with recalcitrant unions was his power of cancelling union registrations, frequently on a vague charge that some official of the union was suspected of "subversive activities". In fiscal year 1952, 391 unions were thus deprived of legal existence, more than twice as many as had suffered this fate in the previous five years. A chief object of the Secretary's wrath at this time was the Federation of Free Workers (F.F.W.), a militant organization led by some young graduates of the Ateneo de Manila, who were themselves under the inspiration of the Rev. Walter Hogan, S.J. Fr. Hogan and the F.F.W., according to Wurfel, "constantly attacked racketeer, company, and Communist control of unions, and were the most outspoken critics of Secretary Figueras and his attempt to dominate the labor movement through NACTU".⁶⁶ The incongruity of Catholic-led unions being charged with Communist activity did not bother the Secretary.

De-registered unions were deprived of all the protections of the law; unions in the process of formation and not yet registered were vulnerable to employer attack, for before regis-

⁶⁵ *Ibid.*, p. 589 ff.

⁶⁶ *Ibid.*, p. 590.

tration they did not have the legal protection guaranteed to "legitimate labor unions". And even duly registered unions were having their difficulties with the Court of Industrial Relations. The system of compulsory arbitration effectively outlawed the strike weapon, and the possibility of repeated delays favored the employer; final settlement of a case could take as long as three years and could involve the expense of an appeal to the Supreme Court, which a small and economically weak union, possibly disorganized and demoralized by the employer's discharge of its officers, could hardly afford.⁶⁷

The system quite naturally generated pressures for change from those segments of the labor movement which felt threatened by it. There were pressures also from outside the labor movement, pressures which have been analyzed at length by Wurfel and which need not delay us here.⁶⁸ There were also counter-pressures for maintaining the system, but a change was ultimately precipitated by a reversal of the stand of President Quirino, Congressman Espinosa who was Chairman of the Committee on Labor and at the same time executive vice-president of NACTU, and Secretary of Labor Figueras. With the 1953 elections just over the horizon and Figueras planning to run for the Senate, the Administration apparently decided to bargain away some of the powers of the Secretary of Labor in return for wider political support from the labor movement.⁶⁹ By April of 1953 the main opponents of a change in the system of industrial relations had been won over; and in June RA 875, known as the "Magna Carta of Labor", was signed into law.

It is perhaps worth noting that in the subsequent national elections, although he received the enthusiastic support of NACTU and the endorsement of the non-Communist remnant of the C.L.O., Figueras was buried with Quirino in the Mag-saysay landslide. After the election, as Wurfel put it,⁷⁰

⁶⁷ *Ibid.*, pp. 591-593. For an account by a F.F.W. official see Meliton Salazar, "Philippine Labor Unions: An Appraisal", *PACIFIC AFFAIRS*, XXVI/2 (June 1953), 146-155.

⁶⁸ Wurfel, *op. cit.*, pp. 593-595, 599-601.

⁶⁹ *Ibid.*, pp. 594 ff.

⁷⁰ *Ibid.*, p. 590.

NACTU very quickly—and completely—disappeared, indicating that the powers of the Secretary of Labor were more important than the charm of the Figueras personality in holding such an organization together.

UNIONS UNDER "MAGNA CARTA", 1953-

The key provisions of RA 875, so far as the freedom of the labor movement is concerned, have to do with union registration (Sec. 23). For registration, all that is required is the payment of a small registration fee and the submission of the following documents: a copy of the constitution and by-laws; a list of officers, their addresses, and the address of the organization; sworn anti-Communist affidavits of the officers; a copy of the last annual financial report if the union has been in existence for more than a year. The Department must accept these documents at face value and is not authorized to make any investigation; it may refuse registration on the ground that the proper documents have not been presented but only after due notice and a public hearing. It may also cancel a registration on the ground that the documents have not been kept up to date, but again only after notice and a hearing. A 1957 amendment (RA 1952) permits the Secretary of Labor or his representative to investigate the financial affairs of unions with the purpose of detecting and prosecuting violations of the law. But the only cause for refusal or cancellation of a union's registration other than failure to submit the proper documents is a declaration by the Court of Industrial Relations that it is a "company union"; the Department of Labor has no power to make such a declaration or to act without it.

Other important provisions define unfair labor practices (Sec. 4); limit the power of the Court over wages and working conditions to cases involving the Minimum Wage Law or the Eight Hour Labor Law, or certified by the President as involving the national interest (Sec. 7 and 10); limit the power of the Court to issue injunctions in labor disputes (Sec. 9); provide for certification election, supervised by the Court, to determine exclusive bargaining agent (Sec. 12); and establish the obligation to bargain collectively (Sec. 13), while expanding

the personnel and duties of the Conciliation Service (Sec. 18). The influence of American labor law is obvious in all of this.

The most striking and immediate results of "Magna Carta" were: a very rapid growth in the number of registered unions, from an estimated total of 836 in 1953 to 2180 in 1956;⁷¹ a growth in the number of collective bargaining agreements filed, from 41 in 1953 to 102 the following year and 159 in 1955⁷² and an increase in the number of strikes, from 13 in 1953 to 53 in 1954 and 43 in 1955.⁷³ Parallel to this has been a precipitate decline in the number of union registrations cancelled. Wurfel describes the situation thus:⁷⁴

The sharp decline in the number of cancellations or of de-registrations by the Department of Labor may be even more indicative of a trade union movement free from government domination than the registration of new unions. There were 344 cancellations in the first three years of R.A. 875's operation, compared to 394 in 1951. Furthermore, given the procedures set forth in R.A. 875 and generally adhered to by the Department of Labor, post-1953 cancellations, almost all of which were for failure to submit financial reports or lists of newly elected officers, merely confirmed a union's lapse into inactivity; after 1953 they were never an instrument to destroy an active union.

This is not to say, however, that an American system of industrial relations has appeared full-blown on the Philippine scene; administrative difficulties, the power of culture and tradition, the background of Filipino businessmen and labor leaders, all have militated against such an outcome. Philippine labor in many cases was not fully prepared for free collective bargaining; its leadership has in large part consisted of lawyers, who were more at home in the court-room than at the bargaining table or on the picket line, and who were accustomed to collecting legal fees for representing their unions in court.⁷⁵ Labor has, moreover, long been accustomed to paternalistic help from both government officials and man-

⁷¹ *Ibid.*, Table 2, p. 597.

⁷² *Ibid.*, Table 3, p. 602.

⁷³ *Ibid.*, p. 597.

⁷⁴ *Ibid.*, pp. 599 ff. Also International Labour Office, **REPORT TO THE GOVERNMENT OF THE PHILIPPINES ON LABOUR-MANAGEMENT RELATIONS**, ILO/TAP/Philippines/R.3, Geneva, 1958, pp. 83-85.

⁷⁵ Wurfel, *op. cit.*, p. 599.

agement; while government and management officials have often stood ready to give that help provided it were requested in a properly "filial" manner. Such patterned expectations, especially if related to deeper cultural values as this one may be, are not abandoned overnight. The Court of Industrial Relations for its part, has not been unwilling to gain back by interpretation some of its lost jurisdiction; and even Secretary of Labor Adevosio, who personally opposed such a course of action, was eventually prevailed upon by union demands to broaden his powers somewhat in defense of "bona fide" unionism. The right of the President to certify a dispute to the Court of Industrial Relations as involving the national interest has perhaps been invoked more widely than was foreseen by the framers of R.A. 875. Meanwhile, Court action on unfair labor practice and certification cases has been slow, and in fact it appears that less than 30% of registered unions obtain certification.⁷⁶

The union movement, moreover, is weak—made so by its own lack of unity, by unemployment, and by the prevalence, to some degree at least, of management-dominated "company" unions. Wurfel estimates that in 1956, total union membership amounted to approximately 500,000 or about 25% of all wage and salary workers.⁷⁷ This certainly represents a spectacular increase over the 151,000 of 1951,⁷⁸ but the very rapidity of growth has probably contributed to the fragmentation of the movement. Only about 100,000 of these 500,000 unionists were affiliated with any one of the six major trade union centers; and of the six centers existing in 1956 three had been founded since 1953 and only one had been in existence before the War.⁷⁹ Moreover, the movement is beset by constantly

⁷⁶ International Labour Office, *op. cit.*, pp. 58, 63-80.

⁷⁷ David Wurfel, "The Bell Report and After: A Study of the Political Problems of Social Reform Stimulated by Foreign Aid", unpublished Ph.D. dissertation, Cornell University, 1960, Part I, pp. 361 ff. and n. 84.

⁷⁸ *Ibid.*, p. 361.

⁷⁹ *Ibid.*, p. 362. See also U.S. Department of Labor, "Labor in the Philippines", FOREIGN LABOR INFORMATION BULLETIN, December 1956, pp. 9 ff.

shifting alignments, affiliations and disaffiliations which are based almost entirely on the personal rivalries and ambitions of union leaders. Periodic movements for labor unity seem only to add confusion to the already fragmented labor movement. At present there are three major centers: the Federation of Free Workers (FFW); the Philippine Trade Union Council (PTUC); and the Katipunan Manggagawang Pilipino (KMP). Of these the PTUC and the KMP are composed in part of minor federations which themselves had once aspired to the status of national centers; in general they have little control over their affiliates. The PTUC was for a short time a part of the KMP and both of them owe their origin in part at least to outside influence: the U.S. International Cooperation Administration in the case of the PTUC and the International Confederation of Free Trade Unions in the case of the KMP.

Unemployment is another serious problem. Labor force surveys conducted by the Philippine Statistical Survey of Households have regularly estimated the unemployment level at something over 7% of the labor force.⁸⁰ In the Philippines as elsewhere, a high level of unemployment almost certainly tends to weaken the labor movement. Underemployment also is high in the Philippines, although it is more difficult to measure statistically.⁸¹

The third problem which weakens the Philippine labor movement, and one which attacks its freedom also, is that of management-dominated or "company" unionism, to which we may assimilate the case of the labor-contracting organization posing as a union. According to Wurfel,⁸²

Nearly 20% of the provincial "unions" are not true labor unions at all, but labor contractors especially at the waterfront, having taken the name "union". A large percentage of the remainder are company unions.

⁸⁰ PHILIPPINE STATISTICAL SURVEY OF HOUSEHOLDS BULLETIN, Series 3 and 5 (June 1958 and January 1960), "Work Force".

⁸¹ Perfecto R. Franche, "The Problem of Underemployment in the Philippines", THE PHILIPPINE STATISTICIAN, VIII/3 (September 1959), 179.

⁸² Wurfel, "The Bell Report", p. 363.

The historical and cultural factors spoken of above, which favor paternalism on the part of management, also tend to favor company unionism. Moreover, certain features of the system established by "Magna Carta" have tended, contrary to the intentions of the lawmaker, to support it: the ease with which a union becomes registered and the lack of discretionary powers in the hands of the Department of Labor; the slow and costly procedure of obtaining certification as exclusive bargaining agent; and the even more slow and costly procedure of proving company unionism to the satisfaction of the Court of Industrial Relations. In fact, three years after the enactment of "Magna Carta", only two cases of company unionism had been proven in court.⁸³

Thus it appears that, although the Philippine labor movement has escaped from two major threats to its freedom, those of Communist domination and government domination, segments of it have yet to free themselves from company domination. And the movement as a whole has a long way to go before it can be characterized as a strong labor movement. From one point of view these problems seem far less serious than those which have already been overcome. It has been suggested that company unionism is a transitory, inherently unstable phase, and that company unions have a tendency to free themselves. The government, by requiring a sworn affidavit of freedom from domination by the company at the time of union registration, and by improving judicial procedure relative to certification and unfair-labor-practice cases, could make company unionism much more difficult.⁸⁴ Wider affiliation with the stronger trade union centers would both strengthen the movement and help to free those unions which are under company domination, for it is the small unaffiliated union which is most subject to it. And it is to be hoped that the expanded work of the Labor Education Center of the University of the Philippines will produce, in time, a body of

⁸³ Wurfel, "Trade Union Development", p. 589; see also ILO, *op. cit.*, pp. 35, 59.

⁸⁴ *Ibid.*, pp. 59, 62-82.

union leaders who will enhance both the strength and the freedom of the movement.

But from another point of view there is an important question yet to be asked: what has been and what is likely to be the relation between labor unions and economic development in the Philippines? This was the question which stimulated this discussion at the outset, and to it we must turn at last.

SOME CHARACTERISTICS OF THE PHILIPPINE ECONOMY

From the growing body of literature in the area of comparative industrial relations systems certain conclusions are emerging.⁸⁵ One of these conclusions is that in a developing economy in which there is any freedom at all a labor movement will sooner or later appear, and the tendency today is for it to appear earlier in the process of economic development than it did in the West.⁸⁶ The existence of the union movement must therefore be taken as given in any realistic discussion of modern economic development; the important questions concern not its existence but its form, its tactics and objectives, and particularly its freedom.

A second conclusion from the study of comparative industrial relations is that the freedom of the labor movement will be closely related to public policy decisions on the nation's

⁸⁵ See, for example, Clark Kerr, John T. Dunlop, Frederick Harbison and Charles A. Myers, *INDUSTRIALISM AND INDUSTRIAL MAN*, Cambridge: Harvard University Press, 1960. On pp. 304 ff. of this volume are listed the publications of the Inter-University Study of Labor Problems in Economic Development.

⁸⁶ This is true of the emerging nations of the Middle East, of South and Southeast Asia and of Africa both north and south of the Sahara. The argument is made more convincing by the fact that even the Communist nations have not been able to dispense with "unions"; although these are mainly organs for the transmission of government policy to the labor force, they also perform certain welfare functions for their members and process some grievances (i.e., violation by management of the rights which the State has seen fit to accord the workers).

economy as a whole. So we must at this point briefly indicate some of the salient characteristics of Philippine economic policy. What is perhaps the most important such characteristic for our purposes has been indicated by Frank H. Golay:⁸⁷

The Philippine society, for better or worse, has made an unambiguous decision to organize the economy on the basis of private initiative ...essentially an enterprise economy in which economic activity by the individual is rewarded liberally.

This decision to rely on private initiative, and so to build an economy more or less along the lines of the American model, has been accompanied by a decision to accelerate the growth of the industrial sector relative to the agricultural sector. Public policy has, therefore, provided large incentives in the form of import control, foreign exchange allocations, tax exemption, and special credit facilities for industrial entrepreneurs.

A consequence of this policy has been a rather rapid growth of the economy, particularly in the manufacturing sector: national income increased from ₱5,922 million in 1950 to ₱9,768 million in 1959, and the proportionate share of manufacturing increased from 8.5% in 1950 to 18.5% in 1958 and 17.0% in 1959. Agriculture, fisheries and forestry have had an absolute increase in income during this period, but a relative decline from 42.3% in 1950 to 34.9% in 1959.⁸⁸ The cost of living remained relatively stable during the 1950's, although it began to move sharply upward with the beginning of decontrols in 1960; in any case the country has not been plagued with the runaway inflation which has afflicted other developing economies.

⁸⁷ From a forthcoming book entitled *THE PHILIPPINES: A CASE STUDY IN ECONOMIC DEVELOPMENT*, to be published by Cornell University Press. The following discussion draws heavily on the ideas of Professor Golay.

⁸⁸ Republic of the Philippines, National Economic Council, *STATISTICAL REPORTER*, IV/2 (April 1960), 4.

TABLE
The Consumer Price, Money Wage, and Real Wage
Indexes for Manila and Suburbs, 1949-1960

<i>Consumer Price</i> (All items)		<i>Money Wages</i>		<i>Real Wage</i>	
		Skilled	Unskilled	Skilled	Unskilled
1949	101.6	102.3	94.6	92.2	85.3
1951	113.4	95.8	89.4	81.9	76.4
1953	102.5	99.5	98.3	94.2	93.1
1955	100.0	100.0	100.0	100.0	100.0
1957	104.5	100.0	100.4	95.5	95.9
1959	107.0	105.3	101.8	98.7	95.4
1960 (Sept.)	115.6	104.6	102.5	90.2	88.4

Source: Central Bank of the Philippines, Statistical Bulletin, XII 3 (Sept. 1960), Tables 98 and 111.

Another important characteristic of Philippine economic growth is that it has been accomplished despite a relatively low level of capital formation. A rate of growth which is certainly 3% or higher annually has been accompanied by a rate of capital formation which has not been in excess of 5%. This leads Professor Golay to the conclusion that capital formation has been a less important factor than social change—the spirit of enterprise and the will to adopt new and more intensive forms of economic activity—aided by a conservative monetary and fiscal policy and an aggressive and consistent government policy of providing incentives for private enterprise.

A final and less attractive feature of Philippine economic development is that it has been a harsh procedure. Professor Golay describes it as follows:⁸⁹

Corollary to the Philippine reliance on private enterprise is the conclusion that the Philippines is not a welfare state. Income and wealth are concentrated, political power is highly correlated with wealth, and welfare goals are assigned low priority... submerged mass of Filipinos [who] have been bypassed by postwar material progress and [who] are subject to increased insecurity and dislocation.

The harshness of the procedure may be judged in part from the accompanying table. With the advent of partial decontrol

⁸⁹ Golay, *op. cit.* (typescript).

in 1960 the real wages of industrial workers in Manila dropped to their lowest point since 1951; they were lower in fact than the pre-war 1941 level.⁹⁰ And since both labor unionism and enforcement of the minimum wage law are more effective in Manila than elsewhere, it is probable that the plight of rural workers is much worse. Income distribution remains strongly skewed, with 5% of all families in 1956-1957 receiving 27.6% of all family income and 20% of all families receiving 55.1% of total family income.⁹¹

INDUSTRIALIZING ELITES

Professor Dunlop's typology of industrializing elites provides a useful framework for a discussion of Philippine unions and economic development since 1935; before that time it is hardly appropriate to speak of an "industrializing elite" at all. The industrial relations system which prevailed from 1936 until 1953 had many of the characteristics which Dunlop associates with a "dynastic-feudal" industrializing elite.⁹² The reins of government and to a certain extent the control of industry were at that time, in fact, in the hands of a landowning "cacique" class. Paternalistic attitudes toward workers on the part of both government and management were common. The government held the balance of power in industrial disputes and, both by legislative enactment and through the Court of Industrial Relations, resolved them through detailed regulation of the conditions of employment. Strikes and lockouts were strongly discouraged, and forbidden in a great number of cases. There was a strongly political element within the labor movement and especially among its leaders. These details fit Dunlop's typology excellently, and the "goodness of fit" suggests that situations

⁹⁰ Republic of the Philippines, Bureau of Census and Statistics, *YEARBOOK OF PHILIPPINE STATISTICS 1957*, III (Manila, 1958), 270.

⁹¹ Clarence L. Barber, "Some Notes on Income Distribution in the Philippines", a paper read before the Eighth Annual Conference of the Philippine Statistical Association, Table 1. Barber shows that the top 5% of American families receive 20.4% of total family income, and the top 20% receive 45.7%. If income after taxes is considered, the difference between the two countries is greater.

⁹² Dunlop, *INDUSTRIAL RELATIONS SYSTEMS*, pp. 331-333.

and events which we have, looking at the matter historically, traced to the activity of *individuals* such as Crisanto Evangelista, Manuel Quezon, or Jose Figueras, were on another level attributable to the social system as a whole.

The industrial relations system envisaged in the "Magna Carta" (1953), on the other hand, is typical of that which Dunlop associates with a "middle-class elite": the worker is regarded as an independent citizen rather than the ward of a paternalistic government or employer; labor organizations bargain with employers under procedural rules established by government; industrial conflict, also carried on under rules established by government, is viewed as an extension of bargaining and not as a threat to the survival of the system or of the elite; conflict centers on economic issues which presuppose the continuance of the system; exclusive representation rights make for competition among labor organizations. It is interesting to note that the legal enactment of this system followed rather quickly upon the appearance of a new body of industrial entrepreneurs, stimulated by the incentives provided from 1950 onward, who can with considerable accuracy be classified as a "middle-class industrializing elite".⁹³ At the same time it is well to keep in mind that support for "Magna Carta" did not come from this industrializing elite; they seem rather to have been opposed to it, and Wurfel suggests that in the Philippines

the urban enterpriser seeks to dislocate the rural power base of his political rivals by means of agrarian reform. The dominant landed elite... sees some political advantage and no economic disadvantage in supporting reform to aid urban labor.⁹⁴

Nor should it be forgotten that the system as proposed in "Magna Carta" and the system as it exists in reality are not the same thing, and that the objectives of "Magna Carta" have been in many cases frustrated by company unions maintained by members of this middle-class elite.

⁹³ I hope to be able to document this statement at a future date.

⁹⁴ Wurfel, "Trade Union Development", p. 607.

FREE UNIONS AND ECONOMIC DEVELOPMENT

It seems clear that Philippine labor unions have not, thus far at least, acted as a brake on economic development. Real wage rates, even in Manila, rose only slightly during the period 1949-1958 and have since declined; moreover, the temporary increase seems to be attributable more to the Minimum Wage Law of 1951 than to the Industrial Peace Act of 1953. In the provinces it is probable that real wages have declined quite significantly. The unions, therefore, can not have slowed development by wage-welfare pressures, at least provided one admits with Professor Golay that

the fundamental problem of economic development... is not to reduce consumption out of a given level of income, but to organize the society to ensure that a relatively large portion of increments of output (income) are allocated to accumulation of producible resources. The "cost" of accelerated economic growth is a willingness to devise institutions and policies and to change existing institutions and policies in ways which are productive of more intensive economic activity... The point is that there is no material "cost" of accelerated economic growth. The "cost" of growth is social change.⁹⁵

It may, of course, be argued that the wage pressure of the unions would be greater were the unions themselves stronger and more united, and especially were the economy beset by the kind of inflation which other developing economies have known; in such a case wage pressure could conceivably constitute a major problem and occasion a return to government control over the union. One is tempted to believe that the Philippine union movement is relatively free only because it is weak, or free from government domination only because it is divided and practically under management domination.

But the present situation of union weakness and relative freedom may not be stable either. Paternalism, to the extent that it still exists and is not a mask for exploitation, may not be able to survive the growing pressures of competition. Continued union weakness in face of the growing strength of the entrepreneurial elite could bring about a demand from the

⁹⁵ Golay, *op. cit.*

unions for government intervention; we have already pointed out that there are elements both in the labor movement and in the government bureaucracy which might not be averse to a return to compulsory arbitration. Government intervention could well lead to government regulation of wages *and profits*, and overall government responsibility for welfare, in other words, to the end of the private-enterprise type of development which has thus far succeeded in the Philippines. Once the government assumed responsibility for welfare, welfare demands would become political demands, perhaps backed by threats of violence and subversion; the consequence could be an urgent and difficult choice between an authoritarian regime of the right and one of the left. The dilemma posed in the introduction to this paper would be real.

But perhaps the dilemma is not inescapable if we keep in mind the type of development taking place in the Philippines—a development based on high economic incentives to private entrepreneurship, with little effective government concern for welfare, led by a middle-class industrializing elite. Professor Dunlop holds that a free labor movement of the “business” type is most likely to be found in this type of development. The present writer would go further and suggest that such a movement is simply another manifestation of the market orientation on which the development is based, a reflection of the social change taking place in the society as a whole. In such a situation, a free labor movement will serve first of all to counterbalance the growing power of the entrepreneurial elite and thus prevent a drastic *deterioration* of real wages; it has been found in the Philippines that even the Minimum Wage Law is effectively enforced only where there is a free union to police it.

In time a free union movement might also win some wage increases and other welfare concessions but it is by no means clear that these would be a major threat to economic development. The unions, even were they free from company domination, would still be beset by their lack of unity and the pressure of unemployment. A strong and united labor movement is not built overnight and a weak one will hardly be

able to force major concessions. By the time that the unions will be able to force major concessions, it is probable that the economy will be able to afford them. There is no effective government planning to be upset by wage demands, and much of upper-class income still remains to be tapped for development purposes. A minor redistribution channelled to wage-earners through a free labor movement would have little effect on capital formation and could be a very profitable investment in social stability or even in labor efficiency. There would still remain the danger of unreasonable demands, but what road to economic development is without dangers?

The writer would not favor artificial stimulation of a prematurely-strong labor movement by measures more favorable to unions than was the intent of the framers of "Magna Carta"; he would prefer to see the movement grow strong slowly and naturally. But he would favor giving to unions the full protection intended by "Magna Carta", and making more difficult the abuses of company unionism. He would also favor—it is always easy to be in favor of education—continued efforts to train a body of efficient and responsible union leaders. With this we may hope that the union movement will grow with the economy and share little by little in the fruits of development.⁹⁶

⁹⁶ Needless to say, it is also to be hoped that the depressed rural workers also will be permitted to share in the fruits of development. This is another question, but its importance must not be overlooked. If history is any teacher, the greatest threat to political stability in the Philippines is likely to be found in a depressed rural proletariat.