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THE POLITICAL ECONOMY OF LABOR-CAPITAL RELATIONS  
AND THE ROLE OF THE STATE:  
A PRELIMINARY SKETCH OF PHILIPPINE MANUFACTURING, 1956-1972

By

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# THE POLITICAL ECONOMY OF LABOR-CAPITAL RELATIONS AND THE ROLE OF THE STATE:

## A PRELIMINARY SKETCH OF PHILIPPINE MANUFACTURING, 1956-1972

By Gonzalo M. Jurado\*

### 1. General Considerations

#### A. Perspective

In the Philippines where the capitalist mode of production is gradually coming to replace the feudalistic one, <sup>see p. 11</sup> there are two ways of viewing labor-capital relations. One is to see them as basically ~~harmonious~~ and congenial; another is to regard them as fundamentally antagonistic. The first view is best exemplified by neo-classical production and distribution analysis.<sup>2</sup> The marginal productivity theory of distribution assumes that labor and capital are "partners" in progress, "sharing" in a friendly way the total output between them. Each "factor of production" receives a compensation equal, in competitive equilibrium, to the value of its marginal product. "What a social class gets is, under natural law, what it contributes to the general output of industry," to quote J.B. Clarke (1891, p. 313).

To be sure the partners are not always happy with each other. A capitalist here and there will always try to take undue advantage

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<sup>1</sup> These terms will be defined below.

<sup>2</sup> For a survey of recent discussions on the theory, see Harcourt (1969). For a critique, see among others Dobb (1970), and Nuti (1970).

or exploit his workers provoking protest on the part of the exploited; or an isolated group of workers will always conjure grievances prompting retaliation on the part of its employers. But these are not typical occurrences; they irritate the partners but do not disturb the essential serenity of the partnership.

In its liberal form, this view sees strikes and lock-outs as deplorable but necessary incidents in the "sharing" process, the first to be supported and the second to be condemned in the face of exploitation of workers by their employers, and vice-versa in the presence of evidence attesting to abuses by workers or magnanimity by capitalists. In any event, the contending groups can always be brought together through voluntary agreement or mediation by third parties and be persuaded to return to work on terms acceptable to both.

In its reactionary form, this view sees all attempts by labor to improve its well-being as reflections of ignorance and unmitigated greed (i.e., a drive to get more than the value of its "marginal product" through a "labor monopoly" or other means); and views all activities by capitalists at profit-making as earmarks of "entrepreneurial knowhow" vital and indispensable to the promotion of human progress.

The second view sees matters differently. It starts from the recognition that the capitalist mode of production is characterized by a division of society into two broad social classes, namely, a capitalist class and a working class. The working class

works and produces output; the capitalist class extracts from it a surplus not only for its own upkeep but also, more importantly, for the increase of the supply of production instruments and the preservation and reinforcement of this particular mode of production itself. There can be no basic harmony in this setting. The greater the proportion of the surplus captured by the capitalist class the smaller the proportion left to the working class, and vice-versa.

In its most systematic formulation this view is associated with Marx (1867). In a simpler version it was at least implied by Ricardo who said that "capital" is nothing but congealed and past labor (see Taylor, 1960, pp. 198-205). Earlier, the foundation of it was recognized by Adam Smith who expressed the view that in that primitive state of society which "preceded the appropriation of land and the accumulation of capital stock in private hands, when the laborers did not have to share (any of the value of output) with landlords and capitalists, products would exchange, in equilibrium, on the basis of the labor embodied in them. (Smith, 1776, pp. 49-52). Much earlier, the same matter was seen more clearly by Quesnay who referred to the peasant cultivators of the soil as the producing class, the aristocratic owners of the soil as the proprietary class, and the population of artisans and merchants as the "sterile class." (On the relation of Quesnay's Tableau Economique to Marx' own scheme, see Appendix A (by Shigetu Tsuru) in Sweezy, 1942, pp. 365-371.)

It hardly needs saying that this view does not preclude the emergence of periods of blissful cooperation between labor and capital when both proclaim with enthusiasm an identity of objectives and methods of achieving them. But this view attempts to make a distinction between what appears on the surface and what is hidden from the naked eye. In times of industrial "peace," it sees one of the contending parties as really dictating upon the other.

The first view does not have an explicit theory of the state. Rather it assumes that the state is an agency dedicated to the good of all, available for use through accepted institutional channels by representatives of society for the realization of national aspirations. The state is an impartial conciliator of parties in conflict, a just arbiter of issues.

The second view is more unambiguous. It sees the state as an instrument for the consolidation and expansion of dominant interests. In a society which is dominated by the capitalist class, the state can only function in the service of that class.

#### B. Objectives

This paper is an attempt to understand labor-capital relations in the Philippine manufacturing industry in the postwar period and the role of the Philippine government in the development and direction of those relations. Specifically it tries to take a look at labor-management disputes in the manufacturing sector and assess the impact

of these and related factors upon the living conditions of the labor force in that sector. It also describes government action in the field of labor-capital relations and attempts to analyze the consequences of these upon the welfare of the industrial labor force. The period covered is from 1956 to 1972. The paper employs the Marxian analytical framework.

### C. The Data

The data pertaining to the rights and privileges of labor come from pertinent laws of the land. Those pertaining to labor-management disputes come from the Department of Labor. Estimates of the rate of exploitation in the various industries in manufacturing were derived from the Annual Survey of Manufactures of the Bureau of Census and Statistics and from the Manufacturing Statistics of the Philippines, 1956-1970, a joint publication of the University of the Philippines, Bureau of Census and Statistics and the Institute of Developing Economies. Figures on real wages emanate from publications of the Central Bank.

To estimate the rate of exploitation it was of crucial importance that there be estimates of depreciation for each industry in each of the years covered. These annual estimates were arrived at simply by getting 10 per cent of the book value of fixed assets reported by the various industries in each of the relevant years.

## 2. The Framework

### A. The Theory of Value

Following Ernest Mandel (1968, pp. 7-28) in his exposition of the Marxian theory of value, we start by saying that in any society in which workers produce only enough for their own needs, no person or group of persons can exist without having to work for its own subsistence. In that society, all men are producers and they all belong to the same economic or social class. However, the moment workers produce more than enough for their own needs, that is to say, the moment they generate a surplus product, a person or group of persons or, more broadly, a social class can exist that need not work to support itself as long as it succeeds in capturing the surplus product.

~~In slave societies, the capture of the social surplus product is effected in a simple straightforward way.~~ Under the physical captivity of the master, the slave is allowed to work one day in the week for himself and compelled to work six days in the week for the master. He surrenders the output of his six days' work to his captor. In the feudal mode of production which is characterized by the existence, on the one hand, of serfs tied to land they till for their own and their lords' maintenance, and, on the other hand, of lords who receive sustenance from the serf's labor, the appropriation process is also uncomplicated. ~~The manorial estate is divided into two parts: the land which the serf must work in order~~

to support himself and his family and the land which he must till in order to maintain the feudal lord. The serf yields a part of his total output to the feudal lord without receiving any product in exchange.

\* In a capitalist society, the capture of surplus value-- which is the monetary form of surplus product--by the capitalist is effected in a more roundabout fashion. Quoting Mandel(pp.24-25):

"It takes place through the process of exchange....The capitalist buys the labor power of the worker and in exchange for this, he appropriates the entire product of that worker...(The value of labor power) is the quantity of labor socially necessary to produce and reproduce it, that is to say, the living costs of the worker in the wide meaning of the term...But in the capitalist system, the degree of labor productivity is such that the living costs of the worker are always less than the quantity of newly created value. This means that a worker who labors for ten hours does not need the equivalent of ten hours of labor in order to support himself in accordance with the average needs of the times. His equivalent wage is always a fraction of his day's labor. Everything beyond this fraction is surplus value, free labor supplied by the worker and appropriated by the capitalist without an equivalent offset."

This surplus value is used by the capitalist partly for consumption and partly for capital formation. Over time, capital is formed in increasing quantity. Capital is nothing but surplus value augmented by surplus value (Mandel, p. 30).



It is obvious that only in a capitalist society where the instruments of production have been separated from the workers and concentrated in the hands of another group of persons can surplus value (i.e., profits, interests, rents, etc.) emerge as income separate from wages (Lange, 1935, p. 202, note 4). In this instance, the stage is set for a struggle over the surplus between the two classes.

In a competitive capitalist society, the capitalist buys labor at its market rate. From then on the capitalist extracts from labor as much surplus value as possible. Depending on the relative strength of the two classes, more or less of the surplus value may accrue to capital or to labor. Also, on the basis of a given productivity of labor<sup>3</sup> an increase in labor's wages can only mean a decrease in capital's surplus value, and is thus strongly resisted by the capitalist. On the basis of increasing labor productivity an increase in labor's wages can be allowed by the capitalist so long as it does not exceed the increase in productivity. This is capital's way of insuring that its own relative share of total product is not diminished.

Putting the matter more precisely and using Marxian symbols (1867, part III), let  $C' = c + v + s$  where  $C'$  is total output,  $c$  is constant capital or depreciation allowance and cost of raw materials,  $v$  is variable capital or wage bill, and  $s$  is surplus value (i.e., profits, interests, rents, and other elements of

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<sup>3</sup>With prices assumed to be constant.

property income). The surplus value which labor surrenders to capital as a percentage of its (labor's) own wage bill can be seen in the rate of surplus value or rate of exploitation which can be defined as follows:  $s' = s/v$  where  $s'$  is the rate of surplus value or rate of exploitation.<sup>4</sup>

As capitalism develops, the capitalist becomes more dominant, raising the rate of surplus value<sup>5</sup> and labor becomes more assertive in resisting such an increase in the rate by various means.

It is apparent that in a situation of increasing labor productivity both  $s$  and  $v$  can rise absolutely. Expressed in individual terms, both the capitalist and the worker can experience an absolute improvement in their living conditions and, in the case of the former, an enhancement of his status as a capitalist as well. But if  $s$  increases by a greater magnitude than does  $v$ , the worker is in fact being exploited more intensely even if he is "better off." If  $v$  decreases absolutely, the worker is simply and plainly being made to suffer an absolute reduction in his livelihood.

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<sup>4</sup>The rate of exploitation is the more general term applied by Marx to all societies in which one class works to support another. The rate of surplus value applied specifically to the capitalist mode of production. Marx used two other ratios:  $q = c + v$  where  $q$  is organic composition of capital and  $p = s/(c+v)$  where  $p$  is the rate of profit. However, we are not directly concerned with these ratios in this paper.

<sup>5</sup>In the formal Marxian system, the increase in the rate of surplus value is necessary as an offset to the increase in the organic composition of capital, in order to preserve a constant or promote a rising rate of profit, as shown by  $p = s'(1-q)$ . In the present work, the dominance of the capitalist should be understood as synonymous with an increase in the organic composition of capital.

The struggle between the two classes becomes intensified as the working class becomes "class conscious" (Marx [1852]; see also Gordon [1972, pp. 57-60] for a brief summary). Already a class in itself objectively, it becomes class conscious when it subjectively identifies itself for labor as a class and against capital as a class. The development and sharpening of this class consciousness is obviously related directly to the growth and consolidation of the capitalist mode of production itself.

As should be obvious, this does not mean that labor and capital are at all times locked in combat. Indeed, as has been indicated, there may be periods of industrial peace in a capitalist economy when labor leaders and the rank-and-file, on the one hand, and "captains of industry" and their stockholders, on the other hand, proclaim agreement on some objectives and pledge cooperation to attain them. What it does mean, rather, is that the capitalist mode of production continuously provides a basis for a confrontation between capital and labor.

#### B. The Role of the State

The role of the state in a capitalist society can be seen clearly. Since capitalist society is dominated by the capitalist class, the state operates to serve the interests of that class.

To quote Sweezy (p. 249): *fairly argument?* *what about the worker's interest?* *not here because society dominated by the class read before just*

"In the first place, the state comes into action in the economic sphere in order to solve the problems posed by the development of capitalism. In the second place, where the interests

of the capitalist class are concerned, there is a strong pre-disposition to use the state power freely. And, finally, the state may be used to make concessions to the working class provided that the consequences of not doing so are sufficiently dangerous to the stability and functioning of the system as a whole."

True it is that the state may undertake actions and policies aimed at improving the lot of the workingmen. It may even carry out reforms that have the effect of weakening in some way the position of some of those who own and control the instruments of production. But on the whole "the state perform(s) energetically and unequivocally its basic function: the maintenance and protection of the capitalist order" (Baran, 1957, p. 93).

Having outlined the Marxian framework in decidedly broad and sketchy terms, we now apply it to concrete Philippine material.

### 3. Labor-Capital Relations in Philippine Manufacturing

#### A. Capitalism in the Philippines

The first thing to understand is that the foregoing analytical framework can apply with sharpness only to a portion of the Philippine economy, that portion which is governed by stable capitalist-labor or management-employee relations. Let us consider why this is so.

The Philippine economy has large agricultural and services sectors. In these sectors people are governed by basically feudalistic relations. In agriculture there are two broad groups of people: those who own the land they till--i.e., those who own their means of production--and those who don't. Those who own the land they

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till, and these are the so-called small, independent land-holders, are distinguished by the fact that, no matter how small their produce is, they are free to dispose of it in the way they please. That in fact they are under compulsion by objective necessity to dispose of their produce in some definite way to meet some basic needs--since the output is so small it is barely enough to satisfy elemental requirements--does not negate the fact that these farmers are not under the control of any employer, and that they are the ones who decide on the disposition of their output. Of this type of farmer there can be no exploitation, since a person cannot exploit himself.

Those who do not own the land they work--and they may be "amortizing owners" under the current land reform program, leasees or peasants paying a periodic rent or share to some landlord--are characterized by the fact that they are not free to dispose of their output on the basis of their own discretion. They must ~~surrender some definite part of it to the landlord as the serfs~~ did to the manorial lord in medieval Europe some four hundred years ago. Still, this lack of freedom, this objective coercion by the landlord, is not a clearly perceived fact. It is dulled by such facts as the non-physical presence of the landlord or his representative in the farm, the freedom of the farmer to set up his own work program or, indeed, not to set up any such program at all, and, in some instances, the generally paternalistic relation between the peasant and the landlord. All this is saying that there is exploitation here, but this exploitation is often concealed by subjective considerations.

To be included under this second category must be the sacadas or migrant workers except that here, reality is somewhat clearer. The sacada, having no land to till, i.e., having been "freed" from the land and the land having been "freed" from him, is under pressure of necessity to offer himself to a landlord for temporary employment. Hired, he produces output (which may take the form of a service) and receives a money wage, which is less than the money value of his output. The reality of exploitation is clearer in this context because it is suggested by such facts as the presence of the landlord or his representative in the negotiation over the wage and the supervision of the sacadas in their work by the employer's personnel.

In the services sector, workers rendering domestic services can be viewed as resembling sacadas, although the resemblance is not clear cut. The domestic help is paid a money-wage and given other means of subsistence (i.e., the right to stay in the house, old clothes of the landlord, etc.), but because his output is difficult to evaluate in monetary terms, it is not easy to know whether he is getting the full value of his output. In any case there can be little doubt that there is exploitation: most of these people work fifteen hours a day, and sometimes do not get paid at all.

The Marxian framework applies best to the manufacturing sector where capitalist relations are utterly unambiguous. Here we have people who, like the sacadas having been separated from their instruments of production or, which is the same thing, their

instruments of production having been separated from them, sell their labor power to the "owner" of the instruments of production, i.e., the capitalist. The capitalist hires them, pays them a money wage which is less than the money value of their output, and appropriates for himself the difference. The realization and appropriation of this difference is the reason why the capitalist hires them in the first place.

To guarantee the realization of surplus value, the capitalist and the worker enter into a contract. The main features of this contract are not only the stipulation of the level of the wage but, more importantly, the stipulation of the number of working hours that the worker is to render. In a given production environment, it is the number of working hours that the capitalist can appropriate for himself that determines how much surplus value he can realize.

Thus it is that in the manufacturing sector more than in any other sector, a situation of conflict of interests is created and developed between workers and employers. Workers are interested in higher wages, shorter hours, better working conditions. Capitalists are interested in higher surplus values, longer working hours, inexpensive working conditions. The confrontation may be abated by mutual concession by the two sides, by agreement or goodwill, or by mediation by the state. Often it is realized in violent form, as in a strike or a lock-out.

B. Labor-Management Disputes

Given the basically agricultural-service character of the Philippine economy, workers employed in manufacturing constituted only a very small, though progressively increasing, portion--less than 3.5 percent--of the total number of employed from 1957 to 1971 as shown in Table 1. Moreover, the number of unionized workers in 1971--the only year for which we have figures--constituted only slightly more than 2 percent of all employed workers in that year as indicated by Table 2. Finally, the workers who joined strikes and other forms of work stoppages made up an even more insignificant portion--less than one-half of one percent--of the total number of employed workers. . .

But these are not the relevant points in this discussion. The relevant points are that, firstly, while the number of unionized workers in all industries made up only slightly more than 2 percent of all workers in 1971, the number of unionized workers in manufacturing constituted almost 8 percent of all workers in manufacturing (see column 3 of Table 2)--more than 3.5 times the national proportion. Secondly, while the number of workers who participated in work stoppages in all industries constituted no more than one-half of one percent (see column 6 of Table 1), those who participated in work stoppages in manufacturing consisted of about 5 percent of all workers in manufacturing (column 7 of Table 1)--in other words, about 10 times the national proportion. These indeed suggest that in industries where capitalist relations are clear and unambiguous, conflicts of interests are more perceivable and prevalent.



Table 1

**All Industries and Work Stoppages in  
Manufacturing, Philippines,  
Fiscal Years 1957 - 1972  
(in thousands except percent)**

	Total Employed (1)	Employed in Mfg. (2)	Total Workers Involved in Stoppages (3)	Workers Involved in Mfg. in Stoppages (4)	Percent of Employed in Mfg. to Total Employed (5)=(2)/(1)	Percent of Total Workers Involved in Stoppages to Total Employed (6)=(3)/(1)	Percent of Wor- kers Involved in Stoppages in Manufacturing to Total Employed in Manufacturing (7)=(4)/(2)
1957	1,174	223.6	13.7		2.7	0.2	
1958	1,556	228.3	21.1		2.7	0.2	
1959	3,706	238.7	19.6		2.7	0.2	
1960	8,674	248.8	19.1		2.9	0.2	
1961	9,245	-	25.2		-	0.3	
1962	9,642	278.5	31.3		2.9	0.3	
1963	10,040	300.4	55.8		3.0	0.6	
1964	10,320	316.4	38.8		3.1	0.4	
1965	10,322	323.8	81.6	20.3	3.1	0.8	6.4
1966	10,984	327.4	54.6	13.6	3.0	0.5	6.1
1967	11,526	-	43.8	16.0	-	0.4	-
1968	11,476	394.3	52.6	-	3.4	0.4	-
1969	12,092	402.1	55.9	24.5	3.3	0.5	6.1
1970	11,388	403.8	39.1	16.4	3.5	0.3	4.1
1971	12,143	422.1	52.9	18.9	3.4	0.4	4.5
1972	12,182	-	57.5	-	-	0.4	-

Source of basic data: Bureau of Labor Relations, Department of Labor, Manila.

**Table 2**  
**Number of Employed Union Members, Philippines, 1971**  
**(in thousands except percent)**

	Employed	Union Members	Percent of Industry Union Members to Industry Employed
<b>All Industries</b>	<b>12,228.0</b>	<b>265.7</b>	<b>2.17</b>
<b>Agriculture</b>	<b>5,966.0</b>	<b>4.1</b>	<b>.07</b>
<b>Mining and Quarrying</b>	<b>67.0</b>	<b>8.8</b>	<b>13.18</b>
<b>Manufacturing</b>	<b>1,427.0</b>	<b>109.6</b>	<b>7.68</b>
<b>Construction</b>	<b>444.0</b>	<b>1.9</b>	<b>.42</b>
<b>Utilities</b>	<b>57.0</b>	<b>6.4</b>	<b>11.26</b>
<b>Commerce</b>	<b>1,579.0</b>	<b>23.2</b>	<b>1.47</b>
<b>Transport, storage and communication</b>	<b>504.0</b>	<b>26.8</b>	<b>5.33</b>
<b>Services</b>	<b>2,171.0</b>	<b>76.6</b>	<b>3.53</b>
<b>Industry not reported</b>	<b>12.0</b>	<b>8.3</b>	<b>69.30</b>

**Source: Bureau of Labor Relations, Department of Labor, Manila.**

Appendix Tables 1 and 2 show the number of work stoppages, workers involved, man-days idle, man-days idle per worker, in the manufacturing sector as a whole and in the individual manufacturing industries, respectively. Dividing the entries in Appendix Table 2 by the corresponding entries in Appendix Table 1, we obtain the data on Table 3.

Table 3 indicates that work stoppages, workers involved, man-days idle, and man-days idle per worker, in manufacturing as a whole, are about 50, 35, 63, and 190 percent respectively, of national totals, despite the minuscule proportion of manufacturing in the national economy. The first two ratios suggest that the greater proportion of all strikes and strikers were in the manufacturing industry, while the last two ratios suggests that work stoppages per man in manufacturing lasted almost twice as long as in the economy as a whole.

The work stoppages related to fundamental gut issues: how to protect the workers' share in the total output and guarantee workers' security. These issues are summarized in Table 4 for fiscal year 1971-72. Briefly they dwelt on four considerations: wages, union organization, agreement administration, and plant administration. As the table indicates, in all industries within manufacturing the principal issue was union recognition, next was wages, hours and fringe benefits. Third was the implementation of labor-management agreements including collective bargaining agreements, and last was plant administration.

1965-1967 - 19 -

Table 3

Percentage of Work Stoppages in Manufacturing  
To Work Stoppages in all Industries  
Philippines, Fiscal Years 1965 - 1971

	Percent of Total Stoppages	Percent of Total Workers Involved	Percent of Total Man-Days Idle	Percent of Man-Days Idle/Worker
1965	57.5	25.4	49.2	192
1966	52.0	24.7	73.0	295
1967	51.6	38.2	62.9	172
1968*	-	-	-	-
1969	55.0	43.7	72.4	165
1970	47.7	42.0	66.0	157
1971	50.4	35.7	57.4	161

Source: Bureau of Labor Relations, Department of Labor, Manila.

\*No figures available

Table 4

Issues Involved in Labor Disputes by Major Industry Group, Philippines, Fiscal Year 1971 - 1972

	All Industries	Manufacturing	Other Industries
All Issues	<u>136</u>	<u>63</u>	<u>73</u>
I. Wages, hours, and fringe benefits	<u>30</u>	<u>12</u>	<u>18</u>
A. Wage Issue	15	4	11
B. Violation of Minimum Wage Law	3	1	2
C. Others	12	7	5
II. Union Organization	<u>78</u>	<u>32</u>	<u>46</u>
A. Union Recognition	28	13	15
B. Dismissal	46	17	29
C. Others	4	2	2
III. Administration of CBAs	<u>12</u>	<u>10</u>	<u>2</u>
A. Violation of CBA	9	7	2
B. Others	3	3	
IV. Plant Administration	<u>1</u>		<u>2</u>
A. Lay-off & Recall	1		1
B. Others			1
V. Others	<u>15</u>	<u>9</u>	<u>6</u>

Source: Bureau of Labor Relations, Department of Labor, Manila.

On the satisfaction of labor demands through contractual means, the gains obtained by strikers in manufacturing during the period 1963-1972 are summarized in Table 5. One impressive fact about these gains is that the number of collective bargaining agreements obtained by strikers averaged only 9 in the 10-year period whereas the number of work stoppages averaged 55 in the 6-year period 1965-1971. In other words, the great majority of strikes and other forms of work stoppages did not culminate in CBAs; most likely they were resolved informally by "voluntary agreement" by the contending parties or "mediation" by the government.

The second point is that wage increases obtained at settlement were rather marginal, ranging from an average minimum of 2.7 percent of the average daily wage to an average maximum of 16 percent. What can one say about these?

As a starting point, one should recall that the capitalist system is a system that cannot exist unless there is a group of people who is willing to work for another group. Since people normally do not prefer to work for others more than they do for themselves, the first group of people must be created, and the way to do this is to separate or "liberate" them from their instruments of production, sometimes brutally and sometimes by "institutionally" accepted processes, so that, so separated or so "liberated," they find themselves under compulsion of objective necessity to sell their labor power to those who control those instruments. From this vast multitude of "liberated" workers, some can then be taken to produce

Table 5

**Collective Bargaining Agreements, Minimum and Maximum Daily Wage Increases at Settlement in Philippine Manufacturing, Fiscal Years 1963-73**

	Number of Collective Bargaining Agreements	Percent Increase in Average Daily Wage	
		Minimum	Maximum
1963	4	5.0	20.0
1964	11	3.0	20.0
1965	2	2.0	13.0
1966	5	4.0	12.0
1967	8	2.0	12.0
1968	12	2.0	17.0
1969	15	2.0	10.0
1970	16	2.0	23.0
1971	6	1.0	15.0
1972	9	5.0	20.0

Source: Bureau of Labor Relations, Department of Labor, Manila.

output for the capitalist class. Those who cannot be "absorbed" then constitute themselves into the "reserve army of the unemployed."

Now the reserve army of the unemployed is vital to the functioning and stability of the capitalist system. It is what keeps labor's "pretensions" in check. In the Philippines there is a large reserve army--i.e., a large "labor surplus," to use the current euphemism--a large pool of jobless workers who can be mobilized by capitalist at much lower pay the moment the employed workers make "unreasonable" demands. This, along with the tenacity with which capitalists fight in the defense of their interests when they think that those interests are being jeopardized or eroded, explains why labor unions, despite the heroism of their leaders and the courage of their rank-and-file, failed to achieve substantial improvement in the livelihood of their members.

Is a class struggle going on in the Philippine manufacturing sector? Industrial labor has been objectively in confrontation with capital from the very beginning of capitalism in the sense that it stood as a class separate from the capitalist class. The question is whether, in the Philippine manufacturing industry at least, it was also subjectively in confrontation with its objective antagonist, that is to say, whether it was aware that it was fighting for itself as a class and against capital as a class.

Two things must be mentioned in attempting an answer. One is that the capitalist class was fairly heterogenous, made up of many isolated middle-class employers and even landlords, and only a few oligarchic capitalists. The "spirit of capitalism" was strong



only among the latter; among the former, a paternalistic feudalistic view of the economic order was widespread. Another thing is that the rank-and-file of labor was handicapped by a divided leadership, one segment of which was class conscious and another interested only in limited economic objectives. Both these factors slowed down the perception of issues along class lines.]

Nevertheless, the labor movement displayed a certain degree of class consciousness even before the war (Kurihara, 1945, pp. 23-28). It courted repression from the Commonwealth government in the process. In the postwar period, it exhibited an increasing ability to see and understand its problems in a class context, this time prompting outright suppression of its most progressive segments by the government. By the late 1960s and early 1970s, it seemed to be achieving a clarity of purpose. Confrontations with capital seemed more and more to acquire the dimensions and intensity of a class struggle.

### C. Exploitation

Money wages plus benefits per worker are summarized in Table 6. In the whole manufacturing sector, the average money wage plus benefits per worker went up from P1,652 in 1955 to P3,700 in 1971. But it also varied widely among the individual industries in manufacturing. It was lowest in the footwear industry where it ranged from P920 in 1956 to P1593 in 1971. It was highest in petroleum where it varied from P8,622 in 1965 to P12,779 in 1971. The figures suggest that the money wage increased as time passed and as the "capital-intensity" of the industry increased.

Table 6

Money Wages Plus Benefits Per Worker in Philippine  
Manufacturing, Selected Years  
(in pesos)

	<u>1956</u>	<u>1960</u>	<u>1965</u>	<u>1970</u> <sup>1/</sup>	<u>1971</u> <sup>1/</sup>
All Industries	1652 -	1956	2456	2786	3700 -
Food Manufacturing	1439	1673	2143	2922	3311
Beverages	2511	3224	3842	4909	5328
Tobacco Products	1478	1711	1884	2592	2436
Textiles	1756	1758	2030	3233	3107
✓Footwear	920	962	1160	1558	1593
Wood and Cork Products	1656	1729	2180	2676	3054
Furniture and Fixtures	1260	1332	1487	2054	2445
Paper and Paper Products	1775	2630	2821	4222	4674
Printing and Publishing	2403	2563	3108	3946	5072
Leather and Leather Products	1322	1626	1791	2322	2443
Rubber Products	1485	2845	2897	3760	3721
Chemicals and Chemical Products	2654	3030	4193	6616	6744
Petroleum and Coal / Non-Metallic Mineral Products	<u>2/</u>	<u>2/</u>	8622	11121	<u>12779</u>
Basic Metal /	2002	2294	2860	3515	4134
Metal Products except Machinery	2084	2643	2848	4527	4678
Machinery Except Electrical	2062	2343	2971	3183	4254
Electrical Machinery	1949	2745	2466	3184	3486
Transport Equipment	1977	2236	2765	3832	4355
Miscellaneous Manufactures	2457	2635	3111	3702	3753
	2269 <sup>3/</sup>	2297 <sup>3/</sup>	2135	2806	3088

Sources of basic data: Bureau of Census and Statistics, Annual Survey of Manufactures, Manila, 1956-1960, 1962, 1965, 1968-71; Manufacturing Statistics of the Philippines, 1956-70, Manila, 1974.

<sup>1/</sup> For these years, figures for total payroll was used.

<sup>2/</sup> Included in major group: Miscellaneous manufactures

<sup>3/</sup> Includes major group: Products of petroleum and coal.

✓ Table 7 shows the average surplus value realized per worker in Philippine manufacturing.<sup>6</sup> In all of manufacturing, surplus value ranged from ₱2,941 in 1956 to ₱11,675 in 1971. Surplus value also varied from industry to industry. It was a "low" ₱620 in the furniture industry in 1956 and ₱2,000 in 1971 but it was a high ₱82,158 in the petroleum industry in 1965 and a spectacularly high ₱228,510 in 1971.

It should be pointed out that not all of surplus value goes to a single capitalist or group of capitalist. Surplus value contains all residual elements such as profits, interest payments, rents and taxes. ✓ As such some of it may go to a banking institution, a landlord, and the government, as well as to the capitalist and his colleagues.

Dividing each element of Table 7 by the corresponding element of Table 6 yields Table 8, ✓ which shows the rate of exploitation,  $s' = s/v$ , in Philippine manufacturing from 1956 to 1971.<sup>7</sup> As can be seen from Table 8, the rate of exploitation increased with the passage of time and with the rise in "capital-intensity" of industries. It was 175 percent in 1956 and 309 percent in 1971 in all manufacturing, a 73 percent increase over the 15-year period. ✓ This means that labor in Philippine manufacturing industries was surrendering 64 percent of its output (net of raw materials and depreciation) to the

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<sup>6</sup> Surplus value has been derived residually from gross value added after deducting cost of raw materials, depreciation allowances, and payrolls-plus benefits, i.e.,  $s = C' - c - v$ .

<sup>7</sup> We use "the rate of exploitation" rather than the "rate of surplus value" because we are dealing here with the whole manufacturing industry which includes a fairly large "unorganized" sector. Much of this sector is not governed by stable worker-capitalist relationships, but by basically paternalistic, feudalistic considerations.

Table 7  
Surplus Value Per Worker in Philippine  
Manufacturing, Selected Years  
(in pesos)

	1956	1960	1965	1970 <sup>1/</sup>	1971 <sup>1/</sup>
All Industries	- 2941	4621	5514	11110	11675-
Food Manufacturing	2775	5818	6418	14488	15443
Beverages	8595	10898	17714	27075	30133
Tobacco Products	4592	4451	6135	15582	11485
Textiles	2428	1703	1943	3389	5822
Footwear	757	1114	1421	1267	1842
Wood and Cork Products	1086	1706	2014	3344	3341
Furniture and Fixtures	-620	1307	1030	1452	2000
Paper and Paper Products	3627	5336	5100	11110	11503
Printing and Publishing	1062	2189	4226	5408	7491
Leather and Leather Products	2457	3434	1776	3294	3115
Rubber Products	1462	7481	8336	17363	12731
Chemicals and Chemical Products	6516	9720	10908	26698	28637
Petroleum and Coal	-	-	82158	275190	228510
Non-metallic Mineral Products	4334	4500	6821	6000	6943
Basic Metal	2762	4166	7542	12258	4460
Metal Products except Machinery	2252	3995	3831	5627	8194
Machinery except Electrical	1403	5298	1654	4247	5704
Electrical Machinery	3564	4638	5099	12211	13816
Transport Equipment	2974	4044	4683	11112	11728
Miscellaneous Manufactures	14950	21822	3790	5210	6901

Source of basic data: Bureau of Census and Statistics, Annual Survey of Manufactures, Manila, 1956-1960, 1962, 1965, 1968-71; Manufacturing Statistics of the Philippines, 1956-1970, Manila, 1974.

<sup>1/</sup> For these years, figures for total payroll was used to get the surplus value.

Table 8  
The Rate of Exploitation in Philippine  
Manufacturing, Selected Years  
(in per cent)

	<u>1956</u>	<u>1960</u>	<u>1965</u>	<u>1970</u> <sup>1/</sup>	<u>1971</u> <sup>1/</sup>
All Industries	178	236	225	346	316 <del>7</del>
Food Manufacturing	197	356	299	496	466 (2)
Beverages	342	338	461	552	566 (2)
Tobacco Products	311	260	457	601	355 (5)
Textiles	138	97	96	139	187
Footwear	82	116	123	81	116
Wood and Cork Products	66	97	92	125	109
Furniture and Fixtures	49	98	69	71	82
Paper and Paper Products	204	226	206	383	253
Printing and Publishing	44	85	136	137	148
Leather and Leather Products	186	211	99	142	128
Rubber Products	99	263	288	462	342 (6)
Chemicals and Chemical Products	248	318	260	404	425 (2)
Petroleum and Coal			953	2475	1788 (1)
Non-Metallic Mineral Products	216	196	239	171	168
Basic Metal	133	158	265	271	95
Metal Products except Machinery	109	171	129	177	193
Machinery except Electrical	72	193	67	133	164
Electrical	180	208	184	319	317 (7)
Transport Equipment	121	154	151	300	313 (8)
Miscellaneous Manufactures	523	728	178	186	224

Sources of basic data: Bureau of Census and Statistics, Annual Survey of Manufactures, Manila, 1956-1960, 1962, 1965, 1968-71; Manufacturing Statistics of the Philippines, 1956-1970, Manila, 1974.

<sup>1/</sup> For these years, figures for total payroll was used to get the surplus value.

capitalist in 1956 and 76 percent in 1971. Put in yet other terms , if the working day consisted of 8 hours, the Philippine manufacturing worker was working only 2 hours and 53 minutes for himself, and working the remaining 5 hours and 7 minutes for the capitalist in 1956; and one hour and 57 minutes for himself and the remaining 6 hours and 3 minutes for the capitalist in 1971.

Among individual industries the exploitation rate was highest in the petroleum industry where it ranged from 953 percent in 1965 to 1788 percent in 1971. In this industry the worker was yielding 90 percent of his net output to the capitalist in 1965 and 94 percent in 1971. Expressed in working time, the worker was working 48 minutes for himself and 7 hours and 12 minutes for the capitalist in this industry in 1965; and 29 minutes for himself and 7 hours and 31 minutes for the capitalist in 1971. The rate of exploitation was even higher in 1970: 2311 percent.

The furniture industry had the lowest exploitation rate. Here the rate was 49 percent in 1956 and 82 percent in 1971. What this suggests is that the worker in the furniture industry was surrendering somewhat more than 32 percent of his net output to his employer in 1965 and about 45 percent in 1971. In terms of working time, the worker was working 5 hours and 24 minutes for himself and 2 hours and 36 minutes for his employer in 1965; and 4 hours and 24 minutes for himself and 3 hours and 36 minutes for the capitalist in 1971.

Three things are observable from this information.

Firstly, the rate of exploitation tended to increase in all industries over time. Secondly, the rate was higher in "capital-intensive" industries and lower in "labor-intensive" industries. And finally, a high exploitation rate does not necessarily mean low or subsistence wages for the worker. Quite the contrary, for instance, the money wage plus benefits of a worker in the petroleum industry, where the rate of exploitation was highest, is about 5 times the wages and benefits of the worker in the furniture industry, where the rate of exploitation was lowest. There is therefore no contradiction between rising money wages and increasing rate of exploitation.

Changes in the exploitation rate have an implication on income distribution. A rising rate of exploitation means a rising relative share of income for the capitalist and a declining relative share for the worker. The rise in the average rate of exploitation in all manufacturing industries in the Philippines indicates that in manufacturing income distribution has turned against the worker.

If the position of the worker relative to that of the capitalist has steadily deteriorated as shown by the increase in the rate of exploitation, the worker's absolute position has turned from bad to worse. This is shown by the trend of real wages in Table 9. Over the 15-year period 1957-1972, the real wage index fell from 163 to 50 for skilled workers and from 153 to 56 for unskilled workers.

Table 9  
Real Wage Indices

	Skilled Workers		Unskilled Workers	
	Index	Percent Growth Rate	Index	Percent Growth Rate
1957	✓ 163.19		✓ 153.06	
1958	158.63	(2.97)	144.47	(5.61)
1959	165.57	4.37	149.66	3.59
1960	151.24	( 8.65 )	136.99	( 8.47 )
1961	142.36	( 5.87 )	132.46	( 3.31 )
1962	131.92	( 7.33 )	124.88	( 5.72 )
1963	118.97	( 9.82 )	115.38	( 7.61 )
1964	102.89	(13.52 )	98.86	(14.32)
1965	100.00	( 2.81 )	100.00	1.15
1966	95.04	( 4.96 )	97.14	( 2.86 )
1967	88.70	( 6.67 )	90.69	( 6.64 )
1968	91.68	3.36	96.55	6.46
1969	93.36	1.83	97.82	1.32
1970	75.51	(19.12)	83.51	(15.65)
1971	56.99	(24.53)	63.23	( 23.37 )
1972	✓ 50.06	(12.16)	✓ 56.17	( 11.17 )

Source: Central Bank of the Philippines. Statistical Bulletin.  
Vol. XXV, December, 1973.



✓ In the 17th century, the Spanish colonial authorities imposed a tax on Filipino farmers in order to compel them to produce a surplus and thus provide the sustenance for the colonial government. In 19th century Japan, the government imposed a heavy land tax on Japanese tillers in order to force them to produce an output exceeding their own subsistence needs and thus generate the support to Japanese industrialization. Today, in the manufacturing sector of the Philippines, it is no longer the government that constitutes the principal collector of the surplus: it is the capitalist. ✓

(10.2) ✓ The surplus value generated by workers in the manufacturing sector constitutes the source not only of the maintenance of capitalists in that sector but also of the investment capital that fuels economic development in the various sectors. To claim that it is the capitalist that denies himself a part of his "income" in order to make investment possible is to mistake capitalist appearance for objective social reality.

#### (10.3) 4. Relations with the State

(10.4) Strictly speaking, so long as a government permits any positive amount of profits, interests, rents, and other elements of surplus value to go to capitalists (also to landlords and other people whose claim to income derives solely from their "ownership" of instruments of production), the state perpetuates the exploitation of workers, the capture from them of their surplus product.<sup>8</sup> In this context, the state can never serve the working class unless

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<sup>8</sup> This does not mean that surplus value should be abolished, only that it should all go to workers.

it abolished capitalism itself. But to leave the matter there in respect to the Philippine government will be extremely un instructive. It is necessary to take a look at government performance and judge it in terms of its own aims and in terms of its impact upon the interests of the contending parties. Let's review the historical record.

To look first at the years before World War II, as early as the Commonwealth period President Quezon had proclaimed a program of "Social Justice," and had affirmed the need to enhance the lot of the working masses. Addressing the National Assembly in 1938, he said ( quoted in Kurihara, p. 23):

"If my administration is placing special emphasis on the need for ameliorating the conditions of the laboring class, it is not because we are against the capitalist or the rich, but it is because the laboring class in the Philippines has not received its due, and therefore stands in need of the help and protection of the government in order that its rights may be properly recognized and accorded."

He was unambiguous in emphasizing human rights over property rights:

"The right of property in my opinion is essential only as a supplement to the right to live, and therefore is only secondary to that greater and more important right....I do believe in recognizing human rights in preference to property rights when there is a conflict... But when people accumulate wealth at the expense of the comforts of the rest of the population, I do not believe in that" (Kurihara, pp. 24-25).

The Social Justice program gave rise to a number of pieces of legislation expanding the rights of workers or setting up institutions with which to assist the working class in various ways: a Collective Bargaining Law and an Eight-Hour Labor Law; an Employers' Liability Act, a National Commission of Labor and of Peasants to

promote labor unity; a National Social Security Administration to aid the unemployed; a Court of Industrial Relations for the arbitration of labor disputes; an Agricultural and Industrial Bank to extend credit on liberal terms to small farmers and merchants; a National Resettlement Administration for the relief of the landless.

These laws were adopted despite the opposition of Philippine businessmen. Indeed businessmen reacted to the Social Justice Program with hostility, labelling it as communistic.

However, the program was nothing of the sort. Notwithstanding the "pro-labor" policy of the Commonwealth government and the subjective sincerity of the President, the rights of the working class remained basically paper rights: What was worse, these rights were ignored and violated when basic capitalist interests were involved. In the words of Kurihara (p. 28):

"In the practical application of social justice the government is often forced to make its choice between the interests of capital and those of labor...While recognizing the primacy of human rights, President Quezon was quite uncompromising in his readiness to suppress anything and anybody that endangered property rights; he said: 'indeed it is my inescapable duty to protect property rights, and I shall use all the powers of the government in the discharge of this duty.' Strikes, picketing, and other trespasses on private property instantly provoked government action, even when these trespasses were actuated by the defense of human rights. Property rights were still considered "sacred," so sacred that the rights of persons were often sacrificed on their altar. For instance, in the province of Pampanga, Socialist tenants or workers were murdered in cold blood by private guards of sugar centrals or by the police--in the name of "peace and order."

The record in the postwar period was no different. From 1946 to 1972 the Philippine government approved no less than 32 pieces of legislation to protect the workingman from various forms of exploitation and assist him to overcome his proletarian condition. In the agricultural field, an Agricultural Tenancy Act was passed defining terms and conditions governing leasehold tenancy and share tenancy--to establish agricultural tenancy relations between landholders and tenants upon principles of social justice; and a Code of Agrarian Reforms establishing an agricultural leasehold system, thus abolishing all existing share tenancy, and providing leaseholders production, management and marketing assistance in the form of liberal credit, technical assistance, as well as setting forth rights of farm workers which include the right to self-organization, to engage in concerted activities, to minimum wages, an 8-hour labor day, death or disability benefits.

Its actions in the non-agricultural sector were even more progressive. It passed the Termination Pay Law, Free Emergency Medical and Dental Act, Women and Child Labor Law, Social Security Act, to provide to workers in private enterprises protection against the hazards of disability, sickness, old age and death, specifically providing such benefits as retirement, death, disability, sickness, separation and even loan benefits, and the 40 Hours-5-Day-a-Week Law. In the 1960s the government also approved the Workmen's Compensation Act, and the Philippine Medical Care Act whose main objectives were to extend "medical care to all residents in an evolutionary way.... (provide) the people of the country a practical means of helping themselves pay for adequate medical care."

But perhaps the two most important pieces of legislation in the postwar period affecting industrial enterprises were the Minimum Wage Law of 1951 (amended in 1965 and 1970) and the Industrial Peace Act of 1953. The Minimum Wage Law set minimum wages at P4.00 a day for non-agricultural workers and P2.50 for agricultural workers in 1951. These minima were raised to P6.00 and P3.50 a day, respectively, in 1965 and to P8.00 and P6.00 per day, respectively, in 1970.

The Industrial Peace Act guaranteed the employees' and laborers' right to self-organization, namely, the right to form, join, or assist labor organizations of their own choosing for the purpose of collective bargaining, and the right to engage in concerted activities for the purpose of collective bargaining. It also recognized the right to strike of employees and the right to lock-out of employers. However, it also provided that "when in the opinion of the President of the Philippines there exists a labor dispute in an industry indispensable to the national interest and when such labor dispute is certified by the President to the Court of Industrial Relations, said court may cause to be issued a restraining order forbidding the employees to strike pending an investigation by the Court, and if no other solution to the dispute is found the Court may issue an order fixing the terms and conditions of employment." (Section 10).

These two pieces of legislation constituted a step forward in the age-old struggle of labor to improve its well-being. The Minimum Wage Law protected labor from extreme exploitation. The

Industrial Peace Act gave a strong push to unionization, enabling laborers to act in concert to attain improvements in working conditions, instead of remaining prey to decimation by employers through the latter's tactics of divide-and-rule.

As in earlier times, however, many businessmen saw in these progressive laws a hindrance to "rapid economic development." Some saw in them a legalized agitation for class hatred and antagonism.

But though motivated by the most sincere desire to assist the workingman attain a life of "health, efficiency, and general well-being," the government at best could enforce the laws only feebly and ineffectually. The Department of Labor, though headed and administered by sincere sympathizers of the labor movement, could not cope successfully with lack of compliance at the ground level. Labor personnel, with the exception of those who were interested only in their own personal security, were continually seduced by employers to close their eyes to the most blatant violations.

The very Court of Industrial Relations, conceived and established to give workers a forum for the quick redress of their grievances, functioned to inflict severe damage upon the interest of workers. The Court took long to hear cases and even longer to decide them, to the injury of workingmen who could not endure long periods of joblessness without literally accepting a life of starvation.

All this naturally affected the labor movement itself. Where legalisms and technicalities were becoming a stock in trade in labor-capital negotiations in and out of court, they steadily pushed the labor movement to the control of professional labor leaders and scheming lawyers. They promoted conflicts among "labor leaders" who were not uninterested in the lucrative rewards that labor leadership provided.

It is not surprising that the enemies of the working class should take upon these failings of the government to enforce its laws and the schisms within labor's ranks as convenient excuses for suggestions to abolish the laws concerned and clamp down controls over the unions in the late 1960s and early 1970s. They received support from distinguished academic men who joined the chorus. Professor Sicat described various labor laws as "relatively advanced" social welfare legislation (Sicat, 1972, p. 247; the succeeding quotations also come from this source, pp. 247-265). He labelled the minimum wage law as contributing to the creation of an "aristocracy" of employed workers, the result of "poor advice" by a foreign economic mission, inappropriate for "employment creation." He argued that the undesirability of the minimum wage law was reinforced "by many other laws (such as labor unionism, social security legislation)." He deprecated a decision of the Mining Industry Board to establish minimum wages in three mining companies on the basis of each company's ability to pay as "based on welfare thinking." He condescendingly described "the key features of (the) legal structure with respect to labor welfare"

as follows: 1. an attempt to shorten the working hours; 2. the imposition of minimum wage which is higher than the market rate; 3. the explicit recognition of labor unionism; and 4. the existence of Social Security System Legislation, with its implied payroll taxation." He concluded by saying that "all the above features of the legal structure concerning labor welfare tend to increase the price of labor to those hiring it."

John Power (1971, p. 64) and Jeffrey Williamson (1969, p. 109) advanced basically the same propositions.

The businessmen knew what they wanted although they were subtle about it, but the academic men seemed to suffer from an illusion. They seemed to think that minimum wages, social security, shorter working hours, and labor unionism should have promoted employment, and when they "discovered" that these rights did not, they made big water of the "discovery." Why should these newly won rights of labor not slow down "employment creation" when they make the exploitation of labor more difficult, to the prejudice of the intentions of employers? The laws embodying these rights were enacted in order to safeguard the worker's health, promote his efficiency, and enhance his well-being. They were not intended to facilitate the worker's exploitation and — abuse, the impairment of his faculties, and the destruction of his humanity by his employer. In short, they were not intended to accelerate "employment creation" on employers' terms.



Soon enough, their subjective integrity notwithstanding,  
the academic men were one with the vested interests in proposing  
that these rights either be eliminated, reduced, or suspended,  
"in order to promote employment and development."<sup>9</sup> By the early  
1970s the idea was gaining ground for the abolition of minimum  
wages, or their non-enforcement, or at best the prevention of  
wages from rising "unduly" so that labor did not become expensive  
"to those hiring it," and the Philippines did not lose its

<sup>9</sup>This kind of thinking finds its most systematic formulation  
in a recent publication of the International Labor Organization  
(1974), proposing a program of employment, equity and growth for the  
Philippines. Continuously mesmerized by the "labor surplus" in the  
Philippines, this work fails to comprehend that this "surplus" is  
a creation of capitalism and is vital to capitalism's existence. It  
cannot understand that the real problem--expressed in orthodox terms--  
is one of shortage of demand for labor--i.e., the failure of those  
who control the instruments of production to let labor use these  
instruments unless such use promotes their controllers' selfish am-  
bitions. Stared in the face by underutilized capacity in industry  
(see Bautista, 1971), hidden funds in banks, idle lands in agri-  
culture, the report cannot see that these resources can readily be  
mobilized if only their owners were not so concerned with private  
gain. And so, amid hypocritical protestations of concern for the  
Filipino workingman, it can only recommend the intensification of  
his exploitation, in order to promote "employment, equity and  
growth." Worse, it does not even favor the Filipino businessman.  
It proposes his absorption by imperialist corporations.

How different would the conclusions have been if the mission had  
truly come to grips with its subject matter. Once it realized that  
the problem is one of shortage of demand for labor it would have  
suggested that the solution to the problems of unemployment, ine-  
quity, and stagnation is the recapture of the instruments of pro-  
duction from those who now control them and the restoration of these  
to the working class so that the working class can bring them to  
bear upon production and over-all social development. Then the  
"labor surplus" will disappear (and so will the capitalist class as  
well, alas) and, given the vastness of the needs of the society for  
more production, more housing, improved health, educational, and  
recreational facilities, to mention only a few of the urgent matters  
on the people's agenda, a labor shortage may well emerge.

"comparative advantage" in Southeast Asia (euphemisms meaning that the Philippines remained the sweatshop of the region). Questions were being raised about labor in the Philippines being priced above its market price. Increased employment was being proposed, but increased employment at any cost to the working class.

So on and on it goes. In one year the working class is given paper rights; in another year it is denied even those paper rights. Worse, it is subjected to institutionalized neglect and those of its members who display class consciousness are subjected to legalized harassment and suppression. However subjectively sincere the motivation of the government, its objective actions certainly do not jeopardize the interests of its sponsors and their hangers-on.

Is the State functioning in the service of capitalist interests in Philippine manufacturing in the postwar period?

The answer is clearly in the affirmative.

#### 5. Summary of Conclusions

In the Philippine manufacturing sector where labor-capital relationships are clear and unambiguous, conflicts of interests between labor and capital are more prevalent and persistent than in other sectors where these relationships are less pronounced. The percentage of workers in the manufacturing industry who were unionized was more than 3.5 times the percentage of those unionized in all industries in the nation. The percentage of workers in

manufacturing who participated in work stoppages was about 10 times the percentage of workers who joined stoppages in all industries. Work stoppages per man in manufacturing lasted almost twice as long as in the economy as a whole.

On wage issues, wage increases obtained by striking workers were rather marginal, ranging from an average minimum of 2.7 percent of the average daily wage to an average maximum of 16 percent. The minuscule gains of striking workers reflect the difficulty of achieving substantial improvement in the worker's lot in a capitalist society. A reserve army of unemployed--these days euphemistically called "surplus labor"--continuously exerts a downward pressure upon wages, and capitalists fight rather tenaciously for their interests when they think that these interests are being jeopardized or eroded. —

Despite problems that slowed down its perception of issues along class lines, the labor movement displayed a certain degree of class consciousness. In the postwar period, it exhibited an increasing ability to see and understand its problems in a class context prompting suppression of its most progressive segments by the government. By the late 1960s and early 1970s it seemed to be achieving a clarity of purpose. Confrontations with capital seemed more and more to acquire the dimensions and intensity of a class struggle.

Both money wage and surplus value increased in all manufacturing industries as time passed and as the "capital-intensity" of industries went up. But surplus value climbed \* faster than money wages, with the consequence that the rate of exploitation went up. On the average in all manufacturing industries, the rate of exploitation jumped from 175 percent in 1956 to 309 percent in 1971, an increase of 73 percent over the 15-year period.

As among industries, the rate of exploitation was highest in the petroleum industry where it ranged from 953 percent in 1965 to 1,788 percent in 1971, an increase of about 53 percent over a period of six years. It was lowest in the furniture industry where it was 49 percent in 1956 and 83 percent in 1971, an almost 68 percent increase over a decade and a half.

Income distribution in the manufacturing sector turned against the working class in the period 1956-1971. Not only did the share of workers become progressively smaller relative to that of their employers as shown by the increase in the exploitation rate, it became progressively smaller absolutely, as shown by the deterioration of real wages. The magnitude of the surplus value extracted from labor by capital is a measure of labor's direct contribution to capital formation in this country's economy.

The subjective sincerity of the government in protecting labor from various forms of exploitation as shown by the many laws it passed is conceded. Objectively, however, the government's failure to enforce these laws and its recurrent tendency to drift towards patently anti-labor policies make the conclusion difficult to avoid that the government is functioning in the interest of the capitalist class.

Appendix  
Table 1

Work Stoppages in All Industries, Philippines  
Fiscal Years 1957-1972

	Work Stoppages	Workers Involved	Man-Days Idle	Man-Days Idle/Worker
1957	45	13,653	195,373	14.3
1958	64	21,071	413,774	19.6
1959	56	19,884	288,440	14.5
1960	44	19,087	358,552	18.7
1961	60	25,211	275,356	10.9
1962	66	31,286	654,200	20.9
1963	101	55,792	1,000,729	17.9
1964	86	38,795	827,597	21.3
1965	106	81,634	812,074	10.0
1966	98	54,569	786,399	14.4
1967	98	43,782	633,415	14.5
1968	105	52,635	559,325	10.6
1969	120	55,958	989,827	17.7
1970	107	39,058	613,273	15.7
1971	119	52,939	631,708	11.9
1972	136	57,494	1,251,551	21.8

Source: Bureau of Labor Relations, Department of Labor, Manila.

Appendix

Table 2

Work Stoppages in Manufacturing, Philippines  
Fiscal Years 1965-1971  
(in thousands)

	Work Stoppages	Workers Involved	Man-Days Idle	Man-Days Idle/Worker
1965	61	20,752	399,346	19.2
1966	51	13,493	573,827	42.5
1967	47	15,954	398,008	24.9
1968*	-	-	-	-
1969	46	24,473	715,394	29.2
1970	51	16,393	403,921	24.6
1971	60	18,884	362,796	19.2

Source: Bureau of Labor Relations, Department of Labor, Manila.

\* No figures available