Export Opportunities: Women workers organising in the Philippine garments industry

This thesis is presented for the degree of Doctor of Philosophy of Murdoch University

2004

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B.A. Honours (Murdoch)
Declaration

I declare that this thesis is my own account of my research and contains as its main content work which has not previously been submitted for a degree at any tertiary education institution.

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Jane Hutchison
Abstract

Transnational production arrangements have been widely argued to lessen the organising capacities of industrial workers, none more so than in the case of women workers in ‘export’ or ‘world market’ factories in developing countries. This thesis contests this assertion by showing that women workers’ ability to form enterprise unions in the Philippine garments industry are enhanced by transnational production arrangements involving an overseas market. Specifically, the thesis demonstrates that, in order to meet the quality and delivery requirements of overseas buyers and contractors, local owners and/or production managers are forced to routinely keep more production in-house in order to exert more direct controls over the work processes of their women sewers. By thereby limiting the amount of local subcontracting which is done, women workers are agglomerated in larger numbers in the one place and, consequently, their capacities to engage in collective action – as indicated by the establishment of enterprise unions – is markedly increased.

Empirically, the argument of the thesis draws on a ‘multiple-case’ study of sixty-five garment-making establishments located in and around Manila. The study involved interviews with owners, production managers and/or trade union officials about the local subcontracting practices of their establishments. The conclusions drawn about the links between export production and enhanced labour organising capacities at the enterprise level are corroborated by the ‘commodity chain’ literature on industrial deepening in the international garments industry and the status of the Philippine industry in this regard. But
rather than think simply in terms of industrial deepening, this thesis is concerned with the impacts of exporting on class processes.

Theoretically, the thesis thus draws on the Marxist view that capitalist development entails changes in the social form of labour, through the real subsumption of labour. But, whereas Marx linked the real subsumption of labour to greater capitalist controls over the labour process, in this thesis the real subsumption of labour is also tied to concomitant changes in the spatial form of the labour process. From this standpoint, the thesis engages with labour process theory after Braverman (accusing it of often failing to link capitalist control to class processes) and with theories of class (which often ignore the social and spatial form of the labour process). In tying organising capacities of women workers at the enterprise level to changes in social and spatial form of the labour process, it is nevertheless argued that these capacities are also shaped at the national level by the legal framework for legitimate organising and by ‘political space’ in which the law in fact operates. In this regard, it is argued that, whilst the state often passes laws to protect labour standards, it does not grant workers the means to ensure such standards are actually enforced.

The thesis also challenges the view that the recruitment of women is a strategy which employers deliberately use in the Philippine garments industry to limit industrial conflict. Against this assertion of a rational economic basis to women’s employment, the thesis argues that women are employed for sewing jobs as a result of the sex-typing of such jobs; but that this is also more an effect than a cause as the feminisation of sewing in the modern garments industry is embedded in class processes in the nineteenth century in Europe
and the United States. Gender is a dimension of labour control, but women workers in the garments industry are not employed to limit enterprise unionism.
Acknowledgments

I wish to extend heartfelt thanks to my two supervisors, Professors Herb Thompson and Garry Rodan. Also, for their great guidance and support I wish to thank the following. In Perth, Associate Professor Michael Pinches at the University of Western Australia, my friends and colleagues in Politics and International Studies and the Asia Research Centre at Murdoch University (past and present) and, in the Philippines, Peter Limqueco, Jenny and Ray Capa, Rene Ofreneo and his colleagues and staff at UP SOLAIR, Rosalinda Pindeda-Ofreneo, Rosario del Rosario, Mariz Carbonell and, most of all, Lorenzo Leones. Without these people and the many others who kindly gave of their time to be interviewed, this thesis would not have happened.

In addition, many personal thanks to Bill Ethell for some original inspiration; June Hutchison and Noeline Trenorden for proof reading and formatting the thesis; and Andrew Adamson for happy days at home.
## Glossary

<table>
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<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>BOI</td>
<td>Bureau of Industry</td>
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<tr>
<td>CBA</td>
<td>Collective Bargaining Agreement</td>
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<tr>
<td>CIR</td>
<td>Court of Industrial Relations</td>
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<td>CLO</td>
<td>Congress of Labor Organizations</td>
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<td>CPP</td>
<td>Communist Party of the Philippines</td>
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<tr>
<td>CRC</td>
<td>Centre for Research and Communication</td>
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<tr>
<td>CTUHR</td>
<td>Commission on Trade Union and Human Rights</td>
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<tr>
<td>DOLE</td>
<td>Department of Labor and Employment</td>
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<tr>
<td>EILER</td>
<td>Ecumenical Institute for Labor Education and Research</td>
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<tr>
<td>EOI</td>
<td>export-oriented industrialisation</td>
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<tr>
<td>EPZ</td>
<td>export processing zone</td>
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<tr>
<td>GATT</td>
<td>General Agreement on Tariffs and Trade</td>
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<td>GBAP</td>
<td>Garment Business Association of the Philippines</td>
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<tr>
<td>GTEB</td>
<td>Garments and Textile Export Board</td>
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<tr>
<td>ILO</td>
<td>International Labour Organisation</td>
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<tr>
<td>ISI</td>
<td>import-substitution industrialisation</td>
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<tr>
<td>KMK</td>
<td><em>Kilusan ng Manggagawang Kababaihan</em> (Women’s Workers’ Movement)</td>
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<tr>
<td>KMU</td>
<td><em>Kilusang Mayo Uno</em> (May First Movement)</td>
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<tr>
<td>LACC</td>
<td>Labour Advisory Consultative Council</td>
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<td>MFA</td>
<td>Multi-Fibre Arrangement</td>
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<td>MOLE</td>
<td>Ministry of Labor and Employment</td>
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<td>NAFLU</td>
<td>National Federation of Labor Unions</td>
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<td>NCSO</td>
<td>National Census and Statistics Office</td>
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<td>Acronym</td>
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<tr>
<td>NEDA</td>
<td>National Economic and Development Authority</td>
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<td>NFL</td>
<td>National Federation of Labor</td>
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<tr>
<td>NGO</td>
<td>non-governmental organisation</td>
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<td>NIDL</td>
<td>new international division of labour</td>
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<tr>
<td>PKP</td>
<td><em>Partido Komunista ng Pilipinas</em></td>
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<tr>
<td>RA</td>
<td>Republic Act</td>
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<tr>
<td>SEC</td>
<td>Securities Exchange Commission</td>
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<tr>
<td>TFDP</td>
<td>Task Force Detainees of the Philippines</td>
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<td>TUCP</td>
<td>Trade Union Congress of the Philippines</td>
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<tr>
<td>UN</td>
<td>United Nations</td>
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<td>UNIDO</td>
<td>United Nations Industrial Development Organisation</td>
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1. Introduction: the study and its significance

Women workers in ‘export’ (or ‘world market’) factories have been a popular target of academic and journalistic research since the late 1970s.\(^1\) Export factories are work sites in developing countries that are linked to the emergence of a ‘new international division of labour’ (NIDL) in which, it is argued, low-wage countries become manufacturing sites for consumer markets in the advanced industrialised world through transnational production arrangements involving direct investment or international subcontracting (Fröbel et al. 1980, Snow 1978, Frank 1980, Arrigo 1980, Elson and Pearson 1981, Fuentes and Ehrenreich 1983, ILO 1984, Grunwald and Flamm 1985, Horton and Lee 1988, Kamel 1990, Pearson 1998).\(^2\) In that the term ‘export factories’ refers specifically to the sites of production in transnational production arrangements, it is not limited to ‘factories’ \textit{per se}, but also includes more ‘informal’ establishments and home-working.\(^3\) Despite this diversity in possible employment forms, the NIDL argument is that working conditions in export

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\(^1\) Export factories are also known as ‘\textit{maquiladora}’ factories.

\(^2\) The International Labour Organisation (ILO 1980) defines subcontracting as ‘the industrial or commercial practice whereby the party placing the contract [the principal] … requests another enterprise or establishment (subcontractor) to manufacture or process parts of the whole of a product or products that it sells as its own’. Under commercial subcontracting, the principal is a wholesaler or retailer whereas under industrial subcontracting the principal is another manufacturer. In either case, the subcontracting firm may be fully or partly owned by the principal. In this thesis, I use the term ‘local subcontracting’ for subcontracting that is initiated by a local principal – a firm located in the Philippines. Local principals may themselves be participants in international subcontracting arrangements, mostly of a commercial kind given the ‘buyer-driven’ status of commodity chains in the contemporary garments industry (Gereffi 1994, see Chapter Four).

\(^3\) The distinction between ‘formal’ and ‘informal’ \textit{establishments} denotes differences in the degree to which employment conditions are more or less regularised and in conformity with existing legal requirements. I am not adopting the extended meanings that these two terms acquired when applied to different \textit{sectors} of the economy in development policy debates in the 1970s (ILO 1972 and 1974, Weeks 1975). In particular, I reject any suggestion that the ‘informal sector’ arises because it has been \textit{excluded} from development through state policies which have a ‘distorting’ effect on market processes that would otherwise encourage the more efficient and equitable distribution of productive resources. For critical comment on the application of these terms to economic structures, see Bromley 1978, Moser 1978, Gerry 1987 and Portes and Sassen-Koob 1987).
factories are universally poor on account of their *raison d’être*, that is, their establishment in places where labour is especially ‘cheap to buy, abundant and well-disciplined’ (Fröbel et al. 1980: 15). Accordingly, the NIDL-based literature is characterised by the assertion that low wages, inadequate health and safety standards, and an absence of union representation are all defining features of export factories.

This thesis challenges the NIDL perspective on labour in export factories, most specifically the assertion that transnational production arrangements geared to exporting are a particular cause of low levels of unionisation. In the Philippine garments industry in the early 1990s, I found that women workers were in fact generally *better* able to establish and sustain independent enterprise unions in the exporting sector than they were in the sector that produced for the domestic market. Most importantly, production for an overseas market was an enabling condition of this. In firms producing for export, women workers’ abilities to form enterprise unions were appreciably enhanced by changes to the social and spatial form of the labour process which were a direct response to the stricter quality and delivery requirements of overseas buyers and contractors. To meet these stricter requirements, local owners and production managers in the Philippines were forced to exert more detailed controls over the immediate work processes of their sewers and, in

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4 In the Philippines, the term ‘independent union’ is more usually applied to local unions which are not affiliated with a larger labour federation or centre. However, I use it to denote unions that are self-organised and, hence, not established and/or controlled by management or the state. Enterprise unions in the garments industry have male and female members, but the latter predominate given the nature of gendered divisions of labour in the industry. Sewing accounts for about 80 percent of workers employed (ILO 1987b: 24) and sewing is highly feminised (see Chapter Three).

5 The labour process ‘is the way in which work is organised’ (Willis 1988: 3).
order to achieve this, they mostly had to limit their use of local subcontractors to keep the bulk of production in-house. This was most pronounced in firms producing for the ‘middle’ to ‘upper’ ends of the apparel market where there is greater value-adding through quality, design, fashion and/or branding.

Women workers were generally better able to form independent enterprise unions in exporting establishments as a result of these changes through their greater agglomeration under one roof. It is well established that the ‘organisational coherence’ of workers is limited by their spatial dispersal (Massey 1995: 56, Rainnie 1985, Lembcke 1991); however, this is especially the case when, as in the Philippines, there is a legal requirement that workers bargain collectively at the enterprise level. The largest exporting establishments in the garments industry had workforces of female sewers in-house numbering in the hundreds, and even thousands. Not all these factories were unionised; but it was in them that there was clearly the greatest concentration of enterprise unions in the industry. As local subcontracting is widely practised in commercial garment making in the Philippines, the persistent occurrence of these large factories needed explaining. By doing this, the thesis establishes that exporting was an important condition of existence of

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6 I use the term ‘exporting establishment’ to make the important distinction between firms and workplaces. Large firms (by the value of their exports) have small establishments (by the number of sewers in-house) if they engage a lot of local subcontractors.

7 There is no one, consistently used definition of ‘small’ and ‘large’ enterprises in the Philippines. The National Statistics Office defines ‘large’ enterprises as having 10 or more workers. In the mid 1980s, this meant that only 2 percent of registered garment-making establishments were ‘large’. Alternatively, in the policy literature on ‘small-scale industries’ or enterprises, the term ‘small’ is normally applied to establishments with 10-99 workers (see Philippine Journal of Statistics 1988: ix). In this thesis, a ‘large’ or ‘larger’ establishment is one with more than 100 workers employed as it is in such establishments that enterprise unions are overwhelmingly concentrated (see DOLE 1988: 8 and 19).
enterprise unionism in the Philippine garments industry, all other determinants being equal.

An exceptional case?

But what is the general relevance of a single-industry study? What if the findings in this case are merely an exception to the rule for labour organising in export factories? If the NIDL proposition under challenge were an empirical law then the discovery of one counterfactual would be enough to disprove it because laws of this type are universals and so ‘do not suffer exceptions’ (Elster 1989: 9-10). However, propositions about social phenomena are rarely (if ever) laws of this kind; instead they are normally ‘statements of chance’ which express the statistical probability (or likelihood) of an occurrence (Gibson 1960: 141). In these terms, the NIDL proposition can be argued to withstand the occurrence of a few empirical anomalies. These exceptions may be interesting, but they do not negate what is otherwise a general tendency in export factories.

Yet, there are two problems with this line of argument. The first is that the Philippine garments industry is not easily dismissed as an empirical exception because other researchers in the past have not found it to be so (see Paglaban 1978, Aguilar 1983 and 1985, Catalla 1985, Aldana 1989, Pineda-Ofreneo 1983 and 1994). Indeed, quite the contrary, other researchers have presented the Philippine garments industry as a ‘critical case’ in which the conditions for the NIDL proposition to hold true are all present (Yin 1989: 42). True, none of these researchers have been specifically concerned with the state
of industrial organising among female garment workers; instead they have been more concerned to document the international and local subcontracting arrangements that are a regular feature of the industry. But this is not to say that in this literature there is no mention of industrial organising by women workers in the larger export factories; rather it is that when such organising is brought up, it is simply presented as evidence for the NIDL proposition that conditions in the industry are especially harsh on the grounds that it is indicative of the workers’ own discontent (see Pineda-Ofreneo 1994: 173-74, Aldana 1989: 88). In short, these researchers saw nothing in the Philippine garments industry that led them to conclude that it was exceptional in any way.

As a consequence, it is necessary to explain why there are two competing interpretations of the significance of the Philippine garments industry in relation to the NIDL perspective on export factories. One possibility – which I reject – is that the timing of my research made a difference in that circumstances in the industry had changed in the intervening period.8 For example, there are no data on trends in the use of local subcontractors in the industry over time, but it is most doubtful that matters were substantially different with regards to exporting in the previous decade. Local owners and production managers did not speak of the curtailment of local subcontracting as a recent development in the early 1990s, although they did claim that the pressures in this regard were generally intensifying. More pertinently, two studies in the early 1970s found that establishments in the exporting sector were generally more ‘modern’ in their production techniques than those which

8 Lin (1987) notes the impact of the timing of research into labour conditions in the export electronics industry in Malaysia and Singapore.
produced only for the domestic market (Abad 1975, Garfinkel 1972). Whereas the latter was largely 'cottage-based', the former was observed to include large factories with greater divisions of labour, production flow systems and specialised machinery. As stated above, the later, NIDL-based literature itself makes mention of the existence of large exporting factories in the industry; it is simply that the significance of their occurrence is not discussed. In short, the two different interpretations of the same industry are not the result of major empirical changes over time; rather, as I argue below, the reasons are principally methodological and theoretical. 

Method matters

There is a second problem with suggesting that the NIDL proposition is a 'statement of chance' which can accommodate some anomalies. It is that the proposition does not take this form. It claims in fact that harsh working conditions in export factories are a 'definitional truth' of their existence; in other words, that they are something 'whose truth is a matter of … definition' (Ryan 1970: 57). As a consequence, there is no perceived need in the literature to actually test for the connection between harsh conditions and exporting. Indeed, under these circumstances, 'nothing can count as a test', because it 'simply makes no sense' to conceive of a counterfactual 'in which the antecedent does appear, but the consequent does not' (Ryan 1970: 58, emphasis in the original). Accordingly, the data presented on wages and

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9 Theoretical in the sense that theory involves ‘a set of concepts, the construction of a set of objects on the basis of such theory, and the postulation of a domain of evidence relevant to such concepts and propositions’ (Hirst and Zeitlin 1991: 23).

10 For a discussion of ‘the global factory’ that does not conform to this NIDL form, see Blim (1992).
conditions in export factories are provided to illustrate an argument and not to substantiate it (Wiegersma 1991: 324).

NIDL-based studies of the Philippine garments industry thus share a methodological flaw with the general literature of this kind. Namely, there is a consistent failure to test properly for the actual impacts of export production on wages and working conditions as these impacts are instead deduced from the raison d’être of export factories. To quote Linda Lim (1990: 114) on this matter:

A common problem ... is the frequent absence of a comparative standard by which to judge conditions in female-intensive factories. Very few studies evaluate the circumstances of women workers in export factories in direct comparison with control groups of women, or even men, working in other industries or occupations, or who do not work at all. Where comparison is made, it is implicitly or even explicitly made with prevailing conditions in developed countries, which is not helpful in evaluating the developmental impacts of export manufacturing in the developing countries.

The implications of this methodological failing are clearly borne out in other studies that do compare the employment conditions in export factories with those in other female-intensive jobs and industries. Broadly, these studies have found that conditions in export factories are in fact generally an improvement on those that are available in the other existing jobs and industries. For example, from surveys conducted in the Visayas region of the Philippines, Chant and McIlwaine (1995: 169-70) concluded that export manufacturing 'provides women with relatively privileged employment' in the face of otherwise quite 'limited' options. Not only were wage levels mostly higher in export manufacturing, the prospects for longer term employment for
women workers were greater. 11 These findings are supported by Lim’s (1990: 109) survey of the literature on this topic. She argues that, for women workers in both Asia and Latin America, the wages in export factories are ‘usually higher than what they could earn as wage laborers in alternative low-skilled female occupations’. As Foo and Lim (1989: 215-16, emphasis in the original) elaborate:

In terms of the consequences of export factory labour, women workers are clearly economically better off as a result of their jobs than they were before. They are also better off compared to other, more numerous, female wage workers employed as domestic servants, agricultural labourers, helpers in small local shops, and unpaid family labour.

Yet these studies are mostly framed by debates in the ‘women and development’ literature over the impacts of capitalist development and paid employment on women’s socio-economic status in society. Accordingly, they are more interested in women workers as women than as workers, and therefore with various hypothesised indicators of changes in their status in the household and labour market. Yet, Lim (1990: 111) also makes the pertinent observation that ‘in many [developing] countries female-intensive export industries are more heavily unionized than other sectors of the urban-industrial as well as rural economy’. She argues that this is because ‘large industrial enterprises’ offer ‘a better opportunity for organization than most other forms of employment’. My point is that this matter is simply not generally pursued in the

11 There are other studies of labour conditions in various export processing zones (EPZs) in the Philippines. These argue that the conditions in the zones are relatively superior to those in comparable establishments outside (see Warr 1987: 226, Vasquez 1987, Kabeer 1987: 172-75). Vasquez and Kabeer look specifically at the garments industry; however, they are not able to test for the impacts of production for export alone as most exporting firms are located outside exporting zones and therefore appear in both samples being compared.
standard literature on women workers in export factories in relation to debates over labour and transnational production arrangements.

There is another, smaller literature that examines the factors which facilitate or constrain the industrial organising capacities of women workers in export factories in Southeast Asia. However, these factors are variously those to do with gender roles and relations; religious and cultural mores; women workers’ interactions in their places of residence and communities; and the form and level of assistance that they receive from women’s groups and other supporting non-governmental organisations (NGOs) (Mather 1985, del Rosario 1988, Rosa 1994, Cheng-Kooi 1996, Honculada 1996, Hadiz 1997). Important as these issues are, none of these studies touch at all on the possible impacts of exporting itself on the organising capacities of women workers in relation to developments within production (cf. Rock 2001). In this respect, this thesis fills a gap in the literature by directly examining the effects that transnational production arrangements geared to exporting were found to have on enterprise unionism in one industry. In the rest of the chapter, I elaborate on the approach I took in this regard.

**A ‘multiple-case’ study**

Empirically, the thesis principally consists of a ‘multiple-case’ study of the local subcontracting practices of sixty four garment-making establishments in and around Manila in the early 1990s. As Yin (1989: 48-50) explains, a ‘multiple-case’ study comprises a number of case studies that are selected to meet the requirement of ‘replication’ rather than of ‘sampling’. In his words,
sampling necessitates the use of ‘a statistical procedure for selecting the specific subset’ of a population of instances to be researched, in order that the findings can be safely extrapolated to the population as a whole (Yin 1989: 50). By contrast, the replication approach requires that the testing of a proposition be repeated over a number of related case studies. These case studies are taken to be ‘whole studies’ in themselves; accordingly, they are selected for their theoretical, rather than statistical, significance (Yin 1989: 52-53, Burawoy 1985: 17). On this basis, the replication approach is only able to establish the regularity of the occurrence of particular events or associations within that one group of studies; it does not enable generalisations in this regard to the population as a whole under investigation. For this reason, the replication approach is more valuable in determining the actual ‘causal connections’ which are involved in particular events or associations as a way of explaining them (Keat and Urry 1975: 27-32).

The industry study began with an initial visit to one export garments factory in Manila. From separate interviews with the production manager and female president of the enterprise union, I concluded that production for an overseas market was a key condition of existence of the enterprise union in that factory, for reasons I have previously explained. As this observation posed a substantial challenge to the NIDL perspective on export factories, I determined to establish whether this was an isolated instance or not in the industry. By its end, the industry study had examined the various connections between labour organising capacities and exporting in a further sixty-three establishments. These establishments amounted to a cross-section of the industry in that they covered: firms of different sizes (by the value of their exports); establishments of
different sizes (by the number of sewers they had in-house); firms at different ends of the product market; both direct exporters and local subcontractors; and, finally, establishments with an independent enterprise union and ones without.

In this way the industry study established, first, that there was a necessary link between exporting and developments in the labour process that involved curtailing the use of local subcontractors. By this I do not mean that the link was an empirical constant. As already intimated above, the study was not conducted primarily to establish the relative frequency of this link across the industry, although it did find that the association was common within the group of establishments that were investigated. Rather its purpose was to determine the actual ‘causal connections’ involved in the occurrence of the association. On this basis, the study established that exporting of this kind has certain propensities in relation to the labour process, even if those propensities are not always manifested in the same way in all cases. The exporting of garments in the Philippine context has these propensities because it exposes owners and production managers to more ‘mature’ markets for wearing apparel in the advanced industrialised world than exist in the domestic arena. Differences in the two product markets arise because garments have an elasticity of demand of less than one – meaning that consumption of this item tends to fall as a proportion of total consumer spending with increases in the standard of living (Dicken 1998: 294).¹² Producers and retailers in the more ‘mature’ markets have responded by endeavouring to increase relative spending on garments

¹² Obviously this means that the market for wearing apparel in the Philippines can be expected to change along similar lines as living standards in the country improve. This underlines the historical contingency of my claims; albeit it is precisely the dynamics of transnational production arrangements between developed and developing countries that I am interested in.
Local owners and production managers in this study all agreed that exporting places special demands on them in this regard. What is more, they stated that this was the case even when their own actions vis à vis the use of local subcontractors were not entirely in conformity with those demands. Accordingly, I do not claim in this thesis that exporting had the same effects on the labour process in all sixty-four establishments. In part, this was because the pressures varied for different product lines; however, more generally, this was the result of there being other, countervailing pressures on local owners and production managers in relation to their regular use of local subcontractors. These other pressures included the desire to prevent workers unionising in their own firm or establishment. On this basis, the local owners and production managers were often forced into various trade-offs over the organisation of production. These were generally made according to their own preferences, past experiences and established practices in relation to labour and production. In short, in asserting that there is a necessary connection between exporting and the curtailment of local subcontracting, my argument is that the propensities involved in exporting were real without them always being expressed in the actual form of the labour process.
Critical realism

In making this point, I draw on the distinction that ‘critical realists’ make between the ‘character, properties and powers’ of ‘relatively enduring relations’ (or mechanisms) and the empirical events that they generate (Collier 1994: 61-62, also Keat and Urry 1975, Bhaskar 1979, Outhwaite 1987, Lawson 1997, Joseph 1998). For critical realists, ‘explanation does *not* consist in subsuming that which is to be explained under a generalization’; rather, generalisations ‘only gesture towards the explanatory work, which begins when a mechanism generating a tendency has been located’ (Collier 1994: 67, original emphasis). Accordingly, critical realists are committed to ‘vertical’ forms of explanation over ‘horizontal’. Whereas ‘horizontal’ explanations refer to antecedent causes of observed events or associations, ‘vertical’ explanations identify the more basic relations or tendencies that are at work (Collier 1994: 48-50, Joseph 1998). In this, Bhaskar uses ‘the metaphor of “digging” to highlight how critical realism ‘looks beneath the course of events to the mechanisms that generate it, and beneath each layer of mechanisms to the one that founds it …’ (Collier 1994: 49-50).  

This is not to imply that the underlying relations or mechanisms are the cause of empirical events; instead, they are better thought of as the conditions of existence of such events. This is because, whilst the events being explained do not always occur in their presence, the same events would not have happened in their absence (Gould 1983: 60-63). Events do not happen with law-like regularity because, in an ‘open-system’, there is ‘a multiplicity of causal

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13 Critical realism is therefore also given the name ‘depth realism’.
mechanisms at work at any time’ (Outhwaite 1987: 174, also Collier 1994: 64). Furthermore, ‘the causal power of [relatively enduring relations] is mediated by human agency’ (Bhaskar 1979: 32). As such, critical realists understand that the social world is ‘the continually reproduced outcome of human agency’ at the same time that it is the ‘ever-present condition’ of human agency (Bhaskar 1979: 43, original emphasis). This means that as objects of knowledge in the social sciences, people and relatively enduring relations or mechanisms are ‘ontologically different’ whilst also being ‘ontologically dependent’: ‘people are not relations, societies are not conscious agents’, but equally they do not exist independently from the other (Collier 1994: 147, also Bhaskar 1979: 44-45).14 This reflects Marx’s view that the individual and society are ‘integrally related’ (Frisby and Sayer 1986: 91, see Marx 1973: 265).

As I have stated previously, not all local owners and production managers in the Philippine garments industry reacted in the same way to the constraints that exporting placed upon them in their use of local subcontractors. Yet, it was also clear from the interviews that production would not have been retained in-house when it was, in the absence of the pressures from exporting because the countervailing pressures were simply then too great. This raises the additional point that the propensities in exporting were themselves conjunctural in that they were manifested under certain conditions. For example, some local owners and production managers in the study suggested that a significant increase in the then value of the official minimum wage would cause them in future to engage more local subcontractors in order to cut the

14 If nothing else, human agency is ‘ontologically different’ from enduring relations or mechanisms because ‘intentionality ‘has its own conditions of existence (Collier 1994: 141-56).
proportion of sewers on that wage. Also, it appeared that the relative militancy of established enterprise unions had a similar effect on the decision making of local owners and production managers. Neither assertion could be tested in the time-span of the study; however, they highlight that necessary tendencies have their own conditions of existence too (Collier 1994: 125).

Even more in relation to the second finding of the study – that changes to the labour process as a result of exporting had a positive impact on labour organising capacities in the industry – it needs to be stressed that exporting is a condition of existence of enterprise unionism and not its direct cause. This is because, again, there is a multiplicity of factors involved in the formation and effective operation of enterprise unions. However, as intimated before, this thesis is not concerned to explain all the factors involved in unionisation as such; rather the focus is on the particular consequences of exporting given its significance in relation to broader debates around labour and globalisation. In this, I am concerned to merely elaborate on the context in which exporting was found to have the impacts that it did on labour organising capacities in this industry. One of the most important of these was the nature of the politico-legal space for labour organising at a broader level in the Philippines (see Chapter Five).

To this point I have spoken of the propensities in exporting in relation to the use of local subcontractors and labour organising capacities in the industry as a result. However, consistent with the critical realists’ invocation to ‘dig deeper’, I argue that these propensities in exporting are further embedded in certain necessary tendencies within capitalist class relations in production.
theoretical terms, the thesis is thus strongly grounded in a Marxist understanding of those tendencies, most particularly with regards to the processes involved in the real subsumption of labour to capital. In short, I argue that the impacts of exporting are best understood in terms of the changes that they induce in capitalist class relations at the point of production.

**A class approach**

I have argued that local owners and production managers in the export garments industry in the Philippines have tended to keep their regular sewers in-house, principally in order to be able to exert more detailed controls over the immediate labour process. This control can be conceptualised in a number of ways: however, I view it in relation to developments in capitalist class relations at the point of production (see Bryan 1995b: 423 and Barkin 1981). ‘Class’ is the generic term for the process in which, to use Marx’s phrase, ‘surplus labour is pumped out of the direct producer’ (in Meiksins Wood 1995: 76, also Resnick and Wolff 1987). At one level, local owners and production managers in exporting in the industry were obliged to avoid local subcontractors to achieve improvements in product quality and, as a result, less wastage of raw materials through the need to discard or repair sub-standard sewing. However, in addition to these developments in relation to the objects of the labour process, there were transformations in its social form involving changes in the ways in which work was drawn from workers on a daily basis.

But as Massey (1995: 56) argues, the reproduction of the social relations in production ‘takes place over space, and this conditions its nature’ or form. In
bringing production in-house, local owners and production managers sought to
deal with the ‘problem of labour’ as it exists in terms of each individual worker’s
relationship to the labour process.\(^\text{15}\) However, an unintended consequence of
the agglomeration of workers in large numbers in one place was that local
owners and production managers were often then forced to face the ‘problem of
labour’ as a collective entity. This had further consequences for the
management of labour on an individual basis as the spatial concentration of
production led to changes in the ‘class capacities’ of workers, by which it is
meant in this case that there were changes in workers’ capacities ‘to act in
relation to’ their immediate employers and managers over class processes at
the point of production (see Therborn 1983: 38).

The ‘best empirical referents’ for workers’ enhanced collectivity are the
organisations which they form (Lembcke 1991: 89). Given ‘the labour
movement’s general weakness within class relations’ at a national level in the
Philippines (Woodiwiss 1998: 88), enterprise unionism is an accomplishment of
organising as much as it is its primary vehicle. Accordingly, in this thesis, the
occurrence of independent, enterprise unions is regarded as a measure of the
organising capacities of women workers in the garments industry. Thus, having
observed that enterprise unionism is concentrated in the larger factories in the
export sector, I have endeavoured to explain why this happens by indicating the
underpinning tendencies involved. Accordingly, the thesis addresses debates

\(^{15}\) The ‘problem of labour’ refers to the need to ‘extract’ work from workers (Gintis and Bowles
1981) as ‘what the worker sells, and what the capitalist buys, is not an agreed amount of labor,
but the power to labor over an agreed period of time’ (Braverman 1974: 54, original emphasis).
The ‘gap’ between potential and actual labour is not the theoretical preserve of Marxists
approaches take the problem to be one of workers ‘shirking’ or ‘free-riding’ in the absence of
market incentives, the Marxian model links the problem to exploitation.
over labour and globalisation by looking for the actual connections between transnational production arrangements geared to exporting and the enhanced organising capacities of women workers in one industry. As a multiple-case study, it meets the criteria that Yin (1989: 49) sets out for it by stating the conditions under which these actual connections do and do not occur. In this way, he concludes, such studies become ‘the vehicle for generalizing to new cases’; they become the means to new approaches.

The chapters

The next chapter deals in more detail with the theoretical underpinnings of this thesis. In so doing, there are three main objectives. The first involves establishing how my own Marxist approach to the issue of transnational production arrangements differs fundamentally from the ‘world systems’ framework of the NIDL perspective. In this I focus on the different understandings of the origins and significance of developments in the division of labour, within society and production, that are embodied in the two competing approaches. From this the second objective is to clarify the concept of the real subsumption of labour and its place in Marx’s writing on the capitalist labour process. In elaborating on his concern with the social form of labour as against the actual physical form of the labour process, I engage with various debates in the field of labour process theory after Braverman (1974), again primarily to highlight what is distinctive in my approach. Thereafter, the third objective of the chapter is to clarify my use of the term ‘labour organising capacities’ – and/or ‘class capacities’ – in relation to changes in the social form of the labour process with exporting in the Philippine garments industry.
Chapter Three continues my critique of the standard NIDL literature on export factories, this time specifically in relation to the assertion that the recruitment of women is a rational economic strategy which employers further pursue to ensure that their workers are low-paid and compliant. I reject this claim, pointing out that occupational segmentation along gender lines in the contemporary garments industry was first laid down in the early stages of its industrialisation. Whereas employers' rational economic calculations played a role in the past in the substitution of male workers for female workers, in the present the occupational segmentation is reproduced via the sex-typing of both workers and their tasks. In other words, the employment of women reflects unexamined assumptions about the nature of men and women and their perceived suitability for different kinds of work.

Chapter Four covers the rise of an export garments industry in the Philippines. To do this it draws on insights from the 'commodity chain' literature to argue that there is potential upgrading of the labour process through transnational production arrangements. However, I also show that, despite similar opportunities, garment producers in the Philippines generally did not achieve the same levels of industrial deepening as those in Hong Kong, Taiwan and South Korea from the 1960s. Yet, it is precisely as a result of this industrial upgrading in East Asia, in the context of the application of quotas under the Multi-Fibre Agreement (MFA), that the Philippines was able to achieve expansion in its export garments industry in the 1970s and 1980s. This chapter thus describes developments at the international level that I argue in Chapter Six are reflected at the local level in the limits that are placed on the routine use of local subcontractors when production is oriented to an overseas market.
Labour organising capacities in the Philippine garments industry are not simply effected by the nature of transnational production arrangements; they are also quite obviously an effect of changing class capacities at a national level. Chapter Five is therefore concerned with the national politico-legal space for labour organising in the Philippines at the time of my research. The nature of this space is explained through an examination of its ‘historical causes’ over time, which themselves are argued to be an outcome of labour’s generally weak status in class relations at the national level. Accordingly, I also map key turns in the scholarship on this issues, especially within the field of comparative industrial relations theory. Of particular relevance to the timing of my own research, I argue that perspectives that focus on trade union ‘types’ are limited in their capacity to explain changing organising capacities, in that they are concerned mostly with ‘endogenous’ factors like the political orientation of the trade union leadership. Overall, this chapter underlines my assertion that enterprise unionism in the Philippines is an achievement of struggle as much as it is also one of its vehicles.

Then, in Chapter Six, I explain in detail how exporting induces changes to the labour process in the Philippine garments industry which involve a furthering of the real subsumption of labour. This is done by revealing the results of my survey of the local subcontracting practices of sixty-four establishments in and around Manila. In showing that local owners and production managers are pressured to conform to the quality and delivery requirements of their overseas buyers and/or contractors, I am also concerned to stress the part that class capacities in the particular establishment and industry play as well in shaping the organisation of production.
Finally, the Conclusion addresses the contribution this thesis makes to debates around labour and globalisation. In this regard, it is reiterated that the research affords a concerted examination of developments in production when often the focus has been on the impacts of capital mobility per se. The particularities of the Philippine garments industry mean that one cannot generalise in empirical terms to the circumstances for workers in export factories as a whole; yet it is possible, from this one case study, to refute the NIDL assertion that labour organising capacities in export factories are necessarily lowered by their insertion in transnational production arrangements.
2. Dividing labour: debating the capitalist labour process and class

It is a contention of the NIDL literature that harsh conditions in export factories are an outcome of the decision to locate production in areas where labour is ‘cheapest and most exploitable’ (Fröbel et al. 1980: 5). Accordingly, labour’s subordination is claimed to arise primarily from the greater mobility of capital in a world of uneven development. However, labour’s containment is not settled by the selective recruitment of particular kinds of workers from ‘spatially-differentiated labour markets’ (Massey 1995: 53).\(^{16}\) This can make a difference (Peck 1996: 12-14); but at some point production must still proceed and then there is the problem of getting work from workers (Jonas 1996: 326, Haiven et al. 1994: 278-79). In the Philippine garments industry, I found that production for an overseas market stimulated changes in the responses of local owners and production managers to the ‘problem of labour’ which entailed a furthering of the real subsumption of labour to capital. These changes to the social form of the labour process had a generally positive impact on workers’ capacities to unionise at the enterprise level as they increased ‘the spatial boundaries’ of labour’s ‘organisational coherence’ (Massey 1995: 56).

Thus, whereas the NIDL perspective pays great attention to the effect of the mobility of capital on labour’s bargaining status, in this thesis I am concerned with other dimensions of transnational production arrangements and how they impact on labour organising capacities. The difference is not merely one of focus, it is also one of ontology, because behind the shift in focus there

\(^{16}\) The selective recruitment strategy argument applies also to the hiring of women – see Chapter Three.
lie basic disagreements over the essential processes of capitalist development. Accordingly, this chapter begins with the NIDL perspective’s grounding in ‘world systems theory’ (Wallerstein 1979 and 1987), comparing its ‘neo-Smithian’ orientation to developments in the division of labour with the alternative class approach of Marx (1990). Thereafter I explain Marx’s use of the terms the ‘formal’ and the ‘real subsumption’ of labour and their significance vis à vis his writing on the capitalist labour process. Whilst Marx was concerned with the social form of the labour process, I argue that labour process theory after Braverman (1974) has often paid more attention to the technical form of the labour process. Alternatively, when the literature has focused on relations of control between labour and management, it has often been outside a Marxist framework which includes his ‘labour theory of value’ – or more properly, his ‘value theory of labour’ (Elson 1979, Spencer 2000).

After then discussing how I understand Marx’s notion of the real subsumption of labour to apply to developments in the labour process in the export garments industry in the Philippines, the chapter closes with some further clarification of the notion of ‘class’ as a relation or process which is the object of conflict in the work place (Meiksins Wood 1995b) and ‘class capacities’ which express the relative strength or weakness of labour and capital in class relations (Therborn 1983: 38).

Divisions of labour

The NIDL thesis draws directly on ‘world systems’ theory in stressing that conditions in production are determined by their mode of insertion into
international divisions of labour (see Wallerstein 1979 and 1987, Chase-Dunn 1981). In general usage, ‘division of labour’ refers to the separation of tasks and/or workers which occurs with greater job specialisation. However, in this the term is variously applied to four related, but distinguishable, processes: the fragmentation of tasks; the allocation of different workers to those tasks; the allocation of different people to different tasks (as in gender and race-based divisions of labour); and, finally, the spatial separation of different tasks and workers through their division in production (Sayer and Walker 1992: 19, Garnsey 1981: 338-40, Massey 1995: 25). The NIDL thesis covers all four of these uses of the term ‘division of labour’, but as the third (involving gender) does not pertain directly to developments in the international division of labour, it is addressed separately in the following chapter.

For world systems theorists, the spatial arrangement of economic activity is central to the course that capitalist development takes on a global level. Indeed, the world economic system is defined by the existence of a single, world-wide division of labour in which ‘the various sectors or areas within are dependent upon economic exchange with others for the smooth and continuous provisioning of the needs of the area’ (Wallerstein 1979: 5).\(^\text{17}\) This international division of labour involves not merely the spatial separation of different industries and their products; crucially it is founded upon marked differences in the ways in which ‘labor, technology, raw materials, and fixed capital are combined’ across the world (Chase-Dunn and Rubinson 1991: 32, Hopkins and

\(^{17}\) The world economic system is said to also feature an attendant unequal state system; however, I do not cover this here as Fröbel et al. (1980) are of the view that political repression in the periphery is an outcome of the (new) international division of labour. For criticisms of this ‘economism’ in world systems theory in general, see Skocpol (1977).

As for capitalism, it is defined in world systems theory as ‘production for sale in a market in which the object is to realize the maximum profit’ (Wallerstein 1979: 15). On this basis, capitalism and the world economic system are thought to be ‘indivisible’: two facets of the same phenomenon because both are linked to the emergence of a world market through trade (Wallerstein 1979: 6). As such, wage labour is not considered to be a condition of existence of capitalist production; instead it is considered to be ‘only one of the modes in which labor is recruited and compensated in the labor market’ (Wallerstein 1979: 17). Fröbel et al. (1980: 24) echo this very point in asserting that, as ‘the prime mover behind capitalist development’ is profit, wage labour is only deployed when the alternatives are less financially advantageous. Accordingly, it is assumed that capitalists choose their method of labour deployment ‘freely … by assessing rationally the best means for maximizing profits’ under prevailing conditions in the market (Skocpol 1977: 1079).\(^\text{18}\)

Fröbel et al. (1980) assert that the ‘mix of [production] mixes’ in the world system is only further refined, not significantly altered, by the international division of labour being introduced at the detailed or sub-commodity level. In this regard, technological advances in transport and communication are argued to have facilitated the greater decomposition of the labour process in

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\(^{18}\) The same argument is made for the employment of women in export factories (see Chapter Three).
manufacturing and its subsequent dispersal across the globe. The two motivations for this development are captured by Elson’s (1986: 45) use of the term, ‘the internationalisation of the Babbage principle’.

Whereas the Babbage principle refers to a rationalisation for deskilling – the cheapening of labour power through the employment of a greater proportion of lower skilled, lower paid workers (Braverman 1974: 79-81) – its internationalisation denotes the recruitment of such workers from the periphery through the movement of production offshore. In these terms, the new international division of labour represents a new stage in the world economic system, but it does not qualitatively change the unequal development that preceded it. Whilst products coming out of the periphery have changed – from ‘bananas to pyjamas’ (Jenkins 1984: 31) – the accompanying production mix is essentially unaltered because the worst jobs are still in the periphery. The only key difference is that the international division of labour is now ‘integrated authoritatively through a capitalist firm’s planning and control structure, rather than through market processes’ (Arrighi 1990: 52). However, as argued below, this transformation is of no real consequence to Fröbel et al.’s (1980) understanding of capitalist development because they retain the view that changes in production are linked to developments in the market.

For this reason, as for world systems theory in general (Brenner 1977), the approach of Fröbel et al. has been labelled ‘neo-Smithian’ (Jenkins 1984: 29, Fine 1982: 35-40). Yet there are some differences: whereas Smith (1982: 121) was concerned with the extent of the commodity market, Fröbel et al. focus on the emergence of a world-wide market for labour (Jenkins 1984: 29) – the
world-wide market for commodities being already established. Further, in analytical terms, Smith (1982: 126) was mainly concerned with the unmediated responses of independent producers to demand in the market as a basis for arguing the case for free trade. Fröbel et al., on the other hand, are mainly concerned with divisions of labour which are imposed on workers within production. However, as I have already intimated, it is important to stress that Fröbel et al. attribute no particular analytical significance to capitalists’ command over the labour process. Quite the contrary, this command or control is a taken-for-granted occurrence as the developments that the authors highlight are only those which pertain to the greater mobility of capital: ‘the push’ of advances in transport and communication technology and ‘the pull’ of surplus, cheap labour in the periphery.

In marked contrast, when discussing developments in the division of labour at the ‘detailed’ (or sub-commodity) level, Marx was principally concerned with the consequences of capitalists having control over the labour process. The essence of his argument against Smith (1982) is that capitalist production has certain specificities which are only grasped if labour is viewed, not in terms of its specialisation in the creation of use values, but in terms of its particular social form in relation to commodity exchange (Dobb 1973: 61). This is a shift from labour ‘viewed qualitatively’ with regards to the production of use values, to labour viewed ‘quantitatively’ in terms of labour time Marx 1990: 302.

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19 Smith (1982: 151 and 168-69) did recognise this development in the workshop – largely as a consequence of the further development of the division of labour (Brown 1988: 158); however, his examples of the relationship between specialisation and exchange – which forms the basis of this argument for expanding the market through free trade – involve independent commodity producers ‘like butchers, brewers and bakers’ (McNally 1993: 53-54, also Oakley 1994: 78, Brown 1988: 73, Fine 1982: 39).
emphasis added). As I show in the following two sections, this is also an actual shift under capitalism that arises with the real subsumption of labour to capital.

The real subsumption of labour

Whilst, for Smith (1982), the origins of the detailed division of labour in the workshop were essentially the same as those for the social division of labour between independent producers (Rattansi 1982: 16-17), for Marx (1990: 474) the two are different – ‘not only in degree, but also in kind’ – because the social division of labour is mediated by the market whereas the detailed variety ‘is mediated through the sale of labour-power of several workers to one capitalist, who applies it as combined labour-power’ (Marx 1990: 476). Or, whereas the social division of labour ‘presupposes a dispersal of … [the] means [of production] among many independent producers of commodities’, the detailed division ‘presupposes a concentration of the means of production in the hands of one capitalist’ (Marx 1990: 476). The detailed division of labour is qualitatively different from the social division because it depends upon the power to appropriate surplus labour time being ‘integrated more closely and directly than ever before with the authority to organize production’ (Meiksins Wood 1995a: 30).

Marx took the shift from the ‘formal’ to the ‘real subsumption’ of labour to be of greater significance than the emergence of the detailed division of labour per se. There are two dimensions to this shift. The first is its ‘material

20 The ‘social division of labour’ (the occupational division of workers and tasks) is not to be confused with the division of labour within society (the allocation of different people to different tasks, as in the gender division of labour). Marx (1990: 471-72) argues that the former is developed through trade whereas the latter is linked to physiology.
expression’ in changes in the ways in which surplus labour is extracted from workers as surplus value (Marx 1990: 1025). The second is the rise of ‘undifferentiated’ or ‘abstract’ labour as a condition of the production and realisation of surplus value (Marx 1990: 137). I deal with the former first because this is how Marx defines the formal and real subsumption of labour. However, I go on later to explain how both are pertinent to changes in the social form of the labour process through exporting in the Philippine garments industry.

As Marx (1990: 432) explains, with the ‘formal’ subsumption of labour the worker is compelled by dependence upon a wage to accept some direction from the employer. But at this stage, that direction is limited to attempts to increase the duration and continuity of work which ‘in themselves … do not affect the character of the actual labour process’ (Marx 1990: 1021). By contrast, the real subsumption of labour only happens when the labour process itself is transformed (Marx 1990: 1035). As a result, there is thus ‘a complete (and constantly repeated) revolution … in the mode of production, in the productivity of workers and in the relations between workers and capitalists’ (Marx 1990: 1035). This further change in the social relations of production enables the extraction of surplus labour (as surplus value) in relative terms through changes in ‘the respective lengths of the two components of the working day’: that is, by reducing the amount of time that workers need to work to secure their livelihood (under definite social conditions) and concomitantly increasing the amount of time they work which is surplus to their requirements (Marx 1990: 432). Accordingly, what exists as a ‘tendency’ with the formal subsumption of labour
becomes ‘indispensable’ with the real subsumption: the production of ‘as much surplus-value as possible’ (Marx 1990: 1037, original emphasis).

At this point, there is a number of issues that need highlighting as they impinge on the discussion of Braverman and his critics in the following sections. The first is to underline that the real subsumption of labour is not defined by capitalists having control over the labour process (Cohen 1987: 43). The transfer of control over the labour process from the direct producer to the capitalist is a condition of existence of the real subsumption of labour, but it is not its essential feature. Second, the real subsumption of labour develops as ‘a law, independent of the will of the individual capitalist’ (Marx 1990: 1037, original emphasis) and, as such, is an attribute of capitalist production itself. This means that both labour and capital are subsumed to the goal of valorisation. Workers come under the authority of capitalists, but capitalists themselves are subject to competition, wherein competition is ‘the process by which capital circulates’ (Bryan 1995a: 33). Or, in Marx’s (1973: 651) own words: ‘Competition posits as an external necessity, that which lies within the nature of capital; competition is nothing more than the way in which the many capitals force the inherent determinants of capital upon one another and upon themselves’.

Third, the real subsumption of labour is also never complete precisely because it entails a ‘constantly repeated revolution . . . in the mode of production’. Particular forms of work organisation ‘may become normalized’, but they can ‘never be fixed since capitalism remains unstable, competitive, and innovative’ (Thompson and Smith 2000-2001: 61). Fourth and finally, it follows
from this that Marx does not tie the real subsumption of labour to any one particular form of work organisation. As we have seen, the ‘material expression’ of the real subsumption of labour is the production of relative surplus value; however, this is not reliant on the ‘technical subordination of the worker to the uniform motion of the instruments of labour’ through the full mechanisation of production (Marx 1990: 549, cf. Stedman-Jones 1975: 50, Littler 1982: 24, Thompson 1989: 124). The automation of production may constitute a ‘substantial advance in the extraction of relative surplus value’ (Elger 1979: 65), but it is not a requirement. Marx talks ‘equally’ of the real subsumption of labour through the intensification of labour or ‘harder and faster’ work (Berg 1994: 185).  

This is of direct relevance to garments production because the mechanisation of sewing in this industry has left the pace of work largely in the hands of the machine’s operator. Modern sewing machines are power-driven, but their speed is not power-controlled. As I go on to explain in the next part of the chapter, it is the detailed direction of work that is significant in relation to the furthering of the real subsumption of labour in the Philippine garments industry with exporting.

**Debating Braverman**

Braverman’s *Labor and Monopoly Capitalism* (1974) was a catalyst for later debates over Marxist approaches to the capitalist labour process (see Thompson and Smith 2000-2001). But in some quarters, as Spencer (2000: 223) observes, this meant that Braverman (1974) was taken to embody ‘the dangers in drawing on Marx to conceptualise work relations’. For this

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21 With the intensification of labour there is an ‘increased expenditure of labour in a given time’ (Marx 1990: 660).
reason, it is important to examine the nature of Braverman’s contribution to the field of labour process studies in relation to Marx. In brief, in this section I argue that Braverman’s elaboration of the conditions of existence of the real subsumption of labour in terms of the management’s monopolisation of control over the labour process has encouraged debates over qualitative rather than the quantitative aspects of job design, the latter being of primary concern to Marx (cf. Elger 1979). However, this shift has been amplified by readings of Braverman (1974) that have obscured his interest in labour’s treatment under capitalism in favour of other, more technical, concerns about work organisation per se (cf. Cohen 1987, Armstrong 1988, Spencer 2000).

Braverman (1974) accepted the view of Marx (1990: 1037) that capitalist production is directed at creating ‘as much surplus-value as possible’. His contribution was then to argue that the real subsumption of labour is achieved by workers’ knowledge of their own work processes being appropriated by managers for the purpose of thereby denying workers the capacity to self-manage their own labour power. He argued this was necessary because, with the commodification of labour power, ‘what the worker sells, and what the capitalist buys, is not an agreed amount of labor, but the power to labor over an agreed period of time’ (Braverman 1974: 54, original emphasis). On this basis, workers’ own reluctance to yield their labour power is a major obstacle to the goal of maximising valorisation. To tackle this ‘problem of labour’, Braverman (1974: 58) asserts that it is necessary ‘that control over the labor process pass from the hands of the worker into [the hands of the capitalist]’.
For him, this transfer of control is achieved through the deskilling of labour and the introduction of ‘scientific management’. Deskilling he defines as the ‘degradation of work’ that occurs when the direct producers lose conceptual control over their execution of their own work and that control is then monopolised by management (Braverman 1974: 51). Scientific management is the complementary application of science to the task of appropriating of workers’ knowledge of the labour process, to use that knowledge to direct labour in ways that ensure its ‘adaptation … to the needs of capital’ (Braverman 1974: 86). Importantly, for Braverman the real subsumption of labour occurs through changes in the organisation of work and is not dependent upon the automation of production because the scientific management techniques of Frederick Taylor can be applied at any level of technology (Braverman 1974: 85). To his mind, the critical shift with the real subsumption of labour is that control is not limited to ‘the general setting of tasks’, but now involves ‘the dictation to the worker of the precise manner in which work is to be performed’ (Braverman 1974: 90, original emphasis).

Braverman (1974: 257-58) associates the rise of management with ‘monopoly capitalism’ – the concentration and centralisation of capital which ‘severs the direct link between capital and its individual owner’. However, under this ‘institutional’ (rather than ‘personal’) form of capitalism, he argues that the class interests of owners and managers are aligned because, as a rule, they are drawn from the same class group in society. For a critical review of this argument see Carter (1995). In class terms, I do not make a distinction between local owners and production managers in the Philippine garments industry. The employment of a production manager normally went hand in hand with the greater formalisation of employment relations; in part because production managers often possessed a level of technical knowledge that owners seemed to more frequently lack. Workers themselves sometimes made distinctions between the personalities of their own employer and manager; however, there was little ambiguity in their understanding of their essential roles.

Braverman adopts a somewhat circular argument here as he conflates ‘cause and consequence’ in asserting that managers exert control over the labour process by having workers take control of the labour process (see Burawoy 1985: 25).
In reviewing Braverman’s thesis, Thompson (1989: 89) argues that it has both ‘technical and control dimensions’ to it. Whereas the former involves deskilling and the organisation of work in terms of the outcomes for workers, the latter suggests a focus on management strategies in this and other regards. However, this distinction is more a reflection of the bifurcations in the subsequent, critical literature than it is a good indicator of dualistic thinking on Braverman’s part. Whereas Braverman believed that management control is embodied in the organisation of work, the literature that has followed him has often divided over these two concerns, especially as it has departed from the ‘problem of labour’. As a result, much of the labour process literature has focused on issues that are not in the primary purview of Braverman (1974).

On the matter of ‘deskilling’, Braverman was widely accused of overstating its extent in modern industry (see Wood 1982a, Thompson 1989: 89-152). This was thought important in so far as Braverman was believed to argue that deskilling is the central tendency in capitalist production. There is no need to report here on the rich empirical findings of the many case studies that were conducted around this topic (see Burrell 1990: 278); suffice to say that the record was a good deal more mixed than a technical reading of Braverman would imply (Rubery 1980: 256). Later, the ‘flexible specialisation’ debate seemed to invert the Braverman thesis by stressing the limits of deskilling with new technologies and the fragmentation of product markets. However, this debate went well beyond ‘the problem of labour’ to consider the nature of

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Of greater relevance to Braverman’s own concerns were other criticisms that challenged more immediately his understanding of deskilling and its relationship to management control. In relation to the former, Braverman (1974: 82 and 443) was concerned that the loss of the ‘all-round’ skills of craft work – and their replacement with a much narrower range of ‘specific dexterities’ – would lead inexorably to workers losing ‘mastery’ over the labour process and, hence, their own labour power. But Braverman was shown to have in fact conflated three different facets of skill and deskilling which, when ‘unpacked’, can be found to ‘vary (within limits) independently’ of each other (Hyman 1987: 39). In particular, he was accused of assuming that a generalised reduction in the range of tasks that workers are required to perform (job simplification) is equivalent to a reduction and equalisation of the skill levels of workers and, most importantly, that these lead inexorably to a reduction in workers’ job control (Rubery 1980: 255-56, Littler 1982: 7-9). Arising from these concerns was the further criticism that Braverman accordingly reduced the conditions of existence of workers’ bargaining capacities to the single element of ‘aggregated’ job autonomy or ‘sovereignty’ in relation to ‘the properties of individual jobs’ (Lembcke 1993: 4).

This point worked two ways. On the one hand, with regards to craft workers, Braverman was accused of ignoring the part that their collective organising played in the ‘mastery’ they were able to derive from their skills (Thompson 1989: 97, Gustafsson 1991). To quote Rubery (1980: 256,
emphasis added), it was craft workers’ abilities ‘to use their specialized knowledge … to control entry into the craft which improved their bargaining position’. In other words, their capacity to protect their jobs from labour competition through the social construction of skill and the resultant inclusion and exclusion of certain categories of workers was deemed essential. On the other hand, as a group, low-skilled workers do not necessarily have less control over their labour power than other, more skilled workers. Indeed, when combined with other factors like mass production, the agglomeration of workers and the centralisation of capital, the homogenisation of skill can be an element in the conditions of existence of workers’ enhanced capacities to collectively organise (Friedman 1977: 47, Rubery 1980: 256).

In short, a key weakness of Braverman’s argument (1974) is that he treats the real subsumption of labour as a singular process which is centred on the destruction of the traditional skills of craft work (Elger 1979: 77). As a result, the conditions of existence of workers’ class capacities are too narrowly conceived in terms of developments in the division of labour (as work activity) as against divisions among workers (Cottrell 1984: 205). By comparison, Marx’s (1990) discussion of the real subsumption of labour covers various ways in which work and workers can be organised, each having ‘inherent limits and contradictions and characteristic forms of class struggle’ (Elger 1979: 77, also Hall 1977: 30-32).

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25 Issues around the social construction of skill in the contemporary garments industry are discussed in more detail in the following chapter on the employment of women in export factories.
Another section of the post-Braverman literature was concerned more with the actions of managers and, hence, rather less with the outcomes for workers themselves. Nevertheless, a number of the charges made against Braverman in relation to deskilling were repeated. For example, it was argued that he took a ‘monist’ approach to work management by suggesting that the scientific management of Taylorism is also the dominant tendency within capitalism (Storey 1985: 207, also Wood 1982b: 15, Cottrell 1984: 203-4, Bray and Littler 1988: 557, Littler 1990: 48-49). Again, often from the evidence of case studies, it was shown that Taylorism was less extensively applied and less successful in its objectives than Braverman (or Taylor) had supposed (Edwards 1979: 97-104, Wood and Kelly 1982, Burawoy 1985: 63-68, Bray and Littler 1988: 557, Wright 1993). In tandem with these criticisms, other writers developed alternative schemas of control which included a number of other different management strategies vis à vis labour control (Friedman 1977, Edwards 1979, Burawoy 1979). In these terms, particular regard was often paid to the significance of modes of labour control that are less ‘direct’.

Under Friedman’s (1977: 78) formulation, ‘direct control’ is similar to Taylorism in that it features ‘coercive threats, close supervision and minimising individual responsibility’. Friedman himself compares direct control with ‘responsible autonomy’, a strategy which involves ‘giving workers leeway and encouraging them to adapt to changing situations in a manner beneficial to the firm’ (ibid.). In terms reminiscent of the dual labour market theorists, Friedman (1977: 110) argued that the ‘responsible autonomy’ control strategy is mostly applied to ‘core’ workers who are less expendable than those, for example, who are less skilled. However, he also asserted that ‘responsible
autonomy’ is the control strategy of the future (Friedman 1977: 96-101). As already intimated, Friedman’s (1977) contribution was a part of broader efforts to challenge the Braverman assumption that workers’ exploitation is inversely proportional to the level of direct control they are subjected to by management (Wood and Kelly 1982: 77). In this regard, it was argued that workers can resent and resist close, coercive forms of control, to the point where such controls can be an obstacle to the management goals they are supposed to achieve (Thompson 1989: 244). Accordingly, it is argued that they must also often look to mobilise the co-operation of their workers to harness the ‘discretion, initiative and diligence’ that is most likely otherwise destroyed by simple coercion (Burawoy 1979, Hyman 1987: 41).

Burawoy (1985: 26-35) pursues this last point in relation to the peculiarities of labour exploitation under capitalism. As such, he asserts that Braverman (1974) too readily assumes that, given the chance, workers will always resist the real subsumption of their labour to capital. First, he observes that workers’ material interests are not necessarily opposed to their greater exploitation as there is an associated fall in the cost of living (Burawoy 1985: 28-29). Second, and more importantly, workers’ own exploitation is ‘hidden’ or ‘obscured’ from them under capitalism as ‘there is no separation either in time or in space between necessary and surplus labour time’ (Burawoy 1985: 32). Thus, he argues that it is essential that ‘the conditions under which the interests of labour and capital actually become antagonistic’ in class processes be investigated empirically (Burawoy 1985: 29, emphasis added). Accordingly, he seeks to highlight the ideological dimensions of workplace control, with workers’ resistance to their real subsumption being considered a contingency and not a
given (Burawoy 1985: 35). Whilst agreeing with Burawoy’s general observation that workers’ interests are not necessarily opposed to their real subsumption to capital, I believe that he misses a facet of this point that is pertinent to the findings of this study. This is that, in an industry like garments, the effort from sewers that is required to increase surplus labour time is not hidden from those sewers when it is not accompanied by changes to the labour process.

By contrast, other critics of Braverman (1974) have reacted to his implied defeat of labour by asserting that forms of control and the capitalist labour process are an outcome of struggles and accommodations between labour and capital (Friedman 1977: 48-49, Elbaum et al. 1979: 229, Stark 1980). In not recognising this, Braverman is said to have assumed that the needs of capital are ‘always being met’ and, hence, that control and the labour process are the direct embodiment of management objectives and interests (Storey 1985: 194, Littler and Salaman 1982). At another level, managers can never in fact have complete control over the labour process because, short of doing the work themselves, they must ‘surrender’ it to their workers in order that production may proceed (Cressey and MacInnes 1980: 14). Whilst workers may be directed in the nature of their tasks, they nevertheless retain a degree of control over ‘the details of the performance of their tasks’ (Cressey and MacInnes 1980: 13, Brighton Labour Process Group 1977: 5)

Building on the criticism that Braverman reduces work management to the ‘problem of labour’, some writers go on to assert that managers normally have a good deal more to contend with than just this (Bray and Littler 1988: 559, Littler 1990: 52-53, Sayer and Walker 1992: 163-64). For this reason, the post-
Braverman literature on control tended to divide over the centrality of ‘the problem of labour’ versus ‘the problem of management’ (more broadly conceived) (see Littler and Salaman 1982). Embracing the second of these concerns, Wood and Kelly (1982: 88-89) state accordingly that ‘it is dangerous to privilege one particular area of management concern [labour control] as the over-riding problem in need of solution’ because there are ‘a series of objectives (and hence potential problems) linked to the full cycle of capitalist production’ which managers must address. Accordingly, they and Littler (1990: 53-54) also maintain that the ‘problem of labour’ is a contingency whose prominence in management strategies, when it occurs, must be explained and not assumed.

However, it is one thing to assert that the mode of labour control is influenced by factors beyond the wage relation itself; it is quite another to then go on to claim that a concern with labour control is ‘dangerous’ (Wood and Kelly 1982: 88, Littler 1990: 53). Such statements merely reveal the paradigm shift in labour process theory after Braverman (1974) from a concern with the treatment of labour under capitalism to a concern with the organisation of production per se. Neither is right or wrong in themselves; they refer in this case to different problematics (Resnick and Wolff 1988) and, as such, to different ontologies (Outhwaite 1987).

Critics like Littler (1990: 77-80) prefer to place Marx and Braverman in the one basket. But, as intimated above, there are real problems in doing this. Braverman was concerned with the conditions of existence of valorisation (Cohen 1987: 36); however, in this respect he focused on divisions of labour and not, as I will argue below, on the social form of labour as Marx (1990)
understood it. Other writers who have retained a concern with the 'problem of labour' have also failed to grasp this essential element in Marx's writing on the capitalist labour process which is associated with his 'value theory of labour' (Thompson 1989, Edwards 1986). Accordingly, in the section below, I cover the second dimension of the real subsumption of labour: 'undifferentiated' or 'abstract' labour as a condition of existence of the production and realisation of surplus value (Marx 1990: 137).

**A value theory of labour**

Responding to 'deviations' over the main object of labour process theory, Thompson (1989: 213-250) in particular has sought to restore the 'problem of labour' to the heart of labour process theory. At the same time, he tried to avoid reducing labour control to one form of work organisation by putting the case for 'different levels of analysis' or 'abstraction' through which it is possible to distinguish 'the general imperative' for control from the historically contingent forms that must be 'established empirically' (Thompson 1989: 241-45). However, further to this, Thompson (1989: 242) states that, although his framework 'necessarily involves relations of exploitation, … it need not and should not involve a labour theory of value'. On this point, he continues:

Exploitation does not depend on … socially necessary labour time determining the value of a commodity in exchange. Rather it rests on the appropriation of the surplus labour by capital, based on its ownership and control of the means of production and the separation of the direct producers from those means (Thompson 1989: 242-43, emphasis added).

Here, Thompson draws explicitly on the argument of Hodgson (1982: 64) that capitalists exploit workers because their ownership of the means of
production enables them to appropriate the *products* of others’ labour. For Hodgson (1982), the labour theory of value is not essential to an understanding of exploitation because it relates to the determinants of exchange values. He believes that Marx’s real contribution to an understanding of exploitation was the recognition that labour is the ‘active agency in the production of use values’ and, hence, that is also the ‘active agency in the production of a surplus product in a class-divided society’ (Hodgson 1982: 64). Hodgson’s concern with workers’ products as against their labour time is not a fine distinction because it directs attention to conflicts over the returns from production, as against struggles over the compulsion to accumulate (see also Marglin 1991).

Thompson (1989) follows Hodgson (1982) in assuming that Marx held to an ‘embodied labour’ theory of value which asserts that exchange values are set by the quantity of labour which goes into the production of commodities (Dostaler 1982: 88). However, Marx was not concerned to explain what is essentially the nature of relations between commodities as *things*. Quite the contrary, he aimed to expose the ‘commodity fetishism’ of classical political economy to reveal the nature of the social relations that are a condition of existence of commodity exchange (Marx 1990: 163-77). As Rubin (1972: 6) explains, Marx was anxious to show that the characteristics attributed to things ‘have their source in the social relations among people in the process of production’. In these terms, ‘value’ does not denote the monetary worth of things, it instead denotes the property of ‘commensurability’ or ‘relationship of

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26 Amariglio and Callari (1989: 40-41) point out that, in Marx’s theory, labour cannot act as an independent determinant of value because it is socially determined.

27 ‘Fetishism’ is the reification or ‘materialisation’ of the social and the abstract as concrete things (Rubin 1972: 155) and, hence, the ‘universalization of the historical’ (Sayer 1989: 47).

Commodities have value in the sense that ‘material bodies subject to gravitation have a weight’ (Aglietta 1987: 39). This property of commensurability in commodities – which is a condition of their exchange – is something derived from the social form of labour under capitalism. To quote Marx (1990: 138):

commodities possess an objective character as values only in so far as they are all expressions of an identical social substance, human labour, that their objective character as values is therefore pure social.

Commodities thus become commensurable when ‘heterogeneous workers in heterogeneous labor processes’ are also made commensurable as ‘abstract labour’ (Mohun 1984-85: 396). Abstract labour is ‘undifferentiated’ labour (Marx 1990: 992-93). It is not ‘abstract’ in the sense of it being the product of a process of mentally abstracting the essential elements of labour from all its different, qualitative forms (Pilling 1980: 45). Instead, it is a historical category – a product of the actual circumstances by which labour is rendered undifferentiated or homogeneous as labour in general (Sayer 1989: 31). To quote Marx (1990: 153) again:

The product of labour is an object of utility in all states of society; but it is only a historically specific epoch of development which presents the labour expended in the production of a useful article as an ‘objective’ property of that article, i.e. as its value.

Because abstract labour is not the product of the mind but of real processes, its phenomenal form is not concrete labour but exchange value or money (Kay 1979: 58, Mohun 1984-85: 403).28

It is now more obvious how Marx’s discussion of the detailed division of labour ties in with what Elson (1979) calls his ‘value theory of labour’. In explaining the detailed division of labour and its consequences, Marx (1990: 544-53, 788) does pay considerable attention to the equalisation and reduction of skills, the separation of mental from manual labour and associated ‘degradation of work’ (Rattansi 1982). To this extent, there are obvious echoes of his argument in Braverman (1974). However, for Marx, the main effect of the development of the detailed division of labour is that labour (as work activity) is thus able to be ‘socially combined’ as ‘the aggregate worker’ (Marx 1990: 1040). This is significant because:

by the formation of specialized workers and by grouping and combining [them] … into a single mechanism, the [detailed] division of labour … provides the social process of production with a qualitative articulation and a quantitative proportionality (Marx 1990: 486).

In other words, the rise of the aggregate worker does not require the actual deskilling of all workers. Actual labour is not rendered undifferentiated; rather, through work specialisation, workers possessing a variety of different skills and skill levels are able to be combined in various ways, as one (Elger 1979: 83, Hall 1977: 31-32). This is a precondition of the ‘constantly repeated revolution’ in production and, hence, of the real subsumption of labour to capital (Marx 1990: 1035). It is a precondition because only when labour activity is socially combined can it be divided from particular workers as labour power, pure and simple.29 Under these circumstances, labour (as work activity) is no longer viewed just qualitatively ‘with regard to the particular kind of article produced’, it

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29 As Kay (1979: 60) puts it: ‘With the simple division of labour the subject of production is the individual worker; with the detailed division of labour it is the collective worker ….’
is now viewed ‘quantitatively’ in terms of ‘the time needed to do the work’ (Marx 1990: 302).

In short, under capitalism, workers may not become undifferentiated in terms of their production of different use values; however, from the point of view of capital concerned with valorisation this is how they are regarded and treated (Harvey 1999: 113). The phenomenon of abstract labour is therefore helpful in highlighting the problem for labour with its real subsumption. This problem is that labour power is not only sold as potential labour, it ‘can be used and sold as if not an integral part of the labourer’ (Metcalfe 1988: 51, emphasis added). If the problem for capital is the problem of realising labour potential, the problem for workers is that they are viewed often only in these terms. As such, workers’ struggles can be seen to highlight the ‘inalienable’ nature of their own labour power in the face of pressures which suggest that it is otherwise (Metcalfe 1988: 51).

**The Philippine garments industry**

What has the above discussion served to highlight? From the beginning, I have argued that changes to the labour process in the Philippine garments industry as a result of exporting involve a furthering in the real subsumption of labour to capital. With production for an overseas market, local owners and managers in the Philippine industry are exposed to heightened pressures to improve on product quality and meeting delivery schedules. Because both these outcomes are generally better achieved by having sewers employed

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30 Indeed, this objectification of the social in production is a condition of existence of commodity exchange (Amariglio and Callari 1989).
under one roof, real limits have been placed on the amount of routine local subcontracting that is done (see Chapter Six). Such changes to the labour process can be interpreted as ‘industrial upgrading’ in the sense that ‘the relative competitive position of a firm’ is thereby increased through value-adding (Schmitz and Knorringa 2000: 181, see Chapter Four). However, this interpretation does not capture the social changes at the point of production which are entailed in such upgrading. So this is where the notion of the real subsumption of labour comes into play.

As mentioned in the Introduction, local subcontracting involves a range of employment forms: from outworkers in their place of residence, through small-scale, ‘informal’ enterprises to larger, more ‘formal’ establishments in which the organisation of work is not dissimilar to that in many of the largest factories which operate under their own exporting licences.31 Given that production can go out to more ‘formal’ establishments, the mere fact of subcontracting does not indicate the absence of the real subsumption of labour. Instead this is better shown in the shift from piece to time-based payments. As Braverman (1974: 60-61) explains, under the piece rate system, labour is purchased ‘in the same way [as] … raw materials: as a definite quantity of work, completed and embodied in the product’. In purchasing what is then ‘finished labour’, the capitalist is ‘relieved … of the uncertainties’ of ‘assuming direct control over labour power … by fixing a definite unit cost’. But this concomitantly places ‘beyond the reach of the capitalist much of the potential of human labor that

31 This mix of employment forms in the putting out of production has long been true in the garments industry. For example, in the late nineteenth century in Britain, Morris (1986: 96) reports that ‘not all outworkers were homeworkers, nor were they necessarily to be found in unregulated workshops’.
may be made available by fixed hours, systematic control, and the reorganization of the labor process' (Braverman 1974: 64).

Sewers on piece rates in the Philippine garments industry were not entirely undirected in the manner of their work; but local owners and production managers stated repeatedly that the advantage of remuneration by piece rates was that the onus to maintain output is thereby placed on the sewer. In the words of the local owner of one of the largest direct exporters in the survey, Capital Garments, the piece rate ‘system works by itself’. Beyond a certain level of skill, without changes to the labour process, the volume of sewers’ output was largely a function of the time they spent working. When workers did try to intensify their own labour by working harder and faster, there was always the risk that product quality would suffer. Product quality was mainly exercised by the contractor deciding to accept, return for repair or reject the finished item. Whilst rejection meant no (or reduced) payment, the contractor also bore a cost in the wastage of materials and, possibly, problems in meeting delivery schedules.

Alternatively, when sewers were paid wages, they were remunerated for a span of time and not for the amount that they produced. The payment of wages was therefore a signal that the output of sewers was being managed differently, in terms of change to the labour process. Accordingly, local owners and managers were required to take more responsibility for the quality and quantity of their sewers’ output. Rather than reward (or punish) their sewers when the work was done through the remuneration system, control was exercised to a greater degree through the design of the labour process. This is not to say that
sewers in the larger factories were not also often under pressure to improve their output by working harder and faster: they regularly were through the payment of an additional productivity bonus. Nevertheless, in relative terms, there was clearly greater attention to the detail of workers’ work in the larger factories than was the case for outworkers on piece-rates. The effort to also intensify labour was a measure of the technical limits to the real subsumption of labour in a labour-intensive industry – and also an indicator of the choices which local owners and managers made in the face of often conflicting pressures (see Hyman 1987: 30). 32

If my argument is that there was a change in the method of labour control with the retention of production in-house, why is the discussion not simply pitched at this level? We have seen that ‘control’ is a dominant theme in the labour process literature after Braverman (1974). But, as I have also previously pointed out, the term has not been limited to the ‘problem of labour’ – nor has it necessarily captured the dimensions of class relations which the real subsumption of labour does. Capitalist control over the labour process is not something which sewers in the Philippine garments industry particularly resented or resisted in and of itself. Rather, they were more concerned with the use of that control in ways that tended to place the onus of labour productivity back on them. As will be shown in the sixth chapter, independent unions in the survey of 64 establishments were often opposed to incentive schemes linked to production targets that were designed to lift output through the intensification of

32 To quote Hyman (1987: 30): ‘Strategic choice exists, not because of the absence or weakness of structural determinations, but because these determinations are themselves contradictory’.
their labour, as against other means like work redesign and the adoption of new
technologies. Central to Marx’s notion of the real subsumption of labour is an
appreciation of the consequences of workers’ subordination to valorisation.
Whilst, with the formal subsumption of labour, sewers were also under pressure
to produce more, in the Philippine garments industry, the nature of that pressure
was changed with their real subsumption in ways that enabled them to be better
rewarded and, at the same time, better able to collectively challenge some of
the threats to the inalienability of their labour power and their personage when it
occurred.

**Class capacities and class**

The second part to my thesis argument is that, with the agglomeration of
large numbers of women workers in factories, the conditions of existence of
independent, enterprise unionism in the Philippine garments industry are
substantially improved. All other things being equal, production for an overseas
market thus advances the ‘class capacities’ of these women workers at the
point of production. As a consequence of this, the ‘problem of labour’ for local
owners and managers in the industry is not limited to the need to get work from
workers (whose labour is socially combined), but now includes also the problem
of work management in relation to workers who themselves are combined in an
union.

Wright (1985: 28) defines ‘class capacities’ as ‘the social relations within a
class which to a greater or lesser extent unite the agents of that class into a
class’. In this he posits that class capacities are a bridge between classes
defined by their shared structural location and classes that are fully formed as unified groups. However, as previously intimated, I consider that the concept of ‘class’ refers to a relation or a process rather than to groups, however defined (Meiksins Wood 1995b). In this sense, ‘class’ denotes not the subjects of struggle, but the object of struggle: it is applied as an adjective and not as a noun (Resnick and Wolff 1987: 159-161, also Dow and Lafferty 1990: 5). Accordingly, in this thesis, I prefer Therborn’s (1983: 38) definition of class capacities as ‘the capacities of a given class to act in relation to others and the forms of organisation and practice they thereby develop’.

To explain further my approach to the conditions of existence of women workers’ capacities to organise in the Philippine garments industry, it is necessary to say some more about a number of the problems with the alternative view in Marxism that class is a term which defines the nature of fundamental groups in capitalist societies (Poulantzas 1975, Carchedi 1977, Crompton and Gubbay 1977). Approached in this way, classes are often held to exist both ‘objectively’ and ‘subjectively’. Objectively, classes arise from individuals having a common structural relationship to the capitalist means of production so, in this sense, classes are ‘made’ as the capitalist economy develops (Kelly 1988: 13). Subjectively, on the other hand, classes arise when the individuals in them share an awareness (or consciousness) of their

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33 This section draws on discussions with Andrew Brown that are reflected in Hutchison and Brown (2001: 2-4).

34 Wright (1985: 6-7) prefers to distinguish between ‘abstract structural maps’ and ‘concrete actors within class struggles’, however, the effect is the same.
common, structural interests as a basis for social and political action (Kelly 1988: 13).\textsuperscript{35}

From this perspective, class analysis is the effort to ever better define classes in ways that expose the structural divisions in capitalist societies which generate the political conflicts that ‘make history’ (Metcalfe 1987: 78). Or, in Wright’s (1985: 137) words, any one particular definition of class is ‘a proposition about the lines of demarcation in conflict producing processes’. The point to stress here is that, in this formulation, ‘structure’ is all important in that it remains the key determinant of classes as classes (Connell 1983: 121). In one sense, as the agents of history, classes only truly exist when they are fully constituted – or ‘full-blown’ – as a unified group, subjectively (Connell 1983: 92). Yet, on the other hand, if the classes in existence are not ‘isomorphic’ with the structures that define them, they are not classes but something else (Metcalfe 1987: 78). In other words, the salience of class analysis (from this perspective) is assumed to depend ultimately upon whether or not structural location in the means of production is the main factor explaining political developments in capitalist societies.

There are a number of problems with this formulation of class and class analysis. The first is that class politics is pre-supposed: its form in effect being set before it begins (Katznelson 1986: 7, Metcalfe 1988: 129). Further, because

\textsuperscript{35} This distinction is often presented as one between a class existing in-itself (in ‘a common situation’) and a class existing for-itself (in struggle) (Marx 1975: 159-60). Hall (1977: 37-38) is critical of interpretations of this distinction in terms of class structure versus class consciousness. Instead he argues that it refers to ‘two different forms of class struggle’, each having their own material conditions of existence.
class interests are pre-determined as well, it is assumed that the class formation process only requires that they be recognised and pursued. For this very reason, classes are often operationalised as class consciousness, wherein class consciousness is believed to be expressed through statements which indicate the presence of *shared* identities and allegiances (see Wright 1985). All this means that, if workers do not behave as predicted in class theory, class itself is deemed to be irrelevant or marginal to their politics (see Ong 1991: 229, Chakrabarty 1989: 23).

Following on from this, the second problem is that structural location is assumed to generate ‘a homogeneity of effects’ in relation to class structure and class struggle (Wright 1985: 164). In other words, in the case of workers, it is always assumed that ‘their common suffering produces a *united* response’ (Metcalf 1988: 129, emphasis added). By limiting working class politics to this form, it is not only an easy step towards the denial of its existence; it limits an analysis of the structural conditions of workers’ agency to position themselves as workers *per se*. In other words, this leaves out whole areas of concern to labour process theorists that relate to the political significance of the actual organisation of work and, hence, workers under definite circumstances (Mackenzie 1982: 77, Smith 1990: 241). As Meiksins Wood (1995b: 95-96) asserts:

> The links that connect [workers] … are not defined by the simple assertion that class is structurally determined by the relations of production. It still remains to be explained in what sense and through what mediations the relations of production establish connections among people who, even if they occupy similar positions in production relations, are not actually assembled in the process of production.
Accordingly, as I stress in this thesis, it is important to also take account of the ‘proximity and durability of connections’ that exist between workers as they are located in work (Tilly 1995: 19, Lembcke 1993).

In these terms, I wish to propose that class is better thought of as a process or a relation which is ‘experience-distant’ in that it has ‘no direct or unmediated phenomenological referents’ in capitalist production (Katznelson 1986: 15). As I have previously explained in the Introduction, this view of class is consistent with the distinction in critical realism between people and social relations (Collier 1994: 147, Bhaskar 1979: 44-45). Class as a ‘relatively enduring’ social relation or process is ontologically prior to human agency as a condition of existence of that agency (among other social relations) (Marx 1973: 265, Bhaskar 1979: 43). In this sense, it is better not to assume, in moving from the abstract to the empirical in different levels of class analysis, that the latter levels capture classes, simply in their more ‘concrete’ manifestations. Rather, in this thesis, I have proposed that we move from class to the real subsumption of labour (as a particular form of class processes in capitalist production). As such, I would argue, class analysis is thus brought naturally to consider the form of the labour process.

We can now return to the earlier point that class struggle is considered to be struggle over class processes (Dow and Lafferty 1990: 5) – like the real

36 In this, the concept of class is ‘empirically-open’ as its ‘content changes with the reality … [it] seek[s] to comprehend’ (Sayer 1989: 21, also Meikle 1985: 79-80, Norton 1988: 221).

37 This is not to say that the real subsumption of labour is limited to the form of the labour process: nevertheless, as explained in the Introduction, in determining the impacts of exporting on labour organising capacities in the Philippine garments industry, this is where my concerns lie primarily.
subsumption of labour. Again also, whilst collectivity is an important indicator of workers’ class capacities, that collectivity is not conceived in terms of class and degrees of class consciousness, but in terms of the existence and state of workers’ organisations (Lembcke 1991: 89, Therborn 1983: 39). In this regard, it is important to stress that, as Therborn (1983: 41) observes, the conditions of existence of class capacities are set in part by their ‘territorial range’. The requirement in the Philippines that employer-employee bargaining be conducted at the enterprise level is an obvious example of an effort to narrow the spatial boundaries of labour’s ‘organisational coherence’ (Massey 1995: 56, see Chapter Five). Accordingly, in this thesis, enterprise unionism in the garments industry is regarded as a legally imposed vehicle of labour collectivity (and class capacities) but, at the same time, also an achievement of labour collectivity. For these reasons, I have chosen to consider union (not class) formation at the enterprise level as an indicator of the labour organising capacities of women workers in the Philippine garments industry.

However, I want also to stress that labour collectivity through enterprise unionism has its limits in that it requires some efforts at social exclusion. As Schattschneider (in Metcalfe 1987: 88) argues, workers’ organisations ‘necessarily’ produce division because, whilst ‘they organise some people into common cause’, others are organised ‘out of such a bond’. In particular, I found that permanent workers in the Philippine garments industry were often reluctant to allow temporary workers into their local union on the grounds that they feared

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38 National unions can be ‘mediators’ of the ‘spatial fragmentation’ arising from enterprise unionism (Lembcke 1993: 12); but this capacity is rather limited in the Philippine case (see Chapter Five).
such workers could be hired and fired at strategic times by their employers to manipulate the outcomes of union ballots. In this respect, union members sought to protect their own class capacities by supporting a dualistic internal labour market of ‘core’ and ‘periphery’ workers (see Thompson 1989: 148).39

Finally, it is not my intention to imply that workers and their unions are always opposed to the interests of their immediate employers and managers. As I have already explained, with the real subsumption of labour, workers in the garments industry are not necessarily opposed to changes in the labour process that lift their output over a given span of time. Otherwise, in relation more specifically to unions and their functions, it is helpful to see them as occupying an essentially contradictory position in capitalist class relations as ‘a form of resistance to, and accommodation with, capital’ (Hyman 1987: 47). In Chapter Six I give examples of cases in the Philippine garments industry where managers have enlisted local union assistance in the furtherance of their goals: however, more often workers and their unions regularly find themselves in a ‘double bind’, a term that Metcalfe (1988: 197) uses to counter the assumption that workers ‘have no interest in maintaining relations that oppress them’ because it ‘is valuable as a theoretical articulation of historical agency and structural constraint’. At the very least, he continues: ‘Dull economic compulsions serve as a negative injunction, binding workers to their oppression, giving them a partial interest in preserving a relation they resent’ (Metcalfe 1988: 199).

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39 As I explain in Chapter Six, in more than one enterprise, union officials were not opposed to an internal labour market to the extent that it also protected their own members from the flexible employment arrangements applied to temporary or ‘periphery’ workers.
Conclusion

I have said in the Introduction that this thesis is concerned with the actual 'causal connections' between exporting and developments in the labour process in the Philippine garments industry that involved the agglomeration of sewers in large factories. In the same breath I have argued that these causal connections were centred on changes to class relations at the point of production. Accordingly, in this chapter, I have sought to explain why these changes are best understood to entail the real subsumption of labour to capital. This has meant highlighting the central concerns of Marx, both as against the neo-Smithian approach to capitalist development (Wallerstein 1979, Fröbel et al. 1980) and in relation to various debates in labour process theory after Braverman (1974). In using the term, the real subsumption of labour, I have hoped to signal that regular sewers in the industry were not only differently employed in the larger factories, there was a concomitant shift in their capacities to ‘act in relation to’ their immediate employers and managers over class processes (Therborn 1983: 38).

The comparison with the work of Braverman (1974) was important because of his contemporary association with Marxist approaches to the labour process. In particular, it was important to establish more clearly some of the positive outcomes for female sewers from the real subsumption of their labour. In terms of the gains and losses from capitalist development – which is where the debate over women workers in export factories in normally situated – it is important to establish that the alternative was not craft work (in its romanticised guise or not). Female sewers in the Philippine garments industry came out of a
domestic environment (in which they learnt the basic skills of hand and machine sewing) and/or from small, ‘informal’ establishments where their employment was less regularised and protected.

Having discussed issues around class and class processes in this chapter, in the next one I take up various themes in the literature on the reasons for the employment of women in export factories and the implications for understanding their capacities to organise collectively as workers.
3. Doing what comes naturally: women workers in export factories

It is a common supposition of the NIDL literature that women workers predominate in export factories because they have – or are at least perceived to have – characteristics that their employers prefer: namely, greater manual dexterity, a lower supply price, and ‘less disruptive’ attitudes than men (see Chant and McIlwaine 1995: 141-42). As a corollary, the employment of women workers is thought to be a factor which explains low levels of unionisation in export factories. However, my fieldwork shows that the employment of women as sewers was not a strategy which owners and managers in the Philippine garments industry pursued to ensure a more disciplined workforce and that their actions in hiring women instead were an immediate consequence of certain taken-for-granted assumptions about the nature of women and the tasks which they perform. This is not a particularly surprising finding, yet it challenges the standard feminist view that the employment of women in export factories is principally the result of the rational economic calculations of their employers (see Elson and Pearson 1981, Joekes 1985, Kabeer 1987, Pearson 1994).

In the modern garments industry in the Philippines, as internationally, machine and hand sewing are predominantly done by women while men are exclusively engaged in the tasks of laying out and cutting the cloth. Although the owners, production managers and some trade union officials that I interviewed attributed this occupational segmentation to perceived natural differences between men and women, it is important that this not be considered an adequate explanation. Rather, to avoid the assumption that ‘a transhistorical
structure is built into gender by the sexual dichotomy of bodies’ (Connell 1987: 64), I argue in this chapter that the existing division of labour along gender lines must also be seen to have a history in that it was first laid down in the nineteenth century in the transition from artisan to capitalist forms of production and the concomitant shift to mass-produced, ready-to-wear items of clothing (Alexander 1976, Coyle 1982, Morris 1986, Frances 1993, Zakim 1999). My assertion in this regard is that employers’ rational economic calculations played a greater role in the past in establishing industrial sewing as ‘women’s work’ than they do currently, when the gender division of labour is fully institutionalised.

Most of the detailed discussion of the reasons for women workers’ employment in export factories was located within the literature on ‘women and development’ which debated changes in the gender division of labour with capitalist development and the impact of these changes on women’s socio-economic status in society (see Tinker 1990, Kabeer 1994). Therefore, I begin the chapter with an overview of the intellectual context in which the issue of the predominance of women workers in export factories was first raised in that literature. From there I go on to major themes in (what I term) the standard feminist account of women workers in export factories, then outline some of the criticisms that have already been made, before offering three more of my own which draw on a more general literature on gender and the labour process. The chapter then closes with a discussion of the history of the contemporary gender division of labour in the garments industry.
Debating women and development

Fröbel et al. (1980) made mention of the employment of women in export factories as a strategy to ensure a cheap and docile workforce. However, concerted analysis of the issue was largely confined to debates within ‘women and development’. An acknowledged early pioneer in the women and development area was Ester Boserup. Her views on the socio-economic benefits that women gain from participating in the labour market are important because they set the scene for the reception that the research into women workers in export factories first received in the literature on women and development. In her book, *Women’s Role in Economic Development* (1970), Boserup rejected the proposition that any one division of labour between the sexes is natural and universal by showing how the allotment of tasks to men and women varies considerably across different subsistence and local-market societies. With modernisation and economic development she asserts, however, that the gender division of labour in these different societies converges, and becomes simultaneously more rigid and hierarchical. Boserup presented data to show that, as a consequence of these changes, the distribution of resources between men and women becomes more unequal (1970: 141-2). Boserup’s main thesis is that women are ‘deprived of the benefits of progress’, largely because they are mostly excluded from paid employment in the modern sector (Pearson 1994: 341). For example, with development in agriculture she argues:

[Men come to] handle industrial inputs while women perform the degrading manual jobs; men often have the task of spreading fertilizer in the field, while women spread manure; men ride the bicycle and drive the lorry, while women carry headloads, as did their grandmothers. In short, men represent modern farming in the village, women represent the old drudgery (1970: 56).
Why was this so? As a neoclassical economist, Boserup used the notion of ‘human capital’ to explain outcomes in the labour market. From this perspective, employment and its rewards are distributed according to the quality of labour that is on offer which, in turn, is a reflection of the individual’s own particular ‘endowments’ or ‘capabilities for work’. As Fine (1998: 57) explains, these endowments ‘are either innate or acquired over a lifetime through upbringing, general or specific education and training, and work or other experience’. For Boserup then, women mostly miss out on employment in the modern sector because they lack the necessary attributes as workers (Elliot 1977: 3, Benería and Sen 1981: 283). She did not see the problem as one of employers acting in a discriminatory fashion. Instead, she pointed the finger largely at those who are involved in the infusion of modernisation through training, expert advice and introduced technologies. In short, the development planners and field workers whose ‘deeply ingrained prejudices’ cause them to design education and assistance programs for women around their perceived natural role in the home, and not according to their actual and potential participation in the labour market (1970: 144, also Rogers 1980).

Boserup’s main solution to the economic marginalisation of women was a policy one: to provide women with the opportunities for education and training that would enable their equal entry into modern jobs (Kabeer 1994: 7). In asserting that women’s economic marginalisation is a result of the ‘failure of diffusion’ (Jaquette 1982: 269), Boserup drew criticism for not being more critical of modern capitalism itself (Kabeer 1994: 20). Also, she was charged

40 Discrimination in employment exists if ‘equally productive individuals’ are treated differently (Sinclair 1991: 4).
with failing to give due attention to the gender division of labour between paid
and unpaid work and its impact on the socio-economic status of women
(Beneria and Sen 1982). On this account, Boserup mostly believed that women
would be liberated from their domestic labours by ‘the advent of modern
domestic equipment and processed food’ (1970: 225). Her thinking certainly did
not extend to the advantages that men might gain from women’s unpaid labour
in the home. Boserup was simply of the view that the key to women’s higher
socio-economic status is their integration into the modern economy as
productive individuals (Rathgeber 1990: 492).

When export factories first came into consideration, they were seen to
conflict with the Boserup position. For one thing, it seemed that women were
not being excluded from paid employment in the modern sector: quite the
opposite, under export-oriented industrialisation, the industrial workforce was
becoming more highly feminised (see also Standing 1989). Second, the harsh
conditions to be found in export factories seemed to contradict any notion that
women’s socio-economic status is improved by paid employment. Elson and
Pearson (1981: 87) articulated this thinking most clearly:

We do not accept that the problem is one of women being left out of
the development process. Rather, it is precisely the relations through
which women are ‘integrated’ into the development process that need
to be problematised and investigated. For such relations may well be
a part of the problem, rather than part of the solution.

Thus, it was Elson and Pearson’s view that employment in export factories
only reproduces women’s socio-economic marginalisation because they are
hired ahead of men on account of their ‘secondary’ status in the labour market.
In other words, it is the way women are integrated into the economy which is at
issue. In the next section, I look more closely at this standard feminist account of women workers’ employment in export factories.

**The standard feminist account**

In theories of the nature of the labour market, there is a distinction sometimes made between ‘demand’ and ‘supply-side’ explanations, or between those that see the key determinant as being what employers want and select for in their workers and those that see it being more what workers themselves can offer or supply in the labour market (Peck 1989). Whereas the former usually stresses the role of rational economic choice, the latter is more often given to sociological explanations (Fine 1998: 125). Below I point out that the standard feminist account of women workers’ employment in export factories combines both these demand and supply-side factors in a dualistic formulation of the meeting of ‘capitalism meets patriarchy’ (see Hartmann 1979). The point that requires stressing here is that gender relations are consequently thought of as strictly a supply-side factor which shapes the attributes of workers, but not as something that directly impinges on the recruitment decisions of employers.

As suggested in the previous chapter, a two-way distinction needs to be made between the allocation of different workers to different tasks and the allocation of ‘different people to different tasks’ (Garnsey 1981: 338, Sayer and Walker 1992: 19). As also explained in that chapter, Fröbel et al. (1980) saw one form of the first –‘deskilling’ – as a strategy which is pursued for the purpose of cutting the cost of labour by enabling the hiring of a higher proportion of lower skilled, lower paid workers. Deskilling is often observed to
go ‘hand in hand’ with the feminisation of labour – the allocation of different people to different tasks (Pollert 1981: 77).\footnote{Although, as Garnsey (1981: 343) notes, the two processes are also known to occur quite independently of each other.} The supply-side explanation for this is that women workers have the right attributes for the job to the extent that they themselves are low-skilled. However, the standard feminist account rejects any assertion that women are employed in export factories as a result of their actual endowments (Lim 1978, Elson and Pearson 1981: 24). As Joekes (1985: 190) points out, there is usually no shortage of unskilled male workers in developing countries, so there is no immediate reason provided for why women rather than men – ‘different people’ not simply ‘different workers’ – should also be allocated to the new, fragmented tasks. Accordingly, it is recognised that any adequate explanation requires that attention be given to the factors that separate women from men as women in the labour market. Otherwise, it is hard to account for the selectivity by which women are allocated to ‘unskilled’ jobs (Joekes 1985: 188-89, O’Donnell 1984: 162).

The standard feminist approach is thus to argue that women are employed in export factories, not because they actually have lower skills, but because employers perceive that female workers are better ‘fitted’ to menial, fiddly tasks than men. As evidence for this, a number of the studies cite statements from employers in which they express the following views about women as industrial workers: first, that they are more adept at doing tasks that require manual dexterity; second, that they are more ‘meticulous and careful’ in what they do; third, that they are better able also to ‘cope with the boredom’ of tedious work; and, finally, that they are ‘less disruptive and demanding’ in the workplace than
their male counterparts (see Chant and McIlwaine 1995: 141-2, 147, Lim 1985: 28-9). Importantly, these desired attributes in a worker are all ones that are supposed to adhere to women workers as women: it is something ‘in women themselves’ that is thought to make the difference (Eveline 1998: 91, emphasis added). Accordingly, the attributes are not placed in the same category as ‘skill’ and actually ‘rewarded as such’ (Pearson 1994: 353, Berg 1994: 156).

In the standard feminist account, there are principally three kinds of responses to these statements by employers. The first is to question the accuracy of what is being said, that is, whether women really are any better than men at doing menial, fiddly work. This sort of response is normally based on further statements from employers in which they often go on to admit (when pressed) that they have not actually tested the veracity of their own claims regarding women workers prior to their employment (Lim 1978: 358-59, Joekes 1985: 202, Ong 1987: 154). The second response is to be more accepting of the claims, but to explain them in terms of women’s early socialisation and acquired skills (Pearson 1994: 346-7). For example, to quote Elson and Pearson (1981: 93), women’s capabilities ‘are the result of training they have received from their mothers and other female kin since early infancy in the tasks socially appropriate to woman’s role’. This is especially obvious in the garments industry where domestic and industrial sewing machines are very similar in design and method of operation, enabling an easy transference of domestic skills to the industrial arena. As far as women’s claimed propensity for

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42 Lim (1978) found a couple of firms in Malaysia which did subsequently test for the performance of male and female workers in the same job. Those tests confirmed that women workers were more productive; however, Lim (1978: 358-59) is clear that she does not believe this explains the recruitment of women because the tests were not done earlier, before hiring.
industrial compliance is concerned, the response is the same: the issue is not
nature but nurture (see Joekes 1985: 189, Heyzer 1986: 100). Nevertheless,
it has to be said that the standard feminist account is mainly concerned with the
direct cost consequences of employing women in terms of the payment of lower wages.

The third response, which often follows from the second, is as follows:
employers’ assertions about women workers are simply rationalisations for their
actions, they are not the real reason why they prefer to hire women in their
export factories (Pearson 1994: 346). In these terms, employers’ actions are
argued to instead be ‘quite rationally founded’ on the lower supply price of
female labour (Joekes 1985: 201, also Elson and Pearson 1981: 92,
Again, it is not the actual quality of women’s endowments that is the issue here:
instead the argument is that employers pay women lower wages than men
because it is generally assumed that women are not the main financial
providers in their households. As economic dependents, it is said that women
are not thought to need a full wage to even cover the cost of their own
reproduction. In other words, their income is regarded as ‘secondary’ – not
simply lower than men’s, but less important, less valuable (Elson and Pearson
Beechey 1977: 53). Alternatively, it is argued that employers prefer to hire
women because, for similar reasons, their attachment to the labour force is

43 I return later in this chapter to some of the contradictions in this argument.
44 It is in fact a tautological argument: that women are paid less because they are economic
dependents and economic dependents because they are paid less (Redcliff 1985: 103).
weaker than men’s. By taking on women, it is argued, employers have more opportunities to achieve ‘numerical flexibility’ through regular, quick adjustments to the number of individuals on the pay-roll at any particular time (Elson 1996, Standing 1989). Under either scenario, the view is that employers respond to an existing gender division of labour in society in ways that are entirely to their own direct economic advantage.

The standard feminist account often relies on the idea that women occupy a ‘secondary’ place in the labour market, in line with their ‘secondary’ place in society (see Kelly 2000: 109). This terminology of ‘secondary labour markets’ suggests some association with dual labour market theories of the 1970s. However, it is important here to explain some of the differences. Initially, dual labour market theorists were only concerned with the attributes of jobs. Doeringer and Piore (1971) most famously rejected the human capital explanation that workers are in ‘bad’ or ‘secondary’ jobs on account of their own weak endowments and/or preferences, arguing instead that this arises from their ‘rationed access to good jobs’ (McNabb and Ryan 1990: 157).45 The standard feminist account of women workers’ employment in export factories also gives attention to the creation of ‘bad jobs’ in export factories, through deskilling and the relocation of production. But, whereas the classical dual labour market theorists’ view is that ‘bad’ jobs are created by managers as a strategic response to technological developments in different product and factor

45 It was thought to be merely ‘fortuitous’ that women were concentrated in secondary jobs; not something requiring separate explanations (Humphries and Rubery 1984: 337). When some other theorists did address women’s particular status in the labour market in similarly dualistic terms, their explanations relied heavily upon inference from stereotypical assumptions about women and their own attitudes to paid work (Beechey 1978: 176).
markets (Fine 1998: 121), the standard feminist account instead points to more longer term, structural tendencies in capitalist development.

Accordingly, this suggests that the standard feminist account has greater affinities with the ‘second-generation’ theorists of labour market segmentation (Gordon, Edwards and Reich 1982, Peck 1996: 53). Yet, in the detail of their argument there are important differences here too. These ‘radical’ writers suggest that segmentation of the labour market along gender and racial lines is a strategy of capitalist control which arose in response to the homogenisation of labour, through deskilling, as a way of counteracting the attendant greater opportunities for collective labour organising (Peck 1996: 53). By contrast, feminists writing on export factories are not inclined to argue that the employment of women is a strategy developed to divide workers (men from women) on the assembly line, simply that it marks a match between employers’ demands for cheap labour and the lower supply price of female labour (cf. Joekes 1985).

In fact, let us be clear here: the standard feminist account is not actually concerned with the process of labour market segmentation in export factories per se. Rather, as Pearson (1998: 171) herself has later acknowledged, the main focus was the feminist contention that women and gender be placed at the heart of any analysis of capitalist development. As such, she admits that women workers in export factories were looked upon foremost as a ‘signifier’ of the value of a feminist approach, precisely because their employment was seen to be central to the ‘new international division of labour’ (1998: 171, emphasis in original). Caporaso (1987b: 206) makes a similar point when he states that
feminist writing on ‘the changing international division of labour’ is of value, not so much in presenting ‘a satisfactory theoretical account’, as in raising the issues. Yet, as I explain in the next section, the standard feminist account did not go unchallenged within the literature on women and development in the 1980s.

**Critical responses**

Early criticisms of the standard feminist account within the women and development literature were centred on its ‘economic needs of employers’ approach. Feminist anthropologists and sociologists entered the debate by arguing that any analyses of women’s employment and its consequences should give greater attention to the influence of the livelihood strategies of the women’s own families and households (Moore 1988: 114-5, Stichter 1990). For example, Salaff (1981) argued that the predominance of young women in Hong Kong export factories is best explained, not by employers’ preferences, but by their particular status as daughters within Chinese families. She argued that Chinese women mostly enter the industrial workforce as unmarried *daughters* because as wives and mothers they tend to remain in the home. Significantly, the pattern of employment for men is quite different. Before marriage, males tend to enter the workforce later than their female siblings because their parents are willing to put more resources into their education and training as an investment in their future economic contributions to the natal family. By contrast, as daughters marry into the family of their husband, Chinese parents are less inclined to extend their schooling, especially when this is a major financial imposition.
In contrast to Chinese families in Hong Kong, Wolf (1990) found that parents in rural Java exerted less control over their daughter’s employment in export factories. Similarly, in rural Thailand, Porpora et al. (1989: 271) found that young women (and men) make their own decisions to work in factories in Bangkok, rather than this being ‘a reflection of familial pressures’. Indeed, some young women reported they were going against the expressed wishes of their parents in seeking such work. In other studies, the decisions and attitudes of community leaders are considered important in ensuring a supply of female labour for export factories (Mather 1985). Finally, Chant and MacIlwaine (1995) have investigated the composite effects of migration, marital status and household structure on women’s participation in export manufacturing in the southern Visayas region of the Philippines.

Taken together, this research has developed a more complex picture of women’s employment in export factories, as well as helping to explain a number of the different national and local patterns in this regard (Stichter 1990). Importantly, this research has shifted attention away from the preferences of employers, towards the factors that influence the decisions of women workers themselves. In so doing, the consequences of employment in export factories have been evaluated in more contingent and contextual terms, with women’s empowerment, not simply their participation in paid work, becoming the central issue (Faulkner and Lawson 1991). But in giving attention to these important matters, questions around gender and the labour process have been sidelined. These are examined below.
First, a key claim of the standard feminist literature has been that women are actively recruited into export factories over men as a direct consequence of their attributes as secondary workers. As such, they are seen as the bearers of attributes which match the kinds of jobs which are available in export factories. In terms of wage levels, not only are the jobs low paid, female workers themselves have a lower supply price than men. The payment of unequal wages to men and women in the same job is thus a central plank of the standard feminist account, yet it is a weakness of the literature that it presents little or no evidence for this actually being the case. For example, Pearson (1994: 346) does cite income disparity figures, but they denote differences in the annual average earnings for men and women at a national level; what she does not definitively establish is that women are actually paid less than men in the same occupations. Joekes (1985: 207-10) is an exception in this.

In the Moroccan garments industry, Joekes found that women sewing machinists do receive lower wages than men in the same occupation, taking into account the factors of age, experience and so on. However, she rejects the assertion that this is explained by the ‘secondary wage’ argument of the standard feminist account: that women are paid an amount which is commensurate with their perceived smaller contribution to household income. Joekes argues differences in the wages paid to male and female sewers are attributable to the different functions that they perform, with the men being hired principally to act as pace-makers on the production line. In this then, male sewers are seen to be rewarded differently because their jobs have different responsibilities.
This example highlights the need to ensure that a distinction is made between the attributes of workers on the one hand and the attributes of the jobs which they perform on the other. The very same issue arises with the more neglected claim that women are employed in export factories, in part, because they themselves are more industrially compliant than men. Without evidence to the contrary, this supposed attribute of women can be explained equally by the nature of the job environment (Peck 1989: 123-24, also Pollert 1981: 77). Deyo (1989) makes this point in relation to labour organising in East Asian export factories. His view is that workers with low allegiances to their job or firm are less likely to undertake sustained collective action. However, in determining the reasons for low allegiance levels, he states,

(because the) characteristics of both jobs and workers tend to be associated with each other, it is difficult to disentangle the influences of each. Work that provides but minimal rewards or advancement opportunities not only attracts short-term workers but also results in low commitment to the firm or job (Deyo 1989: 192, original emphasis).

The point is that, if the job environment is a major factor in worker compliance, there are no actual reasons to hire women over men to achieve this outcome.

A second, related difficulty with the standard feminist account is that, whilst recognising that there are various ideological dimensions to women’s attribution as secondary workers, it tends to end up suggesting that the attributes ascribed to women are in fact something which they do possess. As stated earlier, some feminists have explicitly challenged the supposition that women are, by nature, less disruptive than men by arguing that this tendency is the result of gender roles and socialisation (see Joekes 1985: 189, Heyzer 1986: 100). Yet, whilst providing an alternative explanation for women’s supposed greater industrial
compliance, the standard feminist account is still left assuming that women are indeed more controllable than men (for whatever reason). On the other hand, if this claim is rejected – if women are said to be not more industrially compliant than men – another difficulty arises in that it is then quite hard to maintain the line of argument that women are employed in preference to men, in part for this very reason (cf. Porpora et al. 1989). I have said before that the standard feminist account is mainly concerned with the lower supply price of female labour; nevertheless, on this matter, there are some obvious contradictions in asserting that employers decide to employ women on strictly rational economic criteria when, on the other hand, the basis for the decision is questionable.

One response has been to argue simply that women workers are less submissive than their supervisors imagine. Chung (1994: 218) found in a computer factory in Singapore: ‘In their face-to-face interactions with the supervisors, the women seemed to collude by presenting an air of meekness, docility, and passivity. But what they felt or did behind the backs of their supervisors was quite different.’ Chung’s observations support Roldan’s (1996: 81) argument that gender identities are normally complex, quite fluid and dependent on context. Thus, Roldan compares how women workers behave in a tractable fashion in situations ‘where they lacked power to express what they thought’, but in private are quite forthright in the way that they openly ridicule their employers. In this, women workers’ resistance is simply hidden from their employers.

Another response has been to suggest that the ‘docile woman is being transformed into one who is actively becoming aware of herself and her rights in
society’ (Cheng-Kooi 1996: 244-45, emphasis added). It may well be that women workers’ attitudes and behaviour undergo change as they have more experience of industrial work (Lin 1987), but this again begs the question as to why employers do not then make the necessary changes to their recruitment strategies in order to counter this (mounting) female worker militancy (Porpora et al. 1989: 273). This is important because the argument that employers make recruitment choices on rational economic grounds clearly assumes that there will be adjustments to those hiring practices when the supply attributes of either sex are altered (Scott 1986: 159).

A third problem with the standard feminist account (which I have introduced before) is that, by adopting a dual-systems approach to capitalism and patriarchy, it is inclined to think of ‘the processes creating places in the division of labour’ as ‘quite separate from the processes of [worker] allocation’ (West 1990: 247). Or, to put it another way, women’s employment in export factories is viewed ‘as an outcome of market processes ... which merely reflect pre-market differences between male and female labour’ (Scott 1986: 154). In these terms, gender relations are only thought to be constituted outside the workplace. Although the dual-systems approach comes from early Marxist feminism (see Hartmann 1979), it is also consistent with rational choice theory which assumes all decision making in the market and firm is explained by the effort to maximise utility. This can be contrasted with an ‘institutionalist’ approach to human action.

Institutionalist approaches disavow ‘the continuously calculating, marginally adjusting agent of neoclassical theory’ to place more explanatory
emphasis on factors like ‘inertia and habit’ (Hodgson 1996: 407). 46
Institutionalism lacks a single, coherent methodological core, but it serves as ‘a
reminder of the various contextual settings within which social action is set’
(Goodin 1996: 19). These settings can be analysed in cultural, historical and/or
political terms, but the point is that they are ‘relatively enduring’ and so set
definite limits on social behaviour through established rules and routines and/or
the creation and legitimation of certain shared perceptions and expectations
(Hall and Taylor 1996). Because gender relations are often cast as ‘natural’,
they can be seen as belonging to that category of institutions which are ‘so
‘conventional’ or taken-for-granted that they [mostly] escape direct scrutiny’
(Hall and Taylor 1996: 939, Gatens 1998). I submit that there is a strong
element of this ‘taken-for-grantedness’ in the recruitment of women to export
factories in the Philippine garments industry.

Doing what comes naturally

As stated at the outset, in the modern garments industry women
predominate in all aspects of sewing whilst men do jobs of laying out and
cutting the fabrics, as well as most of the packing and mechanical transport of
items in and around the factory. In most of my interviews with owners,
production managers and some union officials in the Philippine industry, I asked
the question: ‘Why are women employed as sewers?’ 47 In response,

46 Hodgson refers here specifically to the work of Veblen. Neoclassical economics does
include neo-institutionalist perspectives, however in these the attention remains firmly on
instrumental calculus, utility maximisation and the pursuit of ‘goals or preferences [which] are
give exogenously to the institutional analysis’ (Hall and Taylor 1996: 939).
47 The question was not asked in all interviews due to time constraints. As the answers
proved very similar, I gave this question less priority in the interview schedule, later on leaving it
to last if there was additional time.
overwhelmingly I initially received a blank look which indicated surprise at the question being put at all. Typically, what then followed was an explanation which boiled down to the following: ‘women do the sewing because that is what women do’. Or, as one (male) trade union official elaborated: ‘women do the sewing: that’s the way it is’. To quote the production manager of Aris, the largest garments exporter from the Philippines at the time of this research, sewing is ‘women’s work … [the] same as no woman does welding’; it is ‘beneath the dignity of men’ to be employed as sewers.

However, several production managers did say that they employed a few male sewing machine operators ‘to do the heavier work’. Although ‘heavier’ implies the need for greater physical strength on the machinists’ part, in fact the men were allocated to tasks that mainly involved the assembly of heavier, coarser materials for some casual and/or industrial type clothing: tasks in which greater physical strength was not actually involved.48 The point is that the production managers still perceived that the tasks the male sewing machine operators were doing were different and requiring the attributes of a male worker to carry them out. When asked why laying out and cutting cloth was a male preserve, it was widely said that these jobs also required greater physical strength and, hence, a man to accomplish them (see also Chant and McIlwaine 1995: 142, Hoel 1982: 83). Interestingly, all the responses I received from the owners, production managers and some union officials were inclined not to

48 In Levi Strauss (Phils) Inc., 10 percent of sewers were men, but they were mainly in fact involved in applying rivets to the jeans – in other words their tasks were different. A production manager at Movie Star (a direct exporter with about 300 sewers employed on a regular basis) stated that she had tried male sewers but complained that they simply caused problems because they were a ‘distraction’ for the women working nearby.
stress the positive attributes of women vis à vis the performance of menial, fiddly tasks, but rather they implied that sewing in general did not need physical strength, so was suited to the female physiology. In short, reasons were more readily provided for why men do the jobs that they do in the garments industry than they were for why women are predominantly employed as sewers.

Significantly, a few other researchers have had similar experiences to mine when researching the employment of women in export factories. In particular, Porpora et al. (1989: 284-5, 1992: 151) found that employers in Thailand responded to questions on the reasons for this phenomenon with ‘puzzlement and laughter’, thus indicating to the researcher that the issue was not ‘something they had thought a great deal about’. In the Philippines over a decade earlier, Snow (1978: 94) had also concluded that the workforce feminisation in the Bataan Export Processing Zone ‘did not seem to be a product of careful planning, but of preconceived ideas about the work-roles of women’. More recently, Chant and McIlwaine (1995: 166) have also accepted the view that women’s employment in export factories in the Visayas region of the Philippines is largely a result of the ‘taken-for-granted’ sex-typing of women (and men) and the jobs which they are conventionally hired for. As Scott (1986: 160) explains, sex-typing ‘affects recruitment normatively by stressing the ‘appropriateness’ of men or women for a job rather than their actual abilities to do it’. ‘Appropriateness’ refers to the suitability and, hence, the essential correctness of men and women being allocated to different tasks (Cockburn 1986: 84).
A separate literature on gender and the labour process has highlighted two related propositions which are relevant to my criticisms here of the standard feminist account of women workers in export factories. The first is that ‘gender divisions are constructed within the production process itself’ and not simply ‘outside’ in the family (Beechey 1983: 31, also Walby 1986). It is not enough to argue therefore that women’s place in the labour market is merely a reflection of a wider gender division of labour in the household, rather the organisation of work is a contributor to women’s secondary status in its own right (Beechey 1983: 42-43, also Coyle 1982: 10). The second proposition is the corollary, that gender ‘is fundamental to the way work is organised’ (Game and Pringle 1983: 14, also West 1990). This means that the properties of jobs are not set independently of the gender of the worker who conventionally performs them. Thus, not only are workers seen to have sex-based differences, many jobs and tasks are also conceptualised in gendered terms: as men’s and women’s work.

As Scott (1986: 160) explains, whilst ‘notions of femininity and masculinity … are not technically part of the job they become part of its occupational culture’ over time. For example, in so far as skill is regarded as an attribute of masculinity, the deskilling of particular jobs can be seen to arise from their feminisation rather than entirely from their actual simplification (Berg 1994: 156, Phillips and Taylor 1980: ‘women’s jobs’ are ‘labelled as such because women do them, not because the jobs are of a certain prior type’ (Joekes 1985: 70). I have already established that, in the standard feminist account, there is wide recognition that women’s skills often go unrecognised and, accordingly, unrewarded (Elson and Pearson 1981: 93, Pearson 1994: 346-47). My criticism is that these insights are not connected to an appreciation of the extent to which
jobs and tasks can be ascribed certain gendered characteristics, as well as workers. Yet, this insight is a key part of my argument that the employment of women in export factories in the Philippine garments industry is less a matter of rational choice than it is a consequence of certain taken-for-granted assumptions about sewing being work for women. \textsuperscript{49}

Having said this, it is important to stress that the current gendered division of labour in the garments industry is not just an effect of the ‘correct’ pairing of gendered jobs with gendered workers. Comparative industry studies elsewhere have shown that there is ‘nothing inherent in jobs that makes them either appropriately male or female’, despite the regular sex-typing of those jobs (Game and Pringle 1983: 15). The point is – as has been shown in relation to the supposed ‘heaviness’ of some the sewing tasks which are allocated to male workers in the Philippine garments industry – it is often not easy to correlate the technical properties of jobs with the ascribed attributes of men and women (Eveline 1998, Game and Pringle 1983). I want to argue that the sex-typing of jobs in the industry is a consequence, rather than a cause, of employment arrangements which are already well established (Fine 1992: 73, Scott 1986: 160).

Recall, on this point, that Pearson (1994: 346) argues that employers’ claims about women’s suitability for menial tasks are simply a way of

\textsuperscript{49} Elson and Pearson (1981: 92) recognise that there are jobs defined as ‘women’s work’, but they explicitly reject any assertion that this is a way of explaining the employment of women in export factories. Whilst I agree that the sex-typing of jobs is an insufficient explanation, it should be clear that I do not agree with their further assertion that the employment of women in export factories must be due to objective differences in their attributes as workers.
rationalising their actions to increase profits. However, my argument is that the sex-typing of jobs is an effect of certain patterns of employment becoming so institutionalised that they are little questioned. As such, to explain the particular gender division of labour in the modern garments industry, it is necessary to go beyond the sex-typing of jobs and consider its origins in earlier times. An historical account can identify the particular turning points – or junctures – at which particular patterns of employment were first established through processes of substitution. As Scott (1986: 159) observes, gender substitution is normally ‘accompanied by substantial changes in the character and status of the jobs concerned’. In the garments industry, changes to the labour process with the transition from artisan to capitalist forms of production and the rise of a mass-market for cheap ready-to-wear were ‘the basis for substitution’ (Coyle 1982: 3).

I argue in the following section that the economic calculations of new employers played a greater role in the past – when the substitution of male for female workers was happening – in that the employment of women was used to hold down wages and facilitate changes to the labour process. However, it was not simply the case that the supply price of women’s labour was lower on account of their secondary status in society. The uptake of women was also a consequence of male workers’ struggles over class processes that threatened their conditions of employment (Coyle 1982: 10, see also Hartmann 1982, Morris 1986, Frances 1993). Finally, the past process I refer to here were not ones that occurred in the Philippines. Colonisation,

50 Or, the questioning is a challenge to the established order.
foreign investment, trade and development assistance in the twentieth century all played a part in ensuring that the ‘structure of the Philippine garments industry derives from and is similar to that of the Western industrialized countries’ (Pineda-Ofreneo 1994: 164) – not least, with regards to the gender division of labour in production.

**Origins**

The gender division of labour that characterises the modern garments industry was first established through changes to the labour process in the nineteenth century which saw the end of garment making as a trade. The changes were uneven over time in different places and different product markets, but generally they involved the following: the development of a detailed division of labour; the rise of mass production (not to be confused with large-scale production, which came later); and capitalist forms of control. These factors went hand in hand with the feminisation of sewing as an occupation distinguished from the tasks of laying and cutting out cloth. The gender substitution process was most obvious in male tailoring.

Originally, the male tailor would travel around, working alone to ‘make through’ an entire garment for different customers who may or may not have supplied the cloth (Morris 1986: 102). However, in Britain by the beginning of the eighteenth century, this arrangement was gradually being superseded by the new social relations of the workshop, that is ‘the emergence of master tailors or tailor/shopkeepers who brought cloth and employed workers under them to make up garments for sale’ (Morris 1986: 103). These master tailors
and shopkeepers took on wage labour to expand their production output, but also began dividing the labour process by giving the simpler sewing tasks to female assistants (Morris 1986: 103). Under this system of ‘manufacture’, the master craftsman controlled the allocation of work, but exerted little control over the actual work processes of his employees (Coyle 1982: 13).

Women consequently first entered the male tailoring trade ‘to perform tasks subordinate to the work tasks of men’ (Morris 1986: 103). But, as the production of ready-made garments increased – first for men and boys – the participation of female workers in all other aspects of sewing was expanded.51 The gender substitution process was facilitated by sewing being contracted out to other small workshops or women working in their homes (Morris 1986: 103-4, 106-7). The use of local subcontractors was first a way to handle the seasonal fluctuations in demand which are a feature of garment making. But in the nineteenth century in Europe and the United States, the local subcontracting system also facilitated some cloth and clothes merchants’ entry into production (Frances 1993: 26). These merchants improved their returns through vertical integration: purchasing both cloth and labour very cheaply, coordinating production and then taking charge of the advertising and selling of the final product (Zakim 1999, Nenadic 1998, Jefferys 1954: 295-97).52 Competing on the basis of price in a growing mass market, the clothiers’ ability to produce cheap clothing was a factor which helped to expand that mass market for ready-

51 The switch to ready-made garments was later in the case of women and girls. Men’s wear was more standardised and, as Nenadic (1998: 627) suggests, more ‘utilitarian’. She argues that the ‘made to measure’ garment had stronger social meanings for women because it constituted the opportunity to ‘indulge, however briefly, in an idealised world of leisured femininity’ (Nenadic 1998: 636).
52 This tendency for power and profits in the industry to be concentrated in retailing was much amplified in the course of the twentieth century (see Chapter Four).
to-wear: first for men and boys, later for women and girls (Frances 1993: 22). However, the price gains were made in considerable part through the 'sweating' of women: a form of employment which was characterised by 'very low wages, long [irregular] hours and insanitary working conditions' (Morris 1986: 96).

The employment of women was not simply an outcome of changes to the labour process involving an increase in the detailed division of labour; their uptake into the industry was 'part and parcel of the calculus' of the restructuring of the labour process (Peck 1996: 63, original emphasis, also Frances 1993: 26). Thus, as Zakim (1999) explains, the changes in the industry in the nineteenth century were 'first and foremost, a social process'. In his words:

> When there were no machines increasing productivity or technologies redividing the labor, when the product itself underwent no physical transformation to speak of, but became a commodity in every respect, industrial production could only be organized through a proper manipulation of the extant social organization of society [along gender lines].

Women were preferred employees for a number of reasons, all mainly due to then changes in the labour market. First, women were increasingly available for this work in large numbers, in small workshops and in their homes (Berg 1994: 157-58). Second, long excluded from forms of employment which were seen 'simultaneously as male and skilled', women were able to be paid lower wages and, with fewer attachments to more traditional work practices, they were less likely and less able to try and resist the changes to the labour process which their employment was connected to (Alexander 1976: 76, Tilly and Scott 1989: 126, Berg 1994: 149, Zakim 1999). Recall, that '(s)kill is as much about job control and wage levels as it is about technique' (Coyle 1982: 15). Pushed out of sewing, men in the industry were able to retain the
laying and cutting out of cloth as a male occupation because it was less easily put out to local subcontractors. As Frances (1993: 27) explains, cutting was best done ‘close to the supply of cloth’; further it required long, heavy tables which the home worker was unlikely to be able to provide. From this corner of the industry, male workers were able to resist the employment of women, justifying this response by the work being ‘too heavy’ for women (Frances 1993: 27-28, Coyle 1982: 15).

It is important to underline here that the making of the modern garments industry in the nineteenth century was not set by the emergence of the factory system: production on a large scale and the use of power-driven machinery (Alexander 1976: 63, Morris 1986: 106, Berg 1994). The sewing machine was invented and widely adopted around the middle of the century. However, its ‘stand-alone’ quality meant that it fitted easily with the putting out system and even facilitated its continuance (Tilly and Scott 1989: 153, Nenadic 1998: 628). In Victoria, Australia, Frances (1993: 30) observes that it was typically the manufacturers of high-quality, standardised items like men’s dress shirts who experimented with the use of power-driven machinery and improvements in work organisation as they ‘could not resort to outworkers to cheapen production because the nature of their produce required strict quality control’. Yet, it was not until the late 1890s that a suitable power source for sewing machines – gas engines – was found and used widely; but even then they were not necessarily faster than ‘female leg-power’, and certainly more costly (Frances 1993: 30-31). Thus, factories were mainly introduced in the garments industry to achieve greater hierarchical forms of control over labour (Berg 1994: 190 and 197,
Edwards 1979: 30-34), under circumstances in which there were also economies of scale to be attained through long production runs.

On another matter, it is important also not to assume that, in the nineteenth century, there was ‘naturally’ competition for jobs between men and women, or even that this arose because the gender division of labour in society (between paid and unpaid work) placed women in the ‘secondary’ labour market. Rather the process of gender substitution in tailoring was partly an outcome of a further historical process with regards to the early institutional form of labour organising. Hartmann (1982: 467) has argued that male unionists have done much to shape women’s ‘secondary’ status in the labour market because they derived a direct, material benefit from the domestic labour of women. However, Fine (1992: 60) rejects the general assertion that ‘the weight of union policy was unambiguously and universally in favour of the exclusion of women workers’ from particular industries and occupations. Rather, he asserts that ‘exclusion has been a policy where skills and crafts are under threat’ and that this has been ‘directed against all potential labour-market competitors and not just against women’.

The craft origins of labour organising in the nineteenth century meant that male tailors formed their own unions, separate from female seamstresses, as well as male cutters and pressers (Frances 1993: 37). Because, ‘the only real strategy that … [was] developed against deskilling … [was] for skilled (male) labour to struggle to differentiate itself from less skilled labour’ (Coyle 1982: 20-21), male tailors in part sought to protect their wages and conditions by maintaining the gender status quo. In other words, as already intimated above,
it is not sufficient to assert that the gender substitution process in tailoring was a simple matter of the price of female labour being lower than the price of male labour, on account of the gender division of labour in society between paid and unpaid work. Instead, again it can be seen that gendered divisions of labour within industry had consequences for the ways in which men and women were arrayed differently, politically, in class processes – to the point that their interests in protecting wages and conditions and securing employment can be opposed.

To summarise the main argument of this section, the standard feminist literature on export factories assumes a process of gender substitution in the present day which in fact happened in the past (cf. Joekes). The segmentation it produced is nowadays reproduced, in the face of no major changes to the labour process, by the sex-typing of both tasks and workers. Only Joekes (1982) was able to observe a contemporary process of gender substitution in garments making, in this case in the Moroccan industry. She shows that women came to largely replace men in the transition to export production. In Morocco, sewing was traditionally a male tailoring occupation. With the industrialisation of garments production, women were drawn in to the industry; however, it was in the 1970s when exporting took off, that the trend to feminisation was more marked. Direct processes of substitution took place wherein entire workforces were sacked and replaced by women (1982: 11). Significantly, this coincided with changes to the work-flow organisation and the introduction of an assembly line. However, again, it was not simply a case of deskilling, women workers are less organised and so less in a position to demand ‘comparability with the previous wage payment system’ (1982: 27).
Conclusion

A standard NIDL argument in relation to labour organising capacities in export factories is that they are lowered by the employment of women. As we have seen, the logic of this argument is that women predominate in export factories because employers prefer them for rational economic reasons, among others for their lack of militancy. This view has, of course, not gone unchallenged, but on the whole such challenges have been directed at the causes of this hypothesised greater docility and so have failed to recognise the contradictions that then arise in relation to the standard explanation for women’s employment (cf. Porpora et al. 1989). Based on the comments of owners, production managers and some union officials in the Philippine garments industry, I have asserted here that the phenomenon of women’s predominance as sewers in that industry is better explained in terms of the sex-typing of tasks and workers which reproduces a set of arrangements that were first laid down in other times and places, but which nowadays are relatively enduring.

Importantly, the original gender substitution processes in tailoring were contested as an aspect of struggles over class processes. However, in part reflecting its ‘taken-for-granted’ status, in the Philippine garments industry the gender segmentation of occupations is not contested by workers and their unions (or employers and managers). Management strategies of control are embedded in many naturalistic assumptions about gender relations, and can often involve sexual innuendo and harassment; however, conflicts over class processes (like the putting out of production) do not take the form of conflicts between male and female workers because there is no gender substitution
involved. Owners and managers apply *recruitment* strategies to the problem of labour organising only to the degree that they screen out potential recruits who are known to have a record of industrial activism, but this screening is applied to male and female workers alike.\(^{53}\)

Otherwise, there are many, complex issues around gender relations in garment industry unions – one of the most obvious being the disproportionately high number of male union officials (relative to the gender composition of the membership). However, the garments industry was also the target of programs by women’s groups and women’s departments within peak union bodies which encouraged greater female worker participation in leadership positions and organising around women’s issues (Cheng-Kooi 1996, Honculada 1996). These are important matters, but they are outside the immediate purview of this thesis. In the next chapter, I look more specifically at the rise and character of the export garments industry in the Philippines from a ‘commodity chain’ perspective, focusing on developments since the early 1960s.

\(^{53}\) For example, the production manager of Philine (employing some 250 sewers on a regular basis) stated that, in interviews, potential employees are ‘always’ asked about their history of union involvement and not hired if they appear ‘aggressive’ and ‘union-oriented’. The same establishment operated a company union to avoid the formation of an independent union.
4. Different threads: the rise of an export garments industry

Garment manufacturing is one of ‘the most globally dispersed of all industries across both developed and developing countries’ (Dicken 1998: 283, 291). When I conducted my research the Philippines was the source country for 1.5 percent of world exports of clothing by value (see Table 4.1). This put it well behind the then leading contributors to world exports – China, Hong Kong and South Korea on 13.6, 10.7 and 7.2 percent respectively – but roughly on a par with other Southeast Asian countries. However, in keeping with the pattern for the original three top exporters in earlier decades – Hong Kong, South Korea and Taiwan – the Philippines’ contribution to exports into the countries that applied quotas under the Multi-Fibre Arrangement (MFA) was higher as a proportion of the world total, and still higher into the United States, which is the world’s largest national market for apparel. This pattern of trade is an outcome of the history of the off-shore sourcing of garments by the United States from the late 1950s, during the Cold War period, and the political economy of the Philippines’ own economic development during that time.

Table 4.1: Market Share by Destination in 1990 (percent by value)

<table>
<thead>
<tr>
<th></th>
<th>World</th>
<th>MFA nations</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philippines</td>
<td>1.5</td>
<td>2.3</td>
<td>4.4</td>
</tr>
<tr>
<td>China</td>
<td>13.6</td>
<td>12.9</td>
<td>14.0</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>10.7</td>
<td>13.2</td>
<td>16.6</td>
</tr>
<tr>
<td>South Korea</td>
<td>7.2</td>
<td>8.6</td>
<td>13.1</td>
</tr>
<tr>
<td>Taiwan</td>
<td>2.9</td>
<td>5.5</td>
<td>10.0</td>
</tr>
<tr>
<td>Thailand</td>
<td>2.2</td>
<td>2.4</td>
<td>1.9</td>
</tr>
<tr>
<td>Indonesia</td>
<td>1.5</td>
<td>2.2</td>
<td>2.7</td>
</tr>
</tbody>
</table>

Following the NIDL account of developing countries’ place in the international garments industry, existing studies of the Philippine export garments industry stress the significance of the low wages in attracting foreign investment (see Pineda-Ofreneo 1994: 172). I argue in this chapter that the occurrence of an export garments industry in the Philippines is inadequately explained by the cheap labour thesis, in the same way that it is not able to fully account for the geography of the international industry as a whole (Bonacich and Waller 1994a, Gereffi 1996, Smith 1996). Two factors that the cheap labour thesis overlooks, which have had special consequences for the development of the Philippine industry, are the impact of quotas under the Multi-Fibre Arrangement (MFA) and the subsequent development of regional ‘commodity chains’ in East and Southeast Asia (Cline 1990, Gereffi 1996 and 1999, World Bank 1999: 56).

The notion of a ‘commodity chain’ (or ‘value chain’) has been used by Gary Gereffi and others to explain how the international division of labour in the apparel industry is organised as ‘a dynamic set of processes among firms, rather than as a static property of nations’ (Appelbaum and Gereffi 1994: 42). The term refers to the succession of value-adding stages in the making of a commodity, up to its eventual sale (Hopkins and Wallerstein 1986: 159, Dicken 1998: 7). In this sense, the commodity chain includes design and marketing stages, as well as the production process itself. As ‘an analytical tool’ (Kaplinksy 2000), the concept is used to explain uneven development through the spatial and organisational division of these different value-adding stages and the potential for ‘industrial upgrading’ via the establishment of inter-
firm linkages which facilitate the transmission of industrial ‘know-how’. In the commodity chain literature, ‘upgrading means enhancing the relative competitive position of a firm’ by upgrading production processes and/or products or by moving into ‘higher value-added stages in the chain like design or marketing’ (Schmitz and Knorringa 2000: 181). With regards to the international garments industry, Gereffi and some other researchers make a distinction between ‘buyer-driven’ and ‘producer-driven’ commodity chains to explain the particular type of inter-firm linkages through which industrial upgrading can occur – and did occur in the case of the industries in Hong Kong, South Korea and Taiwan from the 1960s.

This chapter draws on the insights of the commodity chain literature to note the potential for labour process upgrading through exporting in apparel making. Pitched at the level of international competition in the garments industry, the observations in this chapter are a forerunner to those I make about the impact of exporting on the labour process at the enterprise level in Chapter Six. But in highlighting the potential for industrial upgrading through exporting, I also explain in this chapter why it is that, despite similar international openings, producers in the Philippines generally did not achieve the same levels of industrial upgrading as those in Hong Kong, South Korea and Taiwan from the 1960s. Yet, as I also explain, somewhat paradoxically the rise to dominance of these three East Asian producer countries was also an important factor behind the expansion of the Philippine export garments industry in the 1970s. In that decade, the Philippines emerged as a ‘middle’ or ‘third tier’ producer of

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54 In this it is important to stress that, the commodity chain approach goes well beyond that NIDL concern with the factors behind industrial location.
‘medium- to low-cost, mid-quality’ exports, mainly through the setting up of regional commodity chains by East Asian producers to circumvent the quotas applied to their country of origin’s exports under the MFA (Cheng and Gereffi 1994: 64, World Bank 1980: 125). However, the discussion around this is preceded by a section on the origins of the export garments industry before the Second World War and its subsequent establishment in the early 1960s.

**Early days**

The Philippine export garments industry began with exports of embroideries to the United States in the first decades of the twentieth century. Hand embroidery was probably first taught to girls in convent schools during the Spanish period (Department of Commerce and Industry 1964: 2). Then, as now, sewing of this type was considered an exclusively female occupation. In 1875, one of the newly established church schools stated in its published rules that girls attending the school were to be taught ‘work of all kinds suitable for women, especially those of the most general utility and application to domestic life, such as sewing, weaving, embroidery, the cutting of garments, and ironing’ (in Blair and Robertson 1973, vol. 46: 144). Only later, under the tutelage of the United States colonial administration, did embroidery become a commercial handicraft and an item that was exported.

At the turn of the twentieth century, the United States government favoured the development of ‘industrial education’ in the Philippines to ‘not only train rightly the great dexterity of the Filipino, but also to teach him [sic] the dignity of work with the hands’ so as to ‘hasten the time when he shall enjoy greater self-
government’ (in Blair and Robertson 1973, vol. 46: 367). According to Rutten (1990: 23-24), initially ‘only boys were taught how to make marketable products’. However, in 1910, the new Bureau of Education ‘also started “instruction in remunerative industries for girls” with the introduction of lacemaking and embroidery in the public schools’.55 As well as facilitating skills training, the Bureau actively promoted embroidery exports by putting large United States buyers in contact with local homeworkers and by ensuring the standardisation of products ‘so that large orders could be placed’ (Rutten 1990: 24). Firms exporting embroideries from the Philippines were thus all initially owned in the United States, although progressively they ‘took in the services of Filipino contractors’ and a number of joint ventures were established before the Second World War (Department of Commerce and Industry 1964: 4). Accordingly, embroidery was the first Philippine export to be developed through international subcontracting arrangements (Rutten 1990: 16).

The Philippines was occupied by the Japanese during the Second World War and the export embroidery industry consequently shut down. The industry recommenced at the end of hostilities, but no significant expansion occurred until international subcontracting arrangements were re-established in the early 1960s. By that time, the country was also producing garments for export, mainly women’s underwear, gloves and infants’ clothing, many of these featuring a considerable amount of decorative embroidery (Department of Commerce and Industry 1964: 7). The delay in the industry’s expansion was mainly caused by postwar restrictions on the importation of textiles and the

subsequent failure to establish a substitute domestic textile industry. This failure was to set the Philippine export garments industry apart from its counterparts in East Asia in the first formative decade of the international industry.

In 1949, with the support of the United States (Maxfield and Nolt 1990: 62-68), the Philippine government had placed import and foreign exchange controls on a range of consumer items to tackle a trade deficit so large that it threatened to drain the country of its foreign reserves. These controls put a stop to most imports of fabric and yarn, thereby stimulating the development of a domestic textile industry. Unlike embroideries, the traditional handicraft weaving industry had been destroyed by colonial patterns of trade from the mid nineteenth century (McCoy 1982). In the 1930s, a government mill was established but only with the imposition of import and exchange controls did private investors move into textile production. Most of the new investors were local Chinese whose textile importing businesses were threatened by the new controls. They were attracted into manufacturing by the prospect of a growing, protected market, but more particularly they were attracted by the opportunity to make windfall profits through corrupt dealings over dollar allocations from the Central Bank.56 For example, by over stating their import requirements for raw materials and capital equipment, manufacturers could obtain additional dollars to their requirements, which they then exchanged illegally on the black market.

56 The introduction of foreign exchange controls meant that currency exchanges had to be conducted through the Central Bank.
(Stifel 1963: 40-41, Carroll 1965: 191). In Stifel’s (1963: 104) words, the new textile industrialists generally ‘considered effort at the Central Bank as important as at their plants’. The result was that production was inefficient and the quality too low and the price too high for linkages to be developed with the export garments industry (Garfinkel 1972: 13-18, ILO 1974: 577).

Exports of garments from the Philippines only lifted with the passing of the 1961 Embroidery Law (RA 3137) which allowed firms from the United States to again import fabrics duty-free into the Philippines for labour-only processing and re-exportation within a two year period. Attendant provisions of the U.S. Tariff Schedule facilitated this system by allowing goods assembled offshore with U.S. components to be charged import duties only on the overseas value-added and not on the value of the original components (Sharpston 1975, Finger 1975, Parsons 1988: 139-45). Fabrics consigned to the Philippines were typically sent for some specified cutting and pattern stamping in factories in Manila before going on to women homeworkers in nearby provinces. As different provinces around Manila came to specialise in particular forms of embroidery and other hand-sewing, one item might take several trips to the countryside before completion. In the early 1960s, it was reported this process could take eighteen months or more (Department of Commerce and Industry 1964: 4-12, Aldana 1989: 9-10). For the next ten years or so, Philippine exports of

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57 The association between these two ‘industries’ has been so close that Binondo, the area of Manila that has a very high concentration of textile traders, has had its name applied to the colloquial term for black market dealers – ‘Binondo bankers’.

58 To quote a Bureau of Industry (BOI) report (1971: 28): ‘The provincial workers in the industry are women. They are better fitted to the task than men. They take their time with their job, working in snatches, usually after the household chores are done.’
garments were almost entirely based on this consignment system with the United States (see Table 4.2) (Garfinkel 1972: 4, NEDA 1974).

Table 4.2: Composition of Philippine Garment Exports (by value) (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Consignment</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>1966</td>
<td>98</td>
<td>2</td>
</tr>
<tr>
<td>1971</td>
<td>99</td>
<td>1</td>
</tr>
<tr>
<td>1973</td>
<td>80</td>
<td>20</td>
</tr>
<tr>
<td>1975</td>
<td>67</td>
<td>33</td>
</tr>
<tr>
<td>1977</td>
<td>55</td>
<td>45</td>
</tr>
<tr>
<td>1979</td>
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<tr>
<td>1991</td>
<td>62</td>
<td>38</td>
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</tbody>
</table>

Source: National Census and Statistics Office (NCSO) (various years).

Transnational production arrangements of the kind behind the initial development of an export garments industry in the Philippines are the same as those that are said to have produced a ‘new international division of labour’ in manufacturing in general (Fröbel et al. 1980). In conformity with the cheap labour explanation for this development, the chance to cut costs was a major factor in United States firms entering into offshore production arrangements from the late 1950s (Bonacich and Waller 1994b: 81). However, there are other considerations in explaining the particular form and timing of the Philippines’ entry into apparel exporting. The first of these were general changes to the mode of apparel consumption and retailing in the United States (and much of the rest of the advanced industrialised world) which brought competition centered
on price to the fore; the second were broader geo-political developments as a result of the Cold War. Whilst the first was a condition of existence of international subcontracting, the second was a factor behind the targeting of the Philippines. The following two sections of the chapter explain the Philippines’ early entry into the ‘new division of labour’ in garments making and compares the status of its industry with that of Hong Kong, South Korea and Taiwan.

The rise of Asia

In the advanced industrialised world, the mass production of ‘ready-to-wear’ clothing for adults and children, men and women, underwent ‘enormous expansion’ after the Second World War (Plant 1981: 60). The resultant need for long production runs provided some stimulus to the further development and spread of large-scale factory systems (Jefferys 1954: 332). However, the ‘scale-neutral’ nature of technological change in industrial sewing (Cline 1990: 84) meant that there did not emerge the same close connection between mass consumption and mass production in very large-scale plants which the term ‘Fordism’ has come to denote for other areas of manufacturing (Aglietta 1987: 116-22, Forgacs 1988: 275-76). The sewing machine only mechanises the action of the needle; problems with the mechanical handling of fabrics has limited the formation of a mechanically integrated production line and made it necessary to retain the single operator. Thus the spread of the factory system in garments making has always been very uneven, contingent upon other factors like the nature of local labour markets and particular policy and institutional settings, which may or may not facilitate the dispersal of production through local subcontracting (Rainnie 1984, Taplin 1989,
Peck 1990, Leman 1992: 117). In contrast with the trajectory of scale in production, the mass consumption of apparel was associated with, and in fact promoted by, the concentration and centralisation of capital in retailing in advanced industrialised countries (ILO 1987a: 30, Gibbs 1988:1221).

To quote Plant (1981: 60), since the end of the Second World War, the 'clothing industry has been caught up, perhaps more than any sector of manufacturing, in the revolution in the distributive trades'. In broad terms, this 'revolution' involved the growing dominance of department and discount store chains with national, and even international, market coverage, and a concomitant increasingly oligopolistic pattern of ownership and control among buyer and retailing firms (Jeffreys 1954, Plant 1981, Bluestone et al. 1981). In this process, power and profits in the garments commodity chain were moved away from manufacturing towards selling, as large buyers and retailers came to exercise greater flexibility in their product sourcing, more control over product design and greater influence in shaping consumer preferences (Jeffreys 1954: 304, Plant 1981: 61, ILO 1987a: 30, Gibbs 1988: 1221). Value-added in the garments industry came to be concentrated in distribution and marketing, where the barriers to entry and price mark-ups have been greatest (ILO 1987a: 6-7, Pepper and Bhattacharya 1994: 54). In keeping with this trend, in the United States by the early 1970s large buyers and retailers had generally replaced manufacturers as leaders in the offshore sourcing of production in Asia (Bonacich and Waller 1994b: 83, Sharpston 1975: 133). Accordingly, Gereffi (1994: 99, 1996: 82) has coined the term 'buyer-driven commodity chain' to characterise the industry:
Buyer-driven commodity chains refer to those industries in which large retailers, designers, and trading companies play the pivotal role in setting up decentralized production networks in a variety of exporting countries, typically located in the developing world. Profits in buyer-driven chains derive not from scale, volume, and technological advances [in production], … but rather from unique combinations of [and economies of scale in] high-value research, design, sales, marketing, and financial services that allow the retailers and designers to act as strategic brokers in linking overseas factories and traders with evolving product niches in the main consumer markets.

To the extent that one is able to generalise about different phases in the evolution of the garments industry in the advanced industrialised world, the 1960s and 1970s were characterised by the production and consumption of cheap, value-for-money clothing of a standard design with competition among retailers mainly centred on price (Gibbs 1988: 1220). The mass consumption of clothing was especially prevalent in the United States where the product market was generally less segmented along fashion and class lines than in Europe (Parsons 1988: 122). Thus, when United States firms began sourcing their production from a number of Asian countries in the late 1950s and early 1960s it was principally to cut costs at the low margin, most price-sensitive ‘lower end’ of the market (Bonacich and Waller 1994b: 81-82).59 As large buyers and retailers then soon took the lead in the sourcing of product overseas (Sharpston 1975: 133), it was the ‘(d)iscount chains like Kmart and mass merchandisers like JC Penney’ who were often the first to ‘open up the capabilities for volume production in new export sites in Asia’ (Gereffi 1999: 53).

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59 As Sharpston (1975: 131) points out, there are ‘important political differences’ in the competitive strategies of seeking to restrict imports (trade protectionism) and engaging in the international subcontracting of production. Whereas the former protects both capital and labour, the latter sees the exporting of jobs.
To summarise, the drive in the United States garment industry to cut costs through offshore sourcing in low-wage countries came with the consolidation of a mass market for ‘ready-to-wear’, strong competition over price in retailing and an associated concentration of ownership and control in firms doing the retailing. Because the international subcontracting of production involved only relatively simple assembly work it could be handled by new producer firms in less industrialised countries. But why were the new producer countries – Hong Kong, South Korea, Taiwan and the Philippines – all in Asia? The Philippines was an obvious choice in that there were already long-established international subcontracting arrangements in the embroidery industry which could be recommenced with the passing of the 1961 Embroidery Law. But in addition to this, during the Cold War the Philippines was one of a group of countries in Asia with which the United States was concerned to establish or strengthen trade and investment linkages to encourage capitalist development in place of communism (Haggard 1989, Stubbs 1999). This foreign policy was backed by significant financial and technical assistance and a relatively open-door policy on trade. As a British colony, Hong Kong was less under the United States’ security umbrella. However, that country’s own export garments industry sprang up in the late 1940s as the civil war in China between the Nationalists and the Communists caused ‘a massive influx of skilled textile workers, entrepreneurs, machinery, and funds into Hong Kong from Shanghai’ (Stubbs 1999: 345, also Chiu and Levin 1993: 6-7).
The Philippines compared

As the following figures indicate, the Philippines was an early participant in the ‘new international division of labour’ in garment making. In 1963, only two years after the passing of the Embroidery Law, it was the source of 9.3 percent of imports of clothing by the OECD from all developing countries, second only to, although well behind, Hong Kong with a 74 percent share. Significantly, the other two main participants, Taiwan and South Korea, were securing smaller amounts of 3 and 1.4 percent respectively (Cline 1990: 140-41). In its main market, the United States, the Philippines had a nearly 3 percent share compared with Hong Kong’s 13 percent, these lower percentages reflecting the fact that about three quarters of imports of apparel by the United States were then still coming from Europe and Japan (Department of Commerce and Industry 1964: 16). Despite this early start in the international industry, the Philippine industry did not achieve the levels of industrial upgrading and expansion which producers in East Asia were generally able to in the next two decades. In the early 1970s, an ILO mission report (1974: 578) made special reference to the Philippine industry’s slow growth and inability to fill even half of its import quota with the United States. Accordingly, by 1973 the industry’s share of imports into the OECD from all developing countries had fallen to 1.5 percent, whilst for Hong Kong, Taiwan and South Korea the figure was much higher at 34.9, 16.6 and 16.1 percent respectively (Cline 1990: 140-41).

Gereffi (1999: 38) argues that East Asian export firms achieved their early dominance in the international garments industry ‘primarily by mastering the dynamics of buyer-driven commodity chains’. They were generally able to move
fairly rapidly out of simple assembly type work and into more sophisticated ‘full-package supply’ arrangements which overseas buyers and retailers have tended to require from their suppliers (1999: 52). Gereffi maintains that the inter-firm linkages between producers and buyers that underpin the offshore sourcing of garments production provide opportunities for ‘technological and organizational learning’ which in turn can result in ‘a more domestically integrated and higher value-added form of exporting’ (Gereffi 1999: 38). He argues that industrial upgrading in the garments industry with regards to East Asian producer firms was further fuelled by an ‘organizational succession among different kinds of buyers’ in which, first, the early discount chains and mass merchandisers were replaced by ‘department stores or specialty stores willing to pay significantly more money for higher quality versions of the same garment’ which, in turn, were replaced by more fashion-oriented retailers requiring an even more value-added product (Gereffi 1999: 53). In other words, as East Asian producers gradually upgraded their capabilities they were in a better position to attract the buyer that is prepared to pay more and, in so doing, enter into another set of inter-firm relationships which can bring further upstream knowledge of the industry. As we will later see, the industrial upgrading of East Asian producers was also pushed along by the introduction of quantitative quotas under the MFA and by changes to the nature of the product market (Gereffi 1994: 96, Yoffie 1989).

Why did the Philippine producers not achieve similar levels of industrial upgrading in the 1960s and 1970s? A crucial factor was the state of its textile industry. In Taiwan and South Korea, U.S. financial assistance in the 1950s was used to support government policies in favour of the development of a
high-quality textile industry with close linkages to the nascent export garments industry (Moon 1989: 187). In Hong Kong, there were also linkages set up early between the textile and export garments industries, in this case in the late 1940s through the entry of textile industrialists already established in Shanghai (Chiu and Levin 1993: 6-7). By contrast, in the Philippines only a short time later, private investors in the new textile industry were mostly ‘rent-seekers’ (Krueger 1974) who were interested mainly in the profits to be had from competition in the political arena over the sources of rent – import and exchange controls in particular – and from the ‘weak’ and corrupt administration of such policies (Stifel 1963, Hutchcroft 1991).

It may also be significant that there was relatively more direct foreign investment in the Philippine export garments industry than in East Asia where ‘virtually all’ production was organised by buyers and retailers (Bonacich and Waller 1994b: 99, Hone 1974: 148). Direct foreign investment tends to be associated with the international consignment of fabrics for labour-only processing under Item 807 of the United States Tariff Schedule (Parsons 1988: 143). As previously stated, Gereffi (1999: 52) argues that buyers and retailers are more likely to require overseas suppliers to source their own inputs to production. Without a viable local textile industry, export garment manufacturers in the Philippines were heavily reliant on imports of textiles through the international consignment system until at least the early 1970s (see Table 4.2). However, the higher level of direct foreign investment in the Philippine industry is more probably an effect of the state of the textile industry than a cause of the heavy reliance on consigned fabrics. In the early 1970s, only 13 of the 53 firms registered under the Embroidery Law were foreign
owned although, as the largest in size, they did account for a higher proportion of total output (Centre for Research and Communication 1974: 38-39).

By the 1970s, the Philippine export garments industry had not equalled the industrial upgrading achievements of its East Asian counterparts; nevertheless, production for an overseas market was having a significant impact on the industry’s development. As Egan and Mody (1992: 321) explain, ‘(e)ven for the lowest cost products within a product segment, consistently meeting that product’s quality specifications at a competitive price and adhering to reliable delivery standards are minimum requirements for selling in international markets’. Access to the United States market brought on changes to the labour process of exporting firms which were not matched in those producing only for the domestic market in the Philippines. The production of ‘ready-to-wear’ clothing for the domestic market was stimulated by the 1949 introduction of import restrictions on apparel but that production was to remain mostly ‘cottage-based’ for some time (Abad 1975: 8). In the early 1960s, when the export industry had barely got going again, the United States Agency for International Development investigated the Philippine garments industry and found it to be operating with a very minimal intra-firm detailed division of labour and few systems in place for the monitoring of quality (in CRC 1974: 32-36). However, a decade after the passing of the Embroidery Law in 1961, official surveys of a similar type observed that the domestic and export sectors were organised quite differently in that only in the latter were there any large factories using specialist machinery for cutting and sewing and employing a detailed division of labour (CRC 1974: 41-42, Abad 1975: 17 and 31-32). Garfinkel (1972: 20) reported that, whilst there was ‘definitely no in-production examination’ for quality control
in the domestic-oriented sector of the garments industry, there was ‘close supervision’ of Philippine contractors by their United States principals (1972: 4). In the early 1970s, although the domestic consumption of ‘ready-to-wear’ clothing was on the increase in the Philippines, custom tailoring was still a strong presence and the mass retailing of ‘ready-to-wear’ through department stores had only just begun (Garfinkel 1972: 11). Firms producing for the United States market, by contrast, were required to manage high-volume orders, whilst also meeting their contractual requirements with regards to product quality and delivery deadlines (World Bank 1980: 122, Egan and Mody 1992: 321-22). To meet these requirements, exporters had to attend to the organisation of the labour process to a greater extent than their counterparts manufacturing for the quite different domestic market. Quite quickly then, a clear bifurcation emerged in the garments industry between exporting and non-exporting firms that was only reinforced by non-exporting firms not having legal access to imported fabrics. (As I go on to explain, a considerable volume of imported fabrics was in fact each year diverted onto the domestic market through ‘technical smuggling’ or the mis-invoicing of imports and exports.)

Expansion under Marcos

After initially expanding in the early 1960s, the Philippine export garments industry grew again in the 1970s under the authoritarian regime of President Ferdinand Marcos. But unlike the earlier period, this time most of the growth did not come from the so-called ‘embroidery firms’ – firms registered under the

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60 Even in the late 1980s, an estimated 25 percent of the domestic market for garments in the Philippines was met by home sewing or by tailors and dressmakers (Tootals 1989: 23).
61 In the survey of 64 establishments, a couple of domestic producers admitted that they obtained such fabrics quite readily through the Divisoria markets in Manila.
1961 Embroidery Law to receive consigned fabrics from the United States. Rather, the growth came from firms that obtained their industry inputs from domestic textile producers or, more often, through an individual or common bonded warehouse through which fabrics can be legitimately imported duty-free into the Philippines from other parts of Asia, principally Hong Kong, Japan and South Korea, for re-export as a finished garment (World Bank 1980: 126). The non-embroidery firms’ contribution to exports increased from less than 1 percent of the total in 1969 to 54 percent only ten years later (Philippine Journal of Statistics 1980: xi) (see Table 4.2). In line with this growth there was also some move away from the United States market, towards other MFA countries (World Bank 1980: 124).

This expansion of the export garments industry contributed to a period of significant overall export restructuring in the Philippines that was marked by a reversal in the status of ‘traditional’ (agricultural) versus ‘non-traditional’ (manufactured) items (see Table 4.3). Apparel was the leading export earner during this time, although the concomitant growth of other ‘non-traditional’ exports (like electronic components) meant that the garment industry’s relative contribution to total exports did fall from 38 to 24 percent over the decade of the 1970s, despite its expansion in absolute terms (Cabalu 1993: 132).

Table 4.3: Changing Structure of Philippine Exports (by value) (%)

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<th>Traditional</th>
<th>Non-Traditional</th>
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<tr>
<td>1960</td>
<td>98</td>
<td>2</td>
</tr>
<tr>
<td>1970</td>
<td>92</td>
<td>8</td>
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<tr>
<td>1980</td>
<td>53</td>
<td>46</td>
</tr>
<tr>
<td>1990</td>
<td>29</td>
<td>71</td>
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Source: Montes (1989: 69) and World Bank (1999: 85)
The lift in exports of garments from the Philippines could be explained in terms of the more generalised consolidation of a ‘new international division of labour’ in garments making, as indicated by developing countries’ share of the world trade in apparel between 1970 and 1980 increasing from 21 to 36 percent while the share for developed countries fell from 63 to 51 percent (UNCTAD 1983: 6). However, such an explanation would miss the specificities of the Philippines’ pattern of growth. This is a key problem with the dependency theorists’ assertion that the expansion of the export garments industry under Marcos was an effect of general developments in the world system (see Stauffer 1974, Bello, Kinley and Elinson 1982: 127-39, Ofreneo and Habana 1987, Broad 1988). Specifically, such theorists have argued that the export industry’s expansion was a consequence of the regime’s intention to pursue an economic development strategy that was in conformity with the interests of foreign investors, foreign consumers and multilateral financial institutions. Most particularly, it was claimed that Marcos introduced martial law in September 1972 to stymie the domestic opposition to export-oriented industrialisation and the opening of the Philippine economy to foreign investment and foreign goods. In this, the IMF and World Bank are said to have played a vital role in pressuring the government through the disbursement of a number of official loans from the early 1960s. They were argued to have been joined in this by neoclassical economists in the Philippine economic planning department, the so-called ‘technocrats’ of the Marcos administration. On this basis, political and economic developments in the Philippines were argued to reflect a broader, deepening structural divide in the world system between wealthy countries with largely democratic governments and poor ones in which authoritarianism is part-and-parcel of economic dependency (Stauffer 1974: 162-63).
But other commentators have cast doubt on this understanding of the political economy of export-oriented industrialisation in the Philippines. A major area of doubt is the actual impact of key pieces of legislation: the 1967 Investment Incentives Act (RA 5186) and 1970 Export Incentives Act (RA 6135) (both amended in 1973) granting various tax exemptions, credits and deductions on raw materials and capital equipment to investors that met the government’s stated policy objectives – also the legislation passed in 1969 to establish the Bataan Export Processing Zone (EPZ) and a 1974 Presidential Decree (PD 66) that offered incentives to foreign investors locating in the Bataan zone. Alburo (1984: 130-31), for example, notes the ‘high association, in the sense of timing, between the program [of legislated incentives] and the explosion of manufactured exports’. But he questions the existence of a causal connection between them. In his and others’ judgement, the legislated incentives had little actual impact on the pattern of investment which occurred (1984: 138, see also Montes 1989: 73 and Lindsey 1992: 80). Moreover, the export garments industry stands out as one for whom the legislated incentives had very few consequences. As the incentives were mostly for the purchase of capital equipment, they were not widely taken up in this labour-intensive industry or, when they were taken up, their effect on the viability of the firm was minimal (World Bank 1980: 128). Of much greater significance to the industry as we have seen was the establishment of individual and common bonded warehouses for the duty-free importation of fabrics (Cabalu 1993: 150). These bonded warehouses were jointly administered by the Garments and Textile Export Board (GTEB) and the Bureau of Customs.
As Montes (1989: 80) comments, ‘there is a big difference between influence in agenda-making and in actual programme implementation’. The ‘technocrats’ in the economic planning department were pivotal in attracting official loans to the Philippines, but it was not until the early 1980s that the Marcos administration showed any real intention to meet the conditions of the loans, a decade after the introduction of martial law, during a period of severe economic crisis brought on by the country’s mounting foreign debt. The IMF and World Bank’s leverage over government economic policy was thus really only manifest once the country was in great difficulties economically (Fabella 1989). Throughout the 1970s, borrowings from official overseas sources achieved the opposite of what the lending institutions intended by effectively propping up the system of ‘crony capitalism’. As Hutchcroft (1991: 434) explains, ‘so long as external funds were readily available, there was never any need to make a comprehensive push for export-oriented industrialization; it was much more expedient simply to adopt the strategy of “debt-driven growth”’ (also Boyce 1990). Significantly, although one of Marcos’ daughters owned two export garments firms and, with the assistance of two cabinet ministers, took over the export quota of a third (Manapat 1991: 418), there was otherwise very little involvement by the ‘cronies’ in that industry (Snow 1983: 96).

In summary, it is accordingly difficult to attribute the increase in garments exports under Marcos to the policies and initiatives of his administration with regards to the promotion of export-oriented industrialisation in general. For all the rhetoric of promoting export-oriented industrialisation, the main thrust of the Marcos regime policy was still essentially one of import-industrialisation substitution through sustained tariff protectionism (Fabella 1989: 197). To
explain the export garments industry’s expansion, one instead has to look to changes in the geography of production internationally which were induced by the introduction of quotas on imports by participating countries under the MFA.

The MFA

The MFA is the umbrella agreement that sets the parameters within which major importing countries in the advanced industrialised world (Canada, the United States and the European Union) are able to impose bilateral, product-specific quotas on exports of textile and clothing from low-wage developing countries (Wolf 1987: 235, Trela and Whalley 1990: 13, Erzan and Holmes 1990: 1). MFA was preceded by the 1961 Short-term and 1962-73 Long-term Agreements on Cotton Textiles (STA and LTA). These two agreements were largely an initiative of the United States in the face of its failure to deal bilaterally with then rapidly growing imports of apparel from Asia. Earlier, in the mid 1950s, the United States had successfully had Japan place ‘voluntary’ restraints (VERs) on its exports of cotton textiles and clothing to the United States. But as soon as that country’s imports were cut as a result, another country quickly filled the gap; in particular, Hong Kong’s share of cotton imports by the United States rose from less than one percent of the total to 23 percent in five years (Aggarwal 1985: 11-12). United States had less direct strategic leverage over Hong Kong than Japan and so was not able to have that country repeat Japan's actions and ‘voluntarily’ place restraints on its exports, hence the move by the United States to handle the issue multilaterally (Aggarwal 1985: 43-76).

62 The rest of the world trade in garments was covered by normal GATT rules and procedures. Australia and Japan, for example, have never been parties to the MFA.
Aggarwal (1985: 74-90) argues that, in initiating the first MFA in 1974, the United States sought to balance three competing demands and objectives. On the one hand, the administration faced a call for greater trade protection from the politically powerful, domestic apparel industry associations; at the same time, it wanted to uphold General Agreement on Tariffs and Trade (GATT) principles in the face of growing European protectionism, and do nothing to upset its Cold War strategic objectives in Asia by severely restricting trade with its allies. The solution seemed to lie in future bilateral negotiations being conducted under a multilateral framework that would allow the ‘orderly and equitable’ expansion of the textiles and clothing trade between developing and developed countries by avoiding the ‘disruptive effects’ of unmanaged competition (in Aggarwal 1985: 133).

The 1974 MFA did deviate from core GATT principles, most obviously with regard to the ‘non-discrimination’ rule as the quotas being imposed were country-specific and so discriminatory by very definition. However, as Ruggie (1982: 399) points out, the GATT was never purely a free trade agreement; rather he characterises it as endeavouring ‘to devise a form of multilateralism that is compatible with the requirements of domestic stability’. Ruggie captures the essence of this compromise in the term ‘embedded liberalism’. In line with this compromise, quotas were only to be initially imposed when a ‘sharp and substantial increase’ in imports of a certain product line from a specified country poses a real risk of significant industry disruption in the recipient nation (Wolf 1987: 254-55). Thus, the quota system was designed to slow, but not halt, the growth of imports from ‘low cost’ developing countries to allow affected industries in the advanced industrialised world the time to
restructure in an orderly manner. In Ruggie’s (1982: 412) words, the purpose of an orderly marketing agreement like the MFA was ‘not to freeze the international division of labour but to slow down structural change and to minimize the social costs of domestic adjustment’ in the advanced industrialised world.

The 1974 MFA allowed a 6 percent annual growth rate in export quotas and considerable flexibility in the transferring of unused quotas into different product lines and different years by exporting countries (Majmudar 1988: 111). But in addition to this, exporters found further opportunities for expansion by moving into unrestricted product lines (Wolf 1987: 255-57, Yoffie 1989).

Already, under the STA and LTA, East Asian textile producers had reacted in a similar way to the restrictions placed on their cotton exports by diversifying into wool and synthetic fibres. In response, the major market countries introduced a multi-fibre agreement with the first MFA (Aggarwal 1985: 95). But as MFA export quotas were quantitative by nature, East Asian producers also got around the constraints on their expansion by lifting the value of their exports through product upgrading (Wolf 1987: 267-68, Parsons 1988: 134-5, Trela and Whalley 1990: 20). These product diversification and upgrading strategies adopted by producers in Hong Kong, South Korea and Taiwan were a key reason why exports of apparel from that region into the United States continued to grow rapidly under the first MFA (see Table 4.4). Over the same period, exports from Asia into the European Union also grew, but as Table 4.4 indicates, the rate and level was lower than that for the United States.
Table 4.4: Clothing Imports into the U.S and E.U. by Region of Origin (% of total by value)

<table>
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<th>Clothing Imports into the U.S. by Region of Origin (% of total by value)</th>
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<tr>
<td>1974</td>
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<td>Asia</td>
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<td>Western Europe</td>
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<td>Latin America</td>
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<th>Clothing Imports into the E.U. by Region of Origin (% of total by value)</th>
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<tr>
<td>1974</td>
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<tr>
<td>Asia</td>
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<tr>
<td>Western Europe</td>
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<td>Central Europe</td>
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Source: WTO (1995: 122)

Nevertheless, liberal economists have been highly critical of the MFA for its ‘distorting’ effects on the apparel trade (Kessing and Wolf 1980, Majmudar 1988, Erzan and Holmes 1990). Wedded to the notion that industrial development is best achieved by a country pursuing its international ‘comparative advantages’ in production and hence trade, the liberal economists have argued that the MFA generally limits developing countries’ access to major developed world markets and, in particular, that it is discriminatory against relative latecomers to the ‘new international division of labour’ in garments making. On this latter point, they claimed that the MFA system of allowing existing quotas to increase tends to favour early entrants by giving them an ever larger share of the market, and hence some protection from the newcomers (Wolf 1987: 257). In other words, the MFA is ‘distorting’ in that it protects markets in the advanced industrialised world in general whilst also giving succour to the East Asian producers.
Undoubtedly, the MFA has had a major impact on the pattern of international trade in garments (Dicken 1998: 300). However, in claiming detrimental industrial developmental effects on developing countries, it needs to be made clear that not all producer countries were in fact able to fill their export quotas with the United States and Europe, so for not all of these countries was the MFA a constraint on their exports (Goto 1990). In 1976, whereas Hong Kong, South Korea and Taiwan had a combined quota utilisation rate of 99.8 percent, the average for other producer countries in Southeast Asia was much lower at 54 percent (Kessing and Wolf 1980: 86). Thus, for East Asian producers at that time, the MFA was setting an upper, quantitative limit on their exports but, as we have already seen, the MFA was also thereby an important factor in the hastening of industrial upgrading of the export garments industry in this part of the world as producers in Hong Kong, South Korea and Taiwan found it necessary to upgrade their product lines in order to achieve the greater export growth they desired (Yoffie 1989: 338-40, Trela and Whalley 1990: 34, Gereffi 1996: 96). Yet it is also clear that continuing constraints on East Asian garment exports in the 1970s had a direct flow-on effect in seeing the spread of production into Southeast Asia (Trela and Whalley 1990: 23-24, Cheng and Gereffi 1994). The Philippines was one of a number of other countries in Southeast Asia whose export garments industry expanded in that decade as a direct consequence of the MFA.

In addition to product diversification and product upgrading, garments firms in Hong Kong, Taiwan and South Korea sought to circumvent the export quotas applied to their country of origin by engaging in transhipments or offshore sourcing of production so as to capture another country’s unused quota: a
strategy known as ‘quota hopping’ (Trela and Whalley 1990: 23-24, Yoffie 1989: 347). Except for its strong performance in a few so-called ‘critical categories’, the Philippines had long failed to fill most of its export quotas, mainly because its producers found it difficult to meet ‘the variety and rigid specifications of foreign buyers’ (Philippine Journal of Statistics 1980: ix, also ILO 1974: 578, Abad 1975: 69, 112). As a consequence, in market terms during the Marcos years the Philippines had plenty of room for expansion. Commenting on the 1970s, the World Bank (1980: 125) stated, ‘[MFA] quotas have actually increased the Philippine’s exports [of apparel] as production has shifted from previously successful exporters, such as Taiwan and Hong Kong, who have been restricted by earlier quotas’. In other words, the ‘quota-hopping of East Asian firms brought the Philippines into newly established regional commodity chains, thereby facilitating the export garments industry’s expansion and upgrading. As Gereffi (1996: 98) points out, these regional commodity chains were ‘socially embedded’ in that they tapped into existing ethnic Chinese-based networks in the region (also Appelbaum and Christerson 1997: 210-12).

It is widely acknowledged that, in its subsequent re-negotiated forms from the late 1970s, the MFA did become more restrictive and comprehensive in that the coverage of product lines was increased, there were reduced allowances for

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63 Transshipments involve garments produced in one country being sent to another with under-utilised quotas for re-export (Yoffie 1989: 347).
64 Later, I will also point out that the maladministration of quotas by the GTEB was another factor in this.
65 The Philippines was not the only country to benefit from this intra-regional movement of production capacity. Most obviously, the export garments industry in China took off through the movement of Hong Kong firms into Guangdong, and later other parts of China, from the late 1970s (Gereffi 1999: 58, Chui and Levin 1993).
export quota growth, tighter restrictions applied to transhipments and a new clause inserted enabling ‘reasonable [bilateral] departures’ from the multilateral agreement (Aggarwal 1985: 91, Majmudar 1988, Goto 1988: 14-17). Aggarwal (1985: 143-44) argues this happened mainly because the Europeans took the lead in international negotiations over the MFA. Despite the MFA becoming more restrictive, except for a few ‘critical categories, the Philippines was still continuing to gain from the MFA quota system up to the time of this case study.

In the mid 1980s, Goto (1990) modelled the effects of the MFA on the world garments trade. Taking into account variations in the MFA’s coverage of a particular country’s exported product lines and quota utilisation rates, Goto (1990: 17-21) confirmed that the Philippines was one of a group of developing countries whose exports of garments were unrestricted at the time by the MFA, into both the United States and European markets, and thus whose sales would fall in the short and long term if quotas were removed (also Medalla and Tecson 1988). In summary, during the Marcos years, the Philippine export garments industry underwent expansion, not because there was any effective plan by the government to see this happen. Orders and investment largely came in, first, because in an earlier decade Philippine producers had generally not achieved the kind of industrial deepening that occurred in East Asian plants and, second, because international attempts to manage the ‘new international division of labour’ in garments making had given this country unutilised access to markets in the United States and Europe.
Slump and recovery

In the early 1980s, a slump in the world market, that was ‘undoubtedly made more difficult for the Philippines’ by domestic economic and political problems associated with the foreign debt crisis, saw the export garments industry experience a downturn from 1982 to 1986 (Tootals 1987: 22, also ILO 1987b: 59). Foreign exchange shortages during this time forced many firms with a proven track record in exporting to return to the consignment system to access imported fabrics (Papa, interview 1991) (see Table 4.2). However, with the fall of Marcos in 1986 and a lift in demand internationally, the industry began to recover rapidly again. In only three years, the value of apparel exports from the Philippines more than doubled from US$646.8M in 1985 to US$1.32B in 1988. One source of the growth was expanding exports in knitted apparel from integrated textile mills (Zayco 1990: 17). Another was some favourable outcomes from bilateral negotiations to raise quotas and some easing of tariffs into non-MFA markets like Australia (Basa 1989). But, more importantly, there were marked improvements in the GTEB’s administration of the allocation of quotas to exporting firms during the Aquino period. This section explains these changes.

As previously mentioned in this chapter, the ‘technical smuggling’ of imported fabrics has long been rife in the export garments industry in the Philippines: in the words of one industry report, it is ‘institutionalized’ (Tootals 1989: 20). Technical smuggling occurs when garment exporters over-order imported fabrics for the purpose of diverting some of them on to the domestic
Industry sources suggested in 1990 that the value of textiles entering the country in this way was some P3.1 billion (Zayco 1990: 17). Alternatively or in addition, firms have overstated their imports or understated their exports in order not to have to surrender all their foreign exchange to the Central Bank for conversion into pesos (see Tolentino 1990). In the case of overstated imports, 'the importer takes an invoice with an inflated value to the Central Bank to obtain the necessary foreign exchange, which is then transferred to the supplier who in turn deposits the difference in accordance with the importer’s instructions' (Boyce 1990: 40). Boyce (1990: 41) argues that the mis-invoicing of exports (not only from the garments industry) was 'a major avenue for Philippine capital flight' in the 1970s and 1980s. In my interviews with owners for this case study, I found two new entrants to the industry who admitted the opportunity to sequester U.S. dollars through exporting was an important reason why they were in the industry.

Additional to dealings of this kind, the weak administration of MFA quota allocations by the GTEB used to provide rents to many of the larger firms. These firms would apply for a larger quota than they intended to fill and then hoard or sell on the unused amount to other local exporters. A GTEB official admitted to me that this practice contributed to the country’s long-term inability to fill the quotas it received (Panlilio, interview 1990). But under President

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66 ‘Technical smuggling’ involves the mis-invoicing of imports and exports, whereas smuggling proper involves the complete bypassing of official controls. Technical smuggling is in addition to the on-selling of left-over fabrics which, in the words of the owner/manager of Ilang-Ilang (a direct exporter with about 50 machines), ‘everyone does a little’ of.

67 Zayco was then the President of the Textile Mills Association of the Philippines.

68 When visiting Midas Diversified (a direct exporter ranked fourteenth in the Philippines in terms of export values in 1989), I witnessed another producer enter the establishment to purchase a quota allocation.
Aquino, the GTEB experienced an overhaul under its new head, the U.S. trained economist (and later President), Dr Gloria Arroyo-Macapagal. Among changes to the quota allocation system under this overhaul, there was the stricter requirement that quotas be distributed on a past performance basis and that an increase on the previous year’s allocation was only to be granted to those holders who had filled over 95 percent of the earlier quota and filled the same additional requirements concerning non-quota markets and items (GTEB n.d.: 6).\(^69\) Within this there were also provisions for newcomers to assist them to build a production performance record and, to encourage regional development, some preferential treatment of firms located outside the Metro Manila area, although this went against the tendency for exporting firms to locate in the city for easy access to the GTEB offices to facilitate quota applications.

Figures from the GTEB itself show that Philippine quota utilisation rates increased from around 50 percent to 85 percent between 1985 and 1989. The Acting President of the Garments Business Association of the Philippines (GBAP) in 1991, Oscar Papa, was prepared to attribute the expansion of the industry in this period to the improved quota utilisation rate, citing evidence that the expansion was ‘due to the entry of new exporters rather than the expansion of established ones’ and that reforms to the quota allocation system were ‘a big

\(^{69}\) A 100 percent re-allocation to occur only if 90-95 percent of the previous quota was exported and a further minimum of 10 percent of value of exports to be to non-quota markets or non-quota items to encourage market diversification.
help’ in seeing this happen (Papa, interview 1991). In addition to these reforms, the GTEB under Aquino was also active in prosecuting instances of technical smuggling. Of note was the charging in 1990 of the then past and current Presidents of the GBAP, Anastocio de los Reyes of Epies Garments and Alex Escalona of Escala Garments, with ‘repeated violations’ of the rules on the importation of fabrics through single or common bonded warehouses (Karunungan 1990a). Also, a number of textile firms were caught trying to gain extra tax credits for fabrics sold to garment exporters by overstating the value of their sales (Karunungan 1990b, Romero 1991).

In short, under Arroyo-Macapagal, the GTEB was able to strengthen its administration of the export garments industry, with real consequences for the expansion of exports. Despite this, in the early 1990s at the time of this case study, the Philippines was widely acknowledged to be facing a loss of international market share if it did not generally improve the quality of its product, and since then the situation has only intensified (Luib 1998, Asia Pulse 1998, World Bank 1999: 56). The export garments industry had a history of taking low-priced and low-margin orders and thereby squeezing labour costs to achieve profits (Tootals 1987: 37). According to the NIDL perspective, cutting labour costs is a winning competitive strategy; however, already in the mid 1970s, the Philippines was being warned to ‘not rely so much on cheap labor’ or it would fall behind in the international apparel trade (Development Bank

70 The GBAP was the main employer body for the industry. In 1989, it had 383 active members, 305 of which were export producers and 29 were buying agents or traders (GBAP 1989).
71 Under 1985 legislation, domestic textile producers could claim an Advanced Tax Credit for goods sold to garments exporters on application to the BOI (Zayco 1990: 17).
Then, in the 1980s, the pressure to improve product quality became greater due to changes in the United States and European apparel markets.

As stated previously in this chapter, in the 1960s and 1970s, competition in the garments industry in the United States was mostly centred on price. But in the following decade, various factors converged to see new selling strategies emerge. In summary, the changes involved greater segmentation of the market, increased product differentiation through name and lifestyle branding, shorter fashion cycles and hence a quicker turnover rate in different styles, and smaller stock inventories (Cheng and Gereffi 1994: 63, Mytelka 1991: 110-14, Gibbs 1988: 1222-26, Appelbaum and Gereffi 1994: 49, Frazier 1986, World Bank 1999). Some of these changes have been directly attributed to the new microelectronic technologies of ‘flexible specialisation’ (Piore and Sabel 1984, Porter 1990). But as Pepper and Bhattacharya (1994: 54-55) note, ‘with the markup in distribution being the highest, the main technological innovations recently in the clothing industry have been related less to production and more to marketing and distribution’, as for example in the development of electronic point-of-sale inventory systems (Hoffman 1985: 372). But the changes have also been ‘largely induced’ by manufacturers and retailers in response to the reduction in expenditure on apparel as a proportion of total consumer spending in more affluent societies (Dicken 1998: 294). To try and recapture some of that spending, Dicken observes that garment manufacturers, and especially garment retailers, have attempted to create demand through rapid fashion change, designer labelling and image branding. As he says, ‘(d)esigner labelling is basically a device to differentiate what are often relatively similar products and
to cater to – and encourage – the segmentation of market demand for clothing’ (Dicken 1998: 294, original emphasis).

With many of these changes, the international garments industry has been said to have become more ‘knowledge-intensive’ in that a greater part of the value-added in the commodity chain in garment making is devoted to design, distribution and marketing, and less to manufacturing itself (Mytelka 1991). In so far as a further phase in the industry’s evolution can now be identified, in the 1980s the trend was thus to try to ‘drive a bigger and bigger wedge between pure production costs and final selling price’ by focusing more on ‘non-production and non-price’ inputs (ILO 1987b: 51). Of course, the extent of such changes ought not to be exaggerated as their uptake and character is uneven across different firms, product lines and countries (Peck 1990, Grieg 1992, Appelbaum and Christerson 1997). Nevertheless, they are argued to have meant a need for stronger collaborative linkages between manufacturers and retailers, more direct involvement in design by manufacturers, and shorter distances between manufacturers and retail outlets to ensure quicker, more responsive deliveries (Gibbs 1988: 1224, Appelbaum and Christerson 1997: 205).

Obviously, there have been implications for the international division of labour in garments making. Most notably, the changes are argued to have resulted in some reversal in the offshore sourcing of production of previous decades, with some United States firms returning ‘home’ and/or selecting closer locations in the Caribbean and Mexico (Appelbaum and Christerson 1997: 205, Strom 1991, Mytelka 1991: 127, ILO 1987a: 7, Mody and Wheeler 1987, Hoffman 1985). Yet, there is no one geographic logic to ‘flexible specialisation’,
even if it is wide spread. A firm’s decision to return ‘home’ or not has been
found to also depend upon the nature of local labour markets, in particular the
availability of lower paid migrant and female workers (Leman 1992, Waldinger
and Christerson 1997). Similarly, the move to the Caribbean has other causes
in that the introduction of the Caribbean Special Access Program has given
firms located in that region unlimited access to the United States market for
items made under the Item 807 consignment system (Bonacich and Waller
1994a: 30). Finally, East Asian producers have responded in part to changing
circumstances by ‘integrating their manufacturing expertise with the design and
sale of their own branded merchandise’, a strategy called ‘original brand name
manufacturing’ (OBM) (Gereffi 1999: 56).

All this simply means that the Philippine export garments industry at the
time of my case study was experiencing ever greater pressures upon it to lift the
quality of its output or face a declining share of the world market for apparel
the main firms to do well and lift their exports were those that were more quality-
and design-oriented and more up-to-date technologically. GTEB figures show
that, in the early 1990s, 85 percent of garment exports from the Philippines
were still going to MFA quota countries, with the United States remaining the
largest market on 54 percent of the total. Yet, a survey I conducted of the
‘nationality’ and establishment date of the top 100 export garment firms in the
Philippines in 1990 gives an insight into certain aspects of the industry’s history
It shows that 78 of the firms were established in the 1970s and 1980s and, in contrast to the earlier two decades, a greater proportion (88 percent) was domestically owned, either fully or as a joint venture. Also in the earlier two decades, foreign investment in the industry was overwhelmingly American, but in the 1970s and 1980s the proportion had fallen away to 10 percent in terms of firm numbers, although just under half of the top 20 exporters are part or wholly US-owned. However, the four leading export garment firms (together accounting for around 14 percent of total exports in 1989) are US-owned and among the earliest established in the period 1948 to 1962. What Table 4.5 does not record, however, is the extent of the Philippine garment industry’s incorporation into regional commodity chains through non-equity linkages, as in the international subcontracting by producers, retailers and buyers.

72 These 100 firms accounted for just over 60 percent of the total value of Philippine exports, with just on 20 percent accounted for by the top 10 firms alone.
Table 4.5: Establishment Date\textsuperscript{73} by Ownership of the Top 100 Exporting Companies in the Philippine Export Garments Industry

<table>
<thead>
<tr>
<th>Nationality</th>
<th>1940s</th>
<th>50s</th>
<th>60s</th>
<th>70s</th>
<th>80s</th>
<th>Total</th>
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<tr>
<td>US</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td></td>
<td>14</td>
</tr>
<tr>
<td>Philippines</td>
<td>1</td>
<td>2</td>
<td>4</td>
<td>22</td>
<td>19</td>
<td>48</td>
</tr>
<tr>
<td>Hong Kong</td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Taiwan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Britain</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Switzerland</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Switzerland/Italy</td>
<td>1</td>
<td></td>
<td>1</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Germany</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Japan</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Singapore</td>
<td>1</td>
<td></td>
<td>1</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Korea/Taiwan</td>
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<td></td>
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<td></td>
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<tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Phil/Hong Kong</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Phil/India</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Phil/US</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Phil/US/HK</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Phil/Germany</td>
<td></td>
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<tr>
<td>Phil/Israel</td>
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<td></td>
<td>1</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Phil/Japan</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Hong Kong/Phil</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>US/Phil</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3</td>
<td>7</td>
<td>12</td>
<td>38</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

\textsuperscript{73} Establishment date is taken as the date registered with Securities Exchange Commission (SEC). Where there was a known earlier establishment date, this has been used. Some family businesses sought incorporation some years after starting up.
Conclusion

Colonisation by Spain and the United States saw the establishment of an export trade in embroideries from the Philippines. After the Second World War, this trade was developed into an exporting garments industry by U.S. producers starting to look to Asia for low-wage manufacturing sites to give them a competitive edge in the then growing mass market for 'ready-to-wear' apparel. From different sides of the political economy fence, liberal trade and dependency theorists have broadly tended to assume that, in a relatively labour-intensive industry like garments making, the international geography of production will conform more or less directly with the global distribution of low-wage countries and regions. Yet, the apparel market in OECD countries has been changing since the early 1960s and the initial emergence of a 'new international division of labour' in garments production towards higher value-added items in which 'the cost of labor counts for less' (World Bank 1999: 56). As this chapter has shown, East Asian producers were able, through a combination of factors – the early development of an export-quality domestic textile industry, organisational links with large international buyers and retailers and the nature of quotas under the MFA – to undertake rapid and extensive industrial upgrading. By contrast, the Philippines has remained a producer for the 'lower-end' market for much longer.

Nevertheless, exporting firms have been forced to undergo a degree of industrial upgrading which is not generally matched in the sector producing exclusively for the domestic market within the Philippines. In other words, in producing for an overseas market there are certain competitive pressures on
producers which, in Chapter Six, I argue have caused a deepening of capitalist class processes at the point of production. However, the implications of this for labour organising capacities are contingent upon the nature of the political space for such organising in the country. Thus, before proceeding to discuss the findings of my case study, in the next chapter I deal with labour organising capacities at a national level in the Philippines at the time of my case study.
5. Collective begging: the politico-legal space for labour organising

‘... inordinate attention on the legal framework of industrial relations blinds academicians ... to the actual system at work’ (Malonzo 1985: 69).\(^{74}\)

This thesis focuses on the social and spatial form of the labour process because this is where transnational production arrangements geared to exporting have their most direct effects on the organising capacities of female sewers in the Philippine garments industry. However, organising capacities at the point of production are obviously also an outcome of the politico-legal space for union formation and collective industrial action. In this chapter I explain the nature of this politico-legal space by identifying ‘critical junctures’ in state-labour relations which have shaped its development. A ‘critical juncture’ is a period of ‘significant change’ in specified relations, after which there emerges another stage in those relations (Collier and Collier 1991: 29-30). Critical junctures denote the ‘historical causes’ of labour organising capacities: those which can be traced to particular past events – such as major changes in legislation. These then shape and are shaped by the ‘continuing causes’ of labour organising capacities which are not attributable to specific past events – such as the occurrence of small enterprises (Collier and Collier 1991: 35). The critical junctures covered in this chapter are principally those involving moves by the state to contain labour as a political actor.

\(^{74}\) Executive Vice-President of the National Federation of Labor (NFL) in the Philippines.
Deyo (1997: 219-20) describes the contemporary politico-legal space for labour organising in the Philippines as ‘more liberal than corporatist’ in that, by law, workers are able to form independent, enterprise unions for bargaining directly with employers over wages and conditions. However, it is a mistake to suggest that the politico-legal space thereby provides workers with enforceable rights. First, ‘the labour movement’s general weakness within class relations’ (Woodiwiss 1998: 88) means that the *de jure* space for enterprise-based unionism is itself a *de facto* constraint on workers’ capacities to organise. Second, in ‘patriarchialist’ fashion, the state has legislated extensively to protect labour, including through the setting of an official minimum wage in industry and agriculture.\(^75\) However, in that there has been little commitment to enforcement, labour’s ‘invocation of the law’ is a form of ‘begging or mendicancy’ as ‘the decision … to respond [and how] … remains more or less completely at the discretion of the potential benefactor’ (Woodiwiss 1998: 117 and 123). Yet, because labour is weak in ‘economic’ relations, it must often appeal to the state for protection. Accordingly, the politico-legal space for labour organising in the Philippines is better described, not as collective bargaining but as ‘collective begging’ (Millen 1963: 70).

The discussion of the critical junctures through which this politico-legal space was developed is framed by an examination of three other approaches to Philippine labour which, over time, have dominated the international literature on this subject. I argue that two from within comparative industrial relations theory are limited by a normative concern with the progress (or not) towards

\(^{75}\) ‘Patriarchialism’ asserts that the state has a benevolent duty to provide for the social welfare of all its citizens (Woodiwiss 1998: 107).
favoured institutional developments in industrial relations in the Philippines. These are liberal-pluralist and ‘social movement’ unionism approaches. Around the time of my fieldwork, the second of these claimed that the hypothesised rise of ‘social movement’ unionism was having positive impacts on labour organising capacities at local and national levels. My criticism of this approach is that it stressed the ‘voluntarism’ of union goals and strategies and, consequently, gives insufficient attention to the structural-social factors at work. The third approach claims a causal connection between the political repression of organised labour and export-oriented industrialisation (EOI) in the Philippines, particularly under Marcos. However, I argue this assertion places undue weight on the country’s mode of insertion in the ‘new international division of labour’ and not enough on domestic circumstances which have produced the conditions of existence of ‘collective begging’.

In the garments industry in the early 1990s, workers faced an array of obstacles to the formation of enterprise unions and their pursuit of collective bargaining with employers. These included physical intimidation and violence from state and non-state actors; however, more often than not, workers and their unions were bogged down in legal procedures and official institutions. It is this difficulty in obtaining recourse to the law which makes enterprise unionism an achievement of collective action and not simply its vehicle. I begin then with the era in which enterprise unionism and collective bargaining were first introduced.
Economic and political unionism

A critical juncture in the contemporary politico-legal space for labour organising in the Philippines was the Industrial Peace Act (Republic Act 875) of 1953. Wurfel (1959: 583) observes that the Act was ‘quite liberal’ in that it granted workers the ‘freedom’ to form enterprise unions and bargain directly with employers. As this marked an enduring shift in that politico-legal space for organising, it is important to explain the circumstances which brought it about – and the liberal-pluralist framework in comparative industrial relations theory which dominated interpretations of this development at the time. In liberal-pluralist parlance, the shift was characterised as moving the industrial relations system from a ‘political’ to a more ‘economic’ form (Wurfel 1959 and 1965, Carroll 1961, Ramos 1976, Snyder and Nowak 1982). Whereas the term ‘economic’ denotes institutions which are dedicated to workplace bargaining over wages and conditions, the term ‘political’ means the further involvement of the state in some way. As applied to the goals and strategies of particular unions, this is a function or ‘purpose-oriented distinction’ which applies to organisations in general (Martin 1989).

It is associated with the liberal-pluralist view that, as societies industrialise, they become more differentiated internally. Unions are then thought to be one of a variety of interest groups which accordingly emerge in such societies; their particular purpose or function being the representation of workers’ interests qua workers (Martin 1989: 7-13). In this it is easily seen how unionism in its true or quintessential form was held to be ‘economic’ – whereas its ‘political’ counterpart was perceived to be an ‘extra-industrial’ phenomenon (Mann
1977: 11) whose occurrence in advanced industrialised countries was explained by the influence of disfunctional elements, such as socialism (see Perlman 1928).

When the same conceptual distinction was applied to unions in the developing world, the latter was argued to predominate because of the relative absence of industrialisation (Galenson 1962, Millen 1963, Sufrin 1964, Wurfel 1965, Kassalow 1969, Sturmthal 1960). But in this context, ‘political’ unionism was also something of a catch-all category for all forms of unionism that were not ‘economic’. The term was applied to labour organisations which were a part of movements for national independence and to those which subsequently had links to political parties (and or individual politicians) in the parliamentary arena. On the other hand, it was also applied to unions which were controlled by the state and to situations in which the state intervened strongly in the determination of wages and conditions (see Millen 1963: 56-58, Sufrin 1964: 22-23 and Sturmthal 1960). In all this, the predominance of ‘political’ unionism was often thought to arise from the conjunction of colonisation and early industrialisation and/or because of a resulting lack of a clear separation between economic and political affairs. In the Philippines in the first half of the twentieth century, unionism was largely ‘political’, mainly due to the class consequences of de-colonisation.

**Before ‘economic’ unionism**

The first labour federations in the Philippines were loose alliances of trade and industry-based unions, mutual aid societies and fraternal and community
organisations (Kerkvliet 1992: 13, 36). However, in the early 1900s, some of the newer federations were aligned with the struggle for national independence and so became the target of state repression. Yet this repression was not long-lived as by 1906 the United States colonial administration had committed to a process of bringing self-government to the Philippines and, in the following year, the country had ‘the first popularly-elected legislative body in Southeast Asia’ (Carroll 1961: 226). With these changes, the earlier restrictions on labour organising were eased. Although ‘not specifically protected or encouraged’ (Carroll 1961: 227), labour unions were no longer particularly associated with sedition.

The early granting of elections had a number of direct consequences for the nascent labour movement. First, the educated leadership was largely and quickly drawn into political contests (Kerkvliet 1992: 111, Ofreneo 1993: 69) and away from the labour movement as the granting of limited franchise on property and literacy criteria meant that there was no particular electoral advantage to be had from maintaining an association (Carroll 1961: 226-27, also Wurfel 1965: 31). On the other hand, the granting of full male suffrage by 1916 meant that organised labour was not drawn as deeply into campaigns for civil and political rights as was the case earlier in Europe (Wurfel 1965: 25). Whilst these aspects of de-colonisation helped to keep labour organisations out of the formal political arena, others contributed to labour’s radicalisation as an extra-parliamentary movement in the 1920s. As Abueva (1988: 45) explains:

Once it was decided that the Filipinos were to be trained for self-government and eventual independence, the Americans found it necessary and expedient to form a tacit alliance with the Filipino landowning élite … and to leave largely untouched the class structure, poverty, and inequality.
In the absence of more fundamental socio-economic reforms, national elections became a vehicle of intra-elite competition for state power (Doronila 1985: 101). Further, the party system as it developed was characterised by shifting affiliations that were mostly centred on personalities and patronage (Crouch 1984: 43). Thus, in ensuing decades, the social forces seeking more substantial reforms were largely confined to the extra-parliamentary arena.

In the late 1920s, significant sections of the labour movement therefore came under communist leadership; after 1930 in the form of links to the newly formed Partido Komunista ng Pilipinas (PKP). The PKP at the time was described as having ‘a Moscow connection and all the ideological trappings of Marxism and Leninism’ (in Carroll 1961: 230). However, connections between the PKP and the labour movement were short-lived as the PKP was soon afterwards declared an illegal organisation and its leadership arrested and jailed. However, Wurfel (1959: 585) argues that communism was ‘a catalyst for increased union activity, even by those who did not adhere to it’. In the early 1930s, cuts to wages and rising unemployment saw further industrial action in industry and agriculture. Significantly, in terms of the development of a labour movement there was an almost fourfold increase in the ratio of organised to spontaneous strikes over that whole decade (Kunihara 1945: 65).

Thus, the Philippines finally saw internal self-government in 1935 in the midst of major civil unrest in rural and urban areas. President Quezon’s

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76 The quotation is from Philippine Reports (1935: 256).
immediate response was to launch an extensive ‘social justice’ program, ‘designed to grant the minimum demands of tenants and laborers, but also to preserve the basic characteristics of the economy and to allow greater governmental control over agrarian and industrial relations’ (Wurfel 1959: 585). The package included legislation providing for minimum labour standards in the areas of wages, working hours, working conditions and workers’ compensation. But, without any real political commitment to its implementation, the package was little more than ‘palliative rhetoric’ (Kunihara 1945: 27, also Gonzalo 1974: 34, Doronila 1992: 35). Nevertheless, the ‘social justice’ program’s introduction was a critical juncture in state-labour relations as it was the clear beginning of a ‘symbiosis between patriarchalism and the rule of law’ (Woodiwiss 1998: 87).

Consistent with the program’s further aim of increasing state controls over relations in industry and agriculture, the government in the mid 1930s also moved to intervene more directly in industrial disputes and union formation procedures (Doeppers 1984: 133). In particular, it set up a new Court of Industrial Relations (CIR) with extensive powers to compulsorily arbitrate all disputes involving 30 or more employees or tenants in industry or agriculture. Being ‘aggressive in asserting its jurisdiction’ (Golay 1968: 391-92), the CIR is argued to have contributed to the significant fall in recorded strike activity which occurred after it was established (Doeppers 1984: 133). The government also moved to control labour organising by exercising discretion in the granting of legal recognition to unions. Unions could acquire legitimacy through registration, but the process required applicants to submit to a thorough police investigation. Because many unionists consequently did not bother to obtain
official recognition, the number of unregistered organisations was soon growing faster than the number registered (Carroll 1961: 235). By 1940, although an estimated 5 percent of the workforce in industry and agriculture was organised, only about 1.8 percent of the total workforce were in unions that were officially recognised (Kunihara 1945: 70-72).

During the Japanese occupation (1941-45), all union activity in the country was banned. Immediately after the war, the radical Congress of Labor Organizations (CLO) was formed and, for the next five years, demonstrated ‘great energy and militancy in pushing labor’s demands’ (Carroll 1961: 238). In response, in the late 1940s, the Labor Secretary sought to tighten state controls over labour organising by acting with renewed vigour on old discretionary powers with regards to union registration and by sponsoring a rival, compliant federation, the National Confederation of Trade Unions (NACTU) (Wurfel 1959: 589-91). Further, in a move that was a pattern, the CLO was also declared an illegal organisation, its leadership arrested and affiliate unions deregistered (Infante 1980: 110, Villegas 1988: 42). In the words of Marcos’ labour minister, the ‘suppression of the CLO cleared the way for a new phase’ in industrial relations (Ople 1958 quoted in Ofreneo 1994: 265). This was the period, the early 1950s, when in liberal-pluralist terms, unionism in the Philippines took a predominantly ‘economic’ form.

Collective bargaining/collective begging

In the Cold War context, the United States reasserted its influence over the looming political and economic crisis in the Philippines by sponsoring a report
which recommended ‘social, economic and fiscal reform as quid pro quo for additional U.S. aid’ (Wurfel 1959: 593). One report proposal was that official minimum wages be introduced to help alleviate poverty (and the concomitant risk of renewed communist influence). The legislation to achieve this passed through Congress in 1951 as Republic Act (RA) 602. But minimum wages were set at levels lower than those recommended by the report and, a year later, the Act was amended to exclude the majority of the workforce, those in ‘cottages industries’ and all embroidery establishments (Golay 1968: 394, Villegas 1988: 48-50). Another report recommendation, the introduction of collective bargaining, met with greater opposition in Congress and was not passed into law until 1953 with the Industrial Peace Act (Republic Act 875). Under this piece of legislation, the union registration requirement was retained, although the procedures involved were made less difficult and discretionary (Wurfel 1959: 595-96). The CIR was also retained, but its jurisdiction was limited to unfair labour practices, minimum wage legislation and issues considered to impinge on the national interest. The Court’s new role was ‘to guarantee certain rights established in law, not to settle disputes’ (in Ramos 1990: 41). But in this its coverage was limited to disputes in industry alone: not until 1963 did the Agricultural Reform Code extend organising rights to the significant and growing numbers of wage labourers in agriculture.

The 1953 legislation was modelled closely on the Wagner and Taft-Hartley Acts in the United States, but in some of its provisions and implementation it

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77 Unfair labour practices include discrimination, harassment of union members, illegal termination and suspension, violation of a collective bargaining agreement and non-recognition of a union.

78 The original quotation is from Woods (1957: 23).
saw many past practices maintained (Wurfel 1959: 583). For example, the retained CIR mostly went beyond the wording of the Act in its interventionist powers by asserting the requirement that unions be registered (Wurfel 1959: 596-97). Further, the CIR (and many union leaders trained as lawyers) still persisted with the option of judicial arbitration, to a degree not envisaged under the Act. In other words, ‘the politico-legal environment of trade unionism and industrial relations … [was] not changed as sharply as a reading of the Industrial Peace Act alone would indicate’ (Wurfel 1959: 605, also Woodiwiss 1998).

Due process required that, to press for their rights to form enterprise unions under the law, workers had to take their case to the CIR. Three years after the Industrial Peace Act was passed, Wurfel (1959: 601) observed that 49 out of 50 representative cases lodged by workers before the Court involved unfair labour practices, such as the harassment of union officials and members. On top of this, there were long delays in its handling of such cases, during which time the workers involved were highly vulnerable to further employer harassment (Snyder 1974: 118). Wurfel (1959: 597) did find that, in the same period of time, the number of registered unions in existence had increased one and half times. But he put this down to the easing of the criteria for official registration rather than a major change in workers’ substantive abilities to organise. On the other hand, the easing of registration requirements made it simple as well for employers to establish a ‘company union’: a union that is under the direction and control of management (Snyder and Nowak 1982: 56). This strategy was made still easier by ‘the slow and costly procedure of obtaining certification as [an] exclusive bargaining agent; and the even more
slow and costly procedure of proving company unionism to the satisfaction of the Court of Industrial Relations' (Carroll 1961: 246).

As far as the introduction of collective bargaining was concerned, Carroll (1961: 251) and others further underlined that the letter of the law and the system then in practice ‘are not the same thing’. In their study of Philippine unions between 1957 and 1970, Snyder and Nowak (1982: 48-53) found that most ‘did not in fact conform to a model of labor relations based on collective bargaining’. Some 66 percent of the unions surveyed had no collective bargaining agreement (CBA) whilst, among the minority that did, most of the CBAs gave workers nothing more than their existing entitlements under law.79 Further, of the unions surveyed, 84.3 percent had not been involved in strike action over that thirteen year period and, of the remainder that had been, the majority had struck over their legitimate right to exist and not over an actual deadlock in collective bargaining (also Jurado 1974: 20). In short, with the introduction of enterprise-based collective bargaining, the long-term issues of union recognition and harassment were largely passed from the state to employers. In wanting to have a CBA enforced on employers, unions could not go to the CIR but were instead required to pursue breach of contract cases in the civil courts (Wurfel 1959: 602). But here, again, the practice and the law were different as labour unions still went to the CIR on this and other matters – and the CIR accepted their cases, only adding to the backlog of unresolved issues (Ofreneo 1993: 150).

79 This underlines the point that is true today, that labour organising at the enterprise level is a requirement for the enforcement of the law.
In summary, despite workers’ greater ‘freedoms’ to organise in the economic arena under the 1953 Industrial Peace Act, organising capacities were not substantively improved as the state consistently failed to enforce the rights these ‘freedoms’ relied on. Thus, as we have seen, scholars at the time thought that the existence of ‘economic’ unionism was an obstacle to workers’ efforts in the industrial arena. Moreover, according to liberal-pluralist predictions, the Philippines ought not to have ‘economic’ unionism at its stage of industrialisation. Indeed, these scholars were inclined to argue that the situation in existence arose from an inappropriate ‘fit’ between changes to the law and developments in the economy, attributable to interventions by the United States. Thus, Snyder and Nowak (1982: 55) claimed that labour’s organising difficulties lay with the low level of industrialisation and resulting labour surpluses, low skills formation and many small enterprises.\(^\text{80}\) Pursuing the same argument, Carroll’s (1961: 253) assessment was that ‘economic unionism’ would be strengthened with the further development of a market economy and a concomitant ‘maturing’ of employers’ attitudes towards workers’ rights. In other words, he is of the view that employers’ actions with regards to workers are based more on traditional relations of authority than they are on more ‘modern’ conceptions of the rights of individuals and groups.

The distinction between ‘economic’ and ‘political’ unionism reflects real processes within capitalist development which involve ‘a differentiation within the political sphere’ between private and public functions (Meiksins Wood

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\(^{80}\) By 1960, in manufacturing where unions were concentrated, only 22 percent of workers were in establishments with five or more employees and only 18 percent in establishments with 20 or more employees (ILO 1974: 143).
The scholars I have mentioned are aware of the unequal struggle that workers were engaged in during the 1950s and 1960s and, given continuities in this situation to the present (Woodiwiss 1998), their insights remain valid and useful. However, it is important to also make clear that their understanding of the separation of ‘the economic’ from ‘the political’ is not the same as that of Marxists like Meiksins Wood (1995a). Rather than understand the separation as ideological in that it conceals the social relations of production, by adopting a liberal-pluralist perspective they see the separation as holding the future promise of a rights-based system in the Philippines. This clearly assumes that liberal institutions are organic to advanced industrialised societies and not a contingent outcome of protracted struggles in which organised labour might be a part (Rueschmeyer et al. 1992). Although the writers identify some of the ‘continuing causes’ of labour organising capacities at the point of production (which I also identify in the garments industry) their analysis is ultimately limited by a concern for the progress of a favoured institutional form of unionism. Against this, I am concerned with the nature of class processes under different institutional arrangements.

Recalling that workers’ ‘economic’ demands are pursued in the state arena, Woodiwiss (1998: 88) observes that the Philippine labour movement ‘has achieved a far stronger position within legal and indeed more general political discourse than its weakness with class relations would suggest was possible’. One side of the ‘persisting mendicancy of Philippine patriarchalism’ is that the state often legislates to protect many labour standards; the other that there is no parallel commitment to enforcement (Woodiwiss 1998: 88). Thus, Ramos (1990: 151) observes that, ‘although from an industrial relations perspective,
labor standards violations are not to be the basis of work stoppages, in the Philippines these issues have become major causes of disputes’ in the post-war period (see also Ignacio 1985: 4-5).

In the 1960s, stoppages of this kind became more frequent as there was a resurgence of the influence of the radical left in the extra-parliamentary struggles, especially after the 1968 founding of the Maoist Communist Party of the Philippines (CPP). In response, the state again sought to palliate labour’s demands through legislative changes: this time, twice increasing the legislated minimum wage – the first time this had occurred since the early 1950s (Cunanan 1986: 42). But, because the state again failed to enforce the rises, the main outcome was a jump in the number of recorded strikes over employer violations of the minimum wage (Ramos 1990: 149). This was the lead-up to the third critical juncture in state-labour relations which this chapter covers: President Marcos’s declaration of martial law in 1972. Martial law was well over by the time I did my fieldwork; however, a major legacy of the era was a resurgence of labour militancy at national and grassroots levels. After discussing more of the details of martial law, I consider the impacts of that resurgence in labour militancy on organising capacities in the export garments industry.

**Martial law**

By declaring martial law, President Marcos not only abandoned the existing constitution and shut down the legislature, he placed a complete ban on all strikes and public assemblies and put a number of labour leaders in jail. Two
years later, the strike ban was limited to ‘vital industries’, but the definition of ‘vital industry’ was made very broad and, in the last instance, subject to the discretion of the Secretary of Labor (Villegas 1988: 61-62). Later legislation imposed a number of further procedural requirements on the taking of strike action, including a mandatory ‘cooling-off’ period of between 15 to 30 days (Muinuddin 1988: 6). Then, in 1974, a newly drafted Labor Code made it also illegal to establish a strike fund, even by unions pursuing what was a legal course of action under the same Code (Villegas 1988: 65, Cunanan 1986: 46-47). To quell strikes further, the Marcos regime reintroduced compulsory arbitration by abolishing the Court of Industrial Relations and setting up the National Labor Relations Commission (NLRC) in its place (Ople 1979: 209, 219).

The establishment of the NLRC marked a significant shift in the handling of labour disputes from the judicial to the administrative arms of the state (Ramos 1990: 53, Villegas 1988: 62). Significantly, the NLRC’s powers were not as great as those of the pre-war CIR in that compulsory arbitration was designed to function as a ‘last resort’ adjunct to grievance procedures in collective bargaining and voluntary conciliation through the Bureau of Labor Relations (BLR) (Infante 1980: 115). Nevertheless, the powers it had were greater than those of the CIR it immediately replaced in that it could, for example, order striking workers back to work (Macaraya 1988: 22). Whilst the NLRC handled disputes arising from the violation of existing rights and entitlements under law or in a collective bargaining agreement, the ‘lower’ BLR covered disputes arising from certification elections and deadlocks in bargaining over a new CBA (Muinuddin 1988: 24).
The NLRC was established as a tripartite organisation with three representatives from government and two each from the Employer Confederation of the Philippines (ECOP) and the Trade Union Congress of the Philippines (TUCP). Founded in December 1975, the TUCP was state-sponsored and so ‘enjoyed privileges not available to other federations during the Marcos administration’ (Institute for Labor Studies 1989: 11). As a key rival to more radical labour organisations, the TUCP was also in receipt of funds from the Asian-American Free Labor Institute of the AFL-CIO (TUCP 1987, Sims 1992: 14). Although established as the peak labour organisation, a number of the major federations failed to join it, or withdrew very soon after they had joined. These included: the Federation of Free Workers (FFW); the Trade Unions of the Philippines and Allied Services (TUPAS); and the National Federation of Labor Unions (NAFLU) (Ofreneo 1993: 264). Marcos sought to further ‘rationalise’ the labour movement through a one union-one industry policy, but this move was successfully resisted by the labour federations in existence (Villegas 1988: 66-67).

Independent unions were not actually banned during the martial law period, but procedures for gaining official recognition often left workers very exposed to employer harassment. For example, Article 243 of the 1974 Labor Code made it a requirement that the names and addresses of all office-bearers and the names of all members of the union seeking registration be submitted to the Ministry of Labor and Employment at the start of the application process (Infante 1980: 114). In the case of certification elections for the right to act as a

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81 This sponsorship of the TUCP by an organisation that espouses ‘business’ or ‘economic’ unionism reveals most starkly its anti-communist underpinnings.
sole collective bargaining agent, 30 percent (later 50 percent) of workers in the particular workplace had to petition the Ministry. For the unionists concerned, ‘it was a long, tedious, and dangerous process’ to abide by provisions of the law granting them ‘rights’ to organise (Dejillas 1994: 29).

With greater resources, the NLRC promised to be a more effective body than the CIR. However, within only a few years of its establishment, the NLRC’s handling of labour disputes was so bogged down in graft that it took months, even years, for cases to be settled (Villegas 1988: 63). Marcos offered some palliative relief in the form of increases to the minimum wage in 1976, 1978 and 1984. But the Ministry of Labor and Employment’s own figures showed that some two thirds of all inspected establishments were in violation of legislated labour standards like the official minimum wage (Villegas 1988: 74). In frustration at this lack of enforcement, there was a steady increase in the number of ‘slowdowns, sitdowns, walkouts, and pickets’ (Infante 1980: 95). As in the decade before, the top causes of recorded strikes were unfair labour practices and contraventions of labour standards (Ramos 1990: 149-51).82 However, displaying greater militancy, workers also increasingly struck in direct violation of the law. For example, by the end of the 1970s, just over half the strikes held were in ‘vital’ industries where they were banned (MOLE 1987).

Seeking greater personal legitimacy, Marcos partially lifted martial law in 1981 and the right to strike was restored, but this was for registered unions

82 Caution nevertheless needs to be taken in the interpretation of official statistics on the causes of strikes. A study of strikes in the Valenzuela district of Manila in 1985 found that many unions filed strike notices based on ULPs ‘to comply with legal regulations’ when the real issue was violation of labour standards (Ignacio 1985: 4).
alone and only after they had a successfully achieved a two-thirds majority vote from members in support. As strike action increased as a result, new legislation was ‘hastily passed’ to allow the minister to obtain police and military assistance in ‘resolving’ an industrial dispute and, one year later, additional laws were passed which ‘guaranteed free ingress to and egress from a company hit by a strike’ (Dejillas 1994: 31). Finally, the minister was also given powers to directly intervene ‘in labor disputes causing or likely to cause strikes or lockouts adversely affecting the national interest’ (Cunanan 1986: 48). Despite this, the number of strike actions continued, especially beyond 1983, when levels of foreign debt reached crisis point and Senator Benigno Aquino Jr., a key political opposition figure, was assassinated at the airport on his return from exile in the United States (Institute for Labor Studies 1989: 13). It is clear from this that strike action was increasingly linked to the crisis of regime legitimacy.

**Export-oriented industrialisation**

A number of writers have attributed martial law to the pursuit of an EOI strategy. A strand of the argument came from regime change in Latin America in the 1960s and 1970s. In this regard, Guillermo O’Donnell’s 1973 book, *Modernization and Bureaucratic Authoritarianism*, ‘launched an important debate on the relationship between labour exclusion and certain economic development strategies’ (Deyo 1987: 146). O’Donnell claimed that ‘bureaucratic-authoritarian’ rule in Latin America was a consequence of the need to attract foreign investment for industrial deepening in the second, more advanced stage of import-substitution industrialisation (ISI). Foreign investment was said to favour the stable socio-economic climate in which an alliance of
military and civilian technocrats and internationally aligned capitalists were able to deliver through the overthrow of the popularly elected government. It was O'Donnell’s critics who asserted that regime change was linked to the demands of export-oriented industrialisation and not ISI deepening (Skidmore 1973: 24-25, Kaufman 1979: 234-39).

In the Philippines, authoritarian rule was argued to have been introduced for the purpose of removing domestic opposition to foreign investment and the promotion of export competitiveness through low wages (see Stauffer 1974 and 1979, Bello et al. 1982: 127-39, Crowther 1986, cf. Adriano 1984). Hawes (1987: 38) drew on O'Donnell in his analysis of the Marcos regime. His argument was that import substitution in the 1950s engendered divisions between exporters in agribusiness and import-replacement manufacturers over policies in the areas of trade and currency valuation which spilled into broader civil and political conflicts in the mid 1960s. However, other writers were more influenced by dependency and world systems theories on the subsumption of domestic political processes to the requirements of a ‘new international division of labour’ (Ofreneo 1993: 5, also Bello et al. 1982: 142, Cunanan 1986, Villegas 1988: 53-78). An added claim was that martial law was introduced to clear the way for economic restructuring along the lines set down by the World Bank (see especially Bello et al. 1982).

The argument is that Marcos brought industrial relations in line with the imperatives of EOI. Yet, as stated in Chapter Four, the Marcos regime was not unambiguously behind a strategy of EOI (Galenson 1962: 11). On the question of the relevant divisions within the political and economic ‘elite’, Hutchcroft
(1991: 425) argues that in declaring martial law ‘Marcos’s targets … were those rival clans who threatened his household, not … [those] standing in the way of a new approach to economic development’. Individuals closest to the regime – the Marcos ‘cronies’ – had interests in ‘virtually all sectors of the economy’ except export manufacturing – the very sector that the administration was supposed to favour (Snow 1983: 33). 83 Outside technocrats in the bureaucracy, the administration largely paid lip-service to the policy demands of the World Bank and IMF to maintain the flow of funds which fuelled an otherwise unsustainable ‘patrimonial plundering’ of state resources by Marcos and his cronies (Hutchcroft 1994: 226).

But what of the argument that martial law was attractive to foreign investors because it kept down wages (see Villegas 1988: 53-80)? There was a ‘sudden upsurge’ in direct foreign investment after the declaration of martial law in 1972 (Tabbada 1987: 19-20), but in regional and world terms, the Philippines’ ability to attract such investment did not increase, rather it in fact declined. As Table 5.1 shows, the country became a less important destination for United States direct investment in the 1970s, especially in comparison to other countries in Asia and the Pacific. Half the direct foreign investment into the Philippines in that decade was from the United States (Lindsey 1987: 29), but the growth rate for this investment was significantly down on that for the 1950s (Golay 1983: 146). Historically, direct investment from the United States was largely directed at the Philippine domestic market and, as such, was less likely

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83 An exception to this was that Marcos’s eldest daughter owned two garment firms and ‘took over the export quotas of another firm’ with the assistance of the Minister for Trade (Manapat 1991: 418).
to be attracted by falling wages because of the consequences for local spending (Lindsey 1987: 37). Outflows from Japan grew rapidly in the 1970s, but the Philippines did not become a major destination for that country’s direct investment either (Tabbada 1987: 23-25). In the bigger picture, direct investment only accounted for an average 16 percent of net capital inflows into the Philippines between 1972 and 1982 (Ariff and Hill 1985: 30). The more significant development was the increase in the country’s foreign debt from 150 percent of the direct investment stock in 1970 to 610 percent by 1982 (Tabbada 1987: 29, Boyce 1990).

Table 5.1: Proportion of US Direct Investment in the Philippines

<table>
<thead>
<tr>
<th></th>
<th>% of World</th>
<th>% of Dev'ing World</th>
<th>% of Asia Pacific</th>
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<tbody>
<tr>
<td>1952</td>
<td>1.20</td>
<td>2.54</td>
<td>43.10</td>
</tr>
<tr>
<td>1970</td>
<td>0.85</td>
<td>3.33</td>
<td>28.32</td>
</tr>
<tr>
<td>1982</td>
<td>0.65</td>
<td>2.69</td>
<td>11.57</td>
</tr>
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Source: Lindsey (1987: 25)

Lastly, the Presidential Decree banning strikes in vital industries also covered a wide range of non-exporting industries. The pattern of recorded strike action before and during the Marcos era revealed no proclivity for labour to fare better in enterprises engaged in import substitution or, for that matter, in those that were domestically owned (Infante 1980, Snyder and Nowak 1982, Limqueco et al. 1989). On the whole, the presence of foreign firms was more likely to increase wage levels than decrease them (Ariff and Hill 1985: 48). However, academic assessments of the evidence on this are

84 ‘Asia and Pacific other than Middle East, Japan, Australia, and New Zealand’ (Lindsey 1987: 25).
one thing. The perception that direct foreign investment plays a pivotal and
damaging role in the ‘underdevelopment’ of the Philippines has long
galvanised the country’s radical left. In the Marcos era, with the 1980
founding of a new national labour centre, the Kilusang Mayo Uno (KMU or
May First Movement), the radical left’s influence in the labour movement
was increased.

**Social movement unionism**

Enterprise unions in the Philippines have long been able to affiliate with a
larger peak body – a regional or industry-based federation or national labour
centre – and a majority do. A number of the older federations began as
industrial unions, but expanded opportunistically into any area that they could
(Infante 1980: 122-23). Thus, labour organising can be something of a ‘free-for-
all’ with contests for coverage consuming a good deal of energy and resources,
‘especially in areas where workers are found in their hundreds or thousands’
(Pineda-Ofreneo and del Rosario 1988: 315). Analyses of Philippine labour are
often concerned with the goals and strategies of the different major peak bodies
(see Dejillas 1994). However, when I completed my fieldwork, an obvious
impetus for this approach was the KMU's prominence. Much of the resultant
literature argued that KMU represented a new form of unionism in the
Philippines: ‘social movement’ unionism (Lambert 1990, Scipes 1991/92 and
1996, West 1997). Significantly, it was claimed that the KMU had a positive
impact on labour organising capacities at local and national levels.

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85 In the late 1980s, the Department of Labor and Employment (DOLE) (1988: 27) estimated
that 77.8 percent of unions in manufacturing were affiliated with another peak body. The same
figure for all industries was 71.8 percent.
In Seidman’s (1994: 2) words, social movement unions are those ‘whose constituencies spread far beyond the factory gates and whose demands include broad social and economic change’ (also West 1997: 2-3). Similarly, Lambert (1989: 6) argues that social movement unionism exists ‘when a trade union leadership consciously, by way of strategic choice, breaks the boundaries of collective bargaining unionism to establish structured relationships with urban social movements at the local level, and political movements nationally’. In this, Lambert stresses a break in the liberal-pluralist distinction between ‘economic’ and ‘political’ unionism. Scipes (1991/92 and 1996), on the other hand, is more concerned with social movement unionism constituting a break with old left view that the working class is ‘the sole or primary … revolutionary subject’ (also Waterman 1993: 247-51). In line with the ‘new politics’ of social movements in general (Offe 1985), he argues that this form of unionism ‘sees workers’ struggles as merely one of many efforts to qualitatively change society, with the workplace being neither the only site for political struggle and social change nor even necessarily the primary site’ (Scipes 1996: ix).

There are two issues here. The first is the extent to which the KMU does fit the model of social movement unionism; the second is the difference the presence of the KMU made to labour organising capacities in the garments industry in the early 1990s. On the first of these, from its founding, the KMU was a part of the ‘national-democratic forces’ in Philippine politics.86 The national democrats (or ‘natdems’) included the CCP-led armed movement and

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86 Not all the KMU’s affiliates were firmly in the national-democratic camp, but it was not until the early 1990s that political differences within the organisation became a cause of public divisions.
their associates in the underground National Democratic Front (NDF). To quote a trade union training book which the KMU used extensively, the national democrats’ position on the labour situation is that ‘American monopoly capitalism and its local cronies are the root cause of the destitution and enslavement of the Filipino workers and citizens’ (EILER 1988: 27, see Dejillas 1994: 51 and 74-84). As will be explained further, the KMU was active in the ‘urban mass movement’ which overthrew Marcos in the late 1980s and, as such, had many enduring and occasional associations with a great variety of political and ‘cause-oriented’ groups in civil society (Lane 1990). However, after the fall of Marcos, in the new expanded democratic space, the KMU leadership was increasingly isolated from transformations in civil society which saw the marginalisation of CPP commitments to the overthrow of the state and the proliferation instead of a large number of non-government organisations prepared to critically engage with the Aquino regime over policy (Clarke 1998, Rocamora 1994). In short, it is not a simple matter to identify the KMU with the politics of ‘new social movements’.

**KMU organising**

But what of the KMU’s contribution to labour organising capacities in the garments industry? By the late 1980s, the KMU had about eleven affiliated federations plus a number of local unions and labour alliances (alyansas). As well, it had a close working relationship with sympathetic labour organisations, like the Trade Union of the Philippines and Allied Services (TUPAS) and the Confederation for Unity, Recognition and Advancement of Government Employees (COURAGE) (Scipes 1996: xxiii-xxv). In 1985, the Kilusan ng
Manggagawang Kababaihan (KMK or Women’s Workers’ Movement) was formed within the KMU to organise women workers specifically, promote their concerns as women and encourage the setting up of women’s departments and committees in KMU-affiliated federations and unions (Scipes 1996: 75-88). In the early 1990s, the KMK was a strong KMU presence in the garments industry, especially in the big factories with existing unions. Also a strong presence were the various alyansas the KMU was active in forming in the 1980s among workers and local unions ‘on the basis of geography, industry, or company ownership’ (Scipes 1996: 13).

Falling outside the purview of the Labor Code, the labour alyansas were unencumbered by stipulated membership and registration requirements: ‘members joined as individuals, as recognized or unrecognized unions, and as unions from KMU- or non KMU-affiliated federations’ (West 1997: 46). In this form, the alyansas served a number of functions. One, they bolstered the bargaining position of particular enterprise unions by offering them a wider support-base. Under the Labor Code, the alyansas could not pursue certification as a bargaining unit; nevertheless, they could intensify the pressure on employers in a particular geographical area, industry or firm and, in some cases, assume the role of de facto bargaining agents for workers in particular enterprises (Institute for Labor Studies 1989: 18, King 1985: 84). By helping to swell numbers on picket lines the alyansas were also important in affording striking workers greater protection from police and military harassment.

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87 It is not possible to determine the proportion of affiliated enterprise unions which the KMU had coverage over in the garments industry in the early 1990s. The Department of Labor and Employment kept files on registered unions and CBAs but I found them to be often out of date.
(Scipes 1996: 13). However, in expanding the support base of enterprise unions, even among alyansas of the KMU, the alliances were sometimes resented for their perceived encroachment on the functions of existing federations (King 1985: 89).88

Second, the alyansas were a vehicle for organising the unorganised workers in many small and medium-sized enterprises. For example, the FTI Labor Alliance, in the Food Terminal Industries compound in the south of Manila, covered about 40 factories of which only half had previously been unionised (UK-Philippine Support Group 1985). Third, the alyansas were a catchment for worker participation in the ‘genuine trade unionism’ education program which the KMU and its support organisation, the Ecumenical Institute for Labor Education and Research (EILER), ran regularly (Scipes 1996: 13). These effects were all clear in the garments industry in the early 1990s. My assessment is that the actions of the KMU and KMK were particularly important in revitalising a number of enterprise unions and establishing some new ones. However, in the absence of social and spatial developments in the labour process which increased labour organising capacities, the militancy did not make a major difference to workers’ abilities to bargain collectively for improvements in wages and conditions.

To quote an official of one KMU affiliate federation, ‘no matter how militant, how good we are, the difference [in organising capacities] is minimal’ (Malonzo, interview 1991). Given the perpetual difficulties in organising the

88 This was supported by some of my own interviews with KMU affiliates.
unorganised, the KMU directed much of its energies to ‘poaching’ the affiliates of rival federations. In the process it was able to revitalise rival unions and replace a number of company unions in certification elections. This strategy added to labour militancy in the garments industry at the time of my research, but it intensified resentment towards the KMU within the labour movement and therefore added to existing divisions. The labour alyansas were a direct challenge to the constraints of enterprise unionism, but the KMU lacked the political influence to see this form of labour organising gain legal recognition through changes in legislation. Ultimately, the KMU and KMK thus faced the same obstacles to effective enterprise unionism as their rivals in the garments industry: they lacked the means to prevent local subcontracting (in the absence of other pressures to keep production in-house) and they were not able to force the recognition of local unions (in the absence of other pressures on employers to avoid industrial action). Accordingly, the focus on the goals and strategies of particular forms of unionism is unduly ‘voluntaristic’ because it pays inadequate attention to the structural-social circumstances in which those goals and strategies are pursued.

In addition to the ‘continuing causes’ of labour’s weakness in ‘economic’ relations, it is important to stress how the KMU’s capacity for militancy was shaped by changes in the socio-political environment for labour organising during the 1980s and 1990s. In this regard, it is useful to begin with the wave of strikes in Valenzuela, a manufacturing district of Manila where a number of garment establishments are located. In 1985, when Marcos was still in power,

89 The resentment was felt among other left-wing unions with a history of Soviet alignments, not just among the KMU’s more conservative and right-wing rivals in the labour movement.
this district earned the title of ‘the strike capital of the Philippines’ (Ofreneo 1993: 293). A study of those strikes found that the KMU’s presence in the district was a significant factor in the taking of strike action (Ignacio 1985: 8).90 However, not all the strikes were KMU initiated: King (1985: 90) points out that some workers struck spontaneously, ‘without the knowledge of their mother federation or at the mere instigation of a bold minority of union members’. The point is that, in Ofreneo’s judgement, the district ‘was ripe for industrial strife at the time’. Two years into an economic crisis, there were wide spread lay-offs in manufacturing, especially in the small to medium-sized establishments which populated the Valenzuela district. A survey of 24 strikes held in June and July of 1985 found that sixty-two percent of the striking establishments had between 10 and 99 workers and three quarters had a union that was less than a year old (Ignacio 1985: 3).

In this context, workers were faced with a ‘no loss or win’ (tabla manalo) scenario: if they were to be retrenched then there was little further risk in striking and the hope of some possible gains in stalling the process (Ofreneo 1993: 288). A good many of the Valenzuela strikes did not follow proper procedures under the law (King 1985: 83). In just over half the cases, this was because employers refused to participate in the preliminary conciliation meetings as required (Ignacio 1985: 7). But, precisely because of the economic difficulties, strikes like those in the Valenzuela district were often unsuccessful and they then often lost their appeal for workers (King 1985: 89). This example highlights the influence of militancy in the right climate, but also it reveals

90 In the following year, 1986, another study concluded that the KMU had a direct hand in 43.4 percent of the total of recorded strikes (Institute for Labor Studies 1989: 19).
various limits. Similar issues occur in relation to KMU activism in the political arena.

As previously stated, the KMU was an important actor in the organised street protests against the authoritarian Marcos regime for three years from 1983 (Bello and Gershman 1990: 48, Lane 1990: 35). In this regard, the alyansas often also functioned as vehicles for workers’ organised participation in the political demonstrations (West 1997: 46-47). But the KMU’s unique contribution to the political opposition to Marcos and Aquino was their holding of a series of ‘people’s strikes’ (welga ng bayan) from 1984. Scipes (1996: 17) explains that a welga ng bayan was more than a general strike in that it also had broader community involvement in picketing and demonstrations. As with the alyansas, the ‘people’s strike’ was not countenanced under the existing Labor Code (King 1985: 85-86). Several were held, especially in the southern regions of the Philippines, during the last years of the Marcos regime. However, the largest of these strikes in Manila were held once President Aquino had assumed power.

Aquino

After the foreign debt crisis of 1983, opposition to the Marcos regime deepened and moderates joined radicals in various forms of public protest. But the alliance between business, labour, students, professionals and opposition politicians was short-lived (Lane 1990: 20). The cross-class opposition to Marcos did not survive the transition from street protest to government. In the lead up to the Presidential election and in the months immediately after it, the
organised forces behind Aquino were narrowed and moved to ‘the social and ideological centre of Philippine society’ (McCoy 1987: 18). Formal democracy was restored with many of the powers of the President returned to the legislature. However, the subsequent national election saw the reinstatement to political office of a number of the wealthy ‘traditional political families’ (Anderson 1988: 169, Bello and Gershman 1990). At the same time, the new administration failed to secure a monopoly over violence in the face of increases in activities by vigilantes and other para-military forces (Nemenzo 1989).

In her first Labour Day speech in May 1986, Aquino promised changes to the Marcos Labor Code which were never eventually acted upon. However, a Labor Advisory Consultative Council (LACC) was formed as ‘a forum through which government can consult organized labour on pertinent matters’ (Martinez 1990: 2). The KMU was a participant in LACC but it remained a loose body with ‘no permanent headquarters, no permanent secretariat, no sharing of funds, not even a common agenda’ (Martinez 1990: 2). But this new political space for labour was soon closed as the overthrow of Marcos had unleashed radical forces that many in the Aquino administration found highly threatening. In late 1986, the KMU’s Chairman, Rolando Olalia, was tortured and killed and, in January 1987, in a turning point for the regime, farmers protesting against delays in promised land reform were fired on and 20 killed by the military. In May of that year, the left did badly in the national elections which delivered a large number of seats in Congress to wealthy traditional political families (Anderson 1988: 169, Bello and Gershman 1990: 42-43).
Some three months later, on 17 August 1987, the KMU was involved in its most successful *welga ng bayan* then to date against rises in the price of oil and kerosene. This was organised by the Coalition Against Oil Price Rises (COAP) under ‘natdem’ leadership and with KMU participation. The strike ‘completely paralyzed Manila’s transport system and brought to a standstill many factories and offices’ and a week of public demonstrations followed (Lane 1990: 35). Generally media coverage was favourable (Lane 1990: 72-73). Then, nine days later, another successful *welga ng bayan* was held: ‘strikes, combined with pickets, rallies or parades, occurred in most parts of the Philippines; there was no major provincial city where a protest action did not take place’ (Lane 1990: 73). It was ‘an enormous success … a major shock to the government’ (Lane 1990: 74).

However, the government responded by arresting KMU officers and detaining them overnight. Then, in the early hours of the 28 August, sections of the military launched an unsuccessful coup attempt. This event caused divisions to grow in the ‘natdem’ movement over the extent to which it should support the Aquino regime against the threat of more right-wing forces. Finally, in October 1987, President Aquino publicly promised a tougher stand against labour militancy and police moved against strikers and raided KMU offices (Lane 1990: 64). Thereafter there was an upturn of police, military and para-military actions against strikers which slowed levels of strike action (Scipes 1996: 64, 66). Between 1987 and 1991, industrial workers and trade
unionists were the largest group of identified victims of human rights abuses (TFDP 1990: 17).  

Table 5.2:  Wages for non-agricultural workers in National Capital Region, real wages adjusted according to the CPI (1978=100)

<table>
<thead>
<tr>
<th>Year</th>
<th>Legislated Nominal Wage</th>
<th>Real Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>4.00</td>
<td>16.94</td>
</tr>
<tr>
<td>1960</td>
<td>4.00</td>
<td>17.19</td>
</tr>
<tr>
<td>1965</td>
<td>6.00</td>
<td>20.56</td>
</tr>
<tr>
<td>1970</td>
<td>8.00</td>
<td>20.55</td>
</tr>
<tr>
<td>1975</td>
<td>10.65</td>
<td>12.94</td>
</tr>
<tr>
<td>1980</td>
<td>27.39</td>
<td>19.79</td>
</tr>
<tr>
<td>1985</td>
<td>57.08</td>
<td>16.18</td>
</tr>
<tr>
<td>1989</td>
<td>82.88</td>
<td>17.30</td>
</tr>
</tbody>
</table>

Source: Ofreneo 1994: 279

Nevertheless, the political protests were successful in producing two unprecedented increases in the official minimum wage in October 1987 and May 1989 of P10 and P25 respectively (see Table 5.1). In the garments industry, in enterprises already paying the minimum wage, these increases were widely implemented. But the result was mainly a ‘catch-up’ in real wages that were lost during the 1970s (Ofreneo 1994: 289). However, after the final increase in May 1989, the regime moved to again narrow the national political space for labour organising which the minimum wage fixing process had afforded by taking it out of the hands of the executive and legislature, making it the responsibility of various newly established Regional Tripartite Wage and Productivity Boards. This was an important development because it had been

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91 In 1989, a summary of trade union rights violations: 24 victims of summary executions, 9 disappearances, 607 arrests and 452 assaults (KMU 1990: 7). These figures are sourced from the Church-based Commission on Trade Union and Human Rights (CTUHR).
in the arena of minimum wage setting that labour militancy in the first years of the Aquino administration had made an appreciable difference. This statement is true for the garments industry in that, as stated before, the two minimum wage increases were passed on to most workers in the industry who were already receiving it.

Thereafter, the KMU also became further marginalised from developments in civil society. In June 1989, the KMU leadership issued a statement in support of the Chinese government’s crushing of the Tiananmen Square protests. A few months later, in November, another \textit{welga ng bayan} was planned, but was halted by a further unsuccessful coup attempt by sections of the military. Subsequently, \textit{welgas} involved bus burnings and damage to other property. Because of this, they received much less support from the media and public. The KMU’s capacity to pursue a militant political agenda was diminishing. In retrospect, it is clear that the KMU’s actions achieved their greatest legitimacy in civil society at times when the legitimacy of the state was at its lowest (West 1997: 122). As state legitimacy was restored with the reintroduction of formal democracy, the popular support for the KMU’s militancy tended to fall away.

In this environment, President Aquino ‘got away with’ enforcing the Marcos Labor Code with more vigour than her predecessor had been able to in the final years of his regime (Ofreneo 1989). Three years after the fall of Marcos, promised changes to that Code took the form of amendments to fifteen articles to mostly ensure that various procedural difficulties were placed in the way of labour militancy. For example, new unions were still required to register with
the Department of Labor and Employment. In the process, the individuals involved remained vulnerable to employer harassment before legal recognition had been granted as the procedure continued to require the submission of their names (Maravilla 1988: 31). Further, under the old Code, violations of a CBA, unless ‘flagrant and or malicious’ in nature, were not considered unfair labour practices and thus grounds for legitimate strike action (Rodriguez 1989: 4). This was changed by the amending Herrera Bill (RA 6715) of 1989 but in practice it remained just about as difficult for a registered union to use the strike weapon as it had been under Marcos. To quote Woodiwiss (1998: 138):

Unions still have to bargain first, reach a deadlock, and give thirty days notice of a strike (fifteen days in the case of an unfair labour practice). The only difference is that during the notice period the Department of Labor and Employment (DOLE), as it is now called, is mandated to attempt conciliation or mediation or recommend voluntary arbitration instead of referring the case for compulsory arbitration.

As suggested in this statement, the Aquino administration committed itself to an industrial relations system that is centred on collective bargaining at the enterprise level and voluntary arbitration over compulsory arbitration, except in cases that involve the national interest (NEDA 1986: 161, 166). Voluntary arbitration leaves dispute resolution in the hands of the parties involved. Under the Aquino legislation, the NLRC was retained as a tripartite body, but regionalised and restricted to issues involving violations of the law, whilst breakdowns in collective bargaining were handled by the National Conciliation and Mediation Board (NCMB) (Muinuddin 1988: 29-31). However, from 1987,
the Aquino administration also encouraged the formation of labour-management councils (LMCs) at plant, industry and/or regional levels. These bodies were aimed at addressing the ‘common concerns’ of workers and employers in order to ‘separate union matters from political matters’ (Young, interview 1991). Although ‘not designed to supplant unions’, the LMCs were being strongly promoted by the DOLE in the Southern Tagalog region where KMU alliances had been particularly active (Young, interview 1991). In this, the Aquino administration made further concerted efforts to marginalise labour militancy; however, the outcomes of these LMCs were not as significant as the later move to take minimum wage setting out of the national political arena and hand the process to regional boards.

My research was conducted in an environment where the KMU was active in grassroots organising in the garments industry but nationally was becoming more marginalised as the political space for labour militancy was changing. In 1993, after I had completed my research, the KMU in fact split into two acrimonious groups: the ‘reaffirmists’ and the ‘rejectionists’ – named according to their respective reactions to the CPP paper ‘Reaffirm our Basic Principles and Rectify the Errors’ (see Liwanag 1992, Rocamora 1994, Scipes 1996: 219-47). Federations and individuals leaving the KMU stated that the organisation ‘remained bound to an ideology, strategy and state practice that reduced unions to the role of transmission belts of outside political forces’ (in Rocamora 1994: 207). As suggested before, a major reason for the split was the ‘failure of the national democratic movement to take advantage of the democratic space

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92 By 1988, 26.7 percent of establishments with more than 10 employees had a LMC in place (DOLE 1988: 14).
opened up by the collapse of the [Marcos] dictatorship' (Rocamora 1994: 208). As also previously stated, among other ‘cause-oriented’ groups in civil society, there had been a move away from ‘preoccupations with seizure of state power’ and a greater preparedness to seek more ‘immediate and tangible results’ through contributions to policy making (Rocamora 1994: 212, Clarke 1998: 40). Thus, in its hey-day, the KMU’s successes were contingent upon the nature of the political space for labour organising which reflected not simply the legal framework of industrial relations, but also (more particularly) the changes in civil society arising from shifts in state legitimacy.

**Conclusion**

This chapter has covered various ‘critical junctures’ in state-labour relations in the Philippines in order to stress two main points. First, factors shaping the labour process have a particularly strong impact on labour organising capacities in the garments industry in view of it being a legal requirement that workers form enterprise unions to bargain directly with their employers over wages and conditions. Second, enterprise unionism is as much an achievement of collective action in the garments industry as it is also a central vehicle of such action. Because the state has long legislated extensively to grant workers certain ‘freedoms’ and protections, without committing to enforcement, the politico-legal space for labour organising in the Philippines is also a site of struggle in and of itself. In other words, it is important to stress that enterprise unionism and collective bargaining in the garments industry is required by law, but not guaranteed by the state. At the same time, one of the difficulties workers face is that their legitimate rights to
pursue industrial action are further proscribed by procedures and institutions
which, by design or effect, cause delays which leave the workers involved quite
vulnerable to employer and official harassment. In the next chapter, I turn to the
factors influencing labour organising capacities at the enterprise level in the
garments industry which pertain to the nature of the labour process.
6. Labour and local subcontracting

Poor official record keeping makes it difficult to provide any detailed statistics on the number and distribution of enterprise unions in the Philippine garments industry. However, as for all major industry groups in the country (DOLE 1988: 8 and 19), enterprise unionism in the garments industry is concentrated in those establishments which employ more than 100 workers in the one place on a regular basis. Also, in the garments industry, these larger establishments are concentrated in the exporting sector (Tecson et al. 1991). Given the positive correlations between union formation, enterprise size and production for an overseas market, I conducted an interview-based survey of sixty-four garment-making establishments to ascertain what it is about exporting (if anything) that encourages the agglomeration of female sewers in the one place. The results of this survey are detailed in this chapter.

In industrial garment marking, establishment size is partly a function of the volume of production which the firm concerned undertakes. As stated in Chapter Four, production volumes are generally higher in the export sector than they are in the sector that produces only for the domestic market. But, as also explained in that chapter, the ‘divisible’ nature of the production technology (Hoffman and Rush 1988: 4) means that all the sewing is relatively easily dispersed to a larger number of (usually) smaller enterprises. In that sewing accounts for something like 80 percent of the production workforce in the garments commodity chain (ILO 1987b: 24), its dispersal to various local

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93 I was given access to Department of Labor and Employment files on registered unions, but these were soon found to be ill-maintained and often out of date.

94 A ‘regular’ worker is one employed on a permanent basis.
subcontractors has a significant impact on the establishment size of the contracting firm. For this reason, the volume of production which a *firm* might handle is not always a reliable determinant of the size of the *establishments* in which production occurs.

Local subcontracting arrangements in the Philippine garments industry have been well documented in the past (see Pineda-Ofreneo 1983, Sinay-Aguilar 1983, Catalla 1985, Ofreneo and Habana 1987, del Rosario 1988, Pineda-Ofreneo and del Rosario 1988, Aldana 1989). This literature is highly critical of the conditions under which the female outworkers are employed, particularly those who are engaged to sew as homeworkers. Further, the same literature *explains* the occurrence of local subcontracting in terms of the cost savings which are achieved by exploiting the remuneration differentials between ‘formal’ and ‘informal’ establishments and between urban and rural areas. In other words, this earlier research argues that local subcontracting is done principally to access the cheapest kinds of workers. Accordingly, it is concerned only with the reasons *for* local subcontracting; it is quite silent on the reasons why some firms do *not* engage in local subcontracting on a routine basis. The survey particularly addresses the latter of these concerns.

**The survey and terminology**

To meet the requirements of a ‘multiple-case’ study (Yin 1989: 48-50), the survey covered a number of production scenarios in the Philippine garments industry based on various mixes of the following elements: differences in establishment size (according to the number of sewing machines and/or workers under one roof); both exporting and non-exporting establishments and,
among the exporting establishments, both local subcontractors and direct
exporters; establishments that concentrated on the manufacture of simple styles
in large volumes and those that focused on more complex designs which
require more care in production; and, finally, establishments with and without an
established, independent enterprise union which were or were not a KMU
affiliate.95

Table 6.1 gives the number of establishments in the survey in the
categories of export or domestic producer and then, among the exporters, the
number which are principally direct exporters or principally local subcontractors.
To clarify the terminology in use here: the direct exporters were those
establishments which operated with their own export quota and licence. The
majority of these were international subcontractors in that they received work
from one or more overseas principal or contractor on a consignment basis.96
Consistent with international apparel commodity chains being largely ‘buyer-
driven’ (Gereffi 1994), a good number of the overseas contractors were retailers
and/or buyers rather than direct producers themselves. On the other hand, the
export subcontractors were those that received work from one or more local
principal or contractor that was also either an export subcontractor or a direct
exporter. As Sharpston (1975: 119) explains, international subcontracting can

95  The noun ‘subcontractor’ is applied to establishments which receive work that is
subcontracted to them by a local or international principal or contractor.
96  The alternatives to the materials consignment system were as follows. One, fabrics could
be obtained locally, but (with some exceptions) they were generally not of a sufficiently high
quality for export. Two, fabrics could be imported through a bonded warehouse. In the words
of the local owner of Midas Diversified – a direct exporter in this survey – this strategy had ‘more
risk, more profit’. Third, imported fabrics could be obtained locally illegally. Whilst some of the
domestic producers in this survey pursued this strategy, it was not a viable option for exporters
because of the need to account for the source of fabrics in apparel that is exported. As well,
this supply source was not sufficiently reliable.
‘take a wide variety of forms: one-off orders, … [or] long-term contracts, and then varying degrees of technical assistance and capital participation’. The same is true of local subcontracting arrangements in the Philippine garments industry.

Table 6.1: Establishment numbers in survey by establishment type

<table>
<thead>
<tr>
<th></th>
<th>Export</th>
<th>Domestic</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct exporters</td>
<td>58</td>
<td>6</td>
<td>64</td>
</tr>
<tr>
<td>Subcontractors</td>
<td>-</td>
<td>23</td>
<td>64</td>
</tr>
</tbody>
</table>

As already stated in the Introduction, the survey does not represent a statistical ‘sample’ of the industry. The relative frequency with which particular local subcontracting practices occurred among this group of sixty-four establishments should not be taken as indicative of their general occurrence throughout the industry. But that said, the different kinds of local subcontracting practices in the survey were indicative of the range that occurred across the industry as a whole. These different kinds of local subcontracting practices fell into four main categories in the survey findings. In the first category, the bulk (70-90 percent) of sewing was put out to a number of different local subcontractors on a recurrent basis. In the second, a smaller (but still generally significant) amount of sewing was put out on a regular basis. The key difference here was that only specialist tasks like embroidery or appliqué were put out to local subcontractors with dedicated machines which the local contractor lacked. The need for dedicated machines arose because technological change has followed the trajectory of functional differentiation: a ‘separate mechanism and machine … to perform each of the wide range of
sewing tasks in the industrial manufacture of clothes’ (Hoffman and Rush 1988: 102). As shown below, this has seen a division of labour between different producers, most particularly among the smaller firms and establishments where there is neither the capital to purchase a full range of machines, nor the production volumes to justify their purchase. Alternatively, establishments that put out sewing on a regular basis did so only for certain simpler styles and/or tasks for which quality control was not at a premium. In the third category, sewing was put out only at certain times of year when the volume of production was too great for the in-house workforce to handle. In other words, local subcontracting was only undertaken on a seasonal basis. Finally, in the fourth category, sewing was never (or only very occasionally) put out as it was nearly always handled entirely in-house (see Appendix One).

In the discussion below I set out the reasons for this variety of local subcontracting practices in the Philippine garments industry by moving from the smallest producers (with less than 20 sewing machines in-house) to the largest with workforces in their hundreds and thousands in the one place. This is done to highlight the changes that occur as employment conditions become more ‘formalised’ in the sense that they become more regularised and in conformity with legal requirements. In class terms, my argument is that the real subsumption of labour is associated with the greater formalisation of employment relations as those relations come under the greater purview of the state. This is most obvious in terms of wage-setting and the terms of

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97 For obvious reasons, the technological trend with domestic sewing machines has been in the opposite direction, towards multiple-functionality.
98 Establishments that handled their production almost entirely in-house would normally put out production only under extraordinary circumstances on a seasonal basis.
engagement in conflict over class relations. As I have noted in the previous chapter, the state offered workers and their organisations some legal protections, even if those protections were not always upheld.

The small producers

Among the nine smallest establishments in survey – those with less than 20 industrial sewing machines – none put out the bulk of their production to local subcontractors, principally because they had insufficient volume to warrant the practice (see Appendix One). Indeed, with the exception of the one domestic producer in this size category, Creative Accent Garments, these eight export subcontractors experienced difficulties in obtaining the orders to maintain production all year round. Creative Accent Garments was established in the early 1980s to manufacture women’s lingerie for a Manila department store chain. It alone in this group of establishments put out sewing on a regular basis, doing so in order to access dedicated embroidery machines which it did not possess. Relative to the eight export subcontractors, Creative Accent Garments had more stable, longer term contracts and so did not have the same problems with fluctuations in production levels over time. This accounts for the different local subcontracting practices between them.

Like Creative Accent Garments, the eight export subcontractors with less than 20 sewing machines in-house were all single-branch, family businesses. They had been operating for less time than Creative Accent Garments, having been founded in the previous one to four years to take advantage of the then recent expansion of the export industry. All had been financed through
personal savings and/or loans from family members. Moreover, most of them were run in conjunction with other small family businesses or professional occupations (such as school teaching). For example, 3Ls Garments had its workers picking coffee beans in the owner’s small plantation when required.

The eight export subcontractors in this size category dealt with the uneven production loads they experienced in the main by employing their sewers irregularly: for long hours or none, as was needed. Without great attention to the design of the labour process, beyond a certain level of skill, the primary way that workers were able to lift their daily output was through working longer hours. By paying piece rates, the local owners claimed that they were essentially leaving it to their sewers to do the work harder. To facilitate working long hours when needed, the sewers commonly ‘lived-in’, often sleeping by their machines to be literally on the job when they awoke. Sewers were accordingly not constantly supervised; however, when they were it was of a ‘simple’ kind in being ‘exercised … personally’ (Edwards 1979: 19). The local owners of the smallest export subcontractors in the survey intervened in the labour process mostly to ‘exhort workers, bully and threaten them, reward good performance, hire and fire on the spot, favour loyal workers, and generally act as despots, benevolent or otherwise. [These owners] … had a direct stake in translating labor power into labor, and they combined both incentives and

99 There were no instances of workers becoming owners; instead, the local owners bought into the industry with income they received from other sources, often also through personal contacts with others already established in the industry.

100 However, precisely because the piece rate system links payment to output, there is also a strong incentive in place for workers to intensify their own labour to reduce the time they must spend in work. As I go on to explain, this is a cause of problems with product quality control.

101 Workers who lived-in were not charged board. Whereas with home workers, their domestic space incorporates industrial production (Wilson 1993), in this case the production space of the local owner becomes (for a time) the living space of the worker.
sanctions in an idiosyncratic and unsystematic mix … [so that] … workers were often treated arbitrarily’ (Edwards 1979: 19).

Under these circumstances, it was not uncommon for sewers to leave suddenly. All eight local owners complained that they were regularly losing workers to the larger establishments. This was especially so at the time of the survey as recent industry expansion had meant that the larger firms and establishments were recruiting more sewers than usual.

Despite their best efforts at achieving ‘numerical flexibility’ in the in-house workforce (Bray and Taylor 1991: 7), the local owners of three of these eight very small export subcontractors also put out some sewing on a seasonal or irregular basis to cope with fluctuations in volume, but then only to family and friends. All of the export subcontractors in this category produced items of clothing that were of very simple design and construction because they were made of stretch fabrics and not required to be close-fitting – T-shirts, jogging suits and sweat shirts and the like. Moreover, as all these establishments were local subcontractors that only received straight sewing operations, any additional embroidery, appliqué or printing was organised by the local contractor or principal. For this reason, none of these very small establishments were themselves involved in the regular putting out of specialist tasks of this nature.

Among the next group of small producers – those with between 20 and 99 sewing machines in-house – there were two establishments that produced principally for the domestic market and 15 that were mainly either direct exporters or export subcontractors (see Appendix One). In this category,
production was more regular; however, employment relations were rarely more formalised. One of the two domestic producers, Terry Briones, was also run as a single-branch, family business in conjunction with others, including a pawnshop nearby. Producing mainly for the domestic market, Terry Briones had been more involved in export subcontracting in the past. The male owner admitted that export subcontracting was ‘more profitable’, but he preferred to manufacture for the domestic market because it entailed less exposure to state regulation or, as he put it, ‘less red tape’. The only production he put out to local subcontractors was that which required specialist machines, embroidery, appliqué and some printing and the like. His production volumes were more constant than the export subcontractors in this size category because he did not fill large, one-off orders, but sold through small shops and street markets.

The second domestic producer in this category, Edwin Chang, was one of eight establishments which belonged to the one family firm – another being Chang and Bobbin, also in this survey. The local manager of Edwin Chang stated that production in the family firm had been divided in this way for different product lines, but more particularly ‘to avoid unions’. Edwin Chang also put out the bulk of its own production, but in this case primarily because it was ‘cheaper’ to do so. But in claiming that local subcontracting was ‘cheaper’, it is helpful to note that the local manager’s concerns were less with the actual cost of labour than they were with the outlay involved in the provision of the sewing

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102 The local owner of Terry Briones was anyway able to obtain imported fabrics illegally in the Divisoria markets. As well, he was able to pass off many of his own products as imported because, the day I visited, his machinists were sewing labels onto T-Shirts they had just completed that read ‘Made in Hong Kong’ and ‘Made in the United States’.

103 Like Terry Briones, Edwin Chang obtained imported fabrics illegally through the Divisoria markets and sold its output in street markets rather than through department stores.
machines to expand in-house production. Labour conditions in Edwin Chang were probably no different from those in its local subcontractors as the local manager described them as ‘provincial style’ because, ‘as in the provinces, [the sewers] … work, then sleep, then start sewing again’, all in the one place.

The 11 export subcontractors in the same size category were all single-branch, family businesses. Four had begun as domestic producers as early as the 1960s, but later switched to export subcontracting at different times in the 1980s because of the better returns that were involved.\textsuperscript{104} With one exception, the other seven export subcontractors were founded more than a decade later, towards the end of the 1980s in response to the industry’s then expansion. The one exception, Wincel Enterprises, commenced operations in the mid 1970s, making gloves for the United States market, but had since diversified into other product lines, particularly infants’ wear. Among this group of 11 export subcontractors, seven did not put out any production themselves, three did so seasonally and one put out only specialist tasks on a regular basis. Those that did not put out any production themselves were also able to manage production fluctuations in-house through working irregular schedules, whilst those that put out seasonally did so again only to family members. Relative to their smaller counterparts with less than 20 sewing machines in-house, these export subcontractors were better able to maintain an all-year-round production schedule. At least two of the establishments – Tulips Inc. and Fine Garments – were in a similar situation to the afore-mentioned domestic producer, Creative Accent Garments, in that they had established, long-term contracts with a single

\textsuperscript{104} The four were Marigold, Mila Garments, Etique Corp. and Desphy Garments.
principal. Tulips Inc. had been producing sportswear for ten years for the same Japanese buyer, whilst Fine Garments was a regular subcontractor for Philippine Apparel, the country’s tenth largest direct exporter (by value of its sales) in 1990.

Among these export subcontractors with between 20 and 99 sewing machines in-house, some still had their sewers living-in, the majority paid piece rates, but a few were also trying to lift sewer output by other means. Most especially, in Chang and Bobbin, there were daily production targets set which, if workers failed to meet more than three times, would trigger the dismissal of the sewer concerned. The local manager of Chang and Bobbin stated that he was ‘tougher’ on meeting production targets than on absenteeism because a sewer that is absent can be replaced for the day, but an unproductive sewer was simply a lost opportunity. In the same group, Lucky Omni had tried to introduce daily production targets but had abandoned the project because quality was found to suffer as a result. At the time of the survey, sewers in that establishment were being left ‘to produce at their own pace’ because the local owner found that it was ‘easier that way’. In comparison, the local owner of Tulips Inc. also relied on piece rates to maintain production levels, but when interviewed was keen to experiment with other options and was in the process of sending an adult son ‘to a seminar’ on the matter. Only Mila Garments in this size category had organised production into separate lines for the purposes of greater efficiencies in materials handling and the closer supervision of sewers. However, with 65 sewing machines in-house, it was about twice the size of Chang and Bobbin, Lucky Omni and Tulips Inc. Like Chang and Bobbin, it had
a daily production target, but as well linked these to incentive payments rather than just to the threat of dismissal.

Finally, there were four direct exporters with between 20 and 99 sewing machines in-house. Of these, Unistar, Ilang-Ilang and Merann Garments put out some specialist and/or ‘less difficult’ sewing on a regular basis whilst Games and Garments International put out the great bulk of its production to local subcontractors. In the case of the first three establishments, the reasons given for putting out the sewing that they did were all centred on avoiding the costs of otherwise acquiring the necessary dedicated machines, whereas the reasons proffered for not putting out more sewing tasks were all to do with the consequences for quality control. The local owners or production managers of Unistar, Ilang-Ilang and Merann Garments all stated that the bulk of sewing was retained in-house because that was the best way to monitor product quality. In the words of the local owner of Unistar, attention to quality control was essential because without it ‘everything is a mess’. In a further attempt to control quality, Ilang-Ilang’s local owner also endeavoured to avoid accepting contacts that involved more complex designs; she preferred the European market for infants wear as the designs are ‘plainer’.105

Significantly, the local owner and production manager of Unistar and Merann Garments argued that there were financial savings in undertaking more local subcontracting because it would lower the cost of labour. However, in this,

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105 Ilang-Ilang’s local manager also admitted to selling left-over imported fabrics on the domestic market because, with cutting allowances, ‘there are bound to be a few rolls remaining in a 5,000 roll lot’: ‘everyone does it’ she stated.
Merann Garments was paying its sewers a daily rate also in order to maintain quality. In other words, the establishment was incurring additional costs by keeping most of its sewing in-house; however, this was compensated for by better outcomes in relation to quality. By contrast, the local owner of Ilang-Ilang was of the view that there were cost savings in not engaging local subcontractors because there were reductions in delays and material wastage. In addition, there were considered to be opportunities in-house to lift labour productivity through incentive payments linked to daily production quotas as ‘we notice that it makes them work harder’. Indeed, the female owner of Ilang-Ilang would have preferred to bring more sewing in-house, but then lacked the necessary capital to purchase more specialist machines.

The fourth direct exporter in this size category, Games and Garments International, was different from the other three in that it regularly put out the great bulk of its production to local subcontractors, so much so that it operated with only the legal minimum number of 50 sewers in-house to retain its right to obtain an export licence and quota. As with the family firm of Edwin Chang and Chang and Bobbin, the local manager of Games and Garments International stated that production was dispersed (in this case through local subcontracting) in order to prevent the formation of an independent, enterprise union. By contrast, Merann Garments – which only put out its sewing on a regular basis – had previously had ‘difficulties’ with an independent, in-house union in recent years. As a result it had closed for some months but, upon re-opening, has
pursued the twin strategies of ‘following the law’ and establishing a company union to avoid further ‘labour problems’ from a self-organised union.106

For quality reasons Merann Garments had not taken the same path as Games and Garments International and put out the bulk of its production.107 Conversely, Games and Garments International was able to pursue its local subcontracting strategy because, as its name suggests, it was involved primarily in the manufacture of sportswear for which, as I have said before, there were less difficulties in maintaining quality due to their relatively simple design and construction. Yet, also, the firm was of a sufficient size to send out a number of inspectors to monitor quality in the establishments of its regular local subcontractors. The in-house workforce of 50 sewers was mainly involved in fixing those items from local subcontractors that did not meet the required quality standards.

100-499 workers

Among the 24 establishments in this larger size category, three were domestic producers, four were primarily export subcontractors and the remaining 17 were principally direct exporters (see Appendix One). Of the 17 direct exporters, 12 were large enough as firms to appear among the top

106 Under the Labor Code, it was illegal to ‘contract out services or functions being performed by union members when such will interfere with, restrain or coerce employees in the exercise of their right to self-organization’ (Nolledo 1989: 384). Accordingly, larger firms and establishments that want to destroy a local union often appear first to close down, even if later they resort to the greater use of local subcontractors.

107 Merann Garments was nearly double the size of Games and Garments International in establishment terms, yet in 1990 produced only 40 percent of Games and Garments International’s exports as measured by their US dollar value. Whilst there is not a direct correlation between the value and volume of exports, this comparison does highlight the labour dispersal implications of extensive local subcontracting.
150 apparel exporters in the Philippines (by value in 1990). Hours of work were normally regularised, sewers were more likely to be paid a daily rate (although some establishments continued to pay by the piece) and the use of daily production targets and associated incentives to lift labour productivity was more widespread and entrenched.\(^{108}\) However, in addition, there was a clearer effort to manage labour output through attention to the design of the labour process; in particular through the greater use of a number of separate production lines in-house. These production lines were adjusted for different styles, so they varied in length from 25 to 180 sewers, according to the complexity of the detailed division of labour. The lines were reported to achieve a more efficient production flow in that there was less time spent handling semi-processed materials between each stage in the production chain. Also, the lines enabled the closer monitoring of workers and product quality by line supervisors.\(^{109}\) However, with more than 100 regular workers in-house, there was a tangible increase in women workers’ class capacities to form independent unions in these establishments and this often had an impact on the measures taken to lift output.

In this context, five establishments did not put out any of their sewing to local subcontractors, six put out sewing on a seasonal basis, five did so on a regular basis and the remaining eight put out the bulk of sewing as a matter of course. The five establishments that refrained from using any local

\(^{108}\) It was claimed that ‘good sewers’ could earn as much as 20 percent of the minimum wage for meeting their production targets. A number of establishments also paid a premium to their more experienced sewers to retain them. In the case of ABC Garments this premium was 5 percent of the minimum wage.

\(^{109}\) Unlike production managers, who were never drawn from the rank-and-file workforce, line supervisors frequently were.
subcontractors included two domestic producers—Landex Industries and Cutter Exchange Manufacturing. Both were established in the 1970s and paid their sewers by the piece whilst operating regular hours. However, their reasons for not using local subcontractors were different. Landex Industries kept all of its production in-house because it was able to manage any fluctuations in volume through the use of overtime and the regular hiring and firing of temporary workers. Producing T-shirts and other sportswear for small retail outlets in Manila, it also did not require external assistance in the provisioning of a large range of dedicated machines for embroidery and so on.

Cutter Exchange Manufacturing, the other hand, did not make use of local subcontractors for reasons to do with product quality and maintaining control over designs. Established twenty years earlier when the current owner was a university student, the firm had gradually expanded into the ‘higher’, fashion end of the domestic market and was now producing exclusively for its own nine retail outlets in Manila. Cutter Exchange Manufacturing was thus the only producer in the survey to achieve industrial upgrading by moving into ‘higher value-added stages in the chain like design or marketing’ (Schmitz and Knorringa 2000: 181). As such, it did not put out any sewing, one, to ensure that quality is always consistent, and two, to also avoid having the owner’s own designs copied and ‘selling on the sidewalk tomorrow’.

Like Cutter Exchange Manufacturing, the three direct exporters that made no use of local subcontractors were also principally concerned with the maintenance of product quality. As the local production manager of the largest of these—Berlie Hestia (Phils) Inc.—expressed it, ‘we like to see all our own
work’. Fluctuations in volume were dealt with by maintaining an additional, temporary workforce of up to equal size with the regular workforce. However, of all the establishments in this survey, Cavite Apparel in this group of three direct exporters perhaps best epitomised the issues involved in achieving high quality. It made men’s suits through some 235 separate operations and at the rate of 1.2 coats per sewer per day. It had a range of dedicated machines, including one that had a laser positioning device to ensure an exact match of weave when joining sleeves and so on. Otherwise, the third establishment, Nishino Leather, did not put out any sewing because its use of high quality leather meant an especially low tolerance of wastage through rejections. Significantly, both Berlie Hestia and Nishino Leather had independent, in-house unions. Cavite Apparel did not because it was located in the Cavite Export Processing Zone where unions are prevented from forming.110

The six exporting establishments in this size category that put out sewing on a seasonal basis to deal with volume fluctuations were also concerned to keep the bulk of their production in-house to maintain product quality. As such, what production they did put out was generally monitored by quality control inspectors which (in the case of the three export subcontractors) were provided by the local principal. However, Meridian Garments was restricted in putting out any more than it did by the presence of an independent, in-house union which opposed any further local subcontracting in the belief that it would displace regular workers. Some years earlier, the same establishment had closed for

110 Unlike the earlier established Bataan Export Processing Zone, there were no workers residing in dormitories inside the zone as this had been a factor in union formation in the Bataan zone in the 1970s (Rosa 1994).
some months as a result of extended industrial action by its then KMU-affiliated
in-house union. Upon re-opening with a new workforce, another KMU-affiliated
enterprise union had been formed, but the local production manager said that
this time there was ‘less trouble’. ABC Garments began operating as a local
subcontractor for one of the largest garments exporters, Philippine Apparel, in
the mid 1980s so that that firm could better circumvent the then presence of a
KMU-affiliate in its main factory. ABC Garments itself had an independent,
enterprise union, albeit not one affiliated with the KMU. The situation was the
same in R.I.L. Manufacturing. Le Arc Manufacturing had a KMU-affiliated union
in-house whose two (male) officials were full-time in that capacity. Finally, by
contrast, in this group Clothman Knitting and Filipinas-Tyrom Garments were
branches of the same family firm. Both had long-established company unions
to circumvent the formation of a more militant, independent union.

The other five export establishments in this size category that put out
sewing on a regular basis were less inclined than their smaller counterparts to
do so to be able to gain access to dedicated embroidery machines; they were
more likely to only put out certain kinds of ‘simpler’ sewing tasks as they had the
capital to provide their own machines themselves – and the production volumes
to justify it. In other words, they made a distinction between different kinds of
sewing (and/or product lines) in terms of the degree of difficulty in maintaining
quality and only put out to local subcontractors those that caused the least
problems. As with the establishments that only sent out sewing on a seasonal
basis, all these exporters were involved in the on-going monitoring of quality
control processes of their local subcontractors. With the exception of Ralph
Manufacturing (the only export subcontractor) and Philine (with a company union), the direct exporters in this group had independent, in-house unions.

Finally, in this size category, there were eight establishments that put out the bulk of their production to local subcontractors on a routine basis. The only domestic producer in this group, Levi Strauss (Phil) Inc., threw into sharp relief the difference that exporting makes to pressures on quality. The firm had first entered the Philippines in the 1970s to serve both the local and regional (Asian) markets. At the time of the survey, it operated a number of separate establishments, each oriented to different markets. The local manager of this particular establishment stated that the bulk of its sewing was put out because quality was of least concern in the domestic market. By contrast, the factory producing shirts and other tops for the United States market was sending out significantly less production on a regular basis, whilst a third making fashion jeans for the Japanese market did not use any local subcontractors at all. Thus, in this one firm, the different production strategies for different markets was made particularly obvious.

CK Industries, the only export subcontractor in this group and a branch of the same family firm as Clothman Knitting and Filipinas-Tyrom Garments, was able to put out the majority of its sewing, in part because it was producing at the ‘lower’ end of the sportswear market. However, fairly soon it was to be closed down as relations with the in-house, KMU-affiliated union were considered, by the local manager, to be ‘intolerable’. Of the six direct exporters that put out the bulk of their production, four were unionised with two having unions that were affiliates of the KMU. One of the establishments without an in-house union,
AVSL Garments Inc., was ranked 44th as an apparel exporter in 1990, yet maintained a regular workforce of only around 200 workers – the majority of whom were packers. In the late 1980s, it shut down in the course of industrial action by its KMU union and recommenced a year later with a new workforce. It was putting out all of its sewing to prevent this set of circumstances recurring.

Midas Diversified, Movie Star and North Atlantic also made extensive use of local subcontractors in order to avoid the ‘labour problems’ associated with an independent union in-house.111 As all three establishments were already unionised, they put out production to minimise the number of sewers who were covered by those unions. The owner of Midas Diversified admitted that the firm’s practice of putting out around 70 percent of sewing made it harder to control quality, despite using up to 15 inspectors to visit the local subcontractors. Therefore, the 30 percent of production that remained in-house was that which required greater attention to quality. The production manager of Movie Star echoed similar sentiments about the need to ensure that quality standards are maintained through local subcontracting. Significantly, at the time of the survey, she pointed out that, in the last year, the establishment had a changed approach to the in-house union in that, following the appointment of two new personnel managers, there was a greater effort to ‘listen to the workers’ to reduce the chance of industrial action. Accordingly, the new personnel managers were reported to be meeting weekly with union officials.

111 The significance of the local subcontracting on workforce size is shown again by comparing North Atlantic with Philippine Lingerie in the next size category. Whilst both had very similar export levels by value, North Atlantic had 400 regular workers in-house, compared with some 2,000 in the case of Philippine Lingerie.
and line representatives to discuss the issues of concern like family leave, recurrent backache and ‘when they will get regular status’.

Of the remaining three establishments in this group, only Sehwani Inc. put out the bulk of its production because it was ‘cheaper’ as the overheads were considered to be less. In this, it is worth noting that Sehwani Inc., as a producer for the domestic market as well, was making sportswear apparel for the ‘lower end’, mass market. Moreover, having operated in the same way for virtually twenty years, Sehwani Inc. had not ‘modernised’ its labour process to the degree a good many of the other establishments in the survey had. The same was true of Saldaña & Co. in this group of direct exporters. Founded much earlier than others in the survey – in the early 1940s – it had six other branches. It employed some 250 regular workers, of which only 50 were sewers (in conformity with the minimum requirement as a direct exporter); the remainder were involved in cutting, sample making, ironing and packing. Again, the local owner stated that it undertook to put out the bulk of its production because it was cheaper. Like Sehwani Inc., it operated at the lower end of the mass market and so made its money ‘on volume’; however, it was also going through changes, to a greater degree than Movie Star. In recent years the company’s founder had died and the adult son was reported to be aiming to bring 80 percent of production back in-house or establish more satellites to be better able to plan, supervise production and meet delivery deadlines. At the time it did not have an in-house union but thought it could handle the consequences of bringing work in.
Saldaña & Co. highlighted that more recently established firms and those who have ‘modernised’ the labour process were more inclined to consider that the costs associated with local subcontracting were higher than in-house. Whilst payments to labour alone are often lower when production is put out, workers in large factories are in a more competitive position when productivity, wastage through rejections and time lost are taken into account. This is particularly the case in export production where the large-volume orders and the necessity to meet shipping deadlines (or incur penalties) means economies of scale and time can best be achieved by keeping production in-house. In other words, assessments of the relative cost advantages in putting out production or not at this level were generally contingent upon developments in the labour process in the contracting establishment, whereas in the case of establishments with less than 100 regular workers in-house, assessments of relative cost advantages were more often linked to outlays entailed in the provision of further machines.

In drawing attention to these contingencies, it is also worth referring back to a distinction I made in Chapter Three between reason-based action and the provision of a rationale for that action. The research strategy of interviewing local owners and/or production managers for their reasons for the practices they pursue in relation to the putting out of sewing does tend to place stress on the degree of rational action that was involved. However, as some of the establishments in this size category especially highlighted, it was also the case that a number of local owners and production managers – but owners in particular – were pursuing the level of putting out that they did as much because it was simply what they were accustomed to.
500 plus workers

Among the largest producers in this survey, the eight with less than a thousand regular workers in-house all tended to have been established in the 1970s, whereas four of the six with more regular workers than this were founded just after or prior to the passing of the 1961 Embroidery Law (RA 3137) which enabled United States firms to again import fabrics into the Philippines duty-free for labour-only processing and re-exportation (see Appendix One). These four included three of the top four apparel exporters from the Philippines (by value in 1990) – Aris, Novelty and M. Greenfields. Consistent with the pattern of investment outlined in Table 4.5 (towards the end of Chapter Four), the earlier firms were all American-owned, whereas the Capital Garments, established in the early 1970s as a fully-owned Filipino firm, entered into a joint-venture arrangement with a Hong Kong firm in the early 1980s.¹¹² In addition to having a large regular workforce, all 14 establishments maintained a sizeable temporary workforce of up to a third of the core workforce – in other words, rather less in proportion to smaller producers who could have a temporary workforce over half the size of the regular workforce. None had trouble recruiting experienced sewers because, in the words of the local owner of Capital Garments, ‘we are a magnet’.

All of these establishments worked regular hours and all except one – International Ying Ming – paid a daily rate. The local owner of Capital Garments would have preferred to pay piece rates rather than a daily rate –

¹¹² The joint-venture arrangement saw an immediate transfer of know-how and technology from the Hong Kong partner to the Filipino firm. The Hong Kong partner sent industrial engineers and quality control inspectors to conduct time and motion studies to set production targets and ensure ‘tighter control’ over the production process.
because ‘the [former] system works by itself’ – but claimed he was inhibited in doing so by the terms of the Labor Code.\textsuperscript{113} Otherwise, all establishments in this size category had well-established incentive arrangements linked to production targets, although a number also faced some resistance from their unionised workforces in relation to the setting and enforcement of the targets. All 14 establishments had an independent in-house union, with five of those unions being affiliates of the KMU. Dasmariñas Garments had also had a KMU-affiliated union but, in 1990, had assisted another independent union to contest and win a certification election ‘to get rid of the militant union’.

None of the establishments in this size category put out the bulk of their sewing; accordingly, two used no local subcontractors at all, six put out sewing only seasonally (to manage fluctuations in volume) and the remaining six put out some kinds of sewing on a regular basis, whilst still keeping the bulk of production in-house. One of the two establishments that did not use any local subcontractors – Levi Strauss – has been mentioned before as this is the branch that produces fashion jeans for the Japanese market and so does not put out sewing for quality reasons. Top Form Manufacturing was a bra producer that also did not put out of sewing to maintain quality.

With two partial exceptions, it was a similar story with the six establishments that only put out sewing on a seasonal basis. Karayom Garments was a producer of sportswear which normally put out more sewing on a regular basis, but at the time of the survey was pursuing a different strategy in

\textsuperscript{113} In fact, the Labor Code does not prevent the payment of piece rates so long as they are determined to be equivalent to the then legislated minimum wage (Nolledo 1989: 203).
response to a down-turn in orders (which the local production manager blamed on a recent coup d’état attempt and then recurrent ‘brown-outs’ in the power supply). Royal Undergarments gave as its second reason for not making more use of local subcontractors the fact that the in-house union was opposed to it. In this group, the local production manager of Dasmariñas Garments alone considered that local subcontracting was cheaper than in-house production; however, producing coats and jackets for the European market, he did more in-house because of the implications for quality control.

Among the six establishments that put out sewing on a regular basis, I have again also covered the case of Levi Strauss, albeit this time in relation to the production of shirts and other tops for the United States market. Otherwise, International Ying Ming as a firm has more regular workers than the single branch that I surveyed (which had a workforce of 1,200). Like Novelty and Aris, International Ying Ming only put out certain types of sewing – embroidery most often but also some simple, ancillary tasks like making slits in gloves – to local subcontractors. In this group, M. Greenfields was in a special category as, at the time of the survey, it had ‘locked-out’ its regular workforce due to protracted industrial action by its KMU-affiliated union. The union was originally in dispute over the illegal dismissal of union officials. Over a year the management of M. Greenfields had failed to attend a series of arbitration hearings which had been set for this matter; however, the lock-out was the result of a claimed illegal strike during a recent certification election period in which union members and
officials claimed to have been harassed.\textsuperscript{114} During the early stages of the lock-out, the company had moved 300 temporary workers and machines to some of its seven branches in a further attempt to break the union. Meanwhile, one of the striking union officials stated that many sewers had ‘returned to the provinces’ or had found casual employment in other factories around Manila. As there was then no immediate end to the dispute in sight, the union had the problem of a dissipating workforce.

**Labour and control**

The above discussion of key findings from the survey has highlighted that the pressure to maintain product quality was a consistent constraint on the use of local subcontractors in the Philippine garments industry. As seen especially in the case of Cutter Exchange Manufacturing, quality control was not a non-issue in certain areas of the domestic market; however, it was always acknowledged in the interviews that production for an overseas market created particular demands in this regard. Thus, exporting was said to place greater demands on the manufacturer or, in the words of the local owner of Sehwani Inc., to get it right you ‘need to put your heart into it’ – meaning that it was necessary to put additional effort into it.\textsuperscript{115} Nevertheless, as already indicated, there were different degrees of constraint on local subcontracting in the export sector, most especially in relation to different tasks, different styles and different product markets. Some tasks were put out routinely without any obvious consequences for quality – machine embroidery being the most obvious

\textsuperscript{114} In the certification election, the majority of votes had gone to the KMU-affiliate, but the result was disputed as the requisite number of regular workers had not voted.
\textsuperscript{115} As shown in Appendix One, Sehwani Inc. was the only establishment with more than 100 regular workers in-house to be producing for both export and the domestic market.
example. Also, the simpler styles were more readily put out to local subcontractors than those which were more involved in their design, often because they required a better fit. Finally, there were differences in the quality levels associated with similar styles, depending whether or not they were designed to achieve value-adding through the application of a brand-name.

But what is the precise link between the curtailment of local subcontracting and the need to maintain product quality? The answer to this question lies in the fact that the need to control quality is inextricably linked to the need to exert more detailed and direct controls over the immediate work processes of the sewers. In turn, this link to labour control is essential because of the nature of the technology in contemporary use and the additional, related requirement to lift labour productivity. Technological advances in industrial sewing have led to all of the following: the needle significantly speeded up; electronic programming of machines to pre-set stitch patterns and seam lengths; work aids to reduce the time a sewer spends on ancillary tasks like needle threading and thread cutting; and the use of lasers to position cloth for an exact match of weave (Hoffman and Rush 1988). Yet, none of these developments have altered that fact that, since its invention in the mid nineteenth century, the industrial sewing machine has remained worker-controlled. This means that, if the output from any given machine is to be increased, it is the sewer and not the machine itself that must be induced to work harder. In other words, the modern industrial sewing machine has done much to de-skill the sewer – for example by removing the need for the sewer to be able to control the machine to achieve a certain seam length – but it remains ‘simple’ to the degree that the productivity
of labour is still increased ‘without altering the elements of control’ over the sewer (Edwards 1979: 112).

In other words, without full automation, to lift output from the same machine and sewer, it remains that the sewer must be induced to expend more labour in a certain amount of time (Marx 1990: 660).\textsuperscript{116} This can be achieved in various ways; however, most often the starting point was simply to reward the sewer directly for any increase in her output by paying by result – the piece rate system. This way, as the sewer herself is provided with an incentive to take fewer breaks and work longer hours, the local owner or production manager is relieved of the need to control the pace of work directly. As made clear already, the piece rate system is widespread in the Philippine garments industry, especially amongst the smaller producers. But whilst the piece rate system is perhaps the easiest way to lift sewer productivity, as far as local owners and production managers are concerned it has the downside of encouraging sewers to intensify their own labour by speeding up their actions to the point where, in the words of the local owner of Karayom Garments, ‘quality suffered as quantity increased’.

On this basis, local owners and production managers in the Philippine garments industry faced a constant tension between incentive payments to sewers to raise their productivity and the need to simultaneously control product quality. This tension was addressed – although not entirely resolved – in a

\textsuperscript{116} The expenditure of labour in this case was often mental in the sense that sewers reported that, in addition to avoiding breaks, to lift their output they had to remain more highly concentrated for longer.
number of ways. First, to have sewers slow down and take more care with their work, local owners and managers often switched from payment by result to daily wages. But in doing this, local owners and managers needed to attend more to the organisation of the labour process to facilitate the productivity of labour in this way. I have said before that typically this led to the arrangement of production in lines that could be adjusted for different product types on the basis of time and motion studies that tested the appropriate detailed division of labour. These lines enabled the more efficient movement of materials, but as well they allowed the more direct and detailed monitoring of sewers. It is important to reiterate the point that establishments that were less modernised were less likely to be able to compensate their sewers in this way.

 Unlike output, quality cannot be maintained without direct supervision and control. The limitations on local subcontracting were linked directly to this. All companies which engage in subcontracting do indeed send out (often in conjunction with the buyer) inspectors to demonstrate and monitor quality requirements. Yet, under this system, it is not possible to maintain constant surveillance because many factories and workshops must be visited. In the end, quality control of subcontracted production relies on unsatisfactory work being rejected and not paid for. But this is a costly process in terms of lost raw materials and planning of production can be made difficult. On the other hand, there is the opportunity in-house to have unsatisfactory work corrected and, if necessary, repaired in the worker's own time. More significantly, it is possible to keep a constant eye on workers to ensure that work is done properly. Incorrect sewing can be observed and corrected before it affects too many items.
Yet, given the ‘simple’ nature of sewing machine technology, pressure must still be kept on workers themselves to maintain output. As we have seen, all of the larger factories required sewers to work to a production target and in many cases incentives are offered to individuals or groups who exceed that target. Usually these incentives are financial, but items such as T-shirts and ice-cream were sometimes provided instead. The local owner of Capital Garments claimed that its own incentive scheme linked to production targets resulted in a 15-20 percent increase in worker productivity. This establishment paid incentives on a group basis as it was argued that this encouraged the sewers who are not likely to meet the target applied to them as individuals to nevertheless do their best to ensure a good outcome for the group (or line) they are a part of. In this also, there was some possibility of peer pressure being applied by other workers in the line or group so that the target is reached.

Thus far the discussion has centred on the greater need local owners and production managers have to control the labour process when engaging in exporting. In this regard, I have argued that exporting sets up pressures to bring production in-house where it is possible to exert more direct and detailed controls over the quality and quantity of sewers’ output. But, as the survey has also made clear, the issues around labour control were not confined to the problem of workers as individuals rather they also applied to labour as a collective entity, most particularly in relation to the formation or not of an independent, enterprise union. Whereas the first aspect of labour control created tendencies that encouraged the agglomeration of workers in one place, the second was more likely to encourage their dispersal through the greater use of local subcontractors. In this, the putting out of production was mainly done
either to avoid the formation of a local union or to limit its impact on production processes by keeping the size of the regular workforce as small as possible.

However, by engaging local subcontractors, it was not necessarily the case that the presence of a union was entirely avoided because some of the larger export subcontractors had local unions themselves. In these cases, the local owner or manager of the contracting establishment was relieved of the direct responsibility of dealing with a unionised workforce. In other words, in this way, local subcontracting could enable the multi-sourcing of production to avoid disruptions arising from industrial action in one particular establishment (Friedman 1977: 122). On the other hand, to actually break up an existing union, it was more difficult to engage in more local subcontracting without there being a period of closure. As previously noted in the case of Merann Garments, under the Labor Code the contracting out of ‘services or functions being performed by union members’ in a manner that interferes with the right to self-organise is illegal (Nolledo 1989: 384). For this reason, establishments taking this course of action often had to shut down for a period (under different guises) before resuming again without a union.

But what was the actual impact of an in-house, independent union? First, at one level, the risk of union formation was a factor which undoubtedly contributed to a situation in which the larger factories were inclined to pay their sewers the legislated minimum wage. By doing this, a number of establishments thus hoped to avoid the formation of an independent union. Nevertheless, several unions were able to demonstrate that their founding had led to improvements in remuneration related to daily rates being tied to the
legislated minimum wage. For example, in the case of ABC Garments, the union president indicated that, upon signing their first collective bargaining agreement (CBA) five years ago, they had lifted the daily rate by 35 percent (to the legal minimum). Since then, increases in the legislated minimum wage and through the CBA had seen the daily rate increase a further 50 percent to 5 percent above the legislated minimum. In other words, in this establishment, the presence of a union had principally secured its regular workforce the gains the labour movement had made in that period in the national political arena. Through its own collective bargaining at the enterprise level, the union had achieved an additional 5 percent, but this was well below what had been gained nationally.

The situation in ABC Garments was repeated across the other unionised establishments. In the few years before the survey was conducted, regular workers with a CBA had been able to achieve additional increases in the vicinity of 5-10 percent on top of the minimum wage. However, overwhelmingly, the greatest increases had come from political developments in the national arena. Yet, it is also important to note that, whilst the first two of three then recent increases in the legislated minimum wage had been passed on immediately (in most cases) to workers that were already on the minimum wage, the payment of the third was in many cases being delayed as it was seen to constitute a significant financial burden. Under these circumstances, it did appear that the presence of a union was facilitating the earlier payment of the third increase; however, it is important to stress that this was not universal.
The production manager of Aris (the largest apparel exporting firm) interpreted the third increase as a sign that the Aquino administration was ‘playing politics’, in the same way that President Marcos did. In his view, the increase would undermine the system of incentive payments linked to production targets because their value had fallen relative to the basic daily rate they received as a matter of course. Significantly, some local owners and production managers in the survey began to argue that, with this third increase in the legislated minimum wage, they would need to reconsider their options in putting out more of their sewing to local subcontractors. As such, this development underlined further some of the contingencies involved in the then pattern of local subcontracting in the industry.

On the other hand, quality pressures to keep production for export in-house, meant also that local owners and managers were forced to deal directly with organised labour in conflicts over the intensification of work. Issues relating to the setting of production quotas dominated class relations on a day-to-day basis. A number of the in-house unions were engaged in routine battles over the level of production targets and were outrightly opposed to incentive payments which were linked to meeting such targets.117 Resistance to particular production targets was quite straightforward as it pertained to the level of intensity at which sewers were expected to work. However, there was also a concern that such targets would lead to over-production in a particular period and then temporary shut downs. In Top Form Manufacturing, a KMU official stated ‘we do not encourage [sewers] going over the quota’ as she saw

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117 The establishments where they were successful were Meridian, Berlie Hestia, North Atlantic, Royal Undergarments and Top Form.
resistance to incentives linked to production targets as important in ensuring a continuity of work and employment for regular workers. She claimed management was thus required to more carefully timetable production so as to reduce some of the peaks and lows so characteristic of the garments industry.

It is important to stress that these local unions were not opposed to the use of local subcontractors *per se*. The unions of these factories tended to be more favourably disposed to seasonal subcontracting. In general terms, we have seen that extensive local subcontracting poses a threat to organised labour because it can lead to the break-up of large factories. At the level of the individual union, however, there was a more ambiguous relationship to local subcontracting because members are afforded some protection from both overwork and under-employment by limited amounts of subcontracting. So-called ‘legitimate subcontracting’ – the putting out of production to cope with seasonal and other fluctuations in demand – was seen to ensure greater continuity of work and employment for the core workforce in the factory and, thus, a more stable union membership base. Regular workers are especially protected from pressures to intensify their work during times of peak workload.

Likewise, the taking on of casual labour in-house to handle production during peak times was seen to both threaten and secure organised labour. In 1989, amendments to the Labor Code had extended the legal right to organise to all rank-and-file workers, including casuals. However, at the time of my research, this change had not come into effect, largely because existing unions feared an unstable membership and the opportunity that ‘instant membership’ gives employers to stack a certification election to determine the legitimate
bargaining unit. In the busiest periods of the year, when the employment of temporary and casual labour peaks, the proportion of regular workers in an export factory can fall as low as one quarter of the total labour force. The KMU organising strategy of establishing industry and regional labour alliances did capture in some cases a portion of the temporary and casual workforce in particular factories, but this ‘flexible’ workforce remained outside an enterprise union.

But at the same time, unions helped in other ways by dealing with absenteeism and so on. Union officials can, as a consequence, be drawn into the situation where they help to maintain productivity levels by dealing with the problems that cause individuals to fall below the production quota. Often family responsibilities mean a sewer is not able to work as well or is unduly absent. In these cases, the union may assist the worker to return as quickly as possible to expected productivity levels. This kind of action by union officials could cause resentment among its membership. This was especially the case in the largest factories, where there were commonly two or three full-time union officials. In other words, in instances where union officials were not part of the production workforce, there was more chance of management co-option. This situation appeared to have developed in Le Arc Manufacturing: the two male union officials had never been sewers and it looked likely that they were enjoying the fact that they were being consulted on matters of concern to the managers, like absenteeism.

The case of Le Arc Manufacturing raises a further point: local owners and managers did also regularly distinguish between more militant and less militant
unions. On the whole, affiliates of the KMU were considered more militant than others but, this said, it is important to stress that even this determination was subject to change. Among the establishments in this survey, there was something of a pattern of reporting ‘labour problems’ in the mid 1980s. This coincided with a wave of strikes at the enterprise level in the garments industry which had since subsided. Although my survey spanned a period in which there were several welga ng bayan (or general strikes) – which workers from the largest factories participated in – there was not the same level of ‘wild-cat’ action in the industry. For this reason, in establishments like Top Form Manufacturing, the local production manager reported better relations with the in-house union, a KMU affiliate.

**Conclusion**

By producing for an overseas market, local owners and production managers in the Philippine garments industry were caught in a something of a bind. Keeping work in-house enabled direct and detailed control to be exerted over the labour process to ensure that quality was maintained, but this then created the conditions under which labour was better able to organise collectively. As a consequence of this situation, local owners and managers were being forced to have a more immediate and interventionist role in actual production. Not all local owners and production managers responded in the same way to the pressures associated with exporting; nevertheless, production for an overseas market saw a deepening of the capitalist labour process in the Philippine garments industry in general. This process of capitalist deepening was important because it lay behind the improvements in many women workers’ capacities ‘to act in relation to’ their immediate employers and managers.
through ‘the organizational and power resources available to them’ (Therborn 1983: 38-39). In short, transnational production arrangements were a source of transformations in class relations which then gave a greater number of female sewers in the industry further leverage in pressing their claims as workers, in and through collective action.
7. Conclusion

This thesis contributes to debates over labour and globalisation by considering the impacts of transnational production arrangements geared to exporting on the organising capacities of women workers in the Philippine garments industry. Contrary to the standard NIDL account of ‘export factories’ in developing countries, the study shows that production for an overseas market induces capitalist deepening in a manner that facilitates the formation of enterprise unions by encouraging the agglomeration of workers in one place. This finding is important because the standard NIDL account of export factories is still a feature of many of the negative summations of the impacts of globalisation on labour – particularly female workers – in developing countries. To cite just one example, Went (2000: 38) in his assessment of ‘what is new’ about globalisation today, makes the assertion that women’s employment in ‘free-trade zones … undermines their right to decent working conditions … and positive action programmes’.

More importantly, the standard NIDL account continues also to inform a number of current campaigns to improve the rights and working conditions of women workers in export factories. Since the mid 1990s, these ‘anti-sweatshop’ campaigns have specifically targeted the substandard working conditions of women employed in export-oriented apparel, footwear and toy-making industries in developing countries (Foek 1997, Appelbaum and Dreier 1999, De Winter 2001, Munck 2002: 162-63, Elliott and Freeman 2003). The campaigns have often taken the form of ‘transnational advocacy networks’ defined as ‘communicative structures’ which bring together a range of
development NGOs, and labour, human rights, religious and student organisations for the purposes of exchanging information, planning and coordinating political strategies and monitoring subsequent corporate compliance in relation to specified labour standards (Sage 1999: 207). Among the most well-known of these anti-sweatshop campaigns has been the one conducted for just on a decade against Nike and its suppliers in Indonesia, Vietnam and China (Sage 1999, Ballinger 2001, Frenkel 2001: 538-40).

In essence, the anti-sweatshop campaigns aim to raise the public’s awareness of substandard working conditions in export factories as a strategy to elicit two main responses. The first is to have consumers become more discriminatory in their purchasing so that their preferences for social justice are expressed in the market place (Dickson 2001, Johnston 2001). Second and more importantly, the campaigns endeavour to pressure the corporations involved to assume direct responsibility for low labour standards in the manufacturing stages of the commodity chain and, accordingly, to take the

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necessary remedial action. As De Winter (2001: 100) argues, such campaigns tend to construct the corporations involved as ‘moral agents’ by assuming ‘a priori’ attributes of moral agency – usually characteristics associated with the moral agency of individuals, such as rationality and intentionality – from which a suitable set of rights and responsibilities is then derived. The key to both strategies of the campaigns is the use of product labelling which indicates that the item is manufactured under circumstances that meet the required labour standards. Accordingly, and not surprisingly, the campaigns generally target the corporations that value-add through product branding and the projection of a ‘clean’ image.

Anti-sweatshop campaigns have helped to cement workers’ rights and conditions as a transnational issue of considerable significance (see Broad and Cavanagh 2000, Munck 2002). There is some evidence that in so doing the campaigns have helped to enlarge the ‘political space’ for some of labour’s key concerns in various countries in Southeast Asia. An example of this is the heightened pressure that was applied to the Thai government to act more decisively in the area of health and safety standards after the Kader Industries factory fire in 1993 (Brown 2001). In China, Frenkel (2001: 557-58) has concluded that ‘mounting international public awareness and criticism … has strongly influenced employment relations in the four contractor plants’ of two leading athletic footwear companies in a positive direction. Yet he also makes

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119 In cases of extensive international and local subcontracting, the principal is also pressured to take direct responsibility for employment conditions in the establishments that it places production with.

120 This fire in a toy-making factory killed 188 workers – 159 of whom were women – and injured a further 500 (Brown 2001: 127). As Brown (2001: 133) notes, it ‘attracted enormous national and international media attention’ although it was ‘only one of a series of accidents to have occurred during the 1990s’ in Thailand.
the point that advances in labour rights vis à vis trade union formation remain very limited, largely because the local and national political environment remains prohibitive.

As such, despite some obvious gains, there are concerns that the anti-sweatshop campaigns ‘to date have made little headway in empowering workers themselves’ in the firms and industries that they target (Elliott and Freeman 2003: 70). These two researchers make the observation that the corporations that agree to some demands often do not accept others that uphold rights to freedom of association and collective bargaining (ibid.). At the same time, Elliott and Freeman (2003: 49) express the reservation that many of the participants in the anti-sweatshop campaigns are ‘self-appointed rather than elected representatives of workers’ and that there is not always a direct connection between their organising and improvements in the capacities of workers to self-organise. To cite one case, the Gap clothing retailer in the United States has in recent years agreed to the independent monitoring of labour standards in its supplier factories in El Savador, yet it continues not to allow the operation of an independent, in-house union (Elliott and Freeman 2003: 70).

The key point in relation to the findings of this thesis is that, underpinning the public education efforts which are an integral part of the anti-sweatshop campaigns, there is an account of the circumstances facing women workers in export factories which conforms closely with the standard NIDL account that this thesis is most concerned with. As De Winter (2001: 106, emphasis added) uncritically observes, in such campaigns ‘(e)xcessively long workdays, low wages, unsafe work conditions, restrictions on organizing, and physical and
psychological harassment are portrayed as the norm for the predominantly female workforce’.

Whilst the information provided is undoubtedly mostly correct in and of itself (Elliott and Freeman 2003: 50), the manner of its presentation is the problem – for two main reasons.

One, the educational aspects of the anti-sweatshop campaigns are strongly reminiscent of the standard NIDL account because no reference is made to the prevailing labour standards in the targeted industry (or its equivalents) that could serve as a meaningful source of intra-national comparison. As a consequence, the information provided invariably reinforces the view – whether implicitly or explicitly – that the outcomes from globalisation for labour organising are consistently negative. Second, whilst the anti-sweatshop campaigns embody a story of labour rights and corporate responsibilities vis à vis women workers in export factories, they entirely lack a parallel account of the socio-structural changes in which these emerge and become possible.

In this, the anti-sweatshop campaigns can be seen to represent ‘development’ as an ‘intentional’ process that is the result of ‘decision and choice’ (Cowen and Shenton 1996: 4). As Cowen and Shenton explain, this can be contrasted with an alternative conception of ‘development’ as an ‘immanent’ process that is not the outcome of some overarching intent (ibid.).

To more adequately examine the issues around labour and globalisation, I

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121 Similar assumptions often inform the associated campaign to protect and enforce labour rights through the insertion of social clauses into World Trade Organisation (WTO) agreements (see Lee 1997, Wilkinson and Hughes 2000).
argue that an appreciation of the ‘immanent’ qualities of capitalist transformations in terms of the changes to class processes is helpful. In so doing, I follow Gibson-Graham (1996) in suggesting that ‘globalisation’ is therefore also a discursive site.

Unsettling a dominant discourse

Gibson-Graham (1996: 131) has sought to challenge the ‘standard globalization script’ which ‘highlights the employment of cheap, docile and compliant female wage labor in Asia and Latin America by industrial corporations eager to escape the expensive, organized, and predominantly male labor forces of the industrial capitalist world’. She does this by drawing on Marcus’s (1992: 385) questioning of rape as a ‘fixed, determinate’ ‘fact’ of women’s lives. Gibson-Graham (1996: 129-30) especially finds value in the argument that it is possible to ‘rescript the effects of rape on the victim’ to avoid premature closure. Applying this to the electronics industry in Southeast Asia, she observes that industrial deepening over time is an outcome that runs counter to the projections of economic stagnation from dependency and world system theorists (1996: 131). In her own words, can ‘we not see MNC activity in Third World situations in a slightly different light, as perhaps sometimes unwittingly generative rather than merely destructive?’ (Gibson-Graham 1996: 30, emphasis added).

Gibson-Graham’s ‘querying’ of globalisation is important because it goes ‘beyond the tactics of reversal and individual empowerment’ (1996: 134) by which women workers in export factories are merely recast as fractious and
feisty, rather than compliant and docile (see Porpora 1989). Instead, her approach is to question the possible outcomes from globalisation as such. This fits directly with the findings of the thesis in that, in the case of the Philippine garments industry, it was production for an overseas market as such that intensified pressures on local owners and production managers to achieve levels of industrial upgrading that made the local dispersal of the labour process less attractive than it otherwise might have been. In these terms, the thesis points to ‘another face to globalization’, in which employment relations are, at least in part, rather more ‘stable and predictable’ (Thelen and Kume 1999: 478) than in the NIDL version of the optimal employment relations as essentially ‘nasty, brutish and short’. (Transnational production arrangements geared to exporting are only one facet of ‘globalisation’, but they are of immediate relevance to the phenomenon of export factories.)

Yet, the study also shows that the impacts of transnational production arrangements geared to exporting are quite uneven within the same industry in that the persistence of local subcontracting – especially in particular product markets – meant that there remained a quite diverse range of labour standards across different establishment types. The common practice of maintaining a regular workforce in-house, alongside an often equally large (or sometimes larger) more temporary group of sewers, meant in addition that women workers in the same firms and factories were being integrated into transnational commodity chains under quite different terms. As stated in the previous chapter, the regular workers in unionised enterprises were often found to gain some organisational advantage from this situation because the provision of a temporary, flexible workforce gave them greater job security in that they were
then not required to bear the full brunt of the inevitable fluctuations in production volumes. (This was demonstrated by existing unions in the industry being resistant to then recent changes to the Labor Code which enabled temporary workers to become unionised.) In other words, transnational production arrangements were generally quite ‘contradictory in their implications’ for the individual women workers concerned (Ferner and Hyman 1998: xix).

There is no claim here that the findings of this case study are representative of the situation in other industries and/or countries – or even that they will occur in the same way over time. It is important to emphasise that the outcomes from transnational production arrangements geared to exporting in this case were contingent upon general features of the labour process in garments making and upon the character of the wider ‘political space’ for labour organising in the Philippines at the time when the research was done. In asserting that globalisation itself had a positive impact on levels of unionisation across the industry, it is worth stressing that I do not regard these as simply an outcome of ‘economic imperatives’. Rather, these ‘imperatives’ were generally ‘mediated – or even obstructed – by political contingencies at the national level’ (Ferner and Hyman 1998: xix).

On the one hand, for example, the failure to develop an efficient, modern textile industry in the Philippines can be traced to various policy decisions on trade protectionism and industry development in a political environment of persistent patronage. This meant that, at a crucial time in the development of an export garments industry in that country, that industry was not able to achieve the general degree of industrial upgrading which occurred in Hong
Kong, Taiwan and South Korea during the same period (see Chapter Four). On the other hand, the survival of the Multi-fibre Arrangement (MFA) to recent times has protected the Philippines' continued access to quoted markets in the United States and Europe which ordinarily they would have lost to rival Asian producers. In short, in the 1990s, production for an overseas market has perhaps quite specific effects on the labour process in the Philippines because the industry was generally less competitive than those in East Asia. Thus, around the same time, different economic imperatives associated with globalisation were having quite different effects on labour unions in the Hong Kong industry under restructuring (Chiu and Levin 1993).

Further to this point, it is especially obvious that the impacts of changes to the labour process upon labour organising capacities in the Philippine garments industry were contingent upon the *de jure* and *de facto* politico-legal opportunities for independent trade union formation at the national level (see Rowley and Benson 2000: 302). In Chapter Five, I have sought to show how developments in the national political space for labour have impacted on both the form that labour organising can take in the garments industry and the kind of bargaining power that can be exerted in relation to wages and other conditions. In countries where the political space for trade unionism is much narrower, clearly the same outcomes from the agglomeration of workers should not be expected (see Sargeson 2001).

However, to the extent that it is possible to 'rescript the effects' of transnational production arrangements geared to exporting through the citing of empirical examples, in this thesis I argue that it is also necessary to assume an
alternative theoretical framework. As Massey (1995: 324) explains, ‘the role of theoretical work’ is to conceptualise the ‘objects of study’ and the ‘causal powers and relations’ which are involved (see also Outhwaite 1987). In these terms, I found it more appropriate to consider the outcomes for labour organising capacities from the perspective of the changes to class processes which result directly. Whereas the standard NIDL approach considers only the causal connections arising from the enhanced international mobility of capital, I have endeavoured to consider the kinds of constraints on capital accumulation which production for an overseas market creates in the case of the Philippine garments industry. In this way, it was possible to better explain the unexpected outcomes for labour from the processes of globalisation.

In short, no serious consideration of globalisation and its effects on labour can merely start with ‘the facts’. I have viewed globalisation in terms that address the issue of ‘the spatial expansion’ of capitalist class relations (Bryan 1995b: 423). Of course this is not the only way in which it might have been done; however, the real advantages lie in the opportunities thus provided to consider the dynamics of development in one place. As Barkin (1981: 158-59) has explained before, the approach here is one of considering how it is that international processes have an impact upon ‘local’ decisions and actions. In this sense, it is not necessary to conceive of a trend towards a global economy; rather what is of concern is ‘the impact of the internationalization of capital in altering the particular productive structures of each country’ (ibid.) – or, in this case, the productive structures of a particular industry in one country. As Barkin (1981: 159) also points out, this approach is concerned with ‘the laws
of expansion of capitalism’ in terms of class developments, wherein these ‘laws’ are viewed as causal mechanisms and not determinant realities.

Bonacich et al. (1994: 14-15) have asserted that garment workers ‘exemplify the formidable challenge of finding ways for international labor to respond to international capital’. In this thesis, I have argued that this statement holds true in ways that the authors possibly did not intend. The claim I have put is that, even in the archetypal industry of the NIDL account of globalisation, there are other ways of approaching the question of labour outcomes that have the potential to reveal a rather more complex and contingent set of circumstances taking place. The path forward at this point has twin tracks. On the one hand, the findings of this one case study underline the need for further research of a related kind. On the other, there is a real need for current international campaigns over the ‘sweatshop’ conditions in export factories to remove the NIDL account of globalisation from is place of dominance. However worthy their intent, it is nevertheless important that the educational programs of such campaigns are more cognisant of the kind of immanent, socio-structural changes that transnational production arrangements geared to exporting can stimulate.
## Appendix One: The Surveyed Establishments

<table>
<thead>
<tr>
<th>Key</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Establishment name</td>
</tr>
<tr>
<td>B</td>
<td>Type of producer</td>
</tr>
<tr>
<td>C</td>
<td>Frequency of local subcontracting practised</td>
</tr>
<tr>
<td>D</td>
<td>Export values (US$) and ranking of parent firm (1989 or 1990)</td>
</tr>
<tr>
<td>*</td>
<td>Main activity</td>
</tr>
<tr>
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<td>Export values and ranking of parent firm for 1989</td>
</tr>
<tr>
<td>na</td>
<td>Export values and ranking of parent firm not available</td>
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### 1-19 sewing machines

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<th>B</th>
<th>C</th>
<th>D</th>
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</tr>
<tr>
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<td>Export subcontractor</td>
<td>Never</td>
<td>--</td>
</tr>
<tr>
<td>Jenny &amp; Don</td>
<td>Export subcontractor</td>
<td>Never</td>
<td>--</td>
</tr>
<tr>
<td>B. Hernandez Knit</td>
<td>Export subcontractor</td>
<td>Never</td>
<td>--</td>
</tr>
<tr>
<td>LD Garments</td>
<td>Export subcontractor</td>
<td>Never</td>
<td>--</td>
</tr>
<tr>
<td>3Ls Garment</td>
<td>Export subcontractor</td>
<td>Seasonal</td>
<td>--</td>
</tr>
<tr>
<td>Lady Jeanne</td>
<td>Export subcontractor</td>
<td>Seasonal</td>
<td>--</td>
</tr>
<tr>
<td>Lovely JCC</td>
<td>Export subcontractor</td>
<td>Seasonal</td>
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### 20-99 sewing machines

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<th>Order Type</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
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<td>*Domestic market/Export subcontractor</td>
<td>Regular</td>
<td>--</td>
</tr>
<tr>
<td>Edwin Chang</td>
<td>Domestic market</td>
<td>Bulk</td>
<td>--</td>
</tr>
<tr>
<td>Desphy Garments</td>
<td>Domestic market/Export subcontractor</td>
<td>Never</td>
<td>--</td>
</tr>
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<td>Export subcontractor</td>
<td>Never</td>
<td>--</td>
</tr>
<tr>
<td>Tulips Inc</td>
<td>Export subcontractor</td>
<td>Never</td>
<td>--</td>
</tr>
<tr>
<td>Fine Garments</td>
<td>Export subcontractor</td>
<td>Never</td>
<td>--</td>
</tr>
<tr>
<td>Crystal Garments</td>
<td>Export subcontractor</td>
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<tr>
<td>Chang &amp; Bobbin</td>
<td>Export subcontractor</td>
<td>Never</td>
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</tr>
<tr>
<td>Rodrose Garments</td>
<td>Export subcontractor</td>
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</tr>
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<td>Seasonal</td>
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<td>Seasonal</td>
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<td>Domestic market</td>
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<td>--</td>
</tr>
<tr>
<td>Cutter Exchange Mfg</td>
<td>Domestic market</td>
<td>Never</td>
<td>--</td>
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<td>Domestic market</td>
<td>Bulk</td>
<td>--</td>
</tr>
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<td>Direct exporter/</td>
<td>Seasonal</td>
<td>--</td>
</tr>
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<td>Ralph Manufacturing</td>
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<td>Regular</td>
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<td>Cavite Apparel</td>
<td>Direct exporter</td>
<td>Never</td>
<td>na</td>
</tr>
<tr>
<td>Nishino Leather</td>
<td>Direct exporter</td>
<td>Never</td>
<td>na</td>
</tr>
<tr>
<td>Clothman Knitting Co.</td>
<td>Direct exporter</td>
<td>Seasonal</td>
<td>na</td>
</tr>
<tr>
<td>Le Arc Mfg Corp</td>
<td>Direct exporter</td>
<td>Seasonal</td>
<td>$1.32m</td>
</tr>
<tr>
<td>R.I.L. Manufacturing Inc</td>
<td>Direct exporter</td>
<td>Seasonal</td>
<td>$3.622m</td>
</tr>
<tr>
<td>Filipinas-Tyrom Garments</td>
<td>Direct exporter</td>
<td>Seasonal</td>
<td>$5.70m</td>
</tr>
<tr>
<td>Philine</td>
<td>Direct exporter</td>
<td>Regular</td>
<td>na</td>
</tr>
<tr>
<td>Uniwear Inc.</td>
<td>Direct exporter</td>
<td>Regular</td>
<td>$1.92m</td>
</tr>
<tr>
<td>First General</td>
<td>Direct exporter</td>
<td>Regular</td>
<td>na</td>
</tr>
<tr>
<td>Master Shirt Co, Inc</td>
<td>Direct exporter</td>
<td>Regular</td>
<td>$2.13m</td>
</tr>
<tr>
<td>Sehwani Inc.</td>
<td>Domestic market/</td>
<td>Bulk</td>
<td>$3.20m</td>
</tr>
<tr>
<td>Movie Star</td>
<td>Direct exporter</td>
<td>Bulk</td>
<td>$4.52m</td>
</tr>
</tbody>
</table>

*Export subcontractor*
### 100-499 regular workers (cont.)

<table>
<thead>
<tr>
<th>Company</th>
<th>Export Type</th>
<th>Quantity</th>
<th>Sales (m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AVSL Garments Inc</td>
<td>Direct exporter</td>
<td>Bulk</td>
<td>$7.93m</td>
</tr>
<tr>
<td>North Atlantic Garments</td>
<td>Direct exporter</td>
<td>Bulk</td>
<td>$10.22m</td>
</tr>
<tr>
<td>Saldaña &amp; Co., Inc</td>
<td>Direct exporter</td>
<td>Bulk</td>
<td>$13.57m</td>
</tr>
<tr>
<td>Midas Diversified</td>
<td>Direct exporter</td>
<td>Bulk</td>
<td>$16.70m</td>
</tr>
</tbody>
</table>

### 500-999 regular workers

<table>
<thead>
<tr>
<th>Company</th>
<th>Export Type</th>
<th>Quantity</th>
<th>Sales (m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Form Mfg. (Phil.) Inc</td>
<td>Direct exporter</td>
<td>Never</td>
<td>$5.33m</td>
</tr>
<tr>
<td>Levi Strauss (Phils.) Inc</td>
<td>Direct exporter – Japan</td>
<td>Never</td>
<td>$14.91m</td>
</tr>
<tr>
<td>Dasmariñas Garments</td>
<td>Direct exporter</td>
<td>Seasonal</td>
<td>$10.48m</td>
</tr>
<tr>
<td>Karayom Garments</td>
<td>Direct exporter</td>
<td>Seasonal</td>
<td>na</td>
</tr>
<tr>
<td>Supreme Baby Wear Inc</td>
<td>Direct exporter</td>
<td>Regular</td>
<td>$6.31m</td>
</tr>
<tr>
<td>Norgate Apparel Mfg, Inc</td>
<td>Direct exporter</td>
<td>Regular</td>
<td>$10.74m</td>
</tr>
<tr>
<td>Levi Strauss (Phils.) Inc</td>
<td>Direct exporter – U.S.</td>
<td>Regular</td>
<td>$14.91m</td>
</tr>
<tr>
<td>International Ying Ming</td>
<td>Direct exporter</td>
<td>Seasonal</td>
<td>$19.89m</td>
</tr>
<tr>
<td>Company</td>
<td>Type</td>
<td>Period</td>
<td>Revenue</td>
</tr>
<tr>
<td>----------------------</td>
<td>-----------------</td>
<td>-------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Philippine Lingerie</td>
<td>Direct exporter</td>
<td>Seasonal</td>
<td>$10.91m (28)Δ</td>
</tr>
<tr>
<td>Royal Undergarments</td>
<td>Direct exporter</td>
<td>Seasonal</td>
<td>$19.83m (9)</td>
</tr>
<tr>
<td>Capital Garments</td>
<td>Direct exporter</td>
<td>Seasonal</td>
<td>$27.35m (6)</td>
</tr>
<tr>
<td>M. Greenfields</td>
<td>Direct exporter</td>
<td>Regular</td>
<td>$33.94m (4)</td>
</tr>
<tr>
<td>Novelty</td>
<td>Direct exporter</td>
<td>Regular</td>
<td>$54.71m (3)</td>
</tr>
<tr>
<td>Aris</td>
<td>Direct exporter</td>
<td>Regular</td>
<td>$78.56m (1)</td>
</tr>
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</table>
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