

FEUDAL WORK SYSTEMS and POVERTY: THE PHILIPPINE EXPERIENCE

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INTRODUCTION

Poverty has been the bane of nations especially for those in Asia, Africa and South America. While in the fifties considered among the most economically advanced countries at least in Asia, the Philippines at the dawn of the 21st century finds itself ranked among the poorest in Southeast Asia. For decades now the Philippine government has been struggling to overcome poverty and to provide the people at least a decent standard of living.

This paper aims to show that poverty in the Philippines has its historical roots in its colonial past, particularly in the feudal work practices and influences that characterized the mode of governance by the Spanish colonial administration for more than 300 years, and sustained as well in other forms by American rule for almost 50 years. While the United States may have 'granted independence' to its Philippine colony in 1946, its legacy of feudalism remains a factor in the country's industrial relations system, resulting in widespread poverty for the Filipino people up to the present.

What is poverty?

Poverty as defined by the Asian Development Bank (ADB) "is a deprivation of essential assets and opportunities to which every human is entitled. Everyone should have access to basic education and primary health services. Poor households have the right to sustain themselves by their labor and be reasonably rewarded, as well as have some protection from external shocks. Beyond income and basic services, individuals and societies are also poor—and then to remain so—if they are not empowered to participate in making decisions that shape their lives." (Schelzig 2005) In simple terms, workers will not be poor if they are employed with decent wages or have a livelihood that pays decently, and are able to independently chart their own lives within that society or nation where they are situated.

As of the latest Philippine government statistics issued by the National Statistics Coordination Board (NSCB), the estimated absolute poverty in the country is at a high 30 percent. The Social Weather Station (SWS), the reputable survey outfit in the country reported that about 71 percent of the population consider themselves poor, having had only one meal a day for consecutive three months in the second half of 2008.

Indeed the Philippines has taken the challenge of fighting poverty, joining the rest of the world in meeting the Millennium Development Goals (MDG). It recognizes the various reasons for lagging behind in becoming an industrialized society along with its more progressive Asean neighbors. The ADB in its assessment dated January 2005 spelled out that one among the main causes of poverty is "governance concerns." (Schelzig 2005)

Thus the question arises whether or not feudal work practices are a reality today so that governance or management systems at the firm, local, national and international levels are

unable to adequately address this grim situation. Taking an industrial relations perspective, feudalism may be said to be the culprit for the prevailing poor standard of living of about one-third of the Filipino people.

The Industrial Relations Perspective

Industrial Relations (IR) as field of discipline deals with the study and practice involving work relations, focusing on the various aspects of people in the world of work. The industrial relations perspective, therefore, is a world outlook using the framework of employment relations, that is, people in work settings, making decisions, interacting and taking actions, singly or collectively. A recognized IR scholar and author, Bruce Kaufman defines IR as follows:

Industrial Relations is the multidisciplinary study of the employment relationships, with particular emphasis on the relations between employers and workers. It seeks to understand the forces of an economic, social, political, and organizational nature that affect the employment relationship, the goals, behaviors, practices, and organizations of employers and workers, the causes and consequences of imperfections and maladjustments in the employment relationship that adversely affect economic efficiency, workplace equity, and individual well-being, and the practices and policies that can resolve these problems. (Kaufman 1993)

Thus the IR perspective essentially aims to gear decision-making towards meeting the ends of workplace efficiency, equity, people development, and on a societal scale, the economic, political and social progress of the nation. It is in the context of such framework that the dynamics of work relations truly achieves productivity and overall success.

Feudal Work Relations

Feudalism is that system of land ownership and work relations during the middle ages particularly in Europe when civilization was at the threshold of the purely agriculture-based economy and society propped up by independent land tillers and craftsmen/guilds, and the emergence of landlords owning vast tracts of lands by virtue of conquests or land-grabbing from helpless peasants or tribal communities. A clearer definition of feudalism is offered by the University of Kansas Emeritus Professor of Medieval History Lynn Harry Nelson:

Feudalism is a term invented in the sixteenth century by royal lawyers—primarily in Europe—to describe the decentralized and complex social, political and economic society out of which the modern state was emerging. The term “feudalism” came from the German *vieh*, or “cow”, the measure of wealth among the early Germans, a term that gave rise to the medieval work *fief*. *Fief* simply meant “something of value”, was usually land. But the sixteenth-century lawyers pictured this land as having been under the control of a powerful king who distributed much of it to his followers, men of distinction whose breeding and upbringing particularly fitted them for governing and giving battle. (Nelson 2004)

Other key characteristics of feudalism, according to Nelson, is that (1) “a decentralized organization arises when central authority cannot perform its functions and when it cannot prevent the rise of local powers...(2) civil and military powers at the local level are assumed by

great landowners or other people of similar wealth and prestige...(3) the local leaders and their retainers begin to form a warrior class distinct from the people of the territory...(4) the distinction between private rights and public authority disappears, and local control tends to become a personal and even hereditary matter...(5) the feudal leaders often take over responsibility for the economic security of their territories over some activities...(strengthening) their presence at the local level and also make their possessions even more valuable, and (6) the feudal aristocracies are usually organized on the basis of private agreements, contracts between individuals.”

In other words, a feudal work system exists when there is the asymmetric order-giver and follower relationship, or “master-servant” relations, as for example, that of the landlord and his tenants or laborers, with the former having full control over the production activities of the land, and the latter serving the former with loyalty. The fundamental feature of such work relations is that the subordinate, servant, or worker is obliged, if not coerced, to do the bidding of his master without question, under pain of some sanction. Such a relationship deprives the subordinate full autonomy to control his work, and to chart his own career growth, given his over-dependence on his boss.

Historical Roots of Feudalism

The Philippines was ‘discovered’ in 1521 by Ferdinand Magellan, a Portuguese explorer under the Spanish King Philip II. It was not until 1565 that Miguel Lopez de Legaspi headed Spain’s colonial administration over the archipelago, after a “bloodless” conquest. (Agoncillo 1990) With their superior military technology and imperial designs as a world power, the Spanish colonizers subdued and united into one political unit the disparate tribal communities spread out all over the islands. With the friars, the vanguards of the Christian faith, the Spaniards assured their centuries-long occupation, through gradual evangelizing—and firm domination, control and governance of the natives.

Spain then established until 1821 a bureaucracy with the governor-general as the main administrator. It subdivided the country into different levels of administration, from the province headed by a Spaniard as the provincial governor, and further divided into cities, municipalities and the smallest political unit, the barrio. The municipality or city was headed by the *gobernadorcillo* and held administrative duties covering lands, justice, finance and the armed forces. This was the highest government position held by a Filipino. At the lowest level, the barrio was administered by the *cabeza de barangay* who served as the tax and contributions collector for the *gobernadorcillo*. (Agoncillo 1990)

The *cabeze de barangay* and higher officials enjoyed certain privileges such as exemption from forced labor which was imposed on the majority of the natives. With such special positions of power, the barrio administrators tended to abuse those under their supervision. Feudal relations thus characterized the administrative machinery of the Spanish colonizers. This system had similarities with the European feudal rules, for example, the natives held the pueblo lands “by assignment from the king.” And this landholding arrangement, the *encomienda* system, where the extensive tracts of land were awarded by the king to the church, pious organizations and conquistadores evolved as hacienda agriculture, prevailing up to the end of the Spanish regime.

This feudalistic relations created an inequitable, exploitative, and oppressive social relations of production providing more wealth and more profits for the local landowners at the expense of the laborers or peons who had to survive as tillers of the soil.

With the launching of the Manila-Acapulco galleon trade in the mid-18th century, and the expansion of commerce at the turn of the 19th century, new agrarian relations emerged whose focus was on the export markets. This paved the way for the beginning of capitalist agriculture. The *encomienda* system began to decline and was abolished eventually due to abuses, but “feudal landlordism based on private ownership of lands was already institutionalized.” (Ofreneo 1980)

The opening of the colony to world trade encouraged the development of agricultural specialization for crops like sugar, indigo, coffee, hemp and tobacco, on top of rice and corn which were the staple food. This focus on foreign markets led the colonizers and the local elites—the *principalia*, *encomenderos* and the Chinese *mestizos*—to acquire and grab more lands from the small Filipino landowners. During the last two decades of the 19th century before the Americans took over, there were changes in the economic conditions. Sugar came to lead all exports until the close of the period. The extensive absorption of land and labor in export agriculture led to rice imports since the 1870s. And in “the absence of a strong manufacturing and industry sector, agriculture and land dualized the society and the economy into the poverty sector of subsistence farmers and the rich class of the landed gentry.” (Corpuz 1997)

The American Regime

The prevailing social relations which was essentially feudal in character were in effect intensified with the imperialist intervention of the Americans at the turn of the 20th century. Their free trade policy under the Payne-Aldrich Act of 1909 assured the unrestricted entry of American goods into the country, and the exploitation of the country’s natural and human resources. While recognizing the importance of land reform, the colonial administration “adopted a modern land law but ensured, through the prerequisites of land titling, that it would be almost impossible for small farmers to title their parcels. It was the rich and educated classes who could take advantage of a manipulated land registration system and managed to have certified titles to their landholdings. At the end of the United States’ occupation, the small farmers were in the same condition they were in during the Spanish era.” (Corpuz 1997)

Such economic power relations along with its inherent political and social dimensions instituted under the Americans were maintained in the long term by the wealthy landlords and their local lackeys over the majority of the toiling masses—farmers in the countryside and laborers in the towns and cities. Feudal relations thus remained dominant in Philippine society. Even at the latter half of the 1930s, the then Commonwealth President Quezon recognized the fact of agrarian unrest because “the tenants of parcels in the haciendas purchased by the government were seldom able to acquire ownership of the parcels they had long worked and lived upon.” (Corpuz 1997) Livelihood or employment for the predominantly rural population meant dependence on, if not actual subservience to, the local elites.

The virtual cooptation by the colonizers of the local elites was assured through the latter’s retention of their land ownership privileges and the benefits of trade and commerce in the islands, including the political and economic powers held for many decades under the Spaniards. Thus feudal practices of dependence and subservience between ‘lords’ and ‘servants’ virtually remained up to the onset of the 21st century.

Even with the ‘termination’ of the American occupation after World War II, feudalism as an “institution of aristocracy” flourished under the succeeding Filipino presidencies. Despite the emergence of the labor movements in the towns and cities, starting off as early as at the start of

the American colonization in 1902 with the founding by Isabelo de los Reyes of the first labor trade union, the *Union Democratica Obrero*, feudal practices of exploitative wages and oppressive working conditions in the shipyards, printing companies and banks were the main reasons for strikes and other workplace disturbances. Similar unfavorable conditions of work in the farms and plantations spurred the agrarian unrests that have plagued the administrations of all the Filipino leaders up to the present.

Feudalism under the Philippine Presidents

The government as the dominant actor in the industrial relations system attempted to legislate programs of giving land to the landless and to empower them to be economically self-reliant and productive for themselves and their families, and for society as a whole. But the overall record from the Commonwealth period under Quezon to the current presidency of the Macapagal-Arroyo has been dismal, and even deceptive, in the eyes of the peasant masses.

Various laws were passed since 1933, for example, the Rice Share Tenancy Act, the first law to regulate landlord-tenant relationships, providing for a 50-50 sharing contract where the “tenant’s share was exempted from repayment claims of debt to landlords.” (IBON 1988) But this took effect only in 1946 when the landlord-dominated municipal councils agreed to its implementation. Other land reform acts were passed under the Magsaysay and Macapagal administrations, but were failures given the lobbying efforts of landlords and insufficiency of government funding. Even under Marcos who established the Department of Agrarian Reform in 1971 until the end of his Martial Law regime in 1986, there were only few beneficiaries as recorded by IBON: (1) 4.4 percent of the agricultural workforce; (2) 6.6 percent of all tenants and farmworkers; (3) 19.8 percent of all tenants; (4) 7.9 percent of total physical crop areas; and (5) 14.3 percent of all rice and corn lands. What intensified was the concentration of vast tracts of land in the hands of the landlord class and transnational corporations. The peasantry was kept in feudal and semifeudal bondage by the Marcos agrarian reform programs.

The overthrow of the Marcos dictatorship and ascendancy of President Corazon C. Aquino did not usher in any significant change in the land distribution landscape nor in the industrial relations system to favor the agricultural or non-agricultural workers. The Comprehensive Agrarian Reform Program (CARP) instituted in 1988, acclaimed as the “centerpiece program” of the Aquino administration, and likewise continued by her successors – Ramos, Estrada and Macapagal-Arroyo – until its targeted completion in 2008 cannot be dubbed as a success. The Congress extended the program late last year for another six months but it removed the fundamental requirement of truly giving land to the landless as it completely stopped the acquisition of land from the landlords. The end result after 20 years: 80 percent of privately-owned agricultural lands have not been distributed.

The stark reality after such puny attempts at resolving the land issue on a national scale is that feudal work relations have remained embedded in the hearts and minds of government officials, big landlords, big businessmen and industry leaders, and even the working masses in both the urban and rural areas. The national psyche of a feudal mindset where the dominant authority or power-holder – given his overwhelming private properties or wealth, or political corporate power – reigns over his subordinates or employees economically, politically and socially. The latter in turn pay back in terms of service or labor, or some favor, in accordance with a certain informal or formal mutual arrangement.

From the firm level, to the national level and international level, this feudal mindset have brought only misery to the Filipino masses. This prevailing patron-client practice in the

countryside, business enterprises, government offices at the local, provincial and national levels has served as a *cancer* in the country's march towards true industrialization and progress.

In the rural areas where big plantations or corporate farms of landlords and big businessmen, a typical 'paternalistic' relations is prevalent. The hacenderos took paternalistic care of 'their' people from birth to death, serving as godparents, providing medical care, and even bailing them out of jail, on occasions – a form of complete subservience, indeed.. These conditions in fact enabled these powerful regional landowners to play "a crucial role in the election of almost every Filipino President," from the mid 1940s, thus perpetuating themselves in power in their respective localities and provinces. (Ofreneo 1980)

At the firm level, feudal work practices are virtually the order of the day. With 91.3 percent of the country's more than 780,000 business establishments employing less than 10 people, according to the National Statistics Office, it does not come as a surprise if employees have to bear, by choice or by fate, the 'paternalism' or 'patron-client' or 'feudal work system' practiced by their employer-management, in order to be employed and get by for their daily sustenance. Considering too, as the Department of Labor has confirmed in its report on the compliance of the minimum wage among business enterprises, only a little more than 50 percent comply with the Minimum Wage Law, much less the majority of the labor standards set by the government. Moreover, 43 percent of the Philippine workforce consist of contractual workers, according to a study by a labor institute, and their labor rights as set by the ILO "are systematically violated by their employers, specially the right to a living wage." (Daenekindt & Gonzales-Rosero 2003)

Such inequitable setup for the farmers in the countryside or for the workers in small establishments at the local government units (LGUs) are aggravated by the non-involvement or misdirected efforts of leaders at the local level. "Many LGUs are still susceptible to narrow interests of clientelist politicians who give priority to their longevity in office than to the development of their territory. Hence, they tend to focus on tactical financial gains then on long-term development objectives and people's participation in governance." (Quitoriano 2002) Worse, politicians in the provinces maintain so-called Partisan Armed Groups (PAGs) which serve as their private armies, pawns in effect, protecting their political and economic power. These act as assassins of their political rivals to ensure their electoral victories. (Paredes 2004)

At the national level, these province-based powerful political families or clans have in fact an overwhelming influence. And they are referred to collectively as "an octopus" – political dynasties which "simply means a succession of public office holders who are members of the same family and who pass municipal or legislative seats from one generation to another." (Makabenta 2004) In a study made by the highly reputable Philippine Center for Investigative Journalism, "The Rule Makers: How the Wealthy and Well-born Dominate Congress" points out that four out of 10 representatives in all post-Marcos Congresses have been relatives of previous legislators, and only 42 % of the members of the 11th Congress of 1999 were not from political families.

With feudalism embedded at the highest level of governance, corruption lurks in key areas throughout the government bureaucracy and in industry. An award-winning journalist could not but comment that "the reality is that ...politics has deep, feudal roots and Gloria Macapagal-Arroyo is as immersed in the sleazy world of traditional Philippine politics as her predecessor was. Despite the talk of reform and the ability to appeal to the urban middle class and the globalizing sectors of the business community, she has done little to yank the political system out of its feudal roots." (Coronel 2005) Heritage Foundation, finds the Philippine

economy “not so free because of pervasive corruption, a weak judiciary, restricted foreign investment, and a limited regulatory environment.” Also, using measures from the World Bank’s Global Governance Indicators system, the country’s quality of governance “exerted a significant influence” on the Poverty elasticity growth (PEG), that is, 1, quite low compared to South Korea’s 1.3, or even Bangladesh’s 1.5. (Habito 2009)

CONCLUSION

With the overwhelming elite control of the livelihoods of majority of the Filipinos – a feudal industrial relations in the agri-based workplaces and in businesses at the local and national levels, plus strong allies in the government bureaucracy – how can the ‘little’ people feel empowered to be economically independent, and politically strong to create for themselves and their families an increasingly improved quality of life, much less to sustain a decent standard of living? This explains why 80 percent of the nations’ wealth are firmly in the hands of a mere 20 percent of the population, while the rest have to make do with what is left for their survival and daily sustenance. A veteran social observer and writer could not help but comment that “We (Filipinos) must uproot the remains of feudalism still stuck to our culture in established patterns of thought and behavior...patronage and personalistic politics, askew relationships with superiors and inferiors, perpetuation of lineages.” (Maramba 2009)

Indeed, even in this age of globalization, the Filipino elites – the big landlords, the big businessmen, the power-hungry politicians and the over-dominating transnational corporations – have so far been able to preserve their “feudal aristocracies” providing limited opportunities for the marginalized majority to autonomously create their own path towards at least a decent standard of living. Not until the majority of the agricultural workers, including the indigenous people, enjoy landownership and true empowerment, and the elites accept their role as responsible employers and leaders willing to be stewards of the nations’ wealth by sharing these with the needy, can the Filipinos claim that feudal work practices no longer characterize the country’s industrial relations system. To rid the system of its feudal character, the Filipinos will have to continue the struggle for social justice, industrial democracy, industrial productivity, industrial peace, and industrial growth in workplaces all over the country. This ultimately will lead to genuine economic, political and social development for the Philippines.

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