

**WORKERS OF THE MILL:  
LOCAL LABOUR MARKET CHANGE  
AND RESTRUCTURING OF THE SUGAR INDUSTRY  
IN NORTHERN NEGROS OCCIDENTAL, PHILIPPINES  
1946-2008**

by

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## **Abstract**

This dissertation is about the restructuring of a local labour market in the Global South. The central research question asks: how are local labour market processes and their various social outcomes reconfigured by industrial restructuring? On the ground, this meant asking: what are the ongoing labour market consequences for workers and the geographies they make? Employing concepts from the theoretical areas of the labour market, labour control, and labour geography, the dissertation pursues these questions by examining the development of the Philippine sugar industry and the evolution of an industrial labour market located in Victorias City in the central province of Negros Occidental. Drawing on analyses of historical documents, interviews, and 10 months of ethnographic research conducted during 2007, the study's discussion focuses largely on the changing conditions, experiences and activities of the primary workers of the Victorias sugar mill. After identifying the broader regulatory social tendencies related to the economy and labour in Negros over the roughly 150 year history of the industry, I demonstrate how places like Victorias helped drive the wider institutional arrangements of Philippine export dependency and American imperialism during the early and mid twentieth century. As a distinct institutional environment that evolved on the ground, the industrial locality was a place-particular social context inherent to Philippine sugar production during the time of American neo-colonial capital accumulation. With the industry in decline since the mid-1970s, the increasing disintegration of the Victorias labour market during the 1990s and 2000s further signaled major shifts in the structure and distribution of power over sugar as Chinese-Filipino traders and industrialists continued to partially consolidate various areas of the industry. Enduring the retrenchments and the reorganization of their workplace, workers and their families struggled with the new employment conditions. Their efforts to sustain and improve their lives through new livelihood strategies have reshaped the economic landscape in important ways. Besides providing additional contextual variability with which to view the application of theoretical concepts oriented to labour, this study further supplements understandings of capitalism's uneven development from the post World War II period to the current era of neoliberal globalization.

## **Preface**

The research conducted for this dissertation was approved by the University of British Columbia Behavioural Research Ethics Board (Certificate of Approval number B06-0669).

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## List of Abbreviations

AFTA	ASEAN Free Trade Area
AIM	Association of Integrated Millers
ASEAN	Association of Southeast Asian Nations
AWA	Allied Workers Association
BCC	Basic Christian Community
BISCOM	Binalbagan-Isabela Sugar Company
CAFGU	Citizens Armed Forces Geographical Unit
CARP	Comprehensive Agrarian Reform Program
CARSUMCO	Cagayan Robina Sugar Milling Corporation
CGOV	City Government of Victorias
CHDF	Civilian Home Defense Force
CONFED	Confederation of Sugar Producers Association
FFF	Federation of Free Farmers
FOF	Federacion Obrera de Filipinas
FVW	Free Visayan Workers
NASUTRA	National Sugar Trading Corporation
NFSP	National Federation of Sugarcane Planters
NFSW	National Federation of Sugar Workers
NONSUCO	North Negros Sugar Company
NPA	New People's Army
PAFLU	Philippine Association of Free Labour Unions
PHILEX	Philippine Exchange Company
PHILFOODEX	Philippine Food Exporters Association
PHILSUCOM	Philippine Sugar Commission

PNO	Province of Negros Occidental
PSMA	Philippine Sugar Millers Association
PSTC	Piculs of Sugar per Ton of Cane
SONEDCO	Southern Negros Development Corporation
SRA	Sugar Regulatory Association
SSS	Social Security System
TELA	Talisay Employees and Labourers Association
UNIFED	United Sugar Producers Federation of the Philippines
URC	Universal Robina Corporation
URSUMCO	Universal Robina Sugar Milling Corporation
VIWA	Victorias Milling Company Industrial Workers' Association
VICMICO	
VMC	Victorias Milling Company

## **Glossary of Pilipino Terms (Hiligaynon/Ilonggo)**

amo	employer, master
artista	actress/actor
barangay	an administrative district/ward or village
barkada	peer group
bayebaye	sweet rice cake snack
biro	soot
cabo	foremen
central/ sentral	sugar mill
centralista	owner/manager of a sugar mill/central
dumaan labradores	resident labourers
encargado	plantation overseer
hacendero	plantation/hacienda owner/sugar planter
inum-inum	to take a few (hard) drinks
karenderya	public eating place
karga-tapas	sugarcane loader/cutter
mestizo(a)	a person of mixed race
pulutan	finger foods usually taken with hard drinks
sacada	seasonal migrant sugarcane worker
sari-sari	small convenience shop
sikad	bicycle rickshaw transport
taho	ginger tea
taipan	tycoon

tambay	
estambay	standby/loafer
templa	to mix
tikalon	boastful (person)

## Acknowledgments

My first experience on a sugarcane plantation was in *Barotac Viejo* in eastern Iloilo in the early 2000s. While accompanying my aunt, who was there to purchase rice harvesting machinery, I had wandered off onto a nearby *hacienda* and almost got lost. Little did I know at the time, that this experience, as well as the fortuity of circumstances, would inform greatly the contours of my next major academic project. In this sense, the uncertainty, haphazardness and serendipity of the research process played a large part in leading me to tell this particular version of the story of the Negrense sugar industry and the everyday life of the Victorias sugar mill.

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for Mom and Dad, be well

## CHAPTER 1 - INTRODUCTION

### 1.1 Introduction

This dissertation is about the restructuring and reorganization of a local labour market in the central Philippines. It mainly focuses on the changing conditions and activities of the primary workers of an industrial sugar mill located in Victorias City in the province of Negros Occidental. For them and many other Negrenses who work in the more than dozen milling districts spread across the province, the production of sugar remains an important part of their everyday lives. Most engage in arduous seasonal labour on sugar plantations, others are involved in its shipping and transport, while a smaller number are employed as workers within the industrial mills. Much of Negrense, and in many ways Philippine history, can be told through the landscape's involvement with sugar. From serving as the original well spring for the fortunes of the current capitalist and political elite, to being emblematic of American colonial and neo-colonial relations, to helping characterize in the present day what Bello et al. (2005) call the "anti-development state", sugar continues to be an important thread in the developmental narrative of the Philippines. Viewed in this fashion, sugar production in its many dimensions and forms (economic, political, social, cultural and spatial) is symptomatic of the country's uneven social and spatial development, often acting like a barometer of social, political and economic change. As a small contribution to the history and analysis of labour in the province, the following study attempts to cast light on the past and present lives of workers in an industrial sugar mill. Their experiences not only help constitute these wider political and social currents tied to the past and present economic development of the Philippines, but they also show how variability in the experiences of work are intertwined with the distinct histories of a local place. Here, the stories of three workers and their families are instructive.

Looking for Eddy's house in Canetown, a district of workers' housing located next to the renowned sugar central the Victorias Milling Company (VMC), proved to be an interesting task for a foreigner.<sup>1</sup> Everywhere you go, ashfall, the soot (*biro*) from the mill's towering smoke stacks remind locals and visitors alike of the lifeblood of the area. The streets, homes, roof tops and garden walls of Canetown are covered by different hues of dark gray and charred black dust. When the mill is running during the day, the air you breathe has an unusual and confusing smell,

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<sup>1</sup> Sugar mills in the Philippines are also referred to as sugar centrals (or *sentrals* in the Ilonggo spelling, Ilonggo being the local dialect spoken in Negros Occidental and the Western Visayas region). The use of the term refers to the mill's location in the centre of a sugar milling district and to the centrifugal process used in industrial production. In another way, the term also metaphorically represents the central importance of the mill to the life and welfare of a milling settlement or rural township.

a combination of a sweet, foul and suffocating aroma of freshly roasting (and at times rotting) corn. Passing the abandoned homes and the cows left grazing in the vacant lots, I motioned to the *sikad* (a local form of bicycle rickshaw transport) to pull over at the next house. Eddy was sitting on his front porch with a cigarette in hand and two empty bottles of Red Horse beer at his feet.<sup>2</sup> Even before I went to speak with him, people in the area warned me of his ferocious drinking. Now in his early sixties, Eddy was a well dressed, short, dark, and skinny man with a somewhat tired looking and worn out face. He had reason to be bitter. It has been a difficult adjustment for him and his family ever since the VMC declared bankruptcy more than ten years ago. “When I started here, it was a progressive company run by the Americans. Now they’re all thieves robbing the offices, passing the company from one bank to another,” he said while shaking his head. Eddy began as a temporary worker at the firm before taking a permanent entry level position in 1967. Gaining seniority through the years, he was promoted a handful of times and reached the level of division supervisor in the 1990s. He was also a delegate in the local company union that negotiated the terms of work with the mill. He and his family made the most of the VMC’s “womb-to-tomb” benefits. They lived in the mill’s distinctive green and white “block housing” before moving to their own home in Canetown. His children attended the local company schools where they received skills training for specific jobs in the mill. The family made use of the company hospital, and their private loans and rice subsidies. They took part in all of the community events and enjoyed the big holidays on the VMC calendar. Eddy’s in-laws and relatives were also employed in different areas of the company, many under his watch within his own department. In 1999, after 32 years of employment at the firm, he was retrenched.

Eddy’s time at the mill spoke to his position within the firm and in the local labour market. As a former supervisor in one of the most prosperous and prestigious companies within the region and industry, his position was a marker of skilled status where he received a level of compensation and benefits that afforded him and his family economic security and some degree of social standing. Within the firm, he performed an important gendered role since labour discipline relied on patriarchal social structures and the male’s familial authority. His retrenchment took away many of the key everyday practices that for decades helped to inform broadly his social identity. Feeling too old to try a new job, Eddy and his wife today rely on money given to them from their two sons currently employed as contractual workers at the mill, and on irregular remittances sent to them from a daughter in Manila. Formerly the breadwinner

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<sup>2</sup> To protect their identities, all interviewees and informants are given pseudonyms.

and a figure of importance in the workplace and in the community, the work experiences of Eddy's past serve as a somewhat painful reminder of what he used to be in his former job.

Like Eddy, Roger, 71 years old, had a similar employment history at the VMC. A very robust man originally from the neighbouring province of Iloilo, his first job at the firm was in 1960 doing *karga-tapas* (sugarcane cutter and loader) on the company's plantations. He then took on a permanent job as a stevedore in the mill's warehouses during the mid 1960s, and then worked as a timekeeper until 1980. He was then promoted to assistant supervisor and kept the job until he retired in 1998. With strong political connections inside the mill, and relied upon by the "big bosses", he too made the most of his perks on the job as well as with the firm's benefits program that covered his large family. When his children grew older, many became employed in the company. Most notably, one of his eldest daughters, Sally, 48 years old, taught at the company's school for girls, St. Mary's. Another one of his daughters, Roni, 40 years old, worked as a nurse for a number of years at the company hospital, and several of his sons worked in a handful of other departments. Unlike Eddy who was retrenched, Roger decided to retire in his early 60s after 38 years at the VMC and continues to receive his company pension. The vibrant purple color of his home seemed to echo Roger's memories of his time at the mill. He lived through the glory years of the VMC when it was at its height. And even though this time had ended, he believed that being a "Vicmican" (pronounced *Vic-mee-can* or *Vic-mi-can*) mill worker was something to celebrate. Designated by the management as a "model employee" having a "model family", you could still sense the authority in his voice as patriarch over a family of eleven children and a small army of grandchildren. More than this, his kids had done very well after the mill's bankruptcy. Many migrated to different urban centres both within and outside the country partly in reaction to the retrenchments that began in the late 1990s. Sally is married to a seaman and they recently moved to a new house in a subdivision in Iloilo City. Roni is working as a nurse in London, England while her husband (also a nurse) is working in al-Khobar, Saudi Arabia. Roger also has a trio of sons working as seaman on ships that periodically dock at Manila.

Surrounding the borders of the VMC industrial fortress, and the seemingly "closed" world of mill workers like Eddy and Roger, are thousands of hectares of sugar lands. Lorna, a 64 year old widow, lives on a small rice farm just beyond neighbouring Hacienda Cuaycong. Her home is located southeast of the mill and more than an hour away on foot. She was employed as a VMC sugarcane worker during the 1980s and 1990s and increased her income by rotating among several other private haciendas since each had varying planting and harvest

times. This was backbreaking work that involved laboring in the intense Negrense heat for most of the day. During the lean months, she works her land which produces enough rice to feed most of her family throughout the year. She is also a part-time domestic helper in one of the grandest mill manager's homes in Canetown where she has been employed for more than a generation. She especially likes this sort of work since it is easier on her body given her older years. While one of her sons works both as a *karga-tapas* on the VMC sugar lands and as a casual worker in the mill's foundry department, none of her children were able to attend the American style schools within the VMC compound. Nor was she able to access the company's extensive benefits program even though she worked for the firm for almost twenty years. Like many other temporary and seasonal labourers tied to the VMC complex, for most of Lorna's working life she has only been able to witness, and never experience herself, the immense symbolic and material wealth tied to the production of sugar at Victorias.

Many themes can be gleaned from these stories. Although the company union failed to protect workers like Eddy, other retrenched employees such as Roger's children were able to individually improve their living and working conditions. Eddy and Roger's past recollections also point to the complexity of worker identities and their relational, contradictory and situated nature, that the meanings they draw from the past are constantly made and remade in significant circumstances of the present day, such as the restructuring of the Victorias mill. By contrast, Lorna, like other workers on the outside, was systematically excluded from the local institutions of which Eddy and Roger were a part, such as the central, the local union, and company schools, and engaged in practices that will likely prolong her marginal status with little hope of making significant social, economic, or political gains.

At another level, these experiences illustrate the active role that workers play in the making and evolution of the economic geography of the Philippine sugar industry. They provide insight into how processes of capital accumulation found expression in the sugar industry that boomed during the decades following World War II, and how these were shaped by the practices of workers, the power of local capitalist and political elites, American neo-colonial ties, and shifts in the global economy of sugar. Following the decline of the sugar trade with the US and two severe sugar crises in the 1970s and 80s, the experiences of these workers also speak to the changes and continuities marking the current "regime of accumulation" as the industry continues to undergo a slow but gradual transformation. Their experiences reveal the human consequences of capitalist restructuring and how working class traditions and a masculine workplace culture have been gradually dismantled over time. As in the past, the practices of labour, as both a

collective agent and individual actor, help constitute the current structural conditions found in particular places of production within the sugar industry.

Attempting to make sense of worker histories and practices of this kind led to the central research question of this thesis which asks: *how are local labour market processes and their various social outcomes (economic, social, cultural, political and spatial) reconfigured by industrial restructuring?* On the ground, this meant asking an important related sub question: *what are the ongoing local labour market consequences for workers, their families and the labour geographies they make?*

To address these questions, I draw on concepts from within three related theoretical perspectives to guide my inquiry: labour market approaches, theories of labour control and labour geography. In applying these ideas, the study focuses largely on the skilled, permanent rank-and-file industrial workers (both past and present) of the Victorias mill. First, contrary to the universalizing assumptions found in neo-classical and orthodox approaches to the labour market, economic geographers over the last twenty years have demonstrated how spatial processes and local variability are vital to the way labour markets work and function. Peck (1996) has conceptualized local labour markets as socially regulated conjunctural structures that shape, and are shaped by, a range of activities operating at different spatial scales. The interaction of socially produced forms of labour supply, labour demand and state interventions, together with the social specificities tied to various places give rise to the “distinctive regulatory milieu” involved in local labour market outcomes (107). Local labour markets, therefore, are not only geographically distinctive but are also strongly woven into wider social structures and regulatory processes. My initial observations of Negros’ monocrop economy led me to ask: *why do some workers fare better than others in areas entirely devoted to the production of sugar?* And in more abstract terms: *how is the valuing and devaluing of labour linked to capitalism’s uneven development as constituted by processes occurring at, and interacting between, different spatial scales?* The local labour market in Negros, best typified by the industrial mill and the sugar plantation, is marked by deep divisions due to the interrelated labour processes involved in both the cultivation and manufacturing of sugar. Against a historical setting of Spanish colonialism and American imperialism, it remains a social and spatial instrument of power tying together labour (mill workers, sugarcane labourers), capital (traders, industrialists, landowners), and various levels of the state. As politicized sites, many labour markets in Negros serve to maintain the power and autonomy of local capitalist and political elites, while at the same time marginalizing different groups of workers and undermining their efforts toward social change.

What is noticeably lacking in the current literature, one largely oriented to places in the Global North, is how industrial restructuring affects local labour markets and the way they function in geographic contexts of the Global South, especially in light of the structural changes wrought by present forms of economic globalization and how these speak to wider issues of inequality and the “casualization” of labour confronting workers the world over.

Second, central to labour market processes, the issue of labour control figures significantly in perpetuating social inequalities and maintaining the imbalance of power in many worker communities. A generation ago, Burawoy (1985) argued that the nature of workplace control was influenced significantly by state intervention and labour legislation. He attempted to capture these dynamics through his concept of the “factory regime”, a process identifying the underlying despotism or hegemony, the coercion or consent based work strategies that characterized local struggles over the organization of work (the labour process), and their relationship to broader working class struggles and state politics. Though the social scope for gaining worker consent has expanded beyond class categories (Lee, 1998; 2009), and though issues of labour control are now more “place-sensitive” and involve a larger socio-spatial context beyond sites of production (McKay, 2006: 12; Jonas, 1996), much of the recent discussion in Southeast Asia and the Philippines continues to focus on the movement of global foreign capital intersecting with local regulatory institutions and exploiting local sites of (typically female) labour.

Against the backdrop of a non-interventionist state within sites of sugar production, the evolution of the Victorias Milling Company and its labour market dynamics is a story of contrasting forms of despotic domination. Given its long history and ongoing restructuring, Victorias illustrates how a negotiated social order has changed over time with significant effects for its workers and their experiences and expectations of the labour market. Seeing such changes firsthand raised the question: *how are social identities - “Vicmican workers” in the past and “Standby workers” in the present - made and re-made given the mill’s restructuring and changes to its work practices?* The distinctive labour process previously adopted at the mill produced a unique brand of worker identity along with political effects that strongly influence the ability of present day workers to shape the local labour market. In this way, the Victorias Milling Company and the workers within its industrial complex present a peculiar case when compared to current studies on production politics, labour control and economic restructuring. By focusing on the changing ownership of a Filipino company, locally oriented forms of capital, and a male dominated division of labour, this thesis will illustrate that additional variation exists

for production regimes in the developing world especially when considering an older agro-industrial sector, and the changing spatial dimensions of discursive and ideological forms of labour control found within the workplace.

Third, over the last two decades labour geography has emerged as a vibrant sub-discipline within human geography. Emerging in response to the ‘capital’ centred analyses informing past and present economic geographies, the approach accounts for the critical role that workers play as spatial agents in producing economic landscapes. Labour’s agency, the perspective argues, is conditioned by the local specificities grounded in different places, as well as by the spatial and scalar relations inherent to particular industries and their contexts of capital/labour interactions (Herod, 2001; 2003). Like the operation of local labour markets, workers’ activities and the “spatial fixes” they create are geographically distinctive. The approach, however, is not without its criticisms. Geographers readily admit that the idea of “labour” encompasses a wider purview beyond the activities of organized worker unions (Herod, 1997), and that there are “multiple scales” that serve the interests of labour in addition to the discipline’s more recent focus on large scale organized worker movements (Kelly, 2002: 398-9). While a number of studies within the literature demonstrate that globalization and economic restructuring often encourages a response by labour and the expansion of union activity (Herod, 1995; 2000; Castree, 2000), in many instances the opposite can occur--the combination of these processes along with a host of contingent factors have the effect of preventing the rise of workers’ struggles and containing their activities, while reinforcing patterns of oppression. But in witnessing the various strategies of action/inaction and resistance on the part of sugar workers, *how does the ongoing segmentation of the Victorias labour market and the restriction of its labour collectivity affect forms of worker agency and the making of the economic landscape?* Following these lines of criticism aimed at the labour geography literature, this thesis will illustrate how the presence and activities of workers (especially at the local scale) shape the economic geography of capitalism as it relates to the Philippine sugar industry. Although the restricted local practices of workers is reflective of capital’s dominance over the region through its strategies of labour control, the Victorias case can also be seen as one in which industrial workers imposed a particular spatial fix that best served their interests over a particular period. Thus, this study will also show how the legacies of unionization and industrial employment, that were inherent to this past spatial fix, have consequences for different groups making a living on the labour market periphery, and on the ability of different workers to shape the economic landscape.

To sum up the main argument, the dissertation is concerned with how a local labour market operates in a particular site in the Global South. It will attempt to practically resolve these issues, within the theoretical perspectives mentioned, through a threefold research problematic. First, the dissertation focuses on broadening the scope of labour market research beyond countries of the global core by investigating how economic restructuring affects the dynamics of a local labour market in a specific geographic and social context.<sup>3</sup> Second, it investigates additional variation in despotic production regimes of the global periphery by looking at the political and spatial effects of the labour process, and the changing spatial dimensions of labour control and identity formation in a locally oriented and stagnating agro-industrial sector. Third, it posits a labour geography of the Global South showing significant social inequality, where the factors and conditions restricting labour's agency are selective and unevenly experienced by organized and disorganized workers alike. By adopting an economic-historical-geographical analytical approach, and by using the local labour market as a research canvas, it will attempt to paint an empirical picture of a locality that weaves together the ideas from these three interrelated theoretical narratives while also addressing their deficiencies.

Besides providing additional contextual variability with which to view the application of these theoretical concepts, this study attempts to “theorize back” at mainstream economic geography and its broader conceptual approaches to capitalism's uneven development. In an important research agenda-setting article, Yeung and Lin (2003) demonstrate how the development and advancement of theoretical ideas within economic geography have historically emanated from a few core Anglo-American research centres, and were based largely on empirical research limited to the experiences of the advanced industrial economies of North America and Western Europe. Given the historical marginalization of the Asian experience in contributing to the development of key conceptual ideas within mainstream economic geography, they argue that the contemporary economic changes taking place in Asia present an opportunity to advance further the production of new knowledge and new insights generated by the discipline. Through grounded empirical research they suggest: (1) the application of “Western” theories of economic geography in the Asian context need to be challenged and interrogated critically in theory making (109, 120); and (2) new types of theorization are needed to make sense of the dynamic forms of change occurring in Asia which can thus develop further existing theories in the discipline (110). Consistent with the tenets of “new economic

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<sup>3</sup> In this sense, and at the national scale, the study also broadens the scope of labour market research beyond the primate city of Manila and its extended metropolitan region by focusing on a rural industrial settlement located

geography” and its inherent openness, reflexivity, and use of a diverse range of social theories, Yeung and Lin (2003: 111) advocate the growth of “global economic geographies” that are “built on *comparative* understandings of economic and geographic processes emerging from and interconnecting different regions of the global economy” (emphasis in the original). In this way, Yeung (2007: 341) explains in a later piece that “theorizing back” at “Anglo-American economic geography can be understood as either *making* original theory that emanates from research on sites outside of Anglo-American countries or *remaking* key economic-geographic concepts in light of new insights from [South] East Asia (emphases in the original).”

The findings of this thesis further supplement theoretical and empirical understandings of Fordist development processes. The long period of stable capital accumulation known as Fordism that was experienced in different national contexts of North America and Western Europe following World War II, was sustained partly by heavily regulated international spatial relationships and a global geopolitical environment policed by the United States. Combined with the regulatory interventions of the Keynesian welfare state, this period of growth gave rise to relatively stable, full male employment, job security, decent wages and benefits, basic welfare standards, and to the presence of strong industrial worker unions. As the empirical chapters of the study will show in the case of the Philippine sugar industry, Fordist processes had their parallels in the Global South. Through the workings of international political-economic arrangements between the Philippines and the United States during the greater part of the twentieth century (i.e. free trade agreements, the deployment of the large US sugar quota, and the pursuit of American geopolitical concerns) many local industrial labour markets in Negros witnessed a period of relative stability and subsequent restructuring similar to the pattern experienced in the West. Akin to their US counterparts who were employed in robust manufacturing based industries during the post war decades, and as workers in one of the Philippines’ leading industries at the time, the industrial mill workers of Victorias (the Vicmicans) experienced a level of prosperity that included secure employment, relatively good pay, and a respectable standard of living. But similar to the industrial workforces of the advanced industrial economies, they too had to endure the adversity and negative effects brought about by industrial restructuring. For these reasons, their experiences both speak and theorize back at understandings of Fordist development processes. They challenge significantly broader conceptual Fordist approaches to labour that have radiated from the Global North by revealing how the activities of workers beyond the regions of North America and Western Europe were

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within a resource supply region dependent on a single industry.

able to secure respectable working conditions in a prevailing context of underemployment and underdevelopment within the region.

To address such questions about the local labour market and worker geographies assumes implicitly critical engagement with the non-local and global processes of which they are a part. In her study of post-apartheid South Africa, Hart (2002: 12) explains, “globalization - *both* in the sense of intensified processes of spatial interconnection associated with capitalist restructuring, *and* of the discourses through which knowledge is produced - is deeply infused with the exercise of power”(emphases in the original). Hart argues that economic globalization in its discursive neoliberal guise is often expressed in terms of an “impact model” (the global on the local), often drawing upon images of “inexorable market and technological forces that take shape in the core of the global economy and radiate out from there” (13).<sup>4</sup> She adds that such discourses have disabling effects by perpetuating binaries, making rigid social categories such as the local, space and gender, and by restricting the types of practical political action possible. In order to activate a more engaging view of globalization, and to gain a better sense of the diverse forms of capitalist development and social struggles, Hart employs the concept of “multiple trajectories” and a method of “relational comparison”:

[M]ultiple trajectories [are] spatially interconnected sets of practices - with their associated discourses and power relations - that actively *produce* and drive processes we call ‘globalization.’ By insisting that we understand the multiplicity of historical geographies not simply as the *effects* of global flows and processes but as *constitutive* of them, the concept of multiple trajectories and the method of relational comparison fundamentally disrupt impact models and open the way for more politically enabling understandings and critical practices (Hart, 2002: 14, 52 emphases in the original).

Here, “relational comparison” is used to negotiate between general and specific knowledge claims, that “specificities arise through *interrelations* between objects, events, places, and identities; and it is through clarifying how these relations are produced and changed in practice that close study of a particular can illuminate the whole” (14). Attentive to deeply historical and geographically defined processes, and to the importance of situated socio-spatial practices, Hart’s approaches illustrate how power and social struggle occur in “multiple, interconnected arenas ... operat[ing] simultaneously on multiple fronts” and in multiple places (33). I draw on these approaches within this thesis, but adapt them to the changing conditions found in the Negrense context.

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<sup>4</sup> Many of these ideas are reviewed in a series of essays in *Progress in Human Geography* (see Hart 2001; 2002a; 2004).

In a historical sense, sugar production in Negros precedes the current neoliberal era by almost a century (1870s vs. 1970s) and is consistent with earlier forms of globalization, mainly through three rounds of colonialism and occupation by Spain, the United States and Japan.<sup>5</sup> The so-called modern sugar industry arrived in the province near the end of a period (1850-1940) that Bosma and Knight (2004) call a global “technological convergence” which introduced steam power and the use of railway into sugar’s industrial labour process. The emergence of the industry and its technologies coincided with the objectives of the colonial state whose combined activities left an array of political and economic legacies tied to Filipino social structures, labour processes, and the uneven historical integration of its different regions into the global economy.

During the colonial and neo-colonial American era of the early to mid twentieth century, places like Victorias helped constitute what Neil Smith (2003) describes as America’s pursuit of globalism. This was a new type of spatial grammar and spatial organization used by the United States to reinvent and articulate its global imperial aspirations. Victorias was a site in a resource supply region, which together with other economies in the global capitalist periphery, drove processes of uneven capitalist development that linked accumulation processes in peripheral areas with core areas of the capitalist system. Though a degree of territorial control remained a priority, of greater concern to the American regimes was power over global, economic, political, cultural and social infrastructure, which rested on American ideological influence and military might. In the case of the Philippines, one of the few US colonial territorial acquisitions, empire was asserted through the introduction of finance capital, the expansion of foreign direct investment, with an emphasis on the political importance of trade. In this way, the interests of both local Filipino capitalists and internationally oriented American capitalists required alliances spanning the two countries that were facilitated by the US government, and Filipino elites who were eventually infused into different levels of the post-colonial state. Thus, in order to deploy the global infrastructure of American empire, powerful actors occupied and moved along networks linking multiple arenas and places. So too, was Victorias a spatial node in this global American schema. My analysis will reveal how sites of the so-called global periphery (Negros, Victorias, Bacolod, and Manila) were simultaneously interconnected with sites in the capitalist core (Greenwich Connecticut, New York, Washington and the educational establishment at Harvard, Yale and Cornell), mainly through VMC’s founder, the Spanish-Filipino turned American capitalist Miguel Ossorio and the sons of the Ossorio family.

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<sup>5</sup> As many observers note, small scale commercial sugar production on Negros did exist prior to the 1870s (see McCoy, 1982: 314; Larkin, 1993).

While strongly integrated into previous forms of globalization, then, the present day sugar industry of Negros confounds some of the major rhetoric accompanying the current era of neoliberal globalization. Even with the ongoing restructuring of the milling and refinery sectors, partly caused by the end of the large US sugar quota and the plundering of the industry by Ferdinand Marcos during the 1970s and 80s, the more recent sets of practices by many of Negros' main political and economic actors, for the most part, do *not* actively seek to “produce” or “drive” globalization processes as Hart suggests. Rather, they are geared towards “preventing” and “driving away” its market based and technological influences thus serving to maintain patterns of underdevelopment within the region. The interests of domestic industrial food processors and traders who seek to further liberalize or “re-regulate” the sugar industry by allowing a greater inflow of foreign sugar (both raw and refined) into the country, strongly contrasts with the position of the traditional agrarian elite and their penchant for protectionist state policies, limited market competition, and the institutional status quo (see Billig, 2003; 2007). In other words, through these regulatory battles, which in the 1990s and 2000s have gone in favor of the industrial food processors, the global forces of neoliberalism are impinging on the Philippine sugar industry, but at least for the time being, these processes have not superseded the local class power of the traditional sugar elites or their strong, but waning, influence within the state. If anything, the entrance of Chinese-Filipino traders onto the sugar scene following the sugar crises of the 1970s and 1980s may not signal the industry's turn towards greater liberalization and a market led strategy. Instead, as my subsequent discussion of the VMC's restructuring will suggest, the seemingly more “rational” practices of the Chinese are actively serving to redraw the borders of the monopoly/monopsony that past agrarian elites enjoyed.

All of these broader economic and regulatory processes tied to industrial restructuring are constituted and magnified within Negros' local labour markets. These past and present regimes of accumulation rested on the exploitation of workers and a distinct geography of labour control. Through their political power, planter and industrial capitalists have been able to stifle labour militancy and perpetuate a slow pace of technological change within the mills and on the plantations. This Philippine pattern contrasts strongly with variable forms of industrial cultivation and manufacturing found in the Australian or Brazilian sugar industries. The nature of state and capital interventions into the labour market also continues to hamper labour's ability to collectively act as a significant agent of social and economic change. Unable to transform the broader terrain of Negros' regional and local political economy or to create a larger geographic scale of bargaining and social action, many workers (especially in the Victorias case) have taken

it upon themselves to improve their lives through their migration and livelihood strategies. In many instances these worker practices alter the labour market's extra-local and global connections, thus allowing workers to make spaces in their own image both as a means of resistance and as a means of self-reproduction. Simultaneously a legacy of American imperialism and a place of power in the present day that confounds the so-called inevitability of neoliberal economic outcomes, Negros and its sites of sugar production like Victorias provide an interesting lens to view how previous forms of globalization and uneven development were indigenized at the local level, along with how such sites operate currently to both resist and help drive these wider structural processes.

## **1.2 Negros Occidental and the Philippine Sugar Industry**

In a variety of ways the settings of Victorias City, the province of Negros Occidental, and the Philippine sugar industry were ideal for pursuing research queries of this kind. As the previous section suggested, the earlier experiences of the Philippines in previous rounds of globalization and uneven development saw provinces like Negros and its local labour markets become highly integrated into networks and translocal activities that were global in scale. By the turn of the twentieth century, the rise of the modern sugar industry and its ties to American imperialism reinforced the social class structures laid down by the Spanish. During this American colonial era, sugar based capitalists secured a number of advantages that increased their power to defend the interests of the industry, further embedding the patterns of social and economic inequality that largely fell on the everyday worker. In the years following World War II up until the end of the large American sugar quota in 1974, the industry benefited from unrestricted access to the American market and from protectionist policies that reduced foreign competition. This period not only saw greater autonomy for the sugar elites, but it also entrenched the structural conditions that allowed the planter enough political power to “insulate the Negros plantation from changes in the world sugar economy” (McCoy, 1992: 110).

This form of capital accumulation had a profound effect on Negrense society, its various class strata and its local labour markets. As the milling and planter capitalists prospered, their workers experienced a range of standards concerning their welfare and quality of life. Patterns of paternalism, landlessness and low-wages characterized the conditions of many hacienda labourers who even today continue to form a significant proportion of the lowest income groups in the country. It was also during this period that many sugar mills embarked on extensive work practices, mainly in response to the major social conflicts that have shaped the labour history of

the province. The crafting of these strategies emerged from a need to satisfy the requirements of production by securing a steady industrial workforce and labour supply, and to preserve both the mill and landowner's source of political and economic power by safeguarding the central and plantation from the episodic periods of social unrest that have occurred in the region. On the haciendas, these forms of control were often expressed through coercive measures, harsh discipline, and paramilitary acts of violence. While in some industrial areas, these developments gave rise to lasting traditions of employment and in-house company unionism. By selectively recruiting labourers into the mills, limiting benefits to industrial workers, and maintaining power through the social, political and spatial control of their central compounds and "open-air" hacienda factories (McCoy, 1982: 325), the miller and the planter have played important roles in separating the industrial and rural segments of the province's local labour markets.

Reflective of both Negros' past and present, the sugar elites have ensured both their political influence and hold over the Negrense sugar industry. This has been achieved by retaining a strong presence within the state and by more or less maintaining an integrated strategy of provincial labour control that politicized the conditions surrounding the labour market and contained the scale of labour struggles to individual milling complexes and sugar plantations. As a result, independent trade unions both provincial and national in their scale of operations have been relatively unsuccessful in mounting and sustaining their efforts to organize workers both within the mills and on many plantations, especially in northern Negros. The activities of unions and other socially progressive groups have often forced the hand of the miller and planter who draw on their private armies, and their political and military connections to conduct surveillance and intimidate those contesting their territorial control. These instances have actually served to further circumscribe local labour collectivities rather than expand the scope and scale of workers' struggles. For these reasons, the spaces of many Negrense labour markets are pulsating with an undercurrent of violence.

In decline since the mid 1970s, the Philippine sugar industry no longer carries the same political and economic influence that it wielded during the greater part of the twentieth century. Now oriented largely toward the domestic economy, the sugar elites of present day Negros have been able to maintain an outdated system of production on their haciendas, and have struggled to upgrade the machinery and technology of their ageing mills. Furthermore, Chinese-Filipino traders, who are more ethnic Chinese in their parentage and business practices, have asserted increasingly their dominance over the last twenty years, especially in the purchase of mills and the building of refineries. Their activities have directly challenged the traditional customs of the

older and long established millers and planters as they continue to partially consolidate various areas of the sugar industry (Billig, 2003; 2007; Angeles 1995). These more recent trends combined with the very “limited” liberalization of the national market to foreign sugar imports that began during the 1990s, has altered the structure of many sugar producing regions and reconfigured the dynamics of local labour markets. To remain competitive, sugar mills have engaged in an array of work organization strategies in order to streamline the labour process, increase efficiency, develop a leaner and more flexible workforce, and dismantle the paternalistic social attachments that formed the bases of many previous factory regimes. Formerly protected and insulated by their *centralista* managers,<sup>6</sup> many mill workers currently experience greater unemployment and temporary job status, and are often forced to take on secondary sector jobs or look for work elsewhere.

### **1.3 The Victorias Milling Company**

The Victorias Milling Company (VMC or Vicmico), an agro-industrial complex located in Victorias City in northern Negros, was not immune to these wider changes presently affecting the Philippine sugar industry. Established in 1919 by a Manila born Spanish capitalist named Miguel J. Ossorio, the VMC is the largest individually integrated milling and refinery operation in the nation and one of the largest in Asia. Widely considered the sugar capital of Negros Occidental or the “Sugarlandia” of the Philippines, the VMC remains one of the leading sugar firms in the country. Throughout the history of the mill, the management was successful in warding off attempts by independent trade unions to organize workers both within its central fortress and on its agricultural lands. These struggles have segmented the labour market in important ways. Amidst general labour unrest in the area about a decade following the end of World War II, the mill workers sought to defend their status as skilled specialized labourers and together with the VMC management later founded a local company union in 1962. The paternalistic factory regime that emerged gave rise to a localized pseudo labour aristocracy that tied generations of mill workers and their families to American and later mestizo style largesse. Governed through familial relations, permanent employees experienced all of the trappings that an elite Negrense paternalism had to offer and enjoyed extensive benefits and welfare programmes within the spaces of the VMC complex. To secure and reproduce an adequate supply of skilled labour, the firm established company schools that specialized in vocational, technical and later management training with networks to other educational centres in the

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<sup>6</sup> A *centralista* is an owner of a sugar central (see Giusti-Cordero, 2007: 180).

province and in Manila. Though ultimately serving the needs of the management, the union represented the interests of permanent employees and their families for almost forty years, and restricted effectively the supply of labour into their ranks.

The formation of the company worker union combined with the mill's repeated refusals to extend their company benefits to its haciendas, further deepened the patterns of social exclusion experienced by VMC's sugarcane workers and reinforced their contingent status in the labour market. Denied a long list of benefits, access to skills training and the elite "Vicmican" status given to unionized employees, most workers on the company haciendas continue to be subjected to unstable and seasonal forms of work, earning just enough to survive and feed their families. Although essential to the sugar production process, the conditions experienced by these labourers reflects the uneven distribution of power amongst working classes within the labour market, as well as the extent of management's control over the labour process.

VMC's bankruptcy in 1995 and its subsequent period of restructuring have led to major changes in the social organization of the company. Indicative of Negros' shifting economic landscape, Chinese-Filipino traders and industrialists of varying influence competed for ownership of the firm, mainly through their ties to the creditor banks that seized the company following its collapse. Coinciding with a state sanctioned rehabilitation plan and an eventual change in managerial control, the mill's past paternalistic despotism was gradually replaced by a flexibly despotic regime and involved a series of retrenchments that drastically decreased the size of the workforce and decimated morale. Over the course of a decade, the 4,000 plus permanent Vicmican workforce that the mill maintained during the 1970s, 80s and 90s was reduced to roughly 800 workers by the end of 2008, and was fully eliminated by mid 2010. Generally subdued and passive in their organized and everyday responses to the plans implemented by the new management, workers were conditioned strongly by the VMC's past loyalty systems and forms of labour control. Yet, reflective of the reorganization of power in the Victorias labour market and of the uneven effects of restructuring on those retrenched, the former Vicmicans and their families responded to these circumstances in a number of ways. Many reluctantly joined the ranks of the growing pool of skilled unemployed labour in the area or assumed lower paying and temporary secondary sector work as they dealt with the harsh realities and competitive conditions of the job market for the first time. Others have helped redefine Victorias' translocal connections and networked spaces by making the most of their experience as highly skilled labour and engaging in work overseas. Regardless of their activities, the shift in the VMC's work practices deeply affected the lives of the mill workers and

their families. Their struggles to regain the prestige of their former lives through their prospective livelihood strategies have reshaped the economic landscape in important ways.

#### **1.4 Structure of the Dissertation**

In the chapters ahead, I examine the major factors and key institutions that have shaped the operation of the Victorias labour market both before and after the restructuring of the VMC, and evaluate how these findings speak to the theoretical perspectives mentioned at the outset. These factors can be divided into three distinctive groups of interacting causal processes: production, reproduction and social regulation, or the social workings of labour demand, labour supply and state interventions. Factors falling under these headings include: the historical workings of the Philippine political economy, colonialism and the sugar industry; labour conflict and evolving forms of labour control; different levels of state regulation; and the initiatives of different workers. Throughout these chapters, I argue that the colonial experience and rise of the modern Philippine sugar industry afforded capitalists a great deal of autonomy in running their mills and haciendas, and allowed them the political power to shape provincial labour market conditions and thwart social challenges from the left. In the case of Victorias, the run of the mill during the golden years of the industry was guided by a unique factory regime that informed workers' practices and their social identities. Ongoing political struggles over the industry's relationship to the global sugar economy, combined with sugar's structural reorganization at the national scale, and the specific local conditions responsible for Victorias' restructuring, have reorganized the local labour market resulting in changes to worker practices and a major re-negotiation of their labour market identities.

Following this introduction, the next two chapters deal with the theoretical and methodological issues that pertain to the dissertation. Chapter 2 places this study within three interrelated theoretical perspectives: labour market research, labour control theories, and labour geography. I argue that the findings taken from the Negrense and Victorias context have much to contribute in both supplementing and addressing the theoretical and epistemological deficiencies of each area. Chapter 3 discusses the methodologies and techniques used to research a labour market of this kind in the central Philippines. More specifically I examine how issues of research positionality and non-academic social networks play important roles in both enabling and restricting certain research possibilities.

The "Generative Structures of the Labour Market" are then empirically examined with Chapters 4 to 8 each investigating a different dimension of the Victorias labour market. Chapter

4 focuses on the broader historical, political, social and spatial context shaping Negros' labour market dynamics. Here, I trace the formation and changing organization of the Philippine sugar industry, the complexity and conflict surrounding current state initiatives shaping its development, and the general features of the Philippine and Negrense labour market. The analysis moves to the locality and factory level in Chapters 5 and 6, covering the decades following World War II up until the years prior to the mill's bankruptcy (1946-1991). Focusing on labour demand factors, Chapter 5 documents the evolution of the firm's labour control practices and the particular social context that forged its internal labour market. During this period, VMC's labour relations were guided by a "Vicmican Familial" ideology that formed the basis of a paternalistic factory regime that contained workplace struggles and segmented the labour market in specific ways. Focusing on labour supply issues, Chapter 6 examines the larger spatial geography of VMC's labour control. Disciplinary tactics extended beyond the work areas and control boards of the grinders and boilers. The firm intervened in almost all aspects of everyday life in the community, from sites of reproduction (welfare and education) to places of consumption (housing, stores, festivals, religion). These spatial strategies gave rise to a set of social institutions that defined the VMC locality and its emerging workplace culture, while also shaping the "Vicmican" identities of the workers and their families living within its borders who often contested these relations of control.

Chapters 7 and 8 investigate the devastating effects resulting from the restructuring of the Victorias mill. Focusing on the drastic changes to labour demand at the central, Chapter 7 begins by examining the distinct set of social forces responsible for the firm's bankruptcy. It then explains how the new management implemented an array of flexible labour practices while playing upon a refashioned "Vicmican Family" social ideology in order to gradually breakdown VMC's internal labour market and further shift power in their favor. Chapter 8 looks at the reorganization of the VMC's labour supply and related labour market effects. The changes to the mill's spatial strategies of labour control, mainly the management's withdrawal of its socially thick community investments especially in areas of labour reproduction, have led to transformations in Victorias' local and extra-local labour market connections as former employees look for new sources of income. In trying to regain the social status tied to their former jobs at the mill, being "Vicmican" has given way to the "Standby" identities of the retrenched workers. Former Vicmicans of all stripes are literally "standing by" as they struggle with their current work realities and grapple with the difficulties and opportunities inherent in

their new livelihood strategies. As a consequence, these practices have remade Victorias' labour geography.

The concluding chapter summarizes the findings of the empirical chapters and discusses how they speak to the theoretical perspectives and methods given at the outset.

## **CHAPTER 2 - THEORIZING LABOUR MARKETS, LABOUR CONTROL AND LABOUR GEOGRAPHY**

### **2.1 Introduction**

A number of key arguments were made in the Introductory Chapter concerning local labour markets and their related processes. First, the point was made that there is a great deal of historical, institutional, social and spatial variability inherent to labour market dynamics and forms of labour control. Second, both local labour markets and local configurations of labour control are constitutive of, and integrated into, wider political-economic processes and forms of geographically uneven capitalist development occurring at different spatial scales. Third, I argued that workers' agency and their ability to shape contemporary labour geographies, while progressive and geographically expansive in many instances, is also highly restricted and limited in other places. This chapter expands on these theoretical arguments before investigating them in the empirical chapters that follow.

The chapter is divided into four main sections that together assemble a theoretical framework that will be used to analyze my observations of the Victorias locality. For each section, I explain the significance and limitations of the theoretical perspective and comment on how this study contributes to the related body of scholarly work. The next section examines how local labour markets have been conceptualized in the academic literature. I discuss general processes of labour market segmentation, the internal labour market, the presence of marginal groups, and the politicization of external labour market conditions. In the third section, I examine the politics and geography of labour control. I begin with Burawoy's idea of "colonial despotism" and the "company state" as a way to shed light on the relationship between state politics, capitalist expansion, and the regulation of the labour process and its potential for transformation within colonial and post-colonial contexts of underdevelopment. I then discuss how geographers have advanced and further refined Burawoy's ideas through broader definitions of labour control and the concept of the local labour control regime. As an extension of this discussion, and to gain further insight of how the disciplining of workers is enacted on the ground, I briefly review approaches related to spatial and discursive forms of labour control. The fourth section explores some of the more recent scholarly work done within labour geography and engages with a number of related debates concerning the scale and agency of workers' activities. The fifth section examines processes of capitalism's uneven development and its relationship to the social regulation of local labour markets in the Global South. The final section summarizes the main arguments of the chapter.

## 2.2 Local Labour Markets

Since the early 1990s, geographers have contributed a great deal to the theoretical debates on labour markets and labour market segmentation. Moving beyond neo-classical economic approaches that treat labour as a simplified commodity exchangeable on the “free market” and as another factor in the production process, geographers have brought a sharper spatial sensibility to labour market analysis by demonstrating how they are constituted by local social processes and the uneven effects of labour institutions (see Martin, 2000). In his definitive work, Peck (1996; see also 1989) has shown how *social context* and *geography* play vital roles in shaping the regulation and segmentation of local labour markets. Guided by regulation theory, he argues that the “the indeterminate intersection of several generative structures” mainly labour demand, labour supply and the regulatory strategies of the state, combined with the uneven institutional effects occurring at different spatial scales (such as activities tied to trade unions, labour legislation, workplace culture and industrial mores) give rise to unique labour market outcomes (1996: 94). Put another way, labour market processes speak to general processes of uneven capitalist development and industrial restructuring, but at the same time are “embedded in the peculiarities of local culture, history, identity and social relations of power” (Kelly, 1999: 57). Treating the labour market as a regulatory space influenced by different institutional arrangements, Peck (1996: 35) not only reveals its inherent geographic and social character, but also points to the labour market’s politicized nature and how this affects the way it functions. Thus, a major part of his analysis addresses how the politics of the employment relationship (labour-capital relations), along with the politics surrounding participation and exclusion from waged work, are expressed and reproduced within and outside the segments of the labour market.

The labour politics of these different social spheres, then, are implicated in processes of labour market segmentation. Many geographical and sociological approaches share the idea that disparities resulting from the job strategies of firms, the activities of workers, and the matching process involved in filling specific job segments, are set within social relations of power that exist on both the labour demand and labour supply sides of the labour market (Hanson and Pratt, 1995; Rubery and Wilkinson, 1994; Tilly and Tilly, 1994). In this regard, current research remains grounded in the ideas of previous generations of segmentation theory and their takes on how labour market outcomes and inequalities are generated. On the demand side, earlier institutionalist and Marxist segmentation perspectives (see Doeringer and Piore, 1971; Gordon,

Reich and Edwards, 1982) argued that job hierarchies and the organization of work within firms were largely *determined* by industrial structure, the technological requirements of the labour process, levels of competition in product markets, and by the need to control labour by dividing up job tasks according to skill (Peck, 1996: 60-61). Essential to these dualist models was the concept of the *internal labour market* that viewed labour markets as having both primary labour markets characterized by better pay, job security, and chances for promotion, and secondary labour markets, characterized by dead-end jobs, harsher conditions, unstable work status, and greater labour turnover. In this sense, the segments of a given firm's internal labour market consist of primary and secondary job sectors likely defined according to the level of technological skill needed in production and to changes in general product market conditions.

Furthermore, different sets of rules and norms are assumed to govern different labour segments. By viewing the labour market as an "institutional space", the practices of social institutions (e.g. firms, unions and training agencies) are connected to the allocation of jobs, wages, and forms of discrimination with individual localities having a specific "institutional configuration" and a variable mix of "workplace cultures, and labour traditions" (Martin, 2000: 463-4). As Tilly and Tilly (1994: 293-6) note, internal and secondary labour markets reflect different "worker-employer interactions" linked to specific labour pools with varying levels of compensation and promotion affecting the degree of worker effort and loyalty, the bargaining power of labour, and a firm's overall stability. These varying sets of rules and regulations that guide the behavior of workers in different labour segments suggest that a variety of "logics" are operating within the labour market that go beyond "human capital" considerations. Hence, labour segmentation and the creation of internal labour markets are not only strongly influenced by industrial structure as argued by earlier dualist theories, but also by political, social, cultural and other non-economic factors.

Critiquing the limited explanatory scope of the early dualist models, Rubery (1994) expands the conceptual range of the internal labour market by providing a more integrated analysis that considers how issues of labour demand and labour supply structure both a firm's internal organization and wider labour market conditions. She argues that the internalization of labour within a firm occurs for a number of reasons that include collecting returns on skills training, ensuring labour effort and commitment, improving worker skills and a firm's capacity, and as a way to satisfy the needs of labour unions or prevent labour organizing (45). In her view, the development of internal employment policies is further complicated by financial and organizational constraints tied to a firm's previous or existing systems of pay, security, and

promotions, as well as by managerial strategies. External labour market conditions are given equal explanatory force in Rubery's discussion and are shown to be crucial factors affecting internalized employment schemes (51-55). Accordingly, the availability of a skilled labour pool, sufficient or inadequate training systems at different institutional levels, labour poaching among firms, limited employment opportunities, and the presence of disadvantaged groups, all influence the extent of a firm's internalization policies. For these reasons, "the type of 'internal labour market' system in use may thus be linked directly to workers' opportunities in the external labour market", potentially giving firms "greater discretion" over levels of pay, job security and the chances for promotion (54).

Besides the interventions of firms, the labour segmentation literature identifies a number of additional factors that condition the supply side of the local labour market. These influences include the uneven effects of state led programmes and institutions (Peck and Theodore, 2008), the gendered and spatial relationships tied to household divisions of labour (Hanson and Pratt, 1995; Chant and McIlwaine, 1995), the role that the family, peer groups and the community play in socializing the young and influencing their expectations of work (Bauder, 2001; Willis, 1977), in addition to the exclusionary effects caused by labour unions and professional associations restricting entry into specific job segments (Tilly and Tilly, 1994: 289, 303).

Another major influence shaping both the supply side of the labour market and the employment strategy of firms is the existence of disadvantaged or marginal groups. Current segmentation theory maintains that the creation of social divisions within the labour market and the inevitable social inequalities it generates, are ultimately shouldered by disadvantaged groups who form the ranks of *secondary* or *contingent* workforces, and whose activities are essential to the overall operation of the labour market. Peck (1996: 30) posits that "labour market disadvantage tends to be distributed in accordance with the *ascribed* rather than *achieved* characteristics of workers, varying more closely with ethnicity, gender, and age, for example, than with education, training, and skill (emphases added)." He also identifies a number of general conditions likely experienced by such populations. First, such groups are politically and culturally constructed as having low social status or carry some type of social stigma, patterns that are reinforced and reproduced by their continued participation in the labour market (71). Second, such groups are treated by institutional actors (employers, unions and state agencies) as having "alternative roles" and weak or temporary attachment in the labour market (31). Third, the collective agency of such groups and their ability to politically mobilize is restrained by their relationships to specific institutions which prevent them from gaining social, economic and

political power (31).<sup>7</sup> Their activities (or inactivity) thus contribute to processes of labour segmentation and ongoing patterns of social oppression. The presence of such marginal groups and their alternative roles is also critical to the broader political and social regulation of the labour market (Offe and Hinrichs, 1985), in accounting for changing levels of labour demand, shaping the allocation of primary and secondary jobs, and balancing the social conditions of both participation and non-participation, and waged and non-waged work. Though the labour market plays a part in perpetuating and intensifying such inequalities, the disadvantage and discrimination of marginal groups are part of “broader social forces” existing in the wider social system (Rubery, 1994: 53). As a consequence, political forces strongly affect labour market dynamics.

The existence of marginal groups throws light on the active roles that political factors and state interventions play in politically shaping the labour market and worker-employer relations. As McKay (2006, 15-16; 2004) illustrates in the case of the Philippines, the activities of the state and the “politicization of the production context” serve to minimize the bargaining power of workers within and before entry into the labour market in order to ensure the high degree of political and economic stability necessary to attract and retain foreign investment. In his study of multinational electronics firms in the provinces of Cavite and Laguna, he shows how the deployment of the state’s national export processing zones (EPZs) programme, in different spatial contexts, is used as a means to ward off labour organizing, reduce labour militancy, and maintain an anti-labour climate. At the local level, selective state interventions exist in the interplay between the labour control schemes adopted by firms and the involvement of local and provincial government officials in referring and screening workers, a process that builds their political support and assists firms in dealing with labour problems. These can also take the form of non-interventions on the part of the state through their lack of enforcement of the Philippine Labor Code that supposedly enshrines the fundamental rights of workers. In this vein, the activities of different levels of government have the effect of weakening labour’s ability to collectively organize, while at the same time “providing local institutional levers for worker control and labour market regulation” (McKay, 2004: 194-95). By contrast, as I will show in Chapter 4, throughout sugar’s long history of industrial employment and social conflict, Negros’ class elites have drawn on their private armies and the military arm of the colonial and post-colonial state to effectively crush the province’s periodic social uprisings.

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<sup>7</sup> Research in the North American context has explored the relationship of marginal workers to institutions such as the prison system and temp agencies (see Peck and Theodore, 2008 and 2001).

To sum up this section, there are a number of conceptual areas of the local labour market that are important to the theoretical analysis of this thesis. First, this brief review has suggested that the autonomous, yet interacting, processes of labour demand and labour supply help structure the organization of the local labour market. On the demand side, I highlighted the concept of the internal labour market as a way to demonstrate how basic labour segments are formed, and how they are potentially governed by different rules and different labour conditions. On the supply side, I emphasized the presence of marginal groups and their relationship to the labour market's broader political conditioning. Second, the politicization of these different social spheres points to the labour market as a space of class and political struggle. Though employer policy is influenced by a wide array of internal and external factors, the operation of the labour market can be seen as both an arena where capitalists attempt to consolidate their control over production, and as a place where power is unevenly distributed among the working classes. I draw on these segmentation approaches and their class and social underpinnings in order to make sense of the stratification and segregation of different worker groups at the Victorias mill.

While labour market research has received considerable attention in the developed world, it is contexts in the Global South such as Victorias that are sorely missing within the academic literature. This thesis contributes to a growing body of work examining labour market dynamics in Southeast Asia and the Global South more broadly (see Kelly, 1999; Porter et al. 2001; Rigg, Bouahom and Douangsavanh, 2004; Fan, 2002). My focus on the sugar industry in Negros and the Victorias mill in particular, offer a different institutional and geographic lens with which to view the social and political construction of the labour market, and its evolution and restructuring. As will be shown in the chapters ahead, a unique mix of local and non-local labour market factors were mainly responsible for the recent emergence of the VMC's flexible work strategies and for the particular form that industrial restructuring has taken in the Victorias locality. The first part of my diachronic analysis begins in the post World War II period and traces how VMC's employment strategy, which involved creating an internal labour market and monopolizing a segment of the local labour supply, gave rise to a distinct workplace culture and community traditions under successive management regimes (Chapters 5 and 6). In the second part of the analysis, I examine how these labour practices have changed given the local conditions unique to the firm and the wider structural shifts occurring in the Philippine sugar industry (Chapters 7 and 8). At another level, employees' experiences of work produced particular labour market identities that have also undergone significant social transformations. I

discuss conceptual ideas surrounding labour market identity in Chapter 6. At the heart of VMC's internal labour market policies and their later restructuring were issues of labour control involving the productivity of workers and the firm's production stability. Both labor market forces and the imperatives of the labour process drove the strategies of the mill's managers.

### **2.3 The Politics of Labour Control**

As suggested in the previous section, labour-capital negotiations over the employment contract are mirrored in the segmentation of the labour market. Once workers sell their labour power (the capacity to work), they enter Marx's "hidden abode of production" where the capitalist manager devises strategies of control that encourage varying degrees of worker effort and loyalty. Firms attempt to manage their workers in order to maintain profitability, productivity and stability (Tilly and Tilly, 1994: 293), while workers negotiate for better wages, benefits and working conditions. Capital's need to attract and retain workers but at the same time weaken or disable their collective organization is one of the fundamental contradictions found in the capitalist labour process. Analyses of these workplace struggles over the employment relation have been a long standing tradition of labour process studies. Given the objectives of this study, ideas concerning labour control and the social relations of production tied to the labour process are crucial to a better understanding of wider labour market dynamics and have much to say about the conditions that characterize different labour segments, and of the ability of different social groups to improve their lives.

In the case of the Negrense sugar industry, how then can we explain an antiquated labour process on the plantations, and the slow pace of technological change and inefficiencies within the mills? To make sense of this situation, I draw on the influential ideas of Burawoy and his treatment of the labour process under colonial and post-colonial conditions in the developing world. In his most famous work, *Politics of Production*, Burawoy (1985: 87) expounds on his concept of the factory regime - a relationship involving "the labour process, activities and relations involved in the transformation of raw materials into useful products, from political apparatuses of production, the institutions that regulate and shape struggles in the workplace." He contends that the independent political effects produced by each social area give rise to distinct factory regimes or politics of production. His two main generic types, despotic and hegemonic factory regimes, or the way capitalists sought control over the labour process by trying to ensure the "labour potential" of their workers through coercive or consent based work strategies, are greatly influenced by levels of state intervention. Under coercive, despotic

regimes, workers' survival depends on selling their labour power for a wage, a rate determined by their performance at work. Yet, state intervention in welfare provisions and in labour legislation that guaranteed standards in worker protections and the right to collectively bargain, limit both worker dependence and performance. These conditions give rise to hegemonic regimes where "consent prevails" and where "workers must be persuaded to cooperate" (126). Thus, in addition to the labour process and market competition among firms as factors shaping production politics (88), regime types are influenced by how the state intervenes in the reproduction of labour power: "workers' bargaining strength is critically determined by the extent of enterprise control over the reproduction of labour power. The more independent the reproduction of labour power is from enterprise control, the greater is the ability to resist managerial offensives" (189).

Through his historical periodization and analyses of different factory regimes, one type is particularly germane to this study, *Colonial Despotism* and the role of the *Company State*. In his case study on the development of the copper industry in Zambia, Burawoy theorized two important dimensions of capitalist development in the transition from colonialism to post-colonial independence: (1) the role of the state in processes of accumulation; and (2) the nature of the labour process and the conditions for its regulation. For him, one of the colonial state's main functions was to establish the prominence of capitalist production and ensure its dominance in relation to other forms of production. In this sense, the colonial state engaged with primitive accumulation on two levels: "the separation of direct producers from the means of producing in generating labour supplies for industrial capital, and the extraction of surplus from pre-capitalist modes of production by merchant capital" (214). Here, primitive accumulation refers to the "removal of agricultural producers from the countryside and consolidation of more privatized control over resources" (Glassman, 2006: 609), and thus assumed a process of proletarianization or the making of waged labourers.<sup>8</sup> Through a number of state led interventions, such as forced labour, taxation, land expropriation, and pricing policies, Burawoy illustrates how industrial labour supplies were generated in Southern Rhodesia during the first half of the twentieth century, and the consequences this had for local class transformations and the workings of the colonial political structure. Once primitive accumulation was substantially organized and the

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<sup>8</sup> As Glassman (2006: 621-22) notes in contexts of the Global South and North, current processes of primitive accumulation, and by extension of the definition - accumulation by dispossession and accumulation by 'extra-economic means' - are marked by extreme "heterogeneity and geographical-historical complexity." More than a simple societal "transition", primitive accumulation is simultaneously a historical phase and an ongoing process, that is manifested in a variety of social and spatial forms, and thus "integral [to analyses] of global capitalist development everywhere" (622).

superior status of capitalist production firmly established, the state took on a new form mainly concerned with the expanded accumulation and reproduction of capital (or expanded reproduction). In his estimation, this necessitated the reinvestment of capitalist surplus into the “settler dominated” territories of the new post-colonial state and a reorientation of surplus transfer “via economic mechanisms” to the metropolitan core through alliances between local and international capitalists (245). In both colonial and post-colonial contexts, the state’s varying concerns with capitalist development affected the nature of its interventions in industrial relations and working class struggles.

Under these conditions, Burawoy postulates that the labour process was regulated in distinctive ways with different trajectories for its possible transformation. He asserts, “If the colonial state is not primarily concerned with the expanded reproduction of capital, the consequence is not that expanded reproduction does not take place but that alternative institutions take over its regulation. ... [T]hese are the apparatuses of the company state - the compound system of the mines of Southern Africa, which closely monitors the day-to-day life of African workers” (220). In other words, the company state facilitated the accumulation process, regulated the labour process, and allowed for the stabilization and reproduction of the workforce. He further elaborates:

What distinguishes industrial production under colonialism is not the labour process, for the same relations in production could as easily develop under other political and economic conditions. Rather, the particular mechanisms through which production relations are regulated - the particular political apparatuses of the mine - are the distinctive factor. I call this form of production regime *colonial despotism*: despotic, because force prevails over consent; colonial, because one racial group dominates through political, legal and economic rights denied to the other. It is very different from the despotisms of the nineteenth-century Britain, where coercion stemmed from the economic whip of the market. Although a colonial labour market obviously existed, Africans’ survival did not depend on the sale of their labour power, for they always had access to some kind of subsistence existence in the rural areas. The arbitrary power exercised by the dictatorial ‘Bwana’ (white boss) was based on the control of life outside of work. An overt and explicit racism was the organizing principle behind these production apparatuses (emphasis added) (226).

Articulating his power through the company state and compound, the capitalist boss oversaw the various systems of bonuses, fines and ticketing, and the strategies of force that were the bases of coercive relations of domination over the workers. The “almost totalitarian surveillance” of the company state extended the bosses influence into the reproductive and consumptive spaces of their workers (e.g. beer halls, dancing societies and religious groups) (229). Yet, the

paternalistic thrust of such strategies had the effect of encouraging the solidarity of workers into collective action. To monitor and quell such activities, white managers drew on their networks of local “native” elders within their workforce. In this way, the better the company state was able to directly shape the lifeworlds of workers, the more successful it was as a system of control.

Burawoy also explains how the relationship between production politics and state politics varies under colonial and post-colonial rule. Under the colonial conditions of primitive accumulation, the production politics of the company state were largely isolated from the activities of the colonial administration. In other words, the state was non-interventionist in the affairs of the mines. While under the post-colonial circumstances of expanded reproduction, the combination of Africans Advancement in the workplace and the rise of national mineworkers’ trade union served to weaken the company state as a production apparatus. As a result, the state began directly intervening in industrial relations by introducing weak forms of legislation as “mechanism[s] for the regulation and absorption of class struggle at the level of the firm” (245). This led to a degree of convergence between production politics and state politics in the Zambian case, where industrial conflicts became wider conflicts against the state.

This convergence of interests affected the labour process in different ways. At the local level, the reorganization of production relations through the advancement of Zambians in the workforce, along with the influence of a national labour union, allowed for the transformation of the workplace, but in other operations related to the production of ore, the colonial labour process remained. Burawoy attributes these continuities to the ability of managers to exploit cheap labour supplies, the high cost of technological change, and the “political requirements” tied to such processes (236-9). With the support of the state and its ability to shape the broader nature of industrial struggles, managers could continue to implement coercive production relations even though it resulted in ongoing class conflict in the mine.

Why did the company state break down during Zambia’s post-independence era while it remained robust in many localities in Negros around the same period? Part of the answer is geographical. As we will see in Chapter 4, in the decades after Philippine independence the Negrense elites were able to protect the political power of their plantations, and draw on their influence within the state in order to undermine the power of unions, and perpetuate the milling compound apparatus and a colonial style labour process on the haciendas. In this sense, colonial despotism provides a useful general framework for understanding industrial production and the labour process in older industries with a colonial and post-colonial history. Although Burawoy

examines factory regimes in various historical and geographical contexts, he does not directly address the explicit spatial dimensions of production politics. A significant theme of his work is to identify the mutually constitutive relationship between shop floor politics and wider state politics, and to link together struggles over the labour process with broader working class struggles. Inevitably, production politics and forms of labour control are socially, spatially and temporally variable, and involve a wider array of institutional arrangements beyond the micro-scale of the factory floor and the macro-level of the nation state. Here, the work of geographers and other spatially oriented analysts have been important in building upon a number of Burawoy's arguments.

### **2.3.1 The Geography of Labour Control**

As implied in the previous section, processes of labour control are constituted by factors and conditions that go beyond the point of production and the immediate spaces of the workplace. Again, Peck's (1996) work has been instrumental in integrating both the dynamics of the labour process and the labour market into a broader conception of labour control. He maintains, "labour control refers to reproduction of the social relations of both the labour process and labour market. [It] embraces the interrelated processes of (1) securing an appropriate labour supply, (2) maintaining control within the labour process, and (3) reproducing this set of social relations" (179). Illustrating how "industries and labour processes both shape *and are shaped by* urban labour markets" (169), Peck draws attention to the analytical importance of labour market dynamics and its relationship to the labour process. He adds that these processes strongly affect forms of industrial restructuring.

Further elaborating on the complexity of these arguments is Jonas' (1996) concept of the local labour control regime (LLCR). In a similar fashion, Jonas provides a wide-ranging theoretical framework to analyze the crucial role that LLCRs play in socially regulating the labour market and labour process. He argues that LLCRs are "modes of social regulation" formed through complex sets of social and spatial relationships between actors and institutions that combine at the point of production to shape the reproduction of the workforce and worker behavior. They provide "a stable institutional environment for capital accumulation", coordinating the time-space reciprocal relations between the local domains of production (the workplace), reproduction (education, welfare and community), and consumption (housing and recreation) within a local labour market (325, 328). As a means of analysis, labour control regimes capture the spatial tendency of capital to embed in particular localities, while also

accounting for the interaction of the distinct historical, geographical, social and cultural processes that shape the nature of worker-employer relations in specific places (cf. Massey, 1995).<sup>9</sup> What is more, as Coe et al. (2007: 266) note, “every local regime is ‘nested’ within labour control regimes operating at larger scales.” As with Peck’s conceptualization of the local labour market, and the linking of the macro and micro levels in Burawoy’s analysis of the labour process, LLCRs by definition are integrated into wider national, global and regional production and regulatory processes. And similar to the labour market and the factory floor as sites of class and social conflict, a LLCR is constantly shifting and struggled over by the various actors and institutions functioning at multiple scales which help to form it.<sup>10</sup>

Hence, by considering both Burawoy’s discussion on colonial despotism and Peck’s broader definition of labour control in terms of Jonas’ conceptual framework, the LLCR approach as it relates to the restructuring of dependency relations between the Philippines and the United States, becomes very useful in the comparative analysis stressed in this dissertation. I discuss this issue at length towards the end of the penultimate section on uneven development, social regulation, and local labour markets. Although the “socio-territorial structures” and reciprocities of the LLCR will vary “between and within [labour markets]” as well as according to different fractions of capital as Jonas (1996: 355) suggests, so too will be the particular strategies of labour control and how they are spatially articulated in specific localities.

### **2.3.2 Spatial Forms of Labour Control**

In order to maintain a stable, manageable and productive workforce, while at the same time weakening their collective bargaining power, firms engage in a wide array of spatial strategies of labour control. As Jonas (1996: 330) duly notes “the labour control problem boils down to a contradiction between the need for companies, on the one hand, to have unrestricted access to ‘freely’ mobile labour power and, on the other, to bring stability to the labour market by controlling the conditions under which workers enter the labour market and restricting the

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<sup>9</sup> Implied in the local labour control regime are elements of Massey’s (1995) “spatial divisions of labour.” In a very general sense, the perspective argues that rounds of capitalist development assign to certain geographic places a set of technical functions associated with distinct sets of social relations. The inscription of such social structures onto the spatial landscape then shapes future rounds of potential investment and economic development in a given area.

<sup>10</sup> The Local Labour Control Regime (LLCR) conceptual framework has been implemented in many different industrial and geographical contexts (see Coe and Kelly, 2002 on Singapore; Kelly, 2001 on rapidly industrializing provinces in Manila’s extended metropolitan region (EMR); Suarez, 2001 on Ireland, Puerto Rico and Singapore; and McKay, 2004 on export processing zones in Cavite; for a brief review on LLCR, see Coe et al., 2007: 266-7). McKay (2006), in particular, employs a similar theoretical definition of labour control that combines Peck’s conception, the LLCR approach, and Burawoy’s production politics, and applies them to new forms of flexible accumulation in his study of electronics firms in the Philippines.

mobility of labour.” Following the LLCR, employers can only buy the time of workers for part of the day through wages, but they can further encourage workers’ commitment to their company by shaping their welfare (reproduction), things they need to consume in their everyday lives (consumption), and their behavior within the workplace (production). Indeed, returning to Burawoy, an underlying geography is implicit in his rendering of the Zambian “company state” and compound system. To ensure managerial dominance, spatial strategies of labour control and containment were used to conduct surveillance and maintain intimidation, while the creation of socio-cultural boundaries served to govern, differentiate, and command the lives of the people who lived within the company state. In many instances, the compound system went far in shaping the local institutional domains of labour control, but stopped short of the complete stabilization and proletarianization of the workforce. The “renewal” of workers, a process involving the raising of young and tending to the elderly still depended on the village (Burawoy, 1985: 230).

In the East and Southeast Asian contexts, geographers and other social scientists have only recently given attention to the inherent spatial nature of labour control strategies (see Rofel, 1997; 1999).<sup>11</sup> As Kelly (2002: 395) explains, “space is a potent tool in labour control and must be explicitly considered alongside the identity-based control strategies and institutional structures that have usually informed studies of labour regimes in newly industrializing contexts.” Kelly not only points to the broader spatial politics of labour, where workers and unions negotiate their terms with employers (i.e. the geographic activities of trade unions), but instead focuses on cases where “labour collectivity is highly circumscribed” (398). He illustrates how spatial forms of control serve to weaken the collective organization of labour and demonstrates how such schemes vary among localities and in their overall configurations. He identifies five spatial strategies often used as a means of labour containment: (1) the individual; (2) the workplace; (3) the industrial enclave; (4) national regulatory spaces; and (5) migrant spaces. At the scale of the individual, such strategies involve the individualization of employment relations and often draw upon discourses (familial, national, cultural, and religious, among others) as a means of labour discipline. The housing of workers is also used to control the individual movements of employees and to dissolve collective forms of association and identity. By contrast, the scales of the workplace and industrial enclave emphasize collective

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<sup>11</sup> A similar case can be made in other geographical contexts. Drawing on the ideas of Foucault in her study of the 19th century Scottish Jute industry, Wainwright (2005) asserts that few studies address the relationship between space, workplace organization and the factory system (see Wainwright, 2005 for a conceptual review; also see Crush, 1994).

forms of representation and identity such as in-house company unionism. Such areas are tightly controlled and secured spaces that discourage the presence of independent trade unions, and involve ties to local state officials that enhance control over the workforce and workplace disputes. National regulatory space refers to the national level legislation and bureaucratic processes restricting the formation and effectiveness of organized labour unions. Finally, migrant spaces refer to the use of migrant labour to create a flexible, relatively stable, and compliant workforce. Such workers, Kelly (407) observes, are hesitant to change jobs given their temporary contractual status and are keen to build up their savings or send remittances to their families back home. Hence in one way or another, these schemes have the effect of containing labour disputes and reducing the collective bargaining power of labour.

These spatial strategies of labour containment draw attention to the importance of discursive and ideological control strategies used by firms to maintain power and predictability over worker behavior, the labour process and labour market relations. Within this dissertation, such ideologies and discourses are representations and practices that produce meanings and understandings which are used to validate the activities of different actors and institutions. As Hall (1988: 166) contends, an ideology “articulates into a configuration different subjects, different identities, different projects, different aspirations; it does not reflect, it constructs a ‘unity’ out of difference.” There have been a number of studies that have explored these themes, especially at the level of the factory and work place (Ong, 1987; 1990; Lee, 1998; McKay 2006). While aware of class oriented approaches, these studies highlight how race, gender, culture and other non-class subjectivities are used to gain the consent of workers, while illustrating the relationship between processes of worker identity formation and their discursive practices of resistance. Within such contexts, Burawoy (1985: 29) explains that workers interests are constituted along an “ideological terrain”, where understanding how the interests of workers become consonant with the demands of managers, and why such interests become antagonistic, provides deeper insights into working class struggles. In other words, class based forms of material struggle cannot simply be assumed. Instead, as Hart (2002: 28, 31) states, “political interests and identities do not follow automatically from the positioning of a class (or sections of a class) in the structure of socio-economic relations; rather, they must be actively constructed ..., historically specific [and] forged through situated practices in the multiple arenas of daily life.”

Geographers have also been important in this regard, advancing and applying ideological, discursive and spatial conceptions of labour control beyond the workplace and the point of production. Coe and Kelly (2000; 2002), in particular, have raised a number of important

arguments concerning labour market discourses. First, they suggest that a “hegemonic labour market discourse in a locality may be far more influential than grounded ‘realities’” and that they can significantly influence “the development of real labour market structures” (2000: 414, 420). In their analysis of Singapore, they expound on how the state’s “knowledge-based economy” is “a politically constructed discourse concerning the desired structure and direction of the economy, and the labour market in particular, [that] even validat[es] certain characteristics and identities for individual workers” (418). Such discourses stress certain labour market policy initiatives, and prioritize specific labour segments while marginalizing other types of workers. Second, as a “multi-vocal social construction”, Coe and Kelly (420) assert that dominant labour market discourses are wrought with tensions given their ongoing contestation, as different actors and labour market institutions draw their own meanings and interpretations from them. Moreover, in a separate study of Singapore’s local labour control regime, Coe and Kelly (2002) emphasize the role of the state and related government agencies in shaping discursive representations and their circulation through the LLCR. In this case, dominant representations are used to reshape the workforce in line with the conditions following the Asian financial crisis of the late 1990s. They highlight how discourses of the external economy at the national and global scales are mobilized, and then integrated, into the local labour market, along with how they are used to encourage major changes to the conditions of labour (reduction in wages and benefits), and to justify the retrenchment and retraining of workers in order to produce “model workers” for the “knowledge-based economy” (2002: 341, 346). Both of these studies show clearly how the “structural power of capital or the state over labour” rests on discursive representations of the economy and a perceived social order (2002: 348).

In sum, Negros and the Victorias locality provide an alternative setting to view how a distinct configuration of labour control strategies has evolved over time. It examines these strategies on three fronts. First, given that LLCRs have been examined in a variety of geographic contexts (see Kelly, 2001; McKay, 2004; Suarez, 2001; Jonas 1996; also see Massey, 1995), these are usually instances of rapid industrialization in developing countries or cases of industrial restructuring in Europe or North America. The LLCR perspective is especially relevant in examining the sugar industry of Negros, where sites of production have long and rich histories of industrial employment and unionization, and where the indelible and lasting historical and “cultural imprints” from previous rounds of geographic industrialization have wider effects on present forms of place-based work organization, and on the conditions and prospects for working people (cf. Massey, 1995 and spatial divisions of labour). Put another

way, these expanded approaches to labour control provide additional insights into in-situ forms of industrial restructuring in the Global South. These are sites outside of the more analytically familiar places of the Global North and their experiences of the crisis of Fordism, the break down of the welfare state, and the changes brought on by current forces of economic neoliberalism. This requires investigating how unique combinations of spatial labour control strategies, used to maintain social order both within and outside the labour market, are integrated into wider regulatory and economic structures, along with how they have changed over time due to economic restructuring.

Second, and in a related way, the Victorias mill provides a setting to view additional variability of the labour process and its subsequent political effects. Given the peculiar nature of the sugar cane production process, one that involves both its cultivation and immediate on site manufacturing, the control strategies of the VMC and of other centrals were in part related to the technical imperatives of the labour process and a need to secure and reproduce a supply of skilled labour, but they were also a response to eliminate and minimize the claims of both organized and disadvantaged groups in the labour market (as documented in Chapter 5). In this way, the spatial and discursive forms of labour control deployed in the Victorias context are used to divide social groups within the compound area and enforce the segregation of specific segments of the labour market.

Third, in line with the strategies of labour control, this thesis builds upon studies of labour market discourse analysis, and investigates how such discourses have been used to shape the workforce and individual workers. The deployment of discursive and ideological constructions to discipline labour and to justify the operation and validity of the labour market is a major theme in my analysis of the Victorias mill. Though spanning (and in many ways circulating beyond) the Philippine sugar industry, the spatiality of VMC's discursive strategies were especially significant at the scales of the company state and local labour market. As I will explain in the empirical chapters, the emergence of a hegemonic Vicmican family discourse within the workplace was used to stabilize the workforce (Chapter 5) and then to dismantle it (Chapter 7). While at the level of the local labour market, the discourse had the effect of both elevating the status of the permanent industrial worker and further segregating the mill's temporary and agricultural workforce (Chapter 6).

## 2.4 Labour Geography

Evident in the theoretical perspectives reviewed so far are implicit assumptions regarding the agency of workers in processes of capitalist development. Whether it is the power to create internal labour markets and shape employer strategies, or transform the labour process and the regulation of production relations, or influence control regimes and spatial forms of labour control, these perspectives demonstrate that workers play important roles in social processes and geographic outcomes. Herod (1997; also see 2001) provides a powerful conceptual framework that explains how the presence and activities of labor affect the making of economic geographies of capitalism. Moving from a *Geography of Labour* to a *Labour Geography*, Herod theorizes that workers are “(pro)active, sentient geographical actors” whose social and spatial practices can strongly influence the production of space and capitalism’s uneven development (1997: 13). Termed as “Geographies of Labour”, he traces how the key intellectual traditions that have guided the evolution of economic geography - mainly neoclassical location theory and behavioralist industrial geography which generally rely on the assumptions of Alfred Weber, along with the major Marxist works that revolutionized the discipline starting in the 1970s - have treated and marginalized workers in their analyses. These perspectives have largely focused on the *behavior of firms* or the spatial tendencies inherent to *processes of capital accumulation* and thus subordinate the role of labour by assigning it descriptive qualities and by treating it as an “inert variable” and factor in production (7) (see also Herod, 1994). In so doing, these approaches relegate the explanatory and causal abilities of labour in the making of the economic landscape.

The “Labour Geography” approach attempts to navigate this theoretical and empirical impasse by recognizing, and better incorporating, workers’ activities into geographical analysis. Drawing on Marxist geographic traditions, Herod outlines four main arguments that conceptualize the role of workers in the construction of geographic spaces. First, he argues that the economic landscape is not solely produced by the “prerogative of capital” and that workers through their “spatial praxis” have “vested interest” in creating landscapes that sustain or improve their conditions (16). But like capital, labour’s spatial agency is restricted by historical, geographic and social factors with different places having different experiences of labour organizing (see Cravey, 1998). Second, the agency of labour is driven by workers’ social reproduction and the spatial and scalar relations inherent to particular geographic contexts of production. Adapting Marxist ideas suggesting that the production of space is necessary for the accumulation and reproduction of capital and capitalist social relations (see also Lefebvre, 1991),

along with employing Harvey's (1982; see also 1989: 33) concept of capital's "spatial fix" where space is produced "at particular times in particular locations" to facilitate accumulation (17), Herod explains that workers also create different, and at times competing, spatial fixes in order to ensure their survival and self-reproduction. Thus, through "labour's spatial fix", workers can be seen as active spatial agents molding the economic landscape in geographically distinct ways to suit their own interests (Herod, 2001: 6). In this sense, workers (like capitalists) are socially and spatially differentiated and vary in the power they wield.<sup>12</sup> Third, accounting for the different spatial fixes that capitalists and different groups of workers impose provides a richer understanding of how landscapes are produced and contested. Fourth, workers' activities also play a part in the production of geographic scale and thus help to produce the spatially uneven development of capitalism.<sup>13</sup> Herod's recent works empirically demonstrates these theoretical arguments. His case studies focus on American unions engaging in a range of spatial fixes in order to achieve their goals. These include: encouraging the mobility of US capital and the maintenance of underdevelopment in Latin America (1997a); shaping the economic geography of the US longshore industry through regional and national contracts (1997b); and challenging the organization and production networks of employers through different geographical and scalar strategies (1995; 2000; 2001a).

The agency of workers, then, takes on a variety of forms. Coe et al. (2007: 269-278) systematically arrange the different types of "spatial strategies" used by workers: proactive or reactive forms of migration (and I would add livelihood strategies) occurring at a range of spatial scales; *in situ* activities within the workplace such as striking, bargaining, working to rule, absenteeism and foot dragging; *in situ* activities within a locality where workers form alliances with other groups to defend similar interests (see Jonas, 1992; Herod, 1991 for case studies); and as shown earlier, forms of "upscaling" where workers organize and coordinate action across different spatial scales. And like various configurations of spatial strategies of labour control used by the state or firms, Coe et al. (272) argue, workers simultaneously draw on a combination of spatial and resistance strategies to pursue their objectives.

This thesis engages with two debates apparent within the labour geography perspective. One deals with the focus on organized worker unions, the other on the expression of labour's agency and the construction of geographic scale. Given his own specific research interests, Herod (2001: 7-8) admits that the empirical cases in *Labor Geographies* squarely focus on the

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<sup>12</sup> See Wright (2005) on key approaches to class analysis within sociology.

<sup>13</sup> For a more recent discussion on issues of geographic scale, see Herod and Wright (2002).

activities of worker organizations, and that there is ample room to explore different conceptions of labour and their activities as significant spatial actors in alternative geographic settings. The literature tends to focus on larger scales, or successful forms, of labour organizing that demonstrate how workers have dramatically shaped the scale of industrial economic development and processes of underdevelopment (see Herod 1997a; 1997b). In contrast to these more positive spatial outcomes, this thesis focuses on the regional conditions of labour oppression and the restrictive circumstances of a specific local labour collectivity in the Global South. Through analysis of the local labour market, it also illustrates how the distribution of power amongst different labour segments leads to the socio-spatial differentiation of workers and the reproduction of inequality.

Second, Herod further notes that collective institutional action is not the sole means of labour's agency although he views this as having the greatest geographical impact. His work has also shown how different scales of workers' activities are more effective in particular geographic contexts (2000; 2001a). In other words, bigger is not always better when it comes to the scale and efficacy of workers' collective strategies. As Kelly (2002: 399) comments, "[r]ather than universally promoting, denigrating or ranking particular scales at which labour should, or could, negotiate its position, this implies that the geography of labour politics is itself differentiated across space and generalizations may be difficult to sustain." This thesis will highlight instances where different scales of labour's agency are both enabled and restricted. It will show how labour's collective agency at the regional scale is undermined by the powerful institutional forces and control regimes that regulate the Negrense sugar industry (Chapter 4). By focusing on the individual and household level, it will also explain how economic restructuring simultaneously encourages progressive livelihood strategies and intensifies processes of workers' marginalization (Chapter 8). For better or for worse, the cumulative effect of these independent activities do make an impact on the economic landscape and produce different scales of uneven spatial development.

Taken together, then, these theoretical arguments and debates informing the labour geography perspective, along with a recent body of related research, have sharpened geographical interpretations of the economic landscape and have laid the ground work for a sub-discipline. In Herod's view, labour geography is *not* seeking to replace capital oriented approaches with an entirely labour centred emphasis. Rather, he is seeking "a fuller understanding of the production of space under capitalism [that] requires examining how workers have attempted to create economic geographies which they perceive as being

advantageous to themselves” (1997: 19) (cf. Peck, 2003). It is in this spirit that I incorporate Herod’s ideas into the analysis of this thesis, showing that workers are never silent or static actors in the geography of capitalism and “the very fact of their social and geographic existence and struggle means they shape the process of producing space in ways not fully controlled by capital” (Herod, 1997: 17).

## **2.5 Uneven Development, Social Regulation and Local Labour Markets**

As suggested in the previous sections, the dynamics of the local labour market, the labour process, and forms of labour control, partially constitute, and are constituted by, economic and regulatory processes occurring at larger spatial scales. And as foreshadowed in the Introductory Chapter and in my discussion on Burawoy and his case study of Zambia, the local level processes in Victorias and Negros take place within a broader context of capitalism’s spatially uneven development involving the interacting structural processes of American (neo) colonialism, regional development in the Philippines, and forms of economic dependency. At the same time, while the labour market and LLCR approaches reviewed earlier reveal how economic life is socially regulated at the local scales, equally important are how these locally distinctive regulatory forms are embedded in regional, national and international institutional structures. I briefly review conceptual approaches to uneven development and dependency before turning to related theoretical issues concerning the social regulation of labour and economy at the regional, national and international scales.

Perspectives within international political economy such as world systems theory (Wallerstein, 1974) and dependency theory (Frank, 1967; Brookfield, 1975) view processes of capitalist expansion in terms of core-periphery relations where core areas of the global economy partially dictate forms of political-economic development throughout the rest of the capitalist system. In geographic terms, capitalism is in a constant state of uneven development (expressed at multiple and interacting spatial scales) where capital seeks to create new sources of wealth through the exploitation of labour, the reorganization of the labour process, and through the production and consumption of products, including the built landscape--processes often involving geographic shifts and flows across space that (dis)connect different locations and regions (Smith, 1991). Yet, the contradictions, crisis tendencies, and dynamism of capitalist processes do not exist in a vacuum. The creation of wealth and value, its circulation, unequal distribution and geographic concentration, are influenced by political-economic arrangements and forms of domination operating at and across different spatial scales. These arrangements,

combined with historical conditions, shape how certain regions and countries come to be core areas of the global economy while others are perpetually underdeveloped and subject to a lower quality of life.

Dependency theory, which emerged in the 1960s and 70s as a response to the failure of import-substitution industrialization and modernization strategies in Latin America, argued that progressive economic development in peripheral regions was greatly restricted due to colonial legacies and neo-colonial continuities that shaped the nature of “unequal exchange” with core countries of the global economy (Frank, 1967). Former colonial (and neo-colonial) countries were largely sources of primary exports and raw materials where the exploitation of labour and the circulation of wealth accumulated in core regions. Such peripheral economies also served as sites for imported products, value added goods and services, as well as other activities such as military collaborations, foreign aid, and forms of capital investment that allowed dominant states further access to the spaces of peripheral regions. Such instances were facilitated by different transnational networks that linked particular class fractions and state institutions.

Glassman (2004: 14; 1999) theorizes such arrangements in terms of the “internationalization of the state”, a process where “the state apparatus becomes increasingly oriented towards facilitating capital accumulation for the most internationalized investors, regardless of their nationality.” In his view, the internationalization of the state coincides with a number of conceptual tenets concerning the “internationalization of capital.” First, the ongoing global expansion of capital is accompanied by the internationalization of classes. This includes the “stretching” of activities by transnational capitalists and industrial workers across geographic spaces (cf. Herod, 2001), which in the post World War II era, has led to the formation of a “like-minded” transnational capitalist elite occupying leading positions in national economies and states.

Second, the internationalization of capital is implicated in forms of imperial control and processes of capitalism’s uneven development. For Glassman, this form of domination is multi-scalar and grounded in class based processes:

Imperialism, to reiterate, is not a matter of one nation-state dominating another, but neither is it a process of particular blocs of capital dominating a nation-state. Rather, it is a complex process by which particular fractions of capital, acting through particular branches of the imperial and peripheral state, act to facilitate the forms of internationalization of capital most relevant to their interests. This, again, involves strategic maneuvering and class (-relevant) struggle, enacted through coalition building both outside and within the state (2004: 24).

Imperialism thus involves accumulation processes in the global core that link core and peripheral elites with core workers, and expresses their mutual interests in the form of alliances and collaborations that exploit the workers and economies of peripheral areas. Peripheral elites, in particular, are in a position to take advantage of such imperial projects in order to realize and ensure their political and economic interests. Third, the internationalization of capital and forms of imperial domination necessitate extra-economic processes that take on “political, cultural and ideological dimensions” which influence the social structures and patterns of economic development in “dominated societies” (2004: 17). Moreover, Glassman notes that the reproduction of capitalist social relations for internationalized forms of accumulation require ongoing struggles for a suitable “mode of social regulation” to emerge and be maintained. These complex conceptual tenets concerning the internationalization of capital and how they work through the state are important when thinking about the nature of exchange relationships between core and peripheral regions of the global capitalist system, and their potential consequences for workers in peripheral areas.

Associated with processes of uneven development at the global and national scales are forms of social regulation. Regulation theory argues that stable periods of capitalist expansion called “regimes of accumulation”, such as internationalized forms of accumulation and dependency, require a specific “mode of social regulation” (MSR) in order to reproduce the conditions of capitalism necessary to sustain growth. According to Peck (2000: 63-64), this involves the “‘structural couplings’ between the system of accumulation (a macroeconomically coherent production-distribution-consumption relationship) and the ensemble of state forms, social norms, political practices, and institutional networks” or a “mode of social regulation.” Peck (64) notes an MSR goes beyond state institutions and “embraces a series of ‘softer’ forms of regulation, such as consumption norms, societal expectations, economic habits and conventions, and cultural practices, which together define the social context of the accumulation process.” The regulationist approach is often linked with Fordism and a regime of accumulation experienced in the countries of North America and Western Europe that saw economic growth over a roughly thirty year period following the Second World War. It relied on a strong, centralized welfare state and compromises between capital and labour that ensured stability and mass consumption within different national economies. The breakdown of Fordism that began in the 1970s led to discussions of “after-Fordism” in the 1980s/1990s and neoliberalism more recently. These debates focus on issues concerning the broader mode of regulation in the global economy, the hollowing out of the nation state, the emergence of market led ideologies and their

relationship to flexible labour markets and forms of production. This is a rich and complex debate that I will not attempt to review here (see Peck, 1996; Jessop, 1995; Martin, 2000; Cox, 2002; and Peck and Theodore, 2001).

While the regulation literature (and by extension, the labour market and LLCR literature) largely focuses on analyses of “Atlantic Fordism” and capitalist restructuring in the Global North, I wish to shift the analytical gaze to specific regions of the Global South. During the post World War II era, the US hegemon and the Keynesian welfare state relied on displacing (both temporally and spatially) the contradictions of capitalism at the national scale, and prevented crises of over-accumulation by expanding capital investment overseas and exporting forms of under consumption to different countries of the global periphery in order to sustain growth. The case of the Philippine sugar industry is consistent with the local labour market approach and the LLCR in the contingent manner by which forms of accumulation and regulation play themselves out at different spatial scales. The operation of international political-economic arrangements with the United States during the colonial (1898-1946) and neo-colonial (1946-1974) periods had uneven regional and local impacts within the spaces of the Philippines. For provinces like Negros, and the sugar industry in particular, the international “spatial fix” of American global capital, and the access of Philippine sugar exports to the US market, led to a distinctive regional “regulatory fix” with a range of local institutional effects. In contrast to the “very general” set of national labour conditions existing in North America during the Fordist, after Fordist, and current neoliberal era, the Philippines is a setting where regional and local forms of labour regulation, rather than actors and institutions functioning at the national level, continue to predominate (see Kelly, 2002: 406). Thus, the regulation of labour and the economy in the Negros continue to occur within the workings of a “weak state” apparatus which will be discussed in Chapter 4.

Though historically tied to the American hegemon, the crisis of Fordism, and subsequent processes of global capitalist restructuring, discussions of flexible labour markets and flexible forms of accumulation take on different meanings in a context where the production of a resource supply region in the global periphery is reoriented away from the global core and towards its own national market. The bankruptcy of the Victorias Milling Company and the more recent emergence of its flexible work strategies have less to do with a global shift to flexible forms of accumulation in centres of advanced capitalism, and more to do with the specific development trajectory that the sugar industry has taken in Negros along with local conditions. Yet, the changes to the Victorias mill are consistent with general “forces” of labour

market restructuring and deregulation (Martin and Morrison, 2003). These involve the impacts of changing corporate structures, the externalization of functions, the move to flexible employment contracts, the break down of collective labour structures and unions, and the like. Such theoretical issues regarding labour flexibility will be discussed in greater detail in Chapter 7.

These broader approaches to uneven development and regulation will be used to explain how specific forms of industrial restructuring and economic crisis came to pass in Negros and the Victorias locality in particular. This means examining how the mill's local regime of control was integrated into wider economic and regulatory processes operating at larger spatial scales and the changes it has undergone from the neo-colonial regime of accumulation led by Negros' agrarian elites, to the gradual shift in the regime towards Chinese-Filipino commercial, financial and industrial elites within the industry. The Negrense experience of "colonial despotism" during the early and latter decades of the American colonial/neo-colonial era was not simply characterized by unbridled foreign rule in sites of production, nor did uncontested metropolitan capital (emanating from the so-called core of the global economy) have a leading role in the Philippines' "sugarscape" of production. Rather, American colonial arrangements in Negros and elsewhere in the country were brokered by Filipino mestizo elites whose economic interests controlled the majority of investments in sugar landholding and manufacturing. The accumulation of capital tied to the production of sugar, along with the maintenance of colonial and neo-colonial ties between the Philippine and the United States, ultimately rested on the control and exploitation of labour (and later broadly based popular movements) by capital and the state.

Similar processes remain at work in the transition towards Chinese-Filipino traders and capitalists in the milling, refining and trading sectors of the industry. Their emergence following the end of the large US sugar quota not only demonstrates the changing nature of economic and regulatory processes operating within and between larger spatial scales, or the reorientation of the industry from the global to the national level, but also that the regulation of labour in Negros continues to rely on the persistence of strong historical continuities found in the current mode of social regulation as evidenced in the present social conditions experienced by the working classes. These continuities help to explain why patterns of underdevelopment and socio-economic inequality persist in many sugar growing areas in Negros. Viewed within the lived places at the local level, the enforcement of the VMC's spaces and borders at the scales of the individual, workplace and company state continue to reflect the domination and despotism of the

mill's class elites, and serve to perpetuate the marginal social and political status of its temporary and agricultural workforce.

## **2.5 Summary and Contributions to the Discipline**

As a study in the academic discipline of geography, the major theme running through all of the theoretical disciplines reviewed is their variability when applied to specific social and spatial contexts. In the first section, I discussed the conceptual properties of the local labour market and illustrated how it is grounded in forms of social regulation and embedded in the history, culture, identities, power relationships, and social structures inscribed into different places. This dissertation attempts to provide an alternative local labour market perspective of the Global South by emphasizing a contextual setting of underdevelopment in a region that exists largely outside the main 'circuits' of global capital flows. While different local sites, regardless of hemisphere or world region, will yield forms of difference and inequality, it is hoped that this study will help to fill the "void" epistemological, conceptual and empirical areas of the geographical map of local labour market research. The same can be said of the second section of the chapter that dealt with the labour process and forms of labour control. Though the search for variability and institutional richness in local sites is emphasized once again, the dissertation offers an alternative take on in-situ forms of industrial restructuring in the Global South by considering the wider spatial relations of Fordist processes of accumulation and its connections to alternative forms of regulation in the global capitalist periphery. As a corollary to discussions on "Atlantic Fordism", it is a perspective from which to view how a particular "spatial" and "regulatory fix" between the Philippines and the United States was constituted at the local level, along with the legacies this has for current forms of economic and industrial development. In the third section, I reviewed the labour geography perspective and placed this study within two larger debates. First, in contrast to the discipline's focus on large scale forms of successful labour organizing, the dissertation will illustrate ongoing conditions of regional labour oppression and focus upon local scales of labour restriction. Second, to complement the perspective's focus on collective forms of labour agency, this study will demonstrate how worker activities at the individual and household level simultaneously operate to both shape the economic landscape and perpetuate forms of marginalization. As a final point, it is my hope that by combining these different, yet related, theoretical approaches that this study contributes to the research and practice of "globalizing economic geography."

## **CHAPTER 3 - METHODOLOGY: LABOURING FOR THE STUDY OF LABOUR MARKETS**

### **3.1 Introduction**

My theoretical discussion in the previous chapter highlighted a few of the research silences within the local labour market, labour control and labour geography perspectives. I argued that there was a further need to examine the complexity and the socio-spatial variability of labour-capital relations in specific localities in order to make sense of workers' experiences that typically fall off the radar of contemporary economic and development geography. This dissertation's deliberate focus on people making a living in peripheral economic space, is part and parcel of my ongoing concern to challenge the discipline's dominant epistemological constructions of the Philippines, the Southeast Asian region, and in this case, their landscapes of labour. Given these broader aims of the thesis, the main objective of this chapter is to show how different aspects of the study's central concept (the local labour market) were operationalized (measured), along with illustrating how my research positionality shaped areas of the thesis, including the types of research questions I asked and the knowledge I produced. The selection of the Victorias locality, and the study's agenda and outcomes, were all influenced heavily by own positionality as a Canadian born Filipino. Even though my research position gave rise to a number of barriers concerning my mobility and the people I could speak with, it was ultimately responsible for making a study of this kind possible. This chapter is divided into three main sections. Following this introductory section, I explain my motivations for doing the project and the networks drawn upon to produce knowledge. In the third section, I outline the research strategies used and the issues that confronted me during their deployment. In the final section, I discuss the major research themes that emerged following further refinement of the dissertation topic during the data analysis and write-up period.

### **3.2 Research Motivations and Producing Knowledge of Negros**

This thesis is in many ways an extension of previous research I conducted in Iloilo, a province in the Western Visayas region of the central Philippines. The West Visayas area consists of three islands, Panay of which Iloilo is a part, Guimaras and the western half of Negros, Negros Occidental, both lying to the southeast of Panay (see Figures 4.1 in Chapter 4).

Iloilo remains the ancestral base of my Ilonggo family on my mother's side.<sup>14</sup> My father is a Tagalog originally from southern Luzon. Having dealt with the advantages, restrictions and frustrations of doing research in Iloilo a few years earlier (see Oabel, 2003), Negros offered more personal freedom and independence where I could better influence the design and agenda of my research. Where studying Iloilo was also an act of personal identity negotiation and a way for a Fil-Can to make sense of his roots, my time in Negros was more about training to become an academic geographer.

Although I was armed with a more rounded theoretical arsenal this time around, I still had to deal with how heavily my positionality affected the process of doing fieldwork. As Sundberg (2003: 180) suggests, a "researcher's geographic location, social status, race and gender fundamentally shape the questions asked, the data collected, and the interpretation of the data." She adds further that "the silence about fieldwork is rooted in masculinist epistemologies ... [which] obscures the very conditions that enable the production of knowledge" (180-81). My eagerness to test new ideas and venture to new research sites was often kept in check with the restraints imposed by over protective relatives. Before I left Iloilo for Negros in January 2007, my Grandma said to me, "What are you going to do in Negros!? Who do you know there!?" Most of your relatives there are dead now or they have moved away." Not wanting to show any disrespect, I remained silent. Though these types of restrictive family practices always lay at the back of my mind, playing upon other elements of my positionality was critical during the interviewing process and in acquiring gatekeepers - individuals who could provide access to a group or network of people to study.

At another level, Negros' provincial capital, Bacolod, a city of approximately 450,000 people, was ideal for applying the analytical frameworks I originally intended to work with. In my initial research proposal, I wanted to investigate how changing patterns of rural-urban mobility and household livelihood strategies were implicated in both core-periphery approaches and class relation theories of urbanization in secondary cities. As I stated in my research proposal in the Spring of 2006:

This idea of different class elites in specific locations of the urban system helps to explain varying processes of labour competition and concentration. The continued presence of a local elite controlling the structure of the city and province is reflected in their monopoly over the region's plantation economy and their influence over the openness of urban and rural labour markets. This results in very few employment

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<sup>14</sup> Ilonggo or Hiligaynon is the local dialect spoken throughout the region. Tagalog, the national language, is taught in schools and is understood or spoken by all Filipinos.

opportunities in the provincial urban centres, leading to the tendency of migrants to concentrate in primate cities. Rural populations are considered to be immobile through traditional means of labour control such as the landlord and tenant agrarian system, and are relatively unable to make a living outside the rural economy. The same can be said for urban populations, as provincial cities remain small in size compared to primate cities, and whose social class and economic structure consist of a landed elite, the types of labour needed for capitalist production, and a pool of temporary urban service workers. The primacy of cities like Manila and migration into its EMR (extended metropolitan region), are explained by the movement of free labour that mobilizes to the needs of capitalist production.<sup>15</sup>

At the time, I was also aware that political economy approaches to urbanization and their top-down and macro level emphasis did not allow me to make sense of the richness of the social context and the complexity of the processes taking place at the local scale. It was only later, after I had returned back to Canada at the end of 2007, that I framed the study in local labour market terms. I felt that this alternative framework built upon the original aim of the project, “that various contexts and spatial scales of class power mediate the growth of secondary cities and its relations with other cities and places.” The approach also made better sense of the people and locations that I observed, and provided sharper insights into how class power was enacted at a range of spatial scales. This shift in my conceptual approach was mainly due to the nature of the Victorias locality.

I relied solely on my familial networks to find a suitable case study site.<sup>16</sup> Through my aunt’s friend, I was led to Victorias in northern Negros, a city of about 90,000 people, and approximately 45 minutes traveling by car north of the provincial capital, Bacolod. Victorias was not the medium sized city I envisioned as the setting for the project. Instead, it was one of the sugar milling settlements that dotted the entire perimeter of Negros island. Each was dominated by a sugar *central* (or sugar mill) located in the centre of the urban area. Accompanied by my aunt, her friend, who was a government official in another town, and another medical doctor, we arranged to meet with Abelardo Bugay, the then president of the Victorias Milling Company. On our way to the meeting, I noticed the VMC’s sugarcane workers labouring in the baking sun on the company’s isolated and desolate plantations, the multiple layers of security we had to pass through to enter the VMC compound, and the graying

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<sup>15</sup> These ideas are mainly drawn from Carol Smith’s work on urbanization in the Guatemalan context (see Smith, 1985).

<sup>16</sup> I lacked the funds to make a reconnaissance trip to scout for sites in Negros prior to my main period of fieldwork in 2007. Such trips are common during the research proposal/fieldwork period in most North American doctoral programmes in development studies. From my experience, I cannot emphasize enough the importance of doing

dilapidated state of areas within its American style housing districts, and of other buildings once we were inside. Struck by the spatial configuration of these sites, I knew I had stumbled onto a landscape that was peculiar, grim and fascinating. One could instantly sense the rich history of the place. My feelings were the same as we entered Bugay's presidential office in one of the VMC's old administration buildings. Ignoring the dark leathered chairs and the wainscoted walls, my attention was instantly drawn to Miguel J. Ossorio's portrait (the VMC's founder) on the wall behind Bugay's desk. I asked myself, "What was a white guy doing on the wall of a Negrense sugar mill?" When I finally asked the president for permission to study the central, Bugay, an older and very kind looking gentleman, agreed and sent my request to the executive committee for review. This committee then rejected my proposal outright.<sup>17</sup> As I started to uncover the reasons for this mixed response, the interesting story that now makes up the bulk of the empirical sections of this dissertation began to develop. But before this could happen, I had to deal with the mill's decision and the reality of the situation - I did not have formal permission to study the site. I had to decide whether to stay in Victorias or to go elsewhere to find another locale.

Defying my family's wishes and warnings, I decided to remain in Victorias and drew on my aunt's networks to find a place to stay. I ended up at a guesthouse on the estate of a former high ranking company official named Hector. Hector and his wife Wilma graciously allowed me to use their home as a research base.<sup>18</sup> They were instrumental in facilitating many key aspects of this research. They own a property in Canetown, a housing district for current and retired VMC workers. Canetown along with the other sites adjacent to the mill are part of what is known locally as the VMC Area, the formal name given to the firm's agro-industrial complex (a detailed description of the complex is given in Chapter 6). It was through Hector and Wilma that I became better acquainted with the recent developments at the mill, its bankruptcy, the retrenchments, and its takeover by Chinese-Filipino capitalists. Victorias intrigued me as a suitable fieldwork site for a number of reasons. First, it was a secondary city and company town with capitalist elites having a monopoly over the production and manufacturing of sugar and thus a very strong influence over the "closedness" of the labour market. As my initial observations of the locality indicated, the stratification of the working classes and the uneven distribution of

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these preliminary field visits. In hindsight, a prior reconnaissance trip would have better informed my research proposal, and prepared me for the specific social and cultural context in which I was to carry out the study.

<sup>17</sup> In many ways, such a response was to be expected. As one colleague in the department said to me, "They were a private company? I could have told you that they don't want you there."

<sup>18</sup> All the participants in the study, like Hector and Wilma, are given pseudonyms to protect their identities and to prevent any possible retribution from the mill's current management.

power among them were geographically defined, and set within a spatial strategy that reflected the dominance of a managerial cadre. Second, Victorias was in the midst of significant labour market upheaval. These circumstances encouraged the study of social and economic change of the agro-industrial complex and its core workforce over time. Third, my patron gatekeepers allowed me insider access and information to the firm's dealings. As former members of the mill's elite group of managers, Hector and Wilma not only provided their insights, but also allowed me to draw upon their power and influence which led to greater acceptance, trust and credibility with my interviewees.<sup>19</sup>

The fieldwork period in Negros covered a period of 10 months from January to October 2007. Again running contrary to conventional research practice, I did not have a formal institutional base. Prior to fieldwork, a member of my committee, Leonora Angeles, gave me a list of academics to contact at St. La Salle University in Bacolod, the University of Negros Occidental, and the University of the Philippines at Diliman, along with the names of members from prominent families in the area. Shortly after my arrival, I found that many of the academics had moved while others were extremely difficult to locate.<sup>20</sup> In this sense, I was very fortunate to have additional familial networks to draw upon. By February, I started to conduct interviews with workers in the area following what I learned from my discussions with Hector and Wilma who were in Manila. Without their physical presence in Victorias, many workers and their families refused to speak with me. But on their return visit in March, Wilma personally introduced me to her inner social network within the company. And so a snowball sample of interviews began.

Two other gatekeepers were also crucial to the project. Mary was introduced to me through her nephew who was a friend of Wilma's children. She had worked on a number of *barangay* based projects in Canetown and was well known to the community.<sup>21</sup> She became my research assistant. Wilma introduced me to Bruce, an *encargado* (overseer) of the company's plantations. Both were instrumental in generating a list of potential interviewees, and in gaining

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<sup>19</sup> In many ways, gaining the favour of these elites was due largely to my own and my family's class and status positions. It would have been extremely difficult to locate and draw upon the authority of gatekeepers of this kind without the help of my aunt, a medical doctor and small landowner in neighbouring Iloilo. As part of the field research process, I moved between social circles of people of great influence within Ilonggo and Negrense society. These included dinners with the presidents of universities and companies, lawyers, capitalists, high ranking local officials, professors and medical doctors, and the *de rigueur* socializing with their family members. These social encounters took place at the best restaurants and hotels in Iloilo and Bacolod, as well as at concerts, fiestas, festivals, church masses, vacation sites and the like.

<sup>20</sup> I was fortunate to meet with sociologist Nanette Dungo Garcia, formerly of UP Diliman, at a later date. She is currently a Faculty Associate at Miriam College, Quezon City.

<sup>21</sup> A *barangay* is the Filipino equivalent of an administrative ward.

further access to the Canetown district and to the company haciendas lying next to the mill. Hector and Wilma also assigned their caretaker, Jenny, to watch over me at their Victorias property while they were away, along with a type of bodyguard, known locally as a “guardian angel”, named Mario. Mario was an 18 year old “house boy” from the neighbouring town of Cadiz. Their staff, together with Mary and her family, remain my closest friends in Negros.

The process of data collection, in a sense, did not end with the fieldwork period. The sporadic flow of emails, texts, and stories from friends and relatives kept me updated with the ongoing changes that were occurring within the VMC Area and of interviewees who have left and gone back to Canetown. My research assistant, Mary, has done a fairly good job of keeping me apprised of such events. I was also able to monitor the status of the VMC through annual company reports on its page of the Philippine Stock Exchange and through local news websites (see References Section). At times, these flows of information simply added to the bulk of empirical material already collected and made my job of analyzing the data and writing the thesis all the more difficult.

### **3.3 Research Strategies and Issues**

I drew on a number of techniques during the course of fieldwork. *Ethnography* and in-depth interviews were used as primary research tools. The ethnographic method, as it applied in the study, was used to account for the larger social and geographic context in which “production politics” and labour market dynamics exist. In this case, the approach did not squarely focus on the rhythms of social life tied to the factory floor as found in traditional industrial ethnography. Rather, ethnography was used to examine how the restructuring and re-regulation of the firm’s internal labour market affected its core workforce, as well as to make sense of the conditions experienced by the firm’s temporary workers. In addition, the study’s emphasis on historical analysis of the VMC’s past factory regimes (Chapters 4, 5 and 6) required a historical-comparative approach that wove together micro and macro level processes (as assumed in the theoretical perspectives of the labour market, local labour control regime, and regulation theory reviewed in Chapter 2). At the local scale, I was trying to reconstruct the social life in the central through primary and secondary documents, and through oral histories taken from retired workers and their families. This allowed for a comparison of cases that focused on social and economic change of the VMC locality over time. Although my interpretation of historical events lends itself to some distortion, both the past and present cases do strongly correspond to larger structural processes, mainly, the shifting ‘regimes of accumulation’ and ‘modes of social

regulation' that characterize the distinct periods of capitalist development and sugar production on Negros from the post World War II era to the more recent period of industrial adjustment. I also kept a field journal that recorded my general observations and how they informed the emerging conceptual ideas I had, along with my thoughts on the overall progress of the research methods employed. These notes were also useful in drafting update reports for my supervisor. As will be shown, not all of the techniques used initially were successful or remained relevant as the study developed.

### 3.3.1 Primary and Secondary Sources

The acquisition of many of the primary sources used in the study resulted from pure luck and research serendipity. During the interviewing phase, I was fortunate to have made contact with a middle ranking employee at the mill. Knowing his own precarious work situation, he lent me copies of dozens of issues of the firm's local newspaper which is only circulated within the VMC, along with other publicly available information and data on the company.<sup>22</sup> The *Vicmico Gazette*, first printed in 1960, and a later offshoot, the *VMC Bulletin*, first printed in March 1997, were critical to the firm's spatial strategy of labour control. As examined in Chapter 4, the use of company newspapers was part of a broader set of labour containment measures introduced by the milling classes in response to the provincial labour conflicts of the 1930s. As I will discuss further in Chapters 6 and 8, both newspapers were born out of labour struggles at the mill. They were rich sources of information that captured the thoughts and feelings of both workers and managers as events and circumstances unfolded. Although I had limited access to the older issues (1960 to early 1990s),<sup>23</sup> my informant provided me with close to a decade's coverage of the *VMC Bulletin* (1997 to 2005) that corresponded with the key years that saw the mill's demise, restructuring and takeover (see References Section).

Primary sources were also gathered in other forms. My patron gatekeepers provided me with their own personal collection of photos during their time in the area. I also obtained a comprehensive history of the mill published by the VMC. It too contained a series of photos

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<sup>22</sup> Required by law, these public documents were sent by the firm to the Securities and Exchange Commission in compliance with the Securities Regulation Code and Corporation Code of the Philippines. Without this informant, I would have had to search for the information at specific government offices and deal with layers of bureaucracy. I am thankful for his help and for saving me a great deal of time and effort.

<sup>23</sup> Sadly, I was told that with the retirement and later death of the company's librarian, the firm's collection of the *Gazette* was rotting away in one of the compound's forgotten storage facilities.

plus interviews and memoir excerpts of top managers.<sup>24</sup> Another important resource was the VMC's Employee Reference Handbook that detailed the company's worker benefits and employee policies for the period (see VMC, 1976).<sup>25</sup> Drawing upon these sources supplemented the narratives given by workers about their changing lives at the mill, and further enriched my description of the central's vibrant historical, social and cultural past. They also allowed me to compare how the material landscape had changed over time.

A wide variety of secondary sources were also used. Economic and labour data, policy documents and literature regarding Negros'/Victorias' industrial, agricultural and demographic development, were gathered from local universities and various government offices. I also collected relevant past legal court cases and examined their summary of facts. Policy studies and sugar production data were taken from the websites of the Philippine Sugar Millers Association (PSMA) and the Sugar Regulatory Administration (SRA) of the Philippines.<sup>26</sup> To supplement these policy and demographic oriented inquiries, interviews were conducted with non-governmental organizations, and local and provincial government officials.

### **3.3.2 Field Interviewing**

The research project involved unstructured and open-ended interviews with approximately 60 individuals. Nearly two thirds of these were with current or retrenched rank-and-file employees and their families, as well as with current, retrenched or retired supervisors. In addition to Hector and Wilma, a handful of interviews were conducted with former high ranking officers of the firm. Though a few were involved, the study largely excludes the almost 100 or so professional and technical workers (lawyers, engineers, accountants, physicians) maintained by the VMC. These workers were generally more mobile and had greater power to reap rents from the labour market for their specialized skills and services. The changing circumstances of this group are not discussed given my focus on the management, the rank-and-file employees, and temporary workers.<sup>27</sup> During the early phase of interviewing, I began with a list of very general questions that were geared to specific groups of people (e.g. government

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<sup>24</sup> Published in 1989, *Victorias: A history in pictures* commemorates the 70<sup>th</sup> anniversary of the founding of the company (see VMC, 1989). The copy I obtained through a second generation worker was signed by Claudio R. de Luzuriaga, Jr., complete with a personal inscription.

<sup>25</sup> Heeding Hector's advice, I searched public and government libraries for additional sources on Victorias. This older copy of VMC's employee handbook was wedged behind a cabinet drawer containing children's books at the Victorias Public Library.

<sup>26</sup> The web addresses for these two agencies are [www.pdma.com.ph](http://www.pdma.com.ph) and [www.sra.gov.ph](http://www.sra.gov.ph).

officials, managers/capitalists, workers, hacienda labour, young people, and so on). But as the study developed and the story of the mill unfolded, I had to focus the questions for many of the individual interviews, especially with managers or with workers employed in human resources (see Appendix A for a list of interviews conducted for the study).<sup>28</sup> Towards the middle and end of the interviewing period, I needed only to mention the word “retrenchment” to elicit a range of responses on how the changing fortunes of the VMC affected the lifestyles, incomes, livelihoods and identities of workers and their families.

The majority of the interviews took place at the interviewee’s home or at my guest house. Almost all of the meetings with mill workers and their families were conducted in English. This changed when I spoke with groups in the “lower” segments of the labour market. Since I only possessed a rudimentary knowledge and use of the local dialect, discussions with the mill’s temporary workers and the *dumaans* (resident labourers) on the company haciendas were conducted in a *templa* (mix) of English and Ilonggo. In these instances, either Mary, my research assistant, Jenny, the caretaker at Hector’s estate, Bruce, the plantation overseer, or Chito, one of Bruce’s *cabos* (foreman), helped with translations.

One important issue that arose during interviewing was the idea of territorial jurisdiction. As mentioned earlier, I ran into difficulty securing research consent at the scale of the company. The then president of the firm wanted me to study the mill, but the other “newer” executives wanted nothing to do with me. Wilma, who was a member of the old regime remarked, “They should have been scared about your study 15 years ago! They are afraid of your study because the creditor banks might use it against them.”<sup>29</sup> She was referring to the early 1990s and the years before the bankruptcy, a time when supposed mismanagement and co-opting of funds was taking place at the firm. At another level, both Hector and Wilma had “unofficial” jurisdictional authority, especially in Canetown, and they assured me that there was no problem studying various sites of the VMC Area. Their networks permitted limited access to actual sites of production where the milling and refining process of sugar took place. These were often quality controlled areas where my access was blocked off. Wilma also recruited Bruce, the plantation overseer, to help in my study. He permitted me to conduct research on another jurisdiction of the complex, the company plantations. I was also granted formal permission by the local

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<sup>27</sup> As I will show in the forthcoming empirical chapters, disciplinary authority within the firm was centralized in the hands of the managing group of *centralistas*. And even though they owned the central, sophisticated technical knowledge was also concentrated within their ranks.

<sup>28</sup> Also see the dissertation’s preface for details on the University of British Columbia Behavioral Research Ethics Board’s Certificate of Approval of this study.

<sup>29</sup> Author interview, Wilma 56 years old - Former VMC Employee, 24 April 2007.

Barangay Captain to conduct research about the Canetown area.<sup>30</sup> And then there were the individual workers and their families who often asked me suspiciously, “Why are you in Victorias?” Being able to couch a response in terms of the retrenchments and the recovery of the mill - “I want to know what happened to the VMC and why so many don’t have jobs” - immediately piqued their interest. For them, speaking with me was partly an act of defiance to the firm’s executives, if not also a way to vent some frustration. Realizing that I was not tied to the “new” management (something that became more evident as the study and “snowball” interviews progressed) made participants feel more at ease. One worker said, “Your study is good because you can tell people what is going on here and make Victorias known to the rest of the country and to the whole world.” Thus, negotiating between these different jurisdictional scales and their claims of authority and legitimacy was unsettling during the interviewing process. I did not expect that my project would become entangled with the developmental politics of a sugar mill. I decided near the outset that this landscape’s story should be told and that there at least should be some record about it.

A second issue that influenced interview dynamics was the idea of *corporeality*. As Sundberg (2005) argues, the different parts of a researcher’s embodied social identity shape particular “research encounters” and outcomes. These different parts of my own corporeality became more noticeable as I spoke with different people in different scenarios who occupied different segments of the local labour market. As an ethnographer, “self presentation” and the most subtle of changes to the physical appearance greatly affected participant recruitment and the initial impressions of potential informants and interviewees. Throughout the course of fieldwork, some of my embodied characteristics were more difficult to mask than others such as my skin color and race. In other instances, I was partially able to underplay my class and status positions through my appearance. In practice, this meant dressing for the occasion and respecting those being studied. During my investigation of the VMC haciendas, my colleague Mario and I would “dress down.” In addition to his regular clothing, Mario, who has worked as a *karga-tapas* (sugarcane cutter and loader), wore his long sleeve shirt and ball cap and I wore something similar. This had the effect of making the people that Mario knew more comfortable

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<sup>30</sup> This was a research encounter that I do not want to ever repeat. Accompanying me to see this local barangay official were a surgeon, a court judge, a high ranking social worker, my aunt, and their driver. Arriving at the official’s home in a tinted SUV, it appeared to the casual observer that we were going to interrogate him rather than ask his permission to conduct a study by a foreign graduate student. All we needed were a few armed policemen to complete the scene.

when we approached them.<sup>31</sup> In the case of more “powerful” participants, I did the opposite and “dressed up”, and stressed my Canadian-Filipino identity.

### 3.3.3 Surveying

Lacking any solid information on the firm, I began to distribute a household survey to the entire Canetown district, a barangay consisting of some 1,324 households and 7,136 people in 2007. I was hoping to construct information on this locality and on another area tied to the company haciendas in order to measure livelihood diversification, the prevalence of migration and remittances, and to compare these with the general patterns of economic development and urbanization in the region. As Mary and her nephew began collecting the completed forms, it became apparent that the residents were suffering from “survey fatigue.” During 2006, two household surveys were administered, one from the Canetown Homeowners Association, and the other from the Barangay. At the beginning of 2007, another two household surveys were handed out, one from the Victorias City Government, and another on health and nutrition from the Barangay. My survey came at the end of this long series. Though hundreds upon hundreds of surveys were collected, it became evident that this information was becoming more peripheral to the evolving topic of the dissertation, which involved a shift from an emphasis on livelihood change to a focus on local labour market dynamics and issues of labour control. I also felt that the qualitative interviews and the workforce data provided by key informants properly addressed the specific issues and questions of the study.

### 3.4 Summary of Major Research Themes

During the analysis and write-up period, four distinct research themes emerged as part of the organic and interactive “dialogue” that occurred between the empirical data collected and my chosen sets of theoretical ideas.<sup>32</sup> These themes or “Generative Structures” are the bases of my empirical analysis of the Victorias labour market in Chapters 5 to 8. Each theme thus helps to inform the conceptual issues raised in Chapter 2 which involve the properties of the local labour

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<sup>31</sup> One thing I could not always hide, however, was my use of eyeglasses. Whether attending parties or gatherings, I was greeted with “Hello padre, hello father,” as I was often mistaken for a local priest since many families cannot afford to buy eyeglasses. While people accepted me at such gatherings, other groups I wanted to interview such as *standbys*, unemployed men passing their time on the streets, mysteriously disappeared when I first came around. Perhaps this occurred because I was new to the area or perhaps they were afraid I would ask them to do some labour for the local church.

<sup>32</sup> I am referring here to the interaction between data collection and the construction of theory in the manner of Thompson. Thompson (1978: 39) called this process “a dialogue between concept and evidence, a dialogue conducted by successive hypotheses, on the one hand, and empirical research on the other.”

market, the dynamics of labour control and the labour process, and the construction of labour geographies.

### **3.4.1 Evolving Forms and Structures of the Local Labour Market**

As suggested in the Introductory and Theoretical Chapters, labour in Victorias has never existed as a simple commodity subject to the universal measures of labour demand and labour supply found in orthodox economic theory. Instead, the VMC's labour history and the social reproduction of its workers are implicated in complex power relationships and social struggles that are unique geographically. These factors continue to shape the structure and overall form of the Victorias labour market. As a theme running through the empirical chapters, my discussion will emphasize the extra-local institutional factors conditioning the Negrense labour market (Chapter 4 and 7), the changing shape of Victorias' primary internal labour market (Chapters 5 and 7), and the changing nature of the labour market's extra-local linkages (Chapter 8).

### **3.4.2 Shifting Spatial Strategies of Labour Control**

Another important theme that helps to explain the structural changes occurring to the labour market are the spatial strategies used to control workers. In terms of the local labour control regime (outlined in the previous chapter), we can see major changes in the ownership structure of Negrense sugar mills and refineries as well as in the changing relations between institutional processes operating at different spatial scales. Here, I am referring to the reorientation of Philippine sugar production towards the national domestic economy and away from international neo-colonial ties with the American market. In the case of the VMC, the scales and spaces of the workplace and the industrial complex are wielded themselves as ideological, discursive and physical instruments used to discipline labour and to justify major changes to the operation of the local labour market. The isolated spatial nature of both the central and the plantation necessitated that managers and *hacenderos* intervene in the reproductive and consumptive spaces of their workers. These interventions shifted with the onset of Victorias' restructuring and the reorganizing of its labour supply practices. Analyses of the firm's ideological and discursive control schemes within the workplace are explored in Chapters 5 and 7. The firm's spatial strategies of labour control within the VMC Area compound are examined in Chapters 6 and 8.

### **3.4.3 Forms of Workers' Agency**

As I will illustrate in the empirical chapters, corresponding to the firm's restructuring and changes to its spatial forms of labour control are different geographical strategies of worker action and resistance. As noted in the previous chapter, these take on a variety of forms: proactive or reactive forms of migration and livelihood change; *in situ* activities within the workplace such as striking and bargaining; *in situ* activities within a locality where workers form alliances with other groups to defend similar interests; and forms of "upscaling" where workers organize and coordinate action across different spatial scales (see Chapter 2; and Coe et al., 2007: 269-278). From organized and spontaneous strikes, to the unofficial activities of employees, to the proactive and reactive livelihood strategies of workers, this theme runs through Chapters 5 to 8.

### **3.4.4 Changing Social and Cultural Identities**

Coinciding with the rehabilitation of the mill has been a general remaking of the social and labour market identities of employees and their families. It became evident during interviewing that the people of Victorias Milling were struggling to make sense of the new meanings and conditions tied to the local labour market. VMC was no longer the stable and prestigious source of gendered employment that it was in prior decades. Instead, its future continued to be shrouded in a great deal of uncertainty. Strongly contrasting with their workplace identities of the past, the firm's instability combined with a "loosening" of its labour control practices has led current and former workers to attach new social and gendered meanings to their positions in the labour market, and to their labour geographies. These recent changes at the company have also had a ripple effect for a younger generation who will now not find work at the mill. These themes are examined in both Chapters 6 and 8.

Constructing these "Major Research Themes" was a means of distilling both my fieldwork experiences and the empirical data I collected into a form that best represents the people and events of Victorias in an academic vocabulary that makes sense to the reader. In this way, these themes were the result of the research techniques identified earlier that were used to measure the central concept of the thesis, the local labour market, and its specific elements (segmentation, labour control, workers' agency, and worker identities). Through documents, interviews, and observations of the site, I investigated how the firm's restructuring affected: (1) the segmentation of the labour market and the distribution of jobs; (2) the ideological, discursive

and spatial forms of labour control and the changing set of actors and institutions involved in the local labour control regime; (3) forms of labour agency and oppression; and (4) changing workplace and labour market identities. These topics, then, speak back to the main research questions presented in the Introductory Chapter that asked: why do some workers fare better than others in local sites of sugar production? How do changing work practices speak to shifting patterns of capitalism's uneven development in Negros over time? How are labour market identities changing at the mill? And how are workers acting in different ways to shape the economic landscape? The following chapters pursue these themes further, attempting to address and practically resolve these questions.

## CHAPTER 4 - SUGAR INDUSTRY, SUGAR WORKERS AND THE STATE IN NEGROS OCCIDENTAL

### 4.1 Introduction

As stated in the previous chapters, local labour markets are embedded in wider economic and regulatory structures that are regional, national, and global in scale. This chapter situates the Philippine sugar industry within its broader historical, political-economic and geographical context, and discusses how these factors influence the social regulation of labour in Negros. The latter part of the chapter examines the current state of the sugar industry and outlines the general features of the provincial labour market and the conditions experienced by workers. The main argument of the chapter is that despite the partial restructuring and transformation of the milling and refining sectors of the industry in recent decades, strong historical continuities persist in the way labour is socially regulated in the present day with prospects for redistributive socio-economic change and the advancement of workers' interests severely restricted at the provincial level. These patterns can be attributed to the resilient power of provincial oligarchs, their influence within various levels of the state, the nature of state interventions, and their dealings with periods of social unrest. The social inequalities distinctive to the sugar industry also reflect the legacies of Spanish and American colonialism which continue to have lasting effects on Negros' political economy.

In line with the theoretical claims made in Chapter 2, this chapter serves four main empirical purposes which are direct responses to the conceptual inquiries made at the outset of the dissertation. The first is to examine the evolution of general patterns of labour market segmentation in the province. I will explain how labour supplies, particularly of the industrial kind, were historically generated and discuss their relationship to regional processes of labour incorporation and allocation into the labour market. Second, and in a related way, I will illustrate how capitalists and various levels of the state intervene in manipulating local labour markets and politicizing their broader conditions. In terms of Burawoy's model of "colonial despotism", the failures of collective organized labour struggles throughout Negrense history, along with the current interests of elites and the nature of Negros' state apparatus, help to explain the slow pace of technological change within the industrial mills, as well as the continued prevalence of a "colonial" style labour process deployed on agricultural sugar lands. Third, by applying the labour geography perspective and its labour/capital dialectic in geographic outcomes, the role of sugar workers in the production of economic space becomes more dynamic and allows for a more complex reading of how the Negrense landscape is constructed. Even

with the failures of organized labour struggles at the regional scale, the activities and presence of workers shaped (and continues to shape) the economic geography of the sugar industry, and forced significant changes to the geographical activities of the centrals and the evolution of their internal employment policies. Fourth, by examining how the economy and labour are regulated in Negros over time, I will bring to light the main actors, key institutions, and institutional arrangements that constitute the past and present labour control regimes.

This chapter consists of five main sections. Following this introduction, the next section briefly reviews conceptual ideas concerning the nature of the “weak state”. Complementing my earlier discussion on the relationship between production politics and state politics in Chapter 2, the persistent patterns of socio-economic inequality that characterize the Philippine sugar industry and forms of regional development in Negros are rooted in degrees of political power among different groups of actors and how their interests are relayed through the state. In the third section, I examine the evolution of the sugar industry in Negros with an emphasis on the relationship between macro-economic forces, state interventions, and the social regulation of labour. I begin by tracing the origins of the industry to the Chinese mestizo entrepreneurial elites of neighbouring Iloilo City and how their interests shifted to the development of Negros during the late Spanish era. I then focus upon the significant transformations that occurred to the industry and the labour process during the early American colonial period, and consider the nature of exchange relationships with the US during the late colonial and neo-colonial eras. This is followed by a discussion on the end of the large US sugar quota in 1974, its consequences for the industry, and the reorganization of the sugar trade by Marcos during the sugar crises of the 1970s and early 1980s. In section four, I look at the current state of the industry during the 1990s and 2000s, the regulatory dilemmas it faces, and the general characteristics of the Negrense labour market. The fifth and final section summarizes the main points of the chapter.

## **4.2 Weak State**

Perhaps no other sector in the history of Philippine economic development has been affected more by the dynamics of a “weak” and “dependent” state as the sugar industry and the rule of its oligarchs. Drawing on the philosopher Aristotle, de Dios and Hutchcroft (2003: 70) state that “[a]s a system of government, oligarchy is rule ‘for the benefit of the men of means,’ not rule for the ‘common interest.’ In polities ‘where men rule because of the possession of wealth, whether their number be large or small, that is oligarchy’” (Aristotle, 1985: 190, 192). They further explain that despite a more liberalized national economy, limited gains by way of

land reform, an organized civil society, and a more vocal populace (especially among the poor) during the decades of the post-Marcos era, the Philippines continues to be affected by the resiliency of oligarchic structures, their “particularistic” influence on the state apparatus, along with the ongoing “structural weakness” of the nation’s political and social institutions (2003: 46, 62, 68-70).<sup>33</sup> Though a highly problematic term, a “weak” state in the context of this study is defined as a government that is largely unsuccessful in disciplining capital. And following the tenets of Burawoy’s *Colonial Despotism* outlined earlier, it is one where a state and its institutions are unsuccessful in ensuring the basic rights and protections for workers. Thus, in comparison to the more autonomous government bureaucracies found in the “developmental states” of East Asia, a weak state is not only characterized by the power of family based oligarchs, conglomerates and the influence of capitalist elites over political and economic structures (c.f. uneven development and imperialism in Chapter 2), but also by how such dynamics negatively affect major areas concerning the “common interests” of citizens, which in the Philippine context continues to be the target of political reform and the source of ongoing social conflict. These areas include: increasing the democratization of political institutions; furthering economic liberalization and fostering “genuine” entrepreneurial interests to inject innovation and dynamism into domestic and export industries; reducing socio-economic inequalities through the better redistribution of resources, the securing of claims, and of particular interest here, ensuring the rights of labour and decent working conditions.

As will be illustrated below, the workings of the weak state continue to have significant regulatory consequences for the sugar industry and for the economy and workers of Negros in particular. The Philippines’ experience of colonialism and dependency directly contributed to the nature of the “weak state” and thus to the structural character of its provinces. For most of its history, sugar elites have operated within, and contributed to the formation of, a state apparatus which they have used to advance their interests and to shore up their economic and political power. Strategically maneuvering themselves within the US colonial system, they helped establish dependent political and economic ties that linked the fortunes of the Philippine sugar industry to its preferential access to the American market. This dependence has made sugar producing areas such as Negros extremely vulnerable to structural changes in the country’s relationship to the US, and later to fluctuations in world sugar prices. The enshrinement of the US sugar quota system in the “monopsonistic” trade agreements that operated between the two

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<sup>33</sup> Analysis of the “weak state” is a well developed and classic theme in the broad academic literature on the Philippines (see Abinales, 2000; Hedman and Sidel, 2000; Sidel, 1999; Hutchcroft, 1998; McAndrew, 1994;

countries for most of the twentieth century, has led to strong protectionist tendencies and to low levels of productivity and efficiency within the industry in the present day. Over the last twenty years, and especially under the administration of Fidel V. Ramos (1992-1998), the industry has continued to experience the effects of state policies aimed at increasing economic liberalization and trade reform, with a more sustained government attack on the “cartels and monopolies” which have been the hallmarks of oligarchic dominance.

Yet, as Dios and Hutchcroft (2003: 70) suggest further, an oligarchy is subject to instability in its composition as new families and members enter its ranks during new rounds of capitalist development. In this way, the conditions following Marcos’ reorganization of the industry during the 1970s and 1980s, combined with the increased liberalization of the economy and the sugar trade during the 1990s and 2000s, have allowed new oligarchic players, the Chinese-Filipino traders and *taipan* conglomerates, to gain access to and assert their influence over the industry. While obviously dominant in the national and regional economies of the country, many of the trader-*taipans* are more reluctant to intervene in the political sphere, unlike the traditional sugar elites of the past and present. This political reluctance on the part of the traders raises a number of regulatory issues that I examine towards the end of the chapter in section 4.4.2.

The strong presence of the sugar elite within the workings of the state have also contributed to its weak capacity to intervene on the part of Negros’ workers. In my analysis of sugar’s evolution in the province in the sections that follow, I will explain how the capitalist’s autonomy over the major social institutions regulating labour in the province, the hacienda and the central mill, together with their significant influence over the legal, judicial, military, and law enforcement systems of the state, continue to deny the rights of labour and prevent genuine forms of labour organizing, while subjecting sugar workers to variable and often detrimental working conditions.

### **4.3 The Evolution of the Sugar Industry in Negros**

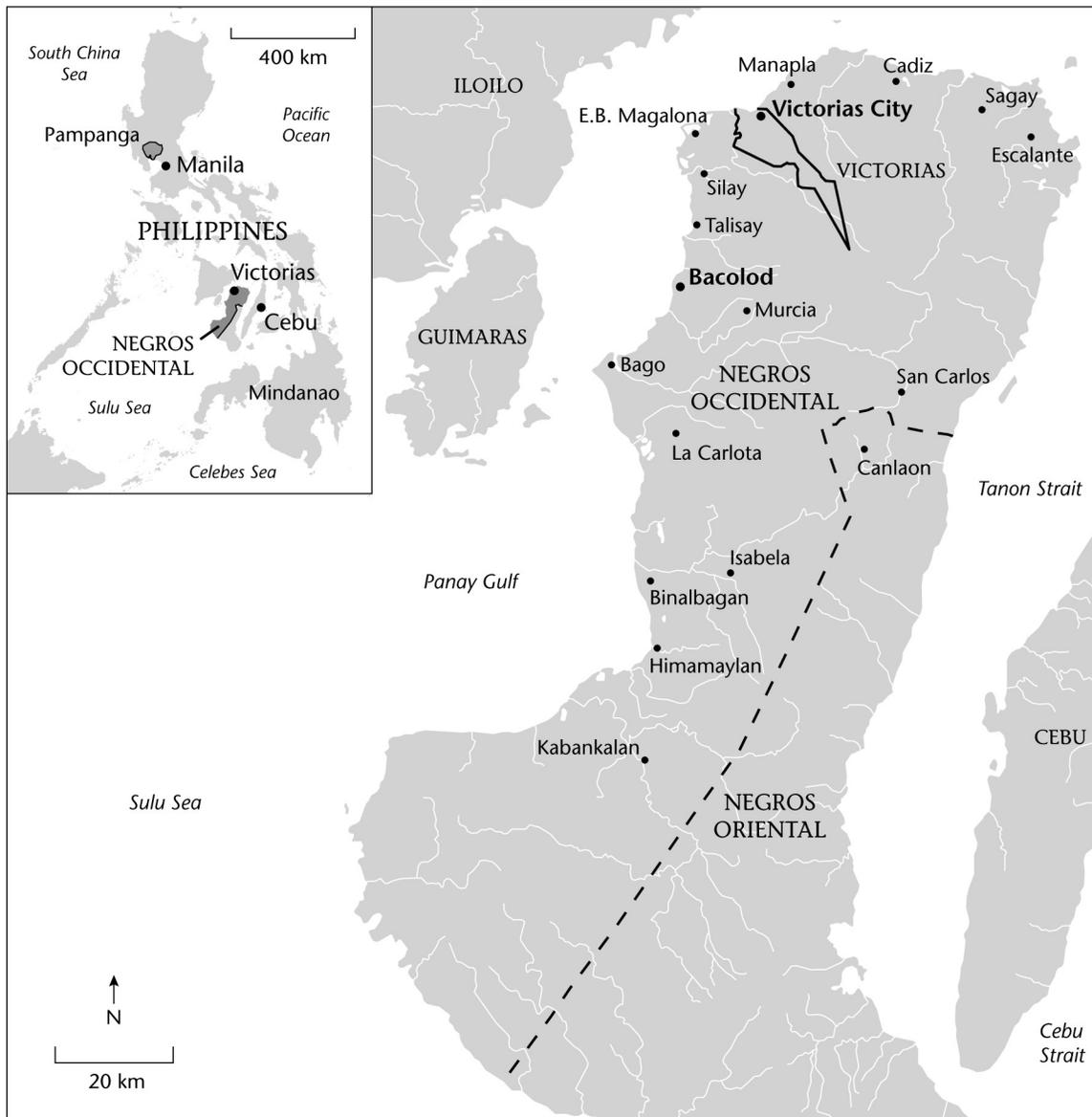
Before delving into the economic and labour history of Negros, let me first locate the province, the case study area Victorias City, and their physical territories, within their respective national and regional spaces. The province of Negros Occidental together with the islands of Panay and Guimaras form both the Western Visayas region of the central Philippines and Region VI of the present national development plan (see Figure 4.1). Victorias City is typical of the

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McCoy, 1994; Rivera, 1994; Roces, 2001; Yoshihara, 1988).

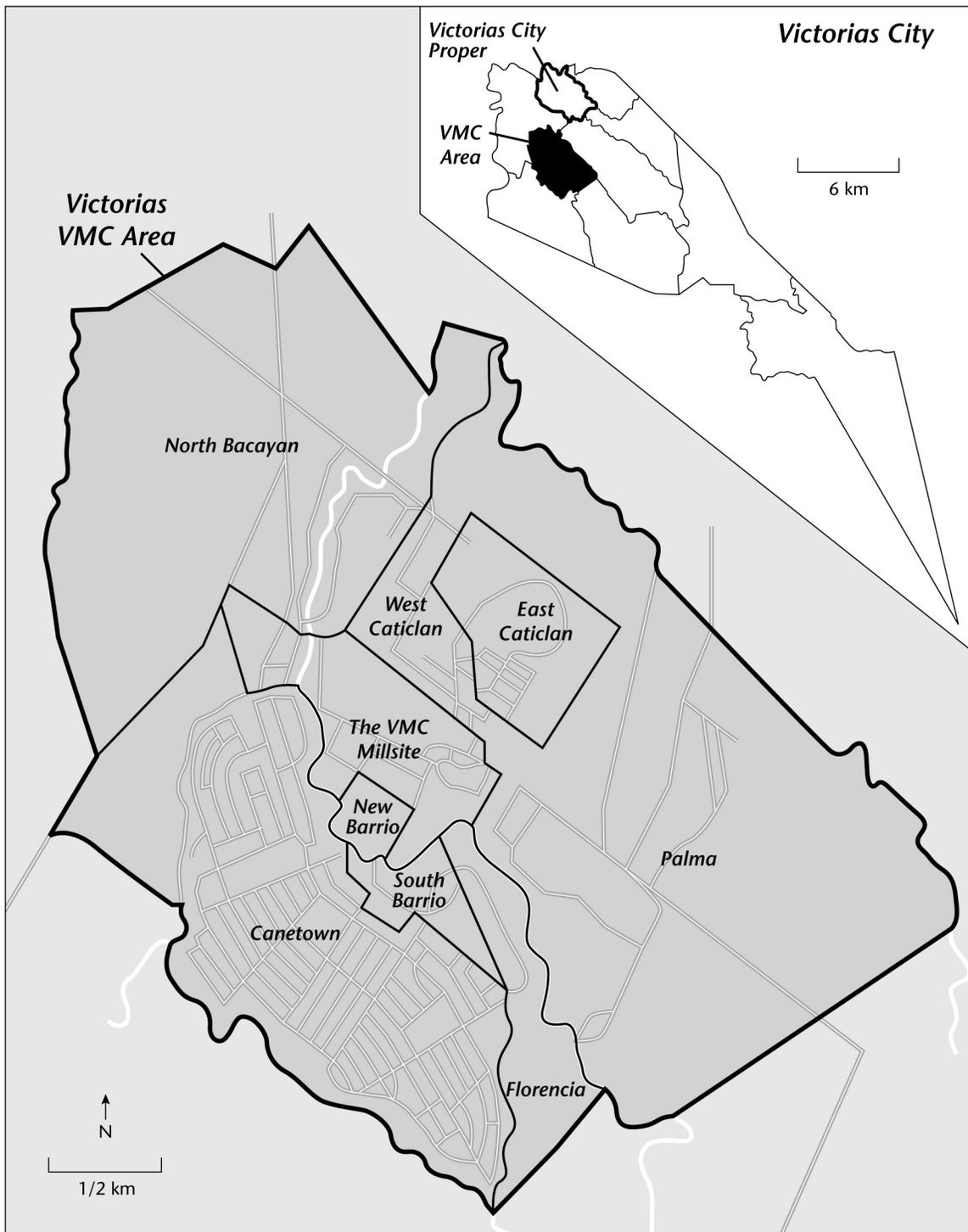
sugar milling districts and settlements located throughout the province. It is located on the northwestern tip of Negros and had a population of almost 90,000 people in 2010 (see Figure 4.2). I will comment further on the spatial development of Negros' settlements in a sub-section of this part of the chapter. Demographic issues at the national and provincial level will be examined in the penultimate section on the current dynamics of the industry and the characteristics of the Negrense workforce.

**Figure 4.1: Map of the Philippines and Negros Occidental**



Source: Author's Map, 2011.

**Figure 4.2: Map of Victorias City and the Victorias VMC Area**



Source: Author's Map, 2011.

The following discussion covers three distinct periods that analyze how significant political-economic arrangements have intersected with Philippine sugar production and regional development, and the implications these have for the social regulation of labour in the province.<sup>34</sup> It will take shape by first looking at the nature of external economic forces and the interventions (or lack thereof) of the colonial state, followed by an examination of how these played a part, if any, in shaping forms of labour regulation. The first period (1855-1890s) documents the birth of the industry, the formation of the plantation economy, and the problem of a limited labour supply confronting planters during the late Spanish colonial era. The second period (1898-1946 and 1946-1974) focuses on the changes to the industry during the colonial and neo-colonial periods of American imperialism. The third period (mid 1970s-1986) looks at the restructuring of the sugar industry during and after the Marcos regime. Tracing the structural origins and tendencies of the industry over time helps to illuminate the historical and geographical factors that continue to hamper progressive forms of economic development and the advancement of worker rights in the present day.

Three arguments are important to consider in this analysis. The first is to recognize that Spanish colonial expansion in the Philippines, which began during the mid-sixteenth century, was an uneven process with different regions having different experiences in varying historical periods. As McCoy (1982: 8) notes, the Spanish experience was not expressed uniformly (socially or spatially) over the regions of the archipelago as the Philippines “emerged as a series of separate societies that entered the world economic system at different times, under different terms of trade, and with different systems of production.” In this way, Spanish colonial policy encouraged the regional economies of the Philippines to specialize in different agricultural cash crops for export such as abaca, tobacco, coffee, and coconut products, with sugar being the primary commodity grown in the Western Visayas. McCoy suggests further that often acting as a catalyst for these forms of development were regional elites of varying, and at times conflicting, economic interests. As will be shown, these past developments have left a number of legacies related to the spatial, social, economic, and political structures of the province.

The second point concerns the Negrense elite and their ability to position themselves within the predominant social system in order to ensure and further advance their political and economic interests. McCoy (1992: 109) refers to this as the “Janus-faced role” of the Negrense

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<sup>34</sup> The Philippine sugar industry has an extremely rich and complex history, well documented by Filipino and western based scholars (see Aguilar, 1998; 1994; Angeles, 1995; Billig, 2007; 2003; 1994; Constantino, 1975; Giusti-Cordero, 2007; Larkin, 1993; Lopez-Gonzaga, 1994; 1991; 1989; McCoy, 1994; 1992; 1991; 1985; 1984; 1982; 1982a; Nagano, 1988; 1982; Ofreneo, 1980; Quirino, 1974; Rutten, 1982; Sa-onoy, 1992).

planters “as both subjects and beneficiaries of imperial rule.” Throughout the province’s history, one that involves Spanish and American colonialism, Japanese occupation, and post independent neo-colonial ties, the sugar elites were able to take advantage of colonial and foreign power, and translate the workings of the Philippine export economy into national political influence mainly through consolidating their local bases of power in the province and tightening their grip on local forms of labour control.<sup>35</sup> Invoking Hart’s (2001; 2002) claim given earlier that the impacts of global flows into places are often read unidirectionally or causally with little thought given to bidirectional or multidirectional flows between connected spatial points, the case can be made that the activities and political collaborations of the region’s elites, through different historical periods, was the most significant factor shaping the nature of linkages to the global economy and the course of the region’s political-economic development.

Third, taking heed of Bosma et al.’s (2007: 10) warning of “insular” and myopic forms of analysis on sugar and colonialism, my focus on Negros is deliberate in order to stress the strong continuities in regional and local forms of social regulation over time and space. Though Negros Occidental remains the sugar bowl of the Philippines in the present day, other areas in the country do have long histories of sugar production. These include sites in Pampanga, Tarlac and Batangas among others, with significant growth of the industry in recent decades in areas of Mindanao (see Larkin, 1993). These regions too have different economic histories and variable experiences of tenancy relations, waged and non-waged means of compensation, and forms of labour regulation. At another level, Negros, like many other provinces in the country provides a setting to observe the uneven spatial effects of state policies enacted at larger spatial scales. The establishment of labour legislation and limited welfare provisions at the national scale during the post-independence era has done little to alter the distinctive regional and local forms of labour’s social regulation in the province.

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<sup>35</sup> This finding is consistent throughout different historical periods of the region (see Larkin, 1993: 8; Aguilar, 1994; 68; Constantino, 1975: 300; Giusti-Cordero, 2007; McCoy, 1980; 1992).

### 4.3.1 The Sugar Industry during late Spanish Colonialism (1855-1890s)<sup>36</sup>

The social transformations that occurred towards the end of the Spanish colonial era gave rise to the distinctive structural character of Negros and laid the foundations for the labour market's broader operation.<sup>37</sup> By the late eighteenth century, Spanish colonial economic policy shifted from the galleon trade based on the exchange of Mexican gold and silver for Chinese silk and imported goods, to the export of agricultural production and cash crops.<sup>38</sup> This shift deeply affected the economic orientation of the Western Visayas and had a dramatic effect on Ilonggo society, the development of Negros, and the region's landscape of labour.

The rise of the Negrense plantation economy is connected historically to the decline of the textile industry in neighbouring Iloilo that thrived during the late eighteenth century. Chinese mestizo and mestizo-Ilonggo merchant entrepreneurs from the districts of Molo and Jaro emerged as the region's economic elite. Employing women weavers that concentrated in Iloilo City, they produced cloth for markets in Asia, Europe and the Americas (McCoy, 1982: 302). Prior to the plantation boom on Negros, Iloilo was home to "an independent mercantile elite who controlled their own capital, equipment and transport" and whose activities helped turn Iloilo City into a "proto-industrial centre", that at its peak during the 1850s rivaled Sydney, Chicago, and Buenos Aires in population size, and that by the late 1890s had replaced Manila as the region's main regional distribution centre (McCoy, 1982: 308, 310). In this sense, Iloilo City was a core area integrated into the world economy. This status would change, however, when the city was opened to foreign commerce.

The opening of the port of Iloilo to international trade in 1855 unleashed a number of forces that shifted capital, labour and the interests of mestizo elites away from Iloilo's once

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<sup>36</sup> For these sub-sections of the chapter, I draw primarily on the works of historians Alfred W. McCoy, John A. Larkin, and anthropologist Michael S. Billig. McCoy's works in particular examine the experiences of sugar's industrialization and unionization in the Western Visayas, as well as the developmental politics of the region (see also McCoy 1982a; 1982b; 1977). I visit a number of Larkin's (1993) arguments more thoroughly in Chapter 6 of this dissertation called "Worker Identities: The Vicmicans of Sugarlandia." Billig's latest monograph (see 2003) is the most recent and comprehensive examination of the contemporary dynamics of the Philippine sugar industry. I visit a number of his arguments in the latter sections of this chapter (see also Billig, 2007).

<sup>37</sup> McCoy (1982: 300; 1984: 335-336) argues that the Western Visayas region has undergone three major economic transformations over the past 200 years. The first took place during the late eighteenth century and involved the shift from subsistence farming to the export production of textiles. The second transformation was the shift from textiles to sugar production following the opening of the port of Iloilo in 1855. The third transformation (discussed in the American colonial period of this chapter) was the modern industrialization of the milling sector.

<sup>38</sup> For an examination of the different types of economies existing in the Philippines during the pre-1750 period, see Wickberg (1965). The shift in Spanish colonial economic policy that I discuss in the early part of this section occurred approximately twenty to twenty-five years following the British occupation of Manila from 1762-1764. Besides the "Western" economy oriented to the Spanish galleon trade that linked Manila and Acapulco, Wickberg (6) identifies the "native" economy oriented to local subsistence agricultural production, and the "Chinese" economy. He notes that the trading activities of Chinese mestizos were common in these early colonial settlements.

prosperous textile industry and towards the development of sugar plantations on the Negros frontier. The Manchester “cotton famine” caused by production tied to the American Civil war (1861-1865) allowed the Ilonggo textile industry to remain buoyant for a handful of years until manufacturing in Manchester recovered in 1864-65 (McCoy, 1982: 306-307). Unable to compete with the cheaper foreign imports of English producers in Manchester, Iloilo’s native weaving industry fell into sharp decline by the late 1870s and into the 1880s. The movement of foreign finance, local labour and capital, already underway since the mid 1850s, accelerated into the development of Negros. The sugar boom had begun.

Primarily a lush and lightly populated frontier region of the Spanish colony during the 1840s, the introduction of sugar cultivation over roughly a fifty year period forever changed the economic, agricultural and labour geography of the province. Migrants from Panay, Bohol and Cebu initially cleared Negros and settled on small subsistence farms that produced a limited amount of cash crops (Billig, 2003: 33). This was followed by the gradual acquisition of lands mainly by the Chinese mestizos and Ilonggo-mestizos of Iloilo City, along with Spanish mestizos and creoles. While the planters would eventually assume a virtual monopoly over the control of land and labour in Negros especially into the twentieth century, the actual export of sugar fell largely under the control of foreign merchant trading houses or *casas* of British, Spanish, Swiss and American origin whose appearance followed the opening of the Iloilo port to foreign trade.<sup>39</sup> Lacking the funds to capitalize the industry, the mestizo elites became dependent on two British banks, the Hong Kong & Shanghai and the Chartered, along with the foreign *casas* for financial credit. McCoy (1984: 336) observes that the banks and *casas* were at the “apex of a hierarchy of credit relations” that tied together the major actors of the sugar industry. Through a succession of lending, groups offered loans at increasingly higher rates of interest to other actors at lower rungs of the region’s social economic structure: the banks to the *casas*; the *casas* to the planters; the planters to their workers and small farmers. Because credit was borrowed against next season’s crop, it was typical for planters to become indebted.

Plantation development altered the province’s demographic, industrial and economic composition. From the 1850s to the end of the nineteenth century, the province’s population grew from 18,805 to 308,272 (Lopez-Gonzaga, 1994: 45). The amount of sugar produced increased from 3,000 to 1,800,000 piculs while the number of sugar mills established grew from

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<sup>39</sup> The appearance of British and American firms onto the Iloilo scene would eventually lead to the downfall of the Ilonggo textile industry. Commentators attribute its demise to one man, British vice-consul Nicholas Loney, a commercial agent for British and American firms. For an analysis of his activities and their impact, see McCoy (1982); Lopez-Gonzaga (1994: 57-61); Billig (2003: 34-35).

7 to 821 (McCoy, 1982: 311).<sup>40</sup> These labour-intensive mills were typically small in scale, and were either animal driven or steam powered, and produced muscovado (semi-refined or brown sugar) (Giusti-Cordero, 2007: 183). Sugar was exported mainly to Great Britain and the United States, with a fluctuating amount of smaller shipments to California and Pacific Ports, China, Japan, Hong Kong and continental Europe (Larkin, 1993: 250, 251).

#### 4.3.1.1 Labour Regulation

Echoing the familiar themes of primitive accumulation and dispossession, and aided by the colonial state, the acquisition of lands by elites went hand in hand with their strategies to generate and secure a sufficient supply of labour. As McCoy (1982: 317) explains, “the planters were, in essence, trying to establish a labour intensive industry in a labour-deficit area that forced them to devise a complex of labour control strategies.” These included “the forced expropriation of peasant farms later legitimized by legal documentation; cash purchase of small peasant farms to form a plantation; and high interest loans to peasant proprietors with default provisions requiring forfeiture of land and years of debt bondage”(317, 320). Besides the debt bonding of resident labourers, cash advances were offered as a way to ensure the settlement and stability of the workforce (McCoy, 1982: 320), while additional cutters (called *sacadas* or seasonal labourers) from Antique and other areas of western Panay were hired through a *contratista* (labour contractor) during the peak harvest season in order to prevent significant crop loss (Billig, 2003: 39).

The methods used to dispossess farmers and to discipline agricultural labour were reinforced both directly and indirectly by the workings of the Spanish colonial state. Forms of landgrabbing by the early *hacenderos* (large landholders), along with instances of violent expropriation, were legitimized through their manipulation of the state’s limited capacities to both process land titles and to maintain everyday social order. The *hacenderos* often bribed corrupted officials and developed close relationships with those in political power to formally legalize their land claims which by the 1890s led to their amassing or consolidating the best lands of the province (Billig, 2003: 36-37).

On the haciendas, the *encargado* (overseer) drew on relations of force and coercion to discipline workers. Often employing “corporal punishment”, workers were commonly whipped and beaten to maintain order (McCoy, 1982: 320). This resulted in the fleeing of workers from

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<sup>40</sup> According to Billig (2003: 277) one picul equals 63.25 kilos or about 140 pounds. He states that in the 1991-92 crop year, the country made the 50 kilogram bag the official unit of measurement for unrefined sugar even though the “picul” is still commonly used.

the haciendas (and their debts) which led to a worker pass system and a sophisticated array of security patrols deployed by the planter in alliance with the colonial state military. These labour control strategies of the plantation were inherently spatial. Essentially treated like indebted slave labourers, the constant presence of armed guards deterred the mobility of workers beyond the hacienda, while major roads were watched by the state's *Guardia Civil* to prevent labour flight (McCoy, 1982: 323). It was also common for planters to "confiscate" the passes of workers to restrict their movements (Billig, 2003: 38). Such a practice further entrapped the *dumaans* (resident labourers) and discouraged the "plantation-hopping" of labourers seeking better living and working conditions on other farms. Though required to carry passes, workers without them were subject to harassment and prosecution by the *Guardia Civil*.

Two arguments are important to consider with respect to the emergence of a wage-labour system in Negros during this time. First, although the extent of planter class hegemony, the nature of planter-state alliances, and the prevalence of a wage-labour system have been brought into question by the end of the Spanish era (Aguilar, 1994), scholars are more or less unanimous that waged labour relations, and not patterns of share tenancy (as evidenced in Pampanga and on other haciendas in the north), emerged at an earlier point in Negrense agricultural development. McCoy (1982: 326) attributes this to the Ilonggo mestizos prior experience of a waged-labour system and the debt bonding of their women employees in their proto-industrial textile shops. Ultimately producing a type of "deproletarianized" cultural variant (Aguilar, 1994) and accounting for the important role played by paternalistic tendencies in social relations, the hacienda operated (and continues to operate) like a factory in the field especially as it developed into the American colonial period. The second point concerns the complex issue of wage setting within this broader context of debt bondage. Larkin (1993: 78-79) explains that wages were not only variable among different plantations, but that the "salary equation" must also consider the land that a worker and his family occupied on a hacienda (a small house and farming plot), the balance of rice and cash loans offered by the planter, and the credit and interest charges accumulated at the hacienda store for receiving essential goods. In Billig's words (2003: 39), "while this was ostensibly a wage-labour system, hacienda labourers functioned and appeared much like subsistence workers bound to their haciendas for life."

In sum, the events of the late Spanish colonial period point to the beginnings of a number of social tendencies related to the regulation of the economy and labour in Negros. The first tendency involves the increasing autonomy of local class elites from the colonial state to discipline labour. Already apparent was the ability of the early *hacenderos* to play on the

limitations and inadequacies of the colonial state to work to their advantage. Manipulating the process of Negros' transformation, their activities established a more polarized and consolidated pattern of landholding in the northern and central areas of the province with smaller landholdings in the south. The second tendency concerns the emergence of the region's economic dependency on dominant actors of core countries located elsewhere in the global economic system. The shift from the production of textiles in Iloilo to the cultivation of sugar in Negros turned an economy largely under the control of local merchant elites to one influenced by foreign commercial interests. Formerly a region independently capable of producing, consuming and exporting a surplus of goods, the wealth generated by sugar production in Negros now became dependent on foreign creditors and on the fluctuating price of sugar in the market centres of New York and London.

The third set of tendencies is linked to the social regulation of labour. The process of primitive accumulation and its relationship to the generating and securing of a sufficient labour supply took a particular form in the development and early industrialization of Negros. With the limited capacity and reach of the Spanish colonial state, planters were free to expropriate the lands of peasants using any means at their disposal and in so doing began limiting their access to forms of subsistence while increasing labour's reliance on the hacienda and a waged system. At the same time, the planters began to entrench a variety of labour control methods to discipline and restrict the mobility of labour whose violent undertones echo in a similar manner in the present day. Though an overt paternalism was deployed by *hacenderos* to reproduce the workforce on his plantation (discussed in greater detail in a section below on sugar's spatial development), its existence was underlain by relations of coercion reinforced by the indebtedness of workers, the hacienda's contingent of armed guards, and ultimately the military power of the state. These factors prevented workers from selling their labour freely on the market. Yet, even in this early period of the Negrense sugar industry, the activities of hacienda workers, both resident and temporary, are seen as actively shaping the economic landscape - the planter's paternalism, the plantation's spatial forms of labour control, and the nature of capital/state interventions into the labour market.

#### **4.3.2 The Sugar Industry during American Colonialism (1898-1946)**

The events of the colonial and neo-colonial American periods further entrenched the structural patterns and regulatory tendencies established during the late Spanish colonial era. The regional elites grew in power and influence within the American imperial system, while the

production of sugar became increasingly oriented to and dependent on the American market. This period also bore witness to the sugar industry's last major economic and industrial transformation in the early decades of the twentieth century: the introduction of the modern centrifugal mill. Its appearance further transformed sugar society, its social class hierarchy and the job structure of the region, and raised a number of dilemmas with respect to the regulation of the sugar economy and its local labour markets.

The uneasy transition to American colonial rule provided further opportunity for the Negrense and Ilonggo elite to exert their dominance over the region. In the final years of the Spanish era, the expansion of plantation development, the expropriation of lands, and the poor working conditions on the haciendas gave rise to a peasant rebellion lasting from 1896 to 1907 that was led by Dionisio Sigobela or Papa Isio, an Ilonggo hacienda worker who laboured in the La Carlota sugar district (McCoy, 1992: 120). Observing the *babaylanismo* or pre-Christian spirit medium, the revolt had its origins in anti-Spanish and nationalist sentiments but later evolved into a protracted class based "holy war" against the *hacenderos* and the Americans (Billig, 2003: 41). The movement originated in central Negros and significantly affected the industry in southern areas of the province. The planters drew initially on the *Guardia Civil* to quell the uprising and even formed alliances with the rebel and nationalist movements when the end of Spanish rule was imminent. But with the production of sugar and the economic interests of planters threatened by the broader objectives of the Philippine Revolution (launched by nationalists in Manila in August 1896), the Negrenses declared a "Federal Republican Government of the Canton of Negros Island" (or an independent Federal State of Negros Island) that gave citizenship solely to landowners and capitalists (Billig, 2003: 41; also see Aguilar, 2000). With the Republic of Negros lasting only a few short months, the planters sought protectorate status under the United States in order to ensure the social stability of the province, their continued autonomy under colonial rule, the maintenance of their economic interests, and the suppression of the *babaylan* movement which was ultimately defeated by US forces (Angeles, 1995: 207). Showing a keen opportunism, by forming strategic alliances with key actors within the contours of a changing colonial order, the Negrense planters were able to protect the bases of their social, economic and political power. Their manipulation of the American imperial state apparatus would not only further expand that power to the national political level, it would also help usher in the golden age of the sugar industry.

A number of factors favored the development of the Philippine sugar industry under the colonial patronage of the United States. The first involves the changing circumstances in the

global sugar economy. Facing competition from Cuban, Hawaiian and Puerto Rican sugar producers at the beginning of the twentieth century, the planters lobbied through their industry associations and ultimately won tariff concessions and preferential access to the American market. This came in the form of the Payne-Aldrich Bill of 1909 that granted a 300,000 ton duty-free import share of Philippine sugar to the US, and similar conditions followed with the passage of the Underwood-Simmons Bill of 1913 that established US free trade. By this time the Philippines, together with Hawaii and Cuba became the major sugar producers for the US. The industry's fortunes looked even more promising by the end of World War I and the decimation of the European Beet industry, a major contributor to the global sugar supply. While Cuba absorbed most of the global demand, more than doubling its production during the late 1910s (Larkin, 1993: 148), the global price of sugar skyrocketed which tremendously benefited Filipino planters. A number of other events boosted the conditions of the industry. A series of tariff acts from 1916 to 1922 by the US Congress raised duties on foreign sugar imports (including Cuba), but continued to assign duty-free status for the Philippines. Sugar producers also enjoyed a protected New York price, which in comparison to the London price that ranged from 30 to 150 per cent, led to their complete dependence on the American market (Angeles, 1995: 208). Even into the Great Depression, American refiners made up 60 per cent of the country's export income through their purchase of sugar, compared to 30 per cent in the early 1920s (Larkin, 1993: 149). Yet, despite this temporary windfall for the planters, the sugar industry needed to produce higher quality and better refined white sugar in order to remain competitive at the international level.

The second factor concerns powerful American economic interests and their effects, both beneficial and pernicious, on the sugar industry. The establishment of US free trade in 1913 and preferential access to the American market encouraged the inward flow of American global capital (financial, industrial, banking, commercial) into the Philippines. With 80 per cent of sugar production concentrated in Negros during the 1910s, the colonial government and American investors saw the industry as "the only sector capable of absorbing a major infusion of capital" and understood its potential profitability (McCoy, 1992: 122). Under the aegis of the colonial state, domestic capital formation and accumulation were improved through the state's creation of the Agricultural Bank in 1907 and with state support of the Bank of the Philippine Islands, both used to finance the planters. The creation of the Philippine National Bank (PNB) in 1916, a state owned financial institution, provided the next major source of credit used to support the interests of sugar. The infusion of foreign and national sources of capital from Hawaii,

California, Spain, and from local Spaniards and Filipinos were used to finance the construction of seventeen modern centrifugal mills from 1914 to 1927 (Billig, 2003: 46-47) with the Victorias Milling Company being one of them. The early centrals were raised initially in northern Luzon and Negros: California interests took hold on estates in Laguna (1914) and Pampanga (1919) in northern Luzon; Hawaiian interests at the Negrense sites of Silay and San Carlos (1920); Spanish interests at La Carlota (1920), Bais (1919), Ilog (1916) and Kabankalan (1917); Filipino interests in Batangas (1914), and at Talisay (1912) and Bago (1913) in Negros (Larkin, 1993: 59). The Ossorios, the main protagonists of the dissertation's empirical case study, established factory shops in Manapla (1917) and in Victorias (1919) both located in northern Negros. These centrals replaced the hundreds of smaller labour-intensive muscovado mills spread across the province and led to an exponential increase in sugar production. The centrals also required the further expansion of plantation lands, a process that exacerbated an already polarized pattern of landholding.

The arrival of the industrial central during the 1910s and 1920s introduced additional groups to sugar society. These included the powerful sugar millers and sugar traders that consisted not only of foreigners and Americans, but also mestizos, Spaniards and Filipino planters who expanded their interests into the milling and trading sectors. One particular group of mills backed by the PNB was called the "bank centrals" which were exclusively owned and managed by Filipinos. PNB bank centrals were constructed in Negros at Isabela (1919), Ma-ao (1920), Bacolod (1920), Talisay (1920), and Binalbagan (1921), and at San Fernando in Pampanga (1921) (Larkin, 1993: 59). As Angeles (1995: 208-209) observes, the PNB became the "milking cow" of the planters and millers who used their access to low-interest credit to clear additional lands, take out crop loans, purchase improved farming implements, and to import state-of-the art milling technology from the US and Hawaii. Taking the PNB to near insolvency, she argues that through these developments the Filipino millers and planters were able to shift their dependence away from the foreign trading *casas* and towards the PNB and its financial ties to the colonial state.

Another occupational segment was also added to the composition of the labour market, the industrial mill worker. As the sugar central system deepened its roots into the local economic landscapes of Negros, the social differentiation and stratification of workers became more defined and strongly resembled its present day character. The *sacadas*, or seasonal migrant sugarcane workers, occupied the "lowest" segment of the waged job hierarchy at least until the 1920s when a surplus of labour began to emerge in Negros due to increased settlement and

population growth. They were subjected to temporary contractual status and held the most precarious and marginal position within Negros' local labor markets. Medical and transportation expenses were usually deducted from their fixed daily wages which were comparable to settled plantation workers. Though the practice of deploying *sacadas* continued into the 2000s and 2010s, many of them were already *labradores* or *dumaans* (resident labourers) from the south of the province. These were typically families living on plantations that received daily wages or did *pakyaw* (piece rate work). While the mills can potentially run throughout the entire year, the actual planting and harvesting cycle of sugarcane usually lasts from October to April, thus leading to the *tiempo muerto* (the dead time or dead season) or *tiempo tinggulotom* (starvation time) from May to September. During these lean work months it is common that the subsistence food supplies and household incomes of *dumaan* families run low. Whether it be planting small cash crops or taking on odd jobs, livelihood diversification is a part of the *dumaan's* everyday life. Plantations are administered by an *encargado* (overseer) who organizes his *cabos* (foremen) that directly supervise the worker-gangs in the fields. The *encargado* reports to the *hacendero* (the large landowner) who, especially in the present day, resides in the major urban centres of the region, Bacolod, Iloilo City, or in Manila or abroad.

At the centrals, labourers were incorporated into new types of jobs. These included a need for mechanics, conductors and trainmen on the central's railroads, sugar weighers (*manugpisar*), paymasters (*pagador*), bookkeepers (*tenedor de libro*), warehousemen (*bodeguero*), carters (*pakyador*), truckers, tractor drivers, herdsman (*bakero*), timekeepers, watchmen (*ronda*), supervisory personnel, stevedores (*cargadors*) (Larkin, 1993: 177), and more specialized manufacturing jobs involved in the new industrial labour process such as screen specialists, machine/control board operators, and maintenance men who worked on the grinders in the mills, the water pumps in the power stations, and on the vacuum pans and centrifugals in the central's boiling houses. Overseeing these operations were the *centralistas*, the central owners and managers, who were added to the upper echelon of the industry's social structure. Sophisticated technical knowledge was typically concentrated in this new segment during this period and was largely supplied in the Philippines by the Hawaiian sugar industry, the expatriate community, or was acquired through the *centralista's* own personal social networks. As time passed, many of the family run centrals started reproducing their own crop of technical and administrative specialists (engineers, agronomists, chemists, lawyers, business managers, economists, accountants and the like) by sending family members to train at prestigious foreign universities in the United States and Europe. Experts continued to be recruited through the

industry's transnational inner social circles at least until the end of the American neo-colonial period.

A third major factor shaping the development of the industry was the infusion of class based sugar interests into the workings of the colonial state. As McCoy (1992: 123-124) explains clearly, through the "indirect" nature of colonial rule, the planters were able to enhance their power at the local and national scales by using the political institutions introduced into the archipelago by the US: elected municipal and provincial governments, the establishment of a Philippine Legislative Assembly (Congress), and a Philippine Senate that strongly shaped the direction of colonial policies. As expected, sugar elites were elected and appointed to key government posts (including within financial institutions such as the PNB), and together with their planter counterparts in Pampanga and Tarlac in Central Luzon, formed a national political power bloc capable of shaping election outcomes at the national, provincial and local levels, while also having the power to support the interests of sugar as they related to trade and investment policies with the US (Angeles, 1995: 208). At the outset of the US colonial era, then, the reliance of American imperialists on local elites to assist in carrying out administrative rule not only allowed them "ample room to participate and intervene" directly in the affairs of government which resulted in the "part-indigenous complexion of the colonial state" (Aguilar, 1998: 189; 1994: 68), it also allowed the interests of sugar to become deeply-seated into the institutional fabric of political and economic life in the Philippines and Negros. As these institutional roots grew stronger over time, so too did the power of the planters and their ability to protect their interests no matter what the social cost.

The *centralistas* were perhaps even more politically organized than the *hacenderos* during the early modernization of the Philippine sugar industry in the 1920s. The Philippine Sugar Association (PSA), established in 1922 as a technical forum, was a "cosmopolitan mix" of Filipino, American and Spanish mill owners and managers who acted as a united front against "Cuban, Puerto Rican, Hawaiian, and U.S. beet interests for privileged access to the American market" (Larkin, 1993: 160). The PSA monitored both domestic and foreign activities that affected the industry, including direct intelligence from the US Bureau of Insular Affairs (BIA). In 1929, the PSA (like the PNB) opened a New York office to lobby for the price of sugar. Additional funds were used to support the association's lobbying efforts in Washington, hiring influential Americans such as former senator Harry Hawes of Missouri, and Joseph Tumulty, a former personal advisor to President Woodrow Wilson, to press the interests of Philippine sugar producers in the United States (Larkin, 1993: 164-165). Like the *hacenderos*, *centralistas* also

entered politics and the sector had their own politicians operating at all political scales from Negros' local townships to the Filipino legislature and senate.

In addition to these major factors that shaped the development of the industry, the dawning of the modern sugar central also significantly affected the spatial development of Negros and its labour geography. I now turn to these two topics.

#### **4.3.2.1 Spatial Development, Labour Process, and Industry Culture**

The expansion of the plantation economy and the advent of the sugar central left a distinct pattern of spatial development peculiar to Negros. The entire perimeter and inner areas of the boot shaped island are formed by approximately a dozen spatially contiguous sugar milling districts. Each central was located in the centre of its own respective district and dominated the urban township in its vicinity (see Figure 4.2). With the exception of the provincial capital, Bacolod (a city of almost 450,000), that presently articulates the regional economy to the rest of the country, most settled areas are sparsely populated and remain moderate in size, typically consisting of about 50,000 to 150,000 people in the present day (PNO, 2007). Negros' spatial development is also reflective of the region's labour market and monocrop economy. Aside from Bacolod and the provincial urban centres (with jobs usually limited to urban services, transportation and a small number of public sector positions), very few permanent work opportunities are available outside of the island's plantation economy. Rural workers are limited to informal and casual work in Bacolod and the milling townships, or in non-farm jobs of easy entry closer to their haciendas.

With production processes literally rooted in the soil, the hacienda and central mill evolved as autonomous spatial units with "production politics" and struggles over the labour process largely isolated from the interventions of the colonial administration, and later following independence, the reach of the Philippine state. Following the opening of the Negros frontier, the planter became an "agent of the Spanish colonial regime" who could draw on its legal and military might "to enforce his authority" (McCoy, 1982: 325), and who was mainly responsible for the reproduction of labour power on his hacienda. Although road infrastructure projects and the introduction of the central railway systems improved access to sugar farms during the American period, the hacienda was largely an isolated and self-contained community and remains so in the present day. The hacienda was generally composed of areas and spatial instruments devoted to sugar production (cane fields, *bodegas* (warehouses), field towers, and a small administrative centre) with a central meeting place to assemble, direct and administer the

workers. As an open-air factory, jobs on the plantation for *dumaan* families involved the cultivation of sugarcane, its harvesting, loading and transport with its spaces also serving as a means of disciplining and reproducing the workforce. The planter provided housing and small farming plots to all permanent workers that were located nearby the central meeting area. Spaces were also devoted to the household consumption of workers as a *cantina* (general store) was located on site and offered credit and other essential goods to residents, usually at exorbitant rates and prices (Larkin, 1993: 222). Such stores were mostly owned by the *hacendero*, or as more common in recent decades, were cooperatively run by *dumaans*.

Given the significance of the planter's role in the overall welfare and reproduction of the workforce, the social relations on the hacienda have been historically characterized as a moral contract based on paternalistic tendencies. The cultural embeddedness of paternalistic relations, where planters provide workers with housing, credit (for food, emergencies, expenses and healthcare), and small plots of land to grow food, in return for their loyalty and political support (see Rutten, 1982: 13-23; Aguilar, 1998: 141-146), casts sugarcane workers as "dependent" and "helpless" and partially explains their spatial fixity and overall political passivity in many localities throughout present day Negros. Although paternalistic social ties are constantly being challenged and reconfigured, many local observers argue that it will take decades for these dependent ties to completely dissolve in some areas (Billig, 2003: 202-226). Yet, given the more permanent absence of the planter on his hacienda and the ongoing episodes of violent political resistance by *dumaans* that take place on many plantations in the present day, relations on the hacienda can be best described as a mix between the vestiges of paternalistic reciprocity and the interaction of class-based organizations, which will inevitably vary from farm to farm.

The social hierarchies of the hacienda based along race, gender, and class, along with similar processes related to the incorporation, allocation, disciplining and reproduction of labour were transferred from the farm and deployed within the central mills. The industrial milling process required a permanent workforce consisting of 1,000 to 1,500 men, and like the isolated hacienda, mill workers had to be housed and cared for on site. Drawing on a largely male agricultural workforce formerly employed on the haciendas and their labour intensive muscovado mills, both colonial and mestizo/Filipino oriented forms of despotism drew on a mix of paternalistic and coercive relations (whose nature, character and evolution was specific to each central) in order to retain and discipline their workers.<sup>41</sup> Like the hacienda, the *centralista*

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<sup>41</sup> Larkin (1993: 177) adds that making sense of the conditions experienced by sugar workers during the dawn of the modern sugar centrals is difficult mainly due to a lack of comparative materials from earlier and subsequent periods.

capitalist intervened in the productive, consumptive and reproductive spaces of the central. A more elaborate system of bonuses and compensation was used to secure a stable workforce and to encourage their settlement, while the setting of wages and salaries were again entangled in patterns of worker indebtedness to the central and its company store (see Dungo, 1969). The central offered health benefits, recreational facilities and provided medical support to deal with the high rate of industrial accidents befallen on workers exposed to chemicals and heavy machinery on an everyday basis (Larkin, 1993: 180-181). The use of curfews, pass systems, and fines for violations of conduct were backed up by strategies of force, the threat of violence, and the factory's armed private security guards who policed its spaces and borders. Despite these prevailing conditions, scholars assume that as the mills became more established over time, the central workers typically experienced better pay, compensation and treatment than their *dumaan* counterparts on the sugar plantation (Larkin, 1993: 177, 180, 215, 216; Angeles, 1995: 206), especially since industrial jobs were more specialized and required some degree of skills training.

By design, the sugar milling district lent itself to the social and spatial segmentation of the local labour market in rural Negros. As a factory compound, the central had a spatially circumscribed geography further reinforced by the isolated nature of the hacienda and the milling district. The centrals, like the haciendas, were essentially private and isolated spaces located in areas of low population densities surrounded by sugar lands. They were mainly accessible only by road or by dock front which most mills used to transport their finished sugar. This overall form of spatial organization facilitated the physical and social separation of rural and industrial labour collectivities within each local area. For the *centralistas*, drawing upon and enforcing this separation has been vital to their control over the mill's industrial labour process.

The distinctive spatial character of the central and the milling district was mainly a result of the interplay between the interests of local and foreign elites and how these were negotiated by the colonial state during the American period. The initial foreign investors into the milling sector faced the problem of securing a steady supply of canes to process at their centrals during the milling season. As Billig (2003: 46) explains, sugar mills in other national contexts either own the surrounding agricultural lands or engage in extensive lease arrangements. Such examples include the contemporary sugar agro-industrial complexes of Brazil or the massive land-and-factory combines owned by American corporations in Puerto Rico that operated during

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He does, however, point to the range in worker categories that existed at the time and the variability in local worker histories.

the same period as the early Philippine centrals (1920s) (see Giusti-Cordero, 2007: 185). The Public Land Act of 1902 prevented foreign corporations from owning large expanses of land and limited their holdings to 1,024 hectares. This law partly reflected the interests of the American beet industry who wanted to hinder the development of the central and reduce competition from Philippine sugar imports (Larkin, 1993: 57), and the interests of Filipino planters who wanted to maintain existing patterns of landholding and prevent the rise of a yeoman farmer class (Billig, 2003: 46). In order to encourage investment, ensure profitability of the industry, and secure a steady supply of canes, the practice of the milling contract and fixed milling district came into practice in 1912. Within such a system, the mill's railway transported the planters' canes to the central for processing. During this early period, milling companies typically received a 40 per cent share of milled sugar with 60 per cent going to the planters. Agreements lasted anywhere from five to thirty years. *Hacenderos* formed their own district associations and later consolidated into a larger body, the National Federation of Sugarcane Planters Association (NFSP), partly to contest the sharing ratio of milled sugar and the power of the *centralistas'* PSA, as well as to secure planter interests within the state and the PNB. This rivalry for control of the industry intensified until the end of the Second World War and remains a fundamental obstacle towards improving the industry. Nonetheless, the long-term milling contract and the fixed milling district encouraged both a non-competitive market environment and local "monopsonistic" practices between a central and its district planters.<sup>42</sup>

These conditions were further reinforced by the imposition and enlargement of the US sugar quota in the decade prior to Philippine independence in 1946. Portions of the quota were assigned by the Philippine Sugar Administration to the centrals who then assigned fixed quotas to their district planters. As Billig (2003: 52) argues, the quota system allowed millers to grow in their political and economic influence, but it dampened the "entrepreneurial drive" of the sugar elites and provided "no incentive to improve production methods or increase efficiency." Furthermore, the US sugar quota solidified the external orientation of the sugar industry. McCoy (1992: 125) states that with "sugar exports increas[ing] from 157,000 tons (worth 15 per cent of exports) in 1913 to one million tons (or 62 per cent of exports) in 1930 almost all bound for the US, ... [t]he Philippines thus became doubly dependent on a single crop and a single market." The emergence and legacy of these institutional arrangements, mainly the milling contract and

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<sup>42</sup> "The familiar word 'monopoly' refers to a market with a single seller. The less familiar 'monopsony' refers to a market with a single buyer, such as an exclusive government trading agency" (Billig, 2003: 22, 275). The term, as used by Billig, also aptly describes the nature of economic relations between the Philippines and the United States concerning sugar and other Philippine export agricultural goods.

the fixed milling district at the local level, and their connections to the broader regulatory processes of dependency through the US sugar quota, gave rise to a number of distinctive practices that continue to affect negatively the development of the industry.

#### **4.3.2.2 Industrial Labour Regulation and Labour Geography**

The arrival of the modern sugar central and its requisite regiment of industrial mill workers was accompanied later with the rise of the region's trade union movement. This period of "limited industrialization" in Negros dramatically changed the organization of work and industrial labour relations in all significant spaces of production: the ports, the plantations, and the factory mills (McCoy, 1984: 336).<sup>43</sup> Although the emergence of such a movement with the potential to alter drastically the course of industrial development in the province was swiftly suppressed by the *centralistas*, the efforts of workers during this time did influence the internal employment policies of the mills and changed forever the "spatial praxis" of the "sugar barons" and the logistical operation of the industry.

Over the course of a single decade (1921-1931), a series of labour strikes, ever growing in intensity and scale, spurred initially the centrals to reconsider their collective and individual labour control schemes. With the neighbouring port of Iloilo articulating the trade, shipment, and export of sugar from the region into the global economy during this time, the area was the first to experience an intensification of the labour process and changes to its organization of work. Strikes occurred on its docklands in 1921 and 1930 with stevedores protesting over reduced wages and poor working conditions imposed by the foreign trading house *casas*. These social conflicts were forerunners of a larger general strike in 1931 led by Jose Nava, a provincial newspaper editor and president of the regional labour union the Federacion Obrera de Filipinas (FOF). At the time, the FOF was the largest labour union in the Philippines that had a membership of more than 185,000, with many from the Visayas and Mindanao (McCoy, 1982: 339). The potential collective strength of the FOF and its plan to impose a regional scale of collective bargaining threatened the balance of power within the sugar industry and the *casas'* and centrals' control over the colonial economy. With world sugar prices declining sharply in the early 1930s, the union leader took advantage of disputes between planters and millers over the sharing ratios of milled sugar. In the hope of gaining the planters' support for the union, Nava launched a series of work stoppages. The first strikes were at the mill docks in Negros, followed by a general strike at the Iloilo port, and another at the Central Azucarera de La

Carlota. The initial strike that began in northern Negros at the Victorias Milling Company sparked a series of dock strikes at the Hawaiian-Philippines and Talisay Milling centrals down the northwestern coast, and at La Carlota, a more inland central at the province's centre. The eventual failure of negotiations between the mills and the union over dock workers' demand for an increase in piece rates for the shipping of sacked sugar, planted the seed for a more pronounced and deliberate labour control scheme on the part of the centrals.

The emergency meeting that called together mill managers and planters' groups to the Talisay Milling Company, the *Junta Talisay*<sup>44</sup>, on January 17 1931 was a turning point in the Negrense sugar industry for three main reasons. First, even though the purpose of the meeting was to create a united front against the threat of an industry wide union, and with hostilities still fresh over unequal milled sugar ratios, the *Junta* had the opposite effect of sharpening divisions between planters and the centrals, which played into Nava's original plan. As a consequence, planters refused to support the mills in the event of additional FOF strikes and formed an alliance with industrial workers to push for greater control over the industry and to pursue a higher sharing ratio. Second, with the centrals unable to muster strikebreakers from the surrounding haciendas controlled by the planters, they turned to their allies in government and the colonial constabulary in order to crush and suppress the movements in key production sites: the mills and docks in Negros and the warehouses in Iloilo. Third, for fear that labour action on the docks or in the fields would move into the factories, the *Junta Talisay* and the meetings that followed in February and March of 1931 were the genesis of a more strategic weapon deployed by the centrals to control labour which would both reduce its collective power and the scale of its spatial fix - the local company union.

Already knowing that they could draw on the military to restore order, the *centralistas* sought to further spatially contain the threat of united labour action by supporting mill workers and their local company unions within their milling districts. Following the *Junta Talisay*, a meeting of the *centralistas* took place on February 4 where they agreed upon a self imposed production tax to create their company unions. Victorias Milling officials were some of the chief architects. The following are two resolutions noted in McCoy (1984: 360):

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<sup>43</sup> This section is essentially a geographic analysis of the events documented in McCoy's (1984) insightful "The Iloilo General Strike: Defeat of the Proletariat in a Philippine Colonial City."

<sup>44</sup> As documented by McCoy (1984: 348) in a letter from Ynchausti Iloilo (a Spanish casa) to Joaquin Elizalde, 13 January 1931, Ynchausti y Compania, Iloilo. I am also using the term *Junta* in its historical definition, which is a deliberate or administrative council in Spain or Portugal, and not a political or military group taking state power by force.

RESOLUTION NO. 1  
FUND FOR THE CAMPAIGN AGAINST THE FEDERATION  
OF LABOUR

Mr. Placido L. Mapa [Central Talisay] proposed the motion that a fund be created for the campaign against the Federation of Labour, each central to pay p500.00 a year. Upon suggestion by Mr. Penning [Central Victorias], this motion was amended as follows: That a fund be created for the campaign against the Federation of Labour, to be assessed in the following manner; based upon the past crop year, each central shall contribute p1.00 for every 1,000 piculs of production. This motion was seconded by Mr. Pitcairn [Central Hawaiian-Philippines] and unanimously adopted.

RESOLUTION NO. 2  
APPOINTMENT OF A TRUSTEE FOR THE FUND

On motion of Mr. Jorge L. Araneta [Central Ma-ao], seconded by Mr. R.C. Pitcairn, it was resolved: That the chairman Mr. Cesar Ledesma [Central Talisay], be, as he is hereby appointed trustee for the fund, . . . authorized to dispose of and distribute the said funds as he may deem proper and convenient in line with the purpose for which it is created.<sup>45</sup>

In creating these stable local labour collectivities that were uniform in their loyalty to their respective sugar factories, the centrals dismissed approximately 5,300 FOF members from seven mills who were never later readmitted (McCoy, 1984: 361).

At a later association meeting in March, the *centralistas* again discussed ways to break the FOF union. Three strategies were outlined: (1) "Formation of Workers' Association in each central to arrest Nava's Federation Obrera"; (2) introduction of a bonus system for workers based on productivity; and (3) "foundation of a newspaper by the Centrals to work in their interests."<sup>46</sup> At the time, McCoy (1984: 361) notes that only the first proposal, the formation of company unions, was accepted by the centrals. For Victorias Milling, all of these approaches along with many others were eventually adopted in the decades following World War II, thus building a foundation for an ironclad method of labour control.

In addition to company unions, another major tactic used by the *casas* to break the FOF was already in the works since the initial Iloilo labour strike of 1930, the direct off-shore loading of sugar from the Negros centrals at deep sea anchorage sites within the Guimaras Strait, a process that had dire effects for the future of the FOF. The shipment of sugar now occurred on the open sea as lighters directly loaded onto large freighters. The practice was the death knell of the Iloilo port, taking away its logistical importance and considerably lessening the powers of Jose Nava and the FOF union. Even though the FOF made gains elsewhere in the country by opening branches in Cebu and Mindanao and winning agreements at centrals in southern Negros, from the 1930s and into the 1940s Nava and the union focused on the plight of the peasant and

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<sup>45</sup> Letter, Cesar Ledesma to Central La Carlota, n.d., Ynchausti y Compania, Iloilo (cited in McCoy, 1984: 360).

waged their support for communism and the Huk rebellion (McCoy, 1982: 345-346; 1984: 361-362). Isolated and without the resources to mobilize mass protest, Nava and the FOF continued to battle with other company unions over the waterfront as Iloilo fell into decline. In 1951, with the union politically ordered to desist, Nava was imprisoned for his role in the Huk revolution and died in prison in 1954 (McCoy, 1982: 345). The political economic order of Negros would not be challenged for another generation, until the excesses of Marcos and his croney capitalists reached their zenith and social tensions were brought to a boiling point.

The events of the 1931 general strike in Iloilo and Negros further defined the structural characteristics of the labour landscape and enhanced the mill's process of labour control. Viewed through the lens of labour geography, the *centralista* elite succeeded in preventing the workers from imposing a larger spatial fix and geographic scale of collective bargaining on the industry, a pattern that continues in the present day. In localizing the spatial scale of mill workers' organizing activities, central managers were able to gain the upper hand over the social relations of the labour process and the labour market. To prevent the organizing of a large independent labour association, the centrals improved their internal employment policies and embraced their local worker associations (as illustrated in the case of the Victorias central in Chapter 5) which stabilized their workforces and isolated struggles over the labour process to the factory compounds. Viewed through the lens of the local labour market, the *centralistas* succeeded on two fronts. By maintaining control over the reproduction of labour power (especially after World War II) many centrals were able to secure and reproduce a steady supply of skilled industrial workers. And combined with the nature of planter interventions, the centrals continued to depoliticize the external conditions of the labour market using their private security forces and their access to the state's military to ensure a stable environment of production that prevented significant forms of labour organizing.

Given these early activities and dealings of Negros' miller association, a number of additional assumptions can be made regarding the workings of the province's industrial labour markets. While during these events the *centralistas* acted as a united front against the FOF by providing extra workers and strikebreakers to mills in need of them, many centrals in the post World War II era also embarked on similar labour strategies for their workers.<sup>47</sup> This involved

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<sup>46</sup> As documented by McCoy (1984: 360-361) in letters from Ynchausti Iloilo to Kauffman, 28 March 1931; Ynchausti Iloilo to Joaquin Elizalde, 31 March 1931, Ynchausti y Compania, Iloilo.

<sup>47</sup> Author interview, Sugar industry official, 5 July 2007. This claim is based on this official's observations and his recent survey of compensation and benefits schemes among four sugar mills: the Lopez Sugar Central near Sagay City, the Hawaiian-Philippine Co. of Silay City, BISCOP Inc. (the Binalbagan-Isabela Sugar Company), and the Central Azucarera de la Carlota.

forms of compensation and benefits ranging from company housing, allowances and rice subsidies, to life insurance, medical coverage, company pensions, tuition stipends and pay bonuses. Considering that these practices were used to encourage the stability and settlement of workers, it can be assumed that the mills adopted similar wage settings and engaged in non-labour poaching agreements, although how these rules, customs and norms were configured was specific to each central and their particular local labour histories.

As the global depression continued to deflate world sugar prices during the early 1930s, the attention of American based sugar producers turned towards restricting the flow of Philippine sugar imports into the US market. These regulatory struggles between Filipino sugar elites and American producers were expressed in the two Philippine independence bills, the Hare-Hawes-Cutting Bill in 1933 and the Tydings-McDuffie Act of 1934. The bills, which largely represented the interests of American agribusiness and American interests in Cuba, called for a ten-year Commonwealth period and a quota of 800,000 tons of centrifugal sugar and 50,000 refined with duty-free entry into the US for the first five years (Larkin, 1993: 164). The aggressive lobbying of the millers' PSA raised this number to 982,000 tons of raw sugar in the Jones-Costigan Act of 1934. Furthermore, as these new restrictions were imposed on Philippine sugar imports, both American and European capital and management played a "decreasing role" in Philippine sugar towards the end of the 1930s (Billig, 2003: 49) with many firms shifting their interests away from the industry. As Aguilar (1998: 208) states, "American capital had no hegemonic position in the Philippine colonial economy, particularly in Negros." In 1935, Filipinos held 94 per cent of sugar lands and controlled 79 per cent of investments in sugar compared to the Americans who controlled 10.5 per cent of investments and the Spanish with 8.9 per cent (Aguilar, 1998: 207). In the country's milling and refining sector, Filipino investments represented 47.4 per cent, the Americans held 26.7 per cent and the Spanish 23.8 per cent (Aguilar, 1998: 208). Yet, even with Filipinos controlling the majority of investments within the industry, almost 60 per cent of the US sugar quota was held by American and Spanish run centrals in 1939/1940. Almost 20 per cent of the quota was under the control of Americans (the Ossorios and Hawaiian-Philippines Co.) in northern Negros (see Table 4.1).

**Table 4.1: Nationality of Controlling Interests in Sugar Centrals and Percentage of the US Sugar Quota, 1939-1940**

Centrals and Controlling Interest	Quota (%)	Centrals and Controlling Interest	Quota (%)
<b>FILIPINO</b>	<b>40.67</b>	<b>AMERICAN</b>	<b>32.28</b>
<i>(Lizares)</i>	<b>9.88</b>	<i>(California)</i>	<b>10.62</b>
Talisay-Silay Milling Co.	4.54	Pampanga Sugar Mills	6.09
Bacolod-Murcia Milling Co.	4.41	Calamba Sugar Estate	4.53
Central Azucarera del Danao	0.93	<i>(Ossorio)</i>	<b>10.03</b>
<i>(Montilla)</i>	<b>8.58</b>	North Negros Sugar Co.	5.82
Ma-ao Sugar Central Co.	4.23	Victorias Milling Co.	4.21
Isabela Sugar Co.	2.87	<i>(Hawaiian and others)</i>	<b>11.63</b>
Ormoc Sugar Co.	0.66	Hawaiian-Philippine Co.	5.54
Rosario Sugar Mills	0.44	San Carlos Milling Co.	3.58
Bataan Sugar Co.	0.38	Bogo-Medellin Milling Co.	0.89
<i>(de Leon, Hizon, Lazatin, Rodriguez etc.)</i>	<b>6.78</b>	Cebu Sugar Co.	0.75
Pampanga Sugar Dev. Co.	6.78	Luzon Sugar Co.	0.49
<i>(Philippine National Bank PNB)</i>	<b>4.68</b>	Hind Sugar Co.	0.38
Binalbagan Estate	4.68		
<i>(Lopez)</i>	<b>3.66</b>	<b>SPANISH</b>	<b>27.04</b>
Lopez Sugar Mill. Co.	1.77	<i>(Elizalde)</i>	9.94
Central Santos-Lopez Co.	1.26	Central Azucarera de la Carlota	7.01
Philippine Starch & Sugar Co.	0.63	Central Azucarera de Pilar	1.38
<i>(Ramirez, de Leon, Zobel, Soriano)</i>	<b>2.56</b>	Central Sara-Ajuy	0.65
Central Luzon Milling Co.	2.56	<i>(Archbishop of Manila)</i>	0.90
<i>(Lizarraga)</i>	<b>2.05</b>	Philippine Milling Co.	0.90
Kabankalan Sugar Co.	1.09	<i>(Tabacalera)</i>	<b>9.76</b>
Mt. Arayat Sugar Co.	0.96	Central Azucarera de Tarlac	5.86
<i>(de la Rama)</i>	<b>0.90</b>	Central Azucarera de Bais	3.90
Central de la Rama (Bago)	0.47	<i>(Roxas)</i>	<b>3.36</b>
Central Leonor	0.43	Central Azucarera Don Pedro	3.36
Central Lourdes	--	<i>(Garcia)</i>	<b>1.57</b>
Central de la Rama (Talisay)	--	Asturias Sugar Central	1.57
<i>(Cojuangco)</i>	<b>0.87</b>	<i>(Vidaurrezaga, Mota)</i>	<b>0.97</b>
Paniqui Sugar Mills	0.87	Central San Isidro	0.97
<i>(Teus)</i>	<b>0.37</b>	<i>(Serra)</i>	<b>0.85</b>
Central Azucarera del Norte	0.37	Central Palma	0.85
<i>(Cu Unjieng)</i>	0.34	<i>(Dominicans)</i>	<b>0.46</b>
Mabalacat Sugar Mills	0.34	Philippine Sugar Estates Dev. Co.	0.46
<i>(Buencamino)</i>	--	<i>(Ayala)</i>	<b>0.13</b>
Nueva-Ecija Sugar Mills	--	Central Azucarera de Calatagan	0.13

Source: Nagano, 1988: 174-175.<sup>48</sup>

<sup>48</sup> Nagano (1988: 175) states that these figures are based on various issues of *Sugar News* from 1919 to 1941.

In sum, the social tendencies related to the regulation of the economy and labour that emerged during the late Spanish era were strengthened under American rule. In particular, we see at work processes of capitalism's uneven development linking core and peripheral accumulation processes between the Philippines and the United States. Here, various fractions of global capital (US investments in finance, industry, trading and technology) and national capital (state supported loans and credit to promote sugar agriculture and industry) operated through specific branches of the imperial and colonial state in order to exploit the Negrense economy. Strategically positioning themselves within the key political and financial institutions of the colonial state, the sugar elites assumed power on the national political stage and at the same time advanced their economic interests using the workings of the imperial system. The activities of both planters and millers were not limited to the Philippines, as the interests of sugar were pressed by the PNB (who represented bank-financed Filipino *hacenderos*), the PSA (a collaboration of transnational *centralista* capitalists) and their influential allies, in Manila and in American seats of economic and political power in New York and Washington. The establishment of free trade and preferential treatment of Philippine sugar products to the US market (largely a result of planters' lobbying), combined with the availability of credit and an infusion of foreign capital, led to the modern industrialization of the sugar industry. In forging these ties, the Philippines became dependent on a "single crop and single market" with the deployment of the US sugar quota helping to further institutionalize a number of industry practices: the milling contract, the fixed milling district, inefficient forms of production, reduced market competition, and the stifling of innovation.

Developments during the American colonial era also established a number of tendencies that continue to influence the social regulation of labour in Negros. Despite the colonial government's liberal and democratic Bill of Rights which "nominally" encouraged labour movements such as the FOF, the autonomy and power of the planter and the *centralista* could not be contested as both the hacienda and the central evolved into the dominant social institutions regulating local labour markets in the rural areas of the province. Their control over both the labour process and the reproduction of labour power hindered workers' ability to drastically improve their conditions or transform Negros' economic landscape. The emergence of politicians from the ranks of the sugar elite only strengthened the autonomy of these institutions and their ability to prevent major state interventions, political mobilization, and forms of union organizing in sites of production. Furthermore, in a very broad sense, both the

hacienda and the central significantly restricted any independent means of subsistence, which combined with the polarized pattern of landholding, and the limited number of work opportunities within the province, made agricultural labourers more dependent on planter largesse as well as on their paid wages during the peak of the sugarcane production cycle. The seasonal nature of this cycle also defined how conditions of nonparticipation were regulated in the labour market. It was the social norm that some form of precariousness, discontinuity, and temporary or irregular work status accompanied the segment of *dumaan* labour. In this way, livelihood diversification and occupying “alternative roles” remains inherent to the labour market position of the plantation worker. Any collective effort on their part to significantly improve their conditions or status was met ultimately with the force of the *hacendero*, the *centralista*, or the state’s military. While the phrase “if you don’t work you don’t eat” applies in all contexts, it takes on a deeper meaning in the case of Negros which was literally on the brink of famine during the 1980s.

Given how social and political struggles molded the spatial development of the sugar mill and the social regulation of its workforce, many *centralistas* faced the dilemma of shoring up their control over the labour market and restricting the collective bargaining power of labour, at the expense of providing better conditions, wages, and forms of compensation to their more specialized industrial mill workers. To return to Burawoy’s terminology, the coercive character of the “company state” gave rise to a range of experiences of factory control where workers in one compound were treated “like dumb animals and slaves” who were shouted at by engineers and foreman (McCoy, 1984: 350), to others who lived in “model” communities run by more humanitarian *centralistas*. And like the *dumaan* of the plantation, it was common in many local areas that the mill worker and his family became tied to the central for generations, especially following the Second World War. Whether individually, in unison, or through factionalized alliances among elites, the spatial control of the hacienda and the sugar mill has been essential in protecting the interests of planters and millers, both by mobilizing resources to break the strikes of independent workers’ organizations, and by preserving their sources of political and economic power. For these reasons, mill owners and managers continue to draw upon the isolated geography of the mills as one of the bases for their methods of labour control.

### **4.3.3 The Sugar Industry during American Neo-Colonialism (1946-1974)**

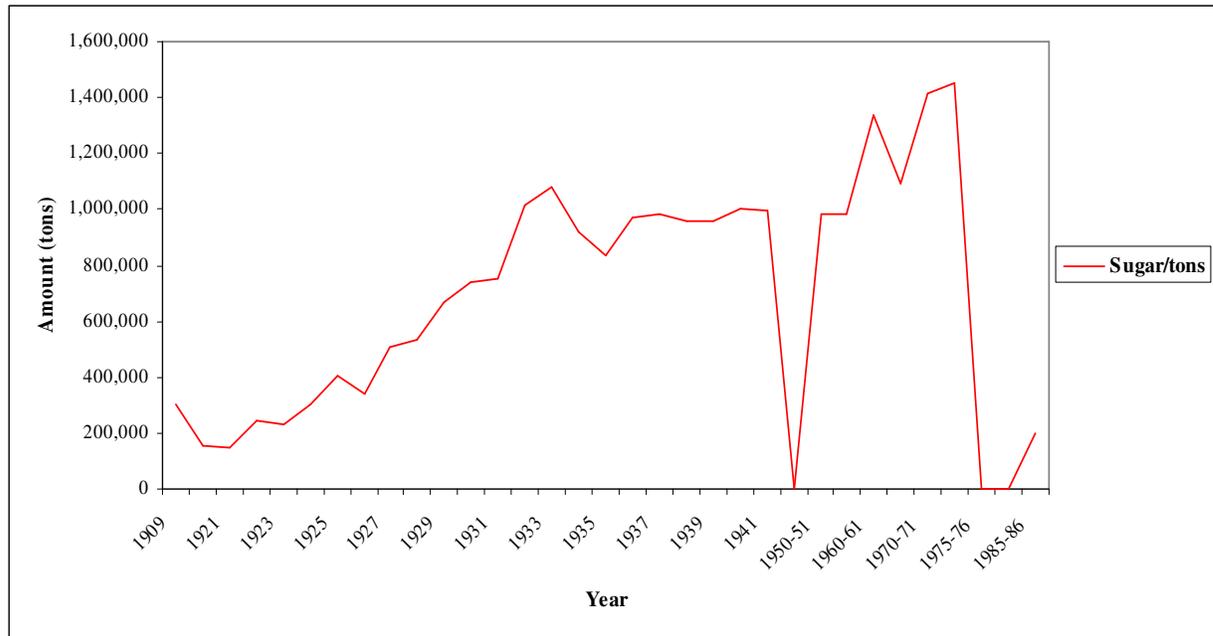
The Japanese occupation of the Philippines and the catastrophic events of World War II left the majority of the region’s infrastructure and industrial facilities (the ports, the centrals, and

warehouses of Iloilo and Negros) in ruins. With the American government aiding in the recovery and reconstruction effort, the Philippine sugar industry's prewar dependency on the American market resumed through revisions in the Tydings-McDuffie and Jones-Costigan Acts of the 1930s. The Bell Trade Act of 1946 restored duty-free access of Philippine goods to the US until 1954, along with the nearly one million ton annual sugar quota. Although sugar benefited from these provisions, they came at a great expense to the political and economic autonomy of the Philippines. Included in the trade policy was a "parity clause" that gave American investors similar access to the natural resources and the running of public utilities as Filipinos, along with economic and currency exchange concessions, and an established US military presence (Larkin, 1993: 239). As the resurrection of the industry continued into the late 1940s and early 1950s, the milling sector further consolidated itself as twenty-five centrals replaced the forty-six prewar mills with Filipinos increasing their presence within the sector (Larkin, 1993: 240). Foreign American interests in Negros remained at Victorias under the Ossorios, and in Silay under the Hawaiian-Philippines Company. A considerable degree of political stability was also brought to the dispute between Negros' leading capitalists over the sharing ratio of processed sugar. In the Sugar Act of 1952, planters were granted 70 per cent of milled sugar with 30 per cent assigned to the *centralistas*.

The conditions of the Bell Trade Act were extended from 1956 to 1974 in the Laurel-Langley Act which led to additional effects on the industry. These provisions combined with the events in Cuba during the late 1950s and early 1960s raised the Philippine share of the US sugar quota and further encouraged the expansion of sugar production. Rather than investing in better technology and raising yields on existing farms, the percentage of land devoted to the cultivation of sugar increased across the country. From 1964 to 1978 nineteen additional mills, which drew on foreign technology (Japanese, West German, British and French) and foreign financing, were constructed in areas outside of Negros and Pampanga, including Bicol and the Cagayan Valley in southern and northern Luzon, and in Mindanao (Larkin, 1993: 241). These post war years from the mid 1950s until the mid 1970s represented a long period of stability and prosperity for the Philippine sugar industry that were perhaps even greater than the boom years of the 1920s. As Figure 4.3 illustrates, the Philippine share of the US sugar quota gradually increased over roughly a thirty year period from 1909 to the mid 1930s, reaching a high of nearly 1,200,000 tons of total sugar exported in 1934 (US quota for that year was 920,971 metric tons). This prewar pattern of Philippine sugar export dependency on the U.S. market continued during the post war period (1946 to 1974) as the Philippine share of the quota averaged more than one

million tons a year with an all-time high of more than 1,450,000 metric tons in 1974 (see Figure 4.3).

**Figure 4.3: Philippine Sugar Exports and the U.S. Sugar Quota, 1909-1985**



\* The data used for crop years 1921 to 1933 are amounts for “total” Philippine sugar exports. Nonetheless, they do give a rough estimation of the country’s share of the U.S. sugar quota over that period.

Source: Larkin, 1993: 54, 150, 202, 239, 241; Angeles, 1995: 208; McCoy, 1992: 125; Nagano, 1988: 172; Billig, 2003: 51; PSMA (Philippine Sugar Millers Association), 2008b.

As with the prewar era, similar processes continued to socially regulate local labour markets. The neo-colonial period visibly lacked any major episodes of collective labour and social unrest. As during the crisis years of the 1930s, Larkin’s (1993: 224-225, 241, 242) arguments also apply to the lack of organized protest by sugarcane workers during these decades which can be attributed to four main factors: (1) the isolated nature of the hacienda and its repressive capabilities; (2) the planter’s ability to replace his workers by exploiting an available and abundant pool of labour mainly caused by the province’s growing population; (3) Negros’ relative lack of a robust history of broad social and political mobilization; and (4) a lack of committed leadership. Even with the 1952 Sugar Act and its attempt to divert a portion of the milling profits to sugar workers (set at 6 per cent of milled sugar for workers) (Lopez-Gonzaga, 1994: 242), a development thwarted by the lawyers of Victorias Milling, the oppressive conditions experienced by *dumaans* on the plantations persisted. In addition to these factors, and

of equal importance, was the Negrense elites' resumption of the "sugar bloc" and their continued political control over the province. To safeguard the interests of sugar, the Negrense elites reoccupied their leading positions within the now independent Philippine state and further consolidated their political power at the national, provincial and local scales.<sup>49</sup> As before, the hacienda and the sugar central maintained their autonomy and with their domination and control over the state apparatus, its military, and other instruments of coercion, capitalists enhanced their ability to politicize the conditions surrounding local labour markets.

In rebuilding their factories, the millers also had to replenish their industrial workforces. The centrals mainly drew on workers who survived the war and began training a new wave of mill hands by plucking unskilled *dumaans* from their own company haciendas. If these strategies failed, then like the plantation, the central exploited the province's growing supply of unskilled labour and their vulnerability to the regional labour market's severe dearth of permanent employment. Again, most managers deployed a mix of paternalistic and coercive controls to ensure the productivity and stability of both the workforce and the central. Although how contract negotiations, work conditions, and employment relations between workers and management evolved over time was particular to each central's local history (which were often marked with brutal encounters, see McCoy, 1991: 113, 118-119 on La Carlota during the early 1980s; 1992: 134; and Dungo, 1969 on Victorias), the lessons from the industrial labour disputes of the 1930s more or less informed the post-war employment strategies of the *centralistas*. The mills continued to maintain the local spatial fix of labour by providing their workers better conditions and compensation than their *dumaan* counterparts, by supporting their local mill workers' associations, or by enacting military force. In so doing, they continued to suppress the potential collective strength of labour by isolating industrial disputes and labour negotiations to the contained spaces of the milling complex. Thus, in many localities it became clear that just as the introduction of the *centralista* divided the planter capitalist class in the 1920s, so too did the mill worker further segment the working classes of Negros during the post-war decades. The institutional arrangements of the hacienda and central would not be significantly threatened until the early 1970s that saw the declaration of martial law and the end of the large US sugar quota.

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<sup>49</sup> For a detailed examination and illustration of these dynamics, see McCoy (1992: 135-136; 1994a: 429-536), Roces (2001), and Lopez-Gonzaga (1994: 231-240) on the changing political and economic fortunes of the Lopez family of Iloilo and Negros.

#### **4.3.4 Restructuring and Crises in the Sugar Industry during the Marcos Era (1972-1986)**

Proclaiming the need to safeguard the country from a growing leftist element in Philippine society, President Ferdinand Marcos' declaration of martial law in late 1972 introduced a wave of chaos into the sugar industry, the island of Negros, and into the everyday lives of cane workers and their families. By suspending the Philippine Congress, subjugating the court system, and suppressing the press and media, the Marcos regime effectively cut off the political and economic power of the Negrense elites. In their stead he deployed his crony warlords to take political control of the province while other allies were appointed to key regulatory posts in order to strategically plunder the industry. As in the previous period of American (neo) colonialism, the restructuring and reorganization of capital accumulation processes tied to the production of sugar during the dictatorship years (1972-1986) relied on continuities in the social regulation of labour. The murmur of violence innate to the bucolic life of the hacienda and the central took a darker turn as a more overt and acute brand of state sanctioned military terror was used to repress the activities of independent worker unions, leftist groups, church associations, and other forms of political protest, often with bloody results. The onset of these events caused partly by the waning of privileged access to the American market, the end of the large US sugar quota, and volatility in world sugar prices, led to two crises in the industry during the late 1970s and early 1980s. These developments have plunged the industry into an economic malaise from which it has not yet fully recovered.

The end of the Laurel-Langley Act in 1974 and Marcos' restructuring of the sugar trade that same year were met initially with little resistance by the majority of Philippine sugar producers. Most expected that the provisions and conditions attached to the large US sugar quota would be extended into the future with suppliers continuing to receive 1 to 4 cents US above the world price (Larkin, 1993: 242). But the US refused new sugar quotas mainly due to a shortage in global sugar supply which drove up world sugar prices to a record high of more than 65 cents US per pound (Hawes, 1987: 93), and to the interests of American sugar producers. Now paying full duties, Philippine sugar exports to the US in 1975-1976 totaled 961,100 metric tons (Larkin, 1993: 239), down 490,302 from the 1974 US quota of 1,451,402 tons. US imports of sugar dropped from 1,275,699 tons in 1974 to 328,674 tons in 1975, a decrease of 947,025 tons (Hawes, 1987: 93). This reduction in Philippine export production was also a result of Marcos' nationalization of the sugar trade through the Philippine Exchange Company (PHILEX), a subsidiary of the Philippine National Bank. This new "government monopsony" called for sugar export restrictions based on the assumption that prices would continue to climb,

and as a single trading agency, it prevented the formation of a domestic cartel of large traders who could potentially influence sugar prices (Billig, 2003: 55). The high prices encouraged a glut (oversupply) in the global market, mainly from an inflow of European sugar, which caused the world price of sugar to plummet. Sugar prices fell to 30 cents US per pound in late 1975 to a low of 7 cents in August 1978 (Billig, 2003: 56), significantly below the local cost of production estimated during the time at 13 cents a pound (Larkin, 1993: 243). Exposed to the fluctuations of the global sugar market and heavily subsidized beet sugar exported from member countries of the then European Economic Community, the Philippine industry was unable to compete because of its inefficient organization and higher cost of production (Angeles, 1995: 223).

To further consolidate his control over the sugar industry Marcos established a more autonomous government regulatory agency in 1977, the Philippine Sugar Commission (PHILSUCOM) and its trading arm the National Sugar Trading Corporation (NASUTRA), headed by his long time friend, Roberto S. Benedicto.<sup>50</sup> Mandated “to control domestic pricing, local distribution, marketing, and all export functions”, Benedicto was able to “stifle dissent in the industry” by using his Republic Planters Bank to dole out patronage to relatives and allies (Billig, 2003: 56). As before, planters relied increasingly on borrowing agricultural credit (either from the Republic Planters Bank or the PNB) against next year’s crop. With the shocks to the industry leading to greater planter indebtedness, many *hacenderos* refused to contest NATSUTRA “for fear of foreclosure” of their farms (Larkin, 1993: 244). As under PHILEX, Hawes (1987: 95) argues that Marcos’ reorganization of the sugar trade through PHILSUCOM and NATSUTRA allowed the regime to better expropriate the surplus generated by the industry and at the same time allowed Marcos to emasculate “potential challengers” from the ranks of the sugar oligarchs.<sup>51</sup> Although a great deal of volatility remained in global sugar prices, they rebounded up to 23 cents US per pound in 1979 (Larkin, 1993: 244) and reached 45 cents in 1980 (McCoy, 1991: 119). Most Philippine sugar producers, however, saw little of these profits enter their coffers. With the power to set both the prices at which it purchased raw sugar from

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<sup>50</sup> For a more in depth discussion on the history of the Benedicto family of Jaro, see McCoy (1982: 320-21). For a discussion on the role and influence of Roberto Benedicto in Negrense politics during the dictatorship years, see McCoy (1991).

<sup>51</sup> As most commentators explain, Marcos’ targeting and punishment of the Lopez family of Iloilo and his own vice-president, Fernando Lopez, were used dissuade elites from contesting his absolute control. Marcos seized their assets, including their media empire and power-generating plants; imprisoned Fernando’s financier brother, Eugenio Jr., and forced Fernando into exile in the US (Hawes, 1987: 97; see also McCoy, 1992: 135-136). In addition, before his exile and subsequent assassination, Senator Benigno Aquino Jr. was placed in solitary confinement by the Marcos regime (Larkin, 1993: 243). Like the Lopezes whose fortunes were built on sugar plantations in Negros, Aquino Jr. was tied to the influential sugar family of Tarlac whose leading members included Eduardo (Danding)

local producers and the prices it charged for milling at the centrals, while disclosing little to no information on its dealings, NATSUTRA, like PHILEX, channeled the majority of profits from the industry to Marcos and the members of his regime. Sugar was being bought for P180 per picul from planters (a fairly stable price set by NATSUTRA which it did not change given rising global sugar prices at the time) and being sold abroad for P500 (Billig, 2003: 57). From 1974 to 1984, roughly a ten-year period between the end of the large US sugar quota and the country's political crisis of the mid 1980s, it was estimated that PHILSUCOM's practice of fixed price trading caused the industry to lose 11.6 to 14.4 billion pesos in potential revenue (Lopez-Gonzaga, 1994: 253; Angeles, 1995: 227; McCoy, 1991: 120). While Marcos, Benedicto and the rest of the regime "pocketed the difference" between the local buying price NATSUTRA set and paid for Philippine sugar and the price it sold the sugar for abroad (Angeles, 1995: 223), many of the Negrense elite continued to live extravagantly into the 1980s. With their farms "in bondage to government banks", and still heavily dependent on credit, many planters maintained their "lavish" lifestyles and forms of consumption (Larkin, 1993: 244). Most of the miller *centralistas* were no different even with twenty-two of the country's forty-one sugar centrals in receivership and effectively under the control of the PNB in 1986 (Hawes, 1987: 96). Meanwhile, the effects of industrial restructuring caused by the end of the large US sugar quota and Marcos' subsequent reorganization of the sugar trade were felt the heaviest by sugarcane workers.

As in the previous social system maintained by the Negrense oligarchs, the Marcos dictatorship required the political stability afforded by a similar mode of social regulation, at both the regional and local scales, as a means to discipline labour, enforce the rule of martial law, and facilitate capital accumulation through PHILSUCOM. Lacking the military and bureaucratic resources to control Negros from the capital, Marcos drew on the province's existing social structure by forming alliances with its strongest local warlords and power brokers (McCoy, 1991: 115). With planters Armando Gustilo controlling Negros' northern territory, Alfredo Montelibano in the central areas, and Valeriano Gatuslao in the south, pork barrel funds and other resources were distributed to allies in townships and milling districts to ensure political support (Angeles, 1995: 224). Through this network of local elites, the regime's ability to discipline labour and repress seditious activities was bolstered by the state's official recognition of their private armies as militia based Civilian Home Defense Forces (CHDF) (or known today

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Cojuangco, a large landowner who finished third in the presidential election of 1992, and Eduardo's cousin, former Philippine president Corazon Aquino (Billig, 2003: 280; see also 56-57).

as Citizens Armed Forces Geographical Units, CAFGU). As instruments of violence, intimidation, and surveillance, these paramilitary groups together with the Philippine Constabulary and existing military units deployed in the province, were effective at keeping the revolutionary forces, then brewing within the province, at bay.

Marcos' re-regulation of the sugar industry combined with the collapse in world sugar prices during the late 1970s had deleterious effects on the already generally poor living standards experienced by sugar workers. Responding to sugar's unprofitability, planters reduced their production output which resulted in the deterioration of labour conditions on their haciendas. The demand for plantation labour fell, worker wages decreased, and unemployment was on the rise. To add to workers' troubles, many *dumaans* also faced evictions from their haciendas as parts of the province experienced a temporary rise in the mechanization of field cultivation. In an effort to lower their high cost of production and increase the industry's competitiveness in the global sugar market, many planters (following Benedicto's experimentations) began mechanizing stages of the agricultural labour process (see McCoy, 1991: 116-117). Using a World Bank credit programme to finance a tractor purchase scheme in 1974-75, the mechanized Australian "Hodge System" of cane cultivation was brought to Negros with planters importing seventy-seven units in late 1981 (McCoy, 1985: 185). At the time, planters hoped that the introduction of the heavy tractor on their sugar farms for tilling and deep ploughing would reduce labour costs by 50 to 60 per cent, eliminate 90 per cent of labour demand, and potentially increase yields from 20 to 30 per cent (McCoy, 1991: 117; 1985: 185). Given the shrinking availability of hacienda work, limited employment opportunities in the region, and Negros' growing population and surplus labour pool, the possibility of prolonged labour displacement from this temporary transformation of the labour process was especially threatening to workers during the 1970s sugar crisis. The further decline of Philippine sugar in the early and mid 1980s stunted the mechanization of the plantation as both the industry and many of its cane workers struggled for survival.

#### **4.3.4.1 The National Federation of Sugar Workers and Increased Militarization of the Countryside**

The suppressive environment of martial law and the woeful conditions of the late 1970s sparked massive labour and social unrest that further intensified with the sugar crisis of the early 1980s. These activities centered largely upon three groups that emerged during the late 1960s and early 1970s in response to the stark social inequalities already existing in Negros at the time:

(1) Basic Christian Communities (BCCs); (2) the New People's Army (NPA); (3) and the National Federation of Sugar Workers (NFSW) (Scipes, 1996: 139). As the effects of the second crisis became more severe, many of the province's agricultural workers, especially in the southern areas, took solace in "Basic Christian Communities" led by activist priests, the most notable of which was Bishop Antonio Fortich. Adopting liberation theology while working through the local community structures of the Catholic Church, BCCs were committed to social change by empowering the poor, and raising their social awareness through literacy and education. Many BCC clergy leaders were persecuted and wrongly imprisoned by Marcos' local power brokers (see O'Brien, 1985; 1987; McCoy, 1984a; Scipes, 1996: 273). These conditions also spurred the growth of the NPA (a militant organization of the Communist Party of the Philippines) in the mountainous areas of southern Negros. Through armed struggle, the NPA sought revolutionary social change for the province. The NFSW, established in 1971 by activist priests and seminarians, was a direct descendent of the Federation of Free Farmers (FFF), a group that also attempted to organize sugar workers during the 1950s.<sup>52</sup> The NFSW remains a "genuine labour union" that continues "to struggle for the rights, wages and benefits for sugar workers" and is committed to issues of land reform and social justice (Scipes, 1996: 157). During the 1980s, its membership in Negros grew from 45,000 in 1982 to 50,000 in 1984 to 70,000 by 1987 (Scipes, 1996: 141; McCoy, 1991: 120). Although it is beyond the scope of this study to elaborate further on the roles of the BCCs and the NPA, it is suffice to say that both groups continue to have a variable social and spatial impact on different localities within Negros. My attention here is directed to the NFSW since their activities were the most germane to this study's focus on industrial mill workers and the province's labour geography.

As sugar prices fell to historic lows of 7 cents US per pound in late 1983 and 3 cents in 1986 (McCoy, 1991: 119), the subsequent deepening of the social crisis led to disastrous effects on the region's 439,000 sugar workers (Lopez-Gonzaga, 1994: 258). Sugar production on Negros fell from 1,644,449 metric tons in 1975-1976 to 750,462 in 1986-1987, a drop of almost 55 per cent (PSMA, 2008). Planters stopped production on 25 per cent of their lands and cut back wages on haciendas that remained in operation (McCoy, 1991: 119). The slowdown in agricultural production affected the centrals as many were forced to lay off workers and reduce their milling capacities, while other factories fell into receivership and bankruptcy (Angeles,

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<sup>52</sup> As will be shown in the next chapter of the dissertation, "The Paternalistic Company State, 1946-1991", for a very brief period (1957-1958) the FFF led by Italian Jesuit priest Fr. Hector Mauri actually succeeded in organizing both the plantation workers of VMC's company haciendas as well as the industrial mill workers of the central. Yet, the

1995: 226). In 1986, it was estimated that 145,000 children were suffering from malnutrition, several thousand of which were cases of malnutrition to the third degree (Scipes, 1996: 138). The desperate situation and the lack of food forced thousands to migrate into Bacolod, the provincial capital, while thousands of others were displaced from areas where NPA communist rebels had established fronts and were engaging local military units (Lopez-Gonzaga, 1994: 258, 266).

Escalating in scope and scale towards the end of the Marcos dictatorship, Negros' growing social class conflict intensified the political conditioning of both the broader and internal spaces of the labour market by capitalists and the state. And like the FOF and FFF before it, and compelled by the crisis conditions, the efforts of the NFSW to organize workers on the plantations and within the central mills was another attempt by labour to impose a larger "spatial fix" and regional scale of collective bargaining on the industry. In abstract terms, the regulatory battles during this time can be viewed as a series of competing spatial fixes by labour, capital and the state occurring at different geographic scales. As evidenced on the ground, the worsening social conditions that gave rise to the greater opposition and protest by sugar workers, was met swiftly with the violence and force of the Negrense elite and their allies in the government. Often using the threat of communist insurgency by NPA rebels to maintain an anti-labour and anti-union climate, the increased militarization of both the countryside and local sites of production by elites and the state has led to the punishment, torture and murder of genuine members of the province's labour movement.

With the momentum for social change building in Negros during 1984, the province was on the brink of revolution in 1985. Through people's strikes (*welgang bayan*), long marches (*lakbayans*), and organized demonstrations, a loose coalition of organizations called the *Bagong Alyansang Makabayan* (BAYAN) which included the NFSW and other Church based groups in Negros, protested the Marcos regime, the abuses it committed under martial law, and the declining living standards within the province. These were some of the strongest and largest protests in the history of the region that provided an equally grand stage for Marcos' warlord planters to assert their dominance. The most infamous and tragic of which occurred in the city of Escalante on September 20, 1985 in northern Negros, a territory under the control of Marcos ally Armando Gustilo.<sup>53</sup> BAYAN was engaged in a planned three-day transport strike that saw

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unsuccessful attempts in organizing workers at other haciendas and centrals in the 1960s led to the gradual decline of the FFF's "financial, technical and moral support" during the early 1970s (Lopez-Gonzaga, 1994: 243).

<sup>53</sup> With the waning of Benedicto's influence prior to the 1986 presidential elections, Marcos turned to Gustilo to consolidate the regime's control at the regional level. In exchange for his help, the new province of Negros del

some 10,000 protestors blockading two main roads in the vicinity of Escalante's city centre (Scipes, 1996: 144).<sup>54</sup> To subdue the demonstrators, fire trucks sprayed the crowds with water and then water laced with chemicals. Shortly following the tear gassing of protestors, Philippine Constabulary troops and members of the local Civilian Home Defense Force open fired on the demonstrators at the street level while an M-60 machine gun went off from atop the City Hall. The fifteen minutes of senseless rampage left 21 dead (many of them NFSW members), 23 wounded, along with 2 children who later succumbed to tear gas poisoning (Scipes, 1996: 144).

The persecution and human rights violations of NFSW members and other labour organizers were no different at the everyday level. By the end of 1985, Scipes (1996: 145) tallied:

443 arrests, 54 salvagings (summary executions), 12 disappearances, three massacres which resulted in 29 dead and 27 wounded, six strafing incidents with five killed and eight wounded, eight killings, 106 houses looted, 18 houses raided, 57 houses burned, two rapes and three incidents where people evacuated their homes, 15 labour organizers salvaged (12 that were NFSW members), and three more NFSW organizers found dead near Kabankalan in January, 1986.

Similar circumstances continued into the administration of President Corazon Aquino. During the first three years of her government (1986 to 1989), Scipes (1996: 154) notes "36 salvaged, 280 arrested and/or detained, 7 missing, 51 haciendas forced to surrender, 20 carabaos [water buffalos] confiscated and 19 haciendas forced to withdraw from the [NFSW]."

During and after the fall of the Marcos regime, planters at the local level acted both individually and in unison to discourage the activities of the NFSW and the NPA from influencing the workforces on their haciendas. Formerly supported by the dictatorial regime with arms to boost their own paramilitary groups (CHDFs and CAFGUs) along with deploying military infantry companies to suppress the activities of the NPA, planters turned towards their own institutions during the shift to the Aquino government in order to maintain their interventions into the spaces of the labour market. Since the late 1980s, the Sugar Development Foundation (SDF), a planter organization supporting research and development within the industry, has received a five peso contribution for every picul of sugar milled to finance planters' private armies, vigilante groups, and death squads (Angeles, 1995: 231, 246) with many of these

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Norte (Northern Negros) was established with Gustilo installed as its governor. The new region existed for most of 1986 until the legislative bill responsible for its creation was repealed by the Aquino government.

<sup>54</sup> The following details are taken from Kim Scipes brief chronicle of the "Escalante Massacre" (see Scipes, 1996: 144).

having links to the state military. The ongoing presence and intimidation of such paramilitary groups continues to have the effect of suppressing the genuine grievances of workers against their managers and administrators on many haciendas.

As in previous periods of political upheaval and economic crisis in the history of the province, the conditions following the end of the Marcos dictatorship were ripe for the Negrense elite to regain their power and autonomy. No longer bound by the strict monopsonistic policies of PHILSUCOM, the steady recovery of the global sugar market in 1986-1987 combined with planters' co-opting of funds from foreign development aid and famine relief projects were used to restore their political support and shore up their war making capability (McCoy, 1991: 127). These activities were driven partly by their need to regain access to the patronage of the state, and to prevent the potential implementation of the Aquino government's agrarian land reform legislation. Elite opposition to these reforms was so great that the planter underground (which emerged following Aquino's election in 1986), formed the secessionist Movement for an Independent Negros (MIN) that threatened war, revolution and an independent Negrense nation should any of their lands be taken over by the state or farmer associations (Angeles, 1995: 231). Meanwhile, as part of the state's counterinsurgency strategy, some of the last major offensives took place in 1989-1990. Both "Operation Thunderbolt" in southern Negros, and "Operation Rolling Stone" in the central and northern areas, displaced thousands of Negrenses from their homes (Scipes, 1996: 155). The fissuring of the NFSW due to in fighting and ideological differences among its leaders, combined with the ongoing persecution of its members, has served to weaken the radical movement and the social cohesion of the working classes (Angeles, 1995: 234-235). Although the NFSW organized an estimated 40 per cent of workers on haciendas, and 5 per cent of industrial workers near the height of its influence in 1988, most of today's plantations remain unorganized and the union has never established a lasting presence within the central mills (Scipes, 1996: 148, 157).

In sum, the events that occurred during the Marcos period proved to be major turning points in the history of the Philippine sugar industry. The loss of privileged access to the US market and the structural stability it afforded, followed by Marcos' reorganization of the sugar trade were ultimately devastating to the industry and the regional economy of Negros. The circumstances of martial law allowed Marcos to pillage the industry by transforming government trading agencies into key sites of capital accumulation. At the same time, it also allowed him to further weaken the ranks of the sugar oligarchs, his strongest potential rivals, by "turning the power of the state against the Negros planters" (McCoy, 1992: 137). As required in previous

periods of accumulation, the dictatorial regime adjusted existing forms of social regulation by forming a coalition of actors (i.e. new alliances between warlord planters and the state) and further militarized the landscape at the regional and local scales in order to discipline labour and maintain the rule of martial law.

It is here that the events of the period, marked by intense forms of labour repression and by a distinct regional configuration of spatial (and militarized) forms of labour control, can be read through the lenses of the labour market and labour geography perspectives. Viewed in terms of the labour market, the repression that met forms of labour organizing by the NFSW, the spread of the NPA, or the demonstrators engaged in social protest, represented efforts by planters, millers and their allies in the state to maintain the balance of power in their favour. Repression was used to minimize the claims of disadvantaged groups tied to the key local social institutions regulating labour relations and the reproduction of labour power within the Negrense sugar economy: the plantation and the industrial central. Read through the lens of labour geography, we also see during this period the conflicting spatial fixes between capitalists and different groups of workers in the making of the economic geography of the sugar industry in Negros. As the conditions governing their survival and self reproduction declined, labour's collective agency, through the activities of the NFSW at the regional scale, demonstrate how the working classes of Negros contested the prerogatives of the dictatorial regime and attempted to impose their own spatial fix as a way to improve their living standards. While successful in organizing labour on many haciendas during this period, Chapter 5 will show how the efforts of trade unions like the NFSW conflicted with the contained spatial fixes of industrial workers within the mill site compounds.

Given the dwindling membership of the NPA and the scaling back of its activities during the 1990s, mainly due to amnesty, reconciliation, and livelihood programmes of the Fidel Ramos government<sup>55</sup>, forms of worker repression orchestrated by capitalists and the state continue to characterize the landscape in which attempts at social reform and labour organizing take place. This remains especially the case for members of the NFSW who are often branded by paramilitary groups as having links to communist organizations.

#### **4.4 The Sugar Industry in the 1990s and 2000s**

The events of the Marcos period and the reorientation of the Philippine sugar trade fundamentally transformed the industry in a number of important ways. Although the traditional

sugar elites were able to restore and then maintain the polarized social structures that sustained sugar production on Negros into the Aquino and Ramos administrations, the nature of their political and economic power was somewhat diminished in comparison to previous decades. During the crises years, many of the entrenched Spanish and Chinese mestizo sugar baron families became more indebted and faced mortgage foreclosures on their lands, while others were forced to shut down their mills. With the growth of sugar substitutes from corn (high-fructose syrup), beets and artificial sweeteners lowering the demand for cane sugar abroad, Philippine planters were faced with a reduced presence in the American market and the loss of a significant portion of the US sugar quota (now called the tariff-rate quota). Unable to compete globally due to their inefficient organization and higher cost of production, the planters turned their interests homeward and were largely able to both access and protect the domestic market from foreign sugar imports for most of the 1990s and 2000s.

The traditional planter oligarchs, however, were also faced with a much different set of political and economic circumstances than the ones they experienced and were accustomed to in the pre-martial law era. The introduction of major trade reforms, begun by the Corazon Aquino government and accelerated further during the 1990s under the Fidel Ramos administration, were part of a national policy agenda aimed at further liberalizing the Philippine economy and better integrating the country into both global and macro-regional economic arrangements (i.e. the World Trade Organization (WTO) and the Association of Southeast Asian Nations (ASEAN)). Given the unpopularity of the image of the sugar baron and his activities as a hindrance to progressive forms of development, part of the current policy agenda was to directly challenge the “cartels and monopolies” which have sustained oligarchic resilience (Dios and Hutchcroft, 2003). This is an issue that both the former and current presidents (Gloria Macapagal-Arroyo and Benigno Aquino who are part of landed elite families) have and continue to struggle to reconcile. As we shall see, this broader shift in the political and economic context of Philippine development over the last twenty years has given rise to fundamental changes in the structure and distribution of power within the sugar industry.

The most significant part of this transformation continues to occur in the milling sector. The planters’ traditional counterparts, the *centralistas*, did not fare so well in the aftermath of martial law as the majority of centrals fell into receivership with major banks converting their loans into equity shares within many of the heavily indebted sugar factories. The financially weakened state of the milling and refining sectors in the 1980s made them vulnerable to takeover

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<sup>55</sup> Author interview, Former NGO Worker - Negros Economic Development Foundation, 30 May 2007.

by sugar traders and industrial food processors over the last twenty years. Such circumstances paved the way for prominent provincial and national level Chinese-Filipino trading families and *taipans* to move in and purchase many of the mills (see Angeles, 1995: 220-21, 226-27; Billig, 2003: 70-71, 132-142). These developments have not only led to major shifts in the social organization of sugar society, but they have also unleashed an ongoing regulatory battle over the control and direction of the industry.

Billig (2007; 2003: 148-200) frames this battle in terms of a shift in power from the once mighty rural agrarian elites (the sugar planters) to the growing political influence and economic dominance of urban industrial, commercial and financial elites (whom are mostly ethnic Chinese), and their competing views over protectionist and “free market” approaches to the sugar trade and the domestic economy. On the side of the “free market” and increased trade liberalization are industrial food processors and traders. Though this group includes large multi-national firms who finance and support the lobbying efforts of the food processors’ organizational body, the Philippine Food Exporters’ Association (PHILFOODEX ), Billig (2007: 71; 2003: 151) observes that it is smaller Filipino food and beverage companies who have publicly trumpeted the need for more open neoliberal trade policies in order to secure the cheaper supplies of sugar they need to make their products, which would thus allow them to better compete with other ASEAN member food industries, and would likely increase their export earnings from foreign exchange. By contrast, sugar planters, he argues, are of the opinion that the Philippine sugar industry is already in the process of becoming more “efficient”, and that a short period of protectionism would better prepare it for competition in the global sugar market (71). They further contend that the “world market” price of sugar is a “gross distortion” with quotas and trade arrangements designed to “prop up” domestic producer prices (71; 2003: 99). In this way, the world sugar market functions very much like a “dump market” that producing countries use to unload surplus sugar in order to maintain high local sugar prices. Since many developed countries heavily regulate their industries through subsidies, import restrictions and price controls, planters feel that the Philippine state should continue to do the same and see to the interests of the industry through greater protectionist measures. Often using nationalistic rhetoric to support their argument, planters suggest that the introduction of foreign sugar imports would be disastrous to the industry and the “six-million workers and their dependents” linked to sugar production (71). Thus, consumers should continue to pay a higher locally subsidized price for sugar to protect the national industry and the livelihoods of Filipino sugar workers.

Aware that the conflict that Billig (2003; 2007: 73-74) describes focuses on the early to mid 1990s, he cites the failure of planters to gain protectionist exemption for sugar under the “import rationalization” bill of August 1994 as being representative of a “major power shift in Philippine political economy,” and by extension the domestic sugar industry. Billig’s (2007: 73) argument is convincing on a number of levels: he points to the inability of planters to direct and command votes; the unpopularity of the sugar baron’s image as a self-serving vestige of an older colonial order in the political arena; and the disorganization and lack of unity among the different factions and sectors that comprise the contemporary industry. These factors combined with two other major political defeats during the 1990s, mainly their failure to exempt sugar lands from the comprehensive agrarian reform program (CARP), and their inability to press the government on executing the restitution law to compensate them for the losses suffered under the Marcos-Benedicto sugar regime (2003: 186), all pointed to the waning influence of planter power within the state.

But perhaps most striking, as this regulatory debate moved into the 2000s, was the fact that the planters (at least for the moment) appeared to have truly lost the “importation war”. Despite recent attempts by the Sugar Alliance of the Philippines<sup>56</sup> to delay the lifting of tariffs under the ASEAN Free Trade Area (AFTA) agreement in light of the 2008 global financial crisis (ABS-CBN, 2008), and despite support for the industry in the senate by Manny Villar (Gomez, 2010) and the push for sugar’s transition into ethanol and biofuels by Senator Juan Miguel Zubiri (Gomez, 2007), the reduction schedule has been implemented as planned.<sup>57</sup> In early 1994, a 65 per cent tariff was placed on imported sugar. The current tariff for 2010-2011 is 38 per cent and will be reduced to zero beyond 2015 (28 per cent in 2012, 18 per cent in 2013, 10 per cent in 2014, and 5 per cent in 2015). As Billig (2003: 151, 161-162, 167) asserts, a major reason for this institutional shift is that the position of industrial food processors and traders has been consistent with the neoliberal and export-oriented development strategies espoused by national

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<sup>56</sup> The Sugar Alliance of the Philippines is an umbrella organization comprised of six member associations which attempts to represent the common interests and collective initiatives of the industry (see <http://www.sugaralliance.com.ph>). Its members include the Confederation of Sugar Producers Association, Inc. (CONFED); National Federation of Sugarcane Planters Inc. (NFSP); United Sugar Producers Federation of the Philippines, Inc. (UNIFED); Panay Federation of Sugarcane Farmers, Inc. (PANAYFED); Association of Integrated Millers (AIM); and the Philippine Sugar Millers Association, Inc. (PSMA). One of its leading officers is Jose Ma. Zubiri, Jr. (also the president of CONFED). A power broker of Bukidnon, Mindanao, he is also the father of the young and charismatic Senator Juan Miguel Zubiri and Congressman Jose Ma. Zubiri III. The brothers represent the current generation of the Zubiri political and economic dynasty (see Angeles, 1995: 249-276 for an analysis on the rise of Zubiri, Jr.).

<sup>57</sup> Although both Senators Villar and Zubiri are not from Negros, they both have Ilonggo and Negrense roots respectively. Billig’s (2007: 75) observation that not one current member of the senate is from the main sugar-producing region of Negros still holds in 2010.

administrations from the Aquino to Macapagal-Arroyo eras and continues to hold strong currency with the executive branch of government even with a lack of direct support in Congress. The present political positioning of sugar planters is somewhat the opposite as they maintain a strong presence at the local level and in Congress, but unlike previous periods, they lack a strong voice within the senate and the executive branch of government, with one major exception. The recently elected president in 2010, Benigno Aquino III, was of the landed oligarchic Cojuangco sugar family of Tarlac. Like former President Gloria Macapagal Arroyo who through her husband Jose Miguel own hundreds of hectares of hacienda lands in central Negros, Aquino has been put in the difficult position of trying to protect the interests of landed elites while at the same time maintain an export-led national economic agenda (see Herrera, 2010 on the controversy concerning agrarian reform on the Cojuangco family's Hacienda Luisita in Tarlac).

It remains to be seen as to how increased trade liberalization will affect the sugar industry, although as I will show in the latter part of this section significant changes in the milling and refining sectors have already taken place. And if history does repeat itself, and if the "collective" interests of sugar are able to regain their political footing and reestablish their position within the predominant social system in order to advance their interests as evidenced in the historical periods documented above, then the industry may still have another life to live. The emerging neoliberalized conditions tied to the sugar trade have already sparked the interest of Chinese global capital investments in the sugarlands of Pampanga and Tarlac of the northern Philippines. One of China's largest beverage firms, the Hangzhou Wahaha Group Co. Ltd., has committed a P1 billion (pesos) investment for a 6,000 hectare sugar plantation and manufacturing operation in the Philippines (Cahiles-Magkilat, 2010). The Wahaha Group's chairman is Zong Qing Hou, one of the wealthiest men in China. In a meeting with the Philippine Department of Trade and Industry (DTI) in September 2010, Wahaha expressed interest in sourcing its sugar from the Philippines and hopes to develop the sugar plantation to help produce the 300,000 metric tons that it consumes annually (an amount representing 13.6 per cent of total annual sugar production in the Philippines) (Osorio, 2010). Potential partners for the Wahaha venture include the Sweet Crystals Integrated Sugar Mill Corp. in Pampanga and the Cojuangcos' Central Azucarera de Tarlac (Osorio, 2010a).<sup>58</sup> Perhaps these recent occurrences are the early signs of emerging alliances and collaborations between foreign Chinese and

Filipino sugar elites hoping to direct a new round of capitalist development that will again exploit the workers and regional economies of sugar producing areas of the country. In short, although strongly convincing, Billig's arguments raise a number of concerns with respect to the social regulation of the economy and labour which I discuss below.

#### **4.4.1 Recent Trends in Sugar Production**

The reorientation of the sugar industry away from the American market and towards the Philippine domestic economy is reflected in recent patterns of production, importation, and export. Following the sugar crisis of the mid 1980s and a slight drop in production due to the El Nino and La Nina weather effects of the late 1990s, national production has risen steadily in the 2000s. During the 1990s, from crop years 1990-1991 to 1999-2000, the average annual production in the Philippines was 1,791,120 metric tons. In the 2000s, from crop years 2000-2001 to 2007-2008, average production rose to 2,147,633 with 2,454,989 metric tons alone in 2007-2008, levels similar to those during the final years of the Laurel-Langley Act and the large US sugar quota of the early 1970s (PSMA, 2008). Similar patterns were evident in Negros. During the 1990s, Negrense production averaged 1,001,653 tons per crop year (55.9 per cent of total national production). In the 2000s, this average rose to 1,195,132 metric tons (55.6 per cent of total national production) with 1,351,804 tons in 2007-2008, the highest amount recorded in the province since the early 1980s (PSMA, 2008).

A combination of production shortfalls, weather effects, and to a lesser degree, commitments to international trade agreements, has contributed to volatile levels of sugar importation into the Philippines during the 1990s and early 2000s. Just over a ten year period, from crop years 1994-1995 to 2005-2006, the Philippines imported an average of 159,545 metric tons (both raw and refined) per year (PSMA, 2008a). Lower levels of national production during the mid and late 1990s led to import tonnage amounts in the hundreds of thousands, while during stronger production years (e.g. 2003-2005) the country imported just 400 and 800 tons. Typically, the government increased imports to ensure a steady domestic supply of sugar and to meet demand during lean months of production. With respect to international trade agreements, the country also had an import commitment of nearly 50,000 tons under the conditions of its membership into the World Trade Organization (WTO) (a required minimum of 3 per cent of annual national consumption) (Billig, 2003: 199).

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<sup>58</sup> In an ironic twist, the 300,000 tons required by the Wahaha Group to run its operation is the same amount of duty-free Philippine sugar initially allowed into the US under the Payne-Aldrich Bill enacted almost a century ago in

The Philippines continued to export most of its sugar to the US and maintained the practice of satisfying its US sugar quota. Comparing the country's quota share over the last two decades with rates stipulated under the terms of the Laurel-Langley Act (1956 to 1974) gives a sense of the magnitude that historic dependent ties played between the sugar industry and the US market. From 1992-1993 to 2007-2008 the average annual quota share of the Philippines was 164,382 metric tons with an average actual shipment of 151,244 tons (PSMA, 2008b). By contrast, the average quota during the 1950s, 1960s, and early 1970s was well over a million tons (c.f. Figure 4.3). The current US tariff-rate quota system allocates import shares to different countries based on US sugar production shortfalls throughout the year. Although the Philippines was only the 18<sup>th</sup> largest world sugar producer in 2000, it had the third-highest US tariff-rate quota at 13.0 per cent (behind the Dominican Republic 17.0 and Brazil 14.0, and ahead of Australia 8.0 and Guatemala 4.6 - 1997 figures) (Billig, 2003: 60; 92-93; 283). These rates are also reflective of Philippine sugar's decreasing importance as an earner of foreign exchange in the 2000s. Following remittances from overseas workers, garments, electronics, and coconut oil, sugar is the 12<sup>th</sup> largest export (Billig, 2007: 74).

Although import and export patterns have significantly changed in recent decades, strong structural continuities persist in Negros' regional economy. Despite some movement towards economic diversification in the late 1980s and early 1990s that included investments by planters and capitalists into prawn farming and commercial goods such as cutflowers, and a shift by workers into rice, food and other cash crops, Negros' position as the "sugarbowl" of the country has only slightly decreased. From producing 63.4 per cent of the nation's sugar in 1970-1971, Negros has contributed an average of approximately 56 per cent of total annual sugar production in the Philippines from 1980-81 to 2007-2008 (PSMA, 2008). The growth of the industry in Mindanao since the mid 1970s has largely accounted for this slight overall decrease in Negros' contribution to national production. From a complete lack of production in 1970-1971, the region of Mindanao contributed 21.1 per cent of the national total in 2007-2008 (PSMA, 2008). As I will show in the next section, the reorganization of the milling and refining sectors are part and parcel of these more recent trends in sugar trading and production and speak to broader patterns of restructuring affecting specific areas of the industry.

#### 4.4.2 Restructuring of the Milling and Refining Sectors

The weakened state of the milling sector during the 1980s largely caused by the end of the large US sugar quota and the events of the Marcos period, together with the shifting context of import liberalization in the 1990s, has led to major forms of restructuring in the milling and refining sectors of the industry with significant consequences for the organization of local labour markets. Throughout the 1990s and 2000s, the industry witnessed the twin developments of increased consolidation of the milling sector and further expansion in the number of refineries. As to be expected, the majority of the country's mills and refineries remained geographically concentrated on the island of Negros even as consolidation continued to take place. In crop year 1992-1993, there were 38 centrals that milled sugar: 10 in Luzon, northern Philippines; 17 in Negros; 5 in Panay; 4 in the Eastern Visayas, all regions located in the central Philippines; and 2 in Mindanao, southern Philippines. In crop year 2007-2008, there were 30 operational sugar mills (8 less than the number for 1992-1993) in the country: 7 in Luzon (4 closed down, 1 mill opened); 12 in Negros (5 closed down); 4 in Panay (2 closed down, 1 mill opened); 3 in the Eastern Visayas (1 closed down); and 4 in Mindanao (1 new mill and 1 reopened) (PSMA, 2008). During the same crop year, there were 9 operational mills in Negros Occidental that had an average age of over 60 years.<sup>59</sup> Their older age leads to their constant need for maintenance and upgrading. With respect to the spatial distribution of refineries, there were 11 in operation in 1992-1993: 2 in Luzon; 6 in Negros; 1 in Panay; and 2 in Mindanao. During 2007-2008, there were 13 in operation: 4 in Luzon (2 new); 6 in Negros (3 closed, 3 new); 1 new refinery in the Eastern Visayas; and 2 in Mindanao (PSMA, 2008). For individual mills, the Victorias central remained the largest sugar company in the Philippines, producing over 14 per cent of the country's raw sugar and over 30 per cent of its refined sugar in crop year 2004-2005 (PNO, 2007: 4-14, 4-16). Coming a distant second in raw sugar production was the Busco sugar factory in Bukidnon, Mindanao (8.8 per cent raw and 12.6 per cent refined of the national total). For individual refineries, the Don Pedro plant in Batangas produced the second highest amount of the country's refined sugar (24 per cent in 2004-2005). These figures have shifted slightly for crop year 2007-2008, but Victorias and Busco remain the largest individual sugar millers in the country.

These patterns of industrial consolidation are attributed to both traditional miller elites increasing the scale of their activities within the sector (the horizontal integration of their firms),

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<sup>59</sup> Drawing on data from crop year 1998-1999, a 2001 study by the PSMA estimated that the average age of the central mills in the region was 58.14 years (PSMA, 2001: 34).

and to the more significant development of Chinese-Filipino traders and *taipans* buying up controlling interests in a number of sugar centrals across the country during the late 1980s, 1990s and 2000s. As Angeles (1995: 227) explains, the takeover of the mills by the Chinese illustrates the “dynamism” of commercial capitalist interests, that by integrating sugar manufacturing, refining and trading into their other related operations, the Chinese not only saw the viability of sugar processing but also the massive profit potential of creating backward production linkages. During the early 1990s, the Chan family, owners of the export company Antonio Chan Sugar Corp., purchased the Binalbagan-Isabela Sugar Company (BISCOM) in central Negros and the Central Azucarera de Bais in Negros Oriental. The Gokongwei family purchased the SONEDCO (Southern Negros Development Corporation) in Kabankalan City, southern Negros. Under its broader corporate name, Universal Robina Corp., and in addition to SONEDCO, the Gokongweis also control the URSUMCO (Universal Robina Sugar Milling Corporation) in Manjuvod town, Negros Oriental, CARSUMCO (Cagayan Robina Sugar Milling Corporation) in Cagayan Valley, Northern Luzon, and the two Passi mills in Iloilo. The Go family took control of the now idle San Carlos mill in eastern Negros. And in the early 2000s, Tanduay Holdings Inc., run by tobacco and beverage magnate Lucio Tan, seized controlling interest of the Victorias Milling Company in northern Negros. From securing a supply of raw and refined sugar for their food and beverage based products, to owning major outlets for the marketing of their goods, many of these Chinese elites had vertically integrated their companies thus forging a powerful influence over the Philippine consumer market.

The shuffling of the refinery sector, mainly the construction of new refineries and the expansion of existing ones, was also reflective of the shift in sugar production to the local economy and further speaks to the needs of Chinese-Filipino sugar traders and industrial manufacturers. With the drastic decrease of sugar exports into the US that began during the mid 1970s, and with subsequent production largely geared towards domestic consumption, the Philippines required additional refineries in order to meet rising local demand for high quality refined sugar. During the colonial and neo-colonial American period of export dependency, value added production services such as sugar refining were (and continue to be in the present day) highly protected and exclusive industries located in key sites within the US. The current regime of trader-millers were upgrading their mills and refineries in order to ensure a steady supply of sugar (raw and refined) for their large industrial customers. In some cases, the Chinese trader *taipans*, through their other related operations (e.g. the Gokongweis and Lucio Tan), are also major industrial consumers of sugar and sugar by-products (such as molasses). Having a

range of diversified interests in the commercial, industrial, financial and real estate sectors of the national economy, Chinese traders have access to the resources and credit required for the fresh infusions of capital needed to renovate, maintain, and upgrade their factories and machinery. The diversified activities of Chinese commercial capitalists are discussed in greater detail in Chapter 7 that examines the battle for control over the VMC in the late 1990s and early 2000s by leading Filipino traders and industrialists.

A major consequence of the restructuring of the milling and refining sectors has been its effects on the social regulation of industrial labour in sites of sugar production. While continuities from previous decades remain in the general social tendencies responsible for the regulation of labour on the haciendas, the majority of the industrial mills continue to undergo a more pronounced pattern of institutional change. The transformation of local workplaces and local labour markets during the 1990s and 2000s has been driven by the threat (now a reality) of import liberalization and increased competition in the Philippine market as firms pursue strategies to enhance their efficiency, competitiveness and profitability. Such restructuring strategies and the pursuit of greater efficiency have “not” been constituted by major technological changes in the industrial labour process through the introduction of improved mill production machinery. Despite sourcing their machine components and technical knowledge from other sugar producing countries, the Philippine mills continue to be characterized by some of the lowest sugar extraction efficiency rates among world sugar producers. Using a local measure of efficiency, piculs of sugar per ton of cane (PSTC), helps to illustrate this point (see section 4.3.1 for a definition of the picul). According to Table 4.2, the average PSTC in the 2000s (1.41) has actually decreased since its 1970s average of 1.54. By contrast the PSTC in Thailand was above 1.7 during the late 1990s, a figure more comparable to the Philippine PSTC during the late 1940s (1.81), the late 1950s (1.79), and the late 1960s (1.51).<sup>60</sup> Though lower yielding cane varieties are a major factor affecting the Philippine PSTC, Billig (2003: 61-62) suggests that the deteriorating efficiency of the mills is also linked to a decline in technical knowledge, management practices, and research and development.

Two other factors demonstrate further the inefficiency of the central mills: capacity utilization and sucrose recovery rates. As Table 4.2 shows, the centrals have been running well under capacity and have maintained a similar rate of sucrose recovery over the course of more than three decades. Both protectionist policies and the workings of the large US sugar quota

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<sup>60</sup> As Billig (2003: 61, 281) observed from one of his interviews with a Sugar Regulatory Administration (SRA) official, many centrals often “cook” their numbers and exaggerate their mill’s performance levels.

allowed the mills to operate at such levels and at the same time remain profitable. By comparison, the Australian cane industry, widely considered the most efficient and highest yielding in the world, has a sucrose recovery rate of well over 90 per cent. The Philippine average over the last three decades was much lower at around 80 per cent. All of these factors: the lack of research and development into higher yielding cane varieties, the decline of machinery and technical expertise, the need for both enhanced strategic management practices, and greater state subsidies for high cost inputs on the farm such as fertilizers and tractors, all contribute to a higher cost of sugar production and milling inefficiency in the Philippine context.

**Table 4.2: PSTC, Capacity Utilization, Sucrose Recovery (Crop Years 1970/71 to 2002/03)**

<b>Crop Years</b>	<b>PS/TC</b>	<b>% Capacity Utilization*</b>	<b>Overall Sucrose Recovery*</b>
<b>1970/71 to 1979/80</b>	1.54	67.34	80.89
<b>1980/81 to 1989/90</b>	1.48	62.79	80.20
<b>1990/91 to 1999/00</b>	1.32	59.69	79.21
<b>2000/01 to 2002/03</b>	1.41	62.95	81.03
<b>Average 1970/71 to 2002/2003</b>	1.44	62.14	80.00

\* The 1970s figures for these two categories are incomplete and only include data from crop years 1977/78 to 1979/80.

Source: PSMA, 2008c.

While the Department of Trade and Industry, through its Board of Investment (BOI), provided tax incentives and subsidies on capital equipment to improve sugar mills, refineries and farms during the early 1990s, this did little to change the labour dynamics on most of Negros' plantations. Like the centrals, the legacy of protectionism together with the current conditions of the regional labour market, continue to allow the colonial labour process to persist on the haciendas in both its traditional social and technological forms. In addition to the non-interventionist nature of the state into sites of production, which helps perpetuate coercive social relations in the workplace and the prevention of large scale labour organizing, the quota system and limited market competition gave no incentive for planters to introduce mechanized forms of field cultivation and harvesting into the agricultural labour process. Given a current economic environment that is less profitable when compared to the past, it remains more cost effective for

planters to maintain their practice of exploiting the abundant surplus of low wage labour in the province and workers' labour market vulnerabilities, rather than dealing with the high cost of technological change and the additional funds needed for maintenance and related inputs. In addition, as I noted in an earlier section on the Marcos period, the Negrense planters, under the aegis of PHILSUCOM, had already experimented with mechanized field cultivation in the form of the heavy tractor and the method of deep ploughing. They also experimented with mechanical field harvesters (the MF-105 of the firm Massey Ferguson of Australia). Victorias Milling had also adopted these methods for a short time during the Marcos era, including the use of mechanical planters. Though the presence of the *dumaans* (resident labourers) and the *sacadas* (seasonal labourers) on the haciendas proved to be more cost efficient and thus eliminated the need for mechanization, McCoy (1985: 183) also observes that Negros' cane fields needed to be significantly reformed with larger furrows, better drainage, and a more rectangular configuration. Such an initiative would add to the already high cost of transforming the sugar plantation's agricultural labour process.

With a lack of technological change within the mills and their generally stagnant levels of extraction efficiency, both the older and more recent trader-miller elites turned towards other restructuring strategies that intensified the labour process as a means to improve the efficiency of their centrals. For many of the traditional sugar firms, such as the Victorias Milling Company, changing market conditions and their own indebted financial situations forced them to make their operations more profitable. In a similar fashion, the newer regime of Chinese-Filipino trader-managers were more deliberate in their plans to "modernize" and enhance the productivity of their centrals by reducing costs and streamlining their workforces. In this way, the intensification strategies of managers involved the downsizing of their workforces and a reorganization of work practices. Considering the historic and geographic evolution of Negros' industrial labour markets examined in earlier sections of this chapter, at the heart of both the generally stable employment conditions of the central and of the local spatial fixes of mill workers were internal labour markets. These were essentially collective local labour structures often tied to company unions, which in the case of many centrals had given rise to costly, bloated and unproductive industrial workforces that suffered from forms of institutional inertia as they developed over time. The restructuring strategies of managers thus involved the elimination of stable job positions, the breakdown of internal labour markets, and the move towards individualized employment relations and more flexible employment contracts. Throughout the 1990s and early 2000s many centrals began to rearrange their complement of

workers. Although production capacity and management strategies are variable amongst the mills, current industry standards point to a primary workforce size between 500 and 600 employees, as found in the Busco and Don Pedro plants,<sup>61</sup> with present day rank-and-file workforces at the Lopez Sugar Central, Hawaiian-Philippine Company, BISCOP, Inc. and Central Azucarera de la Carlota all undergoing a process of contractualization and a shrinking number of permanent positions.<sup>62</sup>

In addition, industrial consolidation had also forced the mills to increase their production capacities. Due to the closure of a significant number of firms, a smaller number of sugar centrals, especially in Negros, were milling larger amounts of cane. From crop years 1990-1991 to 1993-1994, mills across the country expanded their capacities and hours of operation: Batangas (from 4.5 to 6 thousand tons) and Don Pedro (from 8 to 10 thousand) in Luzon; First Farmers (from 4.5 to 4.8 thousand), Hawaiian-Philippine (6.2 to 7.2 thousand), Robina (4 to 8 thousand) and San Carlos (5.6 to 6.5 thousand) in Negros; Bogo-Medellin (2.5 to 3 thousand) in Cebu; and Busco (8 to 10 thousand) in Mindanao (PSMA, 2008d). Within the same four year span, new refineries were built and existing ones were expanded at Cagayan, Don Pedro, Tarlac-Luisita, First Farmers, La Carlota (now shutdown), Robina, San Carlos (now shutdown), Calinog-Lambunao (now shutdown), Busco and Davao (PSMA, 2008e). Primary workers currently employed at the centrals are not only subjected to new flexible labour strategies, but also a more pressurized workplace atmosphere as fewer mills continue to do more work.

Although the structural changes at the global, national, regional and local scales I have shown thus far all reflect a fundamental transformation of the sugar industry, the shift towards greater import liberalization and a complete tariff reduction in sugar by 2015 also brings to the fore a number of important regulatory issues that the industry will inevitably face in the near future. As I explained earlier, Billig views this transformation as a major shift in power within the industry, from agrarian planter elites, to urban based industrial, commercial and financial capitalists. While the interests of industrial food processors remain in line with prevailing neoliberal export-oriented national development policies, and though they have been well organized in their lobbying efforts, Billig (2007: 72) observes that trader-millers, by contrast, have stayed in the political background “not wanting to antagonize either their major suppliers (the planters) or their major customers (the food producers)” and that they would profit regardless of a protected or liberalized national sugar economy.

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<sup>61</sup> Author interview, Provincial government official, 7 and 8 May 2007.

<sup>62</sup> Author interview, Sugar industry official, 21 August 2007.

It is this politically passive position of the trader-millers, along with the position of food processors who believe workers would eventually benefit once Philippine sugar is completely exposed to the “free-market”, which represent a regulatory shortcoming not fully addressed by Billig. The implicit capacity of these actors to reproduce the conditions necessary to sustain the industry, along with the further emasculation of planter power, is where I have truck with elements of his argument. The shift to new forms of accumulation already underway will surely require struggles for suitable modes of social regulation at the national, regional and local levels. The reluctance of the new regime of trader-millers to engage in the political conflicts of the day raises the issue of how social order will be maintained when the negative effects of trade liberalization begin to significantly affect the industry (as many observers strongly argue will likely be the outcome). The consolidation and reorganization of the milling sector has already led to the retrenchment and subsequent unemployment of thousands of industrial mill workers across the country. And these represent only a fraction of total workers in the industry. At some point, trader-millers will have to engage with the political issues (i.e. periodic social uprisings and labour unrest) that affect their ability to regulate and reproduce the sorts of labour relations that best facilitate accumulation processes. So far they have been content to let the traditional planter elite be the political face and scapegoat of the industry. Like it or not, the main facets of Philippine sugar are maintained by severe social inequalities tied to the exploitation of labour. The major difference between these newer players in the milling/trading sectors, and the traditional planters, is that the latter have not hesitated to deploy force or other means of discipline necessary to preserve political and economic control. That is why the “restoration” or “resiliency” model which helps explain the persistent rule of Philippine oligarchs retains such currency in scholarly social inquiry (see McCoy, 1991; 1994; Angeles, 1995).

For these reasons, the complete liberalization of the sugar trade represents a two-fold opportunity for labour as has been the case in other instances of crisis shown in the different historical periods examined above. One possible scenario could see the securing of rights, better conditions, and a larger share of profits and land for workers across major sectors of the industry. A second scenario may follow the events described in previous sections, that the crisis circumstances may offer yet another opportunity for the traditional Negrense elite to exploit such conditions for their political and economic ends (though they are in dire need of reinventing their feudalistic image). Billig is correct in arguing that significant changes to the industry are taking place, but it is still too early to tell how these new conditions of capitalist accumulation will be reproduced at different spatial scales.

In sum, this brief analysis of the 1990s and 2000s reveals that major sectors of the Philippine sugar industry (milling and refining) not only continue to experience deep seated forms of change, but that the entire industry itself is at an institutional crossroads. In this most recent period, sugar production has been largely reoriented to the domestic market and the planters have lost their old fickle *centralista* allies, who in the past were able to unite when the interests of sugar were threatened. They have now been supplanted in the milling sector over the last twenty years by a new regime of Chinese-Filipino traders and *taipans* that have both vertically and horizontally integrated sugar milling into their other operations. With inefficient forms of production and stagnation preventing progressive developments in the industry and contributing to higher sugar prices, the interests of local food processors and traders call for access to cheaper supplies of imported sugar. Their efforts have gradually broken down long standing protectionist measures, a victory that speaks to the so-called waning power of sugar's rural agrarian elite. Even with the regulation of the sugar economy being dictated by newer players in the industry (food processors, and to a lesser degree trader-millers), the social tendencies regulating labour and the broader conditions of Philippine sugar production continue to rely on the practices and strategies of planters and the traditional sugar elite, especially in Negros. How these regulatory social struggles will be negotiated, resolved and stabilized once the full effects of import liberalization take place over the next ten years will determine the fortunes and fate of the major players within the industry.

The restructuring of the milling sector has also significantly altered the broader social tendencies responsible for the regulation of industrial labour. Overall, this process has not been kind to the mill worker. The closure of more than a dozen mills during the 1990s and the takeover of other centrals in the 2000s have generated massive unemployment and led to the retrenchment of thousands of skilled and semi-skilled industrial labourers throughout the nation. In some cases, the negative employment consequences from the mill closures or the switch to new ownership occurred shortly after the demise of the Marcos dictatorship during the late 1980s and early 1990s. In other cases, the financial stability of specific centrals that survived the crises years under martial law, such as Victorias Milling, allowed them time to postpone major changes to their operations. But these firms too were ultimately affected by the conditions of import liberalization and by the new competitive pressures in the domestic market. Across the board, then, the employment strategies that many *centralistas* used to maintain a stable, committed and productive workforce since the post-war period, mainly, better forms of compensation, ensuring job security in a regional labour market largely characterized by seasonal work and

underemployment, and the support of company unions, were systematically phased out from the industrial workplace or eliminated outright. As part of this broader pattern of institutional reorganization, managers have also adjusted the nature of their labour supply strategies and their interventions into the reproductive and consumptive spaces of workers. This has led to the withdrawal of community investments such as company housing, recreational and cultural activities, and other benefits tied to their control over the reproduction of labour power. It is these work strategies, that have become deeply rooted in many production localities over the course of decades, along with their associated rules, customs and labour traditions, which have been literally torn from the fabric of the industrial landscape.

But as a corollary, the breakdown of the centrals' internal labour markets and the localized spatial fixes of mill workers have unleashed a complicated array of newer and more recent spatial fixes enacted by retrenched workers as they continue to rebuild their lives through making and remaking the local, extra-local and network spaces of the labour market.

#### **4.4.3 The Provincial Labour Market**

Evident throughout this examination of the Philippine sugar industry and its distinctive historical periods, have been the persistent autonomy of its leading capitalist elites (the planter and the miller) from the state to discipline labour and the continued dominance of the major social institutions regulating both the labour process and the local labour markets of rural Negros, the plantation and the industrial mill. By applying ideas from my earlier discussion on Burawoy and the regulatory tendencies of the labour process in contexts of underdevelopment in the Global South, along with considering various conceptual tenets of labour control reviewed in Chapter 2, helps to throw light on the relative ineffectiveness of national welfare provisions and forms of labour legislation at the provincial and local levels in Negros.

By developing a high degree of influence over labour market processes, the planter and the miller have been largely able to "tie" their labour forces to sites of production through their control over the domains responsible for the reproduction of labour power (areas such as housing, welfare and education). In contrast to some other countries and regions where the state varies in its measures and levels of intervention, the Philippine and Negrense governments lack the capacity to insure decent standards in welfare provisions, nor do they have the ability to enforce worker protections. The processes used to tie workforces to Negros' rural localities over time, which include forced labour, worker indebtedness, dependency, and paternalism, have the effect of bringing stability to local labour markets, controlling how workers participated in them,

and greatly restricting the general mobility of labour. As I will show in Chapters 5 and 6, the institution of the family, like in most sites of sugar production in the province, was used to maintain, control and reproduce Victorias' industrial labour force. For these reasons, the institutional forms and regulatory social tendencies distinctive to Negros and its sugar industry continue to affect the nature of state interventions into the labour market and labour market relations.

The autonomy of the planter and miller extends beyond their ability to discipline labour in Negros, and also shapes how welfare and labour legislation are mediated on the ground. Despite the establishment in the post war years of an agricultural minimum wage in 1951 and a social security system (SSS) in 1954 which provide some degree of state provision for medical care, pensions and maternity leave, violations of such standards by planters remain commonplace on many haciendas (see Scipes, 1996: 137-138, 273). During the 1980s, it was estimated that 90 per cent of planters did not pay the minimum wage rate to their workers, and although compliance rates had risen up to 86 per cent in the 1990s, government officials have difficulty monitoring and accessing the information of large landowners (Billig, 2003: 77). In addition, even with the improvements to the 1974 Labor Code, and the features outlined in the 1987 Philippine Constitution that allow workers the right to organize, collectively bargain, and to strike in certain circumstances (Kelly, 2001: 8), many haciendas continue to operate with impunity to such interventions. Though human rights violations are not as prevalent as during the 1980s and early 1990s, forms of worker repression aimed at controlling labour organizing and reducing labour militancy continue to take place in the province (see Ombion, 2005 and Ombion and Azue, 2005, for more on recent occurrences of hunger, human rights violations and salvagings).<sup>63</sup>

As a consequence of these dynamics, an enduring feature of the region's labour landscape is the depressed wages of farm workers. The persistence of low wage rates and paternalistic, dependent ties on the hacienda can be illustrated in simple terms by a closer examination of household incomes and levels of poverty. In 2004, the average sugarcane worker in the province earned a real minimum wage rate of p102.00 (about \$2.65 Canadian) for an 8 hour work day, and was typically employed 6 to 7 months of the year (about 180 to 210 days of work)(PNO, 2007: 10-5).<sup>64</sup> By comparison, a permanent entry level rank-and-file mill worker in

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<sup>63</sup> For more recent accounts on the nature of worker-employer relations, as well as on forms of political and labour organizing on the Negrense plantation, see Rutten (2000; 2001; 2006; and 2007).

<sup>64</sup> Given that \$1 Canadian dollars = p38.3 Philippine Pesos as of 31 March 2009.

Victorias earned p785.00 per day in salary and benefits.<sup>65</sup> Based on these figures, the average annual income of a sugarcane worker was p20,400 (p102.00 x 200 work days, a number many observers would consider generous). Given the state's average per capita poverty threshold of p12,131 per year and an average family size of 5.13 in the early 2000s (PNO, 2007: 2-7; NSCB, 2006: 15), and assuming that two members of a family are working the maximum number of work days (200), this results in a per capita income of p8,160 per person in a family with five members (p3,971 less than the average per capita poverty threshold of p12,131). Thus, many sugar workers and their families are always in a shortfall when trying to meet their basic consumption needs (clothing, food, medicine, schooling etc.) or are put in a difficult financial situation when faced with major expenses (funerals, weddings, hospitalizations). Such circumstances encourage *dumaans* to take assistance or loans from their local planter or his *encargado* overseer, and thus make necessary a diverse range of livelihood strategies among family members, often with the need for child labour on the farm, as a way to increase total household incomes. These dynamics also help explain why more than 30 to 40 per cent of families in the province, and 55 per cent in rural areas, were categorized as poor during the early 2000s (PNO, 2007: 2-7; NSCB, 2006: 28).

The industry continues to be a major source of livelihood in sugar producing areas as it employs approximately 500,000 workers throughout the country. A PSMA (2001: 25) study that surveyed 10 of the 16 mills in the Western Visayas region (8 in Negros Occidental and 2 in Panay)<sup>66</sup>, estimated that the mills directly employed a total of 10,978 workers (8,903 permanent and 2,075 seasonal) with another 177,210 on sugarcane farms (half permanent and half seasonal) since additional workers are needed during cultivation and milling periods. This results in an approximate total of 188,188 workers for both Negros Occidental and Panay. For crop year 2007-2008, and based on interviews and data gathered which suggest an optimal primary rank-and-file workforce size of 500 to 600, I estimate the number of more permanent industrial employees in Negros' 9 operational mills at anywhere between 5 and 7 thousand workers (given that larger operations require a greater number of labourers).<sup>67</sup> These statistics, however, do not

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<sup>65</sup> Author interview, Alisa 36 years old - VMC Worker, 4 July 2007. In addition to p430 in daily salary during the early 2000s, a mill worker received allowances for housing, electricity, utilities, medical, 13<sup>th</sup> and 14<sup>th</sup> month pay bonuses, paid sick leave, vacation pay, company pension, and pork, sugar and rice subsidies. Over the past two years, however, these salary and benefits schemes have been drastically restructured.

<sup>66</sup> At the time when the study was conducted, there were 16 operational mills in Region VI, 12 in Negros Occidental and 4 in Panay.

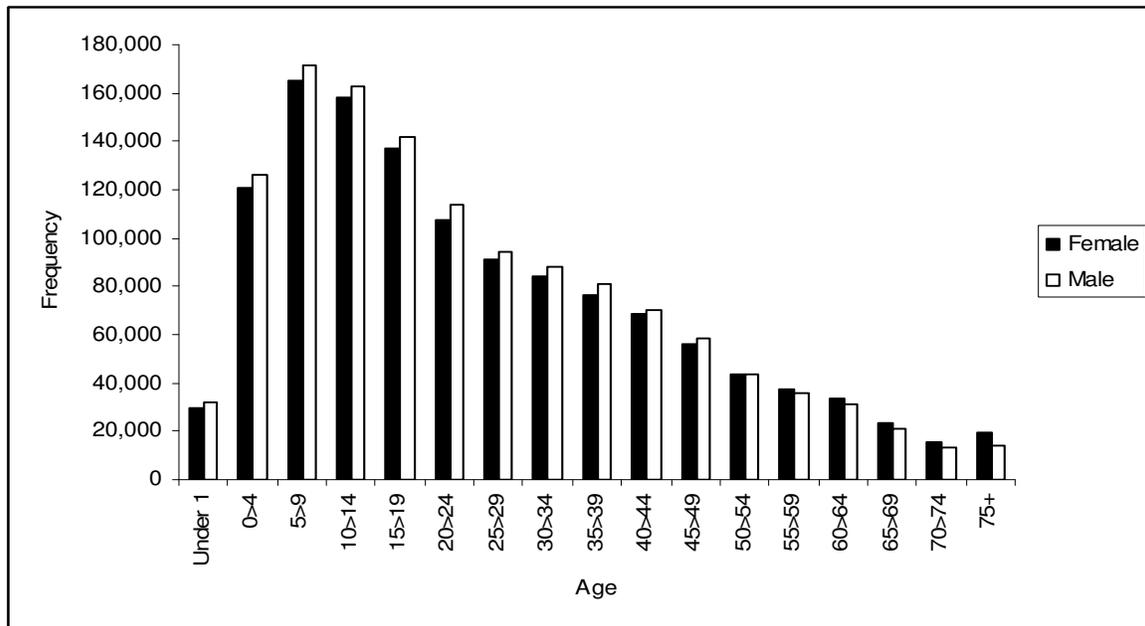
<sup>67</sup> Not surprisingly, many centrals are notorious for not disclosing or sharing information about their activities. They are often reluctant to participate in studies conducted by the government, and other ones made by their own industrial association! (see PSMA, 2001: 3).

adequately capture the importance of the sugar industry for people working in subsidiary and related industries such as fertilizer production, shipping and transportation, trading and support services, machine fabrication, or the more local effects to street vendors, sika drivers, peddlers and *carendarias* that depend on the day to day operations of the farm and the mill.

With an apparent lack of available data, and with different sugar centrals in different phases of restructuring their operations, it can only be speculated as to the more specific characteristics of the current industrial workforce. These demographic features will undoubtedly vary among the individual milling districts, centrals and plantations. A number of broad assumptions can be made, however, based upon the historical formation of Negros' industrial workforce which I examined earlier (see section 4.3.2.1 and the latter part of section 4.3.2.2). The bulk of the central's rank-and-file workers remain almost exclusively male, and at least in the past, they received a similar level of wages, compensation and benefits. At least in the case of the Victorias Milling Company, most were required to complete secondary school and were further encouraged to study at the local technical colleges or to complete degrees at local universities. Such firm specific data will be examined in Chapters 5 and 7.

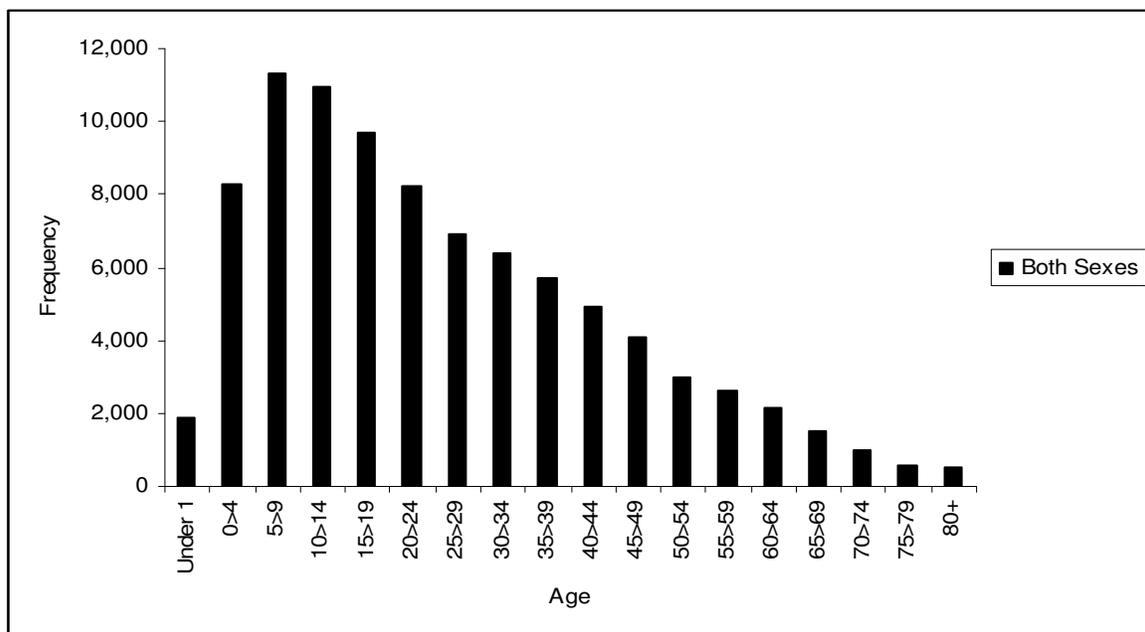
While demographic features on the plantations and their role in labour market processes will also be geographically distinctive, a number of broad characteristics can be drawn from the structure of the population in both the province of Negros and Victorias City. As Figure 4.4 shows, Negros has an extremely young population with 48.5 per cent of its 2,565,723 people being 19 years of age and younger. A similar pattern is reflected locally in Victorias which has a median age of 19 years old (CGOV, 2004: 38) (see and compare Figures 4.4 and 4.5). As we shall see in Chapters 7 and 8, demographic factors played a significant role in shaping the internal employment policies of the mill as well as the nature of the Victorias labour market's extra-local linkages through the livelihood strategies of worker households.

**Figure 4.4: Age and Sex Structure of Negros Occidental, 2000**



Source: Province of Negros Occidental, 2007: 1-7.

**Figure 4.5: Age Structure of City of Victorias, 2010**



\* At the time of fieldwork during 2007, the municipal government was in the process of conducting its own census. No figures were available that characterized the local population according to gender.

Source: City Government of Victorias, 2004: 41.

## 4.5 Summary

In very broad strokes, this chapter has identified the general social tendencies and institutional arrangements that regulate both the sugar industry and its workers, and how these have evolved over time and space in Negros. Identifying these social dynamics are important in revealing how the broader social context, and non-local factors, shape the way local labour markets and their key related areas (forms of labour control and the making of labour geographies) currently operate on the ground. A number of important insights were drawn in examining the relationship between the development of the sugar industry, the role of the state, and the social regulation of labour through distinctive historical periods. During the late Spanish colonial era, sugar planters began to shape the very nature of the pre-independent state and manipulated existing political machinery to accumulate vast amounts of wealth. Following Burawoy's analysis of "*Colonial Despotism*" (see Chapter 2), we also see the early beginnings of the separation of production politics from the politics of the colonial state, along with the presence of coercive relations on the plantation that greatly restricted the mobility of labour. These tendencies intensified during the American colonial and neo-colonial periods. By assuming their strategic positions within the (neo) colonial state and translating the workings of the sugar export economy into political prominence at the national level, the sugar elites grew in their autonomy and influence over the labour market, the labour process and the spaces responsible for the reproduction of labour power. As processes of uneven capitalist development operated through the imperial and colonial state apparatus, the sugar industry (aided with the availability of national credit) absorbed massive infusions of global US capital which led to the advent of the modern centrifugal mill in the province. The heavily regulated and dependent spatial relationships that linked the American hegemon to Philippine sugar producing areas in the form of free trade agreements and quotas were also directly sustained by the control and exploitation of labour at the local level. Through the introduction of the modern sugar mill, the major segments and worker groups of the provincial labour market began to emerge with subsequent labour struggles producing a landscape that prevented a regional scale of collective bargaining, and localized the agency of workers and their spatial fixes to local sites of production.

The loss of sugar's preferential access to the American market and its plundering by the Marcos regime beginning during the mid 1970s not only brought into relief the consequences that structural dependency had for the productive inefficiency of the industry and its inability to compete on the global sugar market, it also helped to unleash a wave of industrial restructuring

with effects still experienced in Negros in the present day. As social conditions deteriorated during the two major sugar crises of the Marcos era, the external and internal spaces of the labour market witnessed a more intense form of political conditioning when compared to previous periods. Again, the protests of disadvantaged groups within the labour market were met with violent repression. And again, labour's collective agency, through the efforts of the National Federation of Sugar Workers, failed to impose a larger spatial fix of regional and national collective bargaining.

During the 1990s and 2000s, the sugar industry has been subjected to a much different set of political and economic circumstances than those of the pre-marital law era. Perhaps not having the same magnitude as other significant structural changes to the region over its history (see McCoy, 1982: 300; 1984: 335-336), the entrance of Chinese-Filipino traders and *taipan* conglomerates into the milling and refining sectors represents the latest major transformation to the industry. This development, combined with a more globally oriented national policy agenda that has seen the implementation of strategic measures aimed at greater economic liberalization and major trade reforms, has somewhat nipped away at the seemingly invincible aura of social power that sugar planters have wielded throughout the history of the industry. With local labour markets and the industrial mills continuing to undergo a fundamental change in their organization (i.e. ongoing retrenchment, the breakdown of internal labour markets and the deployment of flexible work strategies), along with an economic orientation that will likely see more raw sugar imported from abroad than purchased from local producers, raises the issue of how labour will be regulated (in a wider sense) by the industry once full import liberalization takes place in 2015. How these new conditions, which facilitate capital accumulation, will be reproduced and struggled over by major groups within the industry remains to be seen.

While this chapter has emphasized changes in the broader social context, mainly the nature of state interventions and the forms of global accumulation and colonialism in which regional processes of economic and labour regulation are a part, little has been said yet of how these processes intersect with distinct institutional forms at the local scale. In other words, what were the lived social spaces during the sugar boom that accompanied American neo-colonial ties, as well as during the long period of bust in the sugar economy that followed? As will be shown, the Victorias Milling Company, together perhaps with only a few other sugar centrals (Hawaiian and Pampanga), was more directly integrated into the international economic apparatus of American imperialism. How the local labour market was constructed and regulated, and then restructured and re-regulated is the subject of the remaining empirical chapters.

## CHAPTER 5 - THE PATERNALISTIC COMPANY STATE, 1946-1991

### 5.1 Introduction

Chapter 4 illustrated how the operation of the local labour market in rural Negros constitutes, and is constituted by, the broader historical, political, economic, and social context surrounding the development of the Philippine sugar industry. It also showed how preferential access of Philippine sugar to the US market, through the establishment of free trade agreements and the American sugar quota, contributed to the relative stability and growth of the sugar industry in the post World War II period (1956-1974). For American run centrals such as the Victorias Milling Company, this stability served to strengthen the ties between the firm and its workers, along with deepening their roots in the local community. As a lived social space and actually existing site of local production, the VMC played an integral part in driving wider processes of Philippine export dependency, American neo-colonial ties, and the spatially uneven effects of Fordist development in the global capitalist periphery that were operating during the time. Set against the backdrop of episodic labour unrest in the province over this period, managers facilitated the profitability of the firm and the productivity of the workforce through the evolution of their paternalistic employment policies deployed at the mill which framed labour relations and labour market structures in terms of an ideology and discourse based upon the “Vicmican Family”. This chapter will show in detail how the institution of the family was used to stabilize, control and reproduce the mill’s industrial workforce (see Morris and Smyth, 1994). As will be illustrated further in this chapter and also in Chapter 6, this dominant labour market discourse exploited a social basis beyond the material interests of workers and a geography beyond the production site of the central.

Within the arc of the dissertation’s overall objectives, this chapter focuses on labour demand factors and traces the evolution of VMC’s labour control strategies and the effects of its industrial structure on the Victorias local labour market from the post World War II period up until the years before its bankruptcy. In terms of the different historical periods analyzed earlier in Chapter 4, the era examined here spans more than four decades covering the age of the large US sugar quota, the martial law period under Ferdinand Marcos, and the years following the major sugar crisis of the mid 1980s. The continuity in Victorias’ labour market structures through time and through moments of product/market instability speaks to the strength of the VMC’s spatial strategies of labour containment and to the cohesion of its local labour collectivity. Identifying how these distinctive local factors have influenced the firm’s

employment strategies and the behaviour of its workers, not only reveals the specific social tendencies responsible for the functioning of a local labour market in a historical context of underdevelopment in the Global South, but foregrounding them will also help to better explain the nature of VMC's industrial restructuring documented in Chapter 7.

Four main arguments inform the examination made in this chapter. First, while broader economic and regulatory processes (e.g. structural dependency, US imperialism, the workings of a weak state apparatus, and a regional environment of labour repression) operating at different spatial scales represent non-local institutional arrangements that condition the general behaviour of the labour market in the Negrense sugar industry, in the case of the VMC at the local level, production stability and the maintenance of its primary workforce was expressed through a locally distinct institutional environment based upon familial and extended kinship ties. This environment was the foundation for the social organization of the firm and its work policies. Second, further complementing my discussion on Negros' complex labour geography in Chapter 4, the formation of the local union, the Victorias Milling Company Industrial Workers Association (VIWA), did reflect the interests of VMC's *centralista* capitalists (the Ossorios) during this period, but it also embodied the interests of mill workers who were genuinely able to enhance the landscape and make it a better place of employment. In this sense, the workers were able to impose a local spatial fix that best served their interests over the course of several decades. Third, in a related way, the creation of the firm's internal labour market and of its employment policies that further segmented work were not only motivated by the costs and technical imperatives tied to the labour process, but were also strongly driven by local labour market conditions and the need to minimize the claims and potential spatial fixes of disadvantaged groups in the labour market. Fourth, as the basis for the firm's discursive spatial strategy of labour control within the workplace, the "Vicmican Familial" discourse was deployed by the *centralistas* in order to shape and stabilize the primary workforce, and to harmonize the interests of both employees and managers.

This chapter is divided into seven main sections. The next section provides historical background on the origins of the firm, its founder Miguel J. Ossorio, and of important events that shaped the early development of the central in the decades prior to World War II. The third section examines the nature of the institutional environment within the workplace under the Ossorio managerial regime during the post war decades (1946-1965). The fourth section looks at the specific social context that spurred the formation of the VIWA union. In section five, I focus on the continuities in the social organization of the firm and on the development of its

internal labour market under the Luzuriaga, Jr. managerial regime (1966-1991). The sixth section investigates the ideological and discursive social construction of the “Vicmican Family” and its implementation as a form of labour discipline within the workplace. In the final section, I summarize and explain the significance of the major findings of the chapter.

## **5.2 Factory Beginnings and the Company State**

The origins of the Victorias Milling Company are rooted in the American colonial experience, and reflect directly the geohistorical, political and economic contexts of the early twentieth century.<sup>68</sup> The central was established in 1919 by Manila born Spanish capitalist Miguel J. Ossorio, and was the seventeenth modern sugar mill in the country. The management philosophy of the company was shaped by Ossorio’s cosmopolitan worldview, his international business networks, and the advantages granted to him by the American colonial government. Unlike other Filipino elites who needed government finance to begin the construction of their centrals, Ossorio was able to privately fund his project (Larkin, 1993: 59). He was assisted by his brother Jesus, a British trained electrical engineer, along with local elites Norberto Capay, a mechanical-marine engineer, and Claudio R. de Luzuriaga, a lawyer. The initial factory set up in 1917, the North Negros Sugar Company (NONSUCO), had a 300 ton per day milling capacity and was situated in the neighboring township of Manapla lying east of Victorias. NONSUCO served like a pilot prototype for VMC, with Ossorio hiring foreign expert managers such as Francis Greenfield, a sugar specialist from Hawaii. With the opening of Vicmico, Alfred Cooper, Shiras M. Jones and William T. Nolting (a former president of the Bank of the Philippine Islands) were experienced American managers invited to join the board of directors who later implemented modern management and production techniques within the two mills.

Similar to many other sugar centrals in the Philippines, the VMC began as a family-run firm. As the mill progressed into the 1920s its four main occupational strata (supervisory, professional/technical, rank-and-file, and seasonal workers) were socially organized through familial and extended kin relations that would also later form the contours of its internal labour market. Ossorio and his directors continued to recruit international talent from within their own ranks, as the lead managerial and executive positions were filled by the sons of the founding fathers of the firm, some foreign born and most foreign trained. The Ossorio sons, like their father, were cosmopolitan and internationally educated in Singapore, England and the United

States, and they too imported an “American” style of management to the company. The mill’s rank-and-file and seasonal agricultural labourers were drawn primarily from the surrounding province or were migrants from the neighbouring island of Panay or from other areas of the Visayas.

The advanced technology, plant designs and innovative agro-industrial techniques the mill imported from abroad, helped to establish VMC’s national monopolies on various aspects of sugarcane production, especially in the process of refining. With World War I raging in Europe, factory machinery was purchased from an American company with branch offices in Manila, Castle Bros., Wolf & Sons of the Honolulu Iron Works. The plant’s “low type” factory was inspired by Ossorio’s trip to Java in January 1920 where Dutch companies were achieving consistently high rates of return from production. The factory’s design was by Cornelius Joannes Hugo Penning, a Dutch manager of the Honolulu Iron Works based in Manila, who also later served as a manager at Vicmico. In 1923, the company established its Department of Field Experiments, the Philippine sugar industry’s first agricultural research centre and one of the first of its kind in the world. The centre began testing with different fertilizers and cane varieties and encouraged their methods to be used among the district planters. By 1928, Vicmico started operating its new refinery (the second in the country), its second mill (“B”), and a new distillery in Manapla (VMC, 1989: 14).

As transnational capitalists, the activities of the Ossorios drove processes of uneven development that linked raw sugar production at their Victorias and Manapla mills to their US refining interests at the sugar giants AMSTAR Corporation (formerly the American Sugar Refining Company, now called Domino Sugar Corp. owned by the multinational Tate & Lyle) and the Great Western Sugar Company in northeastern Colorado (VMC, 1989: 14-15). The advantages afforded to the mill were greatly enhanced by Ossorio’s acquisition of US citizenship during the late 1920s (Nagano, 1988: 177) which reclassified the national orientation of the firm and its primary source of investment capital from Filipino to American (Aguilar, 1998: 208, 271).<sup>69</sup> Beginning in 1929, both mills began exporting raw sugar to the United States from the

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<sup>68</sup> Many of the historical facts in this section and in the sections that follow on Victorias Milling and its labour policies are drawn from interviews, legal court cases, an official history of the firm (see VMC, 1989), and an employee reference handbook (see VMC, 1976).

<sup>69</sup> Ossorio also bought a seat on the New York Coffee and Sugar Exchange to monitor prices and the family eventually established another stronghold in Greenwich, Connecticut (VMC, 1989: 14).

VMC dock and in 1934 the firm entered into a lucrative contract with the US Army in the Philippines to serve as a major supplier of sugar.<sup>70</sup>

Even before World War II, the beginnings of the Vicmican lifestyle were emerging as the firm increased its influence over workers within the company compound and workplace. The remote and isolated location of the central required that the VMC house its workers in residential quarters since many were on call and needed at any given time to maintain production at the mill. By 1932, a number of new developments were made through the Vicmico Athletic and Social Club. Workers were treated to a new store and enjoyed recreation through billiards, tennis halls, a bowling alley, a barber shop and a refreshment parlor. Other comforts and amenities were also added to the central's spaces of reproduction and consumption, including a rice mill, an ice plant and a soap factory. In 1938, employees were receiving their medical treatment from St. Joseph's Hospital which was recently completed in Manapla with Dr. L. Greentree as its first director. Although serving the reproductive and consumptive aspects of labour control, these developments were partially made out of necessity since many areas in Negros were still trying to emerge from the province's recent frontier past.

In 1941, and with the threat of Japanese invasion imminent, the VMC built evacuation sites in the Aloyan hills in Cadiz and in Cansilayan Victorias for the workers and families left to guard the mills (VMC, 1989: 16). Workers from both the Manapla and VMC plants also served in the United States Armed Forces in the Far East (USAFFE) with Luis C. Ossorio, Miguel Ossorio's second son. Luis joined the Panay Regiment of the USAFFE and brought most of the staff and supplies from the company's hospital, St. Josephs, to join the military campaign at Lanao del Norte. The mills were left under the management of two other Ossorio sons, Miguel, Jr. and Jose Maria. Before the plants were occupied by the Japanese army, supervising engineer Norberto B. Capay dismantled the central's most sensitive production machinery and hid the components in the mountainous areas of Marapara, Silay. The mills were then used to produce alcohol as a substitute fuel for the Japanese war effort (VMC, 1989: 17). Prior to vacating the centrals in March 1945, the Japanese razed most of both the industrial sites.

Following World War II, the VMC adopted a paternalistic form of corporate welfarism.<sup>71</sup> The history of regional labour conflicts in the Western Visayas that occurred prior to the war, combined with the ongoing threat of independent labour unions in the decades after, spurred the

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<sup>70</sup> As mentioned, one of the major buyers was the American Sugar Refining Company (AMSTAR), with whom the fifth Ossorio son, Frederic, was later employed.

<sup>71</sup> In this vein, the mill was similar in many respects to the company towns and family owned enterprises in the post war United States (see Jonas, 1992; 1996; and Nash, 1987).

company to begin its own version of labour control as initially proposed by Vicmican manager Hugo Penning at the Junta Talisay and the meetings of 1931. The VMC management initially drew upon the social hierarchies and cultural norms of Negrense society, since in a number of ways, the mill's social structure and work organization strongly resembled paternalistic relations found on local haciendas (see Chapter 4). In order to elicit further the consent of its workers and to ensure production stability, the VMC embarked on a series of labour control practices that played upon these local cultural sensibilities.

A familial discourse was the basis of production politics at the mill which gave rise to discursive constructions of the "Vicmican" community and institutionalized practices that met the needs of workers and their families. The emergence of this *paternalistic factory regime* coincided with state intervention to stabilize the sugar industry through the Laurel-Langley Act of 1956 that granted continued access of Philippine sugar to the American market until 1974 (Larkin, 1993: 241). The reestablishment of this monopsony ensured almost another two decades of growth and security for VMC workers and even greater autonomy for the management. As will be discussed in a later section below, the managers instituted a discursive strategy promoting communal values that emphasized family, patriarchy and religion which were then propagated within the mill and institutionalized into work practices and employment relations. In this way, the evolution of VMC's work policies from 1946 to the early 1990s can be viewed as management adapting its control methods as a means to ensure the commitment and stability of its primary workers.

### **5.3 Family and Paternalism as Institutional Environment under the Ossorios (1946-1965)**

"What more can I do for my people?"

- Miguel J. Ossorio from Meade's Point Connecticut in a telephone conversation with Claudio R. de Luzuriaga, Jr., early 1960s (VMC, 1989: 180).

"When the Ossorios were here it was like heaven on earth for the Vicmicans."

- Kelly, 26 years old, whose father and mother were retrenched by the company.

Many of the retired people living in the area of the mill said that the growing number of worker layoffs in recent years has done little to change the pace of life in the community. Before the familiar wailing of the siren at 6.50am, as if following a script, the workers were already engaged in their morning routines. I was also up and about roaming the streets in Canetown, a

district of workers' housing located on property managed by the mill. I was not alone. I was accompanied by Mario, my "guardian angel", and Harold, our *sikad* driver. Both my family in Iloilo and my patrons in Canetown seldom let me venture out by myself. Whether on foot, bike, motorcycle or packed into the back of a pickup, workers were making their way to start their morning shifts. Some were in their distinctive uniforms each marked with their job type and department such as "screen specialist" or "refinery." Others were fully covered in well worn clothes to protect them during their welding and metalwork projects in the foundry or machine shop departments. Many donned their shiny VMC hard hats in vivid colors of white, red, yellow and blue. I also saw the tired faces of men returning home after their graveyard shifts where they kept the night vigil at the grinders and boilers. The mill workers were not the only ones out on the streets. Their family members were busy selling morning snacks such as grilled breads, *bayebaye* and *taho* from their house fronts. Others were stationed at their stalls at the factory canteen within the milling compound. Children in their school uniforms were also about, rushing to the jeepneys that would take them to the local company schools. Like a well oiled machine, the workers and their families were playing their roles in this "ideal" milling community.

For the mill's founder, Miguel Ossorio, the idea of family was the basis of the VMC ethos and was central to the firm's methods of labour control. In the years following World War II, familialism and paternalism governed the mill's everyday operations and provided the discursive and ideological setting used to shape the material and political interests of workers. These relations also strongly affected work organization, productivity and labour relations. Even in the present day, it was still common that relatives worked in the same department or were neighbors who grew up together in the VMC community. In my conversations with residents, they continue to respectfully address the Ossorios and other early managers and executives as the "founding fathers". Even the younger generation knew of the company's past. Ann, an 18 year old student whose father was retrenched a few years ago, stated "There is poor management there now. The way they do it is not as good as when it was run by Miguel Ossorio. Before it was nice for the people. People have a good life. But now, with the financial calamities, people can't buy foods especially, even rice. The families are suffering now."<sup>72</sup>

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<sup>72</sup> Author interview, Ann 18 years old - College Student, 23 April 2007.

### 5.3.1 Working Conditions in the 1950s and Battered Bodies

Following the major repairs to the plant after World War II, many facets of working life during the 1950s contrasted starkly with the conditions employees later experienced at the plant from the 1960s to 1990s when industrial paternalism dominated life in the milling community. Similar to labouring on the hacienda, workers endured harsh conditions that were detrimental to their bodily health over time. Vincent del Rosario began working at the VMC in 1923 as a labourer and sweeper in the machine shop and later as a scaler and centrifugal operator in the boiling room. He took a job as a river pump operator in 1930 that involved maintaining the pump motors that brought water from the river into the mill. Over the years, his work routines covered the range of available shifts, 7am to 3pm, 3pm to 11pm, and the graveyard shift from 11pm to 7am. Three times a week, and five times a night during floods, Vincent had to dive into the river four body lengths deep to clean the clogged pipes and screeners. During his day shifts, Vincent was exposed to extreme heat from the machines he was operating and survived the oven like conditions caused by the pump house's metal roofing. If he was on the night shift during a flood, he had to deal with diving and remaining in the frigid and dark water. He was hospitalized in September 1953 and again in August and September 1954 because of pulmonary tuberculosis aggravated by the working conditions he endured for more than twenty years. He was later released by the company in August of 1955 and was paid a significant sum after winning his compensation case against the company in court.<sup>73</sup>

In a similar instance, Julio Segovia worked for the construction department doing carpentry and transporting materials from 1952 to 1955. During 1956 and 1957 he was transferred to the building site for the company's drydock project. The project required the workers to set up the foundation for the dock by digging and placing large posts. Julio worked six days a week from 6am to 3pm with strings of consecutive 16 hour work days. His job involved diving, remaining in water four to six feet in depth, and fighting the high and low tides to nail the posts into place. To add to his troubles, other hazardous chemicals used in the building of the drydock, such as paints and sealants, were also present in the muddy water. Since he began working at the company in 1952, like other permanent workers, Julio had to undergo VMC's required annual physical examinations. From 1952 to 1956 he was cleared of any serious illnesses, but by 1957 he was hospitalized for 38 days at St. Joseph's, the company hospital, for treatment of his pulmonary tuberculosis. Because of his sickness, he was dismissed

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<sup>73</sup> Victorias Milling Co. Inc., petitioner, vs. Workmen's Compensation Commission and Vincent del Rosario, respondents. March 21 1968. G.R. No. L-25640. Republic of the Philippines Supreme Court, Manila.

from the company shortly after he tried to return to work. The VMC later failed to report his pulmonary tuberculosis to the regional workers' compensation office thereby delaying any compensation for the injuries he suffered while working for the company.<sup>74</sup> Similar to Vincent, the government ruled in Julio's favor and he was later paid compensation by the VMC. The stories of Vincent and Julio are instructive as they illustrate the types of daily conditions that many workers faced along with the workforce's need for better workplace regulations at the time.

### **5.3.2 Social Organization of the Firm**

During this period, the mill was socially organized along familial and fictive kinship networks based upon different sources of loyalty (age, gender, classmates, patron relations, place of birth etc.), and hierarchically arranged by race and social status. The formation of such groups framed understandings of social relations between managers and workers. These social networks were responsible for the gendered and racial hierarchy in the factory (see Table 5.1). Males made up approximately 95 per cent of VMC's workforce with foreign, mestizo and local elites holding positions of managerial authority. At the top of the corporate hierarchy were the elite families of creole and mestizo origin that centred upon the Ossorios. Miguel Ossorio's wife, Maria Paz Yangco, was a Chinese-Filipina mestiza, making their six sons a mix of Spanish, Chinese and Filipino ethnic backgrounds. Other elite families included the Locsins, the Spanish mestizo de Luzuriagas, and the Filipino Capays. Characteristic of this transnational capitalist class were their high degree of international mobility, consumption patterns, and their educational training at prestigious universities in the United States and Europe. Middle managers and professional technical workers were also educated men who typically originated from the region and were often personally recruited by the mill's elite. The majority of front line workers in the boiler rooms and warehouses were native to the province, most of whom had elementary and secondary education. A select few, usually the foremen, had studied in technical colleges or completed college degrees.<sup>75</sup> By the early 1960s, more than half of the rank-and-file workers were born in Victorias, Manapla or in the surrounding townships of Negros, while approximately 35 per cent originated from other parts of the eastern and western Visayas (Dungo, 1969: 23).

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<sup>74</sup> Victorias Milling Co. Inc., petitioner, vs. Workmen's Compensation Commission and Julio Segovia, respondents. May 22 1969. G.R. No. L-25665. Republic of the Philippines Supreme Court, Manila.

<sup>75</sup> Author interview, Roger 71 years old - Retired VMC Worker, 11 June 2007.

**Table 5.1: Victorias Milling Company Workforce, 1964**

Type of Employee	Number	% Male	% Female
Supervisory	216	85.2	14.8 (A, M, NF, N, L)
Professional and Technical Workers	91	100.0	0.0 (A, N, L)
Rank-and-File*	1,677	95.6	4.4 (L, N, V)
<b>Total Workforce Population</b>		<b>1,984</b>	

Key: A - Abroad/ Foreigner; M - Mestizo; NF - Non-Local Filipino; N- Negrense;  
L - Local Victoriahanon; V - Visayan

\* The data used in Dungo's study does not distinguish between seasonal and contract workers within the rank-and-file total.

Source: Compiled from Dungo, 1969: 243; 16-20.

The familial and extended kinship networks that socially organized the mill played an integral part in the managerial control of the firm and in the supervision of its individual departments which led to both efficient and inefficient practices. The centralization of disciplinary authority in the hands of the *centralista* owners and managers allowed them to directly oversee and control operations in the workplace which ensured worker effort and productivity but reduced the power of supervisors and middle managers within individual departments. This arrangement had the additional effect of concentrating sophisticated technological knowledge within the VMC's social elite since many of them were experts in their respected fields. Nanette Dungo-Garcia, who studied the VMC during the mid 1960s, describes the nature of centralized decision making in the factory and in the social environment of the compound:

The prevailing atmosphere was the owner's familial attitude, whose influence as a "father figure" ran through the entire organization and sought subservience of the workers and employees of the mill. He proved to be a sympathetic and generous man, constantly close and familiar with everybody. Reflective of this attitude was the efforts he exerted in the development of the surrounding area of the Central into a wholesome, living community with facilities and services to make the workers adequately comfortable. And in this self-sufficient community, he [M.J. Ossorio] could always be seen walking around on personal visits, talking to the people, hiking with the workers in the spirit of familiarity. He was loved by the workers and known for his warm, temperate disposition and compassion for all ... [He] stood out as the busiest man involved in all phases of Central operations. Whether it was a technical problem, he managed to be in the scene, working out solutions with the minimum of delegation. The corporation grew as a one-man organization with "one man having his finger in everything." ... [He] often

stayed up in the plant day and night, attending to an array of chores which could have easily been assigned to the supervisors. He made personal decisions and delegated relatively little. Strict functional control was exercised with so little freedom permitted at the lower management echelons ... while he could always approach the supervisor to clear out troubles, he usually confronted the first man he met on his way, whether he was a worker or a foreman, and gave instructions directly on the job (Dungo, 1969: 31-32).

Other key positions were occupied by Ossorio family members or associates of contrasting personalities. Miguel's younger brother Jesus who was an electrical engineer was known as a "hardworking man, very strict but very kind" (VMC, 1989: 181). Following his retirement, Miguel Ossorio appointed Carlos L. Locsin, who studied sugar technology at Cornell University, as president of the mill, a position he held from 1955 to 1965. Dungo (1969: 32) describes his attitude to employees as "aloof and impersonal" since he believed that they experienced good working conditions and were adequately compensated through VMC's extensive benefits programme.

Patriarchal familial networks were also vital to managerial control at the departmental level. Kin and fictive kin ties allowed for greater discipline over workers as older male family members such as fathers and uncles supervised their sons, nephews, in-laws, or the children of neighbours. During their time at the company in the 1960s, employees recalled how working together with family and friends spread across different departments contributed to a laid back work environment and to inconsistent disciplinary practices. Janet, who is 61 years old, began in the sugar distribution office in the mid 1960s and later moved into the laboratory department. She worked for the VMC for 27 years before taking voluntary leave in 1992 to help with the raising of her grandchildren. "I remember there was a time when there were lots of us in two departments, especially after I meet my husband, Eddy (who was introduced in Chapter 1). He work for the materials control division for 32 years and later was supervisor. He was retrench in 1999. One of my sister's work there in the materials division office. My brother work with my husband in his department, and I have another brother in the lab with me. I also have two sister-in-laws who also did clerical work in other offices, but that was after."<sup>76</sup> Over the last fifteen years, two of Janet and Eddy's sons have worked as contractual workers in packaging and warehousing. With friends and relatives as department heads, such arrangements allowed for both the greater violation of workplace policies (informal practices that were accepted in later years as part of the workplace culture), and for higher productivity when problems arose or when quotas had to be met. Even when families and extended families populated entire departments,

worker excesses and abuses of company policies such as being late or loafing, were kept in check by the visits of senior company officers and the possible shame that could be brought to supervisors who were responsible for the behavior of their relatives and subordinates.

The familial atmosphere on the shop-floor and the harsh conditions that some employees faced were reflective of workers' broader interests at the time. The intervention of other unions into the mill encouraged the management to further spatially isolate their workers from wider labour disputes taking place on haciendas elsewhere in the province. Framed in terms of workers' wider familial interests, the significant developments between capital and labour that unfolded at the VMC through the 1950s and 1960s had important and lasting consequences for the political posture of workers and the industrial community during the mill's bankruptcy in the mid 1990s and with the onset of economic restructuring in the early 2000s.

#### **5.4 Local Labour Geography: The VIWA Company Union**

The "closed unionism" that emerged at the VMC during the early 1960s harmonized the interests of both management and labour. The rank-and-file sought to defend their privileged status as skilled industrial workers by restricting the supply of labour and negotiating for benefits that were more inclusive of their families. For VMC managers, a local company union reduced the presence of the state and other large scale trade associations in the spaces of the milling compound. In addition, the interplay of institutional processes operating at two other spatial scales also affected labour relations at the mill. First, the immediate post World War II period saw national state policies that maintained colonial and neo-colonial linkages with the US which guaranteed the continued access of Filipino agricultural exports to the American market. This broader political context allowed the sugar industry to flourish and placed mill workers in a better position to demand greater benefits and wages. Second, seeking to unify workers at the regional scale, labour unions posed a genuine threat to the stability of the mill. In 1957, Italian Jesuit priest Fr. Hector Mauri led the Federation of Free Farmers (FFF) in organizing 6,000 labourers in the Victorias milling district, including the industrial workers within the central (Lopez-Gonzaga, 1994: 241-243).<sup>77</sup> These circumstances encouraged the VMC management to improve their internal employment policies by introducing better employee benefits and welfare

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<sup>76</sup> Author interviews, Janet 61 years old - Former VMC Worker, 28 March, 2 April, 2007.

<sup>77</sup> Also see Victorias Milling Co. Inc., petitioner, vs. Court of Industrial Relations and Free Visayan Workers (Negros Branch), respondents. March 30 1963. G.R. No. L-17281. Republic of the Philippines Supreme Court, Manila). This case provides details on the efforts of workers trying to improve their conditions on VMC's company haciendas, along with how the Court's classification between rural and industrial work factored into its ruling.

programmes, which were part of a long term labour control strategy conceived by the millers after the labour conflicts of the early 1930s (see Chapter 4).

Following the war, several large independent labour unions directly challenged management's control over labour by encroaching on the mill and vying to represent the interests of VMC mill workers. From 1947 to mid 1956, employees were part of the Allied Workers Association (AWA), a provincial labour organization headquartered in Bacolod. In 1956, the Free Visayan Workers (FVW), an affiliate of the Federation of Free Farmers (FFF), contested the leadership of the AWA and won 90 per cent of the vote in the certification elections that followed later that year (Dungo, 1969: 108). The FVW became the official representatives of the Vicmican labour force on November 10 1956. On April 6 1957, they entered into a collective bargaining contract with the VMC that involved a clause for automatic renewal of their agreement by the end of 1959 and on a year to year basis thereafter. At the time, the FVW believed it would be mainly responsible for the recruitment of company workers well into the early 1960s.

Meanwhile, two other unions, a national based organization called the Philippine Association of Free Labour Unions (PAFLU) who set-up a regional Victorias-Manapla branch, and another provincial union, the Talisay Employees and Labourers Association (TELA), were both making efforts to enlist new members by drawing in workers from the VMC. To add to this complex labour dispute, a petition for the certification of elections was filed in an Iloilo court in May 1959 by another group comprised of Victorina A. Combate and 318 VMC workers. This party represented more than 10 per cent of the company's employees who were anticipating a potential end to the FVW/VMC agreement and were hoping to form their own new worker union and enter into an exclusive contract with the mill. Both PAFLU and TELA intervened and filed court orders that halted the elections and prevented any group from being elected as the sole representative of VMC's workforce. PAFLU claimed that the majority of VMC workers had already joined their organization and that the VMC should not enter into any other union agreements, and consider only PAFLU's proposals in collective bargaining. The VMC did not recognize PAFLU's claim, since part of its contract with the FVW was an automatic renewal of their agreement lasting until the end of 1960. With only FVW union personnel permitted to work in the mill, the VMC dismissed 10 of its employees believed to be PAFLU members.<sup>78</sup>

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<sup>78</sup> Victorias-Manapla Workers Organization - Philippine Association of Free Labour Unions (PAFLU), petitioner, vs. Court of Industrial Relations and Free Visayan Workers (FFW), respondents. 30 September 1963. G.R. No. L-18470. Republic of the Philippines Supreme Court, Manila.

To settle the labour dispute unequivocally, the Court of Industrial relations directed two certification elections in 1960 and 1961 to determine which organization should be the sole labour representative of the VMC. The election numbers not only reflected the growing influence of the VMC management over its labourers, but also the greater acceptance of VMC policies by the workers. As Table 5.2 indicates, the results from the October 21 1960 election revealed that no group, even the one casting “no union desired”, received a majority of the vote. As a result, the Court called for a second run-off election on June 2 1961, exclusively between PAFLU and the “no union desired” group. Of the 1,541 worker votes, PAFLU received 615 votes (39.9 per cent of the vote) while 926 voted for no union (60.1 per cent of the vote). A few days later on June 5 1961, PAFLU filed another protest, claiming that the VMC had interfered in the election process and threatened its workers to vote for no union. PAFLU was correct in their assumptions. On December 5 1961, Victorina Combate and her group of more than 300 withdrew their certification request and threw their support to yet another new union, the Vicmico Industrial Workers Association (VIWA). Despite additional PAFLU protests, the Court further investigated the dealings with specialist observers and found that the two elections were both accurate and legitimate.<sup>79</sup>

**Table 5.2: Labour Representative Certification Election, 1960**

<b>Union</b>	<b>Worker Votes</b>	<b>%/Vote</b>
No Union Desired	746	45.1
PAFLU	644	38.9
FVW	114	6.9
AWA*	142	8.6
TELA**	9	0.01
<b>Total</b>	<b>1,655</b>	<b>100.0</b>

\* Allied Workers Association (AWA)

\*\* Talisay-Silay Workers & Employees Association (TELA)

Source: Victorias-Manapla Workers Organization - Philippine Association of Free Labour Unions (PAFLU), petitioner, vs. The Hon. Emiliano Tabigne, Judge of the Court of Industrial Relations, Victorias Milling Co. Inc., and Vicmico Industrial Workers Association (VIWA), respondents. December 28 1964. G.R. No. L-19658. Republic of the Philippines Supreme Court, Manila; Author’s calculations.

<sup>79</sup> Victorias-Manapla Workers Organization - Philippine Association of Free Labour Unions (PAFLU), petitioner, vs. The Hon. Emiliano Tabigne, Judge of the Court of Industrial Relations, Victorias Milling Co. Inc., and Vicmico Industrial Workers Association (VIWA), respondents. 28 December 1964. G.R. No. L-19658. Republic of the Philippines Supreme Court, Manila.

Frustrated by the election results and by the dismissal of its members from the mill, a group of PAFLU supporters threatened the VMC community with violence, work stoppages and damage to company machineries. At the height of the conflict, and without drawing the Philippine Constabulary or local police into the fray, VMC's private security force was involved in a shooting exchange, and forced other PAFLU associates out of the company compound who were attempting to expand the scale of the dispute (Dungo, 1969: 110, 119). Janet recollected that many employees believed the management expelled workers in order to gain greater control over the labour force and to rid the VMC of any potential government spies. "The mill fired PAFLU members who joined the company because they did not want troublemakers here. They think they were *pulahan* (the red ones) who only want to fight with the company and the government."<sup>80</sup> At the time, management was suspicious of anyone outside the community who tried to organize the mill's workforce. Such individuals were seen as connected to the state or were labeled as potential communists.

Through the ingenious yet underhanded strategies of management, the formation of the company union began on October 28 1961 with the surreptitious filing of the VIWA petition in a lower court by the VMC and its workers. In this separate certification case, VIWA was able to capture 1,345 of the 1,611 rank-and-file worker votes for a strong 83.5 per cent majority of the total. In terminating their own claim, the withdrawal of Combate and her group of 300 was crucial in allowing for the formal recognition of VIWA, making it clear in the eyes of the Court that there was no other group contending to represent Vicmican workers. Even though PAFLU intervened in all the major cases against other organizations that made claims to Vicmican labour representation during this time (the FVW, TELA, Combate and her group of 300, and even a petition against the judge in the VIWA dealings), the Court cited PAFLU's noticeable absence of intervention in the VIWA case. This absence, together with a large "no union" vote in the June 1961 certification election, and a high degree of worker support for VIWA, were the basis for the legal certification of the Vicmico Industrial Workers Association on January 26 1962.<sup>81</sup> This outcome was a clever combination of timely alliances made among influential workers, VMC managers, their lawyers, and allies in the state, along with the firm's ability to draw on its vast resources. Eddy, who was also a long time serving union delegate, recalled that the creation of the company union was pivotal to the welfare of workers, but maintained, "Yes, we had good

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<sup>80</sup> Author interviews, Janet 61 years old - Former VMC Worker, 28 March, 2 April, 2007. *Pulahan* in Ilonggo literally means "in characteristic red." Janet used the term here to indicate 'troublemakers', but the word actually refers to early outlaws identified by their red headbands who used to terrorize towns in Negros (see Uy-Grino, 2005: 361-362).

benefits because of VIWA. Things were better. But the managers never wanted PAFLU. There was never ever any problem with VIWA because the managers dictate how things go. The company union was there for formality sake. They knew VIWA was better, it had no real power, and it was easier to control.”<sup>82</sup>

#### **5.4.1 Cornerstone Worker Benefits: The Beginnings of Institutionalized Paternalism**

There was more to the certification of VIWA than just complex legal negotiations. In the midst of these labour conflicts, the VMC management introduced key work and labour policies that were later approved by the VIWA union and institutionalized into practice. Although convincingly humanitarian, management’s timely deployment of major work policies that established respectable levels of compensation, security, promotions and job status in comparison to the region’s broader labour conditions, was vital in leveraging concessions from the workers and encouraging them to form a company union. From the point of view of labour, this “closed unionism” represented a localized class compromise and spatial fix that defended the monopoly of benefits to workers and their families. It gave them greater job security, exclusive access to employment within the VMC complex, and ensured their prestige and status as the region’s elite workers.

The introduction of the company pension system was a method that played upon a worker’s life cycle and further involved the company in the lives of his family. The first Pension Fund was set up in 1948 and later amended on November 1<sup>st</sup> 1955 to include a Group Life Insurance Policy. 1955 also marked the year when Ossorio officially stepped down as president of the mill and entered formal retirement. Staying true to the family company philosophy, on June 17 1957, Ossorio donated over 1 million pesos to further augment the retirement trust fund (an amount based on his 5 per cent share of the mill’s total annual profits). In his honor, on May 24 1963 the fund was renamed the Miguel J. Ossorio Pension Foundation Inc. when it was incorporated just two years before his passing in Greenwich, Connecticut in 1965. The structure of the pension fund was designed by the actuaries of the firm Johnson and Higgins of New York. Held in trust with the Bank of the Philippine Islands, the pension required contributions from employees, the company, and the Ossorios in order to maintain the overall growth of the fund (VMC, 1989: 182). In later years, the fund grew to such a size that contributions were returned with interest to employees, and extra earnings were used by the company to purchase bonds,

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<sup>81</sup> Ibid. 28 December 1964.

<sup>82</sup> Author interviews, Eddy age early 60s - Retrenched VMC Supervisor, 28 March, 2 April 2007.

securities and additional investments for the mill. At its height during the 1970s and 1980s, 39 per cent of the company was owned by the pension fund.<sup>83</sup> By the end of 2007, this fell to 10.66 per cent, shares eventually bought by shipping and beverage magnate Lucio Tan (Austria, 2007) (also see Chapter 7).

In the first several years after its creation, VIWA formalized many of the paternalistic elements and the “womb-to-tomb” practices that characterized labour relations at the mill. In the union’s first year alone, it secured a 16 per cent salary increase for union and non-union members (Dungo, 1969: 112), along with formalizing a long list of worker benefits (see Table 5.3).

**Table 5.3: Vicmican Benefits, 1963**

Pension and Group Life Insurance
Company Housing and Housing Allowance
Medical Services Allowance and Health Insurance (including workers’ parents and dependents)
Kerosene Allowance
Water Allowance
Rice and Food Subsidies
Paid Sick Leave and Paid Bonus for Unused Sick Leave
Five additional Paid Vacation Days and “Paternity” Leave
Tuition Fee Subsidies for Company Schools
Scholarship Programs for Children
Christmas Gifts
Payroll Deductions from Company Loans

Source: Informant Interviews, January to September 2007; Dungo, 1969: 113-114.

In the years that followed, many of these programmes were enhanced and went well beyond the minimum requirements of legally mandated state benefits such as the social security system (SSS), 13<sup>th</sup> month bonus, and Medicare.

In sum, mimicking social relations on the hacienda, the developments of the late 1940s to 1965 shaped significantly the overall character of VMC’s social organization and established the building blocks of the company’s “Cradle to Grave” internal employment policies. Social relations of kin and fictive kin were prevalent within the hierarchical organization of the factory, and like landlord-tenant relations, authority and disciplinary powers were highly centralized. In providing for the welfare of their employees through extensive benefits, the VMC *centralistas* were able to pacify workers’ hostilities by meeting their material needs while at the same time

<sup>83</sup> Author interview, Wilma 56 years old - Former VMC Employee, 2 April 2007.

strengthening the mill's influence over workers' families. In addition, the mill's deployment of its worker welfare policies and the formation of the local company union served as countermeasures to the growth and activities of other unions vying to represent the interests of Vicmican labour. These developments contained labour relations and collective representation to the spaces of the mill and restricted workers from organizing beyond the Victorias factory. By catering to familial interests on the shop floor and in the company compound, employers used the discourse of family to govern labour relations at the mill. As worker families continued to grow, so too did management's hegemonic domination.

### **5.5 Working Conditions under Luzuriaga, Jr. (1966-1991)**

During the late 1960s and following the death of Miguel J. Ossorio, the ownership of the mill shifted from the American Ossorios to the Filipino Locsins and Luzuriagas.<sup>84</sup> Similar to the managerial ranks, VMC presidents were selected by family and social pedigree.<sup>85</sup> Even though the Ossorios were still present on the board of directors, other long time serving executives took their turn as VMC president.<sup>86</sup> Manuel Mendez, a former senior VP, served as president from 1965 to 1970, and it was under his direction that the company greatly expanded its railway and sugarcane transport system. This was followed by the presidential term of Manuel V. Locsin from 1970 to 1976. Under both the Mendez and Locsin regimes, the VMC augmented various departments including parts fabrication, research and development, and the construction of the first carbonation plant refinery in the country; as well as launching into economic diversification projects such as cattle and swine breeding (VMC, 1989: 19-20). The firm also continued its practice of hiring American managers, including political economist and academic, Dr. Thomas McHale, who was a vice president from 1965 to 1969.<sup>87</sup> It was under Claudio R. de Luzuriaga,

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<sup>84</sup> In 1956 the majority of stockholders were American (73 per cent) followed by Filipino (23 per cent) and a mix of Swiss, Spanish, Chinese and other nationalities (4 per cent). By 1963 stockholder were mostly Filipinos (54 per cent) followed by Americans (44 per cent) and other nationalities (2 per cent) (Dungo, 1969: 29).

<sup>85</sup> The transition of control of the company actually began a decade earlier. Before entering formal retirement, Miguel J. Ossorio entrusted the leadership of the company to Carlos L. Locsin, whom he chose to succeed him in 1955.

<sup>86</sup> Jesus J. Ossorio, Miguel's brother, was elected as member of the board of the directors in 1966 and was an active member of the company executive since the inception of both the Manapla NONSUCO plant in 1917 and the VMC in 1919. The second and third sons of Miguel J. Ossorio, along with Michael Clive Ossorio, Jesus's eldest son, also played key roles in the company's history and development during this period. Luis C. Ossorio, the second Ossorio son, began training at the company in 1931. He was joined by his brother Jose Maria in 1934 and in August 1939, the brothers jointly managed the VMC plant. By 1967, Jose became the chairman of the board of directors, a position he held for more than twenty years. Michael Clive, a first cousin, was also a member of the board of directors until his death in 1989, the same year that Luis C. Ossorio passed away.

<sup>87</sup> Dr. Thomas Riley McHale (March 20, 1925 - December 10, 2002) was born in Waterbury, Connecticut and had a distinguished career as an economic advisor, consultant, political economist and Southeast Asia expert. He received his BA from Yale University and his doctorate from Harvard University in 1959 and has written on a number of

Jr.'s term as president (November 1976 to August 1991), however, that the company achieved its last, and greatest, period of expansion. With the industry in the midst of its greatest boom, a period lasting until the mid 1970s, managers and executives made small fortunes from VMC's profits while part of the sugar surplus was channeled to further support the interests of workers.

Forms of employee compensation, already considered by many as the best within the industry, gradually reached an all time high and were improved on all fronts.<sup>88</sup> These additional fringe benefits were added to the already impressive list of paternalistic employee programmes that were established in the mid 1960s (see Table 5.4). Such strategies were also enjoyed by a larger number of people as company expansion, diversification and over hiring swelled the number of permanent workers from approximately 1,600 in 1960 to more than 4,000 in 1976 (VMC, 1976: 9).

**Table 5.4: Additional Vicmican Benefits, 1976 to early 1990s**

<p>Educational Leave - Full Leave of Absence with Pay and Complete Subsidies for Tuition  Travel Allowance (For Local and Overseas Business)  Profit Sharing  Stove and Fuel Allowance  Free Electricity  Payroll Cash Advances  Interest-Free Loans - "for tuition fees, eyeglasses, funeral, subsistence and payment of the first premium of a life insurance policy of employee-applicant" (VMC, 1976: 18).  Christmas Bonus (one month's pay with extra monies for rice, meat, pork and sugar)  In-Service Training  Paid Professional Board Examinations  Paid Memorial Services  Performance Based Salary Increases and Awards  School Bus Service for Children (both within the VMC Area and to Manapla)</p>
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Source: Informant Interviews, March to August 2007; VMC, 1976: 12, 16-19.

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topics related to economic development in Southeast Asia. Following his stint at the VMC, McHale advised the Saudi government on economic planning during the 1970s, served on projects for the World Bank, and held the position of senior economist for the banking firms of Morgan Stanley, Drexel Burnham Lambert, and Goldman Sachs (New York Times, 2003, January 13). The background and activities of actors like McHale suggest the continuity of a transnational class elite present in the VMC Area and reflects the dynamism of its spaces.

<sup>88</sup> Author interview, Nini 50 years old - Retrenched VMC Worker, 6 April 2007.

As described in Chapter 4, from the mid 1970s to the early 1980s, a number of factors contributed to the two major sugar crises (1974-1975 and 1984-1985) and the subsequent decline of the industry. The end of the Laurel-Langley Act and the large US sugar quota in 1974 was followed by the seizure of sugar profits by Marcos' government marketing agency Philippine Exchange (PHILEX), and later in 1977 by the National Sugar Trading Corporation (NATSUTRA) that was supervised by the Philippine Sugar Commission (PHILSUCOM) headed by Marcos crony Roberto S. Benedicto. These changing political and economic circumstances caused severe volatility in sugar prices. The price of sugar fell from 67 US cents per pound in 1974 to 7 cents in 1975, rising a few years later to 45 cents in 1980 before plummeting to 7 cents in late 1983 and 3 cents in 1986 (McCoy, 1991: 119; Angeles, 1995: 223, 225). This period of unrest shook Negrense society to its core. The leftist movement gained strength as famine and hunger grew on the haciendas. Planters invested in their private armies while some mills experienced bankruptcy and fired their workers. Luzuriaga, Jr. remarked on these times as some of the worst in the history of the firm:

The lowest as well as the most painful point was when the Marcos government applied pressures on the sugar industry. We were not able to consider our product our own because it had come to belong to the government. Although there was a boom in the world price of sugar in 1974, we never got what we should have. That was the beginning of the slump in the entire sugar industry of the Philippines (de Luzuriaga, Jr., 1989: 183).

Despite these circumstances, by the early 1980s the VMC showed it was able to weather the "Social Volcano" that erupted in Negros by maintaining a labour force of more than 4,000 permanent workers for the rest of the decade (VMC, 1989: 178). In 1981 alone, the company had 3,017 rank-and-file members.<sup>89</sup> By 1989, there were more than 20,000 residents living on company controlled property (VMC, 1989: 182). Moreover, with the VIWA company union already well established for some twenty years by the early 1980s, the National Federation of Sugar Workers (NFSW), like other labour associations before it, was also defeated in its efforts to organize the Victorias central's workers during this period of social crisis. This occurrence points to the resiliency of, and strong continuities within, the local spatial fix of the Vicmican mill workers.<sup>90</sup>

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<sup>89</sup> Vicmico Industrial Workers Association (VIWA), represented herein by its President, Paquito V. Ando, petitioner, vs. The Honourable Carmelo Noriel, in his capacity as Bureau of Labour Relations Director, represented by his Officer-in-Charge Romeo A. Young, and the National Federation of Sugar Workers (NFSW), respondents. 31 August 1984. G.R. No. L-59167. Republic of the Philippines Supreme Court, Manila.

<sup>90</sup> Ibid. 31 August 1984.

### **5.5.1 Social Groups and Networks within the Factory**

Social groups continued to form around key leaders and patrons along familial and fictive kin networks both throughout the firm and within individual departments. It was through my patrons in Victorias, Hector and Wilma, that I was able to gain the greatest insights into the social dynamics of everyday work life at the VMC. Hector, now in his late 50s, was a senior officer at the mill during the 1980s and 1990s. He is a second generation Vicmican, whose father was also a high ranking official. Wilma was also a second generation worker whose father was a mill employee for well over a generation. Before taking voluntary retrenchment, Wilma's four siblings were employed in a variety of VMC's departments. Within his own department, Hector supervised and worked alongside his neighbours, classmates, in-laws, and even his wife. Upon first arriving in Victorias, many workers refused to speak with me and gaining access to these personal social networks was no easy task. After enlisting the help of my patrons, Wilma assured me, "You don't have to worry now. When people find out that you are with us, they'll think you're an untouchable." It was only by mentioning Hector's or Wilma's name to interviewees was I able to instantly gain their acceptance and trust. This was a remarkable feat given that Hector and his family have not lived in Victorias for more than a decade.

Perhaps unconsciously, workers identified themselves according to the patron in the mill who provided them the greatest support. This was a short list of 20 to 25 managers, mainly directors (who had a stake in ownership), senior officers and the vice presidents of different divisions. During my conversations with workers, on both an individual and small group basis, many could not help but mention the largest personality and "big shot" they personally knew at the company. 39 year old Tomas began working at the mill towards the end of the Luzuriaga era and has been a permanent employee for the last 17 years. He is a product of the company's system of schools and finished university in Bacolod. Tomas' first position was in the mill's nursery. He then became a crop specialist and crop surveyor with the laboratory. He is now a supervisor in machine maintenance. Through familial ties, Tomas is the second cousin of Hector's wife and thus was connected to one of VMC's former leading officers. "I cannot tell you enough about this guy. When he was here, he was big time ... big time! He was one of the great boss here," he told me. He proudly pointed out to me the estate property of his former boss when we went around the community and explained how Hector had helped him over the years

with moving up in the company, advice, and lending resources during difficult times.<sup>91</sup> As will be shown in my discussion on the dynamics of the internal labour market, forms of recruitment, job promotions and job security were closely tied to the nature and extent of a worker's personal social ties.

### **5.5.2 Workers' Interests and the Internal Labour Market**

The influence of familial and extended kinship social networks within the firm had significant effects on the interests of workers. It was through such networks that employees received promotions, the best of the company's benefits, freedom from disciplinary restrictions, and greater prestige within the community. These types of social networks also came into collision, leading to conflicts among managers who were trying to promote subordinates of their own groups, and between workers dealing with redundant jobs in individual departments. "It was very hard work at first!" said Roger, 71 years old, who worked at the VMC for 38 years (1960 to 1998). At age 19 Roger began as a *karga-tapas* (sugarcane loader and cutter) on plantations in Iloilo. A few years later he decided to migrate to Negros and continued as a *karga-tapas* on VMC's company haciendas until the age of 25. For many of the mill's male rank-and-file, working in the fields, especially doing *karga-tapas*, was like a rite of passage which garnered respect and allowed one to later climb the ranks. Roger's status improved when he was granted a permanent position as a stevedore in the company warehouses where he worked from 1963 to 1966. He was able to enjoy the everyday perks on the job such as free meals during his breaks, collecting overtime, and accumulating his years of company service. His family was able to avail of the company's subsidies for clothing, housing, food, hospital visits and the like. The first several of his eleven children enrolled in the company's system of schools since these expenses were also covered by the mill. Following his time as a stevedore, where he developed a reputation as a hard worker, he was given the position of timekeeper and worked evenings for the next 15 years. In 1980, he was promoted to assistant superintendent for his division and held the position until his retirement. Over the years, other members of his family became employed with the company. His eldest daughter taught at St. Mary's, the company's school for girls. Another daughter worked as a nurse at the company hospital and several of his sons worked in a handful of departments across the VMC. Throughout our conversations Roger mentioned how he was always a "favorite" of the top managers, including Hector, and how he was on a first name basis with them. He said that before he left he was

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<sup>91</sup> Author interview, Tomas 39 years old - VMC Employee, 4 April 2007.

encouraged by director Norberto B. Capay, Jr., descendent of one of VMC's founders, to delay his retirement and stay on at the firm a few years longer. Such connections gave him priority selection when it came to the location of his family's company house and later with his choice of residential lots in Canetown.<sup>92</sup> Roger's case illustrates two key points which were typical of senior mill workers. First, the nature and extent of their social networks greatly shaped the nature of the benefits they received and the likelihood of being promoted. Second, there were limits imposed on the firm's internal labour market regarding how high a permanent VMC rank-and-file worker could rise in the company given his ancestry, personal connections, training and educational background. In other words, the different segments of the local labour market (e.g. frontline workers, technical labour, managers) were regulated and organized in different ways.

The rules of the internal labour market afforded permanent workers a number of advantages that had negative implications for the firm. Collective bargaining agreements between the VIWA union and the VMC institutionalized a number of familial based practices. Seniority was the rule for departmental transfers and promotions, and employees' children were given hiring preference for new or vacant jobs. By the mid 1970s, familial and extended kin social ties became exploited to such an extent that the company prohibited the employment of relatives to the third degree of consanguinity within the same department or section (VMC, 1976: 27). But this did not prevent managers and executives from helping out their family and friends. "Assistant" positions for vice-presidents, superintendents, supervisors and other jobs were often invented to accommodate them as long as these were approved by the senior management, who also made final decisions on how promotions, new hires and other benefits such as housing assignments were doled out to employees. Many of the assistant positions were a means for officials to grant honorary status to certain workers.<sup>93</sup> During the late 1990s and early 2000s, such superfluous positions were severely cut back or eliminated outright. 60 year old Maria who was a VMC employee for 26 years before she was retrenched in 2000 explained, "Blood is thicker than water here. It's the malapit (near or close) system, the compadre or compare system and the influence of some people who are close and know each other well. When only one worker was needed they would hire three people for the sake of accommodation just to please their friends. You have more personnel, you need more supervision. The people

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<sup>92</sup> Author interview, Roger 71 years old - Retired VMC Worker, 11 June 2007.

<sup>93</sup> Author interview, Sally 48 years old - Former VMC Worker and Schoolteacher, 2 June 2007.

just create offices not suited for the company. They would hire people even if they are not qualified.”<sup>94</sup>

The workings of the internal labour market also further harmonized the interests of workers and managers. Aside from seasonal and contractual workers, there was little worker turnover at the VMC during these decades. Accumulating years of seniority and securing greater benefits through collective bargaining, combined with the influence of the firm in the reproductive and consumptive spheres of workers' lives in the company compound (described in the next chapter), led employees and their families to identify strongly with the philosophy and interests of the VMC. When entrenchment and not retrenchment was the norm, the familial nature of working at the mill made it difficult and costly for most to leave the firm. From the viewpoint of management, granting concessions and catering to familial ties gave rise to a loyal labour force that was strongly attached to the company and genuinely concerned about its general productivity. Yet, the role of positive incentives and external labour market conditions cannot be underplayed in explaining workers' loyalty and attachment. Overall, most permanent employees and their families benefited by living at the VMC and it was common sense that being a mill worker was far better than labouring for a planter on his hacienda.

The creation of redundant jobs through familial and extended kinship networks also affected the amount of freedom and the types of everyday job tasks that workers experienced. Even during the present day in the machine shop, Tomas, whom we met earlier, had to assign tasks of varying difficulty to his workers. Since the shop dealt with the maintenance of machineries in both the internal (offices in the entire factory) and external (the processing of raw and refined sugar) functions of the mill, some workers often had to test equipment outside on the soil in the baking heat, while other workers worked indoors. I noticed that Pedro, an employee in Tomas' department, was usually assigned projects inside the shop. One day, during a slow afternoon, Tomas' was complaining to me that he had no pocket money left because he gave Pedro a cash advance for a special job. We left his office to check on Pedro's progress. To my surprise, he was doing body work and a paint job scheme for Tomas' custom made truck. Not only was Pedro an obvious "favorite" of Tomas, but he was benefiting from this preferential treatment by making extra money in addition to his own salary, while using VMC resources and equipment during company time.

Although it was strictly against VMC policy to use company resources for personal gain, such occurrences were often acts of social reciprocity and obligation. "Favours" were

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<sup>94</sup> Author interview, Maria 60 years old - Retrenched VMC Worker and Schoolteacher, 31 May 2007.

exchanged between employees, friends and supervisors that manipulated the rules by using company equipment and resources for non-work related purposes that usually took place in the districts of both the VMC and the area of privately owned employee housing. One resident told me that extra materials from VMC projects were sometimes “sold” to people in the community to repair their homes.<sup>95</sup> In another instance, the yard of one manager’s house was completely landscaped using VMC machinery. I even witnessed a visit from a company driver who brought industrial hoses to clean the canals and drains at one residence. Though in each of these cases services were provided in exchange for a “fee”, it was not confirmed if these payments were pocketed or if they were official transactions charged to the firm. Such favors were often pivotal for promotions, job transfers and for side projects to earn extra money.

While kin and fictive kinship networks gave rise to a number of social groups within the workforce, they also brought about antagonisms amongst workers and managers. In his role as a former union delegate and supervisor, Eddy highlighted a number of cases where both workers and department heads were transferred to other sections of the company because of poor work relations. I also spoke with former employees who disliked Eddy when he was a supervisor and were envious of his connections within the company. In this sense, social groups and social networks were constantly negotiated and reconfigured. But at the same time, group relations had a deeply historical nature. The interventions of the Ossorios into the lives of workers went well beyond the workplace as employees were subjected to the activities at the company schools and churches, and participation in VMC related festivals, celebrations, and projects, that all bred a sense of familiarity among the people in the community. Social groups and networks were always in the making but they were also fairly stable and entrenched.

### **5.5.3 Recruitment as Patronage and Labour Control**

For employees and others living in the VMC community, to speak of “the management” from the post war years to the early 1990s implied a small group of two dozen Vicmicans, led in turn by the Ossorios, Locsins and Luzuriagas, who were major stockholders, possessed executive powers and had great influence in VMC affairs. Management’s “untouchable” social status, as Wilma described earlier, was reserved only for the mill’s elite and was a class category that had its own occupational, consumptive and symbolic markers. To gain access to this group meant to engage in practices and activities that were global in scale. Elites were usually educated in the United States and Europe, had multiple residences spanning Victorias, Bacolod, Manila and

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<sup>95</sup> Author interview, Sally 48 years old - Former VMC Worker and Schoolteacher, 2 June 2007.

abroad, and were independently wealthy. Luzuriaga, Jr., for instance, was educated as a lawyer and came from a landed family. He attended Columbia University in the mid 1950s for post graduate studies, and with the help of Miguel Ossorio a few years later he was able to secure a job at the American law firm Webster-Sheffield (VMC, 1989: 179). Hector is also of a similar background. He comes from a family of bankers and traders, many of which are MIT and Harvard graduates, who now mostly reside in the United States. Hector himself prefers to use English and surprisingly speaks little Ilonggo given his education at private American schools during his early years. In addition to the handful of top positions that the firm hired out to foreign experts, most of the executive jobs were inherited with fathers being replaced by their sons, relatives or friends. Similar to the rank-and-file, Vicmican sons were groomed to be managers from an early age.

As top company positions remained the domain of male mestizos and local elites, workers continued to be drawn largely from families already tied to the Victorias mill and the firm's train depot site in Manapla, although some were recruited from the province and surrounding region. Both the seniority of older employees and the integration of another generation of "home grown" Vicmican workers into the workforce strengthened familial relations as a means of managerial and disciplinary control. As shown earlier in the departments of Hector and Eddy, besides their own authority, top managers relied on the male familial authority of their friends, relatives and colleagues who rose in the company and occupied senior positions where they often supervised family members and friends.

Familial networks also played an increasingly important role in the recruitment process. The union and company policy of sons and daughters replacing their parents at their positions was strengthened by the firm's intervention into the reproductive spaces of its workers. The establishment of the VMC schools allowed the central managers to secure a stable supply of skilled labour as well as influence the socialization process of the workforce (see Chapter 6). Skills training for new members of the rank-and-file were given on two levels. First, employees' children usually went through the system of company schools where they were trained in a skill or trade suited for working at the VMC. Second, many were also taught on the job and in informal settings by their relatives and parents. Ralph, 31 years old, is presently a contractual employee at the plant and comes from a family of "home grown" Vicmican workers. He is the youngest of four siblings and his 79 year old father was with the VMC for more than twenty years. Like his father and two older brothers, he is a skilled metal welder who was hired into the department where his family worked. Ralph was formally taught metalwork at school and also

gained experience and guidance from relatives by working in his family's side business doing auto repair.<sup>96</sup> Ralph's older brothers, Raffy 47 years old and Nester 40 years old, worked with him as a welder at the mill for several years. Raffy currently holds a position as a driver. In his case, despite the fact that being a welder paid well and was a respectable position within the firm's job hierarchy, it involved exposure to hazardous fumes and it was common that many transferred to safer jobs later on.<sup>97</sup> What is instructive here is that during his early employment in the company, Ralph was under the watchful eyes of his brother and other neighbours who worked in his department, and he gained experience for his trade both from the company's secondary school and on the home front.

In addition to making the process of screening workers more foolproof, recruiting through familial and extended kinship networks was also a way of maintaining the power and influence of key leaders, male family heads and social groups within the company. Managers and supervisors received greater prestige and respect when they promoted, recommended or transferred their subordinates and this had the general effect of ensuring worker productivity and compliance. Employees such as Hector, who was groomed by his father and Luzuriaga, Jr. to take a senior position, often felt obliged to perform their duties. Hector's authority as a male family head and as a manager overlooking his own personal social group within the company was reinforced by doling out work related favors. Although the firm's authority and disciplinary structures continued to rely on racialized, patriarchal and gendered hierarchies under the paternalistic factory regimes of Mendez, Locsin and Luzuriaga, Jr., these further evolved through management's ideological and discursive social construction of workers and community members as part of the "Vicmican Family".

## **5.6 The "Vicmican Family" as Discursive Strategy for Labour Control**

While the concept of "family" remained at the heart of the firm's social organization, during the post Ossorio years and throughout the Luzuriaga, Jr. era the term was refashioned through management's social construction of the "Vicmican Family" as the dominant ideology and labour market discourse used to justify the mill's labour control and disciplinary strategies. This corporate philosophy has proven to be extremely resilient within the ranks of the VMC. In an interview given in the late 1980s, some 40 years after the war, Luzuriaga, Jr. comments on the company's credo and the importance of family.

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<sup>96</sup> Author interviews, Ralph 31 years old - VMC Contractual Worker, 29 April 2007.

<sup>97</sup> Author interview, Raffy 47 years old - VMC Driver, 29 April 2007.

I have strong thoughts on the concern that we must have for each other. Victorias Milling Company is not only a refining company, not only a conglomerate, not only a factory that converts sugarcane into refined sugar. Victorias is a family. In the family, there is a mother, father, children, uncles, aunts, grandparents. We are all like this - with our own role, our own position in the family - but we are together as one.

Here in Victorias, you are not a name, nor a number. You are a distinct person with a distinct contribution to give as a member of the Victorias family.

That is the beauty of Victorias and its employees. We have something in common, something which binds us together and it is this: our concern for each other. The proudest thing we can say is: "I work for the company because it is family to me" (de Luzuriaga, Jr., 1989: 183).

"More than an Industry, a Family" and "I work for the Company because it is Family to Me" became the VMC slogans. This paternalistic ideology was a way for the management to incorporate the interests of workers within their own by framing class relations in the workplace and community in terms of familial and extended familial social ties. Hence, to be a "Vicmican" was found in all aspects of everyday life since the ideology and discourse had a corresponding geography that was spatially expressed within the firm and in the larger VMC Area outside. It was both management's dominant social ideology, and through the situated social practices of workers and managers, a defining characteristic of their identities.

This corporate philosophy had a number of implications for mill workers. First, it established the "ideological terrain" that balanced workers' interests with the demands of managers and thus helped to sustain the broader relations of domination within the workplace. This was partly achieved by further embedding the use of social hierarchies found on the hacienda as a means of labour discipline in the mill. Such understandings played upon the long standing paternalistic relations between landlords and tenants, and on the social constructions often used by planters to characterize the behaviour of sugar workers. In metaphorical terms, managers assumed the role of the *amos* (masters) and became the father figures of the VMC while the *dumaans* (workers) and rest of the community were their children under their protection. In the factory, workers were constructed as dutiful, indebted and dependent who were expected to show deference towards their bosses and supervisors.

And from the time he (Ossorio) passed away, Victorias continued his concern for his people ... While we are not a womb-to-tomb company, we believe that our people know that they can depend on us in times of need. We want to see our people progress in life. We are concerned that the employee himself should get a better chance but we want this better chance to extend to his children. Yes, we want our employees' children to have

even a better education than their parents and so on through time (de Luzuriaga, Jr., 1989: 180).

Employees such as Roger and Tomas shared such sentiments and believed top managers like Don Miguel, Luzuriaga, Jr., Hector and other high ranking officers practiced what they preached when it came to the importance of family and the general welfare of employees at the central.<sup>98</sup> Many former workers, retirees and residents living within the VMC Area commented on the personal nature, kindness, and generosity in their everyday relations with managers and their supervisors both within and outside the workplace, along with how good their lives were when such people led the company.<sup>99</sup> By contrast, other groups at both ends of the corporate and employee hierarchy spoke of their frustration in dealing with the executive management. For instance, former managers contested the directions of the company, while in the present day, temporary and seasonal workers silently endure lower wages and poorer conditions by making their livings on the fringes of VMC's labour market.

Second, as a discursive representation operating at the scale of the individual and the workplace, "being Vicmican" had the effect of both individualizing and collectivizing employment relations and labour discipline at the local level. It also further reinforced the collective forms of representation, organization, bargaining and identity espoused by the local VIWA company union. In other words, every member of the community was a "distinct person" who was part of a larger "family." But as Chapter 6 will illustrate, "being Vicmican" had significant local labour market consequences for those who were members of the "family" and for those who remained excluded.

### **5.6.1 Being Vicmican as Workplace Practice**

Within the factory, the familial philosophy was integrated into the daily life of workers through a variety of the management's spatial practices. Notice boards were strategically placed in centrally located areas in all departments. The VMC also started its own newspaper, the Vicmico Gazette, a project spurred by the provincial labour conflicts of the 1930s and the events in the early 1960s. These devices were implemented to control information in the workplace, propagate company values, and were a means of disciplining workers by outlining work policies, penalties and rewards. As the next chapter will illustrate, the regulation of information flows

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<sup>98</sup> The term "Don", used here as a Spanish title, was also a term of endearment for those living and working within the VMC compound and for other Victorians during M.J. Ossorio's time.

was only one of a number of the VMC's spatial and identity based control strategies that were deployed in the compound. Following Jonas (1996), the Vicmican familial discourse consisted of a variety of social, political, cultural and spatial practices tied to locally unique institutions and sets of social relations that expressed how the area's local labour control regime operated on the ground.

As experienced by managers and supervisors, the familial philosophy was similar to a double edged sword when it came to issues of discipline and productivity. As indicated earlier, familial and extended kinship networks within the firm and its departments had contradicting effects to the way work was organized. They simultaneously maintained the efficiency and productivity among subordinates through the disciplinary power of male family heads and the absolute authority of senior officers, but also indirectly invited the abuse of company policies. Through their connections and social ties, some workers believed favoritism made them "above the law" and saw a laxness in the interpretation and enforcement of the company rules. Others exploited job redundancy as a way to get out of doing work. Maria, a former worker, commented, "Ha! The people there before just sit and wait for their time for the 8 hours to go. They work when they have to, especially if it is busy, but in other times, they just go out and leave. They go somewhere but they are punch in already. Sometimes they will just ask their friend there to punch them out or they will come back in their work and do overtime!"<sup>100</sup> During their time in the plant, senior managers such as Hector and departmental supervisors such as Eddy, Tomas, and Roger remembered how they allowed some flexibility and leniency in enforcing the rules but always within acceptable limits. Eddy recollected on a handful of workers he personally knew, including others he recommended for suspension due to abandoning their post, "getting caught" using company owned supplies and materials, cashing company checks, and punching co-employees timecards.<sup>101</sup> Other employees often overused their sick leave, what Dungo (1969: 104-105) documented in the 1960s as "malingerers" who took time off and sold their medications once released from the hospital. Another common practice was to tie up the phone lines with personal calls or by leaving the receiver off the hook (VMC, 1976: 27). This slowed down the pace of work in the departments and delayed the assignment of new tasks given by the senior management who would then have to send messages by runner.

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<sup>99</sup> Author interviews, Jenny 48 years old - Housekeeper, 16 April 2007, and Roger 71 years old - Retired VMC Worker, 11 June 2007.

<sup>100</sup> Author interview, Maria 60 years old - Retrenched VMC Worker and Schoolteacher, 31 May 2007.

<sup>101</sup> Author interviews, Eddy age early 60s - Retrenched VMC Supervisor, 28 March, 2 April 2007.

Yet, these specific supervisors never really experienced any problems with their subordinates. A major reason was the company's policy that held supervisory personnel partially responsible should workers commit any violations. Hence, supervisors usually tried to cultivate good working relations within their departments. Although favoritism and nepotism encouraged the abuse of company policies, violations by individual employees came at the expense of tarnishing the reputations of a specific family or social group, as well as showing dishonor to their company patrons. After all, there was much more at stake besides losing their jobs should workers commit a serious violation. Over time, they stood to lose subsidies for the education of their children at the company schools, VMC loans, health benefits, everyday food security, household appliance benefits, and the firm's housing allowances, which all contributed to the very decent standard of living experienced by the mill's employees. Perhaps of greater consequence was the loss of the glamour and respect that came with the "Vicmican way of life", and the social effects that resonated into the community as shame, disappointment and embarrassment were brought upon the family and friends of a worker who committed an offense.

## **5.7 Conclusions**

Examining these different features of the VMC workplace is important in revealing how the product/market stability granted by a broader institutional arrangement (in this case Philippine export dependency and the large US sugar quota) intersects with a specific institutional environment at the local level (the Vicmican Family) to create a distinct set of social tendencies responsible for shaping the structure and operation of a local labour market. Under the Ossorios, I showed how familialism was the basis for the social organization of the firm, employment relations, and forms of labour discipline. In the next section, I examined how the formation of the VIWA union was a geographical strategy of workers' agency which illuminated the very real political and economic goals that workers had at the time. In a related way, I also illustrated how the presence of a stable and committed workforce was not only tied to the technological and skill requirements of the industrial labour process (i.e. that labour market structures simply reflect industrial structures, c.f. Chapter 2 Section 2.2), but that employment policies and practices were affected directly by external labour market conditions and the claims of other worker groups trying to assert their influence over the labour market. In this sense, the local class compromise struck between the Vicmican management and the rank-and-file as expressed through the VIWA company union, along with the various worker organizations that attempted to organize the central, can be interpreted as a series of competing spatial fixes.

Under the Luzuriaga, Jr. regime, I further elaborated on how the dynamics of familial and extended kinship networks were responsible for the formation of patron-led, male dominated social groups, as well as in shaping the specific rules, norms and practices that governed the workings of the internal labour market, recruitment practices, and types of labour discipline. This was followed with a discussion on the ideological and discursive apparatuses used by the management to sustain relations of domination and control over labour in their effort to maintain the overall profitability and stability of the enterprise. It is these distinguishing characteristics of the Victorias labour market (the Vicmican institutional environment, the social organization of the firm, the VIWA company union, workers' local spatial fix, the internal labour market, recruitment practices, and workplace/labour market discourses) that more recent processes of industrial restructuring have torn asunder. As this chapter and Chapter 6 focus on the particular labour market structures and the lived social spaces found in one specific locality that constituted the Philippine sugar industry during American neo-colonialism, Chapters 7 and 8 will attempt to do the same by investigating the VMC under the influence of the Chinese-Filipino *taipans*. But first, I turn to the Vicmicans' actual experiences of work and the larger spatial geography of VMC's labour control.

## CHAPTER 6 - WORKER IDENTITIES: THE VICMICANS OF SUGARLANDIA

“While Victorias invests abundantly in machines, its special strength is in the men whom the company trains and develops to deliver services related to sugar cane culture” (VMC, 1989: 9).

### 6.1 Introduction

In “Sugar and the Origins of Modern Philippine Society” and more specifically in his chapter “The Mind of Sugarlandia”, Larkin (1993: 102; 103-146) explores the “ideas, perceptions, and attitudes” of the major actors that constituted Philippine sugar society during the early development of the industry (1836-1920). Regarding workers, he observes the older *casamacs* (sugar tenants) of Pampanga, a province in the north of the country, along with older *dumaans* (resident labourers) of Negros, and examines their thinking, their world views and their work experiences as they applied to the period before the 1920s (124-125). While he compares the labour conditions of two distinctly different sugar producing regions in the Philippines, the actual experiences of “Sugarlandia” are socially, spatially, and in this case, temporally variable. While largely pertaining to Negros, the “sugarbowl” of the country, and further popularized into scholarly social inquiry by Larkin, I use the term “Sugarlandia” within the context of this dissertation as it is defined by Bosma, Giusti-Cordero, and Knight (2007: 7):

Although in its original usage (in the Philippines), Sugarlandia signified a mono-crop, sugar-based regional economy, it is employed here as an evocative, global synonym for the social classes, cultures and political economies with which the large-scale production of the commodity was enmeshed and which equally shaped sugar production. In contrast with much postcolonial scholarship ... culture and ethnicity [are] in close interaction with a material domain whose boundaries are fluid and contested.

Even as “Sugarlandia” for Bosma et al. represents an important research “crossing” between “economy and culture”<sup>102</sup> in their analyses of sugar and colonialism from 1800 to 1940, the spirit of Larkin’s and Bosma et al.’s approaches do apply to the labour market identities and work related social practices of the Vicmican mill workers both during and after the American neo-colonial period of Philippine sugar production.

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<sup>102</sup> The first of their four conceptual and empirical “crossings” involves the need to compare sugar and colonialism between the New and Old Worlds and between the regions of Southeast Asia and the Caribbean; the second is to advance a global perspective that locates analyses within “connected circuits of commodity production that include refineries, shipping and credit systems”; the third is the concept of “Sugarlandia”; the fourth is to consider the reciprocal interaction between the colony and the metropolis (Bosma et al., 2007: 6-7). Although their analyses and case studies focus upon the period from 1800 to 1940 as mentioned above, the theoretical approaches adopted within this dissertation fit well with these “crossings” in the “neo-colonial” period of sugar production in the Philippines (i.e. processes of uneven development, Philippine-United States relations, and the unique intersections between broader institutional arrangements and locally specific institutional environments espoused by the local labour market perspective).

Complementing the preceding chapter's emphasis on the firm's distinct institutional environment (its social organization, its employment policies, and the forging of its internal labour market), this chapter focuses on labour supply factors. It examines the larger spatial geography of VMC's labour control during the American neo-colonial period and how it continues to help constitute the gendered "Vicmican" labour market identities of former and current mill workers and managers. In the spirit of further dissecting the gendered experience, culture, and consumption of "Sugarlandia", if the *hacenderos* and *centralistas* fashioned themselves as, and consumed like, *Dons* and *Donnas* during the heyday of the industry (see Billig 2003: 37; Aguilar, 1998: 117; Lopez-Gonzaga, 1991; 1989; Larkin, 1993: 167-8, 212, 242), then groups of industrial working men like the Vicmicans were their "labour aristocrats". In using this term, I am suggesting that the Vicmicans were a localized version of the "labour aristocracies" characteristic of the strong manufacturing based worker unions of the auto and steel industries in the US during the post war period. Like these American labourers of their respective sectors, Vicmican employees were workers in the top firm in one of the leading industries in the country at the time, who experienced a "sense" of class achievement perhaps unmatched in the central Philippines. But they were "pseudo" labour aristocrats benefiting from the dependent ties, employment practices and the availability of company credit that allowed them to live comfortably under the care of their *centralista* managers. Though everyday forms of resistance were common, the rank-and-file lacked any real social or political power as a labour collectivity. The fact remained that after the 1950s the workers never organized a union independent of the management.

By identifying the consumptive norms and gendered practices inherent to these particular experiences of work, the findings of this chapter are significant in revealing the "softer" regulatory forms that help to define a local social and cultural context of sugar production that accompanied processes of neo-colonialism and capital accumulation tied to the United States. In this way, the interventions of the firm into the productive, reproductive, and consumptive domains of workers gave rise to a distinctive lifestyle that spoke to the firm's culture, "the beautiful life here when the mill is at its top"<sup>103</sup>, which (adapting from the locals) I call the "Vicmican way of life". It is these norms, routines, and traditions distinct to this lifestyle which have been broken down by the mill's restructuring and which continue to inform the current political behaviour and the social practices of workers and their families.

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<sup>103</sup> Author interview, Sally 48 years old - Former VMC Worker and Schoolteacher, 2 June 2007.

Four main arguments guide the examination made in this chapter. First, as an imposed hegemonic labour market discourse and representation by the management, the “Vicmican Family” had a number of important consequences for the segmentation and segregation of labour. It simultaneously elevated the status of permanent mill workers and their families, and further reinforced the marginal labour market positions of Victorias’ *dumaan* sugarcane labourers. As a “multi-vocal social construction”, “being Vicmican” was not only performed within the workplace but also through the practices of managers and workers outside of the company state. As a result, different groups and individuals from the region drew their own meanings from the discourse which further contributed to the prestige and high standing of the firm. Second, as an ideology and corporate philosophy, the “Vicmican Family” had a much larger corresponding geography. The firm’s integrated intervention into the domains of production, reproduction and consumption gave rise to specific institutions that defined the locality and both spatially and temporally controlled the bodies of workers and their families. Third, the particular labour market positions and experiences of work that constituted the Vicmican identity were tied simultaneously to cultural and gendered social practices. In this way, the actual experiences and expectations of the labour market interact with, and are informed by, multiple social axes of identity (class, race, culture, age) and dominant conceptions of both “masculinity” and “place”. The mill's gendered division of labour that emphasized the male family wage, together with the formation of male oriented and familial based peer groups within the firm (described in Chapter 5), encouraged certain work related social practices that affirmed and reaffirmed the gendered and classed identities of the Vicmicans, and further reinforced the meanings attached to the VMC locality. Fourth, when considering all of these elements, mainly, the interpretations drawn from the Vicmican discourse, the firm’s spatial strategies of labour control, along with the experiences and practices of people living within the VMC Area, they together formed the basis of the community’s working class culture and the distinct reputation and way of life associated with the firm.

This chapter is organized in the following way. The next section reviews briefly theoretical ideas on labour market identities and masculinity. The third section looks at the place-based meanings attached to the central. It examines the “Vicmican Family” as a dominant labour market discourse and its effects on the social and spatial segmentation of the Victorias labour market. It also gives a detailed description of the complex. The fourth section observes the evolution of the firm’s spatial strategies of labour control within the spaces of the company state. From the inception of the Vicmico Gazette, to the construction of specific local

institutions and company housing projects, these all served to reproduce, socialize and control the workforce. The fifth section delves into the experiences and practices that inform the Vicmican identities of mill workers and managers. In the final section, I review the key findings of the chapter and discuss their importance.

## **6.2 Theorizing Masculine Labour Market Identities**

In Chapter 2, I showed how the labour market, as an institutional space, is subjected to a number of social processes that create and reproduce specific labour segments and forms of inequality. In this section, I supplement the arguments made earlier by reviewing ideas that illustrate how spatial and place-based processes simultaneously drive labour market segmentation and the making of labour market identities. Although specific practices and expectations of work strongly inform the creation of such identities, they are also constructed through the experience and discursive representations of place. By integrating perspectives of place into labour segmentation theory, Bauder (2001; also see 2001a; 2002) demonstrates how processes of cultural identity formation affect supply-side factors related to the segmentation of work. Through a process of “cultural identification and differentiation,” which are based upon practices and discourses of inclusion and exclusion, he shows the way “cultural identity can be self ascribed [to places] or [be] imposed by others” (41). The first part of his analysis concerns the internal formation of cultural identity which involves social practices internal to a place (what he calls “culture as lived experience”). Bauder (43) argues that “local structures of feeling” (emotional attachments to a place, the specific qualities of a place, the meanings connected to a particular locality) are cultural experiences that influence labour market identities. “Place-particular” images, symbols, meanings and institutions (such as schools and churches) are seen as mediating work roles and labour market expectations. This suggests that the local spatial context helps construct the meanings and status assigned to different jobs (i.e. the desirability of certain types of work, and perceptions of which jobs are considered good and bad). In this way, labour market identities are not only shaped by multiple forms of difference (class, race, ethnicity and gender), but also by cultural experiences which “are embedded in the social, political and historical circumstances of place ... affect[ing] which labour segment residents will join” (44).

Somewhat complementing my earlier discussion on labour market discourses, the second part of Bauder’s analysis, the “cultural representation of place”, involves “external labels that categorize residents [according to] place” (45). He explains that certain forms of imposed

cultural identity assigned to specific neighbourhoods (or districts) (e.g. ghetto, underclass, poor) attach certain values, attributes and labour expectations to residential working populations. Such labels have the power to include and exclude workers from specific labour market segments. Employers are then put in a position where they can discriminate against or exploit such stereotypes in their hiring practices. Furthermore, acting as “symbolic markers”, local institutions such as housing projects further signify the perceived attributes or stigma associated with specific places. Thus, with the collective cultural identity of a place partly tied to the actual labour characteristics of a specific population, Bauder (46) asserts that residential segregation, the cultural representation of place, and labour market segmentation are highly integrated processes. As will be illustrated below in the case of the VMC, patterns of labour segmentation are reinforced by the external labels attached to different places, and by the labour market identities of workers which are produced through their inclusive and exclusive social practices. In other words, the distribution of power among different labour segments, along with the social inequalities generated by the local labour market, are spatially mapped onto the Victorias milling district.

In a male dominated company such as the VMC, the labour market identities of the Vicmicans were indeed produced from their past practices and experiences tied to the VMC Area, but they were also highly gendered and have much to do with changing local interpretations of masculinity. The work of Connell (1995; also see Connell and Messerschmidt, 2005 for a more recent review) has established the idea of “hegemonic masculinity” as a key term in the gender studies literature. In a very broad sense, his argument asserts that sets of gender relations within a particular gender regime produce dominant forms of masculinity. Furthermore, such masculinities are “multiple” and are further differentiated as they intersect with other social categories of difference (class, race, ethnicity, sexual orientation). In the words of McDowell (2002: 102), hegemonic masculinity involves “men who are economically successful, racially superior, and visibly heterosexual” when compared to other versions of masculinity, which further entails analyses of different contexts of “power relations between men, as well as men’s domination over women.” For these reasons, men attempt to “connect to hegemonic masculinity or myths of masculinity” but must also deal with the “the consequences of failing to hold the resources needed to achieve an idealized masculine identity” (Elmhirst, 2007: 227).

In this fashion, a common theme in studies of masculinity and labour is that the restructuring of labour markets and the job uncertainties they create serve to strengthen the

continuities of traditional working class masculinities rather than drastically transform them. Rather than turn to new behaviours and practices, men maintain traditional expressions of masculinity in order to assert their continued dominance (Silberschmidt, 2001). Within such contexts of social change, Connell (1995: 84) explains “[s]uch crisis tendencies will always implicate masculinities, though not necessarily by disrupting them. Crisis tendencies may, for instance, provoke attempts to restore a dominant masculinity”.

While post-structuralist interpretations illustrate the mobile, multilayered, fluid, and relational nature of identities, and how they are performed along multiple social and spatial axes (see McDowell, 2003; 2004), Pratt and Hanson (1995: 20, 22) remind us that there are particular “resting places” for identities, where they have a tendency to fix themselves, and where relations of inequality and domination exist. Instead of emphasizing workplace identities of consent or discursive practices of resistance to dominant representations of gender, which been a major theme in the literature (Ong, 1990; Lee, 1998), I focus here on employees’ more “stable” experiences of work and the status and respect they attached to their labour market positions.

As we shall see in the latter sections of this chapter, I treat “being Vicmican” both as a particular labour market identity (and thus a particular experience of work) and as a formerly hegemonic type of Negrense working class masculinity that drew upon traditionally acceptable “macho” forms of behaviour (visible heterosexuality, womanizing, drinking, gambling, and other classed practices of consumption).<sup>104</sup> As socially differentiated among the labour segments within the mill, an idealized hegemonic version of masculinity, in the way of Connell, was associated with the transnational group of *centralista* owner-managers and executives, which entailed certain gendered and classed practices. The subordinate type of working class masculinity that exists among the rank-and-file also consisted of a similar but much different set of social activities. In this sense, “being Vicmican” was both a local and regionalized form of social identity, and also a locally dominant version of masculinity that consisted of key performances. It was these gendered and classed activities enacted within and outside the central that were used to express the Vicmican identity as a means to garner social respect. That many men in the area continue with these practices during the VMC’s current period of restructuring and retrenchment is evidence of their efforts to maintain their dominance and dignity by asserting traditional male behaviour (an issue further discussed in Chapter 8).

### 6.3 The Capital of Sugarlandia

Even in the 2000s, various official government documents continue to portray the province of Negros Occidental as the “Sugarbowl” or the “Sugarlandia” (as defined in its original usage) of the Philippines. In a similar fashion, Victorias City is widely acknowledged as the “sugar capital” of Negros (PNO, 2001: 31), claiming to be “home of the largest integrated mill and refinery in the world” (NSCB, 2006: iv). In a rhetorical sense, how did Victorias come to be known as the capital of Sugarlandia? The site partly gained its name over time due to its strategic position within the country’s sugar industry (see Chapter 4, section 4.4.2), but the status, wealth, reputation and lifestyle associated with the firm was also produced from external representations of the place made by outsiders, internal ones such as the “Vicmican Family” that were forged by the mill’s management, and by the practices of the residents who lived within the spaces of the VMC and circulated its meanings outside. Drawing on the theoretical ideas reviewed earlier, as both a set of internal cultural practices and external representations of a place, the Vicmican discourse reflected the “higher” local labour market positions of particular labour segments which entailed a particular experience of work, and specific employment expectations involving forms of compensation, promotions and job security.

As a “culturally lived experience” on the ground, the Vicmican corporate philosophy not only further rooted the social and cultural activities associated with the VMC into the geographic landscape, but it was also an important discursive representation of the local labour market. By turning the central itself into a symbolic place-based marker it elevated the status of all permanent employees and ascribed specific gendered and classed characteristics to the primary workers of the Victorias mill. For workers and their families, being part of the “Vicmican family” had significant spatial and temporal meanings. As will be shown in later sections of this chapter, employment at the mill was a badge of honor, prestige and respect, tying workers to American and later mestizo style largesse that granted privileges, entitlements and a license to consume. But in order to avail of these meant to be under the watchful gaze of supervisors and managers since many benefits were exclusive to the company compound and its immediate areas. In a temporal sense, being a Vicmican meant continuing in your family’s long line of service to the central that in many cases traced back two or three generations. The longer the ancestral connection and the stronger the blood lines within the central, the easier it was to gain

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<sup>104</sup>Although I support McDowell’s (2002: 103) claim that “hegemonic masculinity is spatially and temporarily specific”, there is a more specific literature that examines the issue of “Filipino” masculinity in greater detail (see Angeles, 2001; McKay, 2007).

membership in the company. Former workers said that to follow in such traditions often brought them a great sense of pride.

As an “external representation of place”, Negrenses and Ilonggos living elsewhere in the region also assigned their own specific meanings to the place-based identity of the Victorias mill. My discussions with retired mill workers and long time residents in Iloilo, confirm that early settlement in the Victorias area and subsequent employment in the mill during the post war years was a gold standard within the regional labour market that guaranteed a good quality of life, social status and jobs for workers’ families.<sup>105</sup> Perla, a 63 year old Ilongga retiree in Iloilo City who still has friends in Victorias, said “When I was growing up, we knew that the Victorias Milling was a very good company and that the Americans were there. The children all went to the private company schools, and I said to myself, wow, if you are living there you are really taken care of. You get a nice house and everything. All of the friends of my younger brother, once they finish in their college schoolings, all try to get jobs there. Some did and they are still in Victorias, and that was more than thirty years ago.” In this way, the local institutions of the VMC Area, its schools, its American style housing districts, its local church, as well as other amenities, served as symbolic markers that further enhanced the positive perceptions, meanings, qualities and employment expectations of the place.<sup>106</sup> Even given the present financial status of the firm, the VMC name still carries cachet among labourers and residents from other parts of the province. Upon revealing that I was staying in the Canetown district in Victorias, casual conversations with Bacolodnons (people from Bacolod) elicited comments like, “Kay guapo na Canetown (the Canetown district is beautiful)” and “There’s still some money left in Victorias.”

### **6.3.1 The “Vicmican Family” as Labour Market Discourse**

At another level, the “Vicmican Family”, as a labour market discourse, had a number of important effects concerning the form of Victorias’ labour market structures. It reinforced existing local patterns of occupational and labour segmentation, served as a means of separating industrial and agricultural workers, and further assigned social status to different groups of workers. Above all, it stressed patriarchy and heavy male dominated industrial work which cast the Vicmican man as breadwinner, guardian, and major provider for his family.

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<sup>105</sup> Author interviews, Perla 63 years old - Ilongga Retiree, 28 April 2008, and Roger 71 years old - Retired VMC Worker, 11 June 2007.

<sup>106</sup> The VMC Area’s company church, St. Joseph’s, and its famous mural “The Angry Christ” were featured in a 1960 issue of Life Magazine.

The reinforcement of the Vicmican discourse through the creation of the VIWA company union in the early 1960s, and the agreements that followed, granted monopolies to the mill and its industrial workers over the supply of skilled labour. Through their interventions, owners and managers secured the reproduction of a skilled workforce and with workers and their relatives (mostly males) having priority to permanent positions, the industrial labour supply was restricted by the VIWA union. The recruitment process (for managers and the rank-and-file) and the nature of familial based social networks addressed in the previous chapter also served to localize the labour market and allowed racially based forms of occupational segregation to persist. But these practices also had a number of other consequences. The gendered division of labour forced the majority of women into the home and into secondary segments of the labour market. The initial generation of women who worked at the mill began in traditionally female dominated occupations (in teaching, secretarial or other service positions), and were segregated to the spaces of the local company stores, the mill's offices, the community library, and on the lines in the refinery department packaging small portions of refined sugar to be sold in American supermarkets. Towards the end of the Luzuriaga era (1966 to 1991), second and third generation Vicmican female employees, especially from elite families, experienced a great deal of upward social mobility and occupied important higher paying jobs in positions of authority within the company. Although gender divisions in certain departments persist until today (i.e. males comprise the majority of labourers in departments), familial and extended kinship ties often outweighed issues of gender and significantly shaped how new recruits were accommodated and what positions they were given. In short, if a recruit's father or mother had already sweated for the company, the screening of new hires was merely a formality. Such candidates would be found a job.<sup>107</sup>

Although their roles were just as important to the production process as the central's industrial labour force, the Vicmican familial discourse as functioning in the local labour market also served to segregate the mill's temporary workforce and agricultural labourers on its company haciendas. In a general sense, permanent VMC employees tried to avoid jobs at the bottom rung of the mill's internal labour market that were generally disliked, often required enduring the elements, and were supplemented with temporary workers.<sup>108</sup> These lowly jobs resembled work on the VMC haciendas and surrounding plantations that included sack loading,

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<sup>107</sup> Author interviews, Wilma 56 years old - Former VMC Employee, 2 April 2007; Carlos - Former VMC Officer and Nita - Former VMC Employee, 9 April 2007.

<sup>108</sup> Author interview, Roger 71 years old - Retired VMC Worker, 11 June 2007.

heavy lifting and doing general labour in the warehouses and on the dock areas. Even in the present day, these jobs make up the bulk of contractual and seasonal positions.

On the haciendas, the VMC maintained its practice of keeping its local plantation labourers at the fringes of the community and labour market. Part of the firm's reasoning is tied to controlling the cost of labour since the process of sugarcane cultivation results in a long "dead season" that workers experience between the end of the harvest in April and May, and the beginning of the planting season in mid September. As a consequence, the mill has a long history of refusing to extend their company benefits to sugarcane workers. In 1958, the Free Visayan Workers (FVW) who represented the mill workers at the time, attempted to organize the local agricultural sugar workers and proposed entering into a collective bargaining contract with the mill. The VMC refused and claimed that agricultural workers did not fall under state guidelines that defined industrial employees through the Industrial Peace Act. Here, the state distinguished between agricultural labour such as planting and harvesting, from the transport and mechanized nature of industrial work.<sup>109</sup> Additional labour disputes took place on VMC plantations during the crisis of the sugar industry in the early 1980s, as the National Federation of Sugar Workers attempted to gain control over the mill workers' union in the hope of adding them to their collective strength.

While the firm's spatial strategies of labour control that reproduced and socialized the workforce (outlined below) also gave rise to the "skilled status" of the VMC mill worker, this came at the expense of the disorganized groups of sugarcane labourers who toiled on the haciendas in the milling district. The mill was explicit in segregating its rural sugar workers from the Vicmican workforce and the company's internal labour market. Following the arguments of Peck (1996), the activities of the firm and mill workers, each seeking to protect their own interests, continue to significantly shape the operation of the local labour market thereby intensifying the social inequalities found within it.

### **6.3.2 Making the VMC Area**

The presence of the VIWA company union along with the inception of the Vicmico Gazette (described below) in the early 1960s, helped to delineate the physical spaces that fell under the company's influence, a locality known today as the VMC Area. The VMC Area is composed presently of nine barangays (or districts) covering 1,116.05 hectares of land, a number

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<sup>109</sup> Victorias Milling Company, Inc., petitioner, vs. Court of Industrial Relations and Free Visayan Workers (Negros Branch), respondents. 30 March 1963. G.R. No. L-17281. Republic of the Philippines Supreme Court, Manila.

that includes 600 hectares of company owned sugar plantations (see Figure 4.2: Map of Victorias City and the Victorias VMC Area, in Chapter 4) (VMC, 1989: 10; SEC, 2006: 22). The VMC Millsite (Barangay 16) is viewed as the heart of the industrial complex containing main offices, the mill, two supermarkets and residential quarters. Two major rivers run through these areas. The Malihao River, with its mouth at the Guimaras Strait, winds in a northeastern and southwestern direction until reaching the eastern part of the Millsite. At this point the Malihao snakes through the main compound and continues southeast across the rest of the VMC Area. The Bacayan River begins where the Malihao breaks at the eastern part of the Millsite and twists in a southwest direction. All developments immediately adjacent to the Millsite are either production facilities of the company's non-sugar subsidiaries or projects that have expanded the reproductive and consumptive spaces for workers. To the north of the Millsite are East and West Caticlan (Barangays 15a and 15). These districts are home to three VMC schools, Vicmico Elementary, Don Bosco and St. Mary's, along with areas of company housing. Caticlan is flanked by North Bacayan to the northwest (Barangay 19, also known as Hacienda Bacayan, a company hacienda), and Palma to the east (Barangay 18a). The majority of Palma is occupied by another company hacienda called Florencia that also contains housing quarters for resident agricultural labourers, and the 'Large House' that shelters the 100 to 200 seasonal *sacadas*, men who temporarily migrate from the south of the province. Other areas in Palma closer to the Millsite are used primarily to house rank-and-file mill workers. To the south of the Millsite lies New Barrio (Barangay 16a) and South Barrio (Barangay 17), additional locations for the housing of rank-and-file workers. The most southern barangay of the VMC Area, Canetown (Barangay 19a), is a subdivision of employee owned housing. To the east of Canetown is Florencia (Barangay 18), that together with Barangay Palma are the site of the sprawling Victorias Golf and Country Club. Surrounding the entire VMC Area are the sugar lands of the company and local planters.

The VMC makes significant efforts to secure the territory under its control. The firm has its own armed guard service located at strategic checkpoints where visitors state their purpose for entering the grounds. These include access roads, bridge crossings and all major buildings and facilities. Guards are also stationed in watch towers scattered within the milling compound and in field towers adjacent to the company's haciendas. Each production department has its own guardhouse and is fenced off with barbed wire. Other guards patrol the grounds on foot. The physical landscape also contributes to securing the site as the Malihao River, which cuts through the southern part of the Millsite, acts like a natural moat. Meanwhile, at the southern gate of the

Millsite, local sikad and motorcycle traffic serving workers' residential quarters in New Barrio, South Barrio and Canetown are presently not permitted inside the compound. Employees and visitors without private vehicles have to travel by foot within the Millsite to designated transport stops in order to make their way out of the VMC Area and into the rest of the township. These pickup points are located at the southern and northwestern fringes of the Millsite and offer trips to the southern barangays of the VMC Area and jeepney shuttles to the Victorias city proper. Such routes are most frequented by students attending the schools. Overall, these company practices have the effect of regulating the movement of people by denying access to outsiders and enforcing the boundaries and rules of conduct within the Millsite and the VMC Area.

#### **6.4 Spatial Strategies of Labour Control**

“Service to the individual, community, and the country in the attainment of reasonable business profits through efficient operation and quality production is the guiding principle with which Victorias Milling Company, Inc. has always tried to live.”

“The ultimate determinant of Victorias' success or failure is its adherence to the practical implementation of this corporate philosophy through a true Christian spirit of service to mankind. Victorias has sought to maintain this ideal and has made it a creed in its everyday operation and in planning for the future”

- Parts of the “The VMC Credo” (VMC, 1976: 1).

As life at the mill evolved during the decades following World War II, the management's use of space was vital to its strategies of reproducing, socializing and controlling the workforce and their families. In line with theoretical ideas regarding space and labour control reviewed in Chapter 2, and moving beyond the spaces of the workplace investigated in Chapter 5, these strategies were important at the scales of the individual, the household, and company state. The Vicmican familial discourse was deployed through an array of spatial strategies within VMC's territorial jurisdiction that gradually enveloped the lives of workers and their families. The firm intervened in almost all aspects of everyday life in the community, from sites of reproduction (healthcare, education) to places of consumption (housing, shopping, and recreation), to sites of religious worship (churches and spiritual practices). The establishment of these local institutions formed the bases of mill workers experiences of the VMC Area and enhanced the positive attributes attached to the place. In addition to securing a steady supply of labour, these strategies further contained the local labour collectivity and spatially enforced the segmentation of workers within the VMC Area and the Victorias locality.

The following account traces the evolution of VMC's spatial strategies of labour control over two distinct periods of the company's history. The first period under the Ossorios (1946-1965) represents the latter part of the founding regime's management of the company and examines the implementation of important community projects, many a result of the collective bargaining agreements with local company unions during the late 1950s and early 1960s. Following in the same vein, the second period under Luzuriaga, Jr. (1966-1991) documents the firm's more concerted effort to express its influence in the spaces of the company through the company's housing projects. Both periods will show how developments in the compound served the triple purpose of manipulating the use of space, intervening in the local labour market, and shaping the behaviour of workers.

#### **6.4.1 The Central Fortress under the Ossorios (1946-1965)**

Reflecting Miguel J. Ossorio's familial company philosophy, the firm adopted additional measures by the late 1940s and into the 1950s that further prevented the influence of independent labour unions and spatially contained its workforce. Besides the VIWA company union and the localized nature of recruitment practices (described in the last chapter), along with the presence of a private security force used to police the spaces and borders of the area, the firm controlled the flows of information in the district through the circulation of a company newspaper, the Vicmico Gazette, which further emphasized the scales of the individual and the company state. The VMC also augmented its strategies concerning the reproduction and socialization of the workforce in its collaborations with the Catholic Church. The firm's reciprocal social encroachment on community institutions such as schools and the church, and into other institutional domains, allowed the management to monitor and control the movements of workers and their families, and to govern their non-work activities.

##### **6.4.1.1 The Vicmico Gazette**

The founding of the employee newspaper, the Vicmico Gazette, coincided with the creation of the new VIWA union. The first issue was released on March 31 1960 and continued to run for the next 45 years. Reflecting the interests of the management, the paper served a number of purposes. The Gazette was an important tool in promoting the Victorias central as the exclusive space for VMC labour relations and negotiations and outlined the parameters of VMC's emerging labour collectivity. It also maintained worker morale by periodically posting the performance of the mill and the price of sugar, along with propagating core company ideals

and values that the Vicmican family could rally around.<sup>110</sup> Even though the paper, especially in its later and final years during the 1990s and early 2000s, served as a vehicle for dialogue between workers and employers, the paper's content was ultimately decided by the management. Its effectiveness as a labour control strategy was enhanced by the township's severe lack of public information, something apparent even in the present day.<sup>111</sup>

As an instrument used to shape worker behaviour, the Gazette had a number of important effects. First, it stressed to residents the employment practices that defined the firm's distinct workplace culture and institutional environment. This involved reminding workers of specific holidays, concerts or festivals within the Vicmican calendar which granted them special privileges. These included long standing local traditions such as housing allowances, Christmas salary bonuses, and holiday provisions for the purchase of festive food staples like rice, meat, sugar and pork, along with "refreshments" for employees' children (known locally as snacks and junk food) (VMC, 1976: 18; Vicmico Gazette, 2004: 6). Second, it reinforced discipline on the shop floor and in the office place by reminding employees of such issues as codes of conduct, tardiness, sleeping at work, and uniform attire, along with outlining the penalties to department heads and those under their supervision. Third, the paper encouraged greater social cohesiveness and productivity by playing upon the social status interests of workers and families. This was achieved by publicizing a number of items including: the worker benefits and bonus schemes and the identifying of model families and employees (see Illustration 6.1 for an example of a more recent award winner); the listing of job opportunities and workers who have been promoted; the location of available company block houses along with which families were vacating and subsequent awardees; and the availability and changes to important health and welfare services for workers and their families through the VIWA union.<sup>112</sup>

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<sup>110</sup> Author interview, Sugar industry official, 29 July 2007.

<sup>111</sup> In northern Negros, the local and national daily newspapers usually arrive at the stands before 11am. By comparison, in the cities of Bacolod and Iloilo newspapers are available before 8am. The Victorias branch of Lopue's, a department and grocery store along the main highway, was the only place in the township where I could buy the dailies. These were in short supply with only a handful of copies available and most of them were bought before I arrived. The majority of city government departments, including the Victorias Public Library, have their own newspaper subscriptions. However, when considering that the town proper is about a 15 minute motorcycle ride from areas like Canetown, the southeastern part of the Victorias municipality, you really get the feeling of being isolated from the outside world. Newspapers are available at stands along the major road when traveling to the city of Silay some 20 km south. For most, traveling between cities is a serious daily expense. Many young people from Victorias have not even visited the provincial capital, Bacolod, about 35 km away. In addition, with cable television considered a luxury, most households have only one to two television channels, one of them being ABS-CBN a state financed network. These instances provide a glimpse into the multiple layers of social isolation that still exist in the mill site area.

<sup>112</sup> Vicmico Gazette and VMC Bulletin, various issues.

### Illustration 6.1: “VMC Model Family” Plaque (Roger’s House)



Source: Author’s Photo, 2008.

Additionally, the Gazette was an extension of the ideological and moral position of the company and a venue to proclaim the desirability of the VMC to its workers. The management combined its principles with those of the Church as both a consent producing strategy and as a way to discipline workers. The Gazette was peppered with religious messages, aphorisms and biblical quotations that were combined with the corporate slogans familiar to most industrial firms. The paper’s opening headline was typically a message or memo from a high ranking company official (usually the president) regarding management concerns, the enforcement of policies, or new VMC developments. These were accompanied on the front page with phrases like “For the Lord is great and greatly to be praised, He is also to be feared above all gods (1 Chronicles 16:25)” or “Always trust in the Lord”. Like putting their trust in God, workers were constantly asked to put their trust in the company leaders.

The paper also reinforced the firm’s use of religious values as a means of disciplining workers, practices that were already physically present in the spaces of the VMC. “Work is a service in which man himself grows to the extent to which he gives himself for others,” these words of Pope John Paul II were prominently displayed for many years in the offices of different departments.<sup>113</sup> Plan your family wisely, service, competence, excellence, fairness, integrity,

<sup>113</sup> Author interview, Nini 50 years old - Retrenched VMC Worker, 6 April 2007.

teamwork, and discipline - some of the recurring core values of the company, were integrated with the spiritual in the contents of the paper - “True humility, the highest virtue, mother of them all”; “Heaven gives long life to the just and the intelligent”; “Pride is the beginning of sin”; or “Humility helps build trust with colleagues. By admitting doubt or error and acknowledging mistakes, managers were felt to be competent. Co-workers thought, ‘I can trust you. You won’t bluff me’” (VMC Bulletin, 2003b). The propagation of these values through the Gazette, and their general acceptance by employees, assisted in placating and subduing the workers and defused any potential labour conflict. Thus, the Gazette was a medium that allowed the VMC management to project its ideal worker, one that was docile, humble, honest and understanding, and was never violent or confrontational. As will be shown during the company’s near collapse in the 1990s, the deployment of the VMC’s paternalistic methods of labour control over the course of several decades had lasting impacts on the militancy of the VIWA union, and on the resiliency of workers trying to cope with the new conditions found in the reconfiguring local labour market.

#### **6.4.1.2 Reproduction, Socialization and St. Joseph the Worker Church**

The segmentation of the labour market and the segregation of jobs were further reinforced by VMC’s efforts to secure an adequate supply of labour which involved collaborations with the Catholic Church. As part of the aftermath of World War II, many mills and warehouses throughout Negros sustained major damage or were destroyed. The NONSUCO mill at Manapla was beyond repair and its remaining production machinery was consolidated at the VMC. The Victorias plant fared better after its occupation by Japanese forces, but it too was partially razed and looted. As part of the major renovations and improvement projects of the late 1940s and 1950s, the Ossorios began work on the company church, another key local community institution, and secured its next generation of workers by building schools for employees’ children under the auspices of Catholic religious orders. In this vein, the Maryknoll Sisters became involved in administrating the St. Joseph’s Hospital when it reopened in 1948. While in the Victorias compound, the builders drew on Joseph, the Christian patron of workers, for the Saint Joseph the Worker Church completed in 1952.<sup>114</sup> The church project was spearheaded by

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<sup>114</sup> Frederic Ossorio initially commissioned Leandro Locsin, a Philippine National Artist for Architecture, to design the Worker Church. These dealings broke off when Frederic Ossorio had to return to the United States. Locsin’s original draft design did not go to waste. It became the prominent Church of the Holy Sacrifice, the first round church in the country, situated on the campus of the University of the Philippines, Diliman. Even in the design for a Negrense church, the Ossorios had the most modern techniques and approaches in mind. For the VMC Worker Church, Joseph was an obvious choice of patron saints. According to church teachings, he was a patient and

Frederic E. Ossorio, the fifth Ossorio son, while his brother Alfonso painted the chapel's famous psychedelic mural, *The Angry Christ*.<sup>115</sup> That same year, Vicmico elementary school and the Don Bosco Technical Institute were established. By 1954, the Rosary Kindergarten was built. It was later renamed the St. Mary Mazzarello School in 1963 under the management of the *Figlia Maria Auxiliatrice* order of nuns.

The completion of the company schools allowed the VMC to extend its reach into the reproductive spheres of workers' families and afforded the mill a higher degree of control in the reproduction of labour power. The company provided free education and paid all tuition, uniform and book fees for the children of permanent employees. During their early formative stages, workers' children attended the company's preschools and elementary schools. The sons of workers in their high school and college age years attended the Don Bosco Technical Institute. The Don Bosco schools in the Philippines and elsewhere are run by the Salesians, a Catholic educational religious order devoted to training craftsmen and producing good Christian citizens. The Don Bosco Institute played an important role in the VMC's ability to secure an adequate supply of skilled labour, a potential problem that threatened to affect the centrals during the strikes of the early 1930s (see Chapter 4, section 4.3.2.2). For Don Bosco-Vicmico, Miguel Ossorio sent his general manager Claude R. de Luzuriaga Sr. to find an appropriate technical school to train the young men in the township and surrounding plantations. In 1950, Luzuriaga surveyed a number of vocational and technical centres in Asia and eventually found a match when he visited the Salesians at Don Bosco in Hong Kong. Upon Luzuriaga's return, Ossorio made his way to Hong Kong to personally request that a technical institute be set up at the VMC. The Salesians agreed and the company donated 5.9 hectares within the milling compound and spent more than 2 million pesos for buildings and equipment. The VMC was responsible for the

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hardworking carpenter that all Catholics should emulate. The original Feast of Saint Joseph is on March 19. Coincidentally on May 1 1955, three years after the Worker Church was finished, Pope Pius XXII introduced another Feast of Saint Joseph the Workman to counteract May Day - a holiday celebrating workers, unions and socialists.

<sup>115</sup> Alfonso and Frederic Ossorio were the fourth and fifth of the six sons of Maria nee Paz Yangco and Miguel J. Ossorio. Alfonso Angel Ossorio (1916-1990) was educated in England and the United States, receiving his BA degree from Harvard University in 1938 and later attended the Rhode Island School of Design. He is considered a member of the 'New York School' of the 1950s and 1960s. This was a group of artists that included Jackson Pollock, Lee Krasner and Clyfford Still who often drew inspiration from surrealism and abstract expressionism. Alfonso spent most of his life at "The Creeks", an estate in East Hampton New York, renown for exhibiting the works of various artists (Glueck, *New York Times*, 1990, December 6). Frederic Eugene (1919-2005) graduated from Yale University and attended Harvard Business School. He worked for the VMC from 1946 to 1961, and then in the United States at the AMSTAR Corporation from 1961 to 1984 (*New York Times*, 2005, June 5). The backgrounds of the brothers Ossorio, like their family and other Victorihanon elite, are illustrative of highly internationalized social and business networks, that even in the present day, continue to connect Victorias to the most dynamic spaces and cities of the global economic core.

general operation of the school and for the salaries of its staff. By March 1952, the school was offering technical courses in metal work, mechanics, foundry, electricity, carpentry, tailoring, and shoemaking (CGOV, 2004: 178-180), and thus began producing the specialized trade workers required for the key departments of the milling operation.

The spiritual and religious values that were central to the Church were also used by the firm as a way to elicit the consent of the workforce and shape their behaviour. Speaking to Aguilar's (1998) argument that spiritual and cultural meanings are essential to the organization of production relations, the partnerships between the Church and the VMC and their greater presence in the spaces of the compound, made mill workers more accepting of company values, especially since these have been woven into the practices of the Church. From my observations and interviews, most mill workers, managers and their families remain devout Catholics and the company is still actively engaged in appeasing the spirit-world. Thanksgiving masses offered at St. Joseph the Worker Church are used to open important days or periods in the Vicmican calendar such as the beginning of the crop year in September, the celebration of festivals, the company's anniversary on May 7, Labour Day on May 1, and annual general assemblies of workers (VMC Bulletin, 2004a; 2004b; 2004c; 2004d). The VMC's day of incorporation and the beginning of the crop year in particular, are special times where the local priest offers blessings to machineries and newly constructed or renovated facilities including roads, cane trucks, packaging equipment, blending bins, boilers, wastewater treatment ponds, sugar warehouses, offices and employees quarters (VMC Bulletin, 2005a; 2004a; 2004c; 2003a; Vicmico Gazette, 2002a: 1). These are what Aguilar (1998: 1-2) has documented as *daga*, offerings and "rites of appeasement" to respect the factory spirits of the mill, instances "that integrate the realities of capitalism with those of the spirit-world ... [where] in this view, there is no contradiction or dissonance in resisting, if not fighting, the established social order and simultaneously holding the spirit-world in awe and fear." Worker loyalty was further inspired with the management's ongoing support and institutionalization of such practices.

Thus, the strong presence of the firm in the local education system, in community institutions like the church, and in the spaces of employees' families, conditioned the behaviour of the labour force and the career paths of future generations of Vicmican mill workers. The company schools and the role of the church informed the domestic and labour market expectations of the young boys and girls of the VMC. Although these institutions reinforced the gender divisions within the labour market, that boys would grow up to be the "milling men" breadwinners and girls to be women homemakers and child rearers, the company actively

encouraged and financially supported the children of employees to study and work elsewhere in the country which also further enhanced the reputation of the firm. Even older family members could expect to be cared for as they entered into retirement age.

#### **6.4.2 Company Housing and the Canetown Subdivision under Luzuriaga, Jr. (1966-1991)**

For more than fifty years, company housing was another linchpin crucial to VMC's method of labour control. As it evolved over time, the spatial organization of company housing was an important strategy used by the management to reinforce the mill's social hierarchies. It also played an important role in disciplining employees, maintaining surveillance, and segregating different groups of workers living in the area. The expansion of company housing projects under Luzuriaga, Jr. during the 1970s was not only used to deal with the growth of the VMC, but it was also a way for the firm to further draw upon the institution of the family to support older and retired workers in the latter part of their life cycles.

The first extensive wave of housing development was part of VMC's rehabilitation after the war. Prior to vacating the compound on March 30 1945, the occupying Japanese forces razed large swathes of residential quarters and much of the original housing stock. By the early 1950s, housing projects accompanied the firm's other major developments such as the Worker Church and the company schools. For rank-and-file employees, homes are affectionately known as 'Block Houses' because of their distinct appearance resulting from the concrete cinder blocks used in their construction. Block houses make up the bulk of housing in the Caticlans, Palma, New Barrio and South Barrio and formerly existed in North Bacayan until the early 2000s.<sup>116</sup> By contrast, the location and form of elite mill residences, embodied their local social status and power. Called 'Junior Staff Houses' and 'Supervisory Houses', the largest and most exclusive homes were for the handful of senior officers, directors, division heads and senior supervisors. These were centrally located at the Millsite and in close proximity to the Worker Church, the main plaza and other company monuments. Apart from these residences, many if not all of the sugar mill's social elite had second and third homes in Bacolod, Manila and the United States. Additionally, housing for supervisors and division heads were also scattered in ideal locations within the company's other residential quarters. These homes usually were transformed from one-storey cottages to two storey residences and painted their distinctive green and white.<sup>117</sup>

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<sup>116</sup> I was able to get a better sense of the spatial layout of the VMC Area and of company housing from my in-depth interviews, as many of them took place within the company homes of workers.

<sup>117</sup> Another important addition to the consumptive spaces of the VMC during this time was the completion of the Vicmico Golf and Country Club on November 29 1954. The Golf and Country Club was a significant site where the

The free company housing benefits was an essential part of the management's Vicmican familial philosophy as the social status attached to occupying a company block house or supervisory residence, even in the present day, had the effect of increasing employees' dependence on the company. Every permanent employee was entitled to housing with monthly housing allowances given to both permanent and seasonal workers who did not reside within the VMC compound.<sup>118</sup> The assignment of homes was ranked hierarchically by level of employee, seniority, and by desirability of location. At the bottom rung of the mill's social ladder were new or recently hired workers without company housing. The next category of homes were the ones frequently vacated due to their location in the flood prone areas of East and West Caticlan, Palma, South Barrio, and New Barrio, parts of barangays (districts) adjacent to the Malihao River. These were followed by standard company housing described by the VMC as "spacious, white and airy for top managers, small and compact for the workers" (VMC, 1989: 122). By the early 1970s, the allocation of houses was based on a points system that rewarded past familial loyalty to the company and strongly benefited workers starting young families (VMC, 1976: 24). Workers gained extra points for applying for the homes of their parents (usually one or both of them employed by the company), and for the number of years they previously lived there. Points were also given for being married, having dependents and earning a salary in a low income bracket to encourage greater involvement in the housing system. Housing assignments for supervisory personnel only followed the points system as a guideline and decisions were typically made by the management.

The emergence of barangays entirely formed of company housing allowed the mill to further enforce its labour control practices beyond the workplace and into the local community and the spaces of the family. From sun up to sun down, the movements of employees and their dependents were directed and monitored. Workers' homes were located as close as possible to their jobs (VMC, 1989: 183). A curfew was imposed inside the compound (that also later applied to the Canetown Subdivision) with the factory whistle blowing as a warning at 11.30pm followed by another alert for everyone to be inside by 12am (see VMC, 1976: 14). By accepting company housing, residents had to agree to the restrictions imposed on modifying homes, and thus had to conform to the mill's guidelines on how a place should be kept by a worker and his family. But obtaining company housing also afforded additional advantages. It expanded a

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consumption habits of different strata of employees were performed and ritualized. For managers, the club was a meeting place for business dealings with planters, contractors and suppliers. It was also a site where the company and the VIWA union often met during contract negotiations.

family's labour market options and collective household income. By acquiring a permit from the mill, resident employees were able to accept boarders and doublers to earn extra income and to shelter additional family members. And similar to many other Filipino households, they were also allowed to raise livestock for their own consumption. Many households also operated Sari-Sari stores (small shops that sell household items).

The ability of the *centralistas* to maintain surveillance over their workers was increased further with managers and supervisors living in dispersed locations inside of employee residential quarters. In this way, militant employees could be identified and potential labour and workplace disputes could be pacified on the home front by high ranking milling officials who knew the family and relatives of such workers.<sup>119</sup> The tightly woven social networks between managers, supervisors, their friends, families and co-workers that have been cultivated over decades further discouraged conflicts, since local gossip of such events tended to diminish familial social status and also contributed to a process of shaming dissident labourers and their families. Although rare, it was not unheard of that employees (and even managers) were ostracized and forced out of the VMC Area, after falling out of favor with senior executives.<sup>120</sup>

During the Luzuriaga, Jr. era of the mid 1970s, work organization strategies contained formerly within the milling compound, spilled out of the production locale and into newly created reproductive and consumptive spaces on converted VMC hacienda lands. As the first generation of workers now began to enter retirement, the VMC expanded its company housing plan and built new subdivisions at its sites in Victorias and Manapla, along with complexes near its Manila office. The establishment of the Canetown Subdivision within the VMC Area was literally a gated community that operated in a similar manner to company housing within the compound. The major exception was that workers' could now privately own their homes. Although employees received generous subsidies from the mill to finance their properties, they did so under the stipulation (which applied during the 1970 and 1980s) that they were not to sell their Canetown home to a non-employee of Victorias Milling. This policy was imposed by the management in order to deal with a major dilemma they faced regarding their retiring workers.

As a site used to accommodate the VMC's retirees and its growing population, Canetown served two important purposes concerning the regulation of labour. First, the housing development again illustrates how the firm drew on the institutional importance of the family to

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<sup>118</sup> Such cash allowances are often called "housing" for short, an exclusive term used in the local vernacular (Vicmico Gazette, 2004: 6).

<sup>119</sup> Author interview s, Eddy age early 60s - Retrenched VMC Supervisor, 28 March, 2 April 2007.

<sup>120</sup> Author interview, Carlos - Former VMC Officer, 9 April 2007.

regulate local labour market dynamics. By allowing employees and retirees to own their homes, the costs for the care and welfare of the aged (which in other national contexts would be partly subsidized by the state) largely fell upon or were absorbed by the family and not by the mill. In this way, retirees could care for their grandchildren and other dependents, and they in turn could be supported by their own adult children employed at the VMC. To simply dismiss retired workers from the VMC Area would have incited resentment amongst the Vicmicans and thus threatened production instability.

Second, having accumulated the benefits and pension tied to an entire career spent at the mill, Canetown became known symbolically as a district of wealth and social status among workers within the region. The area's quality of life was further brought into relief given its proximity to the company's sugar farms (a wall literally separates Canetown from a half dozen different haciendas) and the barangays that housed the mill's plantation labourers and seasonal workers. And as will be described below, Canetown was one of the main stages on which employees performed, and continue to perform, their social identities.

### **6.5 Being "Vicmican" and the Geography of Identity**

“Their religious message is a contradiction. They are very religious people, but are involved in so many vices. They go to church on Sunday, but are bad boys the rest of the week.”

- Espy, 69 years old, Wife of Retired VMC Director.

Given the institutionalized paternalism under the Ossorio and Luzuriaga, Jr. regimes, a number of practices evident during this period, which are still prevalent in the present day, strengthened further the discursive constructions of male workers as both “VMC family members” and as “Vicmican working men”. Although the Vicmican discourse served as the “ideological terrain” between workers and managers (and thus was a means of labour control), it also had the unintended consequence of being circulated and consumed both locally and abroad. Not limited to the workplace, workers constructed and reaffirmed each other's Vicmican identities and values in a number of important spatial sites both within and outside the milling compound where socializing and consumption took place. While labour segmentation and class relations at the mill were obviously highly gendered and racialized during these periods (the *centralista* owners and managers were cosmopolitan transnationalists made up of American, Filipino, Spanish and Chinese mestizos) (see Chapter 5, section 5.3.2), Filipinos largely formed the executive ranks towards the end of the Luzuriaga period, and composed the bulk of the rank-and-file. The employees interviewed below were mostly Filipinos.

Even as being a “Vicmican” meant different things to different people, it consisted of a number of key performances and practices. The mill’s gendered division of labour that emphasized the male family wage and placed the burden of reproductive and household work on the shoulders of women, helped to strengthen the machismo of male employees. Womanizing, gambling and drinking sessions after work were common and routine cultural practices. Workers also understood their own class subjectivities and those of the supervisors and managers by performing their identities through conspicuous consumption. Other members in employees’ households had their own interpretations of what it meant to be a Vicmican that included displays of class and status achievement, such as having a nice home, access to education and a good quality of life. Managers, mill workers, and their families contributed to this discursive process, each drawing different interpretations and meanings from the Vicmican familial discourse.

Shielded and protected by their *centralista* managers, a sense of entitlement and decadence characterized employees’ attitudes toward the mill during this time. This sense of entitlement came from the fact that the VMC had absorbed the costs for the almost complete stabilization and proletarianization of the workforce. Though workers' ties to other areas (rural or urban) of the Philippines remained these were significantly lessened since the reproduction of the labour force, that is the creation, training and recruitment of new mill workers, as well as the care for the sick and aged took place within the spaces of the company state run by VMC's humanitarian "big bosses." In this way, workers’ experiences of “place-particular” institutions combined with the practices exclusive to mill, created specific employment expectations when it came to compensation and income security. The local labour market prioritized the male mill worker but it also helped foster a locally dominant version of working class masculinity. With the exploitation of company benefits at its zenith during the early 1970s, many employees indulged in excessive activities and they made it well known to their fellow Vicmicans and to other Negrenses living outside the VMC fortress.

### **6.5.1 Being “Vicmican” as Mill Worker Identity**

With the VMC’s paternalism and its corporate philosophy empowering the male mill worker, masculine dominance was often expressed through a number of social practices. After work rituals allowed workers to perform and reaffirm their own gendered identities to each other and to other Victorians (citizens of Victorias). For decades, it was the customary practice

that the rank-and-file made their way into the town proper to relax and unwind by drinking, merry making, and womanizing.

For Tomas (introduced in Chapter 5), it saddened him that so many of his colleagues and former subordinates were retrenched or had moved away from Victorias. Yet, some still remained in the community and took on any odd job that came their way. One afternoon after I visited Tomas in his shop, he took me in his truck to go for a few drinks. Without saying a word, he stopped at his friend's house in Canetown. Manny, 35 years old, was a close friend of Tomas. Tomas introduced him as his "little brother" and elaborated on how he took Manny under his wing when they worked together in the nursery department, and requested his transfer to the lab a few years later. "He was one of the best workers. That's why I got him. He was very fast and very smart," said Tomas. Manny was retrenched a few years ago. During our outing, we stopped first at a place called JD's along the main highway in the city proper. They explained to me that what we were doing was part of their former Thursday and Friday routines and that in the "good old days" there were so many more of their "gang" from the department who joined them on their regular evening outings.<sup>121</sup> Our discussion was full of their complaints regarding the changing ownership of the firm and how remnants of the mill's past social structure remained intact. "Here, it's the same old faces, it's the same kind of people. It's like a banana republic. It's the same old story," Manny said. Even though Tomas was a supervisor he was not a "big boss". His influence was not enough to save Manny's job. After consuming some beer and barbeque, I accompanied them to another of their evening haunts in the city centre near the main market where they chatted and made passes at women. While sitting together, Tomas leaned over and said, "Look at that girl over there, she has a native face and she is good looking." Turning his attention to another lady he began laughing and asked, "Do you like that one over there?" I did not reply. The woman approached us. It turned out to be his wife who was out to check up on him. Reassuring her that he was to return home soon, she headed into the market. Manny, who was also married with children, teased Tomas for getting into trouble with his wife. The next stop on their route was *Bangga Daan*, a notorious place known for its beerhouses and sex workers that usually roused the anger of workers' wives (see also Vicmico Gazette, 2004: 6). We entered into a karaoke bar called the "Unibeersity of Victorias" where two friendly women who knew Tomas and Manny approached and joined our table. After several Aerosmith songs and as the two men got carried away "talking" with the women, they

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<sup>121</sup> Author interviews, Tomas 39 years old - VMC Worker, and Manny 35 years old - Retrenched VMC Worker, 7 April 2007.

seemed to realize the situation and the possible reaction from my patron Wilma should something unfortunate happen to me. They immediately took me back to the truck and returned to Canetown. It was only later after speaking with Wilma at my guesthouse that I understood the intentions of the two Vicmicans and the nature of *Bangga Daan*. “I hope you were a good boy,” she scolded while chuckling sarcastically, “You shouldn’t go there because you might get sick.”<sup>122</sup>

Such practices were not limited to the Victorias city proper or to rank-and-file employees. Lito, 52 years old, is a second generation Vicmican who has worked for the firm for well over 25 years. Like Tomas, Lito was one of Hector’s subordinates and a former co-worker of Wilma. He began as a regular employee and was promoted swiftly through the ranks. He was made a middle manager under Hector and is presently a departmental supervisor. Like many other households at the mill, Lito’s family originally migrated from Iloilo after the war in search of a better life. Their family roots now ran deep in Victorias. Lito’s wife, Becs, and her family were also from Iloilo. Lito’s father worked in the same department when he was an employee. His mother was a school teacher at Vicmico elementary. Becs’ father worked at the mill’s port and shipping service. Her mother was a midwife. At a small gathering at his company house Lito recalled, “During the good years in the 1980s, the Victorias name badge was as good as gold. When we use to go to Bacolod for good times and inum inum (drink and drink) and go to the beerhouses, we didn’t even have to pay if we didn’t have money on us. We just left our name tag there.”<sup>123</sup> Lito and his family, including his wife who is also an employee in his department, are considered lucky by other Vicmicans since they still avail of VMC’s core benefits and have not directly experienced the adverse impacts of retrenchment. My patron Wilma who was also at the gathering said, “Patrick went to *Bangga Daan* the other day.” “Really?” he responded. Then winking, he said, “Next time I might take you and show you where to get the nicest native girls. Not close to here of course but in the big city just like we used to before.” It did not seem to bother him that Wilma, Lito’s wife and some of his adult children were present. After the party and back at my guesthouse, Wilma mentioned that the practice of womanizing was common of the men in the community. “I know that my own husband has had mistresses before. I just don’t want to know about them,” she said. Besides being demonstrative of Vicmican machismo, these worker activities are important in illustrating how social relations within the workplace extended beyond production locales and into spheres

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<sup>122</sup> Author interview, Wilma 56 years old - Former VMC Employee, 7 April 2007.

<sup>123</sup> Author interview, Lito 52 years old - VMC Supervisor, 5 April 2007.

of consumption. Through such collective practices, class and masculine identities were reaffirmed and validated for workers.

Another important set of meanings that workers attached to their Vicmican identities involved the greater prestige and social status gained through increased material consumption. While familial and extended kinship ties mediated class relations in the workplace and community, workers were aware of the limits imposed on their upward social mobility. It was common that workers and their families appropriated the consumptive markers and practices of wealthier occupational groups within the mill as a way to contest their own class positions. As one current employee reminded me, “There is a cultural attitude here when it comes to appearances, especially in Canetown. Even if the people don’t have money anymore, they pretend as if they have money and say that they can afford this or that they can afford that.”<sup>124</sup> The management took advantage of these status relations through its willingness to lend out credit in the form of loans, “travel allowances” and other means as a way to increase workers’ dependency on the central. When compared to other labour market options in the province, workers saw these benefits as a way to exploit an elite form of paternalism. But for many, trying to maintain and elevate their social status resulted in excessive consumption that led to a perpetual state of debt. Even during the early and mid 1960s, Dungo observed these patterns of “ostentatious spending”, indebtedness, and their connection to the masculine social practices of workers. She notes:

Money, even if the family is in tight financial situation, gets to be spent carelessly and without thought for the basic needs first before ostentatious spending. When pay-day comes, the first move is to go “happy-happy” trying to seek the comforts which the upper classes enjoy, even if they cannot afford these. Drinking, gambling, and trips to the city involve spending which can easily be channeled to basic household needs ... Through sheer pride, however, husbands forget their wives, their families for a while; instead, they lounge in pleasurable spreeds and “good time.” Back home after the fun in the city, the husband has no single centavo left for the wife and the children. The very next day after pay-day, he goes out to the credit union or the Company to request for a loan. Sometimes, what he can get from these sources is not enough to last them until the next pay period, and he has to resort to borrowing from private individuals who charge extremely high interest rates (Dungo, 1969: 157-158).

Dungo’s observations were confirmed further in the words of one worker:

My wife is always mad at me because I spend too much on personal pleasures with friends. But I need to do it. We don’t want to be outsmarted by the rich - my friends and myself and all the other workers in the mill. I can tell you of other people here who earn

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<sup>124</sup> Author interview, Alisa 36 years old - VMC Worker, 27 June 2007.

more than I do and are still in debt. A whole pay for the week is spent with friends, and he loses money left and right in gambling, drinking, while the wives go out somewhere to borrow money or get goods from the cooperative store on credit basis (Dungo, 1969: 158).

And in the words of another “disgusted” employee:

Let me tell you something. I want to get out of this place. I don’t want to get involved. People here are so materialistic. They think of luxuries and pleasures all the time. They even go to indebtedness just to show people they can have such things as radios, beautiful furniture, frigidaires, always pretending they can afford. They don’t actually need all these. They just want to show off and feel ahead of the rest. They always imitate the rich. The women play ‘mahjong’ and ‘jueteng’ while the husbands are at work. The husbands go to town after work to spend their money for fun, thinking there is another pay-day to come. I won’t get involved in this. I am going out soon (Dungo, 1969: 158).

Consumption was also a way for workers to articulate their identities and class achievement to their fellow employees and Negrenses. The spending of their salary bonuses in particular was fondly remembered by workers and their families since part of this experience was to meet up and see other Vicmicans in the provincial capital Bacolod City.

I remember when my father receive the 13<sup>th</sup> month and 14<sup>th</sup> month bonus. For all the families this meant ‘Shopping Day’ in the city. It was a happy time for us. We’d go to Bacolod and in the stores and malls you can see all the Vicmicans shopping. We just present the working VMC card and the ‘choppa number’ to the saleslady. It was the same thing during the Christmas season. All of the central is there in Bacolod buying things with their Christmas bonus. Now, no more money. So we don’t see those salesladies anymore (laughter).<sup>125</sup>

Closer to home, it was a tradition on special occasions for some workers to take their families out to eat at the VMC Golf and Country Club. For Roger, who has eleven children, this was considered by working class families as a big event since the majority of the club’s membership was formed by the mill’s executive and wealthy planters from the surrounding region. With the club being the project of an American VMC manager, part of their restaurant menu was devoted to American style dishes. Vicmicans remember being treated to such foods on their birthdays when they were children.<sup>126</sup>

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<sup>125</sup> Author interview, Kelly 26 years old - Former VMC Schoolteacher, 1 September 2007.

<sup>126</sup> Author interviews, Nini 50 years old - Retrenched VMC Worker, 2 March 2007, and Sally 48 years old - Former VMC Worker and Schoolteacher, 2 June 2007.

### 6.5.2 Being “Vicmican” as Managerial Identity

There were a number of important practices that constituted the identities of managers. First, being a Vicmican manager often required performing their paternalistic role as “boss” by fulfilling social obligations and responsibilities to subordinates in order to shore up their authority, support and influence. This was illustrated earlier with respect to how job transfers and promotions were distributed among employees. Such social ties between manager and worker also applied to situations outside the workplace. One November in the early 1990s, Canetown was hit by one of the worst floods in its history. Victorias witnessed some of its heaviest rains as it poured non-stop for four consecutive days. The homes of managers in Canetown and the VMC compound were typically located in the best upland spots to avoid the effects of seasonal floods. During this particular instance, employees and neighbours in the area began gathering at the gates of Hector and Wilma’s house once the floodwaters rose. “Where else were the people going to go?” Hector said. “People in the barangays were already being rescued by boats from their rooftops. Some were brought to our house and to another one of the manager’s homes.” Wilma recalled, “We didn’t have any clothes or blankets left. We gave them to all the people. We use every space we had. By the time we were full, there was about 120 men, women and children here.”<sup>127</sup> These types of acts earned Hector, Wilma and their family a tremendous amount of respect from the VMC community.

Second, specific forms of consumption were a prerequisite of the managerial class and were of great significance to their Vicmican identities. Similar to other mill employees and their Negrense planter counterparts, most managers had lavish lifestyles and engaged in a number of social practices that demonstrated their affluence as well as differentiated them from other VMC and Negrense elites. The space and scale of consumption grew with company rank. For senior officers and their families, employment benefits were used to augment their social status positions. Carlos, another former manager who left the mill more than ten years ago, along with his wife Nita, were two of Hector’s contemporaries that now reside outside the province. Their property is one of the largest in the VMC Area and is presently up for sale. Like Hector and Wilma, I also caught them on a brief return visit to Victorias. During his time, Carlos refused many of the benefits and perks given to senior executives so that he and his family were not as dependent on the company. He also did this so they were able to keep their lifestyle after leaving the mill. He commented:

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<sup>127</sup> Author interviews, Hector age late 50s - Former VMC Officer and Wilma 56 years old - Former VMC Employee, 13 April 2007.

For most of us senior officials and managers, we had p15,000 housing allowance per month with additional allowances for cars, security, house help and vacations. Some did not even touch their salaries during their time here ... Back then (in the late 1970s and 1980s) people thought that this was an ostentatious way to show our money (regarding the building of his house and its immense size). But we thought, since I was a vice president, that allowances like p15,000 a month over 20 to 25 years would be a total how much for a senior vice president? We thought that it would be better this way since you have to give up a company house once you leave. This way, our way, that if we leave, at least we can keep our place. I also didn't want my house near the mill site or want to be in with the gang at Vicmico where they get together and drink and party all the time.<sup>128</sup>

Nita added:

We had it very good. There were the best private schools in Silay, or La Salle or Ateneo in Manila or in the States. When we used to run trucks through the province to collect cane to be milled in Victorias, the NPA would ask for their revolutionary taxes. We needed security all the time. So we used to have at the house two 24 hours seven days a week body guards and an intercom. Our children were accompanied to school with a body guard on a bike each. We had a big house to entertain. We had R and R in Europe and elsewhere. The company gives this to its officials. But I am glad things turned out the way they did. I did not want my children to grow up like that, to know nothing but Victorias. If that were the case, we and I myself would have ended up here and not really know anything about Manila or abroad. It becomes a comfort zone. That is the paternalism at Victorias. We didn't want that, we wanted to get out.<sup>129</sup>

Hosting parties (like the one I attended at Lito's) were another way that managers performed their class and Vicmican identities. Despite Carlos' comments, a number of important and festive social gatherings took place at his impressive home. Although Carlos and Nita's estate was now dilapidated and remained empty for most of the year, there were the physical reminders that hinted at the vitality of its former life, one which celebrated the wealth and grandeur that sugar money provided in decades past. Constructed in the modern style of the late 1970s and early 1980s, the main building had grand halls, ornate architecture, marble floors and sky high ceilings. The home was furnished with expensive artwork and items collected by the family on their world travels. On the grounds, long lines of vibrant overgrown flowers and coconut trees deceptively covered the property's twelve foot high stonewalls that were accented with another two feet of black arrow fencing. The putting green lawns were long and unkempt. The wading pools and fish ponds were empty. The large cages for their exotic birds and the grilling pits used to roast pigs were all rusted and in disrepair. Cobwebbed glasses and empty

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<sup>128</sup> Author interviews, Carlos - Former VMC Officer and Nita - Former VMC Employee, 9 April 2007. At the time, managerial allowances towards the purchase of a car were valued at nearly 200,000 pesos.

<sup>129</sup> Ibid. 9 April 2007.

bottles of liquor and whiskey lined the shelves of the outdoor bar where the marathon parties, mahjong sessions and the informal meetings between mill executives and planters took place. Near the front gates, the guard shed had been eaten away by the termites and worn by the weather causing it to lean to one side. More recently at a much smaller party held for their children, Carlos and Nita reminisced on how their parties used to be during their heyday as we flipped through their old photo albums. “It was something ... this is how we used to be in Vicmico (referring to the district’s area code),” said Carlos. It was much the same for Hector and Wilma who were famous for the scale and size of their parties and fiestas. There was also an air of celebrity at their grand get-togethers since local and national movie stars, singers, and television personalities, often attended and stayed overnight as guests. Jenny, their housekeeper and estate caretaker, told me that at their height, parties were thrown at the house almost every Saturday. These were to celebrate the anniversaries, birthdays, retirements, milestones and achievements of colleagues at the central.<sup>130</sup> Others in the neighbourhood told me that the length of their buffet tables at banquets stretched a dozen car lengths. In all of these instances, the throwing of parties by mill managers was about showing the wealth that Victorias produced to all those invited as well as to those who could only smell the aroma or catch a glimpse through the front gates.

Parties held by senior officials also served a number of other purposes. First, they were often an informal means of rapprochement for ironing out issues between the Victorias central, planters, and elites at other mills. Meetings of this kind also took place at the company owned Victorias Golf and Country Club and at posh restaurants in Bacolod. Second, social gatherings built camaraderie and shored up social relations and alliances among workers, supervisors and managers. Newly promoted employees were sometimes invited to signal their upward occupational mobility and elevated social status. Third, parties also allowed managers to extend their paternalistic reach to surrounding haciendas some of which they owned. Besides hiring a catering company, Wilma had a small personal workforce to help out with the events at her home. Many of these people doubled as farmers and agricultural labourers. Thus, although inclusive of many kinds of social groups, these events were as much about maintaining the differences between them by reinforcing the boundaries and status that defined the managerial classes.

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<sup>130</sup> Author interview, Jenny 48 years old - Housekeeper, 12 August 2007.

## 6.6 Conclusions

Exploring the VMC's larger geographies of labour control and the specific strategies used by the management to reproduce, socialize and secure a supply of skilled labour, helps to further build upon the arguments made in the preceding Chapter 5. Both Chapters 5 and 6 reveal how the wider institutional arrangements of American neo-colonialism, the export dependency of Philippine sugar, and the large US sugar quota helped constitute, and were constituted by, a specific institutional environment existing at the local level. While the analysis of Chapter 5 was limited to the workplace, this chapter drew out the main elements of the "Vicmican way of life", what I have defined as a distinct company and working class culture unique to the firm and geographically rooted in the Victorias locality. This place-specific social and regulatory context was inherent to Philippine sugar production during the American neo-colonial period.

The mill's internal labour market and the employment practices of the VIWA union, along with management's labour supply strategies, involved establishing local institutions that augmented the symbolic meanings and qualities of the place, as well as the employment expectations of residents. For these reasons, the "lived experience" of being a Vicmican in "The Capital of Sugarlandia" contributed to the dominance of the Vicmican labour market discourse with its meanings circulated in the region through the practices of managers and workers. It was these everyday experiences of living and working in the VMC Area that gave rise to a particular type of gendered and classed labour market identity comprised of key performances. These practices exclusive to the Vicmicans reinforced the prestige, standing and wealth associated with the firm and how these were perceived by those living outside the company state. Aided by the material excesses granted by an elite form of Negrense paternalism, the labour market's focus on the male breadwinner also strengthened a local version of Negrense working class masculinity.

Though "being Vicmican" was reflective of a specific labour market discourse, workplace lifestyle, and worker identity, at its heart the spatial strategies deployed by the management within the VMC compound not only brought stability to production and the workforce, but they consolidated the *centralista* capitalists' control over the labour process and the local labour market. Their influence over the areas responsible for the reproduction of labour power, combined with the localized spatial fix of industrial labour, severely restricted the rank-and-file's collective strength and bargaining power. Having investigated the particular economic, consumptive and cultural faces of "Sugarlandia" experienced by the Vicmican mill workers during the golden age of the Philippine sugar industry, the second part of this diachronic

analysis (Chapters 7 and 8) examines the process of change unfolding within the VMC given the restructuring of the industry and broader patterns of import liberalization.

## CHAPTER 7 - LAST OF THE LABOUR ARISTOCRATS: VMC'S RESTRUCTURING, 1991-2008

“How sad, that employees cannot have a life after Victorias.”

- Nini, 50 years old, Retrenched Worker and Second Generation Vicmican.

### 7.1 Introduction

Through the historical-geographical analyses given in the empirical chapters thus far, I have suggested that the Vicmican mill workers were “pseudo” labour aristocrats who experienced a “sense” of class achievement but who had no real social or political power as a local labour collectivity. They were a localized version of a labour aristocracy in the sense of being the region’s elite worker class who were compensated by the firm to the point of suppressing any class based antagonisms, and who had a degree of economic power that was far greater than most *dumaan* labourers on the plantations. The term also applies, quite literally, to the “hereditary” nature of how job hierarchies and labour segments were reproduced. This chapter explores the effects of these past forms of work organization on the more recent employment practices used by the firm during the VMC's period of restructuring of the late 1990s and 2000s. Although the monopsonistic stability afforded by the large American sugar quota effectively ended during the mid 1970s, the strong financial standing of Victorias at the time allowed it to weather Marcos’s subsequent reorganization of the industry and the two major sugar crises of the 1970s and early 1980s. This initial stability of the firm, combined with its ongoing practice of heavy credit borrowing, allowed the central to postpone major changes to its operations even as it grew more indebted into the early 1990s.

Whereas the VMC helped drive processes of Philippine export dependency and forms of spatially uneven American Fordist development during the post war decades, its bankruptcy in 1995 and the years that followed were emblematic of the structural forces which have contributed to the restructuring of the sugar industry: import liberalization, increased market competition, and the entrance of Chinese-Filipino traders and *taipans* into the milling and refining sectors. And whereas in the post war decades the managerial discourse of the “Vicmican Family” was used to ensure the profitability of the firm and the stability of the workforce, it was now wielded to justify worker retrenchments and the intensification of the labour process under the new group of managers controlled by the powerful commercial *taipan* capitalist Lucio Tan. These restructuring strategies were used to rid the mill of its costly

collective labour market structures that were associated with patterns of sugar production during the neo-colonial period of accumulation.

Focusing on the restructuring of labour demand factors, this chapter will show how previous labour control schemes have given way to the VMC's more flexible labour control strategies which have resulted in ongoing cost-cutting measures and retrenchment programmes. In contrast to Chapters 5 and 6 which examined the particular labour market structures and work experiences inherent to the central's workplace and working class culture during the time of the large American sugar quota, Chapters 7 and 8 describe the breakdown of this distinct institutional environment and the end of the "Vicmican way of life" resulting from the political and economic conditions tied to the current round of capitalist development. It is a period which is being defined by greater import liberalization and the increasing influence of Chinese-Filipino traders and *taipans* within the sugar industry. In this way, the findings of this chapter are important in illustrating how the mill was remade into a site of new growth and investment consistent with the wave of capitalist restructuring affecting the industry. By uncovering the effects of industrial restructuring at the local level, the chapter reveals how flexible work strategies were used to further shift power in the favour of first the Vicmican, and then the *taipan* led management regimes within the local labour market. The events documented below also help define the present day labour landscape of Victorias and partly explain why it is being remade through the different geographic strategies of worker agency expressed at multiple spatial scales.

The analysis of this chapter is framed by a number of key arguments. First, the liberalized conditions now surrounding the industry, which were a result of the regulatory battles fought between sugar planters and local industrial food processors/traders during the 1990s and 2000s, has forced sugar mills to become more efficient and competitive in a "less" protected national sugar industry. To remain profitable, especially given its bankruptcy and indebted financial situation, the VMC was forced to breakdown its distinctive and long-standing institutional environment which has led to shifts in the firm's social organization and major changes to its labour practices. Second, also apparent during the early years of the mill's reorganization was the rupturing of the long existing local spatial fix of the mill workers (and thus the weakening of the VIWA company union) as the newer *taipan* capitalists imposed a much different set of employment policies when compared to those of the *centralista* owner/managers of the past. Third, as part of the disintegration of workers' spatial fix, the collapsing of the firm's internal labour market by the management sparked a number of *in situ*

strategies of workers' agency which included bargaining, organized and wildcat strikes, and other forms of protest. Efforts to increase the scale and intensity of worker struggles beyond the VMC Area were met ultimately with the labour containment strategies of the firm. Finally, as part of the firm's changing discursive spatial strategy of labour control within the workplace, the "Vicmican Family" was incorporated with the more recent managerial ideology of "Recovery and Rehabilitation". This discourse was used to dismantle the workforce, externalize activities formerly done within the firm, and increase the contractualization of labour.

This chapter is organized in the following way. The next section briefly reviews theoretical ideas concerning labour market restructuring and flexible labour arrangements. The third section examines the institutional forces responsible for the VMC's collapse and bankruptcy. Section four focuses on the battle for control of the central between the old guard of Vicmican managers, different Chinese-Filipino traders, and *taipan* conglomerates, with the firm eventually being taken over by Lucio Tan's Tanduay Holdings Incorporated. The fifth section investigates the gradual breakdown of the company's institutional environment. It looks at the retrenchment of the workforce, the shifting social organization of the firm, and the changes to its hiring and disciplinary practices. In section six, I describe the shifting interests of workers, their efforts to defend the past system of work organization, and the breakdown of the internal labour market during the Aguilar managerial regime (2000-2004). The seventh section discusses the emergence of the management's "Recovery and Rehabilitation" discourse. Playing upon the company's past loyalty systems, the discourse was used to carry out worker retrenchments, implement new labour practices, and subdue reactions from workers and the wider community. The final section summarizes the major findings of the chapter and discusses their significance.

## **7.2 Labour Market Restructuring and the Flexibility of Labour**

While the use of various flexible labour practices is common in the "deregulated" labour market conditions of the current neoliberal period of globalization, the fact is that such strategies are deployed by firms for a number of reasons and are not simply associated with a shift in broader forms of capital accumulation. In this vein, Martin and Morrison (2003: 3-5) highlight a range of key forces responsible for labour market restructuring and their impact on workers. They suggest that variability in the "nature, organization and allocation of work" can be attributed to: (1) wider forms of structural change, such as deindustrialization and tertiarization; (2) technological change; (3) changing corporate strategies such as rationalization, contracting out, and de-unionization (Coe et al., 2007: 265); and (4) deregulation and re-regulation which

includes shifting power back to employers and the role of more active labour market policies. These forces in turn affect the nature of employment opportunities, the recomposition of work (along sectoral, skill and gender lines), union decline and new work relations, vulnerability to unemployment, casualization and job insecurity, and the widening of wage and income disparities. Their main point is that the intersection of these different forces and impacts (as similarly assumed in more spatially attuned institutionalist and regulatory approaches) lead to labour market structures and processes that are variable in their geographical constitution.

Along the same lines, Peck (1996: 130) argues that “flexible labour markets ... do not have a single, universal logic but a variety of logics”, and provides a more complex understanding as to why such phenomena occur and the regulatory contradictions they introduce. In this way, he explains that flexibility strategies may only be a short-term reaction used by firms to exploit the external conditions of the labour market in order to reorganize their labour processes (as in the case of the VMC); that they must be viewed in terms of their historical and geographic evolution within a labour market and production system; that such practices often relate to “the balance of power” within the labour market and thus the reorganization of capital-labour relations; and that flexibility strategies must be considered in terms of the different political interventions enacted by the state (126). Given the multi-causal nature of labour market flexibility, he asserts that analyses need to assess which strategies are “*residuals* of earlier phases of accumulation; which ones are the product of *contingent conditions* ...; ... and which ones are *necessary* features of the posited emerging regime of flexible accumulation” (127, emphases in the original).

Moreover, Peck maintains that different types of flexibility, mainly, “internal” strategies such as multi-skilling and the expansion of job categories, along with “external” strategies such as part-time, temporary and contractual employment, unleash a number of regulatory contradictions with respect to forms of labour control and skill formation. Although external flexibility (which is most relevant to the case study below) is useful to employers in “breaking up collective labour structures”, individualizing the employment relation and reasserting managerial dominance, he notes that such practices “undermine” other forms of labour control such as “direct supervision and firm-specific skill formation” and the stability that these afford (128). By relying on temporary employment contracts and on the externalization of skill formation, the reproducibility of these practices by firms within the labour market is brought into question. The deployment of external flexibility strategies introduces a “lower degree of control over the labour supply”, the possibility of higher worker turnover, higher recruitment costs, the

instability of the workforce, and ultimately the lower profitability of the firm in the long term (139). These are all regulatory issues that the VMC will ultimately face in the future.

As will be illustrated below, many of these key forces and labour strategies came to pass during the early years of the Victorias central's period of restructuring. Like their work strategies in past decades, the more recent deployment of VMC's flexible labour practices were used to ensure the survival and profitability of the firm. Yet the company's restructuring programmes had more to do with the intensification of the labour process (through retrenchments and greater contractualization) rather than from the implementation of newer production technologies. The reorganization of the Victorias mill was thus caused by major structural changes affecting the sugar industry, a changing corporate strategy resulting from the *taipan* takeover, and the subsequent deregulation of the labour market in order to shift greater power back to the employer. These in turn led to the decline of the VIWA union and the introduction of new types of work relations, greater unemployment, increased casualization, and the deepening of socio-economic inequalities within the community.

### **7.3 Bankruptcy: Shifting Management Structures, Shifting Class Structures**

“The senior people there, they knew 10 years before the takeover that the company was going down. You know the Ilonggos here in Negros are *tikalón* (boastful). They have too much pride. They used loans and funneled funds from their subsidiaries to put up a good front to everyone.”

- Former VMC Employee, 14 March 2007.

During the Christmas of 1993 and at the VMC's 75<sup>th</sup> anniversary in May 1994, Kelly, who was only a young girl at the time, remembered the extravagance of the events. “I think we had 9 days of celebrations during the Christmas holidays. There were floats and the singers and *artistas* (actors) from Manila. Canetown was also bright and decorated with lights. I always remember it because the circus was here. The VMC birthday was also bigger than the other anniversaries given before. As usual, there were parties and events in the company plaza.”<sup>131</sup> At the time, most people in the community were unaware of the company's troubles or that the industrial peace which they enjoyed for decades would be coming to an end. One current employee remarked, “We didn't know anything in 1994. We didn't know that everything was going to blow up in our face later.”<sup>132</sup> But as the quote that opens this section suggests, many top managers and sugar technocrats knew that the industry was in decline. The socio-spatial

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<sup>131</sup> Author interview, Kelly 26 years old - Former VMC Schoolteacher, 1 September 2007.

<sup>132</sup> Author interview, Alisa 36 years old - VMC Worker, 27 June 2007.

practices of labour control implemented during past regimes now served to conceal the truth of the company's problems to its workers.

Before the mill's bankruptcy in 1995, nepotism remained the only way to join VMC's elite group of officers and managers. Following his retirement in August of 1991, Claudio de Luzuriaga Jr. chose Gerardo "Gerry" Javellana, a former director and executive under his regime, to succeed him as president of the mill. He held the position until he resigned in May of 1997. The mantle of leadership was then taken up by Manuel B. Manalac from May 1997 to January 2001. Arthur Aguilar followed, first as chief operating officer in December 2000 and later as president from March 2003 to August 2004. Like Javellana, both the Manalac and Aguilar periods ended with their resignations. Such events were reflective of the most unstable and turbulent times the mill had witnessed since World War II. Even by the end of 2008, the struggle for ownership and control over the VMC was far from decided. The mill's bankruptcy period marked a significant turning point in the evolution of Victorias' factory regime. As the following sections in this chapter will illustrate, these changes have significantly affected the dynamics of the local labour market and the lives of mill workers.

In addition to the non-local institutional arrangements described above and in Chapter 4, a set of local factors peculiar to the VMC were also responsible for the restructuring of the labour market and contributed to the firm's collapse. Management's outdated business strategies and internal politics made the firm less competitive and more vulnerable to take over. Whereas in the past, state policies protected the industry and allowed the mills to profit while running under capacity, current conditions demanded that the VMC reduce its overhead costs in order to increase its competitiveness. Yet, during the early 1990s, the mill maintained the inefficient practices of the previous regimes by continuing to shift resources away from its core business of sugar manufacturing and refining, while borrowing excessively to upgrade its aging machinery. By 1993, the VMC launched an initial public stock offering as a way to inject more funds into its modernization programme and mill expansion project. Although subsequent improvements were made to its boilers and "A" and "C" mills,<sup>133</sup> material and energy imbalances continued to hamper production until 2003. While the mills had a grinding capacity of 15,000 tons of cane per day, the juice processing and boiling house only had a capacity of 11,000 tons per day. Similarly, the factory was not generating enough power to run the refinery at full efficiency. With a capacity to produce 28,000 LKG per day (a measure of raw sugar produced in 50-kilo

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<sup>133</sup> These are grades of sugar quality.

bags), the refinery was receiving less than 24,000 LKG per day of raw sugar output from the boiling house.<sup>134</sup>

In addition to the costs for upgrades, the company borrowed heavily to diversify into unprofitable economic activities. It continued to invest in its centre for sugarcane research and fertilization production, and built upon its long history of economic diversification that began after the war: engineering products and services est. 1955; livestock breeding est. 1968; the Canetown housing developments for workers est. 1975-76; nursery centre and cut flowers est. 1977; and canned foods through its Victorias Food Corporation est. 1977 (VMC, 1989 18-22; SEC, 2006: 4). By the late 1980s, the mill established the “Townhouse” housing complex for its officials in Makati (1987 and 1989); another 205 residential lots of worker housing in Manapla (1989); expanded its prawn ponds area (1988); and started two other subsidiaries in 1987, the Victorias Agricultural Land Corporation (VALCO) that oversaw properties producing agricultural goods, and the Victorias Agricultural Management Corporation (VAMCO) which offered management consultancy services (VMC, 1989: 22 -23; SEC, 2004: 14). The VMC also became more indebted by “over-trading” through its trading subsidiary the North Negros Marketing Company (NONEMARCO). In 1998, a number of collection cases were filed by creditor banks against NONEMARCO with monetary claims totaling 1.190 billion pesos (approximately 28 million Canadian dollars) (Joaquin Cunanan & Co., 2004: 53).

Internal politics and mismanagement by officials were also to blame for the mill’s decline. The decadent practices of previous regimes continued even though the VMC could no longer withstand them in the new competitive environment. Hector, a former VMC officer commented:

Vicmico can’t see outside the box and resists changes to the establishment. They do not want to improve their company and make it globally competitive. I was there and I know that if you are too aggressive to try to change things they won’t like it.<sup>135</sup>

His wife Wilma added:

You see those people in Bacolod and here in this part of Negros think that they are Gods. Their culture is over the top, not like there in Iloilo. They cannot see what they are doing. They don’t have a broader view of the world ... They read the daily news at 10pm when they should be reading it at 6am. All they know is Victorias. All they see is Victorias. It is because everything is already there for them. They live well, they had a

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<sup>134</sup> Author interviews, Alisa 36 years old - VMC Worker, 27 June, 2, 4 July 2007.

<sup>135</sup> Author interview, Hector late 50s - Former VMC Officer, 24 March 2007.

hospital here, and the company will take care of them. The real problem is that the people are too comfortable, and of course they do not want things to change.<sup>136</sup>

Even given the financial status of the central, managers continued with their traditions into the early 1990s. Luzuriaga Jr's chosen successor, Gerardo Javellana, was met with the same ritualistic unctio in 1991 that marked the leadership transition from Miguel Ossorio to Carlos Locsin in 1955. In addition to his title as president, Ossorio gave Locsin the honorary position as "managing director" and assigned him a big fully air-conditioned Antillan house as official residence (de Luzuriaga, Jr., 1989: 181). It was much the same for Javellana. As required by custom, Luzuriaga commissioned the building of a large house for him within the company compound and he was treated to the same comforts and perks as past presidents.<sup>137</sup> One official's wife said, "Favoritism always wins with the selection of managers. Look where the managers send their children abroad. Look at how they spend their money and that they are always vacationing. The workers benefited, yes, but they are always spending too ... The ones who use and take all the benefits are the managers!"<sup>138</sup>

By the mid 1990s, a combination of mounting debts, rising overhead costs, and competition from both local firms and cheap imported sugar, brought the VMC plant to a standstill. By 1995/1996, the firm's debt had grown to 4.2 billion pesos (98.8 million Canadian dollars). These financial troubles led to a host of collection cases filed against the mill and its subsidiaries, along with several criminal cases accusing former officers of misusing funds. On March 3, 1997, in a meeting with its creditor banks, the mill announced that business was down 50 per cent and that they would not be able to service their loan payments (SEC, 2004: 5). With the company slowly imploding, on May 16 Javellana resigned his presidency. Around the same time, many of the top officers and directors (some accused of illicitly taking funds) also left the Victorias plant. Employees in the area amusingly dubbed these "big bosses" the "Magic 7" for magically disappearing during the bankruptcy period. By July, the firm applied to the Philippines Security and Exchange Commission (SEC) for suspension of payments to its 32 creditor banks. This subsequently froze public trading of the company on the Philippine Stock

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<sup>136</sup> Author interview, Wilma 56 years old - Former VMC Employee, 21 March 2007.

<sup>137</sup> Other ostentatious projects also went up in the VMC Area during the early 1990s. Management approved the building of the Church of the Immaculate Conception in the Canetown district to deal with the growing population of the community. The church is one of the largest in the Philippines, but does not receive official recognition because it is incomplete. One local resident remarked, "The unfinished church symbolizes the typical 'Vicmican' ambition. I recalled the Chairman seeing it for the first time. He said, 'it's not a church, it's a basilica!' But did they (the management) have foresight of how much and how long they can build it? None." The project was later taken over by the new management and set aside.

<sup>138</sup> Author interview, Espy 69 years old - Wife of retired VMC Director, 27 October 2008.

Exchange and prevented the firm's liquidation. VMC's financial collapse and the years that followed essentially marked the end of the paternalistic factory regimes associated with the Ossorios, Locsins and Luzuriagas, and the transition to new controlling interests represented by the creditor banks. With the Magic 7 and their families fleeing Negros, only a few of the old group of long time serving managers remained and they fought tooth and nail for control of the mill. More importantly for the workers, the bankruptcy was the death knell of the Vicmican way of life.

#### **7.4 Management Transition and the Rehabilitation Plan, 1997 to 2008**

Following the company's bankruptcy crisis in the summer of 1997, the SEC approved a rehabilitation process for the VMC overseen by an appointed management committee (MANCOM). All levels of government viewed these as necessary measures given Victorias Milling's strategic role in the Philippine sugar industry and its significance to both the local and provincial economy. During these rehabilitation years, the spaces of the mill became an economic battleground as some of the most powerful traders and industrialists in the country vied for ownership of the firm, mainly through their control of the creditor-banks that had a stake in the company. Most of these banks had vested interests in helping the VMC to recover since many had unsecured loans with the mill and stood to gain nothing should the company be liquidated. As will be shown, the contest for ownership of the VMC was also a struggle among different class strata that varied both in their interests and in the scope of their operations. In this way, the objectives of the rehabilitation plan and the eventual change in management led to an array of restructuring strategies that were both *in situ* to the local labour market, and integrated into the wider activities of the new management and their other firms in the country.

##### **7.4.1 Enter Lucio Tan, the Chinese Filipino Taipans and Arthur Aguilar**

Composed of both the old guard of long time serving Vicmicans and representatives from the creditor banks, the jostling among members of the MANCOM for control of the VMC was emblematic of the broader shifts in class power occurring within the sugar industry and its related businesses. With an economic orientation more localized to the province, the Vicmicans wanted to maintain control of the firm and continue with their past business practices. The *taipans* (tycoons) saw the mill as a potentially profitable enterprise, that if better managed, could be used to stabilize their other related operations. Even before the bankruptcy during the VMC's Initial Public Offering in 1993, significant numbers of shares were bought by banks and

investors representing Chinese-Filipino traders, most notably by tobacco/beverages magnate and Philippine Airlines chairman, Lucio Tan. Given the firm's more vulnerable position during the late 1990s, interest in acquiring the Victorias Mill was also shown by other prominent sugar firms in the country. These included the Roxas group who ran the Central Azucarera Don Pedro in Batangas and the La Carlota mill in central Negros, along with plans for a merger with the Hawaiian-Philippine Company in neighbouring Silay City.<sup>139</sup> By August 1999, the company failed through both an SEC approved plan to raise additional capital by issuing new shares to its stockholders, and with a public bidding for 53.35 per cent of VMC's capital stock (SEC, 2006: 6). In 2000, Manuel Manalac, VMC President from 1997 to 2001 and part of the old guard, was unsuccessful in negotiating a debt restructuring plan that would see the Vicmicans retain control of the company. His plan was embraced by the firm's shareholders but rejected by the MANCOM which was chaired by Gerardo B. Anonas, executive vice president of the East West Banking Corporation, and a VMC creditor. The East West Bank, like many of the other creditor banks, also had strong ties to sugar and sugar related goods. Its chairman was Andrew Gotianun Sr. who also owned the Davao Sugar Central in Davao del Sur, Mindanao and later represented the bank on the VMC board beginning in February 2003 (SEC, 2004: 8-9). The Philippine National Bank (PNB), which was chaired by Lucio Tan, was represented on the MANCOM by its then executive vice president Omar Byron Mier. The Metropolitan Bank and Trust Company (Metrobank) was represented on the VMC board by its vice president, Jose M. Chan, Jr., who also ran the Binalbagan-Isabela Sugar Company (BISCOM) in central Negros. In one form or another, each was trying to expand their influence within the company and the industry.

The major point of contention between the Vicmican regime and the MANCOM was the amount of debt that would be converted into equity shares of the company, a factor that ultimately determined control of the firm. Given the failure of past rehabilitation schemes, in November 2000 the MANCOM gained SEC approval of an Alternative Rehabilitation Plan (ARP) that converted the majority of the mill's debt (approximately 4 billion pesos or 100 million Canadian dollars) into 70 per cent of the firm's equity. The plan also mandated three

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<sup>139</sup> Pedro E. Roxas of the CADP (Central Azucarera Don Pedro) Group Corporation comes from a long line of the Spanish mestizo Roxas family of Batangas. Their ancestral haciendas are in Nasugbu of the same province. In addition to complete ownership of the Don Pedro and La Carlota sugar Centrals, CADP Group also acquired 45 per cent of the Hawaiian Philippine Company, another mill located in Silay City, Negros Occidental. As an integrated operation, CADP is the largest producer of raw sugar in the country, responsible for approximately 20 per cent of national production (SEC, 2006a: 12). This Roxas group is not to be confused with their distant relative clan in Capiz, Panay. Following Manuel Roxas, the first Philippine president of the independence era in 1946, there has also been a long line of Roxas family members that have played important roles in the political and economic life of the country. President Roxas' grandson, Mar Roxas, is currently serving his term as a state senator (2004-2010).

other main objectives: (1) the selection of a new board of directors to reflect the new shareholders (mainly the creditor banks) and to later replace the MANCOM; (2) a public bidding for a 300 million peso capital infusion project; and (3) cost reduction provisions (SEC, 2004: 2-3).<sup>140</sup> Manalac and former shareholders who had a 54 per cent interest in the firm wanted an infusion project worth 400 million and a significantly lower amount (500 million pesos) of the company's debt converted into equity.<sup>141</sup> Faced with an SEC ultimatum in March 2001 that threatened to liquidate the mill if no compromise could be reached between the two sides, the old regime reluctantly allowed the implementation of the plan to begin after months of delay. Manalac gave his resignation. Shortly after his departure, Anonas announced in a memorandum to the remaining Vicmican workers that the MANCOM had assumed full control of the VMC and invested their new Chief Operating Officer, Arthur N. Aguilar whom they hired in December 2000, to manage the rehabilitation process. The terms of the Alternative Rehabilitation Plan and a Debt Restructuring Agreement were formalized between the VMC and its creditors in April 2002 (SEC, 2006: 6). Over a 15 year period, beginning in crop year 2003-2004 and ending in 2017-2018, the central was to service its debts.

Even though the old Vicmican management disapproved of Aguilar's appointment, employees came to view him as a champion of labour in the handful of years he was with the company. In many ways, his work practices resembled the past paternalism of the mill, and his social pedigree was reminiscent of the Ossorios, Luzuriagas and other big bosses of the pre-bankruptcy period. Aguilar spent his formative years in Negros and later graduated from De la Salle University in Manila (VMC Bulletin, 2003b). He holds a Master's in Business Management from the Asian Institute of Management in Makati and a Master's in Public Administration from Harvard (VMC Bulletin, 2003c). He has worked on projects in Africa and the Middle East for the World Bank International Finance Corporation (IFC), and was the General Manager of the Philippines' National Development Company (NDC) in 1992 (SEC, 2004: 33).<sup>142</sup> Aguilar's more "pro-labour" stance and the plans deployed for mill employees

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<sup>140</sup> The MANCOM was later replaced by a new set of Board of Directors in a stockholders' meeting on December 16, 2002 (VMC Bulletin, 2002a; SEC, 2007: 57).

<sup>141</sup> Author interviews, Sugar industry official, 21 August 2007.

<sup>142</sup> According to its website, "the International Finance Corporation is the world's largest multilateral source of finance for private sector projects in developing countries" (World Bank IFC, 2009)(see [www.ifc.org](http://www.ifc.org)). The National Development Company serves a similar function at the federal level. "The NDC is an attached agency of the Department of Trade and Industry's (DTI), managing some P4.6 billion worth of investment portfolios. NDC was created to function as the government's investment arm. It develops, finances and implements pioneering projects vital to the sustainability of the government's structural reforms and economic policies. Since 1919, NDC had a hand in the establishment and the privatization of the many of the vital companies that are today among the biggest and oldest companies in the country" (National Development Company, 2009) (see [www.ndc.gov.ph](http://www.ndc.gov.ph)).

during his term (described in a later section), stood in stark contrast to how local Vicmicans and observers perceived both Gotianun and Tan.

Despite Aguilar's leadership and the sense of stability he brought to the mill, the presence of Gotianun, Tan and other creditor banks on the board of directors raised a great deal of concern for workers and their job security. With the debt to equity scheme of the Alternative Rehabilitation Plan finalized in April 2002, creditors sought to increase their stake in the company. Gotianun, who through his East West Bank had a 5 per cent share in the VMC, was a strong proponent of cutting labour costs and reducing the size of the workforce, practices currently adopted within other mills.<sup>143</sup> Moreover, there were whispers he was planning a takeover that included shutting down the VMC refinery along with sweeping changes to the labour force (Vicmico Gazette, 2003a: 3). Unsettling workers and planters, many claimed this was a "dirty move" designed to "bleed the VMC in order to boost Gotianun's refinery in Davao Mindanao along with his import/export businesses" (Ombion, 2003). Local planters felt especially threatened since a Gotianun takeover would potentially change existing milling and trading arrangements at the VMC. Similarly, workers also viewed Lucio Tan and his firms present on the Victorias scene (Philippine National Bank and later Tanduay Holdings Inc.) with suspicion. At the time, Tan was in the process of restructuring Philippine Airlines (PAL) and had just negotiated concessions and a 10-year truce with its workers' union that began in 1999. PAL's rehabilitation led to significant reductions in the costs and benefits allocated to labour. The VIWA union later stated that the Tan group "has a very poor reputation regarding the treatment of workforce in their own group of companies" (VMC Bulletin, 2004e). Tan had also expanded his beverages and alcohol operations into Negros and was further integrating them into his other businesses. He had his Distilleria de Bago and a water extraction and bottled-water processing plant in Bago City, an Asian Alcohol Corp. facility in Pulpandan township, a bottle sorting operation in Talisay, a Tanduay plant in Murcia, and La Tondeña Inc. and warehouses in Bacolod (Ombion, 2003; SEC, 2008: 9).<sup>144</sup> Since any takeover bid would likely result in the additional downsizing of the labour force, workers feared the worst when major changes came to the VMC board at the end of 2002 (VMC Bulletin, 2003d).

As part of the ARP agreement, the bidding for the 300 million capital infusion project in early 2003 presented another opportunity for the *taipans* to gain greater control over the VMC

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<sup>143</sup> Author interviews, Sugar industry official, 21 August 2007.

<sup>144</sup> Lucio Tan is chairman of Philippine Airlines Inc., Asia Brewery Inc., Himmel Industries Inc., Fortune Tobacco Corp., PAL Holdings Inc., Eton Properties Philippines Inc., Tanduay Distillers Inc., Grandspan Development Corp.,

and thus improve their position within the industry. Joining the formal bids by Gotianun's East West Bank and Tan's Tanduay Holdings was JG Summit Holdings Inc. owned by John Gokongwei, Jr.<sup>145</sup> Like Tan, Gokongwei is owner of a host of businesses including Cebu Pacific Airlines, the Robinsons chain of department stores along with companies manufacturing food and beverage products.<sup>146</sup> And like the Roxas clan of Batangas, the Gokongweis control a vast sugar empire in areas of the central and northern Philippines. They own the SONEDCO (Southern Negros Development Corporation) in Kabankalan City, URSUMCO (Universal Robina Sugar Milling Corporation) in Manjuvod town, Negros Oriental, and the CARSUMCO (Cagayan Robina Sugar Milling Corporation) in Cagayan Valley, Northern Luzon. In October 2007, the food and beverage unit of JG Summit, Universal Robina Corp. (URC), acquired 2 more mills in Iloilo province owned by Passi Sugar Central Inc. According to 2004-05 figures, the integrated operations of the Gokongwei group's five mills produced 11.26 per cent of the country's raw sugar production, trailing only the VMC (14.2 per cent) and the Roxas CADP group (20.2 per cent) (PNO, 2007: 4-14). Yet, with expanded capacity and a newly commissioned refinery at its SONEDCO plant in late 2007, Gokongwei is now the second largest sugar miller and refiner in the country behind the CADP group (see Sanchez-Lacson, 2007). The Gokongweis' had earlier planned to takeover the VMC shortly after its bankruptcy, but were met with opposition from local planters and workers (Ombion, 2003).

By controlling Victorias Milling, both Tan and Gokongwei sought to strengthen their horizontal monopolies over specific areas of the Philippine consumer market by expanding further their backward linkages into sugar production, refining and trading. As Omar Byron Mier, current VMC chairman and president of Tan's Philippine National Bank, has stated of Tanduay Holdings, "Alcohol needs molasses and virgin cola needs refined sugar" (Dumlao, 2008a). In addition to his operations spread across Negros, Tan plans to put up a distillery within the VMC complex in order to make use of the refinery's supreme quality of sugar (Dumlao, 2008b).<sup>147</sup> In the same vein, the Gokongweis' URC diversified into sugar milling and refining in order to meet the growing requirements of their food and beverage businesses. One

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Lucky Travel Corp., a majority stockholder of Allied Banking Corp., and director of Philippine National Bank, Century Park Hotel and Charter House Inc. (SEC, 2008: 23).

<sup>145</sup> Five additional firms pre-qualified to place bids, including sugar traders Julio Sy, Sr., president of the Bukidnon Sugar Co., and Nestor Senoron of Bacolod (VMC Bulletin, 2003e).

<sup>146</sup> JG Summit Holdings Inc. as a diversified conglomerate has interests in property development, telecommunications, air transportation, petrochemicals and financial services (Loyola, 2007).

<sup>147</sup> In Billig's research conducted during the mid 1990s, Victorias was the only Philippine refinery to meet the strict quality standards of the giant food processing industries of Coca-Cola, Pepsi-Cola, San Miguel, Del Monte and Dole (Billig, 2003: 70, 178, 179).

URC official remarked, “Having our own milling facilities ensures us of both supply and quality of the sugar we use” (Loyola, 2007). As Angeles (1995: 227, 246) has noted, the activities of Filipino-Chinese commercial capitalists (such as Gotianun, Tan and Gokongwei) into sugar “ensured [them] a steady source of goods to market and further concentrated [their] capital.”

The bidding process reached its conclusion at the end of March 2003 when the capital infusion project was awarded to Lucio Tan’s Tanduay Holdings. As part of the agreement, Tanduay was given a seat on the board that was eventually filled by Mariano Tanenglian, Lucio’s brother (VMC Bulletin, 2003f; 2003g).<sup>148</sup> With two seats on the board of directors (Mier representing the PNB and Mariano representing Tanduay), together with the weakened position of Gotianun and the exit of the Gokongweis, Tan could now embark on making Victorias Milling in the image of his other companies - efficient, streamlined and “well managed” (see Dumlao, 2008c; 2008b). Consistent with current practices adopted across the industry, a new corporate philosophy and managerial ideology would be deployed and consolidated within the Victorias central. In his remaining time, Aguilar was left to carry out the remaining objectives of the ARP including deploying cost cutting measures and the “reduction of manpower” through employee retrenchments. The mill workers had a new “big boss” and the Vicmican way of life would never be the same.

### **7.5 Dissolving Institutionalized Paternalism**

During the period of rehabilitation, the firm engaged in practices that dissolved the social relations of paternalism and loosened workers’ attachment to the Victorias central. Well before the Tan takeover, the Vicmican familial discourse that stressed communal values, paternalism, patronage and patriarchy was dealt a death blow by the bankruptcy and continued to decline with each successive wave of worker retrenchments. In the years that followed (1997 to 2008), all facets of the institutionalized paternalism begun by the Ossorios and reinforced by the Luzuriaga regime were dismantled systematically by the restructuring plan and replaced with the gradual deployment of flexibility strategies by Tan and the creditor banks on the VMC board. In addition to the reorganization of work practices and labour relations, the uncertain fate of the central turned workers’ interests toward securing their individual rather than collective welfare. As illustrated below, management’s restructuring and flexibility strategies had a number of

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<sup>148</sup> Mariano C. Tanenglian is the treasurer of Tanduay Holdings. He is a director and treasurer of Basic Holdings Corp., Philippine Airlines Inc., Asia Brewery Inc., Allied Banking Corp., Himmel Industries Inc., Fortune Tobacco Corp., PAL Holdings Inc., Eton Properties Philippines Inc., Tanduay Distillers Inc., Tanduay Brands International Inc., Charter House Inc., and Grandspan Development Corporation (SEC, 2008: 23).

effects on the local labour market. Most importantly, it further shifted power towards the management and away from the workers by reducing their already limited collective strength and individualizing the employment relation. Ultimately, these new work practices were crucial in resurrecting the Victorias Mill, and making it the viable and highly profitable enterprise it was in the past.

### **7.5.1 Shifting Social Organization of the Firm**

The mill's restructuring and rehabilitation plan was centred upon a return to its core business of producing and refining sugar, and the gradual elimination of its non-sugar services and products. The retrenchment program that ensued had a profound effect on the social organization of the firm. Over roughly a twenty year period from the mid 1970s to the mid 1990s, the VMC maintained a workforce of more than 4,000 permanent employees in addition to hiring hundreds of seasonal and casual labourers. Major retrenchments began in 1997 with the mill phasing out many of its subsidiaries and contracting out for services that used to be performed in-house. In February and March of 1998, its port and shipping operations were stopped, and the VMC schools, Don Bosco Technical Institute and St. Mary Mazzarello, were spun off. That same year, VMC retrenched its long standing private security force and hired the services of a Bacolod based security agency (VMC Gazette, 2002b). In early 1999, an additional 427 workers applied for voluntary retrenchment (Vicmico Gazette, 1999a: 1). Management then moved into different departments and retrenched workers in batches. In September 2001, the company shutdown its railroad system and later handed 380 Vicmicans their "walking papers" in the New Year (VMC Gazette, 2002b). This was followed with the closing of St. Joseph's hospital and its 165 member staff in Manapla (SEC, 2004: 26). In November 2002, another 153 employees were retrenched from the subsidiary, engineering services. These were only three of the six batches that totaled 818 employees who were retrenched in 2002 (VMC Bulletin, 2002b). At the start of 2003, approximately 2,008 Vicmicans remained employed at the mill; about half of VMC's workforce during the 1970s, 80s and early 90s (see Table 7.1). Over the next several years, retirements and voluntary retrenchment reduced the size of the workforce to its 2006/2007 level of roughly 1,600. These reductions severely cut the cost of labour which accounted for 34 per cent of the firm's total budget in 1998/1999 (Vicmico Gazette, 1999b: 2). In all, at the end of crop year 2002-2003 the total cost of retrenchments amounted to 523 million pesos (12.3 million Canadian dollars) largely taken from funds internally generated by the mill (SEC, 2004: 3).

**Table 7.1: Shrinking Number of Permanent VMC Workers, 1960 to 2008**

Year/Month	Number of Workers
1960	1,655*
1964	1,984
1976	4,000 +
1981	3,017*
1989	4,000 +
1997 (January)	4,325
1999 (June)	2,747
2001 (December)	2,826
2002 (December)	2,008
2003 (August)	1,612
2007	1,615

\* These numbers only account for the rank-and-file and do not include supervisory and professional/technical workers.

+ These are approximate figures drawn from source materials.

Source: Victorias-Manapla Workers Organization - Philippine Association of Free Labour Unions (PAFLU), petitioner, vs. The Hon. Emiliano Tabigne, Judge of the Court of Industrial Relations, Victorias Milling Co. Inc., and Vicmico Industrial Workers Association (VIWA), respondents. 28 December 1964. G.R. No. L-19658. Republic of the Philippines Supreme Court, Manila; Dungo, 1969: 243; VMC, 1976: 9; Vicmico Industrial Workers Association (VIWA), represented herein by its President, Paquito V. Ando, petitioner, vs. The Honourable Carmelo Noriel, in his capacity as Bureau of Labour Relations Director, represented by his Officer-in-Charge Romeo A. Young, and the National Federation of Sugar Workers (NFSW), respondents. 31 August 1984. G.R. No. L-59167. Republic of the Philippines Supreme Court, Manila; VMC, 1989: 178; SEC, 2004: 3; VMC Gazette, 1999a: 1; VMC Gazette, 2002b; VMC Bulletin, 2002b; Author interview - Sugar industry official, 5 July 2007.

Although it is ironic that VMC's present social hierarchy resembles its 1964 workforce of some 45 years ago (see Table 7.2), the nature of social relations within the present day central are drastically different. By comparing Tables 7.2 and 7.3, it can be seen that the 2006/2007 workforce had 34 fewer supervisors, a similar number of professional and technical workers, 292 fewer rank-and-file (including both seasonal and fixed period labour), and 333 fewer total employees than the 1964 workforce. The majority of employees remained male. In 2004, 1,360 of 1,579 workers (86.1 per cent) were men (see Table 7.4) compared to 94.7 per cent of the workforce in 1964. Whereas in the past, creole and mestizo families sat atop the corporate hierarchy, the current officers of the company are mainly Filipinos and Chinese-Filipinos. In addition to representatives from the government financial institutions of the Development Bank and Land Bank of the Philippines, the majority of seats on the 2007 board were filled by VMC's creditors. Besides Jose M. Chan, Jr. of MetroBank and the BISCOP Central discussed earlier,

the Lucio Tan group was composed of Omar Byron Mier from Tan’s Philippine National Bank, Tan’s brother and Tanduay Holdings’ treasurer Mariano Tanenglian, along with Tanduay president Wilson Young (SEC, 2007: 34-36).<sup>149</sup> Tan’s third seat was also tied to the 300 million capital infusion project and its likely conversion into more shares of the firm. The board had also elected Hubert Tubio, a manager who had done work for another of Tan’s divisions, Tanduay Distillers Inc. (VMC Bulletin, 2004f).<sup>150</sup> As for the Vicmicans, a few veterans remained on the board and participated in the everyday operations of the mill. These were Abelardo Bugay, a mechanical engineer who has worked at Victorias for more than 30 years, and Noberto Capay, Jr. son of a VMC founder. Other long time serving Vicmicans were also assigned to key executive positions by the board.

**Table 7.2: Victorias Milling Company Workforce, 1964**

<b>Type of Employee</b>	<b>Number</b>	<b>% Male</b>	<b>% Female</b>
Supervisory	216	85.2	14.8 (A, M, NF, N, L)
Professional and Technical Workers	91	100.0	0.0 (A, N, L)
Rank-and-File*	1,677	95.6	4.4 (L, N, V)
<hr/>			
<b>Total Workforce Population</b>	<b>1,984</b>	<b>94.7</b>	<b>5.3</b>
Key: A - Abroad/ Foreigner; M - Mestizo; NF - Non-Local Filipino; N- Negrense; L - Local Victoriahanon; V - Visayan			

\* The data used in Dungo’s study does not distinguish between seasonal and contract workers within the rank-and-file category.

Source: Dungo, 1969: 243; 16-20.

<sup>149</sup> Wilson Young was elected to the VMC board at the end of April 2004 (VMC Bulletin, 2005b).

<sup>150</sup> Hubert Tubio was elected to the VMC board in mid-November 2004. A graduate of the Asian Institute of Management, Tubio was also a vice president of corporate affairs in Jardine Davies, Inc. majority owner of the Hawaiian-Philippine Company in Silay. He also served as general manager and chief operating officer of Bogo-Medellin Milling Co. in Cebu (VMC Bulletin, 2004g).

**Table 7.3: Victorias Milling Company Workforce, 2006/2007**

<b>Type of Employee</b>	<b>Number</b>	<b>% Total</b>
Supervisory	182	11.3
Professional and Technical Workers	84	5.2
Rank-and-File	862	51.1
Seasonal Workers	79	4.9
Fixed Period Workers	444	27.5
<hr/>		
<b>Total</b>	<b>1,651</b>	<b>100.0 %</b>

Source: SEC, 2006; Author interview - Sugar industry official, 5 July 2007.

The presence of the new regime sharpened the racialization of class and labour relations but this was not a major source of animosity between current managers and employees. Like regimes of the past, the dynamics of race and ethnicity were important in marking the boundaries between different social groups. Workers acknowledged the connection between major changes in the workplace with the arrival of the new management, and understood that the new bosses were not the American Spanish-Chinese mestizo Ossorio sons, but were Filipinos who were more ethnic “Chinese” in their values and business practices. In this fashion, employees believed that traits associated with Filipino-Chinese entrepreneurs, such as “frugality, rationality, and acute business acumen” (Billig, 2003: 243) would be adopted and realized in the VMC. Almost all of the veteran managers and workers interviewed were quick to point out that their company was now “run by the Chinese.” Lito a manager whom we met earlier commented:

See, Lucio Tan can make the company do better but he doesn't. VMC is profiting now. It's not losing. He just wants it to stay the way it is. He's smart. With the capital infusion, he gave the best deal and the best rate. The rival bidders lost because they were charging too much interest on the loan ... Lucio Tan knew that the one who supply this (the 300 million pesos of fresh capital) will have a big say on the board. He even was trying to buy small stocks to acquire more shares (of VMC). They know how to make more money. This is the way the Chinese are.<sup>151</sup>

Despite the fact that racial and ethnic differences became more pronounced with the mill's restructuring, of greater significance to workers were the wholesale changes being made to the “traditional” labour arrangements that prevailed under previous management regimes. In this sense, labour hostilities were driven more by classed social categories rather than by racial ones.

<sup>151</sup> Author interview, Lito 52 years old - VMC Supervisor, 5 April 2007.

The reorganization of workers also altered the shape of personalistic familial groups, and thus the nature of managerial control and labour discipline at the departmental level. When the “Magic 7 big bosses” and other top officers departed Victorias in the mid to late 1990s, the mill workers lost a significant number of their key patrons. In addition to these senior officials, the separation of a large number of permanent employees from the firm resulted in social networks that were smaller and more impersonal. The experiences of Hector, a former officer, and his wife Wilma, a former administrator, and the changing contours of their social networks help to illustrate this point. Before the bankruptcy, Hector’s family, friends and neighbors were employed in his department and in others within the company. His influence, as well as Wilma’s, was spread throughout different divisions of the central and into the surrounding haciendas. If known to them, the lowliest of worker could ask Hector or Wilma to vouch on their behalf for favors or side-jobs. The onset of the mill’s rehabilitation plan, however, mandated a number of new work practices that effectively restricted familial and extended kinship elements within the company’s social organization. All hiring and transfers were frozen and the few that were permitted needed to meet board approval in addition to strict new training and skills requirements (VMC Bulletin, 2003h). There was also the caveat that “the interest of the company should not be compromised nor should there be any conflict of interest resulting from [a] transfer. As such, personnel within the department should not be within any degree of consanguinity or affinity and should not be allowed to report to one another” (Vicmico Gazette, 2004a: 3) (cf. Chapter 5, sections 5.3.2 and 5.5.2). Impersonalized firing replaced familial based hiring as a regular subject at meetings between company officers and department heads (VMC Bulletin, 2004h; 2004i). Instead of finding ways to accommodate their friends and family with jobs, supervisors were now being asked by the management to submit plans on how to reduce the number of personnel in their departments. These changes deeply affected Wilma’s family. Her relatives at the company hospital and railroad services were laid off, as well as her sister who worked in her department. The changes also affected Hector’s remaining subordinates. They were left without a senior official to protect their interests and to help guarantee their job security.

In this vein, the VMC board allocated greater powers to middle managers to enforce more direct and stricter supervision therefore replacing familial relations as a means of disciplinary control at the departmental level. The remaining supervisors and department heads were reassigned strategically in order to meet the financial objectives and new productivity standards of the rehabilitation (VMC Bulletin, 2003i; 2004j; 2004k). In 2007, many of these

managers were later “re-hired” (and thus re-evaluated to check for skill qualification) as consultants on a contractual basis with orders “to promote greater efficiency” (SEC, 2007: 15). These new strategies transformed the work environment in Eddy’s department, a supervisor who was retrenched in 1999. Now serving under a new supervisor, Eddy’s remaining friends and relatives endured the reorganization of their area and a shift in workplace dynamics. Upset by the new conditions and their uncertain job futures, two of Eddy’s sisters applied for voluntary retrenchment.<sup>152</sup> The situation was much different for Lito, one of Hector’s former subordinates. In his case, many of the staff was laid off following Hector’s departure and the VMC board hired a non-Vicmican manager from outside to run his department.<sup>153</sup> While the mill had not yet begun to externally recruit skilled labour at a large scale, there were a few instances where experts were hired to fill key positions.

In short, retrenchment and restructuring affected the social life of the central on a number of levels. The vast number of layoffs altered the mill’s social order as the power and influence of many key leaders and social groups was weakened or eliminated altogether. More than this, the major changes brought to the shop floor and to the firm’s long-established internal labour market (discussed below), dramatically changed the interests of workers. Faced with periodic retrenchment notices and trying to cope with new labour practices, many employees were left shocked and uncertain of their futures and for the welfare of their families. The remnants of past practices lingered, but it was clear to the workers that the Vicmican way of life was being remade by an unfamiliar group of non-Vicmican directors who were putting their own stamp on the company.

## **7.6 Rupturing Local Labour Geography: Workers’ Interests and the Efforts of Arthur N. Aguilar (ANA)**

“With the ongoing retrenchments, the workers are edgy. They don’t know if tomorrow if they will be the ones retrenched.”

- Lito, Current VMC Employee and Second Generation Vicmican.

The new labour conditions combined with the waning influence of familial and personalistic networks put the remaining workers (and those retrenched!) in a situation where they had to fend more for themselves. The reduced workforce size and the shuffling of departments meant that the same amount of labour done before the mill’s restructuring was now

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<sup>152</sup> Author interviews, Eddy age early 60s - Retrenched VMC Supervisor, 28 March, 2 April 2007.

<sup>153</sup> Author interview, Lito 52 years old - VMC Supervisor, 5 April 2007.

being assigned to a smaller number of workers. Furthermore, the Vicmicans were an aging workforce. In 2004, more than 40 per cent of Vicmicans were between 46 and 55 years of age (see Table 7.4). In 2007, the average worker was 45 years old with more than 20 years of company service, and the total number of permanent employees was decreasing by 1 to 2 per month because of retirements.<sup>154</sup> The burden of more work placed on the shoulders of fewer and older employees injected more tension into the workplace atmosphere. Alisa began working in the VMC offices in 1994. She was able to get a permanent position through her uncle at the mill. Unfortunately, Alisa’s entire time with the firm coincided with VMC’s bankruptcy and restructuring period. She witnessed firsthand, the negative effects that the workplace changes brought upon Vicmicans. She explained, “They used to have a 3 man shift. Now it’s the case that if 1 retires, the 2 remaining workers work 12 hours to cope because of the moratorium on hiring. I saw the health implications with this thing especially on the older workers when they visit the office. Later, their health deteriorates. They try to keep up, but it’s not good for them.” She partially blamed such practices on the ailing health of her uncle before he passed away.<sup>155</sup> Raffy, a 47 year old driver, commented, “Sometimes I am wondering if they (management) know what they are doing. The work gets too much sometimes, and you don’t even know if you will have a job later.”<sup>156</sup> Raffy along with other employees interviewed implied that the increased intensity of work was a way for the firm to persuade older Vicmicans to take early retirement.

**Table 7.4: VMC’s Aging Workforce 2004**

Age Group	SINGLE		MARRIED		WIDOW OR SEPARATED		TOTAL			
	Male	Female	Male	Female	Male	Female	Male	% Total	Female	% Total
18 - 25	0	0	1	0	0	0	1	0.07%	0	0.00%
26 - 30	1	1	11	0	0	0	12	0.88%	1	0.46%
31 - 35	13	1	98	13	0	0	111	8.16%	14	6.39%
36 - 40	12	14	239	51	0	1	251	18.46%	66	30.14%
41 - 45	11	8	285	53	2	2	298	21.91%	63	28.77%
46 - 50	11	7	268	35	2	5	281	20.66%	47	21.46%
51 - 55	9	5	271	15	8	2	288	21.18%	22	10.05%
56 & UP	2	3	114	2	2	1	118	8.68%	6	2.74%
<b>TOTAL</b>	<b>59</b>	<b>39</b>	<b>1287</b>	<b>169</b>	<b>14</b>	<b>11</b>	<b>1360</b>	<b>100.00%</b>	<b>219</b>	<b>100.00%</b>

Source: Author interview - Sugar industry official, 5 July 2007.

<sup>154</sup> Author interview, Sugar industry official, 21 August 2007.

<sup>155</sup> Author interview, Alisa 36 years old - VMC Worker, 2 July 2007.

<sup>156</sup> Author interview, Raffy 47 years old - VMC Driver, 29 April 2007.

New quality standards implemented by the management also added to the employees' workload. Beginning in early 1999, the mill was subjected to a series of ongoing internal and external audits as it applied for, and then later upgraded, its ISO certifications (Vicmico Gazette, 1999c: 3; VMC Bulletin, 2002c). The International Standard Organization (ISO) designation certifies that a product (in this case raw and refined sugar) meets the highest quality, efficiency, and customer standards, while serving as a major selling point for buyers. The majority of departments were affected by the audits and employees had to undergo periodic ISO orientations and trainings (VMC Bulletin, 2002d; 2003j). Full cooperation was expected of workers during the review process, as auditors were authorized "to conduct verifications, spot checks, surprise visits and were given complete access to all information and files used by employees" (VMC Bulletin, 2003k). Additional audits unrelated to the ISO were also conducted by Tanduary representatives shortly after the launch of Tan's capital infusion project in mid 2003 (VMC Bulletin, 2004f).

The Vicmicans believed that the extra work and effort they devoted to the audits helped their precarious employment situation and were ultimately beneficial for the company. At the time, the Ilonggo section of the company newsletter asked fittingly, "*Nga-a daw kasako subong sa aton kompaniya kag nga-a may ginahiwat nga 'internal quality audit' sa tagsa ka opisina? ... Matuod ang tanan ninyo nga obserbasyon - Why does it seem so busy now in our company and why is the 'internal quality audit' being held for everyone in the office?... Truly, all are being observed*" (VMC Bulletin, 2003L). And in another related story, "*Kung sa ISO 9000 nangin isa kita ka 'world-class' nga kompaniya, sa 9001, buligan pa gid kita nga mapakaayo ang aton 'business practices' - If you see ISO 9000 the company has become world-class, with 9001, it helps see improvements to our 'business practices'*" (VMC Bulletin, 2003m). For many, the increased surveillance of their activities due to the audits and other means, along with the limits imposed on their individual autonomy through more direct supervision, were vital to the success of the VMC and to securing their own livelihoods.

The change in labour practices was only part of the complex and difficult situation that Arthur N. Aguilar (ANA) inherited as he simultaneously tried to satisfy the interests of workers and meet the objectives of the mill's rehabilitation. His time as head of the VMC (December 2000 to August 2004) was marked with attempts by the Vicmicans to preserve the paternalistic elements of the former work regime. Such instances not only spoke to the collective agency of labour, but also underlined the institutionalization of past employment practices and the inertia

that had built up within the internal labour market. With only a handful of the old Vicmican guard of senior officials left following the bankruptcy, workers gravitated naturally towards Aguilar and his pro-labour stance. But the Vicmican labour force was not alone in their support for ANA. In his first two years at the VMC, Aguilar regained the trust of the planters, suppliers and other stakeholders, in addition to earning the loyalty and respect of the mill workers (Vicmico Gazette, 2003a: 3; 2003b: 2; 2003c: 2).<sup>157</sup> At the end of the crop year in August 2002, VMC broke two all-time records under Aguilar's watch: 2,630,289 tons of cane milled, surpassing a record set before the bankruptcy in crop year 1993-1994; and 5,082,945 bags of raw sugar production, surpassing a record set by the Luzuriaga, Jr. regime in crop year 1975-1976 (Vicmico Gazette, 2002c: 1). The Gazette described the state of the mill at the time:

Indeed, look around the VMC compound and one can see signs of prosperity: brand new roads, Boiling House expansion, repair of various offices, company houses and other structures, rehabilitation of the water system, newly-painted buildings, continuous training for employees, etc. From a layman's point of view the scenario may paint a glossy picture, different from the real situation and crucial things to come.

It was the plan of Chief Operating Officer Arthur N. Aguilar that before the implementation of the rehab plan, modern and efficient milling infrastructures, good housing and office facilities, abundant and clean water supply, updated trainings for employees, etc. have been put in place. At least, Vicmicans' quality of living and working conditions have already been improved and the milling facilities inside the factory have also been upgraded before the company starts paying its loan interests to the banks, amounting to hundreds of millions of pesos a year (Vicmico Gazette, 2002d: 2).

Aguilar also held his "Coffee with the COO", casual meetings where the workforce personally met with ANA to discuss grievances and other issues affecting them, including concerns over retrenchment, the status of collective bargaining, retirement benefits, medical care, and even the availability of drinking fountains and washrooms (VMC Bulletin, 2002e; 2002f).

Although charged with the unenviable task of separating hundreds of Vicmicans from the labour force, Aguilar also pushed for a job evaluation in May 2002 largely to the benefit of workers. The purpose of the evaluation was to adjust for distortions in salaries, and to establish the appropriate pay levels of job positions due to the retrenchments and reorganization of the firm (VMC Bulletin, 2004L). The recommended scheme for the new pay rates was negotiated

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<sup>157</sup> As in the past, Aguilar continued with VMC's practice of holding "Planters' Day". The annual event took place at the Victorias Golf and Country Club at the end of the crop year and was used to recognize planters from over 2,400 sugar farms across the province, as well as to maintain good business relations (Vicmico Gazette, 2002e: 1, 4; VMC Bulletin, 2003n).

between management and the two unions.<sup>158</sup> Workers' hopes were high with expectations that salary increases would be assigned to all, especially given that the last job evaluation for rank-and-file positions was conducted in 1972, and the last for supervisors was in 1988 (VMC Bulletin, 2004L). Many workers felt that the turmoil and heavier workloads they endured over the last several years was about to pay off.

We are expecting a return in terms of salary credits, and if possible all employees will benefit from it because all of us had contributed for the recovery of the VMC.

- Celina, Accounting

*Ga-expect kami nga ma-increase ang amon sweldo tungod nagdamu na ang amon obra, all around na. Tungod ang obra sang amon upod nga na-retrenched, gin- 'absorb' na namon.*

We expect an increase in our salary because there is lots of work for us, all around. This is because we have 'absorbed' the work of our retrenched companions.

- Aurelio, Raw Sugar Warehouse  
(Vicmico Gazette, 2003d: 2)

The Vicmicans saw Aguilar as instrumental in spearheading these positive work related developments that raised morale and also helped to restore the rapport and camaraderie amongst the workers and the surrounding community.

Yet, after all of his efforts, there were rumors that he was going to be replaced as head of the company by the mill's executive at a stockholders' meeting in December of 2002. Even before the move-in of Lucio Tan's representatives onto the VMC board in late April 2003, the thought of replacing Aguilar as head of the company was strongly opposed by the workers (VMC Bulletin, 2003d). In one sense, Aguilar's election as VMC president by mid-February 2003, about a month before the results of the bid for the 300 million capital infusion project, was a way for the creditor banks to limit the backlash from workers, planters, the media and other local government officials, should the emerging stability of the mill be upset by a change in leadership. Aguilar's stabilizing presence was crucial in maintaining the confidence of stakeholders in the VMC, and in weathering the inevitable and immediate changes brought about by the capital infusion project. Following the announcement of ANA's election, the workers' section of the company newsletter read, "*Ang maayo nga balita natuhoy sa aton kompaniya - It's good news for our company*" (VMC Bulletin, 2003o). The "good news" appeared to be only

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<sup>158</sup> By this time the middle manager and supervisory ranks swelled in number to the point that they formed their own union, the Vicmico Supervisors' Union (VSU) (cf. Chapter 5, sections 5.5 and 5.5.2). While the emergence of the VSU was a strategic move on the part of the firm's management (its directors and senior officers) to further weaken the collective strength of employees, its presence also spoke to the bloatedness and high cost of the mill's internal labour market.

short lived. As a way of “making the issue known to the public”, Aguilar walked out of a “stormy” board meeting on March 5 2003 in Manila to protest his position with regard to the pressing needs of the mill, including those of labour (Vicmico Gazette, 2003a: 3; 2003e: 1, 4). At the heart of the matter were the conflicting management strategies between Aguilar and Andrew Gotianun, who had assumed a position on the VMC board through his East West Bank and was poised to make a bid for the capital infusion project to increase his stake and control in Victorias.<sup>159</sup> Spreading like wildfire through the community, the news of ANA’s walkout and possible resignation drew local and national media attention (Vicmico Gazette, 2003c: 2). As one headline in the company newspaper aptly stated, “*Ang mabaskug nga bomba nga naglupok sa VMC - A loud bomb explodes in the VMC*” (Vicmico Gazette, 2003f: 7). The workers braced themselves by sending an emotionally charged petition signed by 1,284 Vicmicans to the VMC board. It seemed that they were going to lose yet another president. As one worker commented:

It’s very unfortunate that all his efforts would end like this. In fairness to him, he had done a very good job in managing our company, helping it go towards the right direction and a brighter future to hope for. Let’s face it, he only inherited all the problems and the formidable tasks in bringing back VMC into what it was before, although, there’s a lot more to be done to stay in the business. There’s no question regarding his competence, integrity and honesty. No doubt, the man has earned the respect of all employees. But if it is the decision of the board to appoint a new CEO, then we have no choice but to abide. We can only hope and pray that whoever owns and runs this company, will look after and balance the interests of all and not just that of a few individuals.

- Sanchez, Boiling House Department (Vicmico Gazette, 2003g: 6).

Only a week later on March 12, a walkout by the Vicmicans ensued once word reached Victorias that Aguilar was returning to the mill. The unplanned demonstration was the event most symbolic of workers’ struggles during the ANA period to retain the firm’s past workplace practices, their history, and key elements of the firm’s internal labour market. Overwhelmed by the outpouring of support from the Vicmicans, Aguilar told the newspapers “I did not resign” (Vicmico Gazette, 2003e: 1). Some 300 employees walked out of the workplace to greet the president upon his return in addition to other groups of workers who waited outside of their departments hoping that he would pass their way (Vicmico Gazette, 2003e: 4-5). Some were emotional, “there were smiles and happiness on their faces as they shook hands with their top executive [whom] they thought resigned and left them” (Vicmico Gazette, 2003c: 2). Others later hung yellow ribbons and streamers along the streets and in their offices to show their support. Shortly after his return, Aguilar immediately met with managers and the worker unions.

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<sup>159</sup> Author interviews, Sugar industry official, 21 August 2007.

With such a strong show of labour's approval for ANA in the face of the VMC board, many employees believed that the worst was over and that the paternalistic system would again prevail under Aguilar.

Well aware that the terms of Lucio Tan's capital infusion project were currently being negotiated by the mill's executive, the workers seemed content, if only for a short time, that life at the mill was returning back to "normal". Labour Day and the central's anniversary (May 1<sup>st</sup> and 7<sup>th</sup> respectively) on the Vicmican calendar were throwbacks to the festivals and celebrations of the past. With the theme: "Management and Labor: Stronger as Ever Amidst the Challenges", the Labour Day festivities began with a mass at St. Joseph the Worker Church that was followed with snacks and refreshments. Workers and their families participated in bicycle races, a parade, a raffle draw and parlor games. For the union representatives and the company directors, a special lunch was held at the Victorias Golf and Country Club (VMC Bulletin, 2003p; 2003q). The party was even grander less than a week later on Victorias Milling's 84<sup>th</sup> birthday. Following a mass at St. Joseph's, senior officials accompanied the Monsignors for the blessings of new machineries, facilities, buildings and roads, while workers planted mahogany trees around the VMC compound. "Sumptuous meals" were then served for lunch. A parade and sporting events filled the afternoon. In his address to the Vicmicans, Aguilar stated that the events of the day were symbolic "because it symbolized that the company is well on its way towards recovery and that it is now facing a new dawn after five years of being in the dark"(VMC Bulletin, 2003a). Workers were particularly "jubilant" since Aguilar had announced earlier that their 14<sup>th</sup> month bonuses would be released (VMC Bulletin, 2003q). The celebration ended with a concert:

At the VMC plaza ... employees and residents of the community danced to Latin music ... that kept everybody up on their toes until the wee hours of the next morning. Those who were at the plaza stayed until 1am even after the concert had ended. The mood was festive as food and beer overflowed all throughout the night considering that the celebration coincided with the release of the 14<sup>th</sup> month pay (VMC Bulletin, 2003a).

A few days later in the company newsletter, and with the Tanduary takeover looming, Aguilar wittily reaffirmed his support for workers and expressed his discord with the VMC's creditors:

We the willing, led by the unknowing, have labored so hard for the ungrateful. We have done so much with so little for so long that now we are qualified to do anything with nothing (VMC Bulletin, 2003r).

But the Aguilar era was not to endure. The efforts of ANA and the remaining Vicmicans were the last genuine attempts to preserve a work regime reminiscent of the mill's past. Though other large employee protests would follow (described in the next section), these were planned and subdued. As Tan and the other creditor banks tightened their grip over Victorias, they began shifting power in their favor by further breaking down the firm's internal collective labour structures.

The mill's rehabilitation introduced major changes to the rules of the internal labour market. The removal of personalistic elements from the firm along with the elimination of family based hiring and promotions meant that younger, current, and older generations of mill workers were limited in their upward employment mobility within the organization. In this way, the emphasis on seniority and familial ties as the main selection criteria for transfers and climbing the mill's job hierarchy was reduced greatly. Restructuring also affected other staples of the internal labour market, mainly overtime pay and medical care. Overtime wages, so freely abused in the past, were now closely monitored and restricted (VMC Bulletin, 2002g; 2004m). Medical services were contracted out with the closing of St. Joseph's, the VMC hospital, and workers either had to make use of the limited resources at the new company clinic or satellite medical facilities in the Victorias city proper (VMC Bulletin, 2003s). Any major procedures required visiting hospitals based in Bacolod, about an hour away by private car.

The rewritten rules of the internal labour market had a number of important consequences. First, the dissolving of its major features, primarily the elimination of seniority and familial ties as a means of promotion, along with the removal of stable employment conditions and benefits (also a topic in the next chapter), together with the firm's increasing contractualization of the labour force, all combined to "loosen" the social ties that workers and their families had to the Victorias mill. Second, the changes to the internal labour market brought greater disharmony to management-worker relations. Though hope for a return to the "Vicmican way of life" was kindled during the ANA era, the ability of the remaining workers and their families to identify with the philosophy and interests of the new Tan led management team significantly waned following ANA's resignation in August 2004. The simmering frustrations of workers gave way to their boiling hostilities. As examined in the next chapter and in the section below, the Vicmicans expressed their dissatisfaction in a number of ways.

All in all, the current workers of the Victorias central were experiencing a much different way of life than their relatives and predecessors did during the 1960s, 70s, 80s and early 1990s. With permanent employees being retrenched in droves, along with changes to the firm's

practices concerning hiring, transfers and promotions, the generational cycle of fathers and mothers being replaced by their sons and daughters at the mill was broken for the first time in the post World War II period. Now fewer in number, the remaining Vicmicans were subjected to a more intensified and scrutinized working style. Inspired by Aguilar, they endured the retrenchments and stricter discipline with little protest given their long standing labour market dependency and the relatively few and decent work opportunities available in the province (cf. Warde, 1989). Moreover, the changes to the workplace also had uneven effects on the labour force. Given that the majority of workers were ageing and married with families, many of these older Vicmicans viewed the new labour practices as necessary sacrifices that would help them to secure and later reap the benefits and compensation tied to their long years of service to the mill. And as time passed, it became apparent increasingly to younger mill workers that they would not experience the “good years”, the “good times”, the “good old days”, and the “heaven on earth” that their parents and relatives lived through in the past. As elaborated in the next section, the new management, backed by their ideological and discursive forms of labour control, continued pressing in their efforts to break down the VIWA union and secure the individualization of the employment relationship. No longer focused on accumulating years of seniority and maintaining familial networks to climb the VMC ranks, the interests of Vicmicans largely turned towards gaining “any” form of monetary compensation out of an imagined fear that the mill would eventually close down. Through their general passivity, the Vicmicans themselves contributed to the loss of their collective rights as Victorias’ mill workers.

### **7.7 “Recovery” and the Flexible Workforce**

In addition to the retrenchment program and break down of the internal labour market, the increased contractualization of the workforce was another major cost-cutting measure implemented by the VMC. Throughout its history, the central has always relied on some form of numerical flexibility and a pool of temporary labour (both fixed period and seasonal workers) to carry out off season repairs, and to cope with peak work periods, especially at its warehouses and loading docks. In the handful of years following Aguilar’s departure (late 2004 to the beginning of 2008), the board of directors, now strongly influenced by Lucio Tan, wiped out the remaining elements of the mill’s past paternalistic work regimes. Affecting the majority of employees, the complexion of the VMC workforce was changed fundamentally as large scale contractualization was phased into the mill. This was yet another new practice that crippled further the local company unions. As one former employee explained, “The labour union can’t do anything now.

They are losing workers and now there is only a small amount of permanent workers left.”<sup>160</sup> Despite their shrinking numbers, the Vicmicans did not go down without a fight. Appealing to all levels of government both during and in the years after the Tanduay takeover, the unions made their last-ditch efforts before accepting the new measures that began with their buyouts and voluntary retrenchment.

Of equal, if not greater, significance to Victorias’ structural changes and its effects on workers have been the ideological and discursive shifts surrounding the local labour market and management’s methods of labour control. Contractualization and other work practices adopted during VMC’s period of restructuring were guided by management’s refashioned social ideology as well as discursive changes that redefined the identities of Vicmicans. In this vein, the idea of “Recovery” and “Rehabilitation” was incorporated by the new management into the decades-old “Vicmican Family” ideology. In a similar manner, “Recovery” and “Rehabilitation” was also a politically and socially constructed labour market discourse that shaped and validated the structural changes brought to the Victorias labour market.

This section will examine the relationship between the corporate ideology that guided the early period of restructuring, with the VMC’s increasing reliance on external labour market flexibility, and how these both contributed to further weakening the central’s local labour collectivity especially during the few short years in which Victorias has been under Tanduay control.

### **7.7.1 "Recovery" and "Rehabilitation" as Discursive Strategy for Labour Control**

Drawing upon past loyalty systems, managers mobilized and modified the Vicmican familial discourse in order to legitimize the sweeping changes made to the mill’s labour practices and to quell any potentially disruptive activities initiated by the workers. The concepts of “Recovery” and “Rehabilitation” were interwoven with the mill’s dominant ideology and its main characteristics: family, extended family, community and a concern for one another (see Chapter 5). As in the past, the new ideology played upon the long standing paternalistic and dependent ties shared between managers and workers, but its main difference lay in reversing the social relations of patronage. In other words, after supporting the workers and their families for generations, the managers were now asking employees to give their full support to them and to the mill to ensure the collective survival of all. Catering to the Vicmican worker’s sense of loyalty, duty, and personal history, values such as “sacrifice”, “hard work”, “understanding”, and

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<sup>160</sup> Author interviews, Janet 61 years old - Former VMC Employee, 28 March, 2 April 2007.

“cooperation” were emphasized in the management’s “Recovery and Rehabilitation” rhetoric, along with the caveat of the mill’s inevitable closure should these values and their related measures not be adopted by employees. This message was repeated and reinforced on important dates and religious festivals of the Vicmican calendar such as Labour Day, the company’s birthday, the opening and closing of the crop year, and the Christmas and New Year’s holidays, when the president and top officers addressed the community.

This reconstructed managerial ideology was formally introduced to the mill with Manalac’s “A New VMC Comes Alive” campaign in February 1999. The new initiative emerged around the same time as the negotiations over the initial debt restructuring agreement that involved the old management, the creditor banks and the SEC. In his formal address at the company plaza, Manalac stated that the “Alive” program was not only a new company mission with a new vision, values and objectives, but also a “cultural transformation” of the people. It was also a way for the company to restore its tarnished reputation and erase the memories of mismanagement and plundering that were tied to the “Magic 7” group of managers during the bankruptcy period. Referring to the linchpin of the paternalistic system, material security, Manalac reminded the Vicmican community of what was at stake if they did not embrace the new philosophy.

I strongly believe that every Vicmican should understand our directions, so we can all help the company to surpass this crisis. I extend this call for change to the officers, managers, and employees together with their families to participate in the rebuilding of Vicmico.

The “A New VMC Comes Alive” campaign [is built upon] financial stability through excellence, hard work and genuine service, integrity as seen in our honesty and transparency, fairness and courage to do what is right, and teamwork and cooperation. This will be our way of life, our way of doing things and if anyone thinks that it is too difficult to achieve, the door is open for him or her to leave the company. As your president, I will make sure everyone works according to these values for, as Vicmicans, we have pledged ourselves to this. I will be strict on everyone but even more strict on myself and our officers, managers and supervisors.

Our company is in great financial distress, so let this be a notice to everyone, including myself and our officers that dishonesty will be dealt with, severely and with finality: dismissal without benefits. [We] have gone a long way in asserting VMC’s leadership in the sugar industry. But there is still a long and arduous way to go. We are resolved to become the best. There is no doubt that with the support and cooperation of all, we will be (Vicmico Gazette, 1999d: 1, 2).

And later at a mass celebrating VMC's 80<sup>th</sup> birthday in May, Manalac again pointed to the need for sacrifice by the workers:

In a time of crisis, employees should not be demoralized, but rather work hard and be efficient. We should shake off our problems and step up in achieving our objectives (Vicmico Gazette, 1999e: 1, 4).

The message was similar during Aguilar's tenure. Following a record setting crop year in 2001-2002, Aguilar delivered his remarks at the Thanksgiving mass in September that opened the new crop season:

We thank each and every Vicmican for staying united and working hard to achieve these records even as we endure the pain of having to separate at least a third of our labor force.

A word of caution is in order. While we celebrate our new levels of high achievement, we must not lose sight of the fact that we simply prepare ourselves for the heavy burden of servicing our debts for the next fifteen years. We have improved our mill and refinery. We have upgraded infrastructure like roads and domestic water supply to improve our people's quality of life. As we enter into a new crop year, we must work even harder for higher production and efficiency while maintaining a high level of vigilance to ensure that the unfortunate things that had happened before shall never happen again and threaten everyone's livelihood.

As we produce raw and refined sugar, the commodity that we actually produce is hope. We have laid that basis for hope and with God's help, we can overcome all difficulties and ensure that the viability of VMC is not only maintained but even strengthened (Vicmico Gazette, 2002f: 2).

Fittingly, the theme for the central's anniversary in May 2003 of the following year was "VMC at 84: Aiming for Full Recovery" (VMC Bulletin, 2003q).<sup>161</sup>

By the end of 2004, the central was into the second year of its 15 year rehabilitation plan. Stressing survival, VMC board chairman Omar Byron Mier called for even greater understanding on the part of workers as the firm continued to meet its financial commitments to its creditors. In a general memorandum later reprinted in the company Gazette, he stated:

Within this crucial period, it is imperative that the company performs under the terms of the DRA (Debt Restructuring Agreement) and *survives* under the uncertainty of the economic environment marked by volatile sugar prices caused by the uncontrollable influx of sugar importations priced at lower than most mill production costs and the existence of sugar substitutes, the high fuel prices, the impending increases in costs of

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<sup>161</sup> Parts of his address at this ceremony were cited in the latter part of section 7.6 of this chapter.

materials and supplies, the invariable peso devaluation, and the pending tax measures that the government may impose due to the national fiscal crisis. ...

But it is only the start. The real capability of the company to sustain its *survival* under the rehabilitation period will be tested through continued perseverance in generating enough revenue and taking immense measures in the reduction of costs.

This is further exacerbated by the general restrictions on outside financing imposed by the DRA on the company. Under these limitations, the company must therefore be able to finance its operating and capital expenditures from its working capital.

Needless to say, the failure of the company to remit any amount due under the DRA will trigger a failure of the rehabilitation plan enabling some secured creditor banks which have not extended their support to the plan, to call the company in default, and therefore foreclose its properties. When that happens, the inevitable becomes everyone's nightmare.

It is therefore of utmost importance that everyone fully understands the situation of the company and appreciates the measures being undertaken by management under the guidance of the board, *for the survival of the company*, and the necessary pains that go with it (Vicmico Gazette, 2004b: 3, emphases added).

Even the central's most recent president, well respected Vicmican veteran Abelardo Bugay who took over as leader in September 2004, preached a message similar to those of other past officials. "We will continue to strive for VMC," he said at the Labor Day and 86<sup>th</sup> anniversary celebrations (VMC Bulletin, 2005c). In his Labor Day address at St. Joseph's the Worker Church he figuratively underlined the boundaries of the "company state" as an isolated labour collectivity, and conjured up workers' sense of nostalgia by hearkening back to the heyday of the mill:

[There is] is a heartwarming manifestation that there really exists in VMC a solidarity ... a harmonious working relationship between labor and management. It is our loyalty to the company that unifies us despite the difficulties we continue to experience. Perhaps, this is the very reason why most companies are envious of us. Envious of our relationship with each other. You are grateful because you are represented by strong and competent leaders who serve as your voice in the monthly labor-Management Council meetings. While most workers go out on the streets expressing their sentiments, here we are celebrating a very peaceful Labor Day Celebration.

In these trying times, let us ask God Almighty to inspire all of us, including our Board of Directors and Officers, to rise above our selfish interest, egoism, and human frailties so that we can help and support each other in coping with the multiple and varied challenges as we discharge our duties and responsibilities in our company. Let us remain firm in our commitment to rehabilitate our Company. It is indeed a gargantuan task to do but with our concerted effort, I know we can make it.

On this particular occasion, we also have to remember the many good things Victorias Milling Company has done for us in the past. Let us not forget our illustrious Founder, Don Miguel J. Ossorio, who sowed the seeds of lasting industrial peace in our company through the numerous beneficial labor programs he pursued ... Let us always remember that we are here for the company to keep it afloat (VMC Bulletin, 2005d).

The continuity of management's ideological message over successive presidential terms of the central had two sets of implications for the Vicmican mill workers. First, as its metaphorical centerpiece, this hybrid corporate philosophy was used to justify the worker retrenchments, and implement the new labour practices documented earlier in this chapter. As an ideology, "Recovery and Rehabilitation" was internalized, negotiated and understood by workers in their own individual ways, but it "generally" produced the desired effect of making them more accepting and tolerant of the new measures adopted by the management with little serious difficulty or protest. Hence, it maintained social relations of domination. Second, in a related way the ideology also painted a portrait of Victorias' impending doom that the foreclosure of the mill and the seizure of its assets by the creditors would leave little if anything for the Vicmicans. This threat of another collapse of the central greatly informed the political behavior of the workers. As shown in the next section, their anger and frustrations did take the form of protests, but these were contained largely by the firm's spatial strategies of labour control.

### **7.7.2 Breakdown of the VIWA Union and Labour Relations during the Tan Takeover**

Labour relations between the company unions and the management during the Aguilar era were marked by striking contradictions. Ironically, the unions largely supported ANA's efforts and believed he was doing his best to advance the interests of labour even though his main responsibility was to manage the transition of the mill's rehabilitation which included retrenching more than a third of VMC's pre-bankruptcy workforce and approximately 1,200 permanent positions. In this way, the unease that the unions experienced at the end of 2002 due to the election of a new board of directors and the possible threat of additional changes to the mill, was greatly lessened when Aguilar was chosen as president in February 2003. Only a week after the election, reassuring signs of stability were evident as a traditional meeting was held at the Victorias Golf and Country Club where the management, the VSU and VIWA unions signed another 3 year collective bargaining agreement (CBA) that secured salary increases for workers (VMC Bulletin, 2003t). Yet, following the episode of ANA's brief departure and dramatic

return in March 2003 described earlier, along with the months of calm that came after, the temporary industrial peace was interrupted once word reached the unions that Aguilar's contract was not going to be renewed in February 2004. Aguilar's departure during the Tanduay takeover period was a lightning rod for workers' mounting frustrations and their general discontent regarding a number of issues they had with the management. As the takeover became a reality and labour conditions continued to deteriorate, the combination of Aguilar's exit, the presence of additional "non-Vicmicans" on the VMC board, along with a growing list of grievances, was the final straw for many of the mill workers and their families. Distancing themselves both figuratively and spatially from the central, many chose to assume alternative positions in the local labour market.

Over the course of the restructuring period, the labour practices tied to the management's ongoing ideological conditioning of the Vicmicans began to wear on the unions and the limits of their acquiescence. Shortly after the bankruptcy in the late 1990s, the unions initially took a subdued political posture. But by the end of 2007, the attitudes of workers towards the firm changed significantly, eroding further the collective bases of the unions. A few months after the launching of Manalac's "Alive" program in 1999, a dialogue was held between the unions and the management that discussed the state of the VMC. The editorial of the company Gazette provided a sense of what workers were generally feeling at the time:

Looking at the [situation] during the dialogue, one's feeling of hopelessness cannot be avoided. On the other hand, it can also be hoped that now, employees will be more sympathetic and considerate with the company. It was probably along this line when the president (Manalac) challenged everybody not to be demoralized but to continue asking themselves how to help in this time of crisis. He stressed that with everybody's help and cooperation, VMC's financial situation will improve in the next three years.

Yes, management has been working extra hard to put this company back to where it rightfully belongs: as the benchmark in the industry. But management cannot perform the gigantic task alone. Employees, the company's most important resource, have to do our part also. In this time of crisis, little things like punctuality and work performance can mean a lot.

Let us do our share, no matter how small it is. As the saying goes, "Every little thing counts in a crisis" (Vicmico Gazette, 1999b: 2).

For the next three years, the workers tolerated the changes in management, the retrenchment of their colleagues, new labour practices, a climate of job insecurity, and the other "pains" that came with restructuring, only to be tested further with the removal of their chosen leader, ANA, and the additional machinations of the new Tanduay/Vicmican board.

Amidst the tension filled climate surrounding ANA's public disagreement with the board in March 2003, the stance of the unions shifted. In an open letter to the VMC executive, the VIWA union expressed their support for ANA and warned that a change in leadership would be harmful to the company:

Through the years and numerous other crises, we have always maintained our silence and acted as "good" employees. Now, we want our voice to be heard. We sincerely hope that you, our respectable members of the board, will take our stand objectively. We are not doing this for Aguilar only, for we are doing this for our company. We want this company to survive and we don't want its 85 years of history and heritage to just go down the drain. We owe this to our founders and past generations of employees who are mostly our relatives too. We are doing this for ourselves and our families, close to 1,600 families and 30,000 individuals in the community who are totally dependent on this company and whose lives are in your hands (Vicmico Gazette, 2003b: 2).

In addition to the more aggressive position of the unions, by the end of 2003 the workers were also growing more impatient with the delay in the results of the job evaluation that began almost two years earlier, and the salary increases it promised (Vicmico Gazette, 2003h: 2).

But in the eyes of the management, this shift in the position of the unions did not pose a significant threat to the everyday operations of the mill. In trying to keep the workers as a relatively homogenous social group, the management maintained their practice of separating from the company any militant workers and those wanting to expand the scale of workers' concerns by linking up with independent trade unions or any other organizations. As shown in Chapter 5, this was an effective practice during the formation of the VIWA union in the early 1960s<sup>162</sup> and in repelling the National Federation of Sugar Workers (NFSW) who tried to organize the mill's labour force in the early 1980s.<sup>163</sup> This spatial practice of labour containment was also vital to the control of VMC's plantations and their hacienda workforce. The containment of VIWA was also imposed during the early 1990s when an informal wing of the union, the VIWA Unified Party (VUP), became more active within the rank-and-file. The aim of the VUP was to increase the scale of VIWA's activities and transform it into an effective, "genuine" and nationalist workers' organization (Ombion, 2003a). In late 1992, the management retrenched the VUP's key leaders and organizers, and investigated those who

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<sup>162</sup> Victorias-Manapla Workers Organization - Philippine Association of Free Labour Unions (PAFLU), petitioner, vs. Court of Industrial Relations and Free Visayan Workers (FFW), respondents. 30 September 1963. G.R. No. L-18470. Republic of the Philippines Supreme Court, Manila.

<sup>163</sup> Vicmico Industrial Workers Association (VIWA), represented herein by its President, Paquito V. Ando, petitioner, vs. The Honourable Carmelo Noriel, in his capacity as Bureau of Labour Relations Director, represented by his Officer-in-Charge Romeo A. Young, and the National Federation of Sugar Workers (NFSW), respondents. 31 August 1984. G.R. No. L-59167. Republic of the Philippines Supreme Court, Manila.

participated in the week long picket protest that followed. Under the terms of the restructuring of the late 1990s, the retrenchments helped to purge known radicals from the central, one of them being Guillermo “Junjun” Barreta, now a regional chairman of the NFSW, an affiliate of the militant Kilusang Mayo Uno (May First Movement) (Ombion, 2003a). Thus, management’s removal of militant elements from the VIWA union contributed to the general docility of workers. As a result, VIWA was only able to recall 19 permanent positions for its members following the first wave of retrenchments of the rehabilitation plan (Ombion, 2003a).

With the exception of the Aguilar walkout in early 2003, the nature of present day strikes and rallies held by the workers were also a legacy of VMC’s past paternalism. Like those of the past, strikes had a contained and ceremonial quality that complemented the long standing ritualistic system of bargaining between management and the workers. The strikes of early 2004 were no different. The year began with a series of dialogues held by Mier and other officials asking the workers for their understanding and patience as VIWA appealed to Gloria Macapagal-Arroyo. In an open letter to the Philippine President, the union stated:

Allow us to bring to your attention the present situation of our dear Company, VICTORIAS MILING COMPANY, INC. (VMC), located in Victorias City, Negros Occidental.

For sometime now, there have been alarming reports about ‘sinister maneuverings’ within our VMC Board which, unless sooner resolved could lead to serious setbacks not only to us employees and our families, but also to thousands of people who are greatly dependent on the sugar industry and especially to the overall rehabilitation efforts of our Company.

This alleged ‘sinister maneuverings’ are being orchestrated by creditor banks represented in the Board which include two Government Financial Institutions (GFIs), who are party to this unfair takeover schemes, namely the Development Bank of the Philippines and Land Bank of the Philippines.

We, Vicmicans are greatly affected with these latest reports and after due efforts have been exhausted in terms of reaching out to our Board of Directors, we in the Union, the Vicmico Industrial Workers’ Association (VIWA), comprising of 1,211 rank-and-file members agreed to send you this appeal.

After barely three years of being subjected to various forms of oppression, harassment, humiliation and blatant disregard of our plight as workers of this Company, we believe now is the opportune time to speak out and show to the whole sugar industry and to the VMC Board, especially, that we are not just insignificant figures in the Company’s financial statement. We are a people who have been victims of the past system and who with our character, competence and the able leadership at present, are trying to rebuild our Company from the ruins of its glorious past.

[...]

Barely three years, we have regained the trust and respect of our planters, suppliers and all our stakeholders, the support and confidence of the local government

and the communities surrounding VMC as well as increasing the morale of the whole VMC workforce.

All these Madam President, we were able to achieve and trying to maintain through hard work and competence inspired by the legacy of our founder, Don Miguel J. Ossorio and most especially through the able and commendable leadership of our President and CEO, Mr. Arthur N. Aguilar.

Mr. Aguilar is the major moving force as we together start our historic journey towards full recovery.

That is why, Madam President, when we heard the reports that the Board will not renew the contract of our President and CEO this coming February 2004, as part of their move for a management turnover, we are greatly alarmed, became anxious and further demoralized.

We cannot afford to lose a gem in the person of our President and CEO, who as a leader lives out the principles of sound and prudent management, good manufacturing practices, transparency, integrity and accountability, and most of all concern for employees and stakeholders.

With the leadership of Mr. A.N. Aguilar our Company will be on its way to being a model of successful rehabilitation under SEC.

[...]

Madam President, we believe as workers we have every right to a fair and equitable wage and the right to be given a chance to prove our worth as a people, as a company and as a community.

[...]

We believe that the Board's statement of our situation is extremely unjust and uncalled for.

Reports likewise indicate that the two of the Government Financial Institutions (GFIs), namely the Development Bank of the Philippines and Land Bank of the Philippines who are in the Board are partial to a minority stockholder who has been consistently attempting to take over VMC Management without placing additional rehabilitation funds ...

We appeal for your support as we fight for the retention of our President and CEO, Mr. Arthur N. Aguilar.

With your help Madam President, we are optimistic that we would be victorious in hurdling this new challenge as a Company and once more live up to our name VICTORIAS MILLING COMPANY, INC., the largest sugar mill in Asia (VMC Bulletin, 2004e).

A week later, the unions held a peaceful rally together with retrenched workers and their families at the Canetown plaza. Representatives from the provincial and local governments also attended (VMC Bulletin, 2004n). In the words of Raffy, a current employee, "The strikes here are not typical strikes. Usually we vote and that's it. Even if we are in favor of strikes, they are quiet ones, peaceful. We still go to work on that day, both the supervisors and the rank-and-file."<sup>164</sup> As with any other holiday or special event on the VMC calendar, prayers and masses were offered for the strikes and rallies at the local parishes, St. Joseph the Worker Church and the

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<sup>164</sup> Author interview, Raffy 47 years old - VMC Driver, 29 April 2007.

Church of the Immaculate Conception in Canetown. In keeping with the practice of containment and non-interference from the outside, the unions and a management team led by ANA aired their concerns to President Arroyo during her visit to Victorias in March (VMC Bulletin, 2004o). However, little would be done by Arroyo or any other national government agency to aid the plight of the Vicmicans in the short term, especially since Lucio Tan was rumored to be one of the largest contributors to Arroyo's 2004 election campaign (Ombion, 2004). Hence, the staged "public" protests of the unions were more symbolic rather than "genuine" attempts by the workers to reassert their supposed monopoly over the mill's labour supply or to regain their sense of power in the local labour market. Stripped of its militant elements and limited in its ability to expand the scale of their concerns, the unions were ill-equipped to reclaim the collective rights of workers.

As 2004 wore on, workers began to accept the reality of ANA's imminent departure. Before the end of his term, there were a number of positive developments on the labour front in which he played a crucial role: workers gained significant salary increases from the CBA signed earlier in the year (VMC Bulletin, 2004p); for the first time in seven years the mill posted a net income for crop year 2002-2003 (VMC Bulletin, 2004q) from which all employees received a share of the profits (VMC Bulletin, 2004r); in June the VMC board finally approved the job evaluation and 367 members were given additional salary increases (VMC Bulletin, 2004s; 2005e); in July refined sugar production reached its highest level since 1994-1995, a period of ten years (VMC Bulletin, 2004t). By the end of August 2004 and with the new management wanting to take the VMC in a different direction, Aguilar gave his resignation. Seemingly wanting to wipe away any remaining traces of his influence, in September the Tandauy controlled board relieved 253 security guards belonging to a private agency that the mill had earlier hired and who were believed to be loyal to Aguilar (Ombion, 2004). Having lost VMC's own long standing private security force due to the retrenchments of the late 1990s, Aguilar personally oversaw business relations with the new contracted security agency that began in March 2001 which almost coincided with the start of his own tenure (VMC Bulletin, 2003u). Most of the relieved guards were from or near the Victorias area and depended on the positions as their major source of income. Replacing only 120 of the 253 guards with non-Victoriahanons, the Tan led management team then hired the services of another private security firm to fill in the remaining positions and explained that they wanted the new guards in the compound for "familiarity/security considerations" (VMC Bulletin, 2004u). Observers claimed that the new security force was deployed in anticipation of workers' reactions to the additional flexible labour

practices that were going to be introduced into the mill (Ombion, 2004). Rather than maintaining the continuity of the Vicmicans' social and spatial attachments to the central as under ANA, the changes at the mill that followed the Aguilar era were even more focused on the needs of the new management, mainly the firm's profitability, and the crafting of a controllable workforce. With the loss of ANA, the prospects for the Vicmicans at the mill looked grim.

Under the next head of the VMC, long time Vicmican Abelardo Bugay (September 2004 to August 2009), the workforce was subjected to greater contractualization as the firm's collective labour structures were further broken down. Like Aguilar, Bugay was a figurehead selected by the new management board, and workers realized the restraints placed on his ability to preserve the past employment practices of the mill. Residents in the community commented on his good character, his self-discipline and of his religious devotedness, that he could always be seen attending the first Church mass on Sunday mornings. Eddy, a retrenched employee, stated, "President Bugay is a good man. But his hands are tied by the creditor banks. He knows what's going on there. He has a knowledge of the background of the company. The new people don't have this, and they don't care about how it started."<sup>165</sup> At the beginning of September 2004, negotiations between VIWA and the management concerning the remaining two years of their CBA reached an impasse. Although the mill had recently posted an annual net income, the management claimed that it could not pay out the salary increases, signing bonuses and additional benefits that were part of the agreement. They cited low sugar prices, the recent job evaluation pay outs, and its commitment to the creditor banks as the major reasons (VMC Bulletin, 2005f). Following local mediation, the issue was elevated to the Department of Labor and Employment (DOLE) for resolution (Vicmico Gazette, 2005: 1). At the end of May 2005, both sides signed a supplemental agreement that awarded VIWA members a signing bonus that paid 75 per cent of one month's salary. In exchange, the union waived all salary increases and additional benefits for the remaining two years of their CBA (VMC Bulletin, 2005f). Stressing this "status quo" salary clause of the agreement, management has essentially stalled collective bargaining negotiations with workers for over the last four years (2005 to 2009).

Many former employees and current union members believed that the VMC had already stabilized and that the idea of "recovery" was being used by the management to prevent granting the workers any concessions.<sup>166</sup> While its debt repayments to the creditor banks were immense, the central has recorded three successive years of profits from 2004 to 2007 (see Dumlao, 2008c)

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<sup>165</sup> Author interviews, Eddy age early 60s - Retrenched VMC Supervisor, 28 March, 2 April 2007.

<sup>166</sup> Author interview, Roger 71 years old - Retired VMC Worker, 11 June 2007 (also see Ombion, 2003b)

and six straight years of record setting raw sugar production (2002 to 2008) that surpassed any of the mill's annual totals since 1975/1976 (PSMA, 2008). This renewed profitability prompted VIWA to stage a strike in April 2007 over wage hikes and management's failure to meet the conditions of the previous CBA (Ombion and Azue, 2007). But since this time, negotiations have been ongoing with little if any progress for a new CBA (SEC, 2008a: 16).

The central's labour collective took another hit at the end of August 2007 when the entire membership of the Vicmico Supervisors' Union (VSU), VIWA's company union affiliate, entered into a voluntary retrenchment deal with the VMC's executive. Threatened by the firm's ongoing practice of outsourcing its remaining administrative functions, many members felt compelled to sign the agreement.<sup>167</sup> Instead of offering 1.5 months of salary per years of service as in past retrenchments, the mill's executive offered 3 months salary per years of service while reiterating that future layoffs were inevitable.<sup>168</sup> Conrad, an administrative employee explained:

It was a very attractive offer. But at the same time we all (the members) had to sign the agreement. The terms is all or nothing. Because if we don't sign, it goes back to 1.5 months of salary per year. VMC is an aging company. Majority of us has more than 20 years of service. The higher the salary, the higher the years of service, the better. I decided to sign and if you had a good record they will hire you again ... We choose to grab this opportunity because you don't know how long the company will have money to pay the people.<sup>169</sup>

As part of the deal 51 managers were re-hired as consultants on a yearly contract, and about 50 per cent of the 262 supervisors and other employees were re-hired on a contractual basis (SEC, 2007: 27). Towards the end of 2007, a similar proposal offering a buyout ratio of 3 months' salary per years of service was introduced by the mill's executive to the VIWA union. This arrangement was formalized in early 2010 with retrenchment compensation packages paid out to the rank-and-file by the middle of the year. This deal effectively marked the end of the permanent Vicmican workforce.<sup>170</sup>

Even if the rank-and-file workers were not given a fair compensation package, the central's labour collective had taken significant damage from these developments. The combination of the retrenchments, the changing labour control measures, and these more recent "stall" tactics on the part of the management have been successful in rendering the VIWA union ineffective. With the general decline in labour conditions and the collapse of its partner

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<sup>167</sup> In 2005 and 2006, the firm outsourced two of its remaining administrative units. The 2006 episode resulted in a small isolated protest (Vicmico Gazette, 2005a: 6; Bayoran, 2006; Bacasong, 2006).

<sup>168</sup> The deal also included the buyouts of sick leave, vacation pay, and 13<sup>th</sup> month bonuses.

<sup>169</sup> Author interview, Conrad 48 years old - VMC Worker, 22 August 2007.

association the VSU, the conciliatory attitude held by many of the VIWA members shortly after the bankruptcy, has given way to a range in their differing opinions towards the mill in the present day. Some of the remaining Vicmicans have taken a “nonchalant” view of things. Some wait for their retirement date to come up. Others, feeling betrayed and fed up with the mill’s practices, have made alternative plans to secure an income. Some even remained considerate towards the firm, as 60 year old Maria remarked, “We understand the reason of [the] retrenchment and [that] it’s the only way to save VMC from bankruptcy or from final close down.”<sup>171</sup> Through their actions, workers have in some way accepted management’s ideological conception of VMC’s “impending doom”. Even if it was not in terms of a physical or financial collapse, the Vicmicans generally understood, in a metaphorical sense, that the company they knew, which was so much a part of their own past, and which they had spent decades working for, was no more. The long drawn out practices connected to the central’s “recovery” had finally worn thin the long standing ties between the workers and the Victorias mill. Though the workers’ unions still exist in name, they are a far cry from what they resembled during the paternalistic factory regimes of the past.

### **7.7.3 “Recovery” as Workplace Practice**

Another strategy reflective of the management’s “Recovery and Rehabilitation” discourse has been the increasing contractualization of the mill’s workforce. Similar to the measures outlined earlier such as the shuffling of top management, the reorganization of departments, the changes in labour discipline, and the retrenchment programs, VMC’s move towards greater external flexibility of the labour market was designed to break down the mill’s collective labour structures and reduce the costliness of its internal labour market, while further consolidating management’s power over local labour relations.

Comparing the central’s past and present levels of production provides the setting in which this strategy of contractualization has been integrated into the mill, as well as the intensity of the situation faced by former permanent workers. In the years before the bankruptcy from 1980-81 to 1995-96, Victorias was milling an average of 2.1 million tons of cane per year with a labour force of more than 4,000 (PSMA, 2008f). In the 2000s, milling production reached more than 2.8 million tons under the Aguilar regime, approximately 3 million tons per year from 2004 to 2007, and was approaching 3.5 million tons for crop year 2007-2008 (PSMA, 2008f).

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<sup>170</sup> Email Correspondence, Conrad 48 years old - VMC Contractual Worker, 13 January 2008, 9 May, 3 July, 2010.

<sup>171</sup> Author interview, Maria 60 years old - Retrenched VMC Worker and Schoolteacher, 31 May 2007.

Furthermore, these levels were achieved mainly through a gradual, and not a drastic, implementation of improved production technologies. As one former company engineer stated:

Because of the rehabilitation, there was a need for some modernization of the equipment, especially in the refining facilities. This is a gradual change. We are in the process of modernization and electronic automation. Later, this will be a solution to the aging, the retrenchments and retirements, but for now manpower is still needed, but minimized.<sup>172</sup>

Given that a significant number of the retrenched came from the company's subsidiaries, the core workers in the mills and boiling houses were still under tremendous pressure in the workplace when compared to the conditions prior to the bankruptcy. As a result, the Victorias mill almost doubled its production in 2007 with only 1,117 Vicmicans, a quarter of its previous permanent workforce (see SEC, 2007: 15; Dumlao, 2008c).

In addition to the expansion of the mill's facilities, two other related factors were largely responsible for the increased rates of production. First, the mill was better utilizing its daily capacity as it rose from 52.2 per cent in 2000-2001 to 76.6 per cent in 2004-2005 (PNO, 2007: 4-15). Second, coinciding with the post bankruptcy retrenchments, the firm was more efficient and strategic in its deployment of labour. As the Vicmicans were dealing with heavier workloads, the management was employing an increasing number of temporary workers to handle the off-season repairs of machinery (a common practice within the sugar industry), and to meet the fluctuating needs of production. As Table 7.5 illustrates, in what appears as a decreasing number of temporary labourers is actually indicative of the VMC's increasing reliance on temporary work agencies used to handle the firm's changing labour needs (SEC, 2008a: 15). In 2003, more than 90 per cent of the temporary labourers were hired on a contractual basis, typically lasting the length of the off season of 5 months (VMC, Bulletin, 2003v). The remaining 10 per cent were seasonal labourers usually hired to work in the mill's warehouses, dock areas, or on the VMC farms. Accompanying this trend of greater contractualization was the gradual decline in the number of the permanent rank-and-file.

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<sup>172</sup> Author interview, Former VMC Engineer, 23 August 2007.

**Table 7.5: Number of Temporary and Rank-and-File Workers, 1981-2008**

	<b>1981</b>	<b>2003</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Permanent Rank-and-File</b>	3,017	892	862	852	822
<b>Temporary Labour</b>	1,000 +	919	839	626	114

Source: Vicmico Industrial Workers Association (VIWA), represented herein by its President, Paquito V. Ando, petitioner, vs. The Honourable Carmelo Noriel, in his capacity as Bureau of Labour Relations Director, represented by his Officer-in-Charge Romeo A. Young, and the National Federation of Sugar Workers (NFSW), respondents. 31 August 1984. G.R. No. L-59167. Republic of the Philippines Supreme Court, Manila; SEC, 2004: 3; VMC Bulletin, 2003v; SEC, 2006: 19; SEC, 2007: 15; SEC, 2008a: 16; Ombion, 2007.

This pattern not only signifies the graying of the workforce and the handful of retirements occurring per month, but also management’s strategy to “bleed” the VIWA union and pressure its remaining Vicmicans to take voluntary retrenchment. As Gino, a *karga-tapas* and seasonal labourer remarked, “Now, when the people working in there are 50 years old, VMC wants to retire them, then they can give them less money and benefits. At least with government work they retire you at 60 years plus.”<sup>173</sup> The combination of a more intense workload and the threat of possible retrenchment was reason enough for many Vicmicans to take early retirement.

Thus, flexible labour schemes at the VMC plant had a number of important labour market effects. First, complementing the wider set of practices tied to the mill’s restructuring, contractualization helped to “loosen” the labour market and reduce the cost of labour by eliminating the need to pay out pensions and other benefits. At the same time as the central was experiencing a gradual decline in permanent workers, it was also replacing them with temporary ones. Through these labour reduction plans, VMC has almost achieved its targeted workforce of 500 to 600 contractually based workers.<sup>174</sup> Second, in a related way the retrenchments and early retirements led to the formation of a large pool of skilled unemployed labour in the VMC area that the firm exploited through its contractualization program. At least in the short term, the presence of these former workers helped to solve temporarily the mill’s ongoing need to secure a steady supply of specialized skilled labour.

To sum up, the gradual rise of VMC’s flexible workforce was connected intimately to how management wielded the Vicmican familial ideology and the effects this had on the local

<sup>173</sup> Author interview, Gino - VMC Contractual Worker, Karga-Tapas, 30 April 2007.

<sup>174</sup> Author interviews, Sugar industry official, 21 August 2007, and Provincial government official, 8 May 2007.

company unions during the early period of restructuring. As a new corporate philosophy, the “Recovery and Rehabilitation” of the Vicmican family was centred upon the economic revival of the mill, but it was also one based upon fear of material loss for the employees. This discursive type of labour control was used to adapt past forms of work organization, and to reduce the number of the permanent rank-and-file. The legacy of the VMC’s past paternalism combined with a long established strategy of spatial containment of the central’s labour collectivity affected the character of the local company unions and hampered their effectiveness. For the Vicmicans, as time passed they grew increasingly frustrated by the workplace changes brought about by the management’s rehabilitation plan. Most wanted to cut their ties to the mill since it was clear that the paternalism in the style of the Ossorios and Luzuriagas would not prevail again under Aguilar or any of the new officials. Even though many of them ended up working for the new despotic regime led by Mier, Young, the Tan brothers and current VMC president Hubert Tubio, their loyalties and attachment to these new “big bosses” was not the same as to their managers before. With little hope of regaining the worker benefit programmes that Victorias was renowned for in the past, and for fear of future retrenchment and the closure of the factory, the Vicmicans were forced into a position where they would take any compensation they could receive from the mill. In this regard, the most recent expression of the “Recovery and Rehabilitation” philosophy - contractualization and greater external labour market flexibility - was part of the array of measures that have brought down both the VSU and VIWA unions.

Yet the reproducibility of these flexible labour practices remains in question. It remains to be seen as to how long this new regime will be able to sustain these more recent measures or if they are just a temporary phenomena used to restore the profitability of the mill. Going back to Chapters 4 and 5, the emergence of Victorias’ “Paternalistic Company State” was a direct response to regional labour conflict and a series of strikes that took place in Iloilo and Negros during the early 1930s. The Ossorios intervention into the VMC’s wider spaces of labour reproduction and consumption, especially in the years immediately after World War II, signified the growing “maturity” of the Victorias labour market, and of the *centralistas*’ need to invest in skill formation and training in order to secure their own supply of specialized labour. Even given the wide spread labour market vulnerability in Negros in the present day, the new regime has to contend with their potential workers being lured away by better paying jobs in major Philippine cities or by even more lucrative positions overseas. Such conditions may prompt the new regime to return to some version of the mill’s previous employment practices and its strategy of intervening in sites of labour reproduction and consumption.

## 7.8 Conclusions

Bending to the market conditions and competitive pressures that now governed the industry much later than most sugar firms, a unique intersection of local and non-local institutional factors were responsible for the distinct form that industrial restructuring has taken in Victorias. With the weakened condition of the milling and refining sectors, combined with the general state of decline marking the industry during the late 1980s and 1990s (described in Chapter 4), I showed how the inefficient practices of the former Vicmican managers and their reluctance to adapt to the changing economic conditions made the firm less profitable and competitive. Bankrupt, in dire straits, and susceptible to takeover, control of the VMC was then seized by Lucio Tan's firm Tanduay Holdings. The strategies deployed by the new *taipan*/Tanduay led managerial regime, initially begun by the former Vicmican owners, reconfigured the VMC into a site that helped drive a new round of capitalist growth and development. The Victorias mill and refinery was now vertically integrated into the food and beverage based operations of Tan's *taipan* conglomerate.

But as the latter sections of this chapter suggest, this was not a smooth or simple transition. The implementation of these more recent restructuring strategies came into collision with the social relations, class structures, and institutionalized employment practices that defined the workplace environment during the previous round of capitalist development, that is, the period of neo-colonialism and the large American sugar quota. The dismantling of the institutionalized paternalism tied to the *centralista* factory regimes of the past began with the firm's retrenchment programmes which decimated the permanent Vicmican workforce, and drastically changed the social organization of the firm and the nature of labour discipline. United and galvanized under the leadership of Arthur Aguilar, the ageing workforce endured the implementation of new work practices and a more pressurized work environment. Workers' acquiescence was strongly conditioned by the management's discursive and ideological apparatus of the "Recovery and Rehabilitation" of the "Vicmican Family" which preached the ultimate liquidation of the firm should these new measures and sacrifices not be accepted by employees. It was further used to justify the reduction of the workforce, the elimination of the institutionalized employment practices enshrined within the internal labour market, and to phase in the complete contractualization of the mill's labour force. For these reasons, the mill's restructuring practices were used to devalue labour in order to restore profitability and encourage

the greater circulation of capital. It was a process where capital devalued labour in order to re-exploit it.

Furthermore, all of these practices conspired to further breakdown the company unions and the localized spatial fix of labour, effectively ending continuities in the reproduction of the VMC's rank-and-file that stretched back to the years after World War II. From a politically passive position in the late 1990s to a more aggressive stance by the early 2000s, especially sparked by the resignation of Aguilar in 2004, the array of workplace changes endured by the workers for more than a decade had weakened their loyalty and attachment to the central. As I have shown, the Vicmicans, graying and dwindling in number, did not go down without a fight. In order to preserve the workplace practices of the past, they expressed their agency through a number of *in situ* strategies of worker action and resistance: collective bargaining, official and unofficial strikes, staged protests, and the 2003 walkout in support of Aguilar. But as a labour collectivity, it was effectively contained and restricted from larger scales of labour organizing with the management separating from the mill the most vocal and militant members of VIWA. Given their older age, a more intense work environment, and a fear that they would receive no compensation should the mill close down, workers were forced into a position where they had to accept voluntary retrenchment. Full contractualization ensured the shift from collective negotiations between workers and management, to the individualization of the employment relationship.

As will be discussed in the next chapter, changes in the employment practices within the workplace led to significant transformations in the labour landscape of the VMC Area. Restructuring and retrenchment had uneven effects on the livelihood prospects for current and former Vicmican workers and their families. Many were unable to adjust to the new conditions and remain in the VMC Area as an accessible pool of aging skilled labourers. Others were "locally" marginalized by restructuring, but benefited by taking their skills elsewhere. The retreat of management's strategic interventions into the reproductive and consumptive spaces of employees (and their investments in local institutions) also altered expectations of work. Regardless, VMC's restructuring has drastically changed the nature of labour market participation and the contours of Victorias' labour geography.

## CHAPTER 8 – THE “STANDBY” LABOUR MARKET

“I was born in Victorias, I grew up in Victorias, but I won’t die in Victorias.”

- Hector, Former VMC Manager and Second Generation Vicmican.

### 8.1 Introduction

Similar to the events that contributed to the decline of the sugar central, it was also a slow decline for the Vicmican mill workers. With the early part of restructuring taking place over a period of more than 10 years, the VMC’s rehabilitation plan had uneven effects on the livelihood prospects for current and former workers and their families since the retrenchments and the changes in employment practices affected different groups of labourers at different times. Regardless of whether it was a young worker who was part of the last cohort to grow up in the “ideal” milling community or a boiling house operator with 25 years of experience, the mill workers could no longer rely on Victorias to provide the same level of employment security that it had provided in the past. As the quote above given by Hector (a former “big boss” and my patron in Victorias) suggests, there were major shifts in the nature of the mill’s influence over its labour supply, its working class culture, and of the evolving form of the local labour market. To be sure, the larger spatial geography within the VMC Area has become even more complex given these recent changes at the firm. In an interesting twist, the past employment benefits that workers and their families experienced were used to increase the locality’s global connections through the pursuit of extra-local labour market opportunities and overseas work. Yet not all have fared as well since many continue to grapple with the effects of retrenchment and experience greater unemployment and lower paying temporary secondary work.

At another level, the presence of these activities points to different expressions of labour’s agency and to a reconfiguring local labour geography. As described throughout the empirical chapters, strong continuities persisted in the local scale of the Vicmican mill workers’ spatial fix (through the VIWA company union) that spoke to the wider labour control strategies of sugar capitalists (the planter *hacenderos* and miller *centralistas*) in preventing a regional scale of collective bargaining (see Chapter 4, section 4.3.2.2). Although the Vicmicans confronted the management through different strategies of protest in both formal and informal settings (see Chapter 7), another way for workers to resist the restructuring strategies was through their proactive and reactive livelihood strategies. In this way, labour’s agency was strongly expressed at the individual and household level. Formerly relying on the mill for their social reproduction, workers now sought their own means of survival through their individual and household socio-

spatial praxis. In the words of Herod (1997: 17) “workers are in fact intimately connected to the production of space through their efforts to impose their own spatial fix on the landscape and so to develop geographical solutions to the problems of ensuring their own self-reproduction.” But capitalist restructuring and the activities of workers in this local context have contributed to a more polarized labour geography which exacerbates the already existing social inequalities characteristic of Negros’ broader economic landscape.

This chapter focuses on the reorganization of the mill’s labour supply structures and their related labour market effects. The reconfiguring of the firm’s broader forms of labour control under the *taipan*/Tanduy management, and thus its efforts to consolidate its control over the labour process, came at the expense of its ability to secure their own supply of specialized skilled labour. This development, combined with the worker retrenchments and the full contractualization of the VMC’s workforce in 2010, has led to significant changes in the nature of the area’s local, extra-local and global labour market connections as workers try to ensure their own survival and self-reproduction through a range of livelihood strategies. While the introduction of flexible labour practices (described in Chapter 7) put the firm in a position where it could “lay off workers with firm specific skills and still be in a position to re-hire them and recoup their investments” (Rubery, 1994: 52) in the short term, restructuring has also brought greater instability to the local labour market, altered the way workers participate in it, and has encouraged the greater mobility of labour.

As a way to help frame and better define the geographical distinctiveness of existing labour market processes in Victorias, I invoke the local term of “standby”. Although *standby* (*tambay* or *estambay* in Ilonggo) in its actual pejorative and derogatory sense means to “hang around” and often implies unemployed men passing their time idly on the street,<sup>175</sup> the term aptly captures the more recent experiences and practices of workers and their families as they relate to the workings of the labour market and its extra-local linkages. Where “being Vicmican” was synonymous with the stable, long term, well compensated, and permanent employment of the male breadwinner, the “standby” status of the labour market reflects the uncertainty of jobs tied to the mill, the general insecurity of local employment, and the hope of finding better work elsewhere. The “standby” labour market identities of workers thus reflect the different experiences, expectations, and social practices attached to their more unstable labour market positions.

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<sup>175</sup> As Uy-Grino (2005: 411) defines the term, *tambay* means “to be around but not doing anything in particular; to hang around.”

The term helps to describe three distinct types of processes I observed in the industrial locality. Although some of these activities are common to many transnational communities in the Philippines, they are unique in the case of the VMC Area in how they intersect with the particular historical, cultural and social features that condition the nature of local employment. First, as part of the restructuring and re-segmenting of the labour market, standby conditions refer to the presence of a larger pool of skilled and unskilled labourers who interact with the mill on a contractual, seasonal or temporary basis. These are essentially groups of men of all ages waiting around for some type of waged employment. Second, standby conditions reflect the current status of many workers and their families who are about to, or are in the midst of, deploying newer livelihood practices as a reaction to the mill's restructuring. Such households are often waiting for the arrival of economic remittances or for the return of family members who are away working elsewhere or overseas. Third, for both older and younger generations of former and current mill workers, standby conditions speak to their changing expectations of the labour market and the shifting local cultural context of work. In the past, many of the younger workers would have expected to rise within the firm, be heavily compensated, and develop the same sense of loyalty to the VMC as their parents. Just as older and younger workers are now employed at the VMC on a contractual basis, many are waiting for (and expect in the future) better employment opportunities in the external labour market. Though most interviewed did not use the term “standby” directly (it is after all a somewhat disparaging term), what is common to these three sets of activities is the practice of waiting - waiting for the availability of local work, waiting for money to be remitted from relatives, waiting for better employment opportunities elsewhere, or simply waiting and “hanging around” in the actual sense of making standby - which all reflect the local labour market’s greater instability and the new types of inequalities it is generating.

The findings of this chapter are significant because they illustrate a range of the labour market consequences of industrial restructuring for workers and their families. They show how the re-segmenting of the labour market has given rise to new livelihood opportunities and new forms of social inequality. Furthermore, even as these worker strategies represent different expressions of labour’s agency, they also serve to produce and reproduce different scales of uneven capitalist development. In this way, these activities reinforce existing structural processes: the growth of polarized World City labour markets through the flows of overseas and migrant labourers; migration to major domestic urban centres such as Bacolod, Iloilo and Manila; the growth of the informal sector and slum areas in urban settlements elsewhere in the

country; and the intensification of similar processes through the movements and practices of workers in local contexts such as Victorias City and the VMC Area.

The analysis of this chapter is framed by three main arguments. First, changes in the firm's employment practices had wider effects on the geographical landscape of the VMC Area. The withdrawal of the VMC's interventions and investments into its spaces of labour reproduction has led to a decline in the area's local institutions. This physical destruction of the local landscape further constituted the elimination of the "Vicmican way of life" and its distinct institutional environment. Second, the proactive and reactive migration and livelihood strategies of worker households represent the "splintering" of labour's previous spatial fix at the local scale. Third, inherent to Victorias' "standby" labour market are not only different experiences and expectations of work, but also the changing nature of the labour market's external linkages. Although these extra-local connections have allowed workers the opportunity to sustain and improve their lives, they also serve to widen social and spatial inequalities in the locality.

This chapter is divided into six sections. The next section briefly visits conceptual ideas regarding the "networked spaces" of the labour market and its relationship to livelihood diversification. The third section examines the breakdown of the firm's spatial geography of labour control within the spaces of the company state. The fourth section investigates the historical context of the VMC Area's extra-local linkages. Section five documents the different labour market experiences and livelihood strategies of workers and their families through interviews and household case studies. It also discusses how the area's present day connections are serving to transform labour market participation and livelihood practices in the locality. I then summarize the major findings of the chapter and explain their significance in the final section.

## **8.2 Labour Markets and Livelihoods as Networked Space**

Complementing the institutionalist/regulationist approach applied in the empirical chapters thus far, the local labour market can also be thought of as a "networked space" with both extra-local connections and local social processes influencing regulatory outcomes. In the case of Singapore, Coe and Kelly (2000: 416) demonstrate how "labour institutions mobilize extra-local linkages to enable the social regulation of the local labour market." The efforts of state institutions to maintain the flows of both low wage temporary foreign workers and more highly skilled professionals have the effect of keeping down the overall costs of labour within the labour market while also increasing the competitiveness of the city-state. More than this, and

especially relevant to my analysis below, is that the “deployment” of overseas workers and the sending of remittances affects the nature of labour market participation for family members in the sending areas (416). Remittances may in fact “remove” other family members from the labour market or make them more “selective in the type of work they choose to accept” (Kelly, 1999: 63). For these reasons, extra-local connections not only affect the “labour supply, reproduction and regulation processes in a given locality” (Coe and Kelly, 2000: 417), but can also connect “distant” labour markets. As will be shown, while many individuals and households are able to benefit from the remittances sent from family members abroad, these represent a smaller minority of the local population and thus are the exception rather than the rule in the VMC Area.

If overseas work represents a “higher” segment of the labour market and the most desired types of work in the locality in the present day, then the most common forms of employment in the area are lower paying service occupations or jobs in the “informal sector”.<sup>176</sup> Here, the literature on livelihoods in the Global South also informs the socio-economic circumstances likely experienced by retrenched and contractual workers in the Victorias labour market since many have returned to agricultural activities in order to supplement their household incomes. As Rigg (2006; also see 2003) observes, non-farm and delocalized activities are becoming increasingly vital to rural livelihoods. Movement away from the land (or in this case waged industrial work) as a primary source of income is driven by several “propelling forces”: erosion of profitability from farming; emergence of new non-farm opportunities; land shortages; and cultural and social changes (187). Furthermore, he argues that livelihood diversification can be located between two ends of a motivational spectrum: the growth of non-agricultural work as a means of accumulation at one end, and conditions of social and economic survival at the other (Rigg, 1998: 503, 505).

The social processes of exclusion and inequality in the labour market literature (see Chapter 2) share a number of conceptual features with the recent work on poverty and

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<sup>176</sup> There is a long and extensive literature on the “informal sector” that falls loosely under the rubric of development and urbanization within the Southeast Asian context (see Geertz, 1963; 1963a; McGee, 1971; 1976; 1996; Armstrong and McGee, 1968; 1985; McGee and Yeung, 1977; McGee and Firman, 2000; also see Santos, 1979). In a very broad sense, historical and contemporary patterns of urbanization give rise to limited levels of industrial sector employment which thus produce divided or “dualistic” urban economies. “Modern” industrial sectors (such as the Philippine sugar industry) are more integrated into the global economy with the prevalence of lower income service occupations (the informal sector) accompanying urban growth. In other words, cities grow faster than the number of industrial sector jobs available leading to the growth of the “informal sector” that often acts as a pool of surplus labour. Although “dualism” is a highly problematic concept (see Bromley, 1997), the informal sector is characterized by a number of features relevant to my discussion. It is marked by easy entry, is usually small scale, labour intensive, relies on family labour, requires some skills acquisition, and is generally unregulated.

livelihoods. First, while it has been established that the conditions of lower income groups further encourages processes of livelihood diversification (Eder, 2000), accessibility to new opportunities are often affected by institutional factors tied to the operation of the labour market. The issue of concern here is the accessibility that different households have to resources such as capital, skills and education. In the case of the VMC, the firm significantly intervened in workers' sites of social reproduction (homes, schools) and in how welfare and benefits were distributed among employees. In many ways, the shaping of these conditions has both "set-back" and "pushed forward" the potential livelihood and labour mobility of workers' households. Though sounding much like "human capital" theory, that the securing of jobs in the labour market is simply tied to qualifications and skills training, I am merely suggesting that some households are in a better position than others and thus have the resources to engage in more lucrative livelihood strategies such as migration and overseas work. Second, in a related fashion, there is also an important connection between the potential mobility attached to different segments of the labour market *and* the social stratification of households and their livelihoods. Far from being neat and tidy social categories, there is some semblance tying the basic segments of the Victorias labour market to both "distressed" and "progressive" forms of livelihood diversification (see Bouahom, Douangsavanh and Rigg, 2004). While many worker households are limited in their livelihoods and mobility, the recent restructuring of the mill has led to the steady out-migration of many retrenched industrial workers who are both highly skilled and experienced labourers. To combine the two theoretical approaches, then, the social and geographic context concerning the operation of the local labour market "matters" to the nature of livelihood diversification and labour mobility.

### **8.3 Changing Spatial Strategies of Labour Control (1997-2008)**

The drastic decline of the VMC Area's physical landscape during the early part of the mill's restructuring (1997-2008) reflected the elimination of key elements that defined the Vicmican way of life and its working class culture. The deterioration of the area's local institutions, which were a major part of the former management's interventions into the reproductive and consumptive spaces of workers, helped to change the labour expectations of residents and their experiences of the VMC Area. While it can be argued that there have always been tensions involved in the local culture of work, that generational conflicts arose between parents expecting their children to replace them at the mill, the loosening of past forms of labour

control further encouraged changes in the local perception of work and weakened the management's grip over its local labour supply.

In this way, the nature of the firm's labour supply strategies had drastically changed under the new Tanduay management. They continued to maintain their practices of labour containment by controlling the movements of residents and preventing the influence of external worker organizations through its armed guard service (see Chapter 6, section 6.3.2)<sup>177</sup> and the depoliticization of the compound spaces (VMC Bulletin, 2004v). But major elements of the mill's other spatial strategies of labour control formerly used to reproduce, socialize and control its workforce were phased out or eliminated outright. These included the elimination of the company newspapers, the reorganization of the VMC school system, and reductions to the company housing benefits programme. It was perhaps the destruction of workers' housing that had the most severe impact on those living in the VMC Area. As we shall see, this led to "temporary" displacements of the local population.

### **8.3.1 Where Have You Gone Don Miguel? Breakdown of the Central Fortress**

#### **8.3.1.1 The Vicmico Gazette, The VMC Bulletin**

As explained in Chapters 4 and 6, the deployment of company newspapers were used by the *centralistas* to control the flows of information within their respective millsite compounds and were also a means of further disciplining and conditioning workers. While labour unrest was one of the major reasons that led to the start of the Vicmico Gazette during the early 1960s (its founding coincided with the creation of the VIWA company union), the beginning and end of the VMC Bulletin were both a result of the crisis at the mill and the change in management during the late 1990s and early 2000s. Production of the Gazette was stopped on February 28 1997 as part of the firm's cost reduction measures and was re-started two years later in early 1999. Upon its return, the editorial remarked, "[the] newspaper has always been a part of the Vicmican's life. We have looked forward to receiving our copies every two weeks. Now that it

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<sup>177</sup> As in previous decades, the spaces of the VMC Area are secured and policed by the firm's armed guard service. The flows of people in and out of the millsite are monitored with outsiders often required to state the purpose of their visit at strategic checkpoint areas. As described in Chapter 4 (see section 4.3.2.1), the central is a private and isolated production site surrounded by hundreds of hectares of sugar plantations. To add to the industrial complex's multiple layers of security are the patrols of the tinted windowed SUVs deployed by the *encargado* (overseer) of the company's haciendas. When the resident plantation workers are out in the fields, they are watched by armed guards stationed at watch towers that dot the plantations (two per tower) while another pair of guards on BMX bikes roam the perimeters of each hacienda.

is back, smaller in size and circulation, we should still be very thankful for a part of our life that has been removed is now returned to us” (Vicmico Gazette, 1999f: 2).

As a reaction to the temporary end of the Gazette’s publication run, the VMC Bulletin was started one month later on March 26 1997. Where the Gazette largely operated in the interests of the management, the Bulletin was an initiative pushed for by the Vicmicans in order “to keep the communication lines open between management and the employees” at a critical time in the company’s financial recovery (Vicmico Gazette, 1999f: 2). It became apparent during this early part of the central’s restructuring, that both of the company newspapers were increasingly serving as a venue for dialogue between management and the employees in addition to their more formal bargaining meetings. But as the worker perspectives documented in Chapter 7 attest, the voice of labour was becoming too “loud” in the eyes of the management. The newspapers were becoming instruments used to mobilize workers that could potentially expand the scale of their struggles (see Chapter 7, section 7.7.2 and the open letter to President Gloria Macapagal-Arroyo).<sup>178</sup> Citing the financial constraints of the company, both newspapers were terminated by the management midway through 2005.<sup>179</sup> With the exception of its two year suspension, the Vicmico Gazette ran for more than 40 years from March 1960 to the middle of 2005. Coinciding with the post bankruptcy and early restructuring period, the VMC Bulletin ran for more than 8 years from early 1997 to 2005.

### **8.3.1.2 The Company Schools**

The reorganization of employment practices at the mill eliminated worker benefits that used to finance the cost of education and training for employees’ children (see Chapter 5, Tables 5.3 and 5.4 for a list of pervious employee benefits). The children of local residents could still attend the schools but at a greater economic burden to their households when compared to the past. Maria, a former schoolteacher explained:

There’s no more money at the mill, so the children cannot go to school anymore. Some of the parents are only at age 40 and they are already out of work. They have children in elementary and high school. They have dependents so they have financial problems when they have to pay for their schoolings.<sup>180</sup>

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<sup>178</sup> Author interviews, Conrad 48 years old - VMC Worker, 22 August 2007, and Raffy 47 years old - VMC Driver, 29 April 2007.

<sup>179</sup> Author interview, Alisa 36 years old - VMC Worker, 27 June 2007.

<sup>180</sup> Author interview, Maria 60 years old - Retrenched VMC Worker and Schoolteacher, 31 May 2007.

Kelly, also a former schoolteacher who grew up in the area, commented further on the decline of the company school system:

It was a grand thing to have a childhood here in the VMC up until its downfall. But when sugar here hit its downfall, the people were not prepared or trained for the what if VMC is not good as before. People cried before when they see how the schools change at the VMC. There were always new buildings, new school dresses, new uniforms, new shoes, new books. You really see how new the textbooks are and other things. Now the books are borrowed. Every year everything was new since there was just salary deduction. Now the shoes and clothes are passed to the next sibling and they become worn out. The books are left are broken and they already have the answers written inside. Most of the kids just photocopy the books now.<sup>181</sup>

In addition to the spinning off of the company schools during the late 1990s and early 2000s, the onset of the worker retrenchments has been accompanied by declining student enrollment. There are currently 500 students at St. Mary's and this number is decreasing with the ongoing layoffs at the mill. The situation is much different at the Don Bosco Technical Institute. Its population of about 800 students is more or less stable since they are supported through money generated at its metals workshop. If families cannot afford to send their children to the former company schools, many attend the two other local public schools in Victorias City proper.<sup>182</sup>

Given these major changes to this previous labour supply strategy, the firm's influence over the socialization of the area's youth was considerably lessened. Under the paternalistic factory regimes of the Ossorios, Luzuriagas and the managers of the late 1990s, the firm played a significant role in the operation and curriculum used in the company schools. The Ossorios even donated the land on which the schools were built. With the firm's restructuring, the schools are now independently run and the Tanduay management plans to relocate them in order to use the lands for expansion projects of the firm.<sup>183</sup>

### **8.3.1.3 Company Housing and the Canetown District**

The cutbacks to the firm's housing benefits programme, which included the assignment of housing facilities and the granting of cash allowances for non-residents, also had detrimental effects on both former and current employees. The shrinking size of the permanent workforce

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<sup>181</sup> Author interview, Kelly 26 years old - Former VMC Schoolteacher, 1 September 2007.

<sup>182</sup> Author interview, Sally 48 years old - Former VMC Worker and Schoolteacher, 2 June 2007.

<sup>183</sup> Email Correspondence, Mary, Research Assistant, 28 January 2008.

allowed the central to reduce its investments that were used formerly to maintain the size of the housing stock for the rank-and-file. Dean, 25 years old, is a casual worker who does odd jobs in Canetown. His father used to work for the VMC and their family lived in employee “block housing” within the company compound. As part of the rehabilitation plan of the late 1990s and early 2000s, many of the retrenched workers were forced to give up their company homes. Dean and his family were relocated by the firm to a neighbouring rural barangay (Binanlutan) about twenty minutes away from the VMC Area by car.<sup>184</sup> The mill managers declared that the integrity of such structures had been compromised as they approached 50 years of age, and subsequently ordered the demolition of large swathes of company housing within its different districts.<sup>185</sup> These included areas to the northwest of the millsite (North Bacayan), along with areas to the south (New Barrio and South Barrio).<sup>186</sup>

The termination of housing allowances and company loans for employees, which accompanied the worker retrenchments, also affected negatively many households in the Canetown district. In contrast to the areas of company housing within the milling compound, Canetown homes were privately owned by employees and retirees. At the same time as they looked for new sources of income, many used their retrenchment and pension buyouts to keep up with their mortgage payments and the everyday costs required to maintain their homes. While many households have thrived from their new livelihood strategies, others have struggled to sustain their former standard of living and were forced to abandon their properties and move elsewhere (see Illustration 8.1).<sup>187</sup>

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<sup>184</sup> Author interview, Dean 25 years old, Former Millsite Resident, 27 April 2007.

<sup>185</sup> Author interview, Lito 52 years old - VMC Supervisor, 5 April 2007.

<sup>186</sup> The VMC Golf and Country Club has also taken on a different role under the new ownership. During its heyday it was the exclusive playground of the mill’s managers, executives, and planters from the district and surrounding province. As part of the firm’s return to its core business practice of sugar manufacturing, subsidiaries like the Country Club are on the market to potential buyers. In recent years, the club has serviced an increasing number of Korean tourists (VMC Bulletin, 2004w SEC 2008a: 31-32)

<sup>187</sup> Author interviews, Janet 61 years old - Former VMC Worker, 28 March, 2 April, 2007.

### Illustration 8.1: Abandoned Property in Canetown



Source: Author's Photo, 2007.

Given the combination of the forced relocations, the declining incomes of households, and the scarcity of secure good paying jobs, many former workers and their families have migrated to other locations in the region, especially to stay with relatives. But despite the relocations, as well as those who could no longer afford to keep their homes, several hundred families have returned to live on the fringes of the VMC Area. Such areas have long existed in and around the milling complex. These include the approximately two hundred households that live in settlements such as Pusod, located on the southeastern edge of Canetown, and in South Bacayan, located on the northeastern border of Canetown. Hundreds of households have also squatted on other company owned lands such as on the banks of the Malihao River and along the train lines formerly used by the mill's railway service (see Illustration 8.2).<sup>188</sup> Such squatter areas are referred to as "private houses" by local residents (Vicmico Gazette, 2004: 6). Both the firm and the Cuaycong family (planters who own a hacienda and lots adjacent to Canetown) have been put in an unusual situation when trying to deal with squatters on their lands. Such areas provide them with sources of temporary labour for seasonal work at the mill and on the

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<sup>188</sup> As part of the rehabilitation and cost reduction plan, the VMC's railway and sugarcane transport system was stopped and its staff was retrenched during the early 2000s. The railway tracks were removed by the company and sold for scrap.

plantations. Unless their activities significantly conflict with the affairs of the central, their presence is otherwise tolerated.<sup>189</sup>

### Illustration 8.2: Old Railway Line



Source: Author's Photo, 2007.

Thus, the withdrawal of the company housing benefits eradicated what was in many ways the bases of the enterprise's past method of labour control and its linchpin to securing an adequate supply of skilled labour. It removed from the worker community the defining feature which reinforced the Vicmican familial discourse of the past managerial regimes. The loss of jobs combined with the employment changes at the mill made it obvious to residents that they could no longer depend on the company for their broader welfare needs. And like the lands devoted to the former company schools, and as a way to further sever the attachments that residents had to the central, the Tanduy management plans to buy out and demolish a significant area of the Canetown district (approximately 100 residential lots) in order to construct a new distillery.<sup>190</sup>

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<sup>189</sup> Vicmico Gazette and VMC Bulletin, various issues.

<sup>190</sup> Email Correspondence, Mary, Research Assistant, 28 January 2008.

#### 8.4 Changing Extra-Local Networks of the VMC Area

The more recent income generating activities of local residents, which were a direct result of the employment changes at the VMC, together with the mill's uncertain future, have generated new meanings about the Victorias labour market. As in the past, meanings were produced through external representations of the place made by outsiders (such as the media), and through internal ones tied to the practices of residents (and former residents) who circulated meanings of the VMC outside. As discussed in Chapter 7, the "Recovery and Rehabilitation" discourse that was used by the management to dismantle the permanent workforce also applied to the status of the local labour market. It too had undergone a major upheaval and was in a state of "recovery." Said one former employee:

Twenty years ago it was a big thing to be with VMC. Back then everyone knew in the province who the department heads were, who the vice presidents were. There was so much status with it. They even had good travel expense accounts. Even the labor lawyers who came to court had their own drivers for their cars. Everyone knew who these people were. Now, I don't know who is doing what over there. I don't know who the department heads are. I don't know who is running things.<sup>191</sup>

Lito (introduced earlier in Chapter 6) added, "An economic downturn affects all of the 80,000 people here in Victorias from the top to the bottom, from the *baligya isda* (fish vendor) to the rank-and-file and to the management at the mill. If Victorias goes down, everything here will go down, the cities in Negros del norte and even in Bacolod will be affected."<sup>192</sup>

As with the changing meanings attached to the local labour market, the orientation of the VMC Area's extra-local connections have also been transformed by the mill's restructuring. Through their benefits programs of the past, the management actively encouraged the children and family members of employees to study and work elsewhere in the country. It was thus common that migrant connections existed between worker households and their daughters and sons who have gone away. As stated in the official history of the company:

Easy access to education and skills training is a priority at Victorias, where the management invest greatly on the children of the company workers. Keen is the corporate understanding for the prevailing yearning of Victorias parents for their children to gain good education (VMC, 1989: 123).

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<sup>191</sup> Author interview, Pacita - Municipal Government Official and Former VMC Employee, 26 April 2007.

<sup>192</sup> Author interview, Lito 52 years old - VMC Supervisor, 5 April 2007.

Similarly, Luzuriaga, a long time serving Vicmican manager, noted a few years before the firm's bankruptcy:

We have employees whose work does not require much education – as much as the trackmen or the locomotive drivers – but who are able to send their children to college. While still at their humble jobs, they have sons and daughters who are professionals: a doctor now in the States, an engineer working in our factory, a nurse who is abroad. Education is of real value to our people and I am happy to see that working in Victorias has made it possible for parents to send their children all the way through college (de Luzuriaga, Jr., 1989: 183).

Given that the creation and reproduction of such networks were partly a result of the firm's paternalistic thrust and the incentives provided through its employment and welfare policies, such practices also played a significant role in the broader political and social regulation of the local labour market. The presence of familial based migrant networks balanced the social conditions of participation and non-participation in the waged labour market, and provided an additional source from which the mill and VIWA company union could recruit skilled labour. The simple fact remained that not every member (or even every male member) of a worker's household could be employed at the Victorias mill. Kelly, a long time resident whose parents worked for the central, remarked, "There was so much money for the kids like the M.J. Ossorio Scholarships. It was a big deal for the kids to go away to study and then come back. Back then, there was no big ambition to go out of the country, some did, and most got better jobs in the mill. Even if those kids didn't work for the VMC, they were 'big people' here because their families are doing better."<sup>193</sup>

Many explained from the employee households interviewed, that during the time of the Vicmicans, remittances from the VMC Area were used to support the migrants it had sent to other locations.<sup>194</sup> In this sense, the locality was largely a "sender" of remittances rather a "receiver" of them. Whereas in the past, migrants were viewed as an extension of the wealth, prestige and status generated by the mill, households now drew upon both the older and newer extra-local connections as a way of bringing additional wealth back into the locality. As further illustrated in the next section, the VMC Area has shifted from a place that formerly sustained the migrants it had sent elsewhere, to a place now partly sustained by them.

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<sup>193</sup> Author interview, Kelly 26 years old - Former VMC Schoolteacher, 1 September 2007.

## 8.5 "Standby" Labour Market Experiences and Splintering Spatial Fix

Given the more recent employment conditions tied to the mill, the diversification of livelihoods has been a necessary and ongoing practice for many workers and their families. In this section, the labour market consequences of industrial restructuring are examined through the “standby” employment conditions experienced by different workers and their households. In drawing on these cases, I make no claims regarding the degree of their representativeness or how they can be generalized to other local labour markets in the province.<sup>195</sup> They do, however, reveal the broad connections between growing income disparities and levels of mobility, and further demonstrate the relationship between labour market segmentation, social stratification, and the scope of livelihood diversity.

A general sense of Victorias’ existing socio-economic inequalities can be gained, in very broad strokes, by observing some of the key demographic features of both the region and the local area.<sup>196</sup> As stated in Chapter 4, besides the Negrense capital, Bacolod (a city of more than 450,000) and the much smaller provincial urban centres, there are very few permanent work opportunities available outside of the sugar industry. Employment in such centres is limited to urban services work, transportation or to the few jobs in government. As documented in Chapters 5 and 7, from the 1980s until the mid 1990s, the mill town had more than 3,000 permanent rank-and-file workers. During the early 2000s, the firm employed 1,000 or so rank-and-file, together with several hundred seasonal and temporary workers. These jobs supported the 15,551 people and the 2,707 households living in the VMC Area (CGOV, 2004: 40-41). In 2010, there were no more permanent jobs at the central and the current 500 to 600 core members of its flexible workforce, along with its hundreds of temporary workers, supported the 17,058 people living in the VMC Area. At another level, even as the Western Visayas region contained a larger proportion of overseas workers than other administrative regions of the Philippines during the early 2000s (higher concentrations are located in Luzon, the Manila mega urban region and its surrounding areas), they made up approximately 1.4 to 1.5 per cent of the region’s population (or around 92,000 of 6,300,000 people) (NSO, 2002) (NSCB, 2006a: 11-13).<sup>197</sup>

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<sup>194</sup> This was a common finding in the key worker and household interviews which helped to inform my analyses of the firm’s history, social organization and restructuring. These included (in order of appearance): Eddy and Janet, Roger, Hector and Wilma, Maria, Lito and Becs, and the interviews conducted with many of their adult children.

<sup>195</sup> As noted in Chapter 3 (see section 3.3.3), I did attempt to survey the entire Canetown district which consisted of 1,300 or so households and more than 7,000 people.

<sup>196</sup> During the time of data collection in 2007, the City Government of Victorias was in the process of conducting its own census and statistical analysis of the area.

<sup>197</sup> In 2003, the Western Visayas had 98,000 overseas workers (50,000 female, 48,000 male). This number decreased to 92,000 in 2004 (53,000 female, 39,000 male).

These figures combined with the groups categorized as poor--30 to 40 per cent of families in the province and 55 per cent in rural areas during the early 2000s (PNO, 2007: 2-7; NSCB, 2006: 28)--provide an idea of how wealth is unequally distributed among the people of Negros.

What can be extrapolated from these statistics in the case of Victorias is a widening of economic disparities among different social groups: low income households engaged in typically lower paying and subsistence based agricultural activities, a shrinking number of better paid and more permanent industrial jobs, and the presence of an elite segment of overseas worker households. Realizing that these broader demographic trends are not uniformly expressed across the Negrense landscape, Victorias to some degree is a local level articulation of regional and national patterns of social inequality.

In addition, examining these various livelihood strategies also provides an alternative view of labour agency. As implied in Chapter 5 (see sections 5.5.2 “Workers’ Interests and the Internal Labour Market; and 5.6.1 “Being Vicmican as Workplace Practice”) a culture of oppositional resistance of the everyday sort (foot dragging, gossiping) has always been present in the company state (also see Scott, 1985).<sup>198</sup> In many ways the paternalistic system lent itself to abuse and exploitation as workers resisted and subverted the disciplinary spatial tactics of the Vicmican management in a number of ways: not getting a permit for repairs to their company homes or for resident doubling; taking in an excessive number of boarders; ignoring the night curfew; modifying their company uniforms, and so on. These “unofficial” activities did demonstrate a form of labour agency.<sup>199</sup>

But the agency of the Vicmican rank-and-file was also expressed in another way. As explained during the period of retrenchment (see Chapter 7), workers were more acquiescent and subdued, rather than strongly confrontational in their initial dealings with the management. This was directly a result of the long standing isolation and containment of the VMC’s industrial labour collectivity, as well as from the lasting effects of the *centralistas’* paternalistic methods of labour control. From the interviews conducted, many found it was easier to take a buyout from the mill rather than to engage in a long drawn out labour dispute whose outcome was uncertain. For these reasons, many workers and their families looked to their own livelihood strategies,

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<sup>198</sup> These sections in Chapter 5 mentioned a number of employee practices: over hiring relatives into departments, doing “favours” for co-workers and friends using company equipment, gossiping about supervisors, absenteeism, “getting caught” using company owned supplies, punching out co-worker’s time cards, pretending to be sick, selling free medications from the company hospital to non-employees, and tying up phone lines to prevent doing work.

<sup>199</sup> As working and living conditions deteriorated within the compound during the mill’s rehabilitation, one of the more notable instances of worker resistance involved the “theft” of p90,000 worth of copper linings in September 1998 that were supposedly sold for less than p3,000 (Vicmico Gazette, 1999g: 2).

rather than to the mill or to the worker collectivity, as a way to improve their lives and ensure their welfare and self-reproduction. The decline of the VIWA company union thus constituted the splintering of labour's spatial fix at the local scale. The agency of the former Vicmican mill workers had now shifted from the company state to the level of the individual and the household.

### 8.5.1 VMC's Standby Workers

“We have been witnesses to a series of retrenchments since 1997. It was a bitter pill that we have to swallow to let our company survive. The word retrenchment has become a byword in every office that later, we thought that we would become immune to it and we turn out unaffected. But after eight years, we are still as affected just like in 1997. The recent retrenchment [batch] made many of us feel bad because a lot of us are their friends, if not brothers, sisters or relatives. We felt bad because we would not be seeing them more often for some of them opted to start a new life away from VMC. But thinking positively, new doors are opened for them for new opportunities, chances and dreams ... But then, as our former president (Aguilar) said, nobody is indispensable. We later saw him bidding us goodbye. Being retrenched is not an easy process. It may take a long time for you to recover from it. But with sheer determination, skills and knowledge, the process becomes easier. As we look back at the kind of service they have rendered for the company, we could only salute them for a job well done. To our friends ... God speed and may you achieve success in whatever endeavor you get into.”

- Vicmico Gazette, 2005a: 6 – on the retrenchment of a department of employees.

The restructuring of labour demand at the mill increased the size of its contractual and temporary workforce, and further expanded the pool of the underemployed in the area. Lenny's household is typical of those who alternate between hacienda work and seasonal/contractual positions on the periphery of the VMC's core flexible workforce. His simple home is located in the sugarcane workers' housing district of Palma, an area provided by the mill for its *dumaans*. Lenny is 46 years old and is a tractor driver on the company haciendas. He is a father of seven children. Since 1980, he has split his time between working on the haciendas and in the mill as a utility worker. Two of his sons work with him on the farms and he has a daughter working in Manila as a casual worker. To make extra money, Lenny and his family run a small, but profitable, backyard pig farm.

I know that I have a low income and that all of the 'big money' is abroad. But there is work available here if people really want to work. Look how many children I have. I have to feed them and try to pay for their education, that's why they work with me... I don't see them going away. Some of them might move to Bacolod but we'll see ...<sup>200</sup>

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<sup>200</sup> Author interview, Lenny 46 years old - Tractor Driver, 18 April 2007.

Like many other worker households, Lenny's older children have stopped their educations and begun working in order to help with the expenses of their younger siblings. The migration of his daughter is part of a social phenomenon related to the retrenchment of the mill's industrial workers. As mill worker households migrate to new opportunities in Iloilo, Cebu or Manila, many take their domestic helpers with them. Unfortunately, the case of labourers like Lenny, who make a living by switching between temporary jobs at the mill, irregular work on the company farms, and other income generating activities, has become more commonplace in the VMC Area. If he had arrived at the VMC in 1960 (instead of 1980) before internal labour demand was met, and if he had an influential patron who could recruit him into the mill, his present day situation and that of his family may have turned out to be much different.

By contrast, Tomas, a former permanent employee featured in both Chapters 5 and 6, was in the process of dealing with the major changes at the mill during the time of interviewing. He had already witnessed the retrenchment and departures of many of his relatives and close friends, including Hector his "big boss" patron. On the changing management, he remarked:

Those f\*cking sh\*t guys! They don't know how to run a company. You see what they have. They buy new cars, new house. They run for politician. One of the officials offered to help me to run for local politician. I said that I was already happy with what I was doing. You see how many workers work for me, and how many hundreds of people I know here. All I have to do is to ask them to vote for someone, but I don't.

I have to stay here (at his current work) for now. I have a wife and daughter so I still need a job. Remember I told you that I already apply there in Dubai. But they only offer me p18,0000 (about \$470 Canadian a week). Hurm ... I think that is a sh\*t salary.<sup>201</sup>

Being a product of the company system, Tomas formerly expected a career trajectory similar to other retrenched and retired rank-and-file supervisors such as Eddy and Roger (see Chapter 5, sections 5.3.2 and 5.5.2) which entailed a secure, decent paying job, promotions, and a comfortable lifestyle. Although he remains employed at the mill, Tomas believes that at only 39 years old he is still in the early period of his working life. Unsatisfied by the current employment conditions offered at the central, he is actively engaged in pursuing better opportunities in the external labour market, either locally or abroad, in order to provide more for himself and his family.

As illustrated further in additional cases below, for many of the VMC's current contractual workers (especially for younger employees) the very real opportunities present in the

external labour market such as overseas work or jobs in Manila, provide a potentially more satisfying job experience in the economic, social, and cultural sense, than what can be offered by the mill. Even as Lenny and Tomas have maintained some semblance of steady employment, other workers and their families have sustained themselves in other ways.

### **8.5.2 No Longer Vicmicans, No Longer Working Men**

What struck me, upon initially arriving in Canetown, was the prevalence of unemployed men in a district supposedly devoted to the housing of the mill's workers. Even though many of these men did not hold a permanent job, they were not jobless. Many had backyard farms, others ran sari-sari stores (similar to a small convenience shop), while others helped form the small army of trisikad drivers (a type of bicycle rickshaw) that transported local residents around Canetown and into the millsite compound. Other men of all ages seemed content to watch passersby from their house fronts or to "hang around" and laugh it up on the street corners. When I asked my patron Wilma about these contradicting sets of activities, she explained:

For a long time, these people just live and breathe Victorias. Their life is hard after. They land a job, then they lost it again. Now it is their children that are the ones providing them with money. Some even went to the States to work as house helper, people using their tourist visa to work. Then they come back before their visa expires. They do this to make ends meet and make the other side of the world work for them. The landed ones went back to farming. Others went back to farming so they can work. Then there were untimely retirements and the people that retired before they should have ...

People were not able to maintain their lifestyle. They became poorer. Even for the officers. 80 percent of the officers were affected by the 1997 crisis. There were also people in middle management. Some managers must have lost more than 100 million pesos during the 1990s bankruptcy. We lost more than 56 million pesos in Victorias stock.<sup>202</sup>

In one way, the current activities of those laid off reflect how they are adapting to the more negative employment conditions generated by the local labour market. In another way, other former workers and their households have been more proactive in their pursuit of better paying, extra-local livelihood strategies. The increasing contractualization at the mill has thus been accompanied by the growth of lower paying/subsistence type jobs and the informalization of work, as well as by forms of domestic and overseas migration. Perhaps metaphorically, then,

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<sup>201</sup> Author interview, Tomas 39 years old - VMC Worker, 7 April 2007.

<sup>202</sup> Author interview, Wilma 56 years old - Former VMC Employee, 21 March 2007.

many Vicmican working men went from eating roasted pigs as a *pulutan* during the good years, to raising pig livestock as a livelihood during the bad ones.<sup>203</sup>

For Eddy and Janet's family (featured earlier in Chapters 5 and 7), the changes at the mill initially affected their standard of living. But as time passed, they have managed to survive and stay in Canetown. Besides maintaining his traditional Vicmican male behaviour (see Chapter 1), Eddy's situation is typical of many older former employees who came to rely more on remittances sent from family members once their retrenchment pay ran out.<sup>204</sup> He commented:

Once the money from the retrenchment is finished, you'd rather go other places to support yourself and your family. It's better to have income somewhere else than here ... Looking to the future, there will be no radical change here. I don't know what will happen. There are no new businesses so the employment problem cannot be solved. But with all of these problems, I won't be going anywhere. I will stay here. Life is merrier with your loving ones.<sup>205</sup>

Regarding their initial troubles and the support they later received from their children, Janet added:

We couldn't even pay our own electricity bill! My two sisters had to help us pay, and only after two more months were we able to pay the bill again. It was a very sad situation. We didn't even have enough for basic daily needs.

[...]

A lot of the children of the employees become successful because of the VMC. But even before our retirement [she meant retrenchments], we are proposing to send our children out to school so that they can earn 'dollars' to help us! We were the ones supporting them for their expenses and school supplies before. We were even sending money to our daughter in Hong Kong who was pregnant, and to a son in Manila who has two children. We were supporting them for their basic needs. But now like other retired workers who have a child in Manila or working as a DH (domestic helper), we get help from them.

Eddy and Janet have a daughter working as a domestic helper in Hong Kong, another daughter and son living in Manila, two sons who are employed as contractual workers at the VMC, and another son living in Manapla whose wife is also in Hong Kong. Their household relies on the

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<sup>203</sup> Also called *pulotan* or *sumsuman*, these Ilonggo terms refer to fingerfoods and side dishes that are eaten with strong drinks.

<sup>204</sup> Janet and Eddy's situation was similar to the case of Maria's (another informant interviewee) in many respects. Maria was a schoolteacher employed in the company school system for more than 26 years. Her husband Joe was a metal worker and foreman from 1966-1999. Three of their sons are currently studying to be engineers and marine technicians. Three of their other sons (one based in Victorias, another in Bacolod and Iloilo) remit approximately p27,000 a month (around \$700 Canadian) to contribute to Maria and Joe's household income. This is a considerable amount by provincial and local standards. Additional details of their account have not been included for reasons of brevity.

incomes of their two sons who live with them, irregular remittances sent from their daughter in Manila, as well as from temporary work that Janet does for the barangay (local government). Given his own age, personal choice, and the economic support given by his children, Eddy has withdrawn himself from participating in the labour market. Where he used to be the breadwinner and an authority figure, he is now more dependent on his family. With few employment options available locally (such as vending or more labour intensive work such as sikad driving), the only other major alternative left for Eddy was to return to lowly farm work which is often viewed as a last resort to support the household. Eddy's standby activities are understandable since he had spent decades working to care for his family and that there was no real need to engage in labour intensive forms of work given their support. His current practices partly help to explain why many former employees remain engaged in traditional male behaviour (e.g. excessive drinking and gambling; see Chapter 6). These were efforts to maintain their sense of authority when in reality their dominance had significantly eroded in the home and within the workplace.

### **8.5.3 New Lives, New Labour Market Networks**

In contrast to older retrenched Vicmicans such as Eddy, many younger former employees have used their retrenchment buyouts to finance new livelihood strategies that involved the expensive process of applying for overseas work or some other form of labour mobility. These include: migration to Canada and the United States; contractual work in Dubai, Saudi and on cruise ships; employment in banks in Manila; and jobs found in neighbouring cities such as Silay, Cadiz and Bacolod (Vicmico Gazette, 1999h: 6). As the Gazette stated in 1999:

So the employees left. A relevant number of employees were retrenched, most of whom were apprehensive and confused of what's in store for them after they have left VMC. Not quite a few were tearful when they received their notices of retrenchment. Some were angry, others were sad, but all shared the same feeling of bitterness towards leaving the company.

There was a pessimistic look at life after VMC. Many of us thought it's not going to be the same again. Whatever luxury and privileges in life we enjoyed during our stay in VMC, will be lost if we are out of the company.

But many people who left VMC for good proved this notion wrong. We learned, through them, that there's so much life can offer after our career at VMC has ended.

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<sup>205</sup> Author interviews, Eddy age early 60s - Retrenched VMC Supervisor, 28 March, 2 April 2007.

Many of those who were retrenched are having better lives, here and abroad, and definitely earning more than they used to earn here.

[...]

Leaving VMC is not the end of the world, after all, it is just the beginning of new challenges, better opportunities and eventually, a better life (L. Etuna, *Vicmico Gazette*, 1999h: 6)

One of the major differences between the case of Roger's family (introduced in Chapter 5, section 5.5.2) and the case of Janet and Eddy discussed above, was the ability of his household to accumulate wealth. In Roger's case, he migrated at a time when the VMC needed workers, became well connected with the right people inside the mill, and was not extravagant with the family's income. He and his wife were able to put their children through school and all of them are college graduates who now hold professional jobs. Although employment at the mill emphasized the male "breadwinner" wage and the reproduction of the male mill worker, this did not repress the mobility of daughters or marginalize their status within the household. In many instances it did the opposite. It further encouraged them to go away to major Philippine cities to attend school or work.

Many of Roger's eleven children have migrated abroad or to other big cities in the country. He has two daughters who work in the administration offices of a factory at the Mactan export processing zone near Cebu, and three of his sons are seaman. In reaction to the worker retrenchments, his other children who used to be employed at the mill have migrated to a variety of destinations. One son is an engineer working in a firm in Bacolod and another remains in Victorias employed in a shipping company.<sup>206</sup> I was also able to interview one of Roger's daughters, Roni, 40 years old. Her telling account throws light on the current dynamics of the local labour market and on the area's changing labour geography.

Like Roger's other children, Roni was a product of the company's school system. Her first job was as a nurse at the company hospital, St. Joseph's, starting in 1993. When the company began to experience financial difficulties, she briefly left the VMC in 1996/1997 and took a job as a company nurse at a firm in Quezon City, Manila. She then returned to St. Joseph's before being retrenched in the early 2000s. Since 2003, she and her husband Jason have taken turns working overseas as contract nurses. She had just returned from a stint in London, England. When one of them goes away, the other remains with their son and two daughters who are kindergarten and elementary school age. With Jason currently away in al-Khobar, Saudi Arabia, Roni relies on her family and in-laws to help with the raising of her

children. She initially did not want to leave Victorias since it would separate her from her family. She even took a job as a school nurse in Pampanga (northern Philippines) for a few years so that she did not have to leave the country. She explained to me how local employment conditions have transformed and why she felt it was necessary to go abroad to work.

There are lots of ways people make a job because there are no more jobs or anything to support and feed their family with the crisis here in VMC. Before it's a very abundant life, a very happy place with lots of people. The VMC provides everything – schooling, bus, free water, electricity, gas stove. Even if your father is only a janitor or a stevedore and has lots of kids, he can still send them to school, good schools, with the help of VMC. There was lots of activities for child of employees, now no more. Now you don't know your neighbour. You can really see now, people don't know each other now. There are lots of strangers here in this place. It was better because things here were more cheaper. Life in the city is more extravagant, it's more expensive. But life in the province is very simple. The people here are really different, here they are happy go lucky.

Before workers depended on the VMC, from the cradle to the grave, from St. Joseph's Hospital when they are born, to St. Joseph's Memorial Gardens where they are buried. Jobs are given from generation to generation, the father then the son. More people for more sugar. Now workers are from other places. There are lots of people out of the country. There are lots of abroad. The VMC workers now have no loyalty, before they were very loyal.

[...]

The salary is not good as (for) a nurse, unless you go abroad. I'd stay here if the salary is bigger, but I want to seek greener pastures for my kids, it's a better life for them. You want to help your family, that's the purpose (of going) ... Remittances make a big difference because the salary is less here. If you go abroad your kids can go to good schools, provide things for the house like foods, you can buy them what they want, they can go where they want. But that's if the wife doesn't spend and handles it ok. But if extravagant, like night life, *barkada* (peer group), casinos, then how can you save? Like I said before, there is no more from the VMC, *wala* (none). No more loan from the company for school or school bus. Now you have to work very hard for your family to go to school and for your budget of your house.<sup>207</sup>

In addition, the inward flow of economic remittances also affects the distribution of labour within their household, and provides jobs for others in the area. Roni and Jason's alternating patterns of work shape how each participates in the local labour market. When one is away, the other stays at home, and they hire a local domestic worker to help with housework and childcare. They have also used remittance money to purchase another property in Canetown that they use for rental income. In other instances I observed in the district, remittances have

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<sup>206</sup> Author interview, Roger 71 years old - Retired VMC Worker, 11 June 2007.

<sup>207</sup> Author interview, Roni, 40 years old - Retrenched VMC Worker and Company Nurse, 29 June 2007.

financed new forms of work for family members and relatives through the setting up of small businesses or other services such as trucking, and have created jobs for other residents in the area (domestic helpers, drivers, construction work for the building of new homes, etc.).

Roni's story is also instructive in other ways. First, her comments are suggestive of the shift in labour's agency, mentioned earlier, from the scale of the Vicmican collectivity to that of the household and individual. In the past, the broader interests of workers, which involved meeting the needs of employees and the welfare of their families, was met by the long running VIWA company union and its collective agreements with the management of the Victorias mill. Following the restructuring of the firm's employment practices, these same interests now had to be met by the livelihood initiatives of individual workers and their families. Where before, the mill workers' union played a more active role in shaping the landscape to improve their collective conditions (company housing, amenities and community institutions), it was now workers' families who are more active in trying to enhance their own individual domestic landscapes (their homes) to ensure their survival and improve the conditions for their self-reproduction.

Second, implied in Roni's account, and similar to Eddy's before it, are how these new activities lead to variable classed and gendered effects on social relations within individual households. Though I realize that the household itself is an extremely complex assemblage of overlapping sets of socio-cultural norms, power relationships, and shifting mores between generations (see Rigg et al., 2004; Rigg, 2003: 245; Hart, 1995), my main point for this section is to show a range of the effects that restructuring continues to have on the local labour market, and how the more recent activities of workers and their families has broadly transformed the area's labour geography.

#### **8.5.4 Changing Expectations of Work**

As suggested in Tomas' account given above, the reorganization of the firm's internal labour market and the decline in compensation, benefits, promotions and job security for employees, eroded the loyalty and attachment that workers and their families had to the Victorias mill. Members of the younger generation, mainly the children and young people living in the community, as well as other Vicmicans with little more than 10 years of service, did not have the same sense of loyalty that their fathers and mothers and previous generations of mill workers had to the central. It was evident to them that they would not experience the "good years" and the "good old times" that their parents and relatives did in the past. Ralph, a 31 year old contractual

worker whom we met in Chapter 5, does not see his future at the mill. Unlike his retired father and two older brothers, all Vicmican veterans with 20 or more years of service, Ralph wants to move on from the VMC in the years ahead and focus on the family's piggery business and on his truck driving service. Even with his girlfriend working as a nurse in Hong Kong, Ralph does not want to go abroad for work and would rather spend his time caring for his aging parents.<sup>208</sup> For Ralph, the nature of his employment relation with the VMC was much different compared to the other male members of his household. Where his father and brothers were permanent employees who received full company benefits, Ralph was caught in the firm's segment of temporary labour and received little to no benefits. Alisa (introduced in Chapter 7, section 7.6), a highly educated administrative employee in her mid thirties, was also in a similar position. Similar to Ralph, she too does not see herself retiring with the company and mainly blames the changes in working conditions and to the structure of benefits as the major reasons.<sup>209</sup> Ralph and Alisa, as with many other members of the younger generation of the mill's contractual workers, are more likely to be lured away from Victorias by better paying jobs in Bacolod or abroad.

In a related fashion, the decline in the firm's interventions into the reproductive and consumptive spaces of workers, and of the institutions it used to reproduce, socialize and control its workforce, has reduced its influence over young students living in the area. The withdrawal of the firm from the local educational system, combined with the current extra-local labour activities of residents, has led to major changes in the occupational socialization of youth within many worker families. Given the more recent employment conditions at the mill and the fact that a migratory ethic has been present within worker households at least since the beginning of the "good years", parents are now more adamant in directing the career trajectories of their children away from Victorias and towards better paying forms of work elsewhere.

Paul, 17 years old, is a recent high school graduate. His grandfather is a retired VMC worker and a few of his other immediate family members were employed at the mill. His mother is a barbeque vendor at the local market and his aunt has run a sari-sari store from their house front since 2000. He has two uncles working overseas in Saudi as metal workers who send remittances to support the household. When I asked him about jobs for young people, he sarcastically laughed and said:

Yeah, sure you can get a job, if you really want to. You can be a salesboy at Lopue's Victorias (a local grocery) or if you want to market, you can market anything. In

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<sup>208</sup> Author interviews, Ralph 31 years old - VMC Contractual Worker, 29 April 2007.

<sup>209</sup> Author interviews, Alisa 36 years old - VMC Worker, 27 June, 2, 4 July 2007.

Canetown, most of the youth try to study. They usually find opportunities in Bacolod, call centres, different department stores.

[...]

From the parents, they see their status of how they're living and then they decide to go abroad. Most people who go abroad have families. For the young people, first they have to finish some kind of exam like nursing. Also, I'm sensitive to this, I see the status of my family. The salaries of my two titos (uncles working overseas) are not enough for our monthly expenses.

So only the courses for abroad are the biggest courses taken by the students in college like nursing, education, commerce.<sup>210</sup>

Paul has not even considered working in the mill. Instead, he has a strong desire to study marine technical courses so that he can become employed as a seaman but realizes that this will be very costly for his family.

Similarly, Ann, an 18 year old from Victorias, is a current nursing student studying in Bacolod. Her father was retrenched by the mill a few years earlier. Once she completes her degree she plans to go abroad to work.

There is no jobs in Victorias. People in Victorias is pretty down, especially the Victorias Milling Company because it is the provider of all jobs here. The young people are out migrating to other cities for jobs in Bacolod, Iloilo. They know that Victorias is getting poorer.

Q: Why go abroad?

The youth here are very materialistic nowadays. They want to be in fashion. They want people to envy them. Some of the people here are social climbers. They see something their friend has, then there is jealousy with the friends. Nursing is in demand and it pays very well with good salary. More nurses are needed in other countries.

Q: So you're going abroad only for the money?

Yes, for the reason of practicality. And for my mother. She wants nursing. I don't want nursing. I wanted to be a journalist but my mom said that there is no future in journalist. That you're going to have problems with money. It's from the situation right now, our financial situation. I want to help raise my family and help to give them a stable life. And if I am stable 10 years from now, maybe I'll come back.<sup>211</sup>

Paul and Ann's comments are indicative of two significant changes that have gradually taken hold in the community that were further reinforced by the mill's restructuring. First, even as a number of subjective forces are responsible for the changing work aspirations of the area's young people (the global media, the desires of parents, pressure from peer groups, personal

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<sup>210</sup> Author interview, Paul 17 years old - Recent High School Graduate, 2 August 2007.

<sup>211</sup> Author interview, Ann 18 years old - College Student, 23 April 2007.

choice), the VMC was now no longer a major force shaping the local cultural context of work as it did in the past. Unlike the decades immediately following World War II, sugar is no longer a leading industry and major export earner of the country. With the export of labour now serving as the Philippines' most significant export and dollar earner, being associated with sugar no longer carries the wealth and social status that it did before (see Chapter 6). Second, and in a related way, the shifting orientation of the labour market's extra-local connections are also helping to drive changes in the local cultural context of work. The accounts of these different individuals and households all suggest their understanding that greater wealth and status can be gained from working abroad. In the local sense, then, the meanings of wealth, status and prestige no longer emanated from the bread winner wage of the Vicmican working man, but from the flows of remittances of the migrant worker.

Thus, industrial restructuring and the retrenchment of workers has given rise to a number of labour market effects and "standby" employment conditions. The decreasing number of better paying positions at the mill has increased the size of its contractual workforce and the pool of skilled and unskilled labour in the area. These more recent employment conditions have led many workers and their households to engage in a range of diversified livelihood strategies in order to sustain themselves. In some instances, such as Eddy's, his particular situation resulted in his non-participation in the labour market. In other cases, such as Roni's, retrenchment allowed her to forge new extra-local labour market connections with remittances from her and her husband transforming not only their own labour market participation, but those of others in the area. The VMC's restructuring and the changes to its labour supply strategies also weakened the loyalty of current employees and its hold over the area's youth. While such labour market expectations are subjectively negotiated (e.g. Ralph sees working in his family's local business as a better option than working in a major city or abroad), young people generally hope for more than what the VMC can currently provide and expect higher status and better wages in the external labour market. In a broad sense, the economic, social and cultural standing of global work (such as overseas contractual positions or permanent migration) has exceeded the status of local work at the mill.

## **8.6 Conclusions**

As a corollary to the arguments made in the previous chapter, the physical and social transformation of the landscape, along with the current activities of workers, speak to the devastating yet uneven effects that industrial restructuring continues to have on the VMC Area.

Both Chapters 7 and 8 demonstrate how the wider institutional arrangements presently affecting the Philippine sugar industry (global neoliberalism, import liberalization, and increased market competition) help constitute, and are constituted by, a specific institutional environment existing at the local level. Where the analysis of Chapter 7 focused on changes to the workplace (i.e. worker retrenchments, social organization of the firm, recruitment practices, breakdown of the internal labour market, decline of the VIWA company union, shifting workplace/labour market discourses), this chapter examined the destruction of the local landscape which further signaled the annihilation of the VMC's distinct institutional environment, and the drawn out ending to the "Vicmican way of life".

The major changes to the mill's employment practices and labour supply strategies had a larger corresponding geography spatially expressed within the VMC Area. The retreat of the VMC's interventions and investments into the reproductive and consumptive spaces of workers, that were begun by the Vicmican bosses and continued under the newer Tanduay managers, not only delivered a death blow to the Vicmican working class culture, but also led to a decline in the local institutions formerly used to reproduce, socialize, and control the workforce. The end of the company newspapers and company schools, as well as changes to the company housing benefits, all served to weaken the new management's influence over current employees and the local labour supply.

Industrial restructuring has also injected greater instability into the labour market, producing effects that I have termed "standby" employment conditions. The VMC's reorganization has fundamentally altered how employees, former employees, and their families participate in both the local and global labour market which has thus given rise to different experiences, expectations and practices attached to their current employment positions. The full contractualization of the mill's workforce has produced a larger pool of workers who interact with the mill on a temporary basis, as well as a greater number of the unemployed / underemployed in the vicinity of the factory. In reaction to the retrenchments, workers and their families have invented a range of livelihood strategies as a way to both sustain and improve their lives. While the strategies of some workers reflected their struggles to maintain their prior standard of living, others have transformed the nature of the VMC Area's extra-local connections with contemporary remittance flows shaping forms of local labour market participation. In another way, such strategies represented a different form of labour's agency. With the VIWA company union more or less defeated following the takeover by Tanduay Holdings (see Chapter 7), many workers, spurred by their need for self-reproduction, were able

to exercise their agency at the individual and household level through their more progressive livelihood strategies that took place both locally and abroad. Such activities have allowed workers to remake the landscape in their own image and have also served to reproduce existing social and spatial forms of uneven capitalist development and their associated inequalities.

But the rule of the Chinese-Filipino *taipan* managers over industrial workers is questionable in this place-specific social and regulatory context now constituting Philippine sugar production in the post-Fordist and global neoliberal era. They may have brought some stability to both milling production and the workforce. They may have increased the profitability of the firm by asserting their dominance over the labour process through devaluing labour and reorganizing the terms of their employment. But they do not strongly control the dynamics of the local labour market as the Ossorio and Luzuriaga *centralistas* did in the past. Indeed, the Tanduay management will be able to exploit the local dearth of permanent employment and the labour market vulnerabilities of those who remain in the VMC Area, but they will inevitably face the fundamental regulatory contradictions inherent to the capitalist labour process and labour market: the need to access and retain an appropriate supply of skilled labour, the need to control the conditions shaping workers' labour market participation, and the need to reduce forms of labour mobility. Like the Vicmican *centralistas*, they too will need to invest in skills development and other retention strategies in order to bring greater stability to both production and the local labour market, as well as to influence employment expectations and the local cultural context of work.

## CHAPTER 9 – CONCLUSIONS

The main argument of this dissertation is that inherent to the operation and restructuring of the Victorias' local labour market were specific economic, historical and geographical processes. In their combination, these informed a number of facets shaping the conditions experienced by labour: how social power was distributed and redistributed within the labour market; how the deployment of specific labour control strategies gave rise to particular political and spatial effects; and how all of these affected the experiences and behaviour of the mill's industrial workers, and their ability to shape the making of the economic landscape. Having arrived during the final act of one part of the Victorias central's story in early 2007, I had discovered a geographical palimpsest whose undeniable traces of its former life were both intriguing and puzzling. I struggled to make sense of the facts as I slowly collected them: an isolated milling complex in a sea of sugarlands; *dumaan* cane workers making less than three dollars a day on the fields "outside" of the millsite, while many central employees lived comfortably in a soot dusted American style suburb (circa early 1970s) on the "inside"; an industrial landscape that was seemingly both decaying and regenerating; meetings with unemployed men, some of whom were drinking their sorrows away, who told me of the "good years" when picking sugar was similar to shoveling money; Americans who were there but who had since gone away; the presence of a "Chinese" businessman on the scene named Lucio Tan now running the firm; an older manager who had no problem with me studying the site; and a new group of managers who rejected my proposal outright. These facts all pointed to the boom and bust of the Philippine sugar industry and the valuing and devaluing of Victorias' mill workers whose fortunes rose and fell as those of sugar.

In order to respond to the dissertation's central research question given at the outset, and thus make sense of how the Victorias labour market was reconfigured by industrial restructuring and the sorts of consequences this had for workers, I have drawn upon concepts within three related theoretical areas: the labour market, approaches to labour control, and labour geography. With a geographical sensitivity already inherent to these perspectives, central to the arc of the dissertation's analytical narrative--and following the approach of Gillian Hart (2002: 12-14)--has been an attempt to show how the dynamics of local processes and broader social forces that have converged in the Victorias locality over time served to illuminate one small part of a larger structural whole. By linking the specific objects, events, routines, traditions, places and identities which defined the VMC Area, and showing how these have changed over time, I have thrown light on the development of this structural whole during previous rounds of globalization

(the American imperial experience), as well as during the current period of neoliberalism, marked by the restructuring of the sugar industry and the ongoing rise of the Chinese-Filipino *taipans*. The last of these is a period which is adding yet another layer to the institutional richness of the locality's social fabric. I deployed these three theoretical perspectives to help me further refine this examination of labour in Victorias. Although I now attempt to practically resolve some of the deficiencies of each of these perspectives through the material I marshaled in the latter chapters of the thesis, each lend themselves to both additional theoretical queries and other possible avenues of empirical investigation.

The story of Victorias and the economic geography of Negros were told largely through the conceptual and organizational architecture of the local labour market. It provided a research tapestry that allowed me to weave together further analyses of both labour control and labour geography into the study's broader discussion. The major thread that ran through and held together the empirical sections of the study was that the broader economic and regulatory processes involved in the development of the Philippine sugar industry (i.e. Spanish colonialism, American (neo) colonialism, industrial restructuring, and the global forces of neoliberalism) were partly constituted by, and magnified within, the local labour markets of Negros.<sup>212</sup> By subscribing to the idea that views the local labour market as a "*site of socio-political regulation*, [and] as a space within which the various social relations and social institutions that support and shape the process of capital accumulation take their specific form" (Martin and Morrison, 2003: 10; emphasis in the original), this study's main contribution to the discipline is in providing additional variability and helping to fill the "void" in epistemological, conceptual and empirical areas on the map of local labour market research.

But the particular form this variability has taken also allowed this research to both challenge and "theorize back" at conventional understandings of Fordist development processes and its approaches to labour. Following Hart's (2002) concept of "multiple trajectories" which stresses the interconnected spatial practices and relations involved in driving globalization processes, Fordist development (and the maintenance of the US hegemon) relied on the expansion of capital investment overseas in order to prevent crisis tendencies at the national scale. It also displaced forms of under consumption to the capitalist periphery to encourage

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<sup>212</sup> As suggested in Chapter 4, other areas of the country also have long histories of sugar production (Pampanga and Tarlac in Luzon, and places in the Eastern Visayas and Mindanao). With Negros responsible for almost 56 per cent of national production (PSMA, 2008), the recent developments and changes in the Philippine sugar industry can still largely be told through the experiences of this region. I do acknowledge, however, that other sugar producing areas of the country play a similar and important role in both the development and restructuring of the industry.

further growth. Fordism thus assumes implicitly a broader range of international spatial relationships, practices and experiences beyond those of North America and Western Europe.

This period of relative stability that gave rise to the broader labour conditions of secure employment, decent wages, and welfare standards generally experienced by workers in the “Atlantic Fordist” economies, had similar effects in particular sites, instances and labour segments of the Global South. Although their case may be an exceptional one, the “Vicmican way of life”, which crystallized the experiences of Victorias’ mill workers, was not only a place particular social and regulatory context that helped constitute the Philippine sugar industry and its relationship to the large US sugar quota. It was also an expression of the parallel effects of Fordist development processes operating in the Global South. Set within a distinctive regional mode of social regulation in Negros, Fordist dynamics brought an adapted form of stability and capitalist control over the local labour market and the labour process, and helped to produce a different type of labour geography than observed in the US (see Herod, 1997; 1997b). As in other local labour markets in the province, the state was not heavily involved in the regulation of the Victorias labour market. The prevailing context of (post) colonial despotism in the way of Burawoy placed the *centralista* capitalists in a strong position to intervene in the reproduction of industrial labour power which thus gave rise to a range of conditions and forms of factory control experienced by Negros’ mill workers. Although the efforts of industry wide unions were thwarted by the planters and *centralistas*, the localized spatial fix of mill workers such as the Vicmicans did represent the efforts of labour to negotiate and secure a better deal with their employers. Concurrent with the crisis of Fordism, the end of the large US sugar quota in 1974 eventually led to significant labour market restructuring in places like the VMC and in other sugar producing areas of the Philippines.

The findings of this study thus contribute to a fuller understanding of Fordism’s impact on the conditions experienced by workers in the Pacific economies during the post war decades. As Yeung and Lin (2003: 115) argue, “we may be able to construct genuine *global economic geographies* that are attuned to the historical and geographic specificities of our theories and yet are capable of producing a much broader and comparative understanding of dramatic economic transformations in the new millennium” (emphasis added). The Western experience does not have a monopoly over theoretical and knowledge claims when it comes to explaining the extent of Fordist development processes and restructuring. Nor can its effects on workers be theorized solely on the basis of the high period of Keynesianism witnessed in North America or in other national contexts of the Global North. This research shows clearly how the experiences of

different actors in the Global South can be broadly drawn upon to inform the making of theory. That in a theoretical sense, the broader geopolitical concerns and international spatial relationships fostered by Fordist development potentially contributed to the stability and reproducibility of beneficial employment conditions experienced by particular segments of workers in different places and industrial contexts in Southeast Asia and elsewhere. In this case, the technical imperatives of the labour process involved in sugar manufacturing, combined with a labour regime directly integrated into American imperialist processes, along with specific historical-geographic factors that have shaped the relationship between the state, capital and workers, helped to produce the conditions of a local pseudo labour aristocracy in Negros.

The analysis of the Victorias mill, then, not only offered an alternative institutional and geographical lens with which to view the social and political construction of the labour market in a context of underdevelopment. It also provided a corollary to discussions on “Atlantic Fordism” and thus a different approach to analyzing regional and local modes of social regulation, as well as in-situ forms of capitalist restructuring in the Global South. What I observed in Victorias, to paraphrase the words of Peck (1996: 126-127), were “surface manifestations of flexibility and fragmentation – [such as] vertical disintegration [and] the breaking up of collective labour market structures – [which were] associated with powerful tendencies toward the further concentration of social capital and the extension of oligopolistic control.” The “disintegration and fragmentation on the surface of the Victorias labour market reflect[ed] underlying processes of integration and centralization.” Witnessing only the aftermath of the mill’s bankruptcy and restructuring, and feeling as though I had missed the “big show” or the “grand performance”, that what I was hearing from people were the whispers of some kind of golden age that ended long ago, it was vital for this study to seriously visit the historical development of the Philippine sugar industry, and to pay close attention to its many details.

In this way, the evolution of the Philippine sugar industry bears witness to the articulation of American imperialist and Fordist development processes that operated in the country for the better part of the twentieth century. Being massively complex, the American hegemon and its associated forms of accumulation were maintained through mutually constitutive spatial interconnections and effects that linked places in the global capitalist periphery with places in the global capitalist core. The manipulation of such arrangements by Negros’ leading capitalists, the planter *hacenderos* and the miller *centralistas*, allowed them to flourish as they further consolidated their power within the state and in sites of production.

These activities also reinforced a number of social tendencies related to the regulation of the economy and labour in Negros. They contributed to the formation of a state that has largely been unsuccessful in disciplining capital and which has thus allowed the monopolistic practices of local elites and their concomitant negative effects on labour to persist. Collaborating with foreign transnational capitalists, and operating through a series of international arrangements (i.e. preferential free trade agreements, and the large US sugar quota) which they themselves helped to shape, elites had the authority to strongly influence local conditions as a way to both ensure and advance their own political and economic interests. These conditions also contributed to the development of state institutions that continue to be unsuccessful in ensuring the welfare, basic rights, and physical security of the region's sugar workers (see Chapter 2; cf. Burawoy on colonial despotism, and the separation of production politics and state politics). The nature of state interventions into the reproduction of labour power has thus afforded both planters and millers a great deal of autonomy from the state to discipline labour. The power of elites to protect their interests and limit market competition, along with the failures of organized labour struggles at the regional scale, has contributed to the slow pace of technological change within the mills and to the persistence of a colonial style labour process on the haciendas.

Yet, as the empirical chapters of the dissertation attest, these institutional arrangements intersected with, and were constituted by, distinct institutional environments that existed and evolved on the ground. The internationalized forms of capital accumulation that linked the Philippine sugar industry with American political and economic interests rested on the control and exploitation of workers within Negros' regional sugar economy. To further demonstrate how the dynamics of the labour market, labour control, and labour geography conspired to produce the distinctive characteristics of the Negrense economic landscape required that I construct a large contextual stage (Chapter 4). At a broader level of analysis, this chapter brought into view the "generative structures" responsible for the operation and segmentation of the labour market which involved the workings of and interaction between processes of labour demand, labour supply and state interventions. It also provided the contextual backdrop against which the individual empirical chapters were set. In a sense, then, to understand how the Victorias labour market was reconfigured by capitalist restructuring meant understanding the conditions and developments which contributed to the institutional stability that prevailed before the mill's bankruptcy.

In this vein, the broader objective of Chapter 5, *The Paternalistic Company State*, was to illustrate how production stability and the maintenance of the primary workforce was brought to

bear within the Victorias central in order to facilitate the accumulation process. Focusing on the structuring of labour demand factors during the time of the large US sugar quota, the employment strategies of the Spanish-Filipino turned American capitalist, Miguel J. Ossorio, and the sons of the Ossorio family, along with Luzuriaga, Jr. and other *centralistas*, illustrated how the institution of the family was used to stabilize, reproduce, socialize and control the mill's industrial workforce. Again, it is here that theoretical approaches to labour control were applied since stability rested not only on the control and reproduction of labour market relations, but also those of the labour process. Hence, the emergence of the "Vicmican Family" was not only a discursive spatial strategy of control deployed by the management within the workplace, but it also came to represent the contours of the VMC's internal labour market and thus efforts by managers and industrial labour to minimize the claims of disadvantaged groups (the *dumaan* cane workers), as well as embodying the local spatial fix imposed by the mill's workers.

Expanding on these arguments, Chapter 6, *The Vicmicans of Sugarlandia*, examined the larger geographies of labour control associated with the firm's employment policies and the agreements made with the VIWA company union. Focusing on the structuring of labour supply factors, the main point of the chapter was to show how the spatial strategies (both physical and discursive) that were used by the firm to secure, reproduce, socialize and control a skilled workforce, also informed the gendered labour market identities and work related social practices of the "Vicmican" mill workers. The management's interventions into the reproductive spaces of workers, combined with both the different discursive representations attached to the site, and the experiences and social practices of employees, reinforced existing patterns of segmentation within the labour market. These also gave rise to a distinct company and working class culture. As a "softer" regulatory form and locally lived experience, the "Vicmican way of life" defined a particular social context inherent to Philippine sugar production during the time of American neo-colonial capital accumulation.

The much celebrated status attached to "being Vicmican", however, was at its sunset when I arrived for field research. The cobwebbed glasses and empty liquor bottles I saw on the patios at the derelict homes of the *centralistas*, together with the large number of underemployed, and the recent spate of layoffs, were all indications that the local labour market was in the midst of great upheaval and significant adjustment. This fragmentation of the VMC reflected forms of "integration and centralization", as well as the further concentrating of capital and oligopolistic positioning by elites that was taking hold within the Philippine sugar industry. A combination of factors, mainly, the end of the large US sugar quota in 1974, volatile world

sugar prices, the plundering of the industry by the Marcos regime, along with the two major sugar crises of the 1970s and early 1980s, all conspired to unleash a wave of industrial restructuring. As a consequence, the milling and refining sectors were weakened during the 1980s and 1990s and became susceptible to takeover by Chinese-Filipino trading families and *taipan* conglomerates who then vertically and horizontally integrated sugar manufacturing into their other operations.

Accompanying this shift was an emerging context of import liberalization (and a complete tariff reduction in sugar by 2015) which has been consistent with the neoliberal thrust and economic development policies of national government administrations over the three decades of the post-Marcos era. Such initiatives sought to usher in greater export-oriented growth and to attack the cartels and monopolies which have been the trademarks of oligarchic dominance. But of equal importance over the last twenty years have been the regulatory battles seemingly won by industrial food processors (and to a lesser degree traders) that have lifted the protectionist measures which have guarded the interests of the industry and those of the traditional rural agrarian elite for most of the twentieth century. The reorganization of the VMC thus brought into relief, and was reflective of, major shifts in the structure and distribution of power within the industry, as well as the ongoing regulatory battle for control of the industry's direction and orientation.

Given the industrial consolidation taking place within the industry, the second part of the dissertation's diachronic analysis was devoted to how this shift in power was constituted at the local level and the effects this had on labour. It focused on the particular way the VMC was restructured and the specific local labour market consequences that were experienced by workers and their families. The main purpose of Chapter 7, *Last of the Labour Aristocrats*, was to examine how labour was devalued through the particular employment strategies deployed by the *taipan*/Tanduy led managerial regime. By bringing greater efficiency, competitiveness and profitability to the firm, these practices served to remake the VMC into a site of investment and growth concurrent with the new round of capitalist development. Focusing on the restructuring of labour demand factors, it detailed the systematic breakdown of the VMC's distinct institutional environment and the disintegration of its collective labour market structures. These included: changes to the social organization of the firm and recruitment practices, the collapse of the internal labour market, the weakening of the VIWA company union, the manipulation of workplace/labour market discourses, the individualization of the employment relation, and the rise of labour contractualization.

Continuing with this analysis, Chapter 8, *The “Standby” Labour Market*, focused on the reorganization of the mill’s labour supply structures and their related labour market effects. It examined how the changes to the firm’s employment practices led to the physical decline of the local landscape and to the deterioration of local institutions that defined the Vicmicans’ working class culture. The retreat of the firm’s labour supply strategies and interventions into areas related to the reproduction of labour power have weakened the VMC’s influence over the socialization of the area’s youth and helped to alter the work expectations of employees. Restructuring has also introduced greater instability into the labour market. The “standby” employment conditions it now produces have fundamentally transformed how workers and their families participate in the labour market, and have also reoriented the nature of the labour market’s extra-local connections and remittance flows.

Chapter 8, as in all of the empirical chapters, also drew attention to the importance of labour geography as a key conceptual and analytical thread featured in the dissertation. Given the variability inherent within labour control approaches, to which this study contributes--i.e. variability in the forms of local labour control regimes and in the particular configurations of spatial and discursive strategies assembled in particular places--there too was a great deal of variability in the labour geographies examined in the province over time and space. Through my analysis, I placed the agency of labour in full view and showed how it was both restricted and enabled at a range of spatial scales. Chapter 4 in particular illustrated how Negros’ capitalists were able to maintain the conditions of labour oppression while at the same time preventing workers from imposing a larger spatial fix and regional scale of collective bargaining on the industry. By contrast, the localization of mill workers’ organizing activities, as in the case of the Vicmicans, can also be viewed as industrial labour imposing a distinct spatial fix that served their interests over a period of time. Chapter 7 documented the *in-situ* strategies (bargaining, walkouts, and other forms of protests) that the mill workers used to defend their interests. And Chapter 8 explained how the splintering of the Vicmicans’ long-standing spatial fix, which was tied to the decline of the VIWA company union, unleashed an array of proactive and reactive livelihood strategies that were used by the workers to ensure their survival and self-reproduction. To complement narratives that stress the prerogatives of capital in the production of economic space, then, the presence and activities of workers were, and continue to be, front and centre in the telling of Negros’ labour history, in the shaping of its local labour market outcomes, and in the making of the economic geography of the province and the Philippine sugar industry.

There remains a wide vista of possible trajectories for future research on labour processes similar to those I have examined in the Philippines. For the most part, my reading of this particular labour market and its broader landscape has narrowly focused on the activities of industrial mill workers and the waged workforce. The labour market landscape, and even the Victorias context, can be read through the eyes of other groups (women, marginal groups, different segments of workers such as the *dumaan* cane workers), and in other places (the reproductive and domestic spaces of the home, and in other industrial localities). But perhaps most intriguing is to investigate how Fordist development and its restructuring were experienced among the different milling districts in Negros and in other sugar producing regions of the country. This also begs the question as to how certain workers in other Pacific/Asian economies both benefited and prospered from the strong economic growth and broader geopolitical circumstances of Fordism during the post war decades.

In closing, this dissertation attempted to make sense of the histories, perspectives and practices of the Victorias mill workers. Moving beyond and “theorizing back” at the Anglo-American experience, analysis of research sites such as Victorias provide a fuller understanding of how the stability and restructuring of Fordist development processes were driven by the changing local labour market structures found in a particular regulatory and industrial context of the Global South. The study also compliments existing understandings of labour geography by revealing how the economic landscape was remade by workers who were able to pursue and realize their interests, as well as reproduce their conditions, at a range of different spatial scales within a broader context of labour oppression and underdevelopment.

By carefully examining the employment experiences of the Vicmicans, as well as the changes taking place in the industrial locality of the Victorias Milling Company, it also told the story of the evolution, restructuring and current state of the Philippine sugar industry. It revealed how local labour market outcomes in Negros during the decades following the second World War were intertwined with the rise of sugar based capitalists and the industry’s complex interactions with foreign interests, American neo-colonialism, and the ebb and flow of capitalism’s uneven development. This structural stability gave rise to a distinct workplace environment, a unique working class culture, and a particular experience of work at the VMC. As the industry fell into decline during the latter part of the twentieth century, the *taipans* began to descend on the central and with them they brought the gales of industrial restructuring and the market pressures of neoliberal economic globalization. Enduring the retrenchments and the reorganization of their workplace, the Vicmicans did what they could as they adapted to the new

employment conditions which further signaled the end to their way of life. With the greater instability of the local labour market, many took it upon themselves to improve their lives by adopting more progressive livelihood strategies. But for most, Victorias remains a place where the workers of the mill and the labourers on the haciendas still struggle to make a living.

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VMC Bulletin. (2003o, February 14). Ang maayo nga balita natuhoy sa aton kompaniya. Vol. 7 No. 202.

VMC Bulletin. (2003p, April 25). Games, raffle highlight Labor Day celeb in VMC. Vol. 7 No. 209.

VMC Bulletin. (2003q, May 2). Management, employees mark Labor Day with fun, unity: 14<sup>th</sup> month bonus out on May 7. Vol. 7 No. 210.

VMC Bulletin. (2003r, May 9). For your amusement on our 84<sup>th</sup> Company Anniversary May 7, 2003. Vol. 7 No. 211.

VMC Bulletin. (2003s, January 10). VMC renews contract with FortuneCare. Vol. 7 No. 197.

VMC Bulletin. (2003t, February 21). Management inks CBA with VSU, VIWA. Vol. 7 No. 203.

VMC Bulletin. (2003u, July 18). VMC renews contract with security agency. Vol. 7 No. 219.

VMC Bulletin. (2003v, July 25). VMC hires 832 fixed-period workers for OSR, Capex. Vol. 7 No. 220.

VMC Bulletin. (2002a, December 5). VMC to hold stockholders' meeting: New board to be elected. Vol. 7 No. 196.

VMC Bulletin. (2002b, November 8). 153 employees retrenched on Nov. 7. Vol. 7 No. 192.

VMC Bulletin. (2002c, January 18). SGS conducts surveillance audit. Vol. 6 No. 162.

VMC Bulletin. (2002d, December 5). ISO orientation begins. Vol. 7 No. 196.

VMC Bulletin. (2002e, August 16). 'Coffee with the COO' takes off. Vol. 6 No. 186.

VMC Bulletin. (2002f, October 18). 21 employees attend 'Coffee with the COO'. Vol. 7 No. 190.

VMC Bulletin. (2002g, November 8). COO issues memo on overtime. Vol. 7 No. 192.

## **Appendix A: List of Interviews**

**(Listed by order of appearance within the study, followed by supplementary interviews)**

### **Retrenched/Former/Current Mill Employees and their Family Members**

1. Eddy age early 60s - Retrenched VMC Supervisor, 28 March, 2 April 2007, VMC Area.
2. Roger 71 years old - Retired VMC Worker, 11 June, 5 July 2007, VMC Area.
3. Lorna 64 years old - Farmer/Former VMC Sugarcane Worker, 28 April, 12 May 2007, Hacienda Cuaycong.
4. Hector age late 50s - Former VMC Officer, 24 March (by telephone), 13 April 2007, VMC Area.
5. Wilma 56 years old - Former VMC Worker, 14 March (by telephone), 21 March, 2, 7, 13 April, VMC Area.
6. Layla 18 years old - College Student, 3 April 2007, VMC Area.
7. Myrna 16 years old - High School Student, 3 April 2007, VMC Area.
8. Mary 33 years old - Research Assistant, 31 May, 2 June 2007, various dates, VMC Area, Mambucal.
9. Vinny 20 years old - College Student, 15 April 2007, VMC Area.
10. Bruce age early 40s - *Encargado* (Overseer of Plantations), 4, 7, 11 April 2007, VMC Area, Company Plantations.
11. Jenny 48 years old - Housekeeper, various dates, VMC Area, Manapla.
12. Grace 50 years old - Government Worker, 16 April 2007, VMC Area.
13. Mario 18 years old - Casual Worker, various dates, VMC Area.
14. Paul 17 years old - Recent High School Graduate, 2 August 2007, VMC Area.
15. Chito, *Cabo* (Plantation Foremen), various dates, Company Plantations.
16. Sugar Industry Official, 5, 29 July, 21 August 2007, Bacolod City, Victorias City.
17. Former NGO Worker - Negros Economic Development Foundation, 30 May 2007, Victorias City.
18. Provincial Government Official, 7 and 8 May 2007, Victorias City.
19. Alisa 36 years old - Current VMC Employee, 27 June, 2, 4 July 2007, VMC Area.
20. Harold 17 years old - Casual Worker, various dates, VMC Area.
21. Ann 18 years old - College Student, 23 April 2007, VMC Area.
22. Janet 61 years old - Former VMC Worker, 28 March, 2 April 2007, VMC Area.
23. Nini 50 years old - Retrenched VMC Worker, 6 April 2007, VMC Area.

24. Tomas 39 years old - Current VMC Employee, 4 April 2007, VMC Area, Victorias City.
25. Manny 35 years old - Retrenched VMC Worker, 7 April 2007, Victorias City.
26. Sally 48 years old - Former VMC Worker and Schoolteacher, 2 June 2007, VMC Area.
27. Maria 60 years old - Retrenched VMC Worker and Schoolteacher, 31 May 2007, VMC Area.
28. Ralph 31 years old - Current VMC Contractual Worker, 29 April 2007, VMC Area.
29. Raffy 47 years old - Current VMC Driver, 29 April 2007, VMC Area.
30. Perla 63 years old - Retiree, 28 April 2008, Iloilo City, Toronto.
31. Carlos - Former VMC Officer, 9 April 2007, VMC Area.
32. Nita - Former VMC Worker 9 April 2007, VMC Area.
33. Lito 52 years old - Current VMC Supervisor, 5 April 2007, VMC Area.
34. Beccs age early 50s - Current VMC Employee, 5 April 2007, VMC Area.
35. Louie 19 years old - College Student, various dates, VMC Area.
36. Fern - Planter from Sagay, 5 April 2007, VMC Area.
37. Kelly 26 years old - Former VMC Schoolteacher, 1 September, VMC Area.
38. Espy 69 years old - Wife of Retired VMC Director, 27 October 2008.
39. Conrad 48 years old - Current VMC Employee, 22 August 2007, VMC Area.
40. Former VMC Engineer, 23 August 2007, VMC Area.
41. Gino - Current VMC Contractual Worker/Sugarcane Worker, 30 April 2007, Hacienda Cuaycong.
42. Nelly - Casual Worker, various dates, VMC Area, Hacienda Cuaycong.
43. Roni 40 years old - Retrenched VMC Worker and Company Nurse, 20, 29 June, 15 July, 2 September 2007, VMC Area, Silay City, Talisay City.
44. Dean 25 years old, Casual Worker/Formal Millsite Resident, 27 April 2007.
45. Pacita, Cadiz City Government Official/Formal VMC Worker, 26 April 2007.
46. Lenny 46 years old, Tractor Driver, 18 April 2007, VMC Area.
47. Kim 16 years old - High School Student, 23 April 2007, VMC Area.
48. Victorias City Municipal Planner, 15 May 2007, Victorias City.
49. Victorias City Government Official A, 26 June 2007, Victorias City.
50. Victorias City Government Official B, 27 June 2007, Victorias City.
51. Victorias City Senior Government Official, 27 June 2007, Victorias City.
52. Victorias City Municipal Councilor, 27 June 2007, Victorias City.
53. Barangay 19a Captain, various dates, VMC Area.

54. Rizo, *Hacendero* (Large Landowner)/Regional Administrative *Encargado* (Overseer), 11 April 2007, Company Plantations.
55. Amay, age early 40s, Sugarcane Worker, 12 May, 2007, Hacienda Cuaycong.
56. Georgey, 47 years old, *Cabo* (Plantation Foremen), 13 May 2007, Hacienda Cuaycong.