Urbanization and Class In the Ilocos Region

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INTRODUCTION

According to the available statistics the Ilocos region continues to lag behind many other areas of the Philippines in the level and rate of urbanization. While 31.6 percent of the national population could be classified as urban in 1975, only 18.7 percent of the inhabitants of Region I (the Ilocos) were urban dwellers. Despite the longstanding existence of very high population densities throughout the lowland coastal provinces of northwest Luzon, the urban structures of most municipalities have remained at most rudimentary. In contrast, a few towns have capitalized on this general pattern of low urban development and have succeeded in concentrating a comprehensive range of non-agricultural functions within their boundaries. Although the population sizes of these dynamic centres, notably San Fernando and Laoag, may appear somewhat small in national terms, this should not lead one to underestimate their vital importance within the region.

This article is concerned with one of these foci of urban development, San Fernando. My aim is to provide an outline of the class structure in this town. I intend to pay special attention to the nature of class relations and demonstrate the manner in which the qualitatively distinct classes have evolved in the urban environment. San Fernando is the capital and the largest of the twenty municipalities that make up La Union province. The town cannot

[I wish to thank the Social Science Research Council and Evans Foundation for supporting this research and to the Institute of Philippine Culture, Ateneo de Manila University where I was a Visiting Research Associate, July 1975-December 1976.]

boast such a distinguished urban history as either Vigan and Laoag to the north, and its remarkable growth and elevation to regional importance has been largely a phenomenon of the twentieth century. In 1975 the municipality had a total population of 60,884 of which approximately 20,000 could be regarded as urban residents. Due to its location on one of the few indentations along the coast of Northwest Luzon, astride the major north-south communications artery at the “gateway to Ilocandia,” and close to a principal route into the mountain provinces, San Fernando has been able to develop a considerable number of non-agricultural functions. Urbanization has involved the development of commerce, government, transport, port industries, educational institutions, medical establishments, religious administration, entertainment and other service industries. Manufacturing is characteristically of the cottage-type with only three large industrial plants operating within the municipality. San Fernando has centralized urban development for much of the province and for some of the region, and the town presents a busy, modern and generally prosperous appearance to the observer.

Before embarking on my Philippine class analysis, it is necessary to clarify certain fundamental conceptual matters and so reduce the confusion which inevitably accompanies “class,” that most elusive, yet vital, of sociological terms. Class is an aspect of inequality and reduced to its most basic form, “a class is a large-scale aggregate of individuals, comprised of impersonally defined relationships, and nominally ‘open’ in form.” Although classes are essentially economic phenomena, and thus in urban San Fernando are founded in the economic structure of the capitalist market, it should also be remembered that many economic relationships presuppose corresponding social ties. My major concern is to analyze “market situation” or “class position.” This can be defined as location in the economic processes of production, distribution and exchange, while it also includes con-

2. Preliminary figures from the 1975 census were obtained from the National Census and Statistics Office, Region 1, San Fernando.
3. In 1975 La Union had only 52,897 inhabitants classified as urban. This was 12.8 percent of the total provincial population.
sideration of mobility chances. It is not merely the possession or lack of capital or property resources which determine class position. Of vital importance is the possibility of gaining economic advantage or opportunity in the commodity or labor markets. In order to examine this aspect of class I have used the notion of "market capacity" which refers to "all forms of relevant attributes which individuals may bring to the bargaining encounter," for example, educational qualifications. The potential problem of a multiplicity of different class positions representing an equivalent number of classes is overcome by the fact that many class positions share common basic characteristics. Thus, a cluster of similar class positions constituting a class can be recognized as qualitatively distinct from other groups of class positions which also share common elements. Finally, it should be appreciated that in this article classes are not perceived as social forms with precise boundaries. They are not strata identified by a scheme of gradation where individuals are ranked along a scale according to their possession or lack of measurable indices. However, most authors concerned with class in the Philippines have utilized this notion of class in their work.

THE FIVE CLASSES

Despite the profusion of urban economic roles and occupations in contemporary San Fernando there are certain regularities in the structure of economic and associated social relationships which facilitate the identification of five qualitatively distinct clusters of class positions. These groupings can be seen as the five classes of urban San Fernando.

I. LANDLORDS AND PROPERTY OWNERS

Occupants of these class positions hold officially sanctioned rights of ownership over some form of property and are able to

obtain rent from tenants who make use of the property for some particular purpose. The property is generally of three kinds: productive agricultural land, urban real estate and buildings, and passenger transport vehicles. However, the dominant operating principle does not vary, as in all cases the owner exploits the value that his property possesses for the tenant, the level of economic return being dictated by a combination of prevailing market conditions and established practices. Ostensibly non-economic factors such as kinship enter into these essentially economic relations, most often to re-enforce them, but the twentieth century has witnessed the dwindling importance and disappearance of certain associated reciprocal obligations of landlord and tenant.

In the Ilocos the ownership of wet-rice land has been the major traditional determinant of wealth and to a lesser extent of both status and power. The historical development of agriculture in La Union has produced a situation where both land ownership and farm size are small in scale. Although land ownership has never been concentrated in the hands of an urban class, San Fernando’s urban population during the present century has progressively increased its share in the ownership of the province’s agricultural land and this despite the decreasing economic importance of wet-rice land to the urban dweller.

The contemporary urban owners of agricultural land are characteristically absentee landlords. With their rights of ownership recognized by the tenant and guaranteed by the state, urban landlords feel secure in adopting this policy of absenteeism. Their major economic and social interests most often lie in the town and so little, if any, time is spent in supervising or consulting tenants. The owners’ principal concern as regards their property is obtaining their portions of the crop or cash rent and making the minimum of economic inputs to their land.

The situation which Lynch described in a Bikol town and in Nueva Ecija does not conform to the prevailing pattern in San Fernando. Lynch noted the “landlords . . . do more than own the land that is worked by their tenants. They give moral, medical,
and economic assistance whenever they are called on. Their homes become for their tenants a law office, a way stop en route to Naga, a restaurant and party hall, and even a hospital on occasion. In return the tenant works the land and hands over an average of forty percent of the harvested rice to the landlord. He and his family are . . . in a word at the beck and call of the landowner for all manner of manual service."9 The urban-based landlords of San Fernando have increasingly found that the fulfillment of traditional obligations is of diminishing value to them and so only the vestiges of this range of reciprocal obligations remain. From the landlords’ viewpoint the services which the tenant can supply no longer compensate for the services which the tenant might previously have expected from the landlord. The content of the landlord-tenant relationship has declined as the market has placed increasing emphasis on cash transactions. Similar trends have been noted by Lewis for Ilocos Norte in terms of “the moral impoverishment of the patron-client relationship.”10 One should note that in San Fernando as in Ilocos Norte, where landlords are of low socio-economic standing and tenants easily accessible, then landlords might attempt to gain the extra services as their cash resources are small.

Why is the ownership of agricultural land of such enduring interest to the urban dweller? It appears that wet-rice land possesses a social value in excess of its economic utility, for although it yields income and is capital insurance for the owner, the diversion of this capital into other enterprises might well produce greater financial returns. However, the knowledge that “one will not go hungry” is a frequently expressed sentiment among landowners, as is the consideration that land is something life-sustaining that can be handed on to one’s children. The large urban structure with its variety of economic opportunities is a relatively recent phenomenon and traditional perceptions of the great social and economic importance of land have not disappeared overnight. It still confers prestige on the owner while simultaneously providing

economic security. The current value is enhanced by the fact that little or no time and effort are required of the owner to produce an assured income.

Given the facts that land has been acquired in different ways, that individual holdings vary in size, and that landlords almost inevitably occupy other class positions, it is not surprising to discover that agricultural landowners are a diverse group when measured according to certain socio-economic indices. Persons on the bottom rungs of the socio-economic hierarchy own no land but the incidence of agricultural land ownership increases steadily as one moves upward through the hierarchy, as does the security of ownership. At certain times families are required to make large financial expenditures for such items as marriages, funerals and education and it is those with high incomes, cash savings, access to credit facilities, and "good connections" who are most easily able to bear the burden of these outlays. Those without such resources might have to sell land in order to meet expenses perceived to be unavoidable.

**Urban Landlords.** The growth in demand for land for non-agricultural purposes and for space in urban buildings has led to the rise of a relatively new class position, that of urban landlords. This property owner has never been enmeshed in a set of traditional social obligations, at one time typical of the agricultural landowner-farmer tenant relationship, although it is undeniable that social considerations can and do impinge upon the basically economic link between some urban property owners and tenants.

In the post-war period some of the affluent families, most often those of higher professionals such as doctors and lawyers, have utilized their own capital or access to credit to finance the construction of large two or three-storey buildings. These buildings mainly cluster in the central business district and are characterized by multi-occupancy, the ground floors generally containing retail businesses while on the upper levels are diverse assortments of offices, surgeries, beauty parlors and living accommodation. Occasionally one enterprise, such as a government department, utilizes the whole of a building. A persistent shortage of space has kept rents high but a longstanding tenant often pays a lower rent than the current market rate while a new tenant who is linked in some social bond such as kinship with the landlord will also pay a
rent below the market price. Greater security of tenure and lower levels of rent may be granted by the landlord in return for services such as free goods or skilled work, from the tenant.

A further opening for the urban landlord has been in the renting of housing. Expansion and diversification of the urban economy has led to the influx of white-collar workers who require accommodation on a temporary basis. This demand has been boosted by Americans from the small USAAF base and defence project. The local response to these stimuli has been to build houses and apartments for rent in this profitable market. As tenants are usually recent immigrants into the community without pre-existing links to the landlord and with no guaranteed permanency of stay, the forging of social ties between landlord and tenant is unlikely. Both parties view the relationship as economic, with other forms of mutual social obligations being excluded.

Although the owners of buildings and houses show variance in their socio-economic standing, the necessity of possessing land and the high costs of construction have tended to prevent the entry of manual workers and lower white-collar employees into this class position. In common with the agricultural landowner, the urban landlord normally works in a particular occupation, unless retired, and spends little time in the administration of his property. Maintenance of his building is his responsibility but it rarely requires his direct involvement other than for the hiring and paying of workers for this purpose. In contrast to the agricultural landowner, the urban landlord receives his rent in cash each month, the rate being arranged in advance. The amount varies according to the building but most often it is well in excess of rents obtained for agricultural holdings. It should however be noted that a large proportion of a monthly rental may be required to finance loan repayments.

A final variation of the landlord class position concerns the ownership of passenger transport vehicles – minibuses, jeepneys, tricycles and taxis. The growth of the motorized public transport system has been a piecemeal affair with vehicle ownership and operation resting entirely in the hands of private individuals. Vehicle owners generally possess no more than three transport units and are officially designated as the operators because they have responsibility for vehicle registration fees, route licenses, and maintenance costs. However, the owners normally work in a full-
time occupation and take little or no part in the day-to-day running of their vehicles. These are rented to drivers on a daily basis, the hiring price being commonly known as the "boundary." Fuel costs are met by the driver whose income is the amount he takes in fares in excess of the boundary.

The owner’s choice of driver generally conforms to a pattern in which neighbours, kin or other socially linked persons are selected for the job. In common with many agreements between landlords and tenants, conditions and terms concerning the boundaries and vehicles are established by word of mouth and not through any legal documents. Owners do not share the same socio-economic standing as both the cost and mode of purchasing vehicles show considerable variation. Obviously the larger and newer a vehicle, the greater is its price, and so buyers often require substantial pensions, savings or good access to credit in order to make the necessary transactions. However, purchase on monthly installment basis, especially of tricycles, allows some white-collar workers and marginal businessmen to occupy this landlord class position. Persons of very high socio-economic standing rarely participate in this form of ownership and hire.

II. URBAN CAPITALISTS OR BUSINESSMEN

Urban capitalists or businessmen are involved in a distinctive set of relationships and so form a class in urban San Fernando. The growth of San Fernando into a dominant regional center has relied very little on the development of an urban manufacturing industry. Rather, commerce has been one of the major forces which has promoted the town’s expansion, and the capitalist class position which emerged in response to opportunities in trade has retained this orientation to the present.

A major change in La Union’s economy during the twentieth century was the rise of the cash transaction as the principal mode of obtaining both goods and services. The development of the money economy did not stimulate manufacture in San Fernando but allowed the entry into the market of products made elsewhere. As local cottage industries went into decline in the face of competition from imports, indigenous entrepreneurship established

itself by exploiting the new possibilities of buying and selling goods. Commercial expansion was further facilitated by improvements in transport and communications while the growth of salaried and wage labor ensured the presence of a market which paid in cash. The spread of cash crop production, the acquisition of secondary employment opportunities by farmers, and the appearance of money remitted from relatives working abroad ensured the incorporation of the rural areas into the new economic order. It has been this sustained market expansion which accounts for the rise of the present-day capitalist class in San Fernando.

The fundamental characteristic of the urban capitalists is that they are all concerned with the sale of commodities—either goods or services—for profit on the local market. Secondly, they own their particular economic enterprises. Many capitalists do not own the premises in which they conduct their businesses, but they do own the goods, equipment, or other resources necessary for their economic activities. Ownership is generally vested in one person or occasionally shared between several close kinsmen whose strong social links minimize the likelihood of partners committing fraud, dropping out, or adopting conflicting policies. The power and influence implicit in ownership is seldom relinquished by individuals until death or infirmity, while capitalists rarely sell their businesses on the open market. This act would be to abandon a source of income, to jeopardize one’s economic security, and to dispose of what should be handed on to one’s children.

Businessmen directly supervise and administer their own particular enterprises. Specialist business managers have not been employed by San Fernando’s capitalists. This is in part a result of the relatively small scale of the businesses which itself is a reflection of the orientation towards outright individual ownership. The owners are themselves the managers, and decision-making is concentrated in their persons. The delegation of authority is kept to a minimum although members of the owner’s family normally exercise greater control than any employee.

In addition to themselves and members of their families, businessmen also hire employees to aid in the operation of their establishments. When selecting workers the capitalists not only utilize criteria of ability but also consider social relationships such as ties of kinship or “debts of gratitude,” factors which can often
override the more objective assessment of the merits of candidates. Vacant positions are seldom advertised and businessmen either let it be known by word of mouth that a job is available or wait until they are approached by persons to whom they are socially linked.

A further distinctive feature of this class position is that as well as paying wages to his staff, a capitalist will generally extend a range of other services to them. Financial aid in times of illness, a contribution to wedding expenses, free snacks and meals during work, loans, and arbitration in disputes are some of these services. In return the capitalist expects loyalty, hard work, and no trouble from his employees. He dictates the terms of the dyadic relationship between employer and employee and has contributed in large part to the prevailing view that the owner's best interests are also the employee's best interests.

The final common characteristic of San Fernando's businessmen is that they possess capital and/or have better access to credit facilities than most other persons in the community. The most obvious manifestation of capital resources can be seen in stocks of saleable items and equipment. But businessmen are also often able to accumulate cash savings from profits. Furthermore, size of assets, the demonstrated ability to make good profits, and good social connections grant capitalists access to the credit facilities of banking institutions and wealthy individuals in the province. The capital accumulated from profits and loans is by no means always invested in business enterprise but may be earmarked for such expenditures as education, consumer goods, land, and civic organizations. Attitudes towards commercial expansion are cautious, the most popular belief being that one should expand a business according to the dictates of market demand as opposed to adopting a conscious strategy of planned expansion. There are, however, a few exceptions to this rule.

**Internal Differentiation.** Although located in the same basic sets of economic relationships, the occupants of the capitalist class position in San Fernando pursue a variety of business enterprises and some internal differentiation of the class is apparent. The majority are engaged in the retail and wholesale trades selling such

items as dry goods, farming supplies, electrical equipment, cloth, construction materials, cooking gas, stationery, and gasoline. Those who are involved in selling services include freight haulers, hotel owners, automobile repairers, and the two rural banks. The range of service industries open to local entrepreneurs has been limited by the exploitation of local opportunities by national companies. Banking, insurance, tele-communications, messengerial agencies, and long-distance public transport were all operated by Manila-based companies.

The similarity between those who sell goods and those who sell services is quite obvious but the inclusion of manufacturers in this class position does demand clarification. The manufacturer in San Fernando cannot lay claim to a dynamic developmental role in the same way as the industrializing bourgeoisie of western societies. In San Fernando enterprises are small with work forces generally under ten people and owners not numbered among the wealthiest in the community. Products include shoes, clothes, bread and confectionery, furniture, metalcraft, concrete hollow blocks and shellcraft. Manufacturing capacity is small and geared to the demands of the local market. The premises used for manufacturing are also the sales outlets for the producers who perceive themselves more as retailers than makers and as such conform to the local trading orientation of the town's businessmen.

Internal differentiation is also manifest among the capitalists according to the scale of their economic enterprises. However, the structure of economic and allied social relations involving those located in the business class position does not vary significantly according to the sizes of their enterprises. The socioeconomic standing of capitalists relies in large part on the scale and profitability of their businesses.

A final matter concerning the capitalist class position in San Fernando is the role of the Chinese community. Persons of Chinese descent are heavily concentrated in business and are often the successful operators of large or medium-sized concerns. The biggest dry goods stores, almost all tobacco warehouses and bakeries are Chinese-owned while the Chinese also have strong involvement in construction supplies, farming supplies, and automobile parts. Their success in business has not been due to some innate
predilection for this activity, but to historical forces.\textsuperscript{13} Commerce was one of the few economic opportunities available to Chinese immigrants during the Spanish colonial period although it was not until the penetration of the money economy that any large volume of local trade was generated. Unlike their Filipino competitors, they held the advantage of experience in commerce while capital was made available through the operation of the clan system. Furthermore, a business in San Fernando was viewed as a means of gaining the finance to return to China and retire or set up a business there. Low social status in the eyes of the Ilocano or mestizo was of little concern to the Chinese as they were not interested in gaining community respect or displaying wealth in the context of Philippine society. Hard work and personal material deprivation made possible the more rapid accumulation of wealth. Low profit margins were also permissible if a rapid turn-over of stock could be ensured, while calculated risks could be taken by investing in new types of commercial enterprise. This latter fact is most graphically evident in the Chinese domination of the Virginia tobacco trade in La Union.

Owing to the creation of a communist regime in China and Philippine government regulations concerning alien ownership of business, the Chinese capitalists have been forced to modify their traditional outlook. Greater integration with the local community has been achieved through inter-marriage and increased social interaction. Export of capital is no longer important but level of standing in the town has become an important consideration. However, the historically acquired features of business practice remain firmly entrenched and ensure continuing success in capitalist ventures. Finally, the Chinese community operates the only commercial organization in San Fernando, the Fil-Chinese Chamber of Commerce. This body, which is entirely Chinese in origin, ensures cooperation between members, can act as a pressure group, can supply capital and, if necessary, enforce protectionist policies such as price-cutting, to safeguard its members against competition.

\textsuperscript{13} See, for example, Alatas' work on the Chinese in Malaya. S.H. Alatas, \textit{Modernization and Social Change} (Sydney: Angus and Robertson, 1972), pp. 21-52.
Persons such as market vendors, street vendors, small carinderia owners, operators of sari-sari stores, jeepney and tricycle drivers, sweepstake ticket-sellers and shoe repairers constitute a third class, that of marginal businessmen. Although the small scale of enterprises is the most obvious distinguishing characteristic, scale is above all a mode of identification. A particular location in the structure of economic relations makes this class qualitatively distinct. The word "marginal" is used in a descriptive manner to indicate businesses that produce low incomes which are "barely sufficient" to cater for a family's needs at subsistence level.

Low capitalization of enterprises and scarcity of capital are the most striking and significant features of the marginal business class position. The possibility of accumulating extra capital for reinvestment is negligible as profits are small and urgently required for necessary expenditures. Even if turnover of goods is rapid, the small amount of initial investment means that the profits are of small aggregate size and the potential for acquiring greater sums of capital is thus highly limited. Although long hours are worked by businessmen and family help, incomes are low and do not exceed ₱20 per day, a sum which prohibits the hire of labor. In addition, the lack of collateral security severely restricts access to credit. Dyadic ties to those in superior class positions do not entail the extension of credit by the more advantageously placed person. Indeed it is the marginal trader who is expected to extend credit to customers in order to maintain a regular clientele.14 Low capitalization, low income and low credit rating keep businesses essentially static in size and limited in potential.

Aspects of competition and non-competition also work towards the maintenance of the same basic structure of disadvantage. The competition is provided by the multiplicity of persons performing identical economic roles. Despite the increasing numbers involved in plying a particular trade and thus competing for the same market, there is no evidence of price-cutting to undersell rivals. The cost of an item or service is determined by the prevailing market

conditions and is worked out for an individual customer by bar-
gaining between buyer and seller, by the existence of a common
fixed price, or, in the case of public transport, by government fare
regulations.

The ethic of non-competition is strongly supported by the idea
of pakikisama, "sacrificing one's interests for the sake of the
group." For marginal businessmen, this means that competitors
do not engage in economic actions that will prejudice one ano-
other's interests. For example, they do not interfere in negotiations
between rivals and prospective customers. Instead, they help out
in time of difficulty by extending credit, lending goods for sale, or
assisting in vehicle repairs. One's competitors are also one's guaran-
tors of survival in business. However, the notions of pakikisama
are not utilized to foster the interests of the group as a whole. The
prime objective of establishing and maintaining a clientele works
against the creation of solidarity and conscious class action for a
better position in the distributive system. A clientele provides
security in the form of a steady and predictable income and al-
though pakikisama gives insurance in times of crises it is well ap-
preciated by marginal businessmen that income is obtained from
sales.

The process of involution appears to be affecting the marginal
business class. Involution has been used "to describe culture pat-
terns which, after having reached what would seem to be a defini-
tive form, nonetheless fail either to stabilize or transform them-
selves into a new pattern but rather continue to develop by be-
coming internally more complicated." Geertz utilized the con-
cept in connection with Javanese wet-rice cultivation which dis-
played the ability to absorb labor without altering its essential
structure. In San Fernando urban involution has involved the in-
corporation of excess labor into the non-productive tertiary activi-
ties of the marginal business class without changing the external

University Publications, 1974), p. 97. Although pakikisama is not an Iloko word its
meaning is well-understood and used in San Fernando.

16. A similar observation is made in connection with "subsistence vending" in a
study of a market in the town of Estancia on the island of Panay. M.C.B. Szanton, *A
Right To Survive. Subsistence Marketing in a Lowland Philippine Town*, (Pennsylvania:

17. C. Geertz, *Agricultural Involution* (Berkeley: University of California Press,
relationships of that class. There is some variation from Geertz's classic pattern in that new types of business activity have emerged, but if a subsistence income can be guaranteed a new line of business will rapidly acquire competing practitioners. In early years of the century the newly developing money economy offered opportunities for business expansion and class mobility to the trader with small capital. However, the growth of large businesses and the associated capitalist class position has entailed the gradual closing of paths to mobility for the marginal businessman. He has been unable to challenge the economic dominance of the capitalists while persistent lack of resources coupled with the continuing absorption of new recruits into his class position has often placed the marginal businessman in a condition of shared poverty.\textsuperscript{18} A final point concerns the internal differentiation of the class according to the sexual division of labor. It is apparent that certain types of marginal business activity are seen as being either male or female domains. Thus, market vending and the running of sari-sari stores and carinderias are overwhelmingly female occupations while jobs in transportation and, to a lesser extent, mobile street trading are almost exclusively male preserves. The explanation probably lies with the perpetuation of perceptions associated with traditional practices. Women could be released from agricultural labor in order to engage in small-scale part-time commerce and once this division of labor had been established, the supporting idea that vending was a woman's task could emerge. Likewise the belief in male suitability for operating motorized transport may well be the simple extension of the fact that transportation has always been a male activity.

\textbf{IV. WHITE-COLLAR WORKERS}

The fourth distinct class position evident in the economic structure of contemporary San Fernando is that occupied by white-collar workers. A range of personnel including teachers, government officers, medical workers, bank staff, engineers, architects, lawyers and administrators in the local branches of national com-

\textsuperscript{18} In this connection see Scott's work on the "subsistence ethnic". J.C. Scott, \textit{The Moral Economy of the Peasant. Rebellion and Subsistence in Southeast Asia} (New Haven: Yale University Press, 1976).
panies qualify for this class by virtue of their shared location in the web of economic and social relationships. They should not be viewed as a mere occupational division but as a class which has little or no direct participation in the process of production nor owns the means of production.

During the Spanish colonial times Filipino white-collar workers were virtually non-existent in La Union and many other provinces.\(^{19}\) Centralization of the colonial bureaucracy in Manila, economic underdevelopment, and the denial of educational opportunities to the indigenous population meant that not only was there a negligible demand for this type of worker but also that no pool of ready skill existed. In contrast, with the advent of American rule at the beginning of the twentieth century, the Philippines experienced an era of economic growth complemented by social reforms, the most significant of which was the vigorous promotion of education. In San Fernando, capital and focus of change for the province, personnel were required for the reorganized administration, professionals began to be needed for the performance of specialized tasks, and teachers were recruited in order to impart the necessary educational skills. The growing band of white-collar workers established themselves in a privileged class position in which they could expect regular cash incomes and high prestige because of the non-manual nature of their jobs. During the post-war independence era white-collar employment has experienced an extremely rapid rate of expansion. Increasing complexity in the community's economic and social life, the import of specialized technology, and the extension of governmental jurisdiction and activities have been responsible for introducing a high degree of differentiation into the division of labor and thus encouraging the further development of the white-collar class position in San Fernando.

All white-collar bureaucrats sell their labor on the market and are paid a cash salary, generally twice monthly, by their employers. Both government departments and national companies have established rates of pay for each of the different positions in their organizations. The white-collar worker can rarely bargain for a

\(^{19}\) The 1903 Census reveals only forty-two persons in the category of 'Professional Service.' *Census of the Philippine Islands 1903, Vol. 2: Population* (Washington: United States Bureau of the Census, 1905).
particular level of remuneration but must accept bureaucratic regulations and the decisions of superiors. The idea of solidary action by peers is undeveloped and will probably remain as such in the near future given the continued surplus of highly educated labor and the concentration of power in the upper ranks of bureaucracies.

The most distinctive feature of white-collar labor is its skilled nature. Skills are acquired through formal education and specific educational qualifications are now prerequisites for obtaining particular jobs or practising professions. Without a college diploma or most often a university degree, it is impossible to secure white-collar employment in San Fernando. Furthermore, in government bureaucracies there is an increasing pressure on individuals to obtain masters degrees, extra diplomas, or certificates from short specialized courses. The surplus of white-collar labor is making these items necessary for the mere maintenance of position.20

Ostensibly, persons are recruited to white-collar positions through the application of meritocratic principles. Qualifications, experience, and potential are the formally declared guidelines which determine appointment and promotion. In practice, success in application can be obtained by the manipulation of social relationships. Pressure exerted through these channels can weigh the balance in favor of one candidate against the competition of others who do not possess such influence. A third party linked in some way to both applicant and decision-maker will utilize relationships of kinship, friendship, "debts of gratitude" and political power with the latter in order to secure the position for the applicant. Although this strategy is commonly used, candidates for bureaucratic appointments must satisfy the necessary educational requirements to qualify for consideration.

The incomes of white-collar workers vary considerably according to position in a particular hierarchy. Periodic incremental salary increases are evident in some organizations but the system is not well-developed and shows little sign of expansion. In general each position carries a particular salary, the amount of which is

20. For a relevant discussion of the overproduction of educational certificates and the consequent downgrading of their market capacity in Third World countries such as the Philippines, see R. Dore, The Diploma Disease. Education, Qualifications and Development (London: George Allen and Unwin, 1976).
Inflexible. Incomes are on average higher than those obtained by manual workers although persons located at the bottom end of the hierarchy might receive less than the better paid manual workers.

White-collar workers place faith in the value of education and strive to provide their children with secondary and tertiary education. Qualifications from these periods of study form the basic market capacity in the competition for white-collar positions. However, the low income earners, such as teachers, are severely restricted by lack of finance in the choice of educational establishment, type of course, and length of study. Mobility chances are consequently being reduced for the children of the lower paid and it seems likely that each section of the white-collar class will increasingly rely on reproducing itself in the labor market.

In addition to job security, white-collar work also gives a range of benefits not necessarily enjoyed by all manual workers. All bureaucratic positions appear to be covered by Social Security, Medicare, and pension schemes while the private sector may also provide cash bonuses for performance and the public sector offer per diem expenses for courses and meetings. As a general rule the higher one climbs in the bureaucratic structure, the greater are the extra benefits attached to these positions. Also, the potential for exploiting these positions to gain further unofficial benefits cannot be discounted. Finally, white-collar working conditions are inevitably superior to those experienced by the manual laborer or marginal businessman and an eight-hour day, five-day week is the norm.

Role of Social Relations. Within the hierarchical bureaucracies of San Fernando an individual's place and future not only depend on such rational criteria as educational qualifications and experience but also on social relations and the manipulation of interpersonal networks. The importance of allegiance to superiors is

21. The following figures are intended to show the range of white-collar salaries. The amounts quoted were basic monthly salaries in 1975-76 and exclude extra benefits such as representation and travel allowances. A bank manager P2,000, and newly hired bank employee P350, plant manager of an industrial concern P2,000, an engineer in the plant P1,000, head of a national government office P1,600, a junior researcher P350, the lowest clerical grade P300, a provincial government department head P1,375, his assistant P935, clerk P295; high school principal P600, a teacher P316.
emphasized by the high concentration of decision-making in the upper levels of the hierarchy. Horizontal relationships between approximate equals are eclipsed by the perceived significance and consequent fostering of strong vertical dyads. All persons see this strategy as being in their best interests. The top person requires a loyal staff while the subordinates think that it is to their advantage to display deference and obedience to the top person. Thus, patron-client type relations are built up within the context of the bureaucratic structure. The middle levels are often bypassed by the dyads as individuals strive to focus on the top of the hierarchy while the top prefers, if possible, to maintain direct superior-inferior ties with all personnel.22 These arrangements tend to obscure the perception of sectional interests within a bureaucracy and shared interests between similar positions in different bureaucracies. Upper white-collar workers do not perhaps conform to this latter pattern and the newly formed La Union Commercial Bankers Association and a social organization of the upper management of national government complement the Lions and Rotary clubs in providing an institutional basis for the promotion of horizontal links between upper white-collar workers. It should also be appreciated that the vertical structuring of relationships is not merely confined to San Fernando but operates on a national basis with upper white-collar workers in the town being involved in relationships where they are subordinates to superiors in Manila.

In addition to the internal differentiation between lower and upper white-collar workers a further division is evident in this class. Although basic common elements of structural location can be identified for white-collar workers and independent professionals, there are certain distinctive aspects of the market capacity and class relationships of the independent professionals. Firstly, the independent professionals do not operate within bureaucratic organizations. They work individually, or occasionally in partnership, selling their specialized services for a high price on the market. In this respect they bear a distinct resemblance to the capitalist class. However, professional skills are acquired by a long period

of expensive and highly specialized training. Recruitment to the professions is consequently limited to those who can secure the substantial financial backing to complete lengthy educational courses while the high standards demanded by universities and professional governing bodies further restrict the output of qualified personnel. This serves to maximize the "scarcity value" of professional skills and allows practitioners to charge fees for their services which are high to the majority of San Fernando's population. Thirdly, the acquisition of professional qualifications is not necessarily a guarantee of immediate high income. Skill alone does not produce a stream of customers and one must build both a reputation and a regular clientele. The manipulation of interpersonal networks of social relations assumes importance. In this respect, the qualified son or daughter of a professional or leading businessman has distinct advantages in establishing a professional practice. He or she will already have many contacts and a wide-ranging network of social relations in the community, good foundations for a successful practice. Furthermore, he or she will be able to obtain the financial resources for setting up the practice from his or her family. Finally the independent professional possesses the highest occupational prestige in San Fernando, a fact which reinforces their ability to make relatively high charges for the temporary hire of their skills.

V. MANUAL WORKERS

Numerically the manual worker class has the largest membership in San Fernando and the diverse occupations which share this basic location in the structure of economic relationships include government laborers, factory operatives, skilled craftsmen, mechanics, truck drivers, construction workers, stevedores, security guards, tobacco graders, shop assistants, waitresses and maids. The term "working class" has been avoided as it carries with it from western society a range of assumptions, concepts, models and everyday usages which do not appear suitable for the interpretation of the manual class position and its historical development in San Fernando.

Manual workers were few in San Fernando during the nineteenth century as La Union had a backward low-yielding agricul-
tural economy which did not possess the capacity to generate the development of a substantial urban structure. Consequently, the division of labor was not far advanced and the town’s wage labor needs were small. In the twentieth century the forces that gave rise to commercial activities also made openings for non-agricultural wage labor in the urban economy. Workers were needed for the expanding local trade, government infrastructure development, port cargo handling, transport, urban construction, and domestic employment. Surplus agricultural labor was plentiful and could be absorbed into the urban economy to satisfy the growing demand for manual workers. Since the end of the second World War the number of manual workers and the range of manual occupations have expanded at an even faster pace due to the functional diversification associated with San Fernando’s continued social, political and economic development. The pursuit of modernization entails increased specialization and complexity in the urban economy, goals which have necessitated the sustained growth of the manual class.

Two major points emerge from the historical evolution of the manual worker class position. Firstly, it has been shaped and developed by combinations of events, forces, and other classes. Manual labor has taken no hand in determining the manner of its own development, and occupants of this class position still lack any real control over the system of economic distribution. Secondly, the manual worker class did not emerge in response to Philippine industrialization but rather appeared with the penetration of the money economy and the opportunities offered by government. It should not be confused with any stage in the development of the industrial proletariat or working class in advanced western societies. Production workers arrived in San Fernando only after 1945 and are still very much a minority of the work force. Thirdly, diversification of manual class occupations and the fragmentation of the class have been consistent trends.

In common with the white-collar worker, the manual worker derives an income by selling his labor on the market to an employer for an agreed cash wage. However, educational qualifications distinguish white-collar personnel from manual workers who do not possess such a market capacity. Their resource is manual labor of varying skill which is required by other classes or organi-
izations for the pursuit of their particular goals which do not necessarily benefit the manual worker.

As a rule manual workers receive and have always received the lowest wages in San Fernando. The better paid manual workers do, however, earn sums equivalent to those obtained by lower white-collar workers. This is due more to the weakening of the market situation of lower white-collar personnel than to any improvement in the market situation of manual workers. Differentials in pay for manual workers depend on skill and responsibility but the range of income levels is nowhere near so great as that displayed by white-collar workers. For example, the 1975-76 budget for the Provincial Engineer’s Department reveals that the highest paid foreman receives ₱408 per month, an electrician ₱275 per month, and construction workers from ₱230 to ₱256 per month. In contrast, the white-collar salaries in the same department vary from ₱275 to ₱1,250 per month.23

Minimum Wage Legislation. An important determinant of manual workers’ incomes which emphasizes the weak bargaining position of manual labor is the national minimum wage legislation. In May 1976 under Presidential Decree 928 the minimum wage for provincial non-agricultural workers was raised to ₱9 per day from the previous figure of ₱8 per day, a sum established in 1970. The new figure in no way matches the doubling in the cost of living of the previous few years and falls far short of the ₱15 per day wage sought by the Trade Union Congress of the Philippines in December 1975. A single daily income of ₱9 cannot satisfy the most basic needs of a family in San Fernando, but this sum is the yardstick used by employers to determine wages. Thus, the manual worker is often forced to obtain supplementary income or utilize the labor of other family members in order to guarantee subsistence. Poor levels of educational attainment and very small capital limit their entry either to low-paying manual jobs or to marginal business activities. Although some of San Fernando’s employers do pay above the legal minimum wage, the legislation does seem to benefit capital by keeping labor costs down and aids limited government finances to support large numbers of manual employees. The market situation of skilled labor is certainly su-

23. The provincial wage statistics are taken from Province of La Union, Performance Budget 1975-76.
perior to that of the unskilled variety and, depending on scarcity value and employer, amounts of up to ₱20 per day can be earned. Certain skills are not scarce and in the absence of any craft labor unions and lack of standardized skill qualifications, the wages of some skilled workers are very close to those of unskilled laborers.

National companies such as Coca-Cola and Atlantic Gulf and Pacific Company normally give the highest manual labor wages and are usually prompt in paying such items as overtime, cost of living allowances, and the thirteenth month bonus. Lower incomes are derived from local employers whose perception of wage labor rewards sometimes does not quite correlate with that of the formal Labor Code of the Philippines. For example, the concept of overtime rates, holidays, and the thirteenth month bonus are not well-developed in some quarters. In the case of some sections of government, inadequate income permits them to avoid paying certain statutory allowances such as the ₱50 monthly cost of living supplement.

The low wages obtained through occupancy of a manual class position may be compensated in part by the extension of a range of benefits by the employer. These unofficial extras are found in the locally owned enterprises and are part of the larger patron-client ties linking employer and employee. There are no established limits to these benefits but they are awarded at the employers' discretion and may include such items as financial aid for medical, educational, or important family occasions, discount on purchases, help for a relative in finding work, free accommodation, and free meals while working. The extension of these extras fosters a stable, loyal, trustworthy and grateful staff and strengthens the patron-client tie, a relationship of power involving clearly defined superior and subordinate. If these conditions are not met, workers feel little or no loyalty to their employers, possibly fulfill duties less assiduously and take other jobs when available elsewhere. However, the trend appears to be towards a weakening of these patron-client ties. Employers sometimes judge benefits to cost too much, especially as their returns do not appear in a quantifiable cash form. Labor is plentiful and vacancies easily filled, while the payment of Social Security and Medicare is often easier for the employer than the payment of more traditional benefits. The employer's security is not necessarily threatened by the reduction of
these extras, especially as this policy does not contravene the Labor Code of the Philippines. But manual employees can be further disadvantaged through this process which operates outside of their control.

Labor surplus, low prestige for manual work, and a lack of class solidarity are phenomena that have enjoyed continuity and still operate against the best interests of those occupying the manual class position. Urban unemployment in the Philippines was running at 6.5 percent in 1975 according to official statistics, although an independent survey of La Union revealed that for the "urban center and periphery" which is San Fernando, 9.7 percent of the work force was unemployed. This figure would undoubtedly be greater if the disguised underemployment in the marginal class position were taken into account. Thus, a large labor surplus is evident, mainly composed of manual labor. This surplus ensures that the market for manual labor need only pay low wages. Indeed, in the absence of any form of unemployment allowance, a wage of ₱9 per day is an attractive proposition to an individual who is out of work in San Fernando.

LOW PRESTIGE

A second continuity is the low prestige consistently accorded to manual work. This evaluation adds support to the belief and practice that economic reward for manual labor should be low. Efforts have been made by the government to promote such concepts as "the dignity of labor," but in San Fernando these ideas have had little impact, and even if articulated they are certainly not translated into economic terms. Finally, worker solidarity and manual labor class consciousness are minimal. Trade unions which serve particular occupations across many establishments are not present in the Philippines, and in San Fernando labor unions are only found in two manufacturing plants. The small-scale of business undertakings has aided the perpetuation of patron-client relationships and/or situations where employer-employee relationships are all conducted on a personalized face-to-face basis. Vertical authorita-

24. This figure is from a sample survey of households conducted by the National Census and Statistics Office in February 1975.
rian dyads predominate within enterprises and are not conducive to the creation of worker solidarity. Thus, not only is the manual work force dispersed among a multitude of establishments but it is also fragmented within establishments by the orientation towards vertically aligned dyadic relationships and its own belief in paternalism. Local politics has also worked to minimize the possibilities for labor solidarity and class consciousness. The Ilocos has been a particularly barren ground for anything resembling radical ideology and the local political process has permitted only those with substantial resources to compete for power.

The educational level required or possessed by manual workers is by no means uniform. The range of occupations included in this class position make different demands on physical exertion, manual dexterity, and the skills of formal education. However, no manual job requires qualifications gained from higher education. Educational credentials have hitherto been unimportant in the market for manual labor but changes are now taking place. Increasing specialization in the division of labor has facilitated the expansion of vocational training and it is becoming the norm for employers to demand qualifications from these institutions as an entry requirement for skilled labor. Also, high school graduation has become necessary for obtaining such jobs as shop assistant, production worker, and security guard. It follows that educational qualifications will probably play a progressively larger role in securing manual employment and may act as a restrictive mechanism on entry to many manual occupations. At the same time, candidates for the manual jobs which demand no formal qualifications are likely to increase in number. Their difficulties may be further exacerbated by their inability to afford the secondary school expenses incurred by their children.

One should not assume that meritocratic principles are coming to dominate manual worker recruitment. Inter-personal social relationships are still extremely important for gaining employment and the strategies adopted by aspiring manual workers closely parallel those utilized by persons applying for white-collar positions. Intermediaries are frequently used and can be kin or friends. These persons approach the owners or managers of organizations in which they work concerning the possible employment of their particular candidate. Alternatively, kin or patrons from more privi-
Leged class positions are especially useful to the manual worker. They can conduct negotiations from the standpoint of approximately equal or even superior status with employers or their local representatives. Although impersonal market forces may exercise great influence on wage levels, inter-personal relationships often determine who will receive those wages.

Finally, the location of the manual worker in the system of economic distribution militates against the accumulation of capital. Manual wages are easily swallowed in providing the basic necessities of life and if any amount is left over, education expenses or low-cost leisure activities swiftly consume that sum. Mobility to other more privileged class positions is severely restricted. Lack of higher educational qualifications forbids entry to white-collar occupations while minimal capital resources prohibit participation in the business class position and strictly limit the possibilities for acquiring landlord status. Movement into the marginal business class is possible but any such course of action is unlikely to produce a significant increase in income or other privileges. Some skilled workers have succeeded in gaining higher incomes by setting up their own businesses but success is by no means automatically assured with such a move. The potential for any form of mobility within the manual class is limited. A supervisory position will increase remuneration but these roles are confined to the larger enterprises as authority and decision-making in the smaller establishments are heavily vested in the person of the employer. The acquisition of a skill may also boost earnings but wage ceilings are rapidly reached in San Fernando. Significant improvement in the market situation of the manual class will only occur when manual workers gain a considerable measure of political power which will enable them to deal with the forces which currently maintain the class in a stage of underprivilege.

CONCLUSION

Although my analysis reveals the existence of five qualitatively distinct classes in San Fernando they cannot be accommodated in a simple hierarchical model of stratification. Some classes parallel each other in their capacity to extract economic rewards despite different modes of integration into the economic system. In terms
of proven market capacity, classes may also overlap. Furthermore, classes can display a considerable vertical dimension and are found to be internally differentiated, sometimes according to the very principles that distinguish them from other classes. Thus, stratification appears to be a sociological construct which is neither important nor useful for analyzing the inequalities of class evident in San Fernando.

Classes may also be less important and clear cut phenomena than might have been inferred from the article. Certainly the inhabitants of the town do not perceive classes as constituting obvious social realities. Several factors intervene to modify the basic class structure, to reduce class awareness or class consciousness, and to act as competing modes of group formation. The occupancy of several distinct class positions by a family or individual, migration and the consequent remittance of money, networks or inter-personal dyadic relationships linking people from different classes, and ties of kinship are the leading factors which give additional complexity to the basic class structure.\(^{26}\) It is not, however, within the scope of this article to enter a debate on these matters, as my purpose has been to identify the five urban classes and illustrate their qualitatively distinct locations in San Fernando’s system of economic production, distribution and exchange.

Finally, the classes which have evolved and continue to develop in the dynamic urban environment of San Fernando obviously show certain marked contrasts with the agrarian classes that account for the majority of the population of the Ilocos region. However, it is not only in the large urban centers such as San Fernando, Laoag and Vigan that representatives of the five classes discussed in this article will be found. Capitalists, landlords, white-collar workers, manual laborers, and marginal businessmen are probably evident to a greater or lesser degree in the social structures of most Ilocos municipalities. Also, the size of these classes will undoubtedly increase with continuing urbanization. Nevertheless, at present and at least in the near future the few large centers in the Ilocos, such as San Fernando, will remain as the only places in the region with substantial non-agrarian class structure.

\(^{26}\) For a full discussion of these factors see M M Turner, "Aspects of Inequality in a Philippine Town" (Ph. D. thesis, University of Hull, 1978).