LABOR PROBLEMS IN SOUTHEAST ASIA

By

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NOTE

THIS BOOK constitutes a report of a longterm project in the international research program of the Institute of Pacific Relations. The disturbed conditions in Southeast Asia have made it impossible to deal as fully as had originally been hoped with the wartime and postwar labor problems of the area. Many of these more recent developments, however, will be discussed in the author's forthcoming study of the effects of the Japanese occupation in Southeast Asia. This new study will probably be published under the auspices of the American Institute of Pacific Relations during 1948.

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William L. Holland
Secretary-General

New York
July 1947

PREFACE[1]

IMPERIALISM, IN THE FORM of the government of weaker peoples by the peoples of the West, was an element in the explosion which rent an explosive world economy. Western society had failed to control its own inventions. The palliative of geographical expansion had produced a struggle for trade and raw materials which at a late date led to Western rule. Through this expansion the world was ringed by a powder train leading from and back to the Western countries.

There is now a recession of this form of imperialism. In the strength of its industrial revolution, Western Europe had gained the economic and political control of much of the world and of its products. To some extent, it had won spiritual control. The system which seemed nearly all-powerful was nearly all-desirable; and the West, out of the abundance of its adventurers and its adventures, produced men of outstanding character and ideas and inventions of outstanding value. Now in Southeast Asia the tide has turned. As the London *Times* reported in 1942, the fall of Singapore was something "more than the evacuation of a city; it was the end of an epoch."

Long-term factors, such as the spread of industrial techniques to other civilizations, the decline of the Western birth-rate and the very success with which some of the most valid Western conceptions had been received, together with immediate circumstances, such as the failure of Europe and of America to protect their interests, the success, short-lived though it was, of an Asiatic power and the rapidity of the Japanese surrender, make impossible a return to pre-1942 conditions and assure the determined resistance of Southeast Asia to any reimposition of former colonial rule.

Account needs also to be taken of other features in the change. Western Europe resents the criticisms directed against her past record. Western Europe reached a high stage of civilization, has suffered grievously, and can claim that its contribution to world progress has been considerable and includes many achievements in its colonial policies. There is indeed something of a Greek tragedy in the decline of power due to the fulfilment of the Western destiny as the awakener of aspirations inherent in Western thought. The results are a sensitiveness which cannot stomach ill-considered condemnations of "colonial exploitation" and a determination to resist criticism by counter-criticism and force by counter-force. Secondly, if a vacuum of political anarchy comes about in any

[1] The views expressed in this preface are those of the writer alone.

part of Southeast Asia for even short periods, new forces may fill it, while avoiding the responsibilities of government provided by the colonial system. The new or re-established nations cannot avoid contact with the old and the new forces. The tools, the experience and perhaps the doctrines they need are to be found abroad, for the vast increase in their peoples has added to the problem of poverty so that it can only be solved by the increasing use of perfected forms of production in agriculture and in industry.

The independence of the Philippine Republic, the preparations for independence in Indonesia, the recognition of Viet Nam, the constitutional progress of Burma, thus not only mark a local epoch; they are of world-wide significance. In many cases, they represent a change of national policies. Internationally, in Chapter XI of the United Nations Charter, countries responsible for the administration of Non-Self-Governing Territories have undertaken "to develop self-government, to take due account of the political aspirations of the peoples, and to assist them in the progressive development of their free political institutions." Events in Southeast Asia and the course of discussions at the General Assembly of the United Nations suggest that the general principles of Chapter XI cannot be relegated to the future as pious aspirations. For good or for insufficient reasons, the pattern of past colonial rule has been broken, and the trend of world policy presupposes the relaxation of the political controls established by the Western powers in Southeast Asia and the rapid emergence of new sovereign states.

Even so, the basic problem of Southeast Asia in relation to world affairs is not the passing of the colonial stage of government. It is the broader problem of the evolution towards self-reliance of communities which in the past were largely controlled by outside forces in their economic and social, as well as in their political life, and which at present must seek some adjustment with these and other world forces. The political aspects of the problem are narrowing. They mainly relate to the detailed questions of when, where and how political autonomy will be established. On the other hand, Southeast Asia may long remain under foreign domination in matters of economic and social policy, with the danger that indirect control will be established without responsibility and that the next center of world rivalries will be found in the region.

The countries of Southeast Asia will be unable to play their part in the peace and prosperity of the world without drastic improvements in the economic and social life of their peoples. Poverty, unbalanced economic development, ill health, ignorance, labor difficulties and the exploitation of the weak by the strong, which were problems during the period of European control, will not be abolished by the abolition of such control. The change is that the countries will need economic and social assistance which can aid their political evolution.

In this general problem of Southeast Asia, it would be dangerous to neglect the contributing problems of labor standards and labor policies. It is true that the population is predominantly peasant, that the wage earner usually comes from and returns to his land and that wage standards must remain low so long as peasant standards of living are low. Yet with all this, a social revolution was taking place during the colonial period and will spread if the expanding population is to live. In Southeast Asia, as in the rest of the world, this will involve an exodus from the country to the town and to a certain extent, from agriculture to industry. In the country, it will involve the acceleration of the change from subsistence to cash farming, an increase of wage earning as a normal means of making a living, and the penetration of the effects of employment to villages which are as yet remote. And neglect is more than possible. Whereas under colonial rule indigenous leaders were being increasingly associated in the political functions of government, their participation in and training for the complexities of modern production were hopelessly inadequate. Now, not only are the trained technicians scanty, but it is possible that the feudal, static traditions of the countries will leave local opinion indifferent to the lot of the men and women laboring outside the established practices.

Miss Virginia Thompson's studies on labor problems in Southeast Asia are therefore not merely of value to the labor expert and the sociologist; they are of political importance. Despite the difficulties of research when many of the detailed reports were unobtainable and few persons could be consulted on practical conditions, so that some of her statements may be open to question, she has been able to present a valuable synthesis of labor laws and of the problems confronting the administrations, managements and workers in Western undertakings. She has also sketched with skill the postwar developments which appear to be of greatest significance. Whether or not the future will bring out other changes than those she indicates, it seems certain that throughout the period of settlement there will be a close connection between political peace and progress and labor peace and progress. Therefore, that she has political opinions which color her judgment on labor conditions is not a criticism. Without political opinions, any survey of the labor situation would be merely academic.

As Miss Thompson indicates, in many respects the labor policies of the colonial powers were progressive. For some time attention was confined to the regulation of plantation and mining labor, but from the late thirties the importance of a comprehensive labor policy was receiving increased recognition. It could no longer be thought that the administrations' chief responsibility was for conditions of employment on the estates and mines in respect of which they controlled the labor supply. Problems of modern employment were being tackled through minimum wage

legislation, workmen's compensation and the regulation of industrial relations. In Indochina, the Popular Front Government had begun to apply by stages metropolitan French labor legislation to various groups of the workers. In the Indies, between 1940 and 1942 detailed workmen's compensation laws were adopted, the system of employment under penal sanctions was brought to an end, compulsory road labor in the Outer Provinces was abolished, and in Java the whole wage structure was being changed to provide for a general minimum wage for the lowest ranks of workers.

Nevertheless, as Miss Thompson states in her first essay, there remained two major labor problems. The labor supply was unsatisfactory and there was no effective labor movement.

Labor migration enabled the employers to meet their immediate needs and in many cases, as between India and Malaya, was well-organized. In the circumstances of much of Southeast Asia, however, it has helped to absorb some of the surplus population rather than to improve living conditions. In times of economic prosperity there was more money in the villages; with the great depression the villages, more dependent on money, were poorer than ever, and those workers who kept their employment saw their wages drop almost or entirely to vanishing point. The skill of the rubber-tapper, the cigarette roller, the batik worker and of other workers in manual operations demanding delicacy of touch was considerable; the industriousness of the Chinese was even excessive; above all, peasant rice production in the wet lands was marked by the fullest use of available resources. But for modern production in industry, labor efficiency was low and in particular the availability of the skilled mechanical worker was in many areas rare and uncertain.

Miss Thompson shows the prewar weakness of the labor movements. In Java, the maximum number of organized workers appears to have been reached in 1941 when the membership of trade unions was estimated at 123,500. In the Philippine Islands, at the end of 1940 the total membership of the registered labor organizations was 96,877, and 190,000 workers were estimated to be organized in unregistered unions. There was little unity or continuity among the unions which existed. The Western governments feared the political interests of the labor movements. The seasonal character of much of the employment, labor migration and, in some cases, the racial diversity of the labor force, were other factors making trade union organization difficult.

All these problems still exist. An improved standard of living is one of the essentials for stability in Southeast Asia. Such improvement cannot be effected without economic developments, and although these developments will be hindered by labor which is cheap and inefficient, in the absence of much of the equipment of modern industry it will be long before standards of employment in Southeast Asia are comparable with

the standards possible in countries which have already reached industrialization. Nevertheless, labor will remain inefficient rather than cheap unless progress in remuneration and improved services is rapid.

The countries of Southeast Asia should be able to require Western undertakings, whether European or American, to provide better conditions of employment than in the past and to enforce the same standards in any state or cooperative undertakings that may be established for large-scale production. In the case of the services which formed a large part of remuneration, they should be extended to workers in the smaller employments and as far as practicable to the independent producers from which the wage-earning class is drawn. For this purpose, it should be an objective of policy to provide that the social services which have been imposed on large employers in Southeast Asia in the form of estate hospitals, schools and the like, should become the responsibility of the state or the local authority and taxation on the employers should take the place of labor costs in respect of welfare. The change would help to close the gap between the employed and the local population, and, with that pride which newly won self-government can often inspire, the assumption by national governments of the direction of social services may lead to an unexpected response in the desire of the peoples for higher standards of living.

In the second place, modern labor legislation and enforcement should be extended as far as practicable to all forms of employment. Conditions of employment under Asiatic employers have often been oppressive in the extreme. The European administrations were, in many cases, discouraged by the difficulties of control. Where they attempted to complete and to enforce the law, they frequently found worker and employer combining in a tacit understanding to expect no good of European intervention. Here again a new state in its national pride may well be able to arouse a new desire for better living among workers who in the past accepted their bondage with resignation.

A third major problem will be the development of workers' organizations. The argument that trade unions are of Western origin, and therefore unsuited to other conditions, takes little account of the fact that the workers who have been bred under these other conditions have passed into forms of employment in which trade unionism is one of their major forms of protection. A new communal life remains to be built up and the worker combining for his economic defense with his fellow workers may be able to translate into modern conditions of life the principles of mutual help which are among the most admirable characteristics of Southeast Asia. Whether it will early be possible, as Western advisers would hope, to disassociate political from trade union claims is doubtful. The struggle for national political power may well take place in the unions themselves, and the unions are likely to seek a social revolution

rather than peace in industry. However that may be, unionism is a force which can no more safely be neglected or suppressed than the political movements whose neglect or suppression in the past strengthened the revolutionary character of the nationalist movements.

With all this it seems probable that large-scale labor migrations will still remain necessary. In Malaya and in particular Sumatra, the local labor supplies are inadequate to exploit the natural riches of the countries, and there are thickly populated countries such as Java where even a rapid development of local resources will still leave a surplus population for which provision cannot be made at home. Where the workers are still mainly illiterate and ignorant, migration and labor recruitment need control at a high level. There is too great a temptation for the village headman and those with local influence to send their people away to labor for their own advantage or as a form of sanction or for the moneylender to keep them in servitude at home. The European governments have had considerable experience in the development of labor migration to a point where the worker was free from the obvious forms of pressure and provision was made for minimum conditions of employment; the workers were no longer the weaklings or wastrels of the village but comprised a high percentage of good workers and citizens. There is much experience to be saved, and, whereas it seems essential that the officers responsible for general labor inspection should be indigenous, the supervision of large-scale migration movements may require a regional organization under the control of the countries of labor demand and supply but staffed internationally.

Mention has already been made of the importance of securing local leadership in production. The new states of Southeast Asia will remain largely colonial so long as there are no national engineers, businessmen and managers capable of taking the chief direction in running each country's undertakings. The basic problem is one of education and of training. For the bulk of the population this must be local. Recent experiences, however, in the training of Indian technicians in England and schemes for the training of Chinese overseers and Filipino fishermen in the United States could be usefully extended with the cooperation of Western firms and workers' organizations. At the same time, employment possibilities must be found. The countries of Southeast Asia would be entitled to require the adoption of quota rules by foreign firms employing labor, to provide for the employment of percentages of national employees in the higher ranks. The temptation, however, should be avoided of using such rules to impose on enterprises employees who are inefficient. An individual may have won the right to take his share in the direction of the political destinies of his country. If he takes his share in its economic life by law rather than by efficiency, the economic life and the public sense of responsibility of his country will be the main sufferers.

There remains the possibility of labor competition within Southeast Asia. The countries will remain competitors in the world markets notably for the sale of their rubber and their tin. As early as 1935, the reduction of wages on rubber estates in Malaya was claimed to result from the lower wage levels in other countries, and it was suggested that the international labor conventions should be uniformly applied in respect of commodities subject to international control schemes.

The International Labour Organization's conference of Asiatic Countries (New Delhi, October 1947), attended by representatives of the independent countries and by delegations from the chief Non-Self-Governing Territories, may prove to offer the opportunity of establishing a regional labor organization for Southeast Asia. The tasks of such a regional organization might comprise (1) the application on a uniform basis of international labor standards as adapted to the region, (2) collaboration between the public authorities and managements and workers, (3) labor migration agreements, and (4) minimum wage levels. This organization might hold periodical conferences. Its existence would help to strengthen a regional public conscience concerned with the improvement of living conditions and the development of a regional sense of responsibility for labor policy. It should permit concrete agreements to be reached on many concrete questions of employment. It would enable the representatives to familiarize themselves with the world problems of social policy.

Yet this in itself may not be enough. Labor problems can hardly be treated in isolation from the general problems of health and education, and from the economic foundations on which social policy must be built. The regional labor organization might be expanded with a view to the consideration of other problems of social advance. An Eastern Commission of the Economic and Social Council is being established. Its responsibilities will be broad and its problems many. In addition, it is worth considering whether in the region of Southeast Asia an organization should not be established, in which, with the assistance of and indeed under the control of the local governments, specialized agencies such as the International Labour Organization, the Food and Agriculture Organization, the Educational, Scientific and Cultural Organization and the World Health Organization could cooperate.

This brings back the political question. Any such wide coordinated treatment of social problems in Southeast Asia would conform to the political needs of policy. Southeast Asia may well be a test case of the possibility of a world policy of development through the assistance of poverty-stricken countries. Without such a policy, the political developments which are now inevitable in Southeast Asia may remain sterile and leave the region once more a center of world rivalry.

Wilfrid Benson

New York, February 1947

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