

May Day rally as part of labor union's strategic action

Tuesday, 1 May 2012

By Tauvik Muhamad, Programme Officer of the ILO-Jakarta

Since the fall of the authoritarian Soeharto regime in 1998, thousands of workers from numerous labor unions across the country have taken to the streets every May 1 to mark International Labor Day or "May Day".

The rallies, which voice workers' aspirations and reinforce long-held "street level political activities", underline workers' demands for a more labor-friendly public policy that will impact on their living standards.

This year, the May Day rally has focused, in its Worker Manifesto, on the three main demands of ending the insecure employment that results from outsourcing, an improvement in the procedure to set minimum wages and the formation of a better social protection scheme.

On some occasions, the unions have succeeded through rallies in forcing the government to halt or annul decisions that were not in their members' interests. The protests against minimum wages recently in Bekasi and Tangerang are concrete examples. Those issues that the unions have repeatedly raised in the past decade without a substantial outcome, however, indicate a possible failure of the union movement in influencing public policy in Indonesia.

This failure to influence public policy should be a "wake-up call" for the labor movement to depart from utilizing "May Day" and other incidental rallies as the main vehicles of the union struggle and to come up with more strategic thinking and sustainable means of influencing the policy-making process.

It is understandable that to some extent the unions doubt the effectiveness of social, tripartite dialogue due to their perceived unequal position in facing the government and employers in collective bargaining. In order to force their counterparts to agree to start negotiations, the unions tend to take to the streets or engage in labor strikes.

In such a circumstance, the logical question is: Why do the trade unions fail to influence such policy? Have they a well-crafted and coherent alternative policy? How can unions shift to a better position to influence the policy debate?

To answer this, it is necessary to map out an analysis of the role of unions and collective bargaining as well as their actions within the context of macroeconomic reasoning and labor market perspective. By using this framework, there are at least three underlying challenges facing the unions.

They need to address the issue of representativeness; preparing the substance of a rigorous coherent policy option from the unions' point of view; and a proposal for an effective strategy to influence public policy formulation.

It is obvious that the issue of representativeness concerns the rate of union membership (unionization rate) and the rate of union-member coverage by collective bargaining agreements. The low unionization rate helps explain why some major regulations related to minimum wages, working conditions such as outsourcing and social security have not yet fully accommodated the concerns of unions.

According to the latest union membership data verified by the Manpower and Transmigration Ministry, only 3.4 million (or 11.3 percent) of 30 million workers in the formal economy sector are paid up members. Such a condition is worsened by the segmentation of the workers organizations at national level. To date, five national workers union confederations exist.

In addition, some workers' organizations have decided not to have any affiliation to these main confederations. Therefore, the unions lose an opportunity to act as an important force behind social and economic legislation.

Having a high degree of organization segmentation, as well as the principle-agent problem due to the absence of checks and balances and a consultative mechanism between national leadership and their grassroots membership, are the main reasons for the absence of democratic practices and rules concerning their constituents in some of the organizations.

Establishing a single position of workers, particularly on policy issues, is one of the big challenges, as oftentimes union leaders fight each other in policy debates. For example, the debate on social security and the revision of labor laws signals the fragmented position of unions. This may lead to reduced bargaining power of trade unions at the negotiation table.

Such circumstances lead to the second argument over whether a unified rigorous union point of view exists concerning current labor and employment policy debates.

Experience from knowledge-sharing exercises, held to support and develop union leaders' capacities at national and regional level to influence public policy formulation, led to a conclusion that the main areas of improvement for union leaders can be identified as acquiring better skills in identifying problems, in prioritizing, in setting objectives and in preparing comprehensive strategies, to be further followed-up with training in voicing their concerns for social and economic policies and regulations.

In the recent debate on the fuel-price policy, the cost and benefit analysis within the macroeconomic and social perspective had to be taken into consideration, before rejecting the fuel-price hike plan. The unions overlooked the implication of mistargeting the subsidies that would lead to widening inequality and efficiency.

Yet, there were economic implications of the fuel-price hike on food and transportation costs. The unions could have thought of how to reduce the impact of inflation as a result of this increase in food and transportation prices, rather than entirely rejecting the proposal without giving space for discourse and negotiation.

Similarly, the issue of outsourcing, finding a mid-way solution and providing space for policy options and trade-offs, would be progressively identifying solutions to making the labor market effective; contributing to addressing the unemployment issue and social protection for workers.

Another crucial issue for union leaders is to ensure that they do not lose sight of the big picture, i.e. the issue of participating in the policy debate in order to ensure the comprehensiveness of the policy option and anticipating direct and unintended consequences resulting from any policy option selected. At the same time, one has to pay attention to the details, as the devil is often in the details.

In its struggles, the union movement has been seen as a monopolistic institution because they only fight for their members. Therefore, it is important that union organizations develop their ability to think out of the box, crafting policy proposals that go beyond the restricted interests of the union members in order to get wider public support. This would be a starting point to involve non-state actors, particularly the middle classes, in policy change.

The experience of coordinating the issue of social security through KAJIS (Committee for Action on Social Security) involving non-state actors of academics, NGOs and practitioners, is a good example on how the labor movement can creatively expand their concerns beyond their limited interests and mobilize more support to reach their social goal through social-policy development.

It is essential for the unions to recruit more members and take action in unifying all segmented labor union organizations, to expand their primary objectives from improving pecuniary and non-pecuniary conditions of employment to participate in more inclusive policy debates and formulation as well as making strategic alliances with non-state actors to make a difference.

<http://www.thejakartapost.com/news/2012/05/01/may-day-rally-part-labor-union-s-strategic-action.html>

The writer is co-founder of the Indonesian Trade Union Federation of ASPEK Indonesia and program officer at the International Labor Organization Jakarta Office. The opinions expressed are his own.