Coconuts and Cultivation in the Philippines
A Study of Social Formation in Candelaria, Quezon Province

Guro Skåre

Report
Chr. Michelsen Institute
Bergen Norway
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# Contents

Acknowledgements vii  
Abbreviations viii  
Glossary of non-English words x  
Map 1 The Philippines xiii  
Map 2 Southern Tagalog xiv  
Map 3 Quezon Province xv  
Map 4 Candelaria xvi  

1. The Philippines, the coconuts and the peasantry 1  
   1.1 Coconuts in the Philippines 1  
   1.2 The Philippines 2  
      1.2.1 External trade and policy linkages 6  
   1.3 The political economy of the peasantry 7  
   1.4 The organization of the thesis 10  

2. Social formations and modes of production 12  
   2.1 Social formations and rural, modes of production in the Philippines 18  
   2.2 Social formations and the state 21  
   2.3 Social formations and the agricultural producers 24  
   2.4 The methodological approach 27  
      2.4.1 Realism 27  
      2.4.2 Choice of area and respondents 28  
      2.4.3 Data and reality 30  

3. Economic and political formations in the Philippines 32  
   3.1 Spanish colonial feudalism 32  
   3.2 US colonial and imperial power 37  
   3.3 Formal independence and privatization of the state 41  
      3.3.1 Philippine agriculture 43  
      3.3.2 Contemporary class structures in the Philippines 56  
      3.3.3 The coconut monopoly 62  
      3.3.4 Social unrest 67  

4. The social formation around coconut production in Candelaria 71  
   4.1 Candelaria 71  
      4.1.1 Historical background 72  
      4.1.2 Contemporary socio-economic features 73  
   4.2 The production of coconuts 75
4.2.1 Ownership of production tools 78
4.3 The social formations in Candelaria 80
  4.3.1 The farm workers 82
  4.3.2 The tenants 84
  4.3.3 The small owner-cultivators 88
  4.3.4 The katiwalas 89
  4.3.5 The landlords and landowners 90
  4.3.6 Households and domestic division of labour 90
4.4 The coconut industry 93
  4.4.1 The social formation on the factories 99
4.5 Survival mechanisms 101
  4.5.1 Participation of the state 104
  4.5.2 Impoverishment and visions 108

5. Marginalization, crisis and prospects 118
  5.1 The findings 118
  5.2 From marginalization to development 123

References 127

Figures
1.1 Landownership inequality, 1988 5
3.1 Export and import trade with the US 1905-1945 39
3.2 A typology of crops and farm enterprises in the Philippines 46
3.3 Class formations in the Philippines 59
4.1 Major groups participating in the production and processing of coconuts 81
4.2 Production chart for coconut oil 97
4.3 Production chart for desiccated coconut 98
4.4 Timetable for implementation of CARP 106

Tables
1.1 Percentage share of value of import and export trade for the most important foreign trade-partners 1981-1989 6
1.2 The sectoral share of Gross National Product and export earnings 7
3.1 Employment by sector, 1970-1989 44
3.2 Relative importance of major agricultural products
expressed as share of total agricultural land and share of total agricultural value produced

3.3 Physical farm areas, by type and tenure of operator, 1980

3.4 Nut productivity per tree per year by selected regions and selected years

3.5 Cultivated coconut area in selected regions, selected years

3.6 Ten principal exports, value of 1988 and 1989

3.7 Real value of coconut products exported, 1983-1989

4.1 Tools, prices and ownership of tools used in the coconut producing sector in Candelaria, 1991

4.2 Sharing systems and income from coconut production among tenants in Candelaria, 1991

4.3 Time spent on household work daily stratified by sex and occupation among tenants in Candelaria, 1991

4.4 Amounts paid for jobs in coconut factories

4.5 Percentage of total income from various sources, for different respondent groups

4.6 Average value of livestock held by different respondent groups

4.7 Expenses and income of respondent groups and average for Region 4

4.8 Expenditure pattern for tenants and farm workers

4.9 Type of dwelling for different respondent groups in Candelaria

4.10 Ownership of consumer goods for different respondent groups

4.11 Extended household size and physical household size among the respondents in Candelaria 1991

4.12 Income and levels of education within different respondent groups
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All the time this work has been the major part of my life, mum and dad have been the most wonderful “private secretaries” and supporters, when things seemed too big to conquer.

I hope my work is not in vain. Thank you all for your patience, interest and understanding — Maraming Salamat!
Abbreviations

AFP               Armed Forces of the Philippines
CAFGU             Civilian Armed Forces Geographical Units
CCSF              Coconut Consumers Stabilization Fund
COCOFED           Philippine Coconut Planters Association Inc.¹
CPP               Communist Party of the Philippines
EC                European Community
FEAR              Far Eastern Economic Review
HBM               Hukbong Magpagpalaya ng Bayan (Army of National Liberation)
HUK               See HUKBALAHAP
HUKBALAHAP        Hukbo ng Bayan Laban sa Hapon (Peoples Army Against Japan)
IRRI              International Rice Research Institute
JUSMAG            Joint US-RP Military Advisory Group
KMP               Kilusang Magbubukid ng Pilipinas (Peasant Movement of the Philippines)
KMU               Kilusang Mayo Uno (First May Movement)
KPMP              Katipunan Pambansa ng mga Magbubukid ng Pilipinas
NEDA              National Economic Development Authority
NDF               National Democratic Front
NGO               Non Governmental Organization
NPA               New Peoples Army
PCA               Philippine Coconut Authority
PCARR             Philippine Council for Agriculture and Resource Research
PCGG              Presidential Commission on Good Government
PKP               Partido Komunista ng Pilipinas
PO                Peoples Organization
PNB               Philippine National Bank
RA                Republic Act
RP                Republic of the Philippines
UCAP              United Coconut Association of the Philippines

¹ Changed to the Philippine Coconut Producers Association Inc. in 1974.
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tr>
<td>UCPB</td>
<td>United Coconut Planters Bank</td>
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<tr>
<td>UNICOM</td>
<td>United Coconut Mills</td>
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<tr>
<td>TFDP</td>
<td>Task Force Detainees of the Philippines</td>
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</tbody>
</table>
Glossary of non-english words

The field work was conducted in an area where Tagalog is the most common language. Tagalog derives from a malay-language, but has several Spanish or Spanish-like words. The pronunciation of Tagalog words is fairly easy for Europeans, since it is very similar to the pronunciation of Mexican Spanish. In words with two consonants, both are normally pronounced with equal weight, as in tapasaan; tapasa-a-n.

- **baliktad**: “Turned around”, a sharing system giving 70 per cent of gross output to the tenant
- **barangay**: Village community
- **bolo**: Long-bladed knife
- **buko**: Young, green coconut
- **cabezas de barangay**: Head of the barangay. Local official
- **cantina**: Eating-place provided for the sugar-plantation workers
- **carabao**: Water buffalo
- **contratista**: Recruiter of sacadas
- **coprahan**: Place where the copra is made
- **creoles**: See insulares
- **duaan**: Tenant at sugar plantation
- **encomienda**: Formally state owned tenant-based plantation
- **hacienda**: Privately-owned tenant-based plantation
- **haciendero**: Owner of hacienda
- **harabas**: A 10-12 meter long pole with a sickle at the end. Used for nut-picking. Also called kawit
- **ilustrados**: Middle-class Filipinos during the colonial period
- **indio**: Old name for a Filipino native
- **inquilinos**: Overseer and representative of the haciendero for the tenants
- **insulares**: Philippine-born Spaniards (“islanders”)
- **jeepney**: Vehicle modeled after American military jeeps present in the Philippines during the second world war. The most common car for both private and public transportation
kaingin  Slash-and-burn agriculture
kariton   Cart for horse
kasama    Used as a term for tenants. The literal meaning is comrade, as well as together.
katiwala  Overseer, local Candelarian word
kawit     See harabas
lambanog  Coconut liquor
langisan  Old-fashioned oil mill
mestizo   Mixed race Filipino, most commonly Chinese and Spanish mestizo
palay     Un-husked rice
pakiaw    Wage-payment per piece, per kilo or per 1000
pangayaw  Casual worker in the sugar producing sector
pangipon  1-1.5 meter long stick with a hook at the end. Used for collecting coconuts
paragas   A very simple cart with no wheels but with skies or rails underneath. Drawn by a carabao
peninsulares  Iberian-born Spaniard
principales Indigenous notable in the Spanish colonial period
sacada    Migrant sugarcane harvester. Farm worker
sari-sari store Small variety store. Very common in the Philippines
suki      Commercial transaction where the market-mechanisms are imperfect. Leads normally to lower prices but more stable markets. On the farm level
tapahan   Old-fashioned coprahan
tapasaan  A ground-based axe or spear, used for de-husking the coconuts
tawad     A special haggling system, where only half of the final price is directly paid the salesperson
utang na loob Debt of gratitude

Prices referred to in this thesis are normally referred to in pesos, the currency of the Philippines. The exchange rate to US dollars varied during the stay, but the average exchange rate in 1991 was roughly 25 : 1, i.e; 25 pesos per US dollar.

The terms Filipino and Philippine are used as they do in the Philippines; when something “personalized” (as a person, a folk-culture) the term Filipino used, otherwise; Philippine.
1. The Philippines, the coconuts and the peasantry

1.1 Coconuts in the Philippines

On January 22, 1987, approximately one year after President Aquino came to power, impatient peasants marched in the streets of Manila to protest the lack of land reforms, which had been promised by President Aquino as well as by former presidents. They were answered with gunshots from the military’s M-16s, killing twenty-two peasants in front of the Presidential palace at the Mendiola bridge. Several of these peasants were coconut producers. About 1/3 of those engaged in agricultural production in the Philippines, produce coconuts.

The land reform law was presented the following year. According to the largest peasant organization in the country, The Kilusang Magbubukid ng Pilipinas (KMP), the land reform offer no positive impact on the peasantry. The payments for land, demanded from the beneficiary peasants are either too big to handle for poor peasant families, or the loopholes in the law are so demonstratively large that any landlord easily can exempt his land from the land reform bill (KMP 1988).

A study tour to a variety of provinces in the Philippines in 1989 left me with a similar conclusion. The peasants were poor as they always had been in the Philippines and most of the respondents, representing all the major agricultural sectors were as landless as always. More importantly, the insurgency in the country, which should be seen as a result of the desperate economic situation for the majority of the people, seemed persisting, recruiting widely among the peasants to fight the present regime with all possible means.

It is not only in the Philippines that the agrarian sector suffers from a seemingly constant economic and political crisis. Peasants throughout the third world are denied the resources needed in order to create a decent life with democratic rights. A peasant family, at least in the Philippines, works extremely hard to obtain their necessary means of livelihood. The problem is that they hardly receive anything for their efforts in providing both the domestic and international market with agricultural goods. In order to understand this, it is necessary to look into the arrangement of the work
performed, and the relation the peasants have to production. This is the entry point for this research on coconut production in the Philippines.

The coconuts in the Philippines are important both in terms of the national income derived from the coconuts and also for employment. The national economy has over the last ten years been facing severe problems because of declining international prices on coconuts. The Philippines is the largest coconut exporter in the world (Lactao 1990 b). This export item constituted approximately 7 per cent of the total export income in 1989 (Republic of the Philippines 1990), and is the single largest export item in terms of value in the Philippines. Of the ten principal export articles, which in 1989 counted for 36 per cent of the total export value, three are major coconut products, i.e.; copra, coconut oil and desiccated coconuts (Republic of the Philippines 1990). At least 20 million people depend on coconut production for a living. Their living standard has not improved with better international prices. They were poor when the prices were relatively good and are poor today. Perhaps they are made even poorer from a higher cost of living.

Development research should always be done as an effort to understand and improve the situation for the poor. The study of fluctuations in international prices is not the major factor for this thesis. Rather, the poverty of the coconut producing peasantry is assumed to be rooted in the production sphere itself. This production governs the social, political, economical and cultural relations, i.e; a total social formation. By analyzing this social formation, it should be possible to identify the causes for poverty and thus create a necessary basis for change.

1.2 The Philippines

The Philippines is an archipelago in South East Asia, bounded by the pacific Ocean, the Chinese Sea and the Celebes Sea (Map 1). The country, approximately 300,000 square kilometres in size, consists of 7,100 islands, about 100 of which are inhabited. The people counted around 62 million in 1990, with an annual growth-rate of 2.3 per cent. The Filipinos communicate in more than 100 different languages and dialects. The national language, Filipino, is based on the dialect Tagalog which is a language derived from ancient Malay and influenced by Spanish.

The Philippines is rich in natural resources. Iron, gold, copper, nickel, chrome and other minerals are found in substantial amounts. A mountainous terrain with rich water supplies and a tropical climate makes the country suitable for agriculture during the whole year. The rainforest, once significant in size has been reduced by 80 per cent. The rate of
deforestation is 5.4 per cent yearly (George 1992). Many of the mountains are volcanic. The Philippines lies on the border of the Philippine plate and experiences both earthquakes and volcanic activities. This thesis will reveal that the dramatic events in the mountains are not only caused by the core mantle activity but also by the happenings on the surface of the land. A civil war is going on in the Philippines. This is a war between those who have and those who have not. The majority of those who have nothing are peasants.

To understand contemporary Filipino society, particularly contemporary social formations, it is necessary to investigate its social history. The Philippines have been under colonial rule for more than 400 years. In the period after independence in 1946, the economy has been characterized by the export of raw materials or light manufactured agricultural goods and a stagnant domestic-oriented manufacturing sector. The ties to the former colonial empire is still tight, through American dominance and control of Philippine economy and therefore also Philippine culture.

At this point it is useful to emphasise that the Philippines is a nation of contrasts. The majority of the population are poor. This economic situation has led to a massive flight away from the countryside to the urban centres and shanties as well as abroad. Women flee unpaid work on the farm or elsewhere, to work abroad as maids, entertainers and prostitutes, but also as educated employees. However, they do not flee their family responsibilities. The main reason for going abroad is not their personal happiness. It is a search for funds to their family at home. The women sell themselves on the altar of family-responsibility. Almost 500,000 Filipinos were registered to work abroad in 1989 and of these 34 per cent are characterized as service workers, i.e; maids and so-called entertainers (Republic of the Philippines 1990).

Not only individuals but also entire families migrate. The new homes of the former peasants can be seen along the highways in Manila. The urban shanties are made of paper, corrugated sheets and cardboard while the rural version is made of nipa and other plant material. Manila, the capital city, has an infrastructure designed for only two million people, but a population of more than eight million people (Putzel 1992). When it rains, it floods. When it floods the poor lose the houses of cardboard and perhaps their lives as well.

On the other side there are those Manileños who do not share the reality of their urban poor. They have their own gardens, sometimes with golf-links and often with swimming pools. Their houses are well guarded, and unbreakable walls with broken glass and barbed wires on top secure them from the reality outside. A large proportion of the spending of these rich
families is on imported luxury goods. Many of these rich families drain the capital from the coconut production.

The Philippines received the attention of the world media in 1986. The long time dictator Ferdinand Marcos was ousted by millions of mobilized civilians. His period as a President was recognized as dictatorial, supporting a patronage system the world has seldom seen so unmasked, so blatantly self-centred. The new President Aquino was the widow of Benigno Aquino, the head of a family dynasty that opposed Mr. Marcos. She had seemingly the support of a whole world when she entered the national stage as a president with the agenda of creating democracy in the Philippines. It is still fair to claim that 60-100 families rule the country, as before. A total of 83 per cent of the new members of Congress in 1986 were familiar political faces, or close relatives of those dynasties ruling the country during the Spanish period, the American period and the period of Mr. Marcos (Gutierrez 1992). None of the majority of the people, the peasants and the workers, were represented in the legislative body of the state.

In the beginning, the new regime made certain gestures to democracy. The President released several political prisoners and initiated peace talks with the leftist underground movement — the National Democratic Front (NDF). However, in 1987 the government changed its strategy. The unrest in the countryside, which earlier was to be solved through land reform, was now to be solved through “total war” against what the government considered to be a subversive movement. The country became increasingly militarized and human rights were violated. After 1987, the regime of President Aquino violated human rights more intensely and more frequently than had been done by the government of President Marcos, even during the period of martial law. The basic cause of social unrest, the problem of unequal distribution of land, remained unsolved.

Even though land is not the only determinant of economic wealth and power, Figure 1.1 reveals the striking inequality in land ownership in the Philippines. A perfectly equal distribution of land would render a coefficient of 0.0 and a curve which followed the diagonal from 0. A perfectly unequal distribution would arrive at a coefficient of 1.0 and its curve would follow the x and y axis. The curve shows a high degree of inequality, with a gini coefficient of 0.647 (Putzel 1992).

---

2 Interviews with organizations like KMU, TFDP and KMP 1990.
The Philippine state has shown itself to be incapable of carrying out effective land reforms to increase the peasant productivity and raise the living standards of the majority of the people and thereby remove a major reason for the insurgency in the country. One possible reason for this is that the majority of the legislature are also big landholders. Former President Aquino herself is one of the largest landowners in the country, owning a 6000 hectare sugar plantation (Hacienda Luisita) in Central Luzon. The Philippine state and policy making bodies have been practising a form of "elitist democracy". (Rocamora 1993) "Elitist democracy" is to be understood as politics dominated by patron-client relationships, and permeated by the "ilustrado syndrome", which relies on "bossism" and "warlordism" (see among others Gutierrez 1992, Rocamora 1993, Anderson 1988). The Philippine state and politics have been studied by several researchers, like Carl Lande (1965), J. Clark Soriano (1987), and Edicio de la Torre (1988). A common general conclusion is that strong vertical dyadic ties exist between patrons (landlords and employers) and clients (tenants, workers and employees) (Gutierrez 1992). For the client, the patron is commonly the only source of means of production, food and credit, and for the patron, the client represents cheap labour power and loyal defenders. In that sense the relationship is dyadic — and expresses a continuing relationship in which the patron and client interact upon each other. This is also true for the coconut sector.
1.2.1 External trade and policy linkages

The Philippines’ external trade is still dominated by the historically strong linkage with the United States. Recently, Japan has become a major source of foreign investments as well as an important trading partner (Villegas 1990, Rocamora 1993, Republic of the Philippines 1990). Whereas the United States was the one major receiver of exported goods throughout the 1980s, Japan became the most important source of imported goods in 1989. Philippines’ export trade still depends largely on the American market, while Japan is the second largest importer of Philippine raw materials and other light manufactured goods. A substantial share of the exports are also sold within the European Unity. Countries in the Middle East, on the other hand, export substantial quantities of goods to the Philippines, but import less than 2 per cent of the value of Philippine export goods (Table 1.1).

Table 1.1 reveals opposite trends for exports and imports for the different areas during the 1980s. Whereas US, Japan, EC and the Middle East counted for more than 70 per cent of the imports in 1981, their market share on the import side was less than 60 per cent in 1989. On the other side, approximately 65 per cent of the export earnings in 1981 were derived from markets in the US, Japan, EC and the Middle East. By 1989, this percentage had grown to almost 75 per cent. The market for export articles have thus been increasingly concentrated, while the sources for imported goods are more diversified.

Table 1.1

<table>
<thead>
<tr>
<th>Area</th>
<th>US</th>
<th>Japan</th>
<th>EEC</th>
<th>Middle East</th>
</tr>
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<tbody>
<tr>
<td>Year</td>
<td>Imp</td>
<td>Exp</td>
<td>Imp</td>
<td>Exp</td>
</tr>
<tr>
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<td>22.5</td>
<td>27.6</td>
<td>18.8</td>
<td>20.0</td>
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<td>1982</td>
<td>22.1</td>
<td>31.4</td>
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<td>1983</td>
<td>23.2</td>
<td>36.0</td>
<td>16.9</td>
<td>20.3</td>
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<td>1984</td>
<td>26.8</td>
<td>37.2</td>
<td>13.4</td>
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</tr>
<tr>
<td>1985</td>
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<tr>
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<td>1988</td>
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<td>19.0</td>
<td>35.8</td>
<td>19.6</td>
<td>20.3</td>
</tr>
</tbody>
</table>

Source: Republic of the Philippines 1990
A large part of export earnings is, according to official statistics, derived from the industrial sector. They indicate a country with a fairly developed industrial sector. The reality is that the principal export articles are very lightly manufactured goods from the agricultural sector such as coconut oil, desiccated coconuts and copra, as well as sugar, bananas, pineapple and lumber. Copper and gold are also exported in substantial amounts (Republic of the Philippines 1990).

Table 1.2

The sectoral share of Gross National Product and export earnings

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<td>Agriculture</td>
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<td>27</td>
<td>84.4</td>
<td>45.3</td>
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<td>Industry</td>
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<td>33</td>
<td>15.6</td>
<td>54.7</td>
<td>75.6</td>
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<td>Service</td>
<td>43</td>
<td>42</td>
<td>38</td>
<td>40</td>
<td>-</td>
<td>-</td>
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</tr>
</tbody>
</table>


1.3 The political economy of the peasantry

The inequalities in Philippine society have created a series of social uprisings. The main cause of the uprisings and the insurgency has been the unequal distribution of economic wealth and political power. Half of the working population earned the major part of their income directly through agricultural activities and the majority of them are poor. Poverty seems to be endemic in the Philippines and is most widespread in rural communities. In the 1980s, the Philippines had one of the worst records of poverty in South-East Asia. Official statistics do not always catch the reality of poverty for a number of reasons. Nonetheless, when the Philippine government surveyed the poverty-situation in 1986, 67 per cent of the population was found to be living below the official poverty line (Republic of the Philippines 1990). The World Bank estimates that 58 per cent of the rural and 48 per cent of the urban families live below the official poverty line (Putzel 1992). The absurdity of the poverty in the Philippines resides in the fact that the food producers and the agricultural based population are those which live in absolute poverty. Malnutrition among children, lack of health care, education, proper housing and food are part of the everyday life for an average Filipino, particularly if he or she produces food for a living.
The proposed solution by each new President has therefore been land reforms, as a way of solving the problem of poverty or rather the problem of social insurgency. Despite suggested and even implemented land reforms, the distribution of land ownership is still highly skewed (Figure 1.1). Within the coconut sector, it has been found that 2 per cent of the coconut farms cover 40 per cent of the coconut land, while 91 per cent of the coconut farms are left with only 33 per cent of the total area grown with coconut trees in other parts of the country (Putzel 1990).

This research was undertaken in a municipality of Quezon Province. The land in this area is owned by a few large landowners and a larger number of small landowners. Many of the small holders have white-collar jobs beside being small landowners. Candelaria is a “sleeping cross” along South Super Highway in the direction of Bicol Province. Social unrest has broken out here. There were guerilla activities as late as in 1989. At that time, a large-scale military operation forced the guerilla organization New Peoples Army (NPA) to withdraw. It appears that the local people have good memories about the days of the NPA. They have a careful and quite sceptical attitude toward the Armed Forces of the Philippines, and the militia called Civilian Armed Forces of Geographical Units (CAFGU). Quezon Province is a heavily militarized province compared with other provinces in the country. Bombings of municipalities in the province have occurred during the fieldwork, particularly in the nearby Bondoc Peninsula. An assassination attempt was also made against a resource person for the research project. He survived but had to immediately flee the area with his family. Although the NPA was forced out in 1989 and there is no active peasant organizations in the municipality, the national problem of insurgency is affecting the everyday life of the people. The people are poor and are desperately making efforts to provide food for themselves. In Candelaria, no reliable data exist on the participation of the population in coconut production and processing but it is estimated that between 50-70 per cent of the people are directly engaged in these activities.

When martial law was declared by President Ferdinand Marcos in 1972, the peasantry was the main social group of concern for both the President and the revolutionary movement. Today, the problem of the peasantry is

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3 Interviews with several people who must remain anonymous, gave a vivid picture of those days.

4 The number vary, and no official survey have been done in the area since 1981. However, both resource persons and others interviewed stated that the majority, i.e: more than 50 per cent of the labour force was engaged in the coconut sector.
still dominant. They are still largely landless and are more economically marginalized than ever.

In South East Asia, Marxism has been extensively used in the effort to liberate the oppressed masses. The revolutionary victory of the Communist Party of China in 1949 was an important source of inspiration for the movements that based their programmes on the thoughts of Marx, Lenin and Mao Tsetung. The Vietnamese experience also proved to people in the region that there were strategies that could successfully wipe out the enemy. In Indonesia, the Communist Party (PKI) had at its peak three million members and 20 million supporters before it was brutally crushed by the Indonesian regime in the late 1960s. Marxist ideology and strategy have also been extensively used by liberation movements and organizations in Malaysia, Singapore, Japan, Thailand, Myanmar and the Philippines (Castro and Nemenzo 1987).

Partido Komunista ng Pilipinas (PKP) (Communist Party of the Philippines) was established as early as 1930 and had from the outset a Marxist-Leninist framework for the Philippine struggle for national liberation and democratization. Internal contradictions led to a split in the then very small party in the early 1960s. The Communist Party of the Philippines (CPP) was re-established on the birthday of Mao Tsetung, December 26, 1968. The new party based their analysis on the theory that the mode of production in the Philippines was dominated by feudalism. Consequently, the peasantry was seen as the key agents for the needed revolution:

The semi-feudal character of Philippine society is principally determined by the impingement of U.S. monopoly capitalism on the old feudal mode of production and the subordination of the latter to the former. The concrete result of the intertwining of foreign monopoly capitalism and domestic feudalism is the erosion and dissolution of a natural economy of self-sufficiency in favour of a commodity economy. Being dictated by foreign monopoly capitalism, this commodity economy is used to restrict the growth of a national capitalism, and force owner-cultivators and handicraftsmen into bankruptcy (Guerrero 1979 p.64).

The abolition of feudalism was to be achieved through a revolution, following the strategy of Mao Tsetung, by a protracted people’s war led by the people’s army:

The New People’s Army is the main instrument of the Communist Party of the Philippines, the National Democratic Front and the entire Filipino people for carrying out the central task of smashing the military-
bureaucratic machinery of the reactionary state, seizing political power and bringing about the total victory of the national democratic revolution... (CPP 1989, p. 1).

This revolutionary strategy was first expressed in writing in the late 1960s by Guerrero, who is said to be the founder of the CPP. It is still the official analysis and policy of the underground movement in the Philippines. This movement is called the National Democratic Front (NDF) and CPP is a member organization. It is not known how many members and supporters the NDF has. Military sources estimate that around 20,000 men and women were full time guerilla soldiers around 1986 (Shirmer and Shalom 1987). An NDF spokesperson in 1981 stated that there were 26 guerilla fronts all over the country. According to this source, these were actively supported by around 5 million peasants, fisherfolks and indigenous people. 800,000 of these were said to be organized in the NDF and 10 million people were considered as direct supporters of the underground movement (KSP 1981). Their strength has increased dramatically from the mid 1970s. It has experienced a temporary decline after the downfall of Marcos. Today, the NPA is still present in all of the provinces. The NDF is one of the strongest opposition movements in Asia and is also considered to be a major threat by the government. At present, however, internal contradictions regarding the future revolutionary strategy of NDF seem to be leading to the most severe and major split the national democratic movement has experienced since the foundation of the CPP in 1968.

1.4 The organization of the thesis

All of the above makes the case of the Philippine peasantry as participants in political struggle interesting to study. In chapter two the theoretical as well as the methodological approach of this thesis will be presented. The international debate between developmentalists with a Marxist entry-point, has from time to time been intense after the second world war. The so-called "mode-of-production controversy" created a development of the Marxist framework, suggesting a possible co-existence of modes of productions in the third world. This could best been analyzed by searching for mechanisms in the concrete social formation. An introduction to these debates, which has been constructive as far as development of development theory is concerned, will be presented in chapter two.

If there is such a co-existence of more than one mode of production, how does this co-existence express itself in the social formation? What mode of surplus value is produced and what actors are found in the production?
Does this co-existence operate independently from the state, or is the state crucial for this mode to be maintained? These questions are raised in chapter two, and the consecutive chapters will try to find an answer. It is necessary to understand contemporary Filipino society in order to understand the context of such a debate and the social history as well as the contemporary Filipino social formation will be presented in chapter three. The historical analysis of the Philippines will illustrate that the contemporary social formation of the Philippines is tightly linked to its past. The analysis of the Filipino society could not be properly understood without an historical background. The presentation of chapter three will present the conditions necessary to move down to a local society. The municipality of Candelaria, where coconuts are produced, will be used as an example.

The agenda of this study is to not only describe but also explain the social formations in the coconut producing sector in Candelaria. Chapter four will reveal a complex co-existence between more than one mode of production, which creates a society incapable of either increasing productivity or creating the possibilities for the peasantry to increase their living standards. The economic basis in the research area was found to be disarticulated in so far as the producers are becoming more and more marginalized both in terms of political power and economic power. Are all producers of coconuts marginalized? Do the different types of coconut producers relate to each other? If coconut production not is enough to secure reproduction of the household, what strategies do they follow? Further, is it only economic deprivation that the coconut producers experience?

Finally in chapter five, the findings will be collected. Bottlenecks that hinder development in the sector and possible development patterns will be emphasized. What kind of economic basis is there to be found in the coconut producing sector in the Philippines? What are the linkages between the social formation at the national level and the social formation at the local level? Can local changes occur? What should the coconut producers do in Candelaria, provided they have the resources to do it? The task is genuine development for those engaged in the coconut producing sector — as producers of coconuts.
2. Social formations and modes of production

Why are the peasants poor? This question has been asked time and again, and was one of the key questions during the 1950s and 1960s when the school of unequal development\(^1\) and the “mode of production-controversy” arose. The controversy opened the way for an expansion of the Marxist theoretical framework indicating that this framework was unable to understand the specific difficulties of the third world countries in our time. The thesis of unequal development and stagnation in the periphery was presented for the first time at the Congress of the Comintern in 1928 by Otto Kuusinen (de Janvry 1981). Based on the experience of colonized India, Kuusinen had concluded that colonialism by introducing capitalism in non-capitalist countries allowed capitalism to exploit the resources of the colonies for developing the centre, while creating a bottleneck for industrialization and thus a stagnation in the colonized country. This was a critique of the contemporary view of the Marxists whose more linear development thesis suggested that introduction of capitalism in the colonies would lead to development of a capitalist mode of production.

The debate is highly abstract and participants have problems in finding empirical evidence supporting their theoretical understanding. It has been criticised for being both reductionistic and teleological by, among others, Althusser (Stokke 1992). Althusser introduced the concept “social formation” in his attack on what he called Marxist humanism and Stalinism (Elliot 1987). He argued that the mode of production consists of three articulated levels: the economic base, the political and the ideological superstructures, and that the economic base determined which one of these would be determinant only in the last instance. In Althusser’s usage, a

\(^1\) Particularly Paul M. Baran and Paul M. Sweezy opposed the Lenin- and Bhukarin-thesis, which stated that lack of capitalist development was the prime cause for poverty in the colonies. Baran and Sweezy explained unequal development through a drainage of surplus from the so-called periphery to the centre while capitalism as such was already operating in the poor nations (Baran 1968). Andre Gunder Frank developed this thesis in the “dependency” school in his explanation of the Latin American situation (Frank 1969).
social formation corresponded to a concrete society which comprised the co-existence of several modes of production and a corresponding superstructure (Althusser 1990).

The task of this research is limited in scope geographically as well as thematically. We will study social formations in the coconut producing sector in the municipality of Candelaria in Quezon Province in the Philippines. The use of the term social formation clearly implies that the society has a definite pattern of social relations of production between the various groups of actors. Social formations in Candelaria are analyzed to identify the dominant mode of production within the coconut sector. An identification of the specific mechanisms of surplus value extraction in coconut production can give indications about the economic system the producers operate under.

De Janvry (1981) does not use the concept of social formations himself, but he observes the concrete expressions of co-existence between several modes of production, and thus is indirectly discussing social formations, although at a rather macro level. Taylor (1981) refers to social formation in his discussion of how modes of production and their co-existence manifest themselves in concrete societies. One of his main thesis is that the social formations in third world post-colonial societies are characterised by a series of *dislocations* between their various levels. These dislocations lead to difficulties in analyzing the practice of the different social classes, because they do not always coincide with the objective interests of classes. The traditional basis and superstructure distinction is not readily discernable within one social setting, since the ideological superstructure in addition to being influenced by the economic structure in one mode of production, is also influenced and ruled by other modes of production. As Taylor says:

(...) the practico-social and theoretical ideologies that constitute ideological subjects who will interpret their lived relations to the world in terms of the ideological requirements for the reproduction of the labour process dominant at a particular time in the development of the capitalist mode of production, may not be adequately secured within the ideological apparatus, in that their reproduction may remain partially blocked by the dominance of pre-existing ideologies; again, the class alliance represented as dominant at the political level may hinder the process of subsumption of the productive forces under the dominant relation of production (Taylor 1981, pp. 122-123).

In other words, we might experience a mixture of modes of production; where capitalism is supposed to exist, yet a political and ideological
structure based on a pre-capitalist mode of production may be dominant and may hinder development.

In Marxist political economy, the mode of production is decisive for the explanation of the dynamics of a social formation at any time. Marx defines the mode of production in *A Contribution to the Critique of Political Economy*, where he writes that people (or men, as the English translation puts it) enter specific relations of production. These relations of production are independent of their will. The totality of these relations of production, he continues:

(...) constitutes the economic structure of society, the real foundation, on which arises a legal and political superstructure and to which correspond definite forms of social consciousness. The mode of production of material life conditions the general process of social, political and intellectual life. It is not the consciousness of men that determines their existence, but their social existence that determines their consciousness. At a certain stage of development, the material productive forces of society come into conflict with the existing relations of production or — this merely expresses the same thing in legal terms — with the property relations within the framework of which they have operated hitherto (Marx 1981 a, p. 21).

Marx identifies several different modes of production and mentions specifically the ancient, Asiatic, feudal and capitalist modes of production as antagonistic modes. This implies that built-in contradictions in these modes will force a development to a new stage. The change from one mode to another will occur through social revolutions, as a result of class struggle. In our understanding of Marx, when the mode of production leads to an empowerment of the direct producers, the contradiction in the society will necessarily be antagonistic, not solvable and enforce changes by means of a class struggle.

However, Marx wrote little about the possible co-existence of several modes of production, or more concretely about how the capitalist mode of production affects and relates to pre-capitalist modes of production. This unclarity has led to a controversy among Marxists, internationally as well as in the Philippines. This “mode of production-controversy” has influenced the development of theoretical understanding for the causes of poverty and economic misery in the third world.²

We will concentrate on the existing social formation and mode of production in Candelaria, with an understanding shared with Althusser: in

² See Foster-Carter 1978 for a useful survey of the “mode of production controversy".
pre-capitalist societies, surplus tends to be appropriated by political and ideological mechanisms, where state and church institutions play a crucial role. In capitalist societies, surplus is extracted through economic mechanisms. However, pre-capitalism and capitalism can co-exist in a social formation and it is on this particular level of analysis that we will be able to understand the present situation in Candelaria.

There are mainly two pre-capitalist modes of production we should be aware of in this study, the feudal mode of production and the Asiatic mode of production. There is one significant difference between the two. Whereas peasants in the feudal mode of production are unfree by their relationship to their landowner, the peasants within the Asiatic mode of production pay taxes and labour service to the representatives of the state, i.e. a King or an Emperor (Alavi 1987). Samir Amin calls the Asiatic mode of production the tributary mode of production where the peasantry is subordinated to a superior “external force”, the state, which extracts taxes and tributes from the peasantry. The state and the elite are external in the sense that the peasant community operates as a self-sufficient corporate community (Amin 1977).

In a pre-capitalist mode of production there are two major antagonistic classes: the tenants and the owners of land, either private landlords or state representatives. Capitalist class structure can be discerned by the existence of the workers, who have no ownership in the means of production, and the capitalists, the owners of the means of production. Under capitalism, the ownership of the means of production governs social relations between various groups of actors involved in the production process. The drive for production, the need for the continuous generation of surplus value through competition, gives the capitalist mode of production its peculiar internal dynamism. Production depends, however, on the existence of a market where a price can be obtained that is more than the cost of production. The profit derived from surplus value is appropriated by those owning the means of production, the capitalists, and not by the producers, the workers.

The surplus value can principally be created in three ways. Marx mentions two of them, namely absolute surplus value and relative surplus value. Absolute surplus value coincides historically with primitive accumulation, where reinvestment in production has the purpose of maintaining productivity at the same intensity rather than increasing it. Primitive accumulation is mainly labour intensive. The surplus is generated by keeping the cost of inputs as small as possible; in other words by keeping wage-expenses as low as possible and the working hours as long as possible.
The production of relative surplus value is derived from an increased productivity and thus includes a higher degree of reinvestment than absolute surplus value. The driving force of the generation of relative surplus value is found within capitalism itself. McFarlane and Beresford argue that:

(...) the aim of the capitalist is to get hold of more money, to realise a profit. To do this, he needs to struggle in competition with others; he needs to seek new markets and organise the production of new commodities — even to create new needs. This in turn requires that profits, realized as money-capital, are accumulated and used for new investments (McFarlane and Beresford 1985, p. 34).

Surplus is extracted from an increasingly intensified production, where productivity increases are due to higher capital-inputs in production. The high level of productivity can decrease the market-value of the product because of competition. This can lead to a market-widening (more buyers can buy the product) as well as market-deepening (each buyer can buy more), if the wage of the workers increases proportionally with the productivity increase.

One factor in the development toward relative surplus value is also the creation of trade unions fighting for workers’ interests. The unions tend, in their struggle against capital owners, to fight against any extension of the working day. The production of relative surplus value is dynamic, in the sense that the system forces the development of the means of production: i.e. technology. Creation of relative surplus value is therefore dominant in the capitalist mode of production. Because of the division of labour and high costs of machinery created through the drive for relative surplus value, labour is in these cases subordinated under and alienated from the means of production, the machinery.

General surplus value is also mentioned as a form of surplus value by, among others, Bunzel (1979). Bunzel insists on the possibility to increase the surplus value by simply increasing both the labour power as well as the number of tools. This occurs in contexts where absolute as well as relative surplus value is produced, and indicates a quantitative increase of production and surplus value created.

However, development in third world countries depends on a variety of mechanisms within as well as outside the nation state. Taylor discusses the effects of penetration of a certain type of capitalism in a country with predominant pre-capitalist modes of production in From Modernization to Modes of Production (1981). According to him, the major effect of the penetration of merchant capitalism is a “reinforcement of already existing forms of extra-economic coercion in agricultural production in the non-
capitalist mode of production” (Taylor 1981). This is achieved by utilising and perpetuating existing relations of production or by creating forms of landed property and relations of production similar to those during the European feudal period. He particularly makes reference to the Spanish colonizers’ practices in Latin America. As Spain also colonized the Philippines, his argument can be used here.

Merchant capitalism was first of all introduced in what we today call third world countries through colonialism and imperialism, i.e. exogenous factors, in contrast to the endogenous introduction of capitalism in countries like the US and Western Europe. Imperialist powers as Spain, the US, Portugal, Great Britain as well as the Netherlands penetrated non-capitalist social formations, and used their local arrangements in these societies for the betterment of their own states and elites. Export production in the colonies made colonization profitable and created a production beneficial first of all for those well-off back home in the colonial centre. Furthermore, the cheap labour-power created under non-capitalist social formations, intensified the colonizers’ orientation towards the creation of absolute surplus value. Competition in export-production was met not by intensified productivity — via technology — but by intensified cheap production.

Janvry argues that there is a surplus transfer from those countries struggling with a disarticulated capitalist economy (called the periphery) to those countries with an articulated capitalist economy (called the centre). The centre has a necessarily external relationship with the periphery in order to overcome the cyclical tendency for the rate of profit to fall, and this is made possible via two particular mechanisms:

The first mechanism results from industrial and financial imperialism associated with foreign investments and loans. The second is associated with international trade and can materialize through three specific mechanisms of different relative importance: unequal exchange in trade, unequal trade, and rewards in the formation of international prices (de Janvry 1981, p. 50).

De Janvry thus argues against the thesis of Emmanuel (1972) who states that lower wage in the periphery is the main reason for the lower reward. Rather, it is lower productivity in the periphery that leads to lower rewards and therefore to lower wages in the periphery.

If foreign capital investments are to be attracted to the third world, the rate of profit must be higher than that in the centre — higher than even a monopolistic sector could provide in the centre. De Janvry, together with Kalecki (1954) and Baran (1968), argues that super-profit in the centre
originates in a biased distribution of the surplus value towards the monopolistic sector away from the competitive sector. As he puts it:

The tendency towards equalization of the rate of profit that characterizes competitive capitalism thus disappears, and monopolistic super-profit can occur without necessarily decreasing the relative participation of labour in the social product. In the periphery, by contrast, lack of an established competitive sector implies that super-profits on foreign investment originate elsewhere: in the joint occurrence of high productivity and low wages, wages that are kept down through suppression of workers' demands, functional dualism (cheap semiproletarian labour), the internationalization of value (imports of cheap wage foods), and the increasingly efficient production of wage goods (development of capitalism in response to market widening) (de Janvry 1981, p. 51).

Absolute surplus value demands less reinvestment in production than relative surplus value, since labour intensity is the main factor facilitating this kind of accumulation. In practice, this means that a larger proportion of the surplus value can be taken out of the production sphere and invested elsewhere.

2.1 Social formations and rural modes of production in the Philippines

Several scholars and political activists have tried to apply the Marxist theoretical framework in the political and social context of the rural Philippines. An elaborate discussion exists, reflected in an extended literature. We will present the main arguments in this discussion before going into the empirical study of social formations in Candelaria.

Unfortunately, the Philippine discussion is at times very theoretical and difficult to comprehend, and at times it is hard to grasp its relevance. Participants in the Filipino discussion often insist on minor distinctions of concepts and interpretations, leading to a particular Filipino discussion climate. They have in part developed specific terms which distinguish themselves from the ongoing more general universal Marxist discussion, thus creating a kind of a local branch of Marxist theory. However, if analyzing peasants in the Philippines, with a theoretical “mode of production” concept, it is inevitable to do it with an understanding of the indigenous discussion on this concept, as it dominates to date the political consciousness and practice in rural areas.
As the existing economic system was created in the interest of the colonial power elite, it is natural to expect that these interests in one way or another are still maintained — particularly in those cases where the colony received its independence in understanding with the colonial power. In the Philippines, this would mean that we would find an economic interest and linkage with the last former colonizer of the Philippines — the United States.

It is easy to confirm the present linkage between the US and the Philippines by analyzing the country’s international trade and business statistics. A glimpse in the monthly IBON Facts and Figures in 1988 gives us the presence of Trans National Corporations in the Philippines in 1987 (IBON 1989). The figures show that the average percentage of American controlled direct foreign equity investments in 1970 to 1987 was 56.8 per cent, while Japan controlled 13.6 per cent. In the same period, the net flow of capital out of the country (inflow minus net outflow) averaged more than USD 65 million per year (Ibid.). Most of it was transferred to the United States, in the form of net profit. This indicates a support for the already presented suggestion about the economic position of post-colonial countries.

We expect to find mechanisms in the social formations in Candelaria supported by both a merchant capitalist mode of production and traditional feudal mode of production. We believe that the elite in the Philippines uses low-cost pre-capitalist production mechanisms to generate profit from absolute surplus value. If this assumption is correct, the profit of coconut production is not reinvested in the coconut production to increase the productivity, but tends to disappear out of the coconut producing sector. This is considered to be a counter-tendency which blocks capitalist development.

Some scholars analyze the articulation, or inter-relationship between several modes of production in one nation, and even in one sector. De Janvry (1981) states that this mode of co-existence can create a *disarticulated capitalist mode of production*, which should be seen as a result of the articulation or co-existence between pre-capitalist and capitalist modes of production. Although there is an internal contradiction between feudalism and capitalism, the articulation between these modes seems to reproduce both modes. Labour can be hired for wages below subsistence, because of a functional dualism between wage-labour on the one hand and subsistence-agriculture and the so-called informal sector on the other hand. This functional dualism seems to reproduce the existing economic pattern and to prevent the dynamic changes of capitalism to occur.

The disarticulation of modes which leads to the lack of progressive development is recognized by de Janvry in two types of economies: the
export-enclave economy and the import-substitution economy. Export enclave economies are recognized as being export oriented in production, while the import substitution economy produces luxury goods for the domestic market under tariff-protection (de Janvry 1981). The division of traditional and modern sector is found in both types of disarticulated economies. While the traditional sector is producing wage goods for the domestic market, the modern sector is producing luxury goods for the international market or for a small segment of the domestic market: i.e. the bourgeoisie. The export enclave economy is present in the Philippines in the coconut sector as well as in other sectors. The disarticulation between the modern and traditional sector leads to a labour force that is in practice only semi-proletarianized. They receive wages under the minimum wage standard, since part of the labourers’ subsistence needs are derived from production for home consumption.

An export enclave economy may include the control of several steps in the manufacturing and purchasing side of the products. Export enclaves in the coconut sector in the Philippines comprise monopolized ownership structures in land, factories, banks, trade companies and other links in the production and export of coconut products. The export-enclave economy strongly depends on the export trade and foreign capital. For the coconut trade in the Philippines, this foreign capital is first of all American.

According to Janvry, a disarticulated import substitution economy differs from the export enclave economy by the division between the industrial and the external sector; while export enclave economies depend on an international market, the import substitution economy produces luxury goods also for a segment of the domestic population. However, basic food production for the majority of the population still operates in a traditional form. A disarticulated economy results in a society polarized both in political and economic power.

The definition of the peasantry and its role in the constitution of the mode of production has been controversial during the last decades. Simply put, there are two positions in the debate. One side argues that the peasant mode of production constitutes a specific and stable mode of production, which can be influenced by other modes (see for example Ferrer 1984 b) This is in opposition to those who state that no such specific peasant mode of production exists under an internationally dominant capitalist mode of production. Their conclusion is that the peasantry should be regarded as

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3 "Minimum wage standard" means the minimum wage needed for having a living standard just above the poverty line. The minimum wage standard is therefore strongly normative. The problem in defining this is briefly discussed later in this chapter.
a transitory faction of a class which is about to disintegrate into two main social classes, the proletariat and the bourgeoisie (see for example Magno 1985). This view might seem similar to that of de Janvry (1981), but in the Philippines, this view implies urban legal class struggle as a development strategy, since peasants as such does not hold the necessary political strength. De Janvry on the other hand, focus on the peasantry as a vital force in the struggle for change and development (de Janvry 1981).

Taylor’s focus is slightly different. He seems more concerned about the class position of the peasantry in order to understand their political position and strength. Taylor asks “why, in so many transitional formations [as de Janvry subscribes to], have capitalist relations not developed in the agricultural sector?” (Taylor 1981, p. 243). In other words, why do certain sectors seem to maintain a pre-capitalist social formation, which includes a subjective class understanding among people closer to a pre-capitalist mode of production, even if capitalism objectively seen is present in the country?

This question has to be asked in the case of the social formation in Candelaria as well. Even though tenancy still is very common in Candelaria — as well as in other areas in the Philippines — there is no doubt about the growing importance of a wage-economy. The conclusion regarding the peasantry as a transitory social group therefore seems appealing. However, this definition tends to undervalue non-economic — e.g. cultural — mechanisms in the superstructure that work for the reproduction of a subjective domination of the peasantry. We will therefore be careful in mechanically regarding the social formation as ruled by the contradiction between the proletariat and the bourgeoisie, and regard the discussion on peasantry as a transitory or stable social class as too abstract for our purpose.

2.2 Social formations and the state

Postulating antagonistic contradictions between classes in the production sphere, leads to the conclusion that “the state can not be seen a neutral arbiter between competing interests as in pluralist state theory, but must be understood in terms of class structures and struggles” (Stokke 1992, p. 102). The state in the Philippines can be seen as underpinning the political and ideological superstructure of the existing economic base in the interest of the ruling class.

However, even if state formation in both feudal and capitalist societies operates in favour of the ruling classes, the state should not be seen as an inevitable result of the objective interests of the ruling classes. The state in
the Philippines is known to be “privatized” by the ruling families. Research made in the Philippines concludes that the state has been controlled by 60-100 families during the last 50 years (Gutierrez et al. 1992). The state thus represents certain factions of the elite and not a united ruling class.

In disarticulated economies, the bourgeoisie is commonly divided into a national and a comprador faction. The national bourgeoisie has an interest to invest in productivity increases and thus in the production of relative surplus value. The comprador bourgeoisie maintains its interests through the state apparatus. It bases its power on historical and feudal grounds, as did the former hacenderos and collaborators with the colonial powers in the Philippines. The comprador bourgeoisie thus has an interest in transferring the surplus value into political power, which normally coincides with the production of absolute surplus value. As de Janvry puts it:

Dominance of the alliance among international capital (metropolitan bourgeoisie), dependent bourgeoisie, and landed elites (fundamentally involved in the production of exportables, inputs for industry, and luxury foods) implies that the logic of disarticulated accumulation — and hence cheap labour and cheap food — prevails. Foreign capital and multinational corporations are pervasive. The proletariat is in open opposition, and the state thus needs to assume a repressive role (de Janvry 1981, p. 41-42).

De Janvry focuses on the internal contradictions within the elite in societies with coexisting modes of production. He claims that factions of the elite struggle against each other in order to maintain or gain access to the domain of the state:

The struggle between these alliances to gain access to the state results in a tendency towards considerable instability in public policies as the state falls under the domination of one alliance or another. It also implies that the relative autonomy of the state is lessened in the periphery as the state becomes a more direct instrument of domination of the class alliance in power (de Janvry 1981, p. 192-193).

The contradiction between different segments of the bourgeoisie has also been subject to discussion in the Philippines. Ricardo Ferrer argues that the traditional elite, basing its power on feudal relations and reproducing its capital through a certain form of monopoly capitalism injected from outside, controls the state. The existence of a national bourgeoisie, currently suffering under state restrictions, supports the thesis that the mode of production in the Philippines still cannot be considered fully capitalist. The significance of this debate in the Philippines comes from the political
consequences drawn. If Ferrer is right, there is a progressive national capitalist bourgeoisie\(^4\) whose objective interests are in conflict with the bourgeoisie in power. The elite in control of the state monetizes their profit deducted from absolute surplus value, without reinvesting the profit in order to increase productivity. The articulation between feudalism and capitalism in the Philippines thus brings out the “evils” of both feudalism and capitalism:

In competitive and progressive capitalism, expansion as well as innovation get to be objective necessities for each unit of capital because, in fact, it is only by expansion or innovation that capital can be preserved. It is this economic mechanism for the preservation of capital which is practically absent in the Philippine economy. As a result, there will be a general tendency to generate monopoly via influence, power, extortion, coercion, bribery, terrorism, etc, in a word, force (Ferrer 1984 b, p. 45).

Ferrer insists that the existing mode of production should not be regarded as a transitory mode of production but rather as an unfortunate outcome of a mode, brought about by an “evil marriage” of two exploiting modes of production, feudalism and capitalism. He therefore opposes de Janvry, who insists on characterizing the existing mode of production as transitionary. The exploiting modes Ferrer refers have produced a distinct third mode, an “evil child” which is so powerful that it only can be destroyed through a “divorce” between the feudal and capitalist modes (Ferrer 1984 b). The “evil child” is called a semi-feudal mode of production, a name that:

(...)

suggests that a bourgeois revolution has been long overdue, a bourgeois revolution that cannot be waged by the bourgeoisie for the simple reason that the feudal and imperialist forces have stunted the growth of a revolutionary bourgeois class (Ferrer 1984 b, p. 46).

However, de Janvry also agrees with Ferrer that reformism within the present system does have severe limitations due the interests of those controlling the state. De Janvry advocates collective action, land reforms and development programmes conducted by the peasants themselves as a possible path for constructive development. He argues that supporting an alliance including the national bourgeoisie which promotes a kind of bourgeois revolution is based on an undervaluation of the strength of the

\(^4\) Progressive in the sense that it operates companies by mechanisms which increase productivity — i.e. through production of relative surplus value, as well as through a high degree of reinvestment.
capitalist mode of production in Latin America. He comes close to Ferrer when he accepts that even though the peasantry to a large degree has been proletarianized, it has not acquired a class consciousness as proletarians. Collective peasant struggle will be a tool in developing this class consciousness and is therefore inevitably more important. This leads us to the discussion of the agricultural producers' position within social formations.

2.3 Social formations and the agricultural producers

The peasantry in the Philippines should not be regarded as one homogenous class. Shanin (1988) argues that peasants are defined by their use of simple technology and that their production is mainly for home consumption. However, this definition is inadequate to understand the nature of the peasantry in the coconut sector in the Philippines. Undoubtedly, the Filipino peasants use a rather simple technology, but the majority of their product is actually exchanged in the domestic or even in the international markets. We will define the peasantry as agricultural producers tilling the land, as those doing agricultural work as a major economic activity for their livelihood: small owner-cultivators, tenants, farm workers and alike. In the analysis of the social formations in Candelaria, presented in chapter four, emphasis will be placed on those actually producing and harvesting the coconuts, i.e. the tenants and farm workers.

The Philippine Department for Agrarian Reform supposedly registers all those owning 50 hectares of land or more, as landowners subjected to land reforms. These owners are normally considered to be landlords in the Philippines. Landlords usually do neither participate in the administration of the land nor in production. However, particularly in the south, there are commercially oriented plantation owners who do participate in the management of the farm, and thus indirectly in production. The objective interest of a landlord is to maintain the existing power structure. This can be done through participation in market competition by continuously increasing productivity or by using non-economic coercion — e.g. patron-client relationships, authoritarian and non-democratic mechanisms as the use of armed forces. It is therefore necessary for the landlords to secure representation in the state, which they seem to be doing in the Philippines.

There are also those owning less than 50 hectares. They are referred to as landowners, both by official statistics and by the people. If they participate in the production, as an owner of 1-5 hectares normally would do, they are considered to be small owner-cultivators, and regarded as members of the agricultural middle class.
As many landlords and owners do not participate in production, an overseer, who will supervise the production and represent the interests of the landlord in the field, is needed. The overseer has as many titles as there are dialects in the Philippines. The title of the overseer in Candelaria is katiwala. The katiwala serves as an agricultural manager. His reward can be paid in two ways, either as a fixed monthly wage or as a wage relative to the production he has responsibility for. The objective interests of a katiwala can be considered to be closer to those of the middle class, but his loyalty to the landlord makes his subjective class interest more biased to those of the landlord. Being the perpetrator of the policy of the elite, both as a katiwala and as a central power-holder through work in the local government, katiwala’s social position depends on the power of the landlords.

Tenants rent the land from the landowner. The cost of rent can be relative — i.e. a share of the total production — or fixed. In cases of a fixed rent, the rent is normally paid in cash, and the same amount is paid regardless of the value of production. These cases are called lease-holdings. In cases of a relative rent, the rent can be given in kind, in cash or as unpaid labour. The sharing arrangement is not regulated by the laws, but by the individual agreement between landlord and tenant. Normally, the arrangements are biased in favour of the landlord, giving the landlord the biggest share of the agricultural production, even if the landlord in no way participates in the actual production. The interest of tenants is expressed through class struggle, which operates mainly in two ways: legal/reform-oriented work, which accepts the legitimacy of the state apparatus, and focuses on the need for reforms regarding the means of production, and the control of these means. The other type of class struggle is more radical, it often makes use of clandestine means. Its primary aim is to remove the existing state apparatus through revolutionary means, including armed struggle. This kind of class struggle has a long tradition in the Philippines, being pursued by the peasantry since the beginning of the Spanish era.

The Filipino advocates of the theory of disarticulation and stagnation argue that the persistence of landlord-tenant relations in the coconut production proves the continued existence of pre-capitalism today (Quisimbing 1990). Furthermore, the semi-proletarianization of the peasants, who are both wage-workers and subsistence producers, indicates a disarticulation within the coconut sector itself. This suggests that capitalism so far has not been able to dissolve the peasantry as a social class.

While the tenants pay a certain price in form of rent to the landowner/landlord, the farm worker receives a wage for his/her work on
the farm. He or she can be paid by the tenant, the katiwala or the landlord/owner. The major distinction between the farm worker and the tenant is that the farm worker has no economic relationship to the land. The farm worker is normally paid according to his production, not a fixed daily wage. The farm workers’ alienation from the means of production makes their class interests different from the class interests of the tenants. Considering the high unemployment rate in Candelaria, getting a paid job is of paramount importance. Once that is secured, the class struggle of the farm workers is oriented towards limiting the absolute surplus value created — i.e. higher wages and shorter work days.

The book *Philippine Society and Revolution* written by Amando Guerrero, an alias of the founder of the outlawed Communist Party of the Philippines (CPP), is an influential source for those advocating radical political change in the Philippines. Guerrero sees the tenants and farm workers as belonging to the same social class: they have common economic and political interests in fighting the landlords; to achieve this they tend to organize, where possible, into peasant organizations and participate through these organizations in class action. Guerrero further divides the peasantry into three sub-groups: the rich peasants, the middle peasants and the poor peasants. He notes that “together with the farm workers, the poor peasants are about 75 to 80 percent of the rural population” (Guerrero 1979). The proletariat on the other hand is defined as those who are dispossessed of any means of production and sell their labour power to the capitalist owners of the means of production. In Guerrero’s usage, those participating in agricultural production are defined as peasants — even if they receive a wage.

This image of unity of the agricultural producers — the tenants and the farm workers — might appear different in Candelaria. Instead of having a land-pattern and a mode of production operating with either tenants or farm workers, we assume we will find production arrangements operating with both tenants and farm workers. We will clarify the relationships between tenants and farm workers better with this assumption. In chapter four, we will present the coconut producers and their relationships with each other in Candelaria and investigate the degree of correspondence between their class consciousness and their objective class positions. We will examine the position of tenants and farm workers in the production sphere and see whether or not their operations are beneficial to the landowners.

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5 *Philippine Society and Revolution* was written in 1971, but Guerrero insists that the composition of classes in the contemporary Philippines has quantitatively and qualitatively remained unchanged since the 1960s.
2.4 The methodological approach

2.4.1 Realism

Human geography as an academic discipline was dominated by empirical and descriptive regional geography until the 1950s (Johnston 1985). It provided descriptions of places rather than searching for causal mechanisms. Each place was considered unique and the scientific approach was strongly idiographic. The geographer searched for empirically observable differences between places. With the development of spatial analyses during the 1960s, geography emerged as a nomothetic science searching for theoretically explainable regularities in the spatial distribution of phenomena. Today, both idiographic and nomothetic approaches are acceptable. The choice of methodological approach of this thesis is influenced by the emphasis on Marxism as a theoretical framework. By using Marxism, the positivist methodological approach is excluded, simply because the causal mechanisms emphasised in Marxism are not necessarily seen by the eyes of the researcher, and cannot always be plotted on a map.6

The choice of a Marxist theoretical framework determines to a certain degree the choice of the methodological approach. Empirical positivism, which regards each empirically found data as something unique and independent, is rejected. The methodological approach of Sayer’s (1985) realism is chosen. This approach attempts to link the empirical world of appearances to the actions of agents interpreting social structures. This leads to an understanding of certain social structures or frames, making the real-world appearances more understandable for the scientist. With this methodological approach, the social formations in the coconut producing sector in Candelaria will be studied. These social formations make the coconut producers what they are today: a heterogenous group of individuals all very poor who appear to be without the power to change their situation.

The methodology of realism is used because it accepts the fact that observed reality does not explain itself but can only be explained by mechanisms behind the observed reality. In this way, realism appeals both to natural science and social science (Johnston 1985). Contrary to the methodological approach of geographical studies during the 1950s, realism is neither idiographic nor a theoretical. Furthermore, it is not positivistic.

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6 It should be noted here that Marx himself did not necessarily refuse the positivist approach. It was particularly the Marxists of the so-called Frankfurter-school who rejected this methodology.
Positivism is wanting in causal explanations, as Sayer puts it, "what causes something to happen has nothing to do with the matter of the number of times it has happened or been observed to happen and hence with whether it constitutes a regularity" (Sayer 1985, p. 162).

For example, how should we understand the relationships between different groups of coconut producers? The power, or lack of power of a tenant, derives not from the individual occupying that position but rather from the political and economical mechanisms related to that position. It is exactly this that makes it possible for us to use a theoretical framework and at the same time understand the producers’ understanding of their own and others’ positions. Human geographers should therefore make efforts to understand how people understand their own situation and analyze their activity by focusing on both objective positions and subjective understandings. In this way, it will not only be understood that the coconut producers are poor, but why and by what means, and how they understand their poverty. By using the realist approach, it will be concluded that women in the coconut production are economically more oppressed than men and there will be an effort to explain why this is the case.

2.4.2 Choice of area and respondents

Since the main task was to understand the causal mechanisms operating within the social formation among coconut producers, the first agenda was to establish a proper framework for the study. Next, an appropriate study area was chosen. It was emphasized that the study area should make it possible to focus on those mechanisms deriving from social differences and not from spatial inequalities. Candelaria was chosen for a number of reasons. Firstly, positive contacts with the local people had been secured through long-term work and cooperation with people in the region. The local language and culture were somewhat familiar. Secondly, the variety of tenurial holdings and labour arrangements in the Philippines was present in the area. The relationships between wage-labourers and tenants could thus be studied, as well as their relationship with other groups. Thirdly, the area was in one of the major coconut producing provinces in the country. It was close to the highway and had good access to the markets for coconuts and it was surrounded by buyers as well as by coconut mills and factories. These factors also reduced transportation costs and practical problems related to the fieldwork.

Being a typical case-study, the main agenda of the field work was to get detailed information from a limited number of respondents. These kinds of case studies require a mixture of methods: personal observation, use of
informants, straightforward interviews and the use of secondary data. The main tool thus becomes the analytical capability. Casley and Lury (1987) call the researcher outright for an investigator.

The questionnaire was extensive and had several open ended questions. It was constructed in close cooperation with social scientists from the area in order to limit the misunderstandings based on linguistic and cultural differences. When informal chats were possible after the interviews, this was welcomed. On these occasions, notes were made on the back of the forms, normally after the interview session was over. Certain reasons favoured doing the majority of the interviews with hired research assistants. The argument for hiring research assistants is that a white (and perceived rich) woman could influence the answers given by the respondents. A counter-argument is the lack of control of the gathered data. To offset this drawback, there was extensive training of the research staff.

It was best to do the interviews during the evenings, when the respondents were at home. The informal atmosphere made it possible to grasp cultural mechanisms like the views on women’s work, their relations to the landowner etc. Even if the research staff did the majority of the interviews, some of the interviews were done by the researcher to measure the capability of the questionnaire to grasp this reality.

The sensitive nature of some of the questions created a strong need for trust between the respondents and the researcher. The local research assistants initially interviewed respondents who trusted them and accepted their reasons for asking questions. In turn, the research assistants were introduced to other possible respondents by the previous respondent. In this manner, the reliability of the data was increased. This kind of “snowball” sample can hardly be representative for the entire community, but was necessary in order to increase the reliability of the survey. Since it was of interest to interview respondents with different relations to the coconut production, several “snowballs” were initiated.

There were certain qualifications for being a respondent. The respondent had to be more than 20 years old, be a resident in the area for the last six years, and participate in the coconut production as his/her main economic activity. It was also decided to interview an equal group of tenants and farm workers, 20 respondents in each group. Unfortunately three of the interviews with farm workers were later rejected because of inappropriate information. Also a minor sample of other groups were interviewed. Four small owner-cultivators and five factory-workers were included in the survey to give additional information about those two main groups of coconut producers. Although the factory workers did not produce coconuts, their information could help us understand the possible connection between
the peasantry and the non-agricultural wage-labour in the analysis of the social formation. Besides these groups, representatives of traders, overseers, official representatives, scientific personnel and factory-managers were interviewed. Landlords were not included in the survey because they do not produce coconuts nor do they participate in the socialization among the producers.

The research assistants were local citizens. They were not closely associated with any of the power structures, like the authorities or the armed forces in the area. They were known for supporting the idea of organizing the peasants into various non-governmental organizations. The research staff was easily accepted by the respondents because of their earlier efforts. The idea of the researcher “going native” was rejected because this would destroy the pattern of social roles. The people in Candelaria are basically poor and many of them live below the poverty line. They would not understand the purpose of a researcher deciding to live like them. As a white person, you are perceived to be rich. Pretending to be anything else would have been considered foolish. However, “stepping down” to the local middle class is accepted and appreciated. Living with the family of the pastor in the area made acceptance in the local community easy.

2.4.3 Data and reality

The tabulation of data was done during the field work with an assistant from a neighbouring municipality. Her understanding of local culture was substantial even though she did not know the respondents personally. This supported the ethics of social research to keep personal information given by the respondents confidential. Analyses were also made with the help of other resource persons. This is advisable since the Filipino culture sometimes makes it difficult for a westerner to understand the respondents’ answers. The main agenda was to reveal the actual social situation of the coconut producers in Candelaria. Official surveys regarding the households of the local population do not exist in Candelaria. This was an additional reason for the research team to choose the respondents.

Mark Twain speaks of three kinds of lies: white lies, bloody lies and statistics. So also in the Philippines. Data concerning unemployment is a good example. While governmental sources state that the unemployment rate was 9.1 per cent in 1987 (Republic of the Philippines 1990), other sources claim an unemployment rate of 11.3 per cent and and an underemployment rate of 30.3 per cent, indicating that 41.6 per cent of the
labour force are unemployed to a certain degree (IBON 1988). While the authorities state that 49.5 per cent of the people live below the poverty-line (Republic of the Philippines 1990), other sources estimate the percentage to be between 70-80 per cent of the total population (IBON 1988). Inquiries revealed that the estimates of the authorities were based on the defined poverty-line of 1984 and the official average inflation-rate. This disregards the question about the validity of the poverty-line set in a period with dramatic political events and with high price increases. The trade unions claim that 80 per cent of the people live below the poverty line. They set an income standard that will also provide the household with education and clothes and not just a minimum amount of calories. The official poverty-line in Southern Tagalog in 1988 was 2,832 pesos per month for a family of six family-members. This is equal to 472 pesos (approximately USD21.5) per person per month. The estimated poverty-line of the Food and Nutrition Research Institute was 4,423 pesos per month in 1988 (IBON 1988). This is more than 150 per cent of what the authorities suggest, and illustrates the differences in data regarding economic living standards in the Philippines. The choice of sources for second-hand data was based on subjective experience from living in the Philippines for a longer period.

The actual field work was done during a period of six months. The researcher lived in the Philippines for approximately two years, in the same region. The reasons for this were many. It should be emphasised that the benefit of staying in the country for a long time made it possible to eventually “see”, if not always understand, important cultural mechanisms, which could not easily be noticed during a short-time field work. The entire period was spent in middle- to lower class Philippine communities, and gave invaluable help in the effort to analyze the cultural complexity of the coconut producers.
3. Economic and political formations in the Philippines

3.1 Spanish colonial feudalism

They are healthy people, for the climate of that land is good. Among them are found no crippled, maimed, deaf or dumb persons. None of them has ever been possessed by evil spirits, or had become insane. Therefore, they reach an advanced age in perfect health.¹

According to historians, the above quotation can be a reasonable representation of social conditions in pre-colonial Philippines. The system of livestock production was well developed, with swine, carabaos, chicken, fowls, goats, dogs and cats, and agricultural production gave rice, ginger, coconuts, bananas, oranges, millet, sorghum and cotton. Wax and large quantities of gold were also produced in the islands, and both clothing and jewellery were exported (Constantino 1990, Salgado 1978). Coconuts were used for several purposes. Coconut meat was shredded or desiccated and used in food. Coconut water was drunk as a juice. The meat was also processed into oil. The oil was used for cooking, for lamp oil, as soap, as cosmetics for the hair and even as a cure for dandruff. The coconut sap gave vinegar and liquor, the fibres were used in ropes for the boats and the shell provided carbon.

The social unit in pre-colonial Philippines was called a barangay, a word derived from the Malay term balangay, meaning a boat. A barangay was quite small, normally with 100 to 500 people. Maynila² was the biggest barangay. None of the houses were public buildings and none were made of wood or stone, but of light organic material. This indicates a society with a rather low level of political and social organization, and also a society on the move. The temporary character of the houses indicates that

¹ Miguel Lopez de Lorca, a Spaniard, describing the natives at the time of the arrival of the Spaniards. (quoted from Salgado 1985, p. 3).
² Former name of Manila.
people moved around, as demanded by their shifting cultivation, *kaingin.*

This production system was predominant in rice cultivation, although permanent wet-rice agriculture had been established in the lowlands of Luzon (Constantino 1990).

There was no private property of land in the Philippine community before the Spaniards colonized the archipelago. Tools and land were communal and the economics that existed at the time did not seem to have any gear towards exchange and profit. The means of production were thus not only communal, but also decentralized (Constantino 1990).

The Philippines was already known to the Portuguese through their trade in the area, when the Spaniard Ferdinand Magellan sailed into the shore of the island Samar in 1551 (Choinski 1969). Magellan was slain in Cebu, a neighbouring island of Samar, less than six weeks after his arrival. After the death of Magellan, it took 14 years before the Spaniards came back with the purpose of colonizing the area for the Spanish Crown. In 1565, the fleet of Miguel López Legazpi, an experienced colonizer who had participated in the conquest of Mexico arrived in the Philippines and soon colonized the archipelago for the Spanish Crown (Putzel 1992).

From the early period of conquest, the colonizers began to establish *encomiendas.* This institution served both as an instrument of pacification of the people and as a source of personal enrichment for the Spaniards. A definite number of inhabitants of a territory were entrusted to the care of the *encomendero.* The encomenderos were deserving generals and conquerors, and their position was granted by the monarch in Spain. The same arrangement is also known from Latin America. In Latin America it was prohibited as early as 1528, presumably because of the difficulties it imposed on the local population. According to Alain de Janvry (1981), the encomienda-system granted an elite group of settlers full control over the indigenous population. Although the encomienda was supposed to protect the Indians from slavery, in reality the native labourers were brutally exploited in mines and plantations and were decimated in many areas (de Janvry 1981). This was also the case in the Philippines. The feudal economic system was to a certain extent based on slavery. The natives did not get the protection they needed and the Spanish lords blocked any

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3 *Kaingin* is a form of “slash and burn” agriculture, which still is predominant in several areas in the Philippines.

4 The word encomienda is derived from the verb *encomendar,* meaning to commend or to commit or charge to one’s care. The term also belongs to the military orders in Spain and corresponds to the English word commander (see also Constantino 1990 and de Janvry 1981).
chance for the Filipinos to recover and create a solid economic position for
themselves.

As in Latin America, the encomienda was not a land grant. It was an administrative unit set up with the purpose of exacting tribute from the native population (de Janvry 1981, Constantino 1990). Theoretically, each encomendero, in whose care a native settlement was entrusted, had a threefold responsibility: (1) to protect the natives by maintaining peace and order within the encomienda; (2) to support the missionaries in their work of converting the people to Catholicism; and (3) to help in the defense of the colony (Constantino 1990). In return for these services, the Crown authorised the encomendero to collect a tribute from all male inhabitants between the ages of 19 and 60 of his encomienda. This tribute was payable in money or its equivalent in kind. The cabezas de barangay, the former native chiefs of the barangay, were usually given the duty of collecting the tribute and forwarding it to the encomendero who lived in the town centre or in the capital (Constantino 1990).

Whereas the encomienda gave administrative control, but not ownership-control over the land and productive forces, the hacienda system did. The haciendero had the right of inheritance and free disposition of the land, two rights not covered by the encomienda grant. The shift from encomiendas to haciendas took place gradually. The haciendero extracted tribute and labour, just like the encomendero, but he did so from his tenants. The developing links with the world merchant capitalist trade, made landowning very attractive. This became a rich source of profit, extracted from an absolute surplus value, since the demand for agricultural raw-materials was high and the labour-costs very low. The landowner, who was often absent from the hacienda hired an inquilino to represent him in dealing with the tenants. Inquilinos were also found in areas with haciendas in Latin America. De Janvry (1981) describes the relationship between the inquilinos and the tenants as a pre-capitalist relation of bondage.

The tenants were supposed to be self-sufficient in food and subsistence products and the labour expenses could thus be kept at a low level. The tribute and rent paid to the landlord were extracted in the form of shares of the harvest and unpaid work by the tenant. Parts of the production were exported (Constantino 1990).

The introduction of the encomienda-system, and later the hacienda-system with private ownership in land led to an increasing social differentiation, whereby the vast majority were being increasingly
marginalized. The marginalization of the majority led to a rapid increase in the population because of widespread poverty. Even child labour was used. From less than 700,000 inhabitants in 1591, the population grew to almost 6 million in 1885 and 7 million around the turn of the century (Constantino 1990). This spurred the cultivation of idle land and thereby increased the market value of land itself.

Using the barangays as the basic unit of local administration, the families of the cabezas de barangay were recruited for the local administration and positions of power. By confirming this political authority, the Spaniards converted most of the local chiefs and cabezas into willing allies and useful intermediates between the people and themselves. These local administrators received a new title, the *principales*.

The Philippines were at this time exporting raw materials, while importing various kinds of manufactured goods, like machinery, steel, iron, liquor, beer; luxury-goods like candies and chocolate and above all, textiles (Constantino 1990). Britain won the economic trade battles among the western nations. The British traders “drank the milk” of the Philippine trade and production, even though Spain was the formal owner of “the cow”.

The internal trade was basically controlled by the *Chinese* inhabitants of the islands. The Chinese have always had a very particular role in the social formation of the Philippines. When landownership was a possibility for those with money, the Chinese were by law excluded from the right to own land. They concentrated on trade, where they developed their own trade pattern among themselves, in a fraternal manner. In this way they developed an almost complete control over domestic trade. This control was regarded by the Spaniards as a threat. There were several massacres of the Chinese population, dramatically decimating the Chinese population. However, the Spanish attitude towards the Chinese changed in the 1830s. Chinese trade was thereafter encouraged. In the second half of the 19th century, the Chinese population grew from 30,000 to 90,000 by immigration from China (Constantino 1990). Children born by Chinese and Philippine parents were called *Chinese mestizos*. They were exempted from the landownership-ban. Over time, the combination of familiarity with trade, strong clan-ties and their rights to own land made them the most powerful ethnic group and powerful hacenderos in the Philippines.

The Royal Decree of February 13, 1884, also known as the *Maura Law*, gave landholders one year to secure legal titles to their land. After the deadline had expired, untitled land was deemed forfeited. Naturally, only

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6 According to Salgado (1985), the major massacres happened in 1603, 1639, 1662, 1668, 1755 and in 1766. It is unknown how many Chinese actually got killed.
those cognizant of the law and literate in Spanish were able to register their land. Many small landowners in the provinces did not even know about the decree. They suddenly found their land included in the titles of big landowners and were left with no other recourse but to accept tenant-status on their former land (Ofreneo 1980).

Economic changes had brought into being in Philippine society a number of transitional economic and social groups. Five principal segments of the dominant class existed before the revolution in 1898. At the top were the peninsulares: Spaniards who came from Spain and who were given positions in the government and administration. Next in line were the creoles, or the insulares: Spaniards born in the Philippines. At the same level were the Spanish mestizos. Then came the Chinese mestizos, who were permitted to own land. Finally, the Chinese, who were still powerful because of their hegemony in internal trade. These five social groups were threatened by the growing Philippine middle class. Members of the middle classes held positions as inquilinos, shop-keepers, merchants, employees, small landowners and professionals. All of these were called the ilustrados (Constantino 1990).

The ilustrados led the masses in the uprising against the Spaniards in 1898. Because of their social position, their aspiration was to possess what had exclusively been reserved for the elite. The change to cash crop cultivation in the countryside deepened economic inequality. This process made the tenants and the vast majority of the people not only relatively but also absolutely poorer (Constantino 1990). The depression, which the Philippines experienced from 1891 to 1895, politicized both the ilustrados and the peasantry. The Spanish government in the Philippines was overthrown in 1898 by a social uprising led by the Katipunan movement. However, on December 10, 1898, the Spaniards and the Americans signed the Paris Treaty, under which Spain ceded the Philippines to the United States, for the price of US 20 million dollars (Choinksi 1969, Rocamora 1993). There were four major forces on the stage in the crucial days of 1898: the Spanish Colonizers, the American imperialists, the Philippine ilustrados and the Philippine masses. The first three wanted to control the fourth. The ilustrados supported by the Philippine masses in 1898, fought the Spaniards. The Americans secured by the Paris Treaty the formal colonial rule over the Philippines.

7 Katipunan is a Tagalog word, literally meaning union or association. The organization Katipunan is also called “Sons of the People”.

36
3.2 US colonial and imperial power

American land policy in the Philippines was conservative. It did not change but rather strengthened the landownership pattern created by the Spaniards. Officially the policy intended to encourage the growth of a class of small to middle farmers. However, in reality the policy worked to support and encourage the big landlords (Choinski 1969). The mestizo landed elite was the stabilizing factor needed by the Americans. The Americans had a twofold interest in strengthening this elite. The landholdings of this elite provided the raw-materials that the Americans required. The Americans wanted the raw materials as cheaply as possible and encouraged the landed elite to orient their production towards production with minimal production costs. This is called a production for absolute surplus value. The drive towards a mode of production producing an absolute surplus profit and at the same time connected to a merchant capitalist world economy can be understood as a co-existence between two modes of production. This co-existence of modes of production served, as discussed in chapter two, the interest of the colonizer. Endogenous development of capitalism in the centre-nations dissolved feudalism in the centre and replaced a capitalist mode of production.

Even if feudalism were replaced by capitalism in Europe, the feudal and pre-capitalist mechanisms were strengthened in order to obtain profit from an absolute surplus value. In other words, as we discussed in chapter two, the economic basis, created a social formation where political and ideological power still were strong ruling mechanisms in the society. The ideological power was introduced by the Spaniards, and was the catholic church. The church still is the single most powerful ideological force in the Philippines today.

The demand for export crops was a powerful stimulus for more land purchases by landowners. Hacienderos enlarged their holdings and intensified the exploitation to take fuller advantage of the demand for their products under free trade conditions. The hacienda system that had been born as a result of foreign Spanish rule, did not vanish in the way feudal formations vanished in Europe, i.e. by the entrance and conquest of capitalism.

From the American colonial takeover in 1898 until national liberation in 1946, the Americans were occupied with the development of agricultural export production. There was an increased demand for imported raw materials in the US. Since the Americans had control over the Philippines, they had an interest to keep production costs as low as possible. Low cost were possible by making the Filipino people work as tenants. The key instrument for the trade policy was a free trade arrangement imposed by the
US government on the Philippines through the Payne Aldich Act of 1909 (Ofreneo 1980). This meant that American goods could enter the Philippines without any taxation or import regulations. The imported items were mostly processed goods while the Philippines exported raw-materials to the US. Before 1909, this kind of exclusive free trade agreement was hindered by the Paris Treaty, giving Spanish merchants equal trade opportunities with the Americans for a period of ten years. Both the Paris Treaty as well as the Payne-Aldich Act should thus be seen as regulation for the benefit of an increased absolute surplus value controlled by the colonizers.

American business grew fast and became decisive for the economic development of the islands. In 1905 the US share of the total value of imports was only 18.6 per cent, by 1920 it was 61.8 per cent, and by 1945 it was 87.3 per cent (Republic of the Philippines 1990). The US share of exports also increased from 44.4 per cent in 1905 to a peak of 82.8 per cent in 1940 and then rapidly decreased to 34.1 per cent of total value of exports in 1945 (Republic of the Philippines 1990). 1945 was, however, a special year. The share of exports going to the US rapidly increased during the 1950s. Figure 3.1 shows these trends. The tendencies found here have been used by theorists arguing that a trade dependency established during the colonial period prevented the development of the home market. It can safely be concluded that the US was the most important economic partner for the Philippines in the first half of the twentieth century.

Coconut production, which at this time was an important part of export trade, developed quickly because of the soap and margarine industries abroad which stimulated the production and trade in copra. By the time World War I broke out, one-fourth of all the copra in world trade was supplied by the Philippines. The war created a brisk demand for coconut oil. Its high glycerine content made it highly prized in the manufacture of explosives. By the time the war ended, 40 relatively large coconut oil mills were in operation in the Philippines. However, with the coming of peace, a heavy drop in demand forced most of these mills to close. Eight large plants remained; two American, two British, two Spanish, one Chinese, and one Filipino (Constantino 1990).
From 1920 to 1930, coconut exports including copra increased by 223 per cent. Of the USD12 million invested in mills and refineries, USD5.5 million was American capital, USD3.5 million was British capital and the rest was Chinese and Philippine capital (Republic of the Philippines 1991). By 1935, ten factories were supplying almost all the desiccated coconut being exported to the United States. Six of these factories were American, two were British, one was Chinese and one was Japanese. The three largest soap factories in the Philippines were American, Swiss and Chinese (Constantino 1990).

This was a time of widespread social unrest in the Philippines. The guerilla organization established to fight the Spaniards was still active in the mountains and enjoyed support from the peasantry. The politically organized opposition became stronger with the creation of the Katipunan Pambansa ng mga Magbubukid ng Pilipinas (KPMP) (Union of Patriotic Peasants of the Philippines) in 1928, a peasant organization with connections to the Chinese Communist Party. Two years later, the Partido Kommunista ng Pilipinas (PKP) (Communist Party of the Philippines) was established (Constantino 1990).

The social formation in the coconut production, particularly in Luzon, was dominated by share cropping. The big landowners had patron-client relationships with tenants, often through their overseer. One way of
securing the loyalty of tenants was to provide them credits from time to time. Credit often had usury interest rates which were impossible for the tenant to pay back in cash or kind. The system was part of a relationship based on a debt of gratitude, utang na loob, which is a very prominent cultural factor in contemporary Philippine society. The loyalty bondage in this cultural system seems in many cases decisive for the Philippine people’s immediate choices and behaviour.

The Republic of the Philippines declared its independence on June 12, 1946 (Constantino 1990, Salgado 1978, Putzel 1992). The Bell Trade Act, which passed through the American Congress in October 1945, was the most significant trade act signed by the two countries and laid the premises for the continuation of the existing Philippine economic structures. The basic objective of the trade act was the continuation of free trade between the two countries (Ofreneo 1981). This ensured in reality the continuation of the old trade pattern, with raw-material exports to and imports of manufactured goods from the US. The only restrictions made were on exports to the US of Philippine sugar, coconut oil, tobacco and cordage, to prevent competition from these products with the American agricultural sector. The US later adopted other protectionist measures which included all imports of any goods from the Philippines.

The US-Military Bases Agreement was signed during the same period. The agreement gave the US free use of 23 base sites for 99 years, renewable on expiration. The Joint US Military Advisory Group (JUSMAG) was paid by the Philippine government to secure education, training and advisors for the Armed Forces of the Philippines (AFP), the constabulary, Air Force, Navy and the intelligence services (Ofreneo 1981). The third provision was the “equal rights” or parity amendment which obliged the Philippines to grant American citizens and corporations the same rights as Filipinos in the exploitation of Philippine natural resources and work power. The Bell Trade Act met resistance in the Philippine Congress, but passed. Probably because the act was accepted, the Philippines also received more than USD 690 million in war damage payments from the US (Constantino 1990).

During this time, there were several areas where the existence of guerillas was widespread. The HUKBALAHAP⁸ also known as the HUKs grew dramatically and changed their name to Hukbong Mapagpalaya ng Bayan (HBM), or Army of National Liberation. Central Luzon, where the indigenous and tribal people and the HBM were united and partly in control in mountainous areas, became a battlefield. Several peasants were killed or

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⁸ Hukbo ng Bayan Laban sa Hapon; Peoples Army Against the Japanese.
arrested and tortured there. The war close to the mountain areas was particularly intense, for example in Quezon Province and the municipality of Candelaria. The HBM were first and foremost fighting to gain a land reform. Peasant organizations which were suspected of having connections with the HBM, were outlawed in 1948 (Constantino 1984, Hayami 1990).

The coconut lands did not attract the biggest landowners. Most of the coconut landholdings were small. A survey in the mid-1960s showed that more than 300,000 coconut farms were owned by 250,000 landowners. Plantations larger than 1000 hectares accounted for less than 1 per cent of the total area allocated to coconuts (Ofreneo 1980). The national average of coconut landholdings was at this time 3.4 hectares. The mestizo-Chinese controlled the domestic market during the 1960s, while the processing and export trade of coconut products was dominated by Americans, British and Chinese (Ofreneo 1980).

Despite the backward technology and farming practices used at most of the coconut farms, the coconut industry did not suffer any major dislocation in the post-war years. The primary reason was that the world market price for coconut products was fairly stable because of world demands for fat and oils. Consequently, copra entered the ports of many importing countries duty free. Coconut oil and other processed coconut goods faced a number of trade barriers, particularly in West Europe, where there were big copra crushing mills.

3.3 Formal independence and privatization of the state

It is well known in the Philippines that one needs a godfather for everything, from the time one gets baptized to the time one dies, to obtain justice, apply for a passport, or to start any business.9

A new era started when Ferdinand Marcos became President in 1965. He represented the Nacionalista Party and advocated a strong and independent state as the main tool for lifting the living standard of the poor. Marcos ruled for 21 years, from 1965 to 1986, and for ten years from 1972 onwards, by martial law. The insurgency intensified in this era and the society became torn by civil war (David 1977).

Partly as a result of governmental overspending in electoral campaigns in 1969, where different dynasties fought for local political positions, the national foreign exchange reserves were dramatically reduced. The

9 Translated from the novel El Filibusterismo by Jose Rizal, one of the revolutionary heroes from the war against the Spaniards (quoted from Manapat 1991, p. 98).
Philippine policy makers turned to the International Monetary Fund (IMF) and the World Bank (WB), which granted loans in exchange for a strong influence on the country's economic policy. Devaluation and opening up for foreign investments led to increased foreign investments and bankruptcy for several local entrepreneurs. The strategy of export-oriented industrialization was claimed to be the most appropriate development strategy because of the existence of comparative advantages such as cheap labour and raw-materials (Eviota 1990).

The state invested heavily in several corporations and increased the size and power of the governmental bureaucracy. The persons holding power in the state belonged to the powerful dynasty of Marcos. The coalition in power consisted of Marcos' family and friends, wealthy business associates (the "cronies" or "bureaucrat-capitalists"), and a group of high-level technocrats and military officers. They were also called the compradorbourgeoisie, signifying their dependence on collaboration with foreign capital (Guerrero 1979). The number of soldiers in AFP increased from 58,000 in 1965 to 250,000 in 1985 (Eviota 1990).

The export-oriented policy failed by the end of the 1970's. This was caused by external factors including the oil-crisis and declining terms of trade and internal factors such as conflicts between the families in power, flaws in development projects, bureaucratic failure, inefficiency and corruption as well as an increasing insurgency among the masses (Bello 1982). The policy, which officially sought to increase employment, had to implement a rationalization of the manufacturing sector. A substantial number of workers in the manufacturing sector lost their jobs, most of them women, since the main sector rationalized was the garment industry (Bello 1982). Real wages fell by 25-30 percent between 1970 and 1980 (Eviota 1990). This should be regarded as an effort to change the surplus value from an absolute to a relative size, two different types of surplus value which explains something about the overall economic system. The presentation of the different types of surplus values was presented and discussed in chapter two.

The effort failed to spur economic development because of monopolization of the ownership by a few people within the government. The domestic market was not developed since production was exported and not used to increase the capability of the workers to participate in the market. Rather, the wage decreased, polarizing the society even more.

10 Comprador is Spanish, meaning buyer.
3.3.1 Philippine agriculture

The Philippine economy is commonly described as an agricultural economy. Putzel’s (1992) estimations of labour-participation in the three sectors of agriculture, industry and service show that almost 50 per cent of the employed population in 1986 worked in the agricultural sector (Table 3.1). Approximately 13 per cent of the employed population worked in the industrial sector. 66 per cent of those working in the industrial sector were wage workers, while more than 30 per cent were self-employed or unpaid family labour. Within agriculture, approximately 78 per cent were self-employed and 22 per cent were wage workers.

There is a highly differentiated peasantry which can roughly be divided into three groups. The rich peasantry own the land they till and have surplus land as well. By tilling the land themselves, and by exploiting others on the surplus portion of the land they own, they derive a surplus in grain or in cash above their own consumption, and can thus invest in more effective means of production. The middle peasantry is considered by, among others Guerrero (1979), as those peasants which are self sufficient from their own production. They might own small portions of land, and temporarily hire labour for agricultural work. This group can again be divided into three groups, according to their use of paid wage-labour and to their subjective class orientation. The upper level of the middle peasantry strive to reach the rich peasantry status both economically and culturally. The middle-middle and lower-middle peasantry have less surplus, if any, and associate themselves more easily with the poor peasantry, both economically and culturally. Those belonging to the category of the poor peasantry are normally living under the poverty line.\footnote{Poverty line is a relative and normative line set by the government or others, indicating minimum facilities a person should have for a decent standard of living. The government in the Philippines estimates that about 50 per cent of the population lives below the poverty line, while other organizations, like Kilusang Mayo Uno (May First Movement), state that 80 per cent of the population is to be found below the poverty line.} In the beginning of the 1970’s, this group represented between 75-80 per cent of the rural population (Guerrero 1979), and represents probably the vast majority of the peasantry today. This group constitutes the main target of the Communist Party of the Philippines (CPP) and the National Democratic Front (NDF) in their objectives of accomplishing a social revolution of Philippine society. The industrial working class continues to retain strong organic linkages with its peasant origins. Furthermore, a large surplus labour force has emerged which is either unemployed, underemployed or participates in the huge informal sector.
### Table 3.1
#### Employment by sector, 1970-1989

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>53.3%</td>
<td>50.3%</td>
<td>49.6%</td>
<td>49.8%</td>
<td>44.8%</td>
</tr>
<tr>
<td>Wage and salary</td>
<td>22 %</td>
<td>22 %</td>
<td>22 %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Own account and unpaid family labour</td>
<td>78 %</td>
<td>78 %</td>
<td>78 %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td>21.0%</td>
<td>14.7%</td>
<td>13.8%</td>
<td>13.3%</td>
<td>18.6%</td>
</tr>
<tr>
<td>Wage and salary</td>
<td>64 %</td>
<td>68 %</td>
<td>66 %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Own account and unpaid family labour</td>
<td>36 %</td>
<td>32 %</td>
<td>34 %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service</td>
<td>24.6%</td>
<td>33.8%</td>
<td>34.6%</td>
<td>34.7%</td>
<td>36.4%</td>
</tr>
<tr>
<td>Wage and salary</td>
<td>71 %</td>
<td>71 %</td>
<td>70 %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Own account and unpaid family labour</td>
<td>29 %</td>
<td>29 %</td>
<td>30 %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other family workers</td>
<td>1.1%</td>
<td>1.2%</td>
<td>2.0%</td>
<td>2.2%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 3.2
Relative importance of major agricultural products expressed as share of total agricultural land and share of total agricultural value produced

<table>
<thead>
<tr>
<th>Crop</th>
<th>1980 % of area</th>
<th>1980 % of value</th>
<th>1985 % of area</th>
<th>1985 % of value</th>
<th>1989 % of area</th>
<th>1989 % of value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banana</td>
<td>2.1</td>
<td>5.2</td>
<td>2.2</td>
<td>5.0</td>
<td>2.2</td>
<td>3.4</td>
</tr>
<tr>
<td>Coconut</td>
<td>25.0</td>
<td>13.4</td>
<td>25.1</td>
<td>17.4</td>
<td>23.7</td>
<td>15.2</td>
</tr>
<tr>
<td>Corn</td>
<td>24.7</td>
<td>9.0</td>
<td>26.9</td>
<td>10.4</td>
<td>28.0</td>
<td>11.2</td>
</tr>
<tr>
<td>Palay</td>
<td>26.8</td>
<td>24.5</td>
<td>25.4</td>
<td>27.7</td>
<td>26.6</td>
<td>26.8</td>
</tr>
<tr>
<td>Sugar</td>
<td>3.1</td>
<td>2.8</td>
<td>2.8</td>
<td>5.6</td>
<td>2.0</td>
<td>6.9</td>
</tr>
<tr>
<td>Fruits</td>
<td>1.0</td>
<td>5.8</td>
<td>1.1</td>
<td>5.1</td>
<td>1.1</td>
<td>7.1</td>
</tr>
<tr>
<td>Vegetables</td>
<td>5.1</td>
<td>13.3</td>
<td>4.9</td>
<td>9.8</td>
<td>5.0</td>
<td>8.2</td>
</tr>
<tr>
<td>Other crops</td>
<td>12.1</td>
<td>28.7</td>
<td>11.5</td>
<td>18.9</td>
<td>11.3</td>
<td>20.6</td>
</tr>
<tr>
<td>Total</td>
<td>99.9</td>
<td>99.9</td>
<td>99.9</td>
<td>99.9</td>
<td>99.9</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Republic of the Philippines 1990.

Table 3.2 shows the relative importance of coconuts and other major agricultural products. The steep decline in the value of "other crops" from 1980 to 1985 is because of some reduction of production of "other crops", but the most important cause is the increase in productivity of palay\(^{12}\) and coconuts, as well as increased price of palay and other food crops at the home market (Republic of the Philippines 1990).

Ma. Agnes Quisimbing identifies each type of farm enterprise in the Philippines according to a certain mode of production. This corresponds to certain class position for the producers. These class positions are defined by the mode of production to which the producers belong (primitive communal, peasant, semi-feudal or capitalist) and the social relations which determine the forms of payment to the producers and positions in the labour market (as buyers or sellers of labour power). The agricultural production activities can also be classified according to their market integration, i.e.; the sources of supply and demand. Supply is ensured through imports and domestic production. This classification system produces four major

\(^{12}\) Un-husked rice.
categories of crops on the demand side: peasant foods, wage foods, industrial and luxury crops and export crops (Figure 3.2).

Figure 3.2
A typology of crops and farm enterprises in the Philippines

<table>
<thead>
<tr>
<th></th>
<th>Peasant foods</th>
<th>Wage foods</th>
<th>Industrial and luxury crops</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Demand</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Supply</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Imports</td>
<td>flour</td>
<td>meat, dairy &amp; feed grains</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Pre-capitalist farms:

peasant/subsistence farms:
- rice, corn, fruits, vegetables, root crops, backyard livestock
- rice, corn, fruits, vegetables, root crops

Decentralized estates (tenanted holdings):
- upland farms, rice and corn (below 7 ha)
- coconut vegetables

Centralized estates (Haciendas)

Capitalist farms:

Commercial farms (small and medium size):
- fruits, vegetables, corn (yellow), livestock
- coffee, cacao, ramie, banana

Modern plantations:
- rice, corn (yellow), livestock
- coconut, banana, pineapple, ramie

Source: Quisimbing 1990.
The classification of Quisimbing reveals the heterogeneity of Philippine agriculture, both in production and in the market for agricultural goods. While production for the home market is first of all on farms categorized as pre-capitalist farms, export production is mainly on commercial plantation estates, using capital intensive equipment as well as low paid labour. It seems that the incentives for increased of productivity through capital intensive means of production have been strongest for the export-oriented production, such as coconuts, fruit and ramie, while the tenanted holdings and subsistence farms producing food for the home market are still dominated by mechanisms and technology reflecting a pre-capitalist. However, coconut production is undertaken both on decentralized estates and haciendas, as well as on commercial farms and modern plantations. This variety is reflected geographically, with a dominance of tenancy farms in the north, and with modernized plantations in the south of the Philippines.

Table 3.3
Physical farm areas, by type and tenure of operator, 1980

<table>
<thead>
<tr>
<th>Type of farm</th>
<th>% of total farm area</th>
<th>Fully owned</th>
<th>Ownerlike possession</th>
<th>Share tendency</th>
<th>Leased (fixed)</th>
<th>Rent-free</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>All types</td>
<td>100.0</td>
<td>61.2</td>
<td>11.2</td>
<td>20.5</td>
<td>4.3</td>
<td>1.4</td>
<td>1.4</td>
</tr>
<tr>
<td>Palay</td>
<td>38.5</td>
<td>55.2</td>
<td>12.9</td>
<td>21.9</td>
<td>7.5</td>
<td>1.3</td>
<td>1.2</td>
</tr>
<tr>
<td>Coconut</td>
<td>29.2</td>
<td>64.5</td>
<td>9.3</td>
<td>24.0</td>
<td>0.9</td>
<td>0.7</td>
<td>0.6</td>
</tr>
<tr>
<td>Corn</td>
<td>20.3</td>
<td>65.1</td>
<td>10.2</td>
<td>18.4</td>
<td>1.3</td>
<td>2.4</td>
<td>2.6</td>
</tr>
<tr>
<td>Sugarcane</td>
<td>3.2</td>
<td>65.2</td>
<td>12.1</td>
<td>13.9</td>
<td>7.6</td>
<td>0.3</td>
<td>1.0</td>
</tr>
<tr>
<td>Tobacco</td>
<td>0.1</td>
<td>49.4</td>
<td>8.6</td>
<td>34.7</td>
<td>3.7</td>
<td>2.5</td>
<td>-</td>
</tr>
<tr>
<td>Vegetable</td>
<td>0.5</td>
<td>56.0</td>
<td>17.0</td>
<td>15.1</td>
<td>5.2</td>
<td>4.0</td>
<td>2.7</td>
</tr>
<tr>
<td>Banana</td>
<td>0.8</td>
<td>55.8</td>
<td>10.8</td>
<td>7.3</td>
<td>21.7</td>
<td>2.5</td>
<td>1.8</td>
</tr>
<tr>
<td>Pineapple</td>
<td>0.2</td>
<td>6.8</td>
<td>1.4</td>
<td>28.1</td>
<td>62.6</td>
<td>0.7</td>
<td>-</td>
</tr>
<tr>
<td>Coffee</td>
<td>1.2</td>
<td>78.9</td>
<td>11.5</td>
<td>4.4</td>
<td>0.5</td>
<td>1.8</td>
<td>3.0</td>
</tr>
</tbody>
</table>

Source: Dios et al. (1990).

The production of palay accounts for nearly 40 per cent of the total physical farm area (Table 3.3). More than 55 per cent is fully owner operated, 22 per cent under share tenancy, and 8 per cent under leasehold. Sugarcane production is mostly cultivated on fully-owned farms (65 per cent), while 14 per cent is under share tenancy (Quisimbing 1990).
In the effort to understand the structure of agriculture in the Philippines, certain aspects in Table 3.3 need to be highlighted. Fully owned farms include farms fully owned by one person but tilled by others. Hence, the very large percentage of coconut area said to be owner operated, refers to the coconut plantations in the south of the Philippines, administrated by the owner but certainly not tilled by the owner or his family.

“Ownerlike possession” is likely to be two types of landholdings. Certain groups among the indigenous minorities in the Philippines till land which is formally owned by the state, but which is under the control of the indigenous tribes. This is so because the tribes not operates with private ownership to production means. Another group which might has been categorized in this column, is a group of the peasantry, which has occupied state and privately owned land – normally idle, and use it “as if it was their own”. It has been recorded that in 1987, 70.000 hectares were occupied by peasants belonging to the biggest peasant federation in the Philippines, Kilusang Magbubukid ng Pilipinas (KMP) (Lara n.d.).

The national figures do not reveal the wide interregional differences in prevalent tenure arrangements. In the Philippines, 30-40 per cent of all agricultural producers produce coconuts, making roughly 20-25 million people dependent on coconut production as a source of income (Lactao 1990, Putzel 1992). While the coconut production in the southern provinces is done largely by wage farm workers, the production in the northern provinces is commonly undertaken by tenants. Coconut production in the actual study area of this research, which was situated in Southern Tagalog, is an example of the latter production system. Estimates based on extensive field research by David in 1977 and Tiglao in 1983 suggest that among the coconut producers, approximately 60 per cent are wage farm workers, 35 per cent are tenants and less than 5 per cent are small owner-cultivators or wage workers in coconut factories (David 1077, Tiglao 1983). In Southern Tagalog, where tenant relations in the coconut sector are common, it can be assumed that the groups of farm workers and tenants are not of equal size, with the former group operating as multiple farm workers in several areas, i.e; they work on several farms.

Small family farms and tenanted holdings predominate in old settled areas with high population density. In Luzon, plantation estates and haciendas are more common than in newly-settled areas as Mindanao and Negros. The study of Quisumbing and Hayami found a dominance of share tenancy in the traditional coconut belt of Quezon Province in Luzon (Quisimbing 1990). In contrast, the large coconut plantations tend to be concentrated in the southern part of the country, Mindanao. In the case of sugar production, tenant-farming is found mainly in the traditional
settlement areas like in Batangas. The so-called sugar industry is primarily found in the Visayan island of Negros, where the haciendas are few and very large. The operational characteristics of the plantations also show significant variations between the different provinces. While Mindanao has capital-intensive plantations where profit maximization seems to be the primary objective, the plantations in Negros, (commonly called haciendas) are large tracts of land where patronage and power seem more important than pure profit generation. Finally, while Negros produces mainly sugar, Mindanao hosts several new export crops like bananas, pineapples, coconuts, rubber and ramie. Finally, the plantations in Mindanao come close to being isolated enclave economies, owning their own transport equipment as well as input providing or manufacturing factories. The involvement of external capital is also very high.

Coconuts are a prime export earner. However, investments for productivity increases are relatively low. This is particularly so in the north, on Luzon island where this research was carried out. Table 3.4 shows coconut productivity per tree per year for selected regions. This table demonstrates a very large difference in productivity between the study area in Southern Tagalog, with an average production of 37 nuts per tree per year and Southern Mindanao, with an average harvest of 78 nuts per tree per year. The reasons are many. The use of High Yielding Variety palms, with a high level of input expenses, is normal at the large coconut plantations in the south. General international market competition the last decades has lead to increased investment in the coconut plantations in the south, which also have intensified the monopolistic ownership-structure we find in this area.

<table>
<thead>
<tr>
<th>Table 3.4</th>
<th>Nut productivity per tree per year by selected regions and selected years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regions (selected)</td>
<td>1981</td>
</tr>
<tr>
<td>Philippines</td>
<td>54</td>
</tr>
<tr>
<td>Western Mindanao</td>
<td>55</td>
</tr>
<tr>
<td>Northern Mindanao</td>
<td>42</td>
</tr>
<tr>
<td>Southern Mindanao</td>
<td>62</td>
</tr>
<tr>
<td>Southern Tagalog</td>
<td>60</td>
</tr>
<tr>
<td>Central Luzon</td>
<td>39</td>
</tr>
</tbody>
</table>

Producers in Southern Tagalog, and also Central Luzon, operate with practically no capital-demanding inputs — the trees are old, and the extent of re-planting is very limited. There has been a dramatic decline in productivity in Southern Tagalog during the 1980s. One reason for this is probably the rapid negligence of the land, by landowners who traditionally only have been concerned with the productivity in a very limited scale. Economic difficulties and capital investments in other sectors might be the reason why landowners in Southern Tagalog cares even less than before about their land. Old trees, increased social unrest and general difficulties in the coconut sectors makes the landowners look for other profitable sectors. They cannot compete with the rational production in the south, and keep the land control for other purposes than for the profit of the coconuts. This will be discussed further in chapter four.

The relatively low production in the north, keeps the producers poor. If they work as tenants, the relative share they receive from the total harvest is small because of low productivity. In the south, the high productivity does not benefit the producers because the vast majority of them are farm workers, receiving wages below subsistence level.

It may be of interest to situate the coconut sector in the agricultural context of the Philippines. There are also other production activities that are important for the economic development of the people, like sugar and palay. Even if mining and manufacturing industries have an important position in the national economy, they are less decisive for the general social formation found in the country than the agricultural sector. To exemplify the varieties of arrangements of the relations to the means of production, the production of sugar and palay will be given a closer look.

Sugar: Established in the mid 19th century, the Philippine sugar sector played an important role in Philippine production as late as the late 1970s. The sugar planters, millers and traders were called the “Sugar-barons” and were mainly mestizos and church representatives. They constituted a “sugar bloc”, playing a crucial role in Filipino politics during the American colonial period as well as after independence. By their strong linkages with the ruling elite, the industry has a disproportionate influence on the country’s political and economical affairs. It is considered to be a very important sector of the economy although only 2 per cent of the land is used for production of sugar and a rather small group of the people rely on sugar production for their survival (Republic of the Philippines 1990). The sugar production is concentrated in a few areas. The most important areas

13 Un-husked rice.
for sugar production are the islands of Negros and Panay in Visayas, Pampanga, Bataan and Tarlac in Central Luzon and Batangas in Southern Tagalog with more than 90 per cent of the production (Ofreneo 1982).

There are two general types of workers in the sugar sector, those producing the sugar, and those processing the sugar. In the agricultural production sector, there are dumaans, the sacadas and the pangayaws (Hayami et al. 1990).

The regular field workers, known as dumaans, have a tenurial relationship to the haciendero and reside on the hacienda. Their cash income is lower than for the sacadas, but their relationship with the landlord is more paternalistic. This patron-client relationship provides opportunities for credit and a certain extent of protection as long as the dumaan operates with the acceptance of his lord. If the haciendero has land that is not utilized, his dumaans normally till this land for their own consumption. Where this arrangement is found, the share of the harvest given to the landlord is small, and in some cases non-existing (Ofreneo 1980).

The sacadas are seasonal migrant workers and clearly the most numerous and marginalized group of sugar producers. They are marginalized by the landlord, the haciendero, because of the low wages. However, they are also marginalized by the contratistas, those recruiting them for the hacienderos, because of the commission deducted from the wages of the sacada. Their salary is in general low and below what is considered as a minimum wage. The sacadas normally buy food in the cantinas or stores, also owned by the hacienderos. The wage is paid on pakiaw-basis, i.e; by number or the weight of cut and loaded canes. The sacadas are provided common accommodation at the expense of the haciendero. These are long huts, made out of nipa, that are also used for livestock.

The casual workers, the pangayaw, represent the “reserve army of labour”. They live on the outskirts of the hacienda and are only working irregularly for the hacienda (Hayami et al. 1990). Some of them might be former dumaans who failed to perform satisfactory work, or for other reasons were kicked out of their former position.¹⁴ Whereas small sugar farms mostly hire pangayaws, the number of sacadas and dumaans increase with the size of the farm or hacienda.

The workers in the centrals and sugar mills represent the other kind of workers found in the sugar industry. Sugar milling is the activity where the capital-investments have been confined. The workers in the mills have clearly a proletarian position as related to the means of production.

¹⁴ Such as disloyal political work, or oppositional tendencies.
The sugar industry has been regarded as the agricultural sector most developed into classic exploitative capitalism. It is also a sector that is strongly dependent on the capitalist market, as well as on the high number of low-paid farm workers, sacadas, in the production.

*Palay*: Rice is the principal food throughout Asia, and also in the Philippines. Palay land has been the main target for various land reforms, mainly because of the social unrest in this particular sector. The production relations in the palay sector are different from what are found in the sugar sector.

Palay production has been proven to be more productive in small-scale rather than in large-scale farms derived from extreme variety of topography, soil conditions, irrigation possibilities and monitoring of the farm workers (Quisimbing 1991). In 1980, almost 90 per cent of all rice farms were less than 5 hectares (Quisimbing et al. 1990). Tenant farming is by far the most common way of operating rice fields that are not cultivated by the owner. The sharing arrangements for the palay-producing tenants vary. In one research project in Central Luzon, the normal sharing of net output was found to be 50 per cent to the tenant (Wolters 1984). In farms that are larger than 10 hectares, the landowner is normally absent, and the control of the cultivation is taken care of by a farm manager. Conflicts in the rice sector have been most visible between the tenants and the representatives of the landowners.

The prime area of palay-production is Central Luzon and the northern part of Southern Tagalog. Large areas of Central Luzon were covered with ash and mud in 1991, due to the volcanic eruption of Mount Pinatubo. So far, little is known about how the impossibility of palay production in this area will effect the economic pattern of production and control.

Palay is often intercropped with corn, and the two crops comprise almost 60 per cent of all agricultural land in the Philippines. Seasonal differences make it possible to intercrop the two. Palay requires steady water-supplies which is only available during the wet season. Corn can be grown with less amounts of water in the dry season. In the flat areas of Central Luzon, the productivity of palay has increased sharply since the introduction of High Yielding Varieties and modern irrigation technology. The International Rice Research Institute (IRRI), based in Laguna, Southern Tagalog, is one of the main factors why these innovations are widely adopted in the Philippines as compared to new technology introduced in other agricultural sectors. The costs of inputs have increased with the introduction of commercial seeds and fertilizers. Whereas the average cost of non-labour inputs in the
coconut sector counts for only 2.1 per cent of total output, the same figure for palay is 12.4 per cent (Solon 1990).

*Coconuts:* The Philippines is the world biggest producer and exporter of coconuts. From 1979 to 1988, the export of coconut oil and copra from the Philippines supplied 69 per cent and 32 per cent, respectively, of world demand (Lactao 1990). In spite of being one of the prime foreign exchange earners, the coconut sector has not developed economically and technologically as would be expected within a capitalist mode of production. The export of coconut products is still basically an export of raw-materials like crude coconut oil, copra, and desiccated coconuts. Roughly one third of the population in the country are engaged in the coconut sector. The production is mainly located in Southern Luzon and Mindanao. Table 3.5 shows the changes in cultivated coconut area in selected regions.

The main trends identified here are that West Mindanao and Bicol have maintained or even slightly increased the coconut area, while the total coconut area has decreased during the last 5 years, probably because of declining prices in the export market, and an increased market for coconut lumber.

Table 3.5
Cultivated coconut area in selected regions, selected years in '000 hectares

<table>
<thead>
<tr>
<th>Year</th>
<th>The Philippines</th>
<th>Southern Tagalog</th>
<th>Bicol</th>
<th>North/East Mindanao</th>
<th>South Mindanao</th>
<th>West Mindanao</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>3,236</td>
<td>593</td>
<td>352</td>
<td>368</td>
<td>835</td>
<td>455</td>
</tr>
<tr>
<td>1982</td>
<td>3,203</td>
<td>581</td>
<td>350</td>
<td>365</td>
<td>829</td>
<td>453</td>
</tr>
<tr>
<td>1984</td>
<td>3,223</td>
<td>568</td>
<td>364</td>
<td>378</td>
<td>832</td>
<td>458</td>
</tr>
<tr>
<td>1986</td>
<td>3,284</td>
<td>569</td>
<td>378</td>
<td>384</td>
<td>849</td>
<td>473</td>
</tr>
<tr>
<td>1988</td>
<td>3,222</td>
<td>550</td>
<td>370</td>
<td>373</td>
<td>852</td>
<td>463</td>
</tr>
</tbody>
</table>

Source: UCAP 1990.

From 1985 to 1989, the average annual market value of coconut products was more than USD500 million. From a temporary increase of demand, the export income from coconut-products increased to USD664,5 million in 1987 and USD693,5 million in 1988. After 1988, the tendency clearly is a decrease in both prices and income for the Philippine nation (Republic of the Philippines 1991). Table 3.6 shows the tendencies of export values of
Philippine products from 1988 to 1989. Even if the total export value increased by 6.8 per cent, the value of coconut products decreased dramatically. The lumber export, which has been formidable, consists mainly of exports of trees other than coconut trees. There has been a tremendous increase in logging of coconut trees during the 1980s and 1990s. The trees are not of the same prime quality as the trees from the rainforest, and are thus used for the domestic market.

Table 3.6
Ten principal exports, value of 1988 and 1989 in million USD

<table>
<thead>
<tr>
<th>Crop/export-value</th>
<th>Mill. USD 1988</th>
<th>Mill. USD 1989</th>
<th>%-change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Copra</td>
<td>28.0</td>
<td>25.2</td>
<td>-10.0</td>
</tr>
<tr>
<td>Desiccated coconuts</td>
<td>78.3</td>
<td>75.7</td>
<td>-3.3</td>
</tr>
<tr>
<td>Coconut oil</td>
<td>408.1</td>
<td>376.8</td>
<td>-8.8</td>
</tr>
<tr>
<td>Logs and lumber</td>
<td>157.2</td>
<td>238.4</td>
<td>51.7</td>
</tr>
<tr>
<td>Sugar</td>
<td>60.2</td>
<td>80.0</td>
<td>32.9</td>
</tr>
<tr>
<td>Banana</td>
<td>146.0</td>
<td>146.4</td>
<td>0.3</td>
</tr>
<tr>
<td>Pineapples, canned</td>
<td>83.2</td>
<td>94.3</td>
<td>13.0</td>
</tr>
<tr>
<td>Gold</td>
<td>118.0</td>
<td>109.4</td>
<td>-7.0</td>
</tr>
<tr>
<td>Abaca</td>
<td>16.3</td>
<td>17.6</td>
<td>8.6</td>
</tr>
<tr>
<td>Copper concentrates</td>
<td>216.2</td>
<td>237.4</td>
<td>10.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,311.4</strong></td>
<td><strong>1,401.2</strong></td>
<td><strong>6.8</strong></td>
</tr>
</tbody>
</table>

Source: Republic of the Philippines 1991

The declining value of exports of coconut products, shown in Table 3.6 and Table 3.7, has several reasons. First of all, the international market-price has declined. Competition in the vegetable oil market is the cause. Soy beans in particular have increased their share of the market. The Soy Bean Association, which is the American association for soy bean producers and traders, has publicized information about the possible health damages caused by extensive use of coconut oil. This campaign is based on research projects, sponsored mainly by US banks, concluding that the use of coconut oil can cause high levels of cholesterol. The lobbying activities of the Soy Bean Association is one of the main reasons for the decline in the coconut oil market (Wizkens et al. 1989). The decline in the American market has also been linked with other international political changes. After the Soviet invasion of Afghanistan in 1979, the US Congress
decided to stop trade with the USSR. This also affected the soy bean-oil export to the USSR. The US, which was a major market for Philippine coconut oil, got an over-supply of domestic vegetable oils, which out-competed imported coconut oil from the Philippines.

Table 3.7
Real value of coconut products exported, 1983-1989

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume</th>
<th>Value FOB</th>
<th>FOB USD</th>
<th>Equivalent 1983 value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Metric Tons</td>
<td>USD/MT</td>
<td>USD</td>
<td>1983 value</td>
</tr>
<tr>
<td>1983</td>
<td>1,762,219</td>
<td>696,144,869</td>
<td>395.0</td>
<td>100.0</td>
</tr>
<tr>
<td>1984</td>
<td>1,036,253</td>
<td>714,986,285</td>
<td>690.0</td>
<td>115.8</td>
</tr>
<tr>
<td>1985</td>
<td>1,134,658</td>
<td>460,028,707</td>
<td>405.4</td>
<td>58.1</td>
</tr>
<tr>
<td>1986</td>
<td>2,205,462</td>
<td>427,073,691</td>
<td>214.0</td>
<td>30.9</td>
</tr>
<tr>
<td>1987</td>
<td>1,919,243</td>
<td>561,428,462</td>
<td>292.5</td>
<td>39.0</td>
</tr>
<tr>
<td>1988</td>
<td>1,474,934</td>
<td>580,915,416</td>
<td>393.8</td>
<td>47.7</td>
</tr>
<tr>
<td>1989</td>
<td>1,427,327</td>
<td>527,582,833</td>
<td>369.9</td>
<td>40.4</td>
</tr>
</tbody>
</table>


Another reason for the decline in the market, both in copra, copra meal and coconut oil is the well-documented quality-problem of Philippine-made copra and copra meal. A high level of aflatoxin in the copra and copra meal used for animal feed in Europe has caused diseases and death of European livestock. Aflatoxin is also transferred to the coconut oil. The EC has decided to lower the accepted level of aflatoxin from 30 parts per billion (ppb) to 20 ppb (PCA 1990b). This decision incidentally also protects the EC production of vegetable oil. The problem regarding aflatoxin is also mentioned in chapter four, with regard to the experience of high level of aflatoxin in Candelarian-made copra.

As mentioned earlier, the relations of production in the coconut sector differ geographically. The relatively newly settled Mindanao is dominated by large plantations and haciendas, while old settlement areas, like Southern Tagalog (Map 2), is dominated by the share-tenancy system and rather small landholders. The number of small owner-cultivators in this area is less than the average size of landholdings would suggest. The reason for this might be the low income generated by one hectare of land and a

15 FOB: Free On Board. Indicates price including transport-expenses to the Philippine border.
consequent necessity of having off-farm sources of income. Those holding 5-10 hectares of coconut land can normally afford an education and thereby become an employee of the local government or get other white collar jobs in their local municipality. The specific social formations found in the coconut sector in Candelaria, situated in Quezon Province, Southern Tagalog, will be discussed in the next chapter. Before that, a presentation of the social formation at the national level will be presented in order to provide a sufficient context for the analysis of the social formation among coconut producers in Candelaria. Then state policy in the Philippines regarding coconut production will be looked at, before the form of the social unrest as a result of the present situation will be presented. The social classes and their positions in the Philippines today will be reviewed first.

3.3.2 Contemporary class structures in the Philippines

In order to understand state power in the Philippines, one has to examine the class structure of Philippine society. Since the class structure is complicated, it is difficult to operate with a rigid Marxist class analysis. The subjective class- and family-based identity seems decisively strong and is not always in accordance with the objective interests derived from their belonging of a specific class. The difficulties of a class analysis of the Philippine society is compounded by the fact that political and economic behaviour do not immediately reflect social classes but tend to be based on clan and family bonds. People do not necessarily belong to only one social class or group from the multiple and diverse economic relationships between people.

Figure 3.3 indicates the major social classes in the Philippines. This table also indicates the political power of different social and economic layers in society. Since people very often belong to several “neighbouring” social groups, it is impossible to count the exact percentage belonging to each group. However, general estimates suggest that the most numerous are the poor peasants, followed by the middle peasants, the workers and lumpen proletariat.

It is of vital importance in order to understand the Philippine elite to elaborate the clannish family system, creating an elite where families compete with each other even if their objective interests are the same. This is a phenomenon very well known from the feudal period in Europe. Then the main goal for a family was to gather land and property not in order to reinvest for further profit accumulation but rather in order to accumulate political power.
The landed and comprador bourgeoisie: In the Philippines, this class is called the big comprador bourgeoisie. Family relationships work as a ticket to power positions, particularly if big landholdings and big groups of producers are under the control of a family. This class controls the state apparatus. Some of the families that gained power during the early stage of Spanish colonialism, still hold some of the most powerful positions today. The state is founded on the comprador bourgeoisie and has become a private tool in the hands of the dynasties holding power. This means that the state itself is not used in the interest of the bourgeoisie as a unified class, as Marx suggested, but is used to further the subjective interests of segments of the dominant class. The state is today controlled by an elite holding large haciendas as well as the majority of enterprises in the manufacturing and finance sectors and is therefore representative of the landed elite as well as the compradors (see Figure 3.2). This class has big interests in the coconut production. Roughly speaking, the members of the landlord class operate as compradors, with an interest of monetizing absolute surplus value into cash. They are often supported by foreign capital, unless the plantation is foreign owned. In these cases a small, fixed rent is paid for the land to the government. The small rent reflects the high level of mutual extra-economic arrangements. In the centre and north of the Philippines, the big landlord operates more from the rationale of a feudal landlord, investing his property directly in political power. The rivalry within the elite should be considered as an economic rivalry expressed as a struggle for political positions. The political dispute between the Marcos and Aquino families, which became internationally known in 1986, is a classic example of this. The present bourgeoisie holding power over the state has the same characteristics as the elite during Spanish and American times, as well as during the Marcos period. This conclusion is strengthened by analyzing the elite representation in Congress. Out of those entering the Congress after the snap elections in 1986, 83 per cent were former congress members and relatives of the present elite families. The remaining 17 per cent were not really new-comers in the arena of economic and political power (Gutierrez et al. 1992), although they had not held as distinct and prominent positions as the majority of the Congress representatives. From this it can be concluded that the Philippine political parties tend to operate as functional organizations of the family dynasties.

The national bourgeoisie: Another group of the bourgeoisie is national bourgeoisie, and has received particular attention in the ongoing theoretical debates in the Philippines. Kuusinen, participating at the Sixth World Congress of Comintern in 1928, stated that the alliance between feudalism
and imperialism blocked the emergence of a national bourgeoisie and thereby cancelled the historical progressiveness of capitalism (de Janvry 1981). This is also the argument of Ferrer. According to Ferrer (n.d.), these owners of the means of production, who reinvest their profit in the enterprise in order to increase productivity, following the traditional steps of capitalism as suggested by Adam Smith, should be considered as belonging to the national bourgeoisie, with objectively different interests than the big comprador bourgeoisie. Ferrer suggests that roughly one third of the employers in the manufacturing sector constitute the Philippine national bourgeoisie (Ferrer n.d.). The critics of Ferrer, however, claim that there are no major differences between the different blocks of the elite. They all belong to the bourgeoisie and the obvious variety of practices among them should be considered as subjective differences of economic interests and class affiliation and not as objective interests. If the national bourgeoisie is present in the coconut sector, it would be in the manufacturing sphere, in the coconut mills or desiccation factories, producing for a domestic market. The domestic market for coconut products is substantial but it doesn’t seem as this factor can change the social formation and the economic mechanisms in the coconut manufacturing sector, at least not in Candelaria. At this point, we therefore suggest that the national bourgeoisie is to be found within other sectors, or at least within other geographical areas.

The petty bourgeoisie: The petty bourgeoisie includes small entrepreneurs, small merchants, professionals, salaried technicians and governmental employees. It was particularly the urban petty bourgeoisie in Manila that was recruited in the crucial days of 1986. The petty bourgeoisie is represented in the underground movement National Democratic Front (NDF), unlike the national bourgeoisie, with organizations for church people, health workers (nurses and doctors), teachers and artists. The petty bourgeoisie plays an important role in the marxist view of class struggle and change. As the founder of the CPP explained in 1970:

The petty bourgeoisie deserves our close attention because its support for and participation in the people’s democratic revolution is decisive in shifting the balance of forces against the national and class enemies of the Filipino people (Guerrero 1979, p. 138).
Table 3.3

<table>
<thead>
<tr>
<th>Class</th>
<th>Sub-class</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bourgeoisie</td>
<td>Landlords</td>
<td>Absent and non-participating. Control more than 50 ha of land. Very powerful. 5% of the people owns 83% of the land.(^{16}) Very few.</td>
</tr>
<tr>
<td></td>
<td>Compradors</td>
<td>Control major external capital linkages with foreign countries. Often landlords as well. Very few.</td>
</tr>
<tr>
<td></td>
<td>Middle Bourgeoisie</td>
<td>Also called national bourgeoisie. Power is related to capital derived from the home market. Said to be 1/3 of the employers in manufacturing sector.</td>
</tr>
<tr>
<td></td>
<td>Petty Bourgeoisie</td>
<td>The intelligentsia and employees in the official sector. Some of them have small landholdings, and can enjoy limited local power.</td>
</tr>
<tr>
<td>Peasants</td>
<td>Rich Peasants</td>
<td>Small landowners who participate in production. Might have white collar jobs in addition to landownership. Also referred to as petty bourgeoisie.</td>
</tr>
<tr>
<td></td>
<td>Middle Peasants</td>
<td>Small owner-cultivators who often work also as tenants. Smaller in number than the landless peasants.</td>
</tr>
<tr>
<td></td>
<td>Poor Peasants</td>
<td>Landless peasants (farm workers and tenants). Is said to be the largest social group in the Philippines. However, they do not hold any political power.</td>
</tr>
<tr>
<td>Proletariat</td>
<td>Workers</td>
<td>Industrial and service workers. This group is probably growing. However, their linkages with their peasant origin is still very strong. Includes a large number of overseas workers. Many in this group could also be considered as semi-proletarians.</td>
</tr>
<tr>
<td></td>
<td>Semi-proletarians,</td>
<td>Unemployed and underemployed. Participate in the very large informal sector. A big number of those belonging to the other social groups of the peasantry and the workers, are also to be found here.</td>
</tr>
</tbody>
</table>

Source: Guerrero 1979.

The petty bourgeoisie is growing in size in the Philippines. Their wages do not give them a traditional petty bourgeois social position. They usually receive only minimum wages or lower and are frustrated by the lack of proper materials at work, like books, medicine and other equipment. The

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petty bourgeoisie is to be found in the coconut sector, as white collar employees in the factories, having college-education. They are also found in the agricultural sphere as small owners producing a surplus beyond reproductive needs. It can also be suggested that the katiwalas belong to this class, by virtue of their subordination to the landowner. Although they are powerful, they are only so as long as they act on behalf of the landlord. Their position is therefore determined to a great deal by subjective factors and circumstances other than their position as katiwala.

The industrial and service workers: According to Putzel (1992), 13.3 per cent of the employed labour force are employed in the industrial sector, and 34.7 per cent in the service sector. According to studies done in 1984, 74 per cent of the industrial labour force was engaged in manufacturing processes, and 70 per cent out of these were working in small repair shops employing less than ten workers (De Lima Sison 1984). The vast majority of this class is thus working in small units which cannot automatically be considered as industrial units. Until now, the sector of industrial workers has been relatively unorganized. Trade union struggles, particularly by Kilusang Mayo Uno (KMU), (with 700,000 members) play a significant role in the effort towards bettering the working and living conditions for the workers. This class struggle indirectly promote an increase of relative surplus value.17

The logic behind the decentralization of industrial production lies in the orientation toward absolute and not relative surplus value. Whereas relative surplus value normally is produced in centralized units, in order to increase the productivity, absolute surplus value increases with decreasing production costs and not with increased productivity. The Triumph Company is one example. This company has decentralized their production to small family units. According to Kilusang Mayo Uno (KMU), which organized the female workers at the factory before the decentralization, the reason was the trade union’s demand for higher wages and better working conditions for the workers.18

The workers are to be found in the coconut factories in the coconut sector. Some would suggest the farm workers also belong to this social class. Because of their agricultural position, however, it is difficult to include them in this group. Although he or she works for a wage, they do so by

17 Interview with Crispin Beltran, Chairperson of KMU, in Tokyo, November 1992.
18 Interview with KMU, November 1992. The fired union members work today in a KMU-run cooperative, sponsored by Norwegian NGO funds.
subordinating their tools under themselves, having a certain control over the production. The farm workers also tend to associate themselves with the peasantry — particularly when they reside at the land they work on, and relate to tenants and small owner-cultivators. The position of the farm workers will eventually decide which social class dominates the Philippine society. If all farm workers belong to the working class, the role of the peasantry would be a less significant social group in the economic analysis of the Philippines. Based on the fact that the Philippines has an economy dependent on agriculture, we therefore categorize producers of agricultural products as peasants — included the farm workers.

The peasantry: In 1992, around 50 per cent of the labour force was engaged in agricultural production (Putzel 1992). However, 70 per cent resides in the countryside, 65 per cent of which is considered engaged in agricultural production as main income generating activity (de Lima Sison 1984). It is particularly in the south, in Mindanao, that the number of farm workers is increasing. The biggest peasant organization, organizing both small owner-cultivators, tenants and farm workers, was said to have about 800,000 members in 1992.19 The variety of organizing the agricultural production, makes the peasantry extremely differentiated, as described in chapter 1.3. The members of the peasant federation KMP are owners, tenants, leaseholders and farm workers. They have in common a positions as agricultural producers. They have in common a social position that for a big degree provides non-economic decisive mechanisms (as feudal patron-client relationship with the landlord). They have in common a general control over their labour force, and they are not sub-ordinated to the machinery.

This creates a situation where the farm workers, the tenants, the small owner-cultivator and for that matter, the lease-holder subjectively define themselves as peasants. This influence their position in the present social formation. Farm workers, tenants and leaseholders are landless, since they only rent land, or work for wage. They are here identified as a part of the peasantry because they subjectively belong there, and because their objective relation to the means of production are far less alienated than the relation between the factory workers and the means of production at the factory. The problem of defining the peasantry, has also been discussed in chapter two.

The peasants have been the main class or social group involved in class struggle in the Philippines. The peasants are today the most organized

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19 Interview with vice-chairperson Felicisimo Patayan, Tokyo, November, 1992.
social group in the Philippines, playing a crucial role in the underground movement. The coconut producers in this study belong to this group or class. Their main focus have been the biased ownership of land and the president candidates have always included the interests of the peasantry in their electoral campaigns. However, the situation of the peasants is still characterized by poverty and landlessness.

3.3.3 The coconut monopoly

The coconut-land owners established their official organization in 1947, the Philippine Coconut Planters Association Inc., later renamed the Philippine Coconut Producers Federation Inc. (COCOFED). The members of the organization were never the actual coconut producers. Of the founding members in 1947, half of them were influential residents of Manila and the rest were influential provincial landlords from Southern Tagalog (David 1977). COCOFED was not an active organization until the late 1960s. From that time COCOFED has been very active, using their access to state power to support the interests of the central members.

Family-power has always been a vital part of the reproduction of class hierarchy in the Philippines. Through the use of the organisation COCOFED, levies were put on coconut production in 1971. Those gaining most from these laws and regulations represent specific families. The levies were monopolized by very few persons within the Marcos-faction holding the state-power. The coconut monopoly was organized with many pre-capitalist features in the Philippines. According to the Asiatic mode of production, tax was paid directly to the state or King. In this case, the taxes were by law paid to specific families and their companies.

In the Philippines, those families and dynasties controlling the state used the state apparatus in order to monetize as much profit as possible. Hence, they privatized the state to a degree that ran counter to the objective interests of the bourgeois class in a capitalist society. Two of these dynasties deserve further attention; the dynasties of Juan Ponce Enrile and Eduardo Cojuangco.

Juan Ponce Enrile was one of Marcos’ most trusted men. He was the Secretary of Defence but also chairman of Philippine National Bank, National Investment and Development Corp., Philippine Coconut Authority, United Coconut Planters Bank, United Coconut Mills in addition to holding other positions in public corporations (Manapat 1992). He is further involved in law firms, logging activities, telecommunication, real estate and shipping, to mention a few, beside the coconut sector. Today he owns and controls coconut land and factories through JAKA Investments, a company
founded in 1977. His position in the coconut production and industry was a decisive factor in the development of this sector throughout the presidency of Marcos:

Concurrently with his position as Minister of Defence, Enrile was Chairman of Philippine Coconut Authority (PCA). The latter position, though innocuously named, was the key to Enrile’s control over the country’s most important economic activity, the coconut industry, a sector which provides the income for almost a fourth of the total cropland. Enrile was able to control the coconut industry through numerous laws and presidential decrees mandating the complete cartelization of the industry at every level. This was achieved through an elaborate system of control over the financing, planting, milling, processing, local marketing and international trading aspects of the industry. These decrees also imposed gigantic levies on the produce of the coconut farmer, resulting in extreme poverty for many small farmers but generating billions in revenue for the few individuals who lorded over the industry (Manapat 1991, p. 174).

His position in PCA lasted until 1978. However, the rest of the board were constituted by Mr. Enrile’s good friends and associates. One of them was Mr. Cojuangco.

The Cojuangco family traces its roots back to China and emigrated to the Philippines in the middle of the last century. Their original name Kho Huang was hispanicized into Cojuangco, where the suffix co denotes assimilation with the Chinese mestizo class (Anderson 1988). The Cojuangcos have always been influential in the Philippines. The grandchildren of the first immigrants have had substantial influence in state affairs. Eduardo “Danding” Cojuangco is the cousin of Corazon Cojuangco, who married Aquino, and later became President of the Philippines from 1986 to 1992. Danding Cojuangco is the one in the family with most substantial interests as well as power in the coconut business. He was one of the closest and most loyal associates of President Marcos. They were godfathers for each others’ children, which in the Philippines signifies very close personal relationship. Cojuangco controlled in 1983-86 some USD1.5 billion in corporate assets, which in the same period was around 25 per cent of the GNP (McBeth 1990, Republic of the Philippines 1990). He headed and controlled entire sectors of the economy, like coconuts, sugar, agribusiness, banking, and he also had substantial interests in other areas. He was granted finance and support from the Republic Decrees issued by

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20 JAKA Investments is the owner of one of the coconut factories in Candelaria.
the President. His participation in the coconut industry is formidable, largely made possible by the intervention of the state. From confiscation of what the Aquino regime called "ill-gotten wealth" during the former dynasty, some of his positions and stocks are today controlled by the new families in power.

COCOFED was not particularly dominant in the coconut policy before 1971, when Marcos decided a major change in politics of the state towards the coconut sector. More than 10 million pesos were used for the purpose of making COCOFED a strong organization. This was paid by the PCA. The official number of members rose more than incredibly 9000 per cent, from about 3,000 members in 1972 to almost 300,000 members within five years. The meetings of COCOFED were held in Manila, at five star hotels, and displayed a jet-set lifestyle of the organizations representatives. President Marcos supported the activities with public funds. It was obvious, however, that the representatives by no means were actual coconut producers (Manapat 1991).

During the first five years (from 1971 to 1976) more than 150 million pesos were given by the government as support for various meetings and projects like free High Yielding Variety-seeds and fertilizers for selected members. Some of these funding arrangements were not decided by the President and his Cabinet but by the board of PCA (David 1977). This was in fact in opposition to the Presidential Decree no. 232, which stated that the benefits of the development of the coconut industry should be geared towards the majority of the coconut producers. The actual coconut associations and decrees, however, benefited those who already had substantial economic wealth and political power: the absentee coconut landlords.

In 1971, the COCOFED suggested the creation of the Cocofund, to sponsor the well-being of the "coconut will" as they called it. In more concrete terms the COCOFED recommended:

(...) the government to impose a levy on the people of the industry themselves at the rate of fifty-five centavos (P. 0.55) per 100 kilos of copra (...) for ten years, so that a trust fund on behalf of the 12 million coconut people is collected and invested by the government into the Coconut Investment Company. (...) The company can invest the funds in the establishment of oil-mills, soap and detergent factories, other coconut processing plants, wherever and whenever warranted by coconut production (...) (...) collateral industries like transport, banks, marketing
The key to the control of the industry was the levies imposed on all coconut farmers, by the PCA, through the Cocofund and later the Coconut Consumers Stabilization Fund (CCSF). Both levies were dictated by law (David 1975). The coconut levy, the biggest taxation scheme imposed in the country, extracted millions from the coconut producers and spawned a very large international coconut conglomerate worth millions of US dollars, controlled by Enrile and Cojuangco. With a projected total production of 20 million tons of copra over the 10 year period from 1972 to 1982, the levies were supposed to extract USD17.1 million. There were three institutions in operation, all controlled by Enrile and Cojuangco; The Coconut Investment Company, the COCOFED, and PCA (David 1977).

The two levies (hereby considered as one) were charged to the coconut farmer during the first domestic copra sale, but was collected by PCA from the last domestic buyers in the marketing chain. The effect of this scheme was that the levies were directly felt by the coconut producer when the harvest was sold. He was seldom aware of the fact that the suppression of the prices resulted from a levy that was supposed to benefit him as a producer.

When the PCA collected the levy from the end-users, they also produced a set of receipts that were supposed to be returned to where the copra came from. The trader getting the receipts from PCA should keep one himself, and give the other two to the producer. The producer should then go to COCOFED with his two receipts and register them, so as to establish a proof of ownership in the investments of the Coconut Investment Company (Manapat 1991). The receipts established that the coconut producer paid the coconut levy, and that he was entitled to equity in the company. The collection of the levy was efficient. However, research on the COCOFUND levy has shown that only an average of 28 per cent of the receipts were actually registered, while 72 per cent of the receipts somehow got “lost”. Furthermore, only 5 per cent of the coconut producers who came with receipts for registration (28 per cent), received registration-receipts from COCOFED (David 1977). Tons and tons of copra were never registered by PCA, and after the levy took effect, there was a continuous decrease in the amount of copra purchased, quite certainly due to under-reporting.

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21 P 0.55 is approximately equal to USD 0.08.
The book of Manapat; Some are Smarter than Others\textsuperscript{22} (1991) reveals in detail how the coconut levy drained the coconut producing sector for capital. Manapat explains that from an initial 1 peso levy for every 100 kgs of copra, the levy was continuously increasing, going up to 15 pesos in 1973 and to a peak of 100 pesos in 1976 (Occampo 1980). From 1977 to 1981, the levy was 75 pesos per 100 kgs of copra, and from 1982 it followed the price-fluctuation of the export price of copra (Manapat 1991). Occampo uses the amount of 60 pesos for 100 kgs of copra and estimates that the tenants were taxed almost 34 per cent of their coconut income. Still the burden of the levy reached new heights after 1982 (Occampo 1980). In Samar, Visayas, the situation was critical. The price at the farm gate paid to the producer dropped down to about 80 pesos per 100 kgs. This was equal to the levy. The coconut producer was therefore left with nothing (Occampo 1980).

The decline in the coconut producers' income was supposed to result in benefits for the farmer. The use of the levies, however, has still not benefitted the producers. An estimated total of USD585 million has been collected from the coconut producers. The money has so far been used for an airplane; Sugar King Air 200 and a twin-engine helicopter which are used by Mr. Cojuangco. Furthermore, the wife of President Marcos, built a private castle from coconut materials at a price of approximately USD2 million (Manapat 1991). She also received the total funding of several projects like the Chess Championships, Miss Universe Contests, cultural centres and Imelda-scholarships for the children of her friends. Another friend of Mrs. Marcos received USD675,000 for his privately owned sports organization. Yet others of the Marcos clan and dynasties received generous funds from the poor coconut producers (Manapat 1991). Alice Guillermo uses similar examples in her work, and concludes that the use of surplus also can indicate the economic system the elite base their power upon:

A characteristic of feudalism is that it abets the wasteful utilization of surplus and extravagant display. This is due to the fact that extra-economic factors such as political position or connection to the seat of power plus the mobilization of ideological forms function to effectively secure traditional privilege. Wasteful consumption is likewise an assertion of economic power and class position (Guillermo 1986, p. 32).

The point made is not to insist on the greed of those in power, although it is obvious. The important point is rather that the coconut levies have

\textsuperscript{22} Referring to a statement by Mrs. Marcos, when she was asked why she was so wealthy.
resulted in a tremendous drain of capital from the coconut producing sector into other sectors, which did not lead to increased productivity within the nation, but rather increased consumption in the private sphere of a limited and small group of people.

Most of the levy was controlled by the PCA, the COCOFED and other organizations controlled by Enrile and Cojuangco. PCA decided that Enrile and Cojuangco could use 10 per cent of the levy for investment purposes. It was this provision that permitted the two to totally integrate the industry vertically and complete their monopoly. They created two conglomerates within the coconut industry, the United Coconut Planters Bank (UCPB), which concentrated on finance, and the United Coconut Mills (Unicom) which focused on manufacturing and trade. Again the point is that capital was transferred from the coconut production and into non-productive sectors like finance and to a certain degree into manufacturing and trade.

3.3.4 Social unrest

The social formations in contemporary Philippines, express a highly polarized society. This also affects the women. The labour force consists of all persons above the age of 15 years. However, those who are occupied with housework are not considered to be part of the labour force. This means that most women are excluded from national employment statistics.

According to national statistics, the labour force in 1989 counted almost 24 million people, or 40 per cent of the total population of 62 million people. The unemployment rate was said to be 8.6 per cent in 1989. However, this is the group of people who did not work for even one hour in the entire year of 1989, and were registered as unemployed by the government. It should therefore not be considered as the real unemployment rate. Reliable estimates suggest that roughly 40 per cent of the labour force should be regarded as fully or partly unemployed (Werning 1989).

Vertical integration was the development strategy of President Marcos. Vertical integration, which is to be understood as monopolistic control over all steps in production, has laws of accumulation which provide fundamental contrasts with those of dynamic capitalism, since market forces are undermined. However, the productivity can be essential for a certain period, as in Southern Mindanao which have the highest productivity of coconut products in the Philippines, and where the vertical integration is fundamental. It also create a lack of inter-relationship between the traditional sector and the modern sector, so that whatever surplus value is produced, will not circulate in the domestic market, but rather be extracted out of production and used for private consumption or invested in sectors without linkages to the domestic market (de Janvry 1981).
While women’s participation in the labour market was recorded to be 48.8 per cent in 1989, the participation of men was 83.3 per cent (KMU 1992). In the formal sector, women made up only 36 per cent of all workers employed (KMU 1992). The women are mainly engaged in the informal sector, working under unfavourable conditions and for low wages. 55 per cent of the women are either unpaid family workers or self-employed in the informal sector, working as vendors or operating sari-sari stores, as maids and laundry women or as prostitutes. The poverty is thus feminized in the Philippines: While the men are poor, the women are very poor. According to KMU, a woman worker earns only 37 per cent of a man’s wage when producing the same output. Even in the higher levels of society, only 25 per cent of managerial and executive jobs are held by women (KMU 1992, Montiel and Hollnsteiner 1976).

Whereas the government claims that approximately 50 per cent of the population live below the poverty line, other sources estimate the percentage to be close to 80 per cent. Poverty reports from the 1970s and more recent ones leave the reader with the impression that not much has happened concerning the distribution of wealth and opportunities during the last 20 years. The only change from the times of Marcos to the end of the presidential period of Aquino which regard to the poverty issue, is that the income distribution has become even more unequal. In seven out of 12 regions, poor families received an even smaller income at the end of the 1980s than what they did in 1985 (Cohen 1990). In 1985, the sugar price collapsed, leading to starvation among the sugar producers in the province of Negros. A greater proportion of pre-school children nationwide were severely malnourished in 1989 than in 1985, according to the Department of Health. “In the Bicol and Visayan regions, 27 per cent of pre-school children in 1989 suffered from either second or third-degree malnutrition—a 5 per cent rise over 1985 levels” (Cohen 1990, p. 38).

This description of class differentiation depicts a picture of polarization where the vast majority of the people are marginalized in the economy, as well as within political power. It is mainly the comprador bourgeoisie which rules and benefits from the contemporary social formation in the Philippines. The peasantry, which is included among the coconut producers,

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24 Small variety stores, which are very common in the Philippines.
25 Among them Manila Chronicle, a conservative newspaper, stating that 81.1 per cent lives below the poverty line (Manila Chronicle June 4, 1991). The biggest labour confederation, Kilusang Mayo Uno also claims 80 per cent, as do other major NGOs and NGO research institutes.
provides a seemingly inexhaustible reservoir of their economic and political power, by producing a wealth of capital, which is taken away from them.

The present insurgency in the Philippines bases its activities on this polarized economic situation characterized by injustice, poverty, human rights violations and lack of democracy. The main underground political organisation in the Philippines is the National Democratic Front (NDF), composed of fourteen mass organisations.26

According to the US Senate Intelligence Committee, the NDF under the leadership of the CPP and its armed wing NPA, represents a major threat not only to the Philippine government, but also to American interests in the area (Schrimer and Shalom 1987). In the mid-1980s, they estimated the NPA to consist of more than 30,000 full-time and part-time guerrilla soldiers, operating in almost all of the 73 provinces in the Philippines and controlling areas inhabited by approximately 20 per cent of the entire population. The executive summary concludes:

The recent rapid growth of the CPP/NPA is attributable to its skilful exploitation of a growing catalog of popular grievances against the Marcos regime. Political and economic power are monopolized at the top by a small oligarchy, while at the bottom the mass of Filipinos live in poverty without real input into the political process. A few favoured Marcos cronies have been given control of large agricultural and industrial monopolies that dominate the economy. They retain their favoured position by demonstrations of loyalty to the President and financial support for his political machine. Political corruption and human rights abuses, particularly by the Armed Forces [of the Philippines], have fuelled popular resentment (Schrimer and Shalom 1987, pp. 315-316).

The report concludes that the insurgency movement of NDF is an indigenous Filipino movement without major support from abroad but with a major support from the masses in the Philippines (Schrimer and Shalom 1987), particularly from the peasants. What this report does not identify is the systematic programme of political education which is being undertaken

26 The organisations are: League of Science for the People (LAB), Council of Lawyers for the Country (LUMABAN), Patriotic Movement of New Women (MAKIBAKA), Cordillera People’s Democratic Front (CPDF), Patriotic Health Association (MSP), Artists and Writers for the People (ARMAS), Revolutionary Congress of Trade Unions (RKKU), National Association of Peasants (PKM), Federation of Labour Organisations (KASAMA), Association of Patriotic Teachers (KGM), Patriotic Youth (KM), Christians for National Liberation (CNL), The Communist Party of the Philippines (CPP) and the New Peoples Army (NPA) (Rocamora 1992).
by the NDF, in its efforts to raise the class consciousness of the people. The Filipino peasants and workers are special objects of this policy. The NDF policy regards these two major classes as being basic to social revolution. In Candelaria, people relating to coconut production and manufacturing belong to these basic classes and are thus important for the NDF led struggle. Regardless of that, the trade unions and peasant organizations in Candelaria were very few in 1991. As a matter of fact, only one trade union existed in the municipality, according to local reports. The next chapter will reveal the specific social formations and economic constraints among the people in the coconut producing sector in Candelaria, Quezon Province.
4. The social formation around coconut production in Candelaria

Quezon Province is the sixth largest of the 72 provinces in the Philippines. The Province Capital, Lucena City, is about 137 kilometres away from Metro Manila on the Manila South Super Highway. Quezon Province is one of the six provinces constituting Southern Tagalog, which is region 4 (Map 2). The province covers approximately 870,660 hectares. The area comprises 40 municipalities and one charter city. The total population was about 1.3 million in 1990, which gives a population density of 158 per square kilometre (Map 3).

The coconut production in Quezon Province is extensive. About 30 per cent of the cultivated land is grown with coconut palms and approximately 50 per cent of the employed population is engaged in the agricultural sector. 34 per cent works in the service sector and 16 per cent is engaged in the industrial sector (Republic of the Philippines 1988).

4.1 Candelaria

The municipality of Candelaria is located in Quezon Province, about 115 kilometres south-east of Manila and 20 kilometres from the capital city of Quezon Province, Lucena City (Map 4). Candelaria has a total area of 17,500 hectares.¹ The climate of the area has an absence of a distinct dry season but does have a pronounced rainy season from October to January. Most of the land is flat, except for certain parts in the north where Mount Banahaw becomes the mountainous part of the municipality. These terrain and climate characteristics combined with a soil type of loamy texture, make the land in the municipality well suited for extensive agriculture (Republic of the Philippines 1981).

¹ The local municipality administration claims that the size of Candelaria is 17,500 ha. The bureau of Soil reports the size to be 12,648 ha, while the Bureau of Forest Development says 14,870 ha (Republic of the Philippines 1981). No disputes are reported regarding the borders of Candelaria. It is therefore assumed that the different sizes are due inaccuracy.
Candelaria was chosen for several reasons. The coconut production is the main economic activity in the municipality. There are several coconut factories in Candelaria as well as coconut land. Within a relatively small area it would be possible to talk with all types of coconut producers and workers. Because of certain controversial parts of the questionnaire, particularly questions about income and expenses, security was important during the fieldwork. Asking questions in Quezon Province normally is considered unsafe, due the social unrest in neighbouring municipalities. Contacts with local people as well as local officials made the work as safe as could be.

4.1.1 Historical background

In the Spanish colonial period and up to the mid 19th century, four general types of landholders were found in Candelaria; (a) Spaniards, who were assigned encomiendas as rewards for services rendered to the Crown; (b) religious and charitable organizations, which were assigned land grants by the Crown for their support; (c) the Spanish Royal Estate; and (d) the natives, called indios, whose possession of land were not defined by clear property boundaries. A fifth category comprised of the pueblos: villages that were assigned common lands for the benefit of the pueblo residents as a whole. The Chinese population had no rights to land ownership.

A smooth transition from the encomienda to the hacienda type of ownership took place in the 19th century. In Candelaria, history shows that it was primarily the encomenderos who gained the private ownership of land in the form of large haciendas. Another group that gained ownership was the Chinese mestizos, usually sons of Filipino mothers and christianized Chinese fathers. This group, unlike their fathers, was allowed to own land. Usually the agricultural land was leased to enterprising Filipino and mestizo families of a nearby town. The lease-holders, inquilinos, did not till the land but had the estates worked by tenants, called kasama in Candelaria. The estate owners collected rent from the inquilinos. The rent was deducted from the crop, and the remaining harvest was divided equally between the inquilinos and the kasama. The latter group,

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2 This short history of Candelaria is based on interviews with Mrs. Stella de Guzman, the local historian in Candelaria.

3 “Indio” were often expressed tsunggo, which on the local language means monkey. This indicate a strong influence of racism.
who actually produced the crop, did not advance in economic terms whereas the non-cultivators did.

Coconuts were right from the beginning essential for the Spanish empire. In 1642, every indio was directed to plant 200 coconut trees. The reason has been said to be a disaster caused by diminished local wheat harvests. However, it is well-known that the Spanish galleons needed charcoal from coconut-shells for fuel and fibres from the coconut husks for ropes used in galleon rigs (LUSSA 1982). The export of coconut products started only in the second half of the 19th century and became vital only after the turn of the century. At the beginning of the international coconut-trade, the Chinese population had already established themselves as traders. The coconuts and copra were thus sold to the Chinese, who processed the nuts into crude coconut oil at their langisan, as the "oil mill" at that time was called. The nuts were left to rot and the oil extracted by letting it seep out of the rotten nuts piled up on wooden sticks. The oil was sent to Manila to be further refined. Even today, the smell of a coconut oil mill is peculiar, even if the raw material used is not rotten but dried. In those times, the odour of the rotten coconuts made the elite seek other places for living whenever possible, since the mills were centrally placed along the main road and near the centre. Absentee landlordship thus became normal in the area. The copra was made in tapahan, copra-dryers similar to the ones used today. These activities were concentrated in a few hands, usually in the traders. This particular phenomenon of concentration of copra-making in a few hands, is different from other coconut producing areas in Southern Tagalog. Normally the copra is dried by the tenant at his homestead and later sold at the farm gate.

4.1.2 Contemporary socio-economic features

Coconuts are the dominant product of Candelaria. Approximately 50 per cent of the entire agricultural area is planted with coconut palms. The other major crops are rice and maize, covering about 40 per cent of the agricultural land in 1980.\textsuperscript{4} The population in Candelaria counted roughly 70,000 in 1991,\textsuperscript{5} of whom about 50 per cent were children and people above 65 years. The working force is thus about 35,000 people. Various

\textsuperscript{4} Since 1980 there might have been a slight decrease in the hectares used for coconuts due to extensive logging.

\textsuperscript{5} Based on data from Republic of the Philippines (1981). The population estimate for 1990 is calculated by the population data for 1980 timed with average fertility rate of Quezon Province.
oral sources estimate that around 70 per cent of these are directly involved in coconut production, while 5-10 per cent are involved in coconut manufacturing alone. Available data shows that 4,310 coconut farmers and 2,873 coconut farms were found in Candelaria in 1988. The average family-size is 6, and the father is usually the only one in the family who gets registered as a breadwinner. If the approximately 2,000 people working in the coconut factories are added, it could be concluded that about 50 per cent of the population depends directly on coconut production for their survival. More farm workers are registered per farm in Candelaria than for Quezon Province as a whole. The ratio of people tilling the coconut-land divided by the number of registered coconut-farms is 1.5:1 in Candelaria and 1:1 in Quezon Province.

In 1980, 54 industrial units were recorded in Candelaria. The majority of these are small rice mills and family-based artisan production. Six of the industrial units were coconut oil mills and desiccated coconut factories. It is first of all the coconut factories that exceed small-scale production. The largest factory employs 1,100 workers alone. This factory, owned by the Peter Paul Philippine Corp., was the first industrial manufacturer in the area, established in 1946. It is one of the largest producers of desiccated coconuts in the country. It also operates a private hospital, the only fire station in the area and other service facilities. The manager as well as the director are American citizens.

Practically all children in Candelaria are enrolled in primary school, but far from all finish primary school education (6 years). In 1980, 54 per cent enrolled in secondary level education and 5 per cent enrolled in tertiary level education, i.e. college.

Local private hospitals and doctors provide the only public health services in Candelaria. These offer health services only to those who can afford to pay for it. The last noted epidemic in Candelaria, a typhoid fever, occurred in 1974. Malaria, tuberculosis and pneumonia are still common. The local authorities consider it impossible to provide a sufficient number of health personnel. Hence, in the Development Plan from 1980 it was recommended to:

(...) improve the quality of health care in every barangay through training of “hilots” and quack doctors (Republic of the Philippines 1981, p. 131).

Both “hilots” and quack doctors are health workers without formal health education. In northern regions, near the American bases, “hilots” are known as “women-doctors”, helping pregnant women with abortion, which is illegal in the Philippines.
The population is generally poor, with a very high number of people below the official poverty-line. Malnourishment was found in 69 per cent of surveyed pre-school children in 1980 (Republic of the Philippines 1981). According to local respondents, the economic situation has worsened during the past decade. This corresponds to an overall decline in export prices of coconut products in the same period. The municipal papers conclude that the incidence of malnutrition was very common in the area where the workers of Peter Paul Philippine Corporate Factory live. They note:

Among the barangays, third degree malnutrition ranked high in Pahinga Norte due to a large number of the parents who work in the Peter Paul Philippines Corporate Factory. These parents often times neglect their children resulting in malnutrition and negligence (Republic of the Philippines 1981, p. 68).

4.2 The production of coconuts

The local authorities estimated the number of trees in Candelaria to be 1.9 million in 1988. Almost 5 per cent of these trees were unproductive, probably from the manufacturing of alcoholic coconut liquor, lambanog. The liquor is made of juice extracted from the coconut flower. Extraction of this juice prevents the nut from developing.

The production of coconuts does not require daily labour inputs. Roughly seven labour days per harvest per hectare are normally required to maintain production. Several tasks are undertaken by those producing the nuts:

*Planting:* This work includes the tasks of clearing the land, planting and nursing of seedlings, staking and hoiling, transplanting and replanting (PCARR 1975). The work is done with traditional and simple tools, even though more technologically advanced methods are known among the producers. There is no planting of new trees going on in Candelaria today. The average age of the trees is 80-100 years, and the productivity per tree is declining. The Philippine Coconut Authority (PCA) and United Coconut Association of the Philippines (UCAP) both state that an average of 3,000 coconut trees are logged in Quezon province daily (UCAP 1990). This equals roughly 15 hectares of coconut land. The reason for this logging is partly due to the governmental land reform policies and partly to the very high domestic demand for coconut timber. The recommended number of trees per hectare is 150. In Candelaria, the trees have been planted in higher

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7 Interview with PCA, Lucena City, May 1991.
densities, counting an average of 200 trees per ha. This again reinforces the relatively low productivity per tree in Candelaria.

*Caring for the trees:* Pests and diseases lead to a demand for constant care of the trees. This work includes the tasks of weeding, fertilizing, tilling, control of pests and diseases, and multi-cropping. The use of chemical fertilizers and pesticides is very limited. The main maintenance activity is weeding. This work is normally done by the tenants. If no tenants are related to the land, the work is done by farm workers without payment. The farm workers normally work on the same hectares of land every harvest. The stability of employment of the workers is thus secured by making them weed the area they later will harvest. The workers do so, in order to get the job as a harvester. In some areas, the weeding is poor, making it difficult to harvest the nuts. Roughly three working days are used to clear and weed one hectare of land. The tool used is a simple *bolo*, a long-bladed and sharp knife.

*Harvesting:* Coconut trees are harvested every sixth week, with an exception for the time after the end of the rainy season in February, when the production is lower than normal. A total of 6-7 harvests a year are the average for the respondents. The harvesting process includes four separate operations; nut-picking, collecting of nuts, husk removal and transportation. All of these operations are normally done by farm workers. A normal working day during the harvest includes four workers, picking, collecting, de-husking and transporting 1,000 nuts. This is roughly equal to the harvest of one hectare of coconut land. With these figures, it can be calculated that the production per tree annually is on average 32.5 nuts, coming close to UCAPs registration of 31 nuts per tree annually (Local branch of PCA, interview 1991).  

1. *Nut-picking:* The nuts are picked in two different ways in the Philippines. One method is to climb one tree and then move from one tree to another on tracks made of planks. This method is not used in Candelaria. The common way of picking the nuts in Candelaria is to use a *harabas*, or a *kawit*, a 10-12 meter long bamboo pole with a sickle at the end. The work requires specialized skills and great physical strength. The nut-picking is done by men in their “best” age (25-35 years).

8 Calculating 1000 nuts per 200 trees times the average of 6.5 harvests.
2. Collecting: Collecting the coconuts is a back-aching work that is normally done by women and children. This work is done with a pangipon, a 1-1.5 meter long stick with a hook at the bottom end. The workers collect the nuts in piles. According to the collectors, good eyesight is necessary in order to see the nuts falling. If the land is not well weeded, it is difficult to find the nuts unless it is noted where they fall and where they are lying. At the same time, the collectors have to watch out for falling coconuts. It is also necessary to be accurate in the use of the bolo to remove the branches around the nuts. It is first of all the shoulders and arms that hurt after a day of collecting coconuts.

3. Husk removal: The de-husking of the nuts is normally done by men, using a tapasaan. The tapasaan is a sharp, double-edged spear which is ground-based, that splits the husk from the nut. The workers remove the husks before the nuts can be sold to a trader for processing into copra or directly to the factories for desiccation.

4. Transportation: The transportation of the nuts is normally done with jeepneys, provided by the trader, or with a carabao. A carabao is a water buffalo that pulls a paragas, a cart without wheels, unless a more expensive cart with wheels is in the possession of the one bringing the nuts to the trader’s place. If a horse is used for transportation, a kariton is used. This is a cart made for horses and is more expensive than the carts used for carabaos. The farm workers lift the nuts with their hands or use a small stick with a hook at the end to move the nuts from one place to another. This is the last operation in the coconut production process carried out by the farm workers.

Copra-making: The copra-making, which in other municipalities in the province normally is done at the farm, is in Candelaria done at the traders’ place. This work has thus been removed from farm workers and tenants to copra-makers working for the trader. Copra-making in Candelaria is a women’s occupation. Normally, 4-5 women work together in a team. The process takes 2-3 days because of the necessary drying process. The first step is to split the coconut (which is already de-husked) in two halves. The coconut water is spilled on the ground. The nuts are then put on a gridiron with burning charcoal underneath. The charcoal comes from the nutshell

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9 A vehicle, built on the model of American military jeeps during the second world war. Today, the jeepney is the most common vehicle for public transportation in the Philippines.
and the husk of the coconuts. The nuts are slowly dried for about 24 hours.

There is an enormous development of smoke during this procedure, endangering the women with toxic and cancerous PAH-containing gases. After the nuts have dried, the meat is loosened from the shell with a knife affixed to a stool. At this point, a short note should be made about the problem of aflatoxin. Aflatoxin is a toxic which develops in copra which is not properly dried. It can also develop in copra made of unripe nuts, i.e. nuts which are harvested too early. Aflatoxin is a problem in Candelaria because the copra is sold to the coconut oil factories by weight. The trader often adds water to his copra before selling it to get a higher payment. Since the nuts are bought by the 1,000 and the copra is sold by weight, the risk of getting the copra destroyed by aflatoxin is considerable in Candelaria. Aflatoxin cannot immediately be seen on the copra but becomes evident after a storage period of at least two months, as light green mould on the copra meat.

4.2.1 Ownership of production tools

Most of the interviewed tenants own their tools, which are cheap and traditional. Six of the respondents (30 per cent) had more expensive though traditional tools in their possession, like a carabao or horse and a cart/paragaseskariton. Tenants do not own land but pay a rent that is relative to the size of their production. Small owner-cultivators own their basic tools like bolos as well as more expensive but still traditional tools like carabaos. Three respondents even own a vehicle, which is used for

10 Poly-Aromatic Hydrocarbons.
11 Aflatoxin is a group of chemicals produced by a mould called Aspergillus Flavus. The most abundant aflatoxin, called Aflatoxin B1, is the most powerful cancer-forming chemical known. Aflatoxin causes death when present at high concentration. It killed 100,000 turkeys in the UK in 1960 when the presence of aflatoxin was 10 parts per million. At lower doses, it causes stunted growth and poor feed efficiency. It is also reported to decrease immunity to diseases. When the livestock is fed with copra, the aflatoxin will be carried further in the ecological cycle. The EC, which is one of the main markets for Philippine copra, decided in 1991 that the quality requirements for imported copra ought to be more demanding. They lowered the limit of aflatoxin from 50 parts per billion (ppb) to 20 ppb, or 0.02 parts per million (PCA 1990).
12 A very simple cart with no wheels, but a kind of rails or skis underneath. Drawn by a carabao.
13 Cart for a horse.

78
transportation of his harvest, as well as other’s harvests. These respondents reported operating as katiwalas besides being tenants.

Table 4.1
Tools, prices and ownership of tools used in the coconut producing sector in Candelaria, 1991

<table>
<thead>
<tr>
<th>Tools</th>
<th>Price Pesos</th>
<th>Lifetime</th>
<th>Price per 1000 nuts (pesos)</th>
<th>Owned by</th>
<th>Used for</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bolo</td>
<td>100</td>
<td>12 harv.</td>
<td>0,85*</td>
<td>SOC/FW/T</td>
<td>Weeding</td>
</tr>
<tr>
<td>Harabas</td>
<td>600</td>
<td>12 harv.</td>
<td>17,00</td>
<td>FW</td>
<td>Nut picking</td>
</tr>
<tr>
<td>Pangipon</td>
<td>50</td>
<td>6 harv.</td>
<td>2,80</td>
<td>FW (women)</td>
<td>Collecting</td>
</tr>
<tr>
<td>Tapasaan</td>
<td>200</td>
<td>12 harv.</td>
<td>5,50</td>
<td>FW</td>
<td>De-husking</td>
</tr>
<tr>
<td>Paragas</td>
<td>700</td>
<td>6 harv.</td>
<td>11,70*</td>
<td>Tr</td>
<td>Transportation</td>
</tr>
<tr>
<td>Carabao</td>
<td>13,000</td>
<td>90 harv.</td>
<td>16,00*</td>
<td>SOC/T/Tr</td>
<td>Transportation</td>
</tr>
<tr>
<td>Cart</td>
<td>1,500</td>
<td>12 harv.</td>
<td>12,50*</td>
<td>SOC/T/Tr</td>
<td>Transportation</td>
</tr>
<tr>
<td>Horse</td>
<td>5,000</td>
<td>60 harv.</td>
<td>8,40*</td>
<td>SOC/T/Tr</td>
<td>Transportation</td>
</tr>
<tr>
<td>Kariton</td>
<td>7,000</td>
<td>24 harv.</td>
<td>29,10*</td>
<td>SOC/T/Tr</td>
<td>Transportation</td>
</tr>
<tr>
<td>Vehicle</td>
<td>70,000</td>
<td>60 harv.</td>
<td>30,00*</td>
<td>SOC/Tr</td>
<td>Transportation</td>
</tr>
<tr>
<td>Coprahan</td>
<td>3,500</td>
<td>36 harv.</td>
<td>32,40</td>
<td>Tr</td>
<td>Copra-making</td>
</tr>
</tbody>
</table>

Note: FW = farm worker, T = tenant, SOC = small owner-cultivator, LO = landowner (not participating in the production) and Tr = trader. * indicate that only 30 per cent of the price is included due multiple use of the tool (source: fieldwork, Candelaria 1991).

The farm worker respondents own, with one exception, their own tools. These tools are all relatively cheap and simple. The farm workers own no land of their own but are wage-labourer in the production. Table 4.1 shows an overview of tools used, the prices of these tools and their normal owner. An effort has been made to calculate the cost of these inputs per 1,000 nuts which equals one labour day. Some comments should be made on the calculations. The prices were contemporary prices at the local market. The tools have a certain life span and the third column, “lifetime”, shows how many harvests one tool can be used for before it is exhausted. The next column, calculates the cost of inputs in the form of wear and tear of tools per 1,000 nuts, or one labour day. Several tools are used for purposes other than coconut harvesting, and in these cases only 30 per cent of the calculated cost is presented. These cases are marked with an asterisk. Column five indicates who owns and uses the tool. The work the tool is
used for is indicated in the last column. The table is meant to show the low costs of inputs used in the coconut production and at the same time, that whatever the cost of inputs, these are paid by the producers themselves, and not by the owner of the land.

4.3 The social formations in Candelaria

The social formation should not be rigidly constructed, regardless of economic system. In the coconut production in Candelaria, there are primarily four participating groups: the small owner-cultivators, the tenants, the farm workers and the katiwalas. The small owner-cultivators often work part-time as tenants or as katiwalas for other landowners. The tenants can also work as either katiwalas or as farm workers. The farm workers for their part have usually only wage-work in coconut production. Women participate in the coconut production as coconut collectors and as copra-makers at the traders’ place. However, their largest work-load is in the reproduction of the labour power, as domestic labour. They subsidise costs of labour and make it possible for the wage payers to pay the workers under the costs of reproduction, regardless of whether the wage-payer himself is a tenant, katiwala or landowner.

In the social hierarchy, the tenant is placed above the farm worker but is subordinated to the katiwala and the landlord (Figure 4.1). Sharing regulations are based on personal agreements between tenants and landowners. Due to the existence of a reserve army of labour in the area, the landowner is in a powerful position to develop a patron-client relationship with his tenants. Tenants normally pay for the inputs required in the production, since the landowner is absent. Economic contradictions of interest between landowners and tenants are normally not expressed. This absence of expression is also facilitated by the presence of a middleman, a katiwala, who controls the production and very often the purchase of the products as well. The actors very often possess more than one position, high-lightening the complexity of the social formations in the coconut producing sector. Within each distinct group, there are hierarchies. These hierarchies are to a certain degree decisive for the individual. Within the group of farm workers, some of the actors received more than twice as much in wage as another. This was determined by gender, and perhaps other non-economic relations between the farm workers and the employer.
As a tenant, additional income can be derived from the coconut production, either from working as a katiwala or by working as a farm worker. The internal stratification was striking. One tenant could possess a vehicle, electricity, television and other goods — another tenant could have a broken radio as his only possession beside minimum survival assets. Some of the tenants were better off than some of the small owner-cultivators and some were worse of than the farm workers. This complexity is also found in the national social formation which was presented in chapter 3.3.2. Because of this, non-economic mechanisms in social analysis must be considered. This limits the strength of Marxism in the theoretical search for the explanation of poverty in Candelaria. Given the average values for the variety of questions, it is still possible to measure distinct
economic differences between the three groups harvesting nuts; the farm workers, the tenants and the few small owner-cultivators. The small owner cultivators operates slightly more on his own than the other groups. If he also rent land, his position in figure 4.1 would be that of the tenant.

4.3.1 The farm workers

The farm workers combine into gangs of three or four persons that work together every harvesting season. They are hired by the katiwala or the tenant. With a general surplus of labour in Candelaria, they are subordinated under the power of both the tenant and the katiwala and above all the landowner, who has the final say in cases of conflicts. Responding to direct question, the vast majority of the farm workers immediately hailed the landowner, giving him very good marks for his attitude towards them. Particularly his understanding of the need for credit once in a while made the landowner a very popular patron. The entire group of farm workers interviewed lived below the poverty line and had no means for betterment of their life situation. The landlord was seldom identified as the source of credit. This role was divided between the neighbours, the family and the katiwala.

The wages paid to farm workers vary. This creates a hierarchical structure even among the farm workers. All parts of the harvest are of equal importance in the production process but the nut-picker is paid twice as much as the collector, who is normally a woman. The wages of the de-husker and the persons doing the loading and transportation are somewhere in between the wage of a nut-picker and a de-husker. When there is no female farm worker in the gang, the tenant will employ his own wife unpaid and thereby reduce the overall expenses of the production. According to the collectors in the area, about 20 per cent of the collectors did not receive any payments for their labour.

If the land on which the farm worker works is regulated by tenancy, the tenant will pay the wage to the farm workers, regardless of whether they were hired by the katiwala or the tenant. If no tenants are present, the payment is done by the katiwala. In a few cases, when the landowner is a small owner operator with less than 50 hectares, the payment is made directly by him.

The average wage paid to the nut-pickers in the sample is computed to be 81 pesos per 1,000 nuts. The wage varied from 50 to 100 pesos per 1,000 nuts. In the cases where the collecting is done by a hired farm worker, the wage also varies considerably from farm to farm. The wage varies from 30 to 60 pesos per 1,000 nuts, with an average of 48 pesos.
The wage for the de-husker varies from 50 to 100 pesos per 1,000 nuts. The average wage here was 64 pesos per 1,000 nuts. The transportation costs averaged 67 pesos per 1,000 nuts. The cost again varied from 50 to 100 pesos per 1,000 nuts. This amount includes payments to those loading and de-loading the truck or carabao at the farm gate and at the place of the buyer, as well as gasoline. The farm workers thus responded that an average of 260 pesos were used for work and transport of 1,000 coconuts. Later, we will reveal that the average payment to the farm workers made by the tenants were 182 pesos per 1,000 coconuts. The differences is probably due two factors; (1) while all in the respondent group of farm workers are paid wage for their work, the unpaid farm workers (normally wives) of the tenants decrease the average expenses for the tenants; (2) some tenant respondents share their labour costs with the landowner or katiwala. The point, however, is that the farm workers receive less than what is necessary for maintaining a life over the poverty line. Further, they are frequently paid by the tenant, and thus subordinated the tenants.

The wage for copra-making is paid collectively to the team. The work is normally led by the oldest woman in the team. The wage is said to be equally shared. The producers get 120 pesos for one day of work. In one week they normally work for 3 days. The complete production for one work-session of three days correspond to 3,000 nuts, or approximately 670 kilos of copra (4.5 nuts give 1 kilo of copra) The wage expenses for the trader are thus about 54 pesos per 100 kilo of copra. The production cost for 1,000 nuts is about 150 pesos, which includes 30 pesos for wear and tear of the coprahan. The coprahan is owned by the trader as noted in Table 4.1. The copra-making team earns around 120 pesos per 1,000 nuts turned into copra, i.e. 24 to 30 pesos each.

Farm workers who are the coconut harvest performers, are often hired by the tenant during the harvest periods. However, almost half of the farm workers were hired by the katiwala14 although paid for by the tenants. Where no tenants are present at the farm, as on large haciendas with more than 50 hectares under the ownership of one family, the hired farm workers are paid by the landlord or the katiwala. A total of 76 per cent of the surveyed farm workers, operating on land without tenants, said that they were paid by the katiwala, while the rest were paid by their landlord.

Most of the farm workers work on several farms and may have several employers either on a contractual or seasonal basis. The work is concentrated in the harvesting seasons, which means that the farm workers are unemployed or underemployed between the harvest periods. The

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14 An overseer who supervises production on behalf of the landowner.
average area harvested by each farm worker was 17 hectares. The farm worker thus harvests an average of 17,000 nuts, earning somewhere between 816 and 1,377 pesos per harvest, depending on gender and relationship to the employer (tenant or katiwala) and wage payer (tenant). Even though it is said that harvests takes place every six weeks, there is a period at the end of each rainy season where there is no harvest. Calculations in this study will use an average of 6.7 harvests per year.\textsuperscript{15}

Wage is, according to Marx, the result of turning labour power into a commodity for a capitalist market (Marx 1990), and hence a part of the basis of a capitalist mode of production. The wage is supposed to cover the costs of reproducing the labour power. The wages found among the farm workers do not reflect the official local minimum wage of approximately 110 pesos per day.\textsuperscript{16} The variation in wages indicate that wages depend on very strong feudal patron-client relations between the farm workers and tenants, as well as between the producers (farm workers and tenants) and the katiwala and landowners. The findings indicate a support for the theory of de Janvry regarding the co-existence of several modes of production. The farm workers can be paid less than what it takes to reproduce their labour power, because of other sources of income and food. This functional dualism would thus depress the daily wage below the necessary minimum (de Janvry 1981). The relations of production of coconuts in Candelaria indicate a social formation reflecting mechanisms other than capitalist market mechanisms for the coconut labour.

\subsection*{4.3.2 The tenants}

In Candelaria, a position as a tenant can be inherited or purchased. The price varies, depending on the landlord, the former tenant and the new tenant. One of the respondents bought his position in 1973 for 1,500 pesos. This would be the equivalent of 13,890 pesos in 1991, given the general rate of inflation.

The average net income for the surveyed coconut share-cropping tenants was 3,317 pesos per year. The sharing system is normally said to be 30 per cent of gross output to the tenant and 70 per cent of the gross output for the landowner, with the tenant covering all production costs. However, if there is a katiwala present, he normally gets 10 per cent of the gross output.

\textsuperscript{15} 6.7 harvests per year is the average in our sample of 19 tenants.
\textsuperscript{16} 110 pesos per day are what an average sized family need for daily survival and reproduction in 1990, according to governmental sources.
Thus, the tenant receives only 30 per cent of 90 per cent, i.e; 27 per cent of gross output. If production costs are deducted from the tenants’ share, what remains as the tenants’ share in the sample is an average of merely 16 per cent of the gross output from coconut production — at first level sale.

Candelaria has several sharing systems, depending on the relationship with the landlord. Some respondents explained their better sharing agreement with the earlier presence of the NPAs. The guerillas forced the landlords to accept a sharing system of 70-30 in favour of the tenants. This sharing system is called baliktad, which means “turned around”, and has been one of the most profound short-term political goals for the underground movement in areas with share tenancy. It was the NPA introducing this sharing system as a tentative goal under the present economic system, and they managed to implement this in several areas where they enjoyed local support from the peasants. The NPAs were present in Candelaria up to 1989, when a massive military operation forced them to retreat to areas further away from the centre. The effects of NPA should still be regarded as present, and for some of the tenants this means a bigger share of the coconut harvest.

One should expect that a good and tight relationship with the landlord, would provide a better sharing-system for the tenant. This appears not to be so. All kinds of personal relationships between owners and tenants were found among the respondents. There was no clear correspondence between such relations and the established sharing system.

The utang na loob\textsuperscript{17} can be an explanation for this, making the tenant accept a smaller share for the sake of maintaining the chances for aid and good-will from the landlord in other matters in times of family crisis. In other words, the landlord decides the share for the tenant. Table 4.2 shows reported sharing arrangements, income and costs of production among coconut producing tenant farmers. The first column lists the number of the twenty respondents (T-1 to T-20) in the survey. T-4 is missing due inaccurate replies. The sharing system is shown in the second column, and is given as two or three numbers, adding up to 100. The first number is the share of the gross output received by the tenants. The last number is the share of the gross output received by the landlord. This is normally also his net share, since the costs of production are paid by others. If three numbers are present in the table, the number in the middle is the share given to the katiwala. 17 of the respondents reported that the inputs were paid by the tenant. Only in two cases (T-3 and T-8) do tenant and landlord share these expenses (indicated by an “E” in Table 4.2).

\textsuperscript{17} Debt of gratitude, a very strong cultural mechanism in the Philippines.
The next column is labelled “price per 1,000 nuts last harvest” and present the prices per 1,000 nuts paid for the last harvest. “Wages paid by tenant to farm workers per 1,000 nuts last harvest”, which is column number four, present wages paid by the tenant to the farm workers for the harvesting of coconuts. Column number five gives present the actual share the tenant receive of the net value produced, in percentage. As we see, the share vary substantially — and does not automatically coincide with size of harvest. Number of harvests per year is presented in the sixth column, and indicate a variety of practices — the average however is between six and seven harvests per year. The seventh column presents the size of the last harvest, counted in nuts. The last column shows the calculated total income per year the respondents receive, as a tenant. Evidently, the variation in annual income is substantial.

Table 4.4 shows actual data for income and sharing arrangements. This table reveals that regardless of sharing system, the earnings per 1,000 nuts lie between a net loss of 0.5 per cent and a net positive share of 35.4 per cent. The average net earning was 172 pesos, which is only about 16 per cent of the actual farm gate market value. The farm workers, who operate in groups of four, earned on average approximately 17 per cent of the farm gate value. Since they are four, less than five percent of the market value goes to the farm worker. These results reveal that people may not enter tenant relations for the sake of income opportunities in coconut production. It seems that tenants rent land in order to have a place to stay for the family and to have land to till beside the coconuts. This leaves them without strong interests in developing the productivity of the coconut trees, simply because the gains from the invested work are minimal.

Based on traditional culture in the Philippines, a landlord can apply both “subtle and overt pressure on his tenant” (Putzel 1990, p. 7). The tenant accepts an inferior position to the landlord, even in matters where he has a legal right to decide. The economic structure makes it desirable for the tenant to follow the old, feudal, patron-client relationship to his landowner, represented by his katiwala, among other things because the katiwala provides the tenant with better trading possibilities. No katiwala or other patron normally means worse deals with the trader. If the tenant produces crops beside coconuts, like bananas and other crops, regardless of a personal disapproval from the patron, the patron (or landlord) can punish the tenant, even to the extent of cutting the coconut trees with the result that the tenant loses his position as a tenant.
Table 4.2
Sharing systems and income from coconut production among tenants in Candelaria, 1991

<table>
<thead>
<tr>
<th>Respondent no.</th>
<th>Sharing system, in percentage of first sale value, for Tenants - Katiwalas - Landowners</th>
<th>Price per 1000 nuts, last harvest</th>
<th>Wage paid by tenant to farm workers per 1000 nuts last harvest</th>
<th>Actual percentage share to the tenant</th>
<th>no. of harvests per year</th>
<th>size of last harvest</th>
<th>Annual income as tenant</th>
</tr>
</thead>
<tbody>
<tr>
<td>T-01*</td>
<td>27-10-63</td>
<td>1,750</td>
<td>- 250</td>
<td>12.7</td>
<td>7</td>
<td>4,000</td>
<td>6,230</td>
</tr>
<tr>
<td>T-02</td>
<td>36-10-54</td>
<td>1,030</td>
<td>- 240</td>
<td>12.7</td>
<td>7</td>
<td>4,800</td>
<td>4,395</td>
</tr>
<tr>
<td>T-03</td>
<td>45-10-45E</td>
<td>1,250</td>
<td>- 125</td>
<td>35.0</td>
<td>7</td>
<td>2,500</td>
<td>7,656</td>
</tr>
<tr>
<td>T-05</td>
<td>30-70</td>
<td>1,000</td>
<td>- 270</td>
<td>3.0</td>
<td>6</td>
<td>1,000</td>
<td>180</td>
</tr>
<tr>
<td>T-06*</td>
<td>45-10-45</td>
<td>850</td>
<td>- 200</td>
<td>21.5</td>
<td>6</td>
<td>1,000</td>
<td>1,095</td>
</tr>
<tr>
<td>T-07*</td>
<td>27-10-63</td>
<td>700</td>
<td>0</td>
<td>27.0</td>
<td>6</td>
<td>200</td>
<td>227</td>
</tr>
<tr>
<td>T-08*</td>
<td>45-10-45</td>
<td>1,300</td>
<td>- 125</td>
<td>35.4</td>
<td>6</td>
<td>4,000</td>
<td>11,040</td>
</tr>
<tr>
<td>T-09</td>
<td>27-10-63</td>
<td>1,000</td>
<td>- 210</td>
<td>6.0</td>
<td>6</td>
<td>250</td>
<td>90</td>
</tr>
<tr>
<td>T-10</td>
<td>30-70</td>
<td>1,350</td>
<td>- 230</td>
<td>13.0</td>
<td>6</td>
<td>900</td>
<td>945</td>
</tr>
<tr>
<td>T-11</td>
<td>30-70</td>
<td>1,000</td>
<td>- 230</td>
<td>7.0</td>
<td>6</td>
<td>1,000</td>
<td>420</td>
</tr>
<tr>
<td>T-12</td>
<td>36-10-54</td>
<td>1,000</td>
<td>- 280</td>
<td>8.0</td>
<td>6</td>
<td>1,500</td>
<td>600</td>
</tr>
<tr>
<td>T-13*</td>
<td>30-70</td>
<td>1,000</td>
<td>0</td>
<td>30.0</td>
<td>7</td>
<td>4,000</td>
<td>8,400</td>
</tr>
<tr>
<td>T-14</td>
<td>30-70</td>
<td>1,000</td>
<td>- 305</td>
<td>0.5</td>
<td>6</td>
<td>1,600</td>
<td>- 48</td>
</tr>
<tr>
<td>T-15</td>
<td>36-10-54</td>
<td>900</td>
<td>- 154</td>
<td>18.9</td>
<td>11</td>
<td>1,180</td>
<td>720</td>
</tr>
<tr>
<td>T-16</td>
<td>30-70</td>
<td>1,300</td>
<td>- 200</td>
<td>14.6</td>
<td>6</td>
<td>3,900</td>
<td>4,446</td>
</tr>
<tr>
<td>T-17</td>
<td>36-10-54</td>
<td>1,280</td>
<td>- 154</td>
<td>24.0</td>
<td>11</td>
<td>1,670</td>
<td>5,636</td>
</tr>
<tr>
<td>T-18</td>
<td>30-70</td>
<td>600</td>
<td>0</td>
<td>30.0</td>
<td>6</td>
<td>1,200</td>
<td>1,296</td>
</tr>
<tr>
<td>T-19</td>
<td>30-70</td>
<td>1,000</td>
<td>- 240</td>
<td>6.0</td>
<td>6</td>
<td>4,000</td>
<td>1,440</td>
</tr>
<tr>
<td>T-20</td>
<td>27-10-63</td>
<td>1,000</td>
<td>- 250</td>
<td>2.0</td>
<td>6</td>
<td>5,000</td>
<td>600</td>
</tr>
<tr>
<td>Average</td>
<td>33-6-61</td>
<td>1,069</td>
<td>- 182</td>
<td>16.1</td>
<td>6.7</td>
<td>2,300</td>
<td>2,914</td>
</tr>
</tbody>
</table>

The immediate profit for the landlord would be 50,000 pesos\textsuperscript{18} for the timber per hectare in 1991 and a certain price for the land which would be offered at the free market as real estate. In this way tenants are forced, because of the necessity for survival, to do whatever the landowner or katiwala wants him to do. The coconut logging in Quezon Province is by the United Coconut Association of the Philippines (UCAP) estimated to cover about 2,000 hectares per year (UCAP 1991). The average size of farms in Candelaria is noted to be 3.6 hectares. If Candelaria has the average rate of coconut logging, the coconut logging would estimated cover between 10-12 hectares a year, or on average the area of responsibility for 4-5 tenants.

4.3.3 The small owner-cultivators

The surveyed small owner-cultivators are both small owners and tenants, each on a small parcel of land. They are tenants for small landowners owning less than 30 hectares of land. Those selling the coconuts to the katiwala of the landowner, received a higher price for their products than those who controlled the sales themselves.

The sales prices received by small owners varied from 430 to 1,350 pesos per 1,000 nuts. The lowest price was given by a small trader and was traded by the respondent herself, who was a widow. Her income was far below that of her fellow small owner-cultivators and she had no relations with katiwalas or other influential persons. The better prices were given by bigger traders. The small owners did not in these cases participate in the trade themselves but left the deal to a bigger landowner; the landowner of the land they rented. As explained before, most small owner-cultivators in Candelaria work as tenants or katiwalas beside tilling their own land.

The small owner-cultivator that got the best price also had a jeepney and was also the only one who was able to earn a substantial income from a secondary crop, e.g; other crops grown on coconut land, like bananas, coffee, fruits and vegetables. All in all, he earned 3,500 pesos per month on his secondary crop, which was sold by the katiwala working for the landowner of the land he tilled in addition to his own. He thus earned more than necessary for having a living standard above the poverty line. These observations indicate that the best prices are given when the trade is handled by bigger landowners or their katiwalas, which explains a dependency relationship even between small owner-cultivators and the

\textsuperscript{18} Based on market price of 250 pesos per tree.
bigger landowners, regardless of whether this is actually acknowledged or not by the respondents.

4.3.4 The katiwalas

In Candelaria, several of the local politicians also work as katiwalas for large farms. A katiwala works on behalf of an absence landowner or landlord. At the same time he has an outstanding position in the trade of coconuts since he alone chooses which trader to deal with. He has the possibility of cheating, by documenting a smaller price than the actual. This offers him an additional profit, in addition to the normal 10 per cent of the gross price. Usually, a katiwala serves as the first buyer, immediately reselling the coconuts to a second buyer with a net profit.

In chapter three, a brief history of the Philippines was presented. The history showed that in the colonial period of Spain the encomienda system and later the hacienda system were introduced. The Spaniards owned the land and gave former chiefs and cabezas the title of principales. These principales were willing allies and useful intermediates between the people and themselves. It seems as if the katiwalas are as useful for the landowners as the principales were in historical times.

The price the tenants are given by the katiwala varies from 600 to 1,750 pesos per 1,000 nuts. When the tenant himself sells the product, the price varies from 700 to 1,450 pesos per 1,000 nuts. In those cases when the landowner purchased the nuts, the price varied from 600 to 1,300 pesos per 1,000 nuts. These data are not conclusive as to whether it is profitable to sell to a small or big trader or whether it is best for the tenant to let the katiwala or the landowner handle the sale. Even if big traders were to prefer small owners, this does not necessarily benefit the tenants. The reason for the observed variation is probably found in the variety of relationships between trader, katiwala, landowner and tenant. It can be concluded that there are extra-economic relationships between different actors that are decisive for explaining the price variability. These extra-economic relationships are also found in the suki-system. Cornista described it in her study (1983) of two neighbouring municipalities of Candelaria. The suki system is as an arrangement which permeates commercial transactions in an imperfect market. Risk is reduced through an extension of credit from the buyer to potential sellers of coconuts. This creates a personal bond between buyer and seller. The entire arrangement is based on mutual trust. The agreements are made necessary by the insecurity in the coconut market.
4.3.5 The landlords and landowners

The landlord/landowner gets the greater part of the value of the nuts without participating in the production of coconuts or the trade, with an average share of 63 per cent (see Table 4.2). His power lays in the very fact that he owns the land. This ownership is far more important in a feudal production system than under a capitalist production system. A feudal lord uses his ownership to maintain his power, by the extraction of an absolute surplus value from his land. The profit is used for the maintenance of this power or even increasing it. On the other hand, a capitalist who also gains power from his control of the surplus value is forced by market mechanisms to increase the productivity of the means of production. He thus collects a relative surplus value. The profit in a capitalist system is bound to be reinvested in a higher degree than in a feudal system. Reinvestment is necessary for competition in the open market. This capitalist market mechanism is not to be found in the coconut sector in Candelaria today. The productivity is low and the only one who could invest for a higher productivity, the landlord, does not. Since the tenant only receives about 16 per cent in net terms of the value of his coconut harvest, there are minimal incentives for the tenant to invest more labour to increase the coconut productivity. The absentee landlord does not have the knowledge of what has to be done, nor the interest in pursuing it, and is busy with other income-generating businesses in other sectors.

Both the katiwalas, tenants and the farm workers fear today the effects of the Aquino-government’s land reform act. The land reform law, called Comprehensive Agrarian Reform Programme (CARP), which has yet to be implemented in Candelaria in spite of the official start in 1987, could cause the landowners to cut down the trees in order to avoid their land being classified as coconut land, and thereby avoid the land to be part of the reform plan. This will give the landowner an immediate gross output of approximately 50,000 pesos per hectare\(^{19}\) plus the price for the actual land if he chooses to sell it. This will make the katiwalas, tenants and farm workers lose their positions.

4.3.6 Households and domestic division of labour

It is difficult to compare domestic work on equal terms with wage-work. Women’s work in homes tends to be undervalued, argues Ferrer (1989),

\(^{19}\) Based on market price for coconut lumber in Quezon Province 1991.
simply because household work in one’s own house is not regarded as a commodity. He continues;

The entire question about the valuation of housework and other work performed by women in the house, to our mind, is misguided, not so much for the apparent futility of providing an exact answer, but more so for the implicit assumption that housework can (or is it should?) be treated like a commodity. The more important question to raise, perhaps is why housework is primarily done by women rather than by men, or by both of them (Ferrer 1989, pp. 6-7).

This leads us back to the question of what is happening in the wage-labour sector. In the coconut production, women participate to a certain degree in the harvesting of coconuts, but the wages they receive are far less than what men get for their work. Because of this difference in wages, women concentrate on the necessity of reproductive work. Men concentrate on work that provides wages, simply because they possess a gender with a higher value in the labour market.

Coconut producing men also participate in the reproductive work, although on a limited scale. Without exceptions, household-work is the responsibility of women. If gender and domestic work are compared to the general division of labour, some interesting observations can be made (Table 4.3). Analyzing the average time spent on household work, it is found that tenant women work 8.5 hours a day, while the farm worker women works 10 hours a day on average. The men spend approximately two hours a day on household work, regardless of whether they are farm workers or tenants. While the children of the tenants normally gave 30 minutes every day of their time to household work, the farm workers’ children spent on average 10 minutes a day (one hour a week). The small owner-cultivators (SOCs) reported that the women normally spent 9 hours daily working in the household, while the men participated two hours daily.

Table 4.3

<table>
<thead>
<tr>
<th>Group</th>
<th>Women</th>
<th>Men</th>
<th>Children</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm-workers</td>
<td>10 hours</td>
<td>2 hours</td>
<td>10 minutes</td>
<td>12.17 hours</td>
</tr>
<tr>
<td>Tenants</td>
<td>8.5 hours</td>
<td>2.25 hours</td>
<td>30 minutes</td>
<td>11.25 hours</td>
</tr>
<tr>
<td>SOCs</td>
<td>9 hours</td>
<td>2 hours</td>
<td>15 minutes</td>
<td>11.25 hours</td>
</tr>
<tr>
<td>Factory-workers</td>
<td>7.4 hours</td>
<td>2.2 hours</td>
<td>0</td>
<td>9.6 hours</td>
</tr>
</tbody>
</table>

The questionnaire also recorded the respondent’s and the family’s use of their free time. Not surprisingly, household work was considered as a leisure activity. Consequently, the actual time for housework had to be adjusted. The tenants quite often considered their household work as a leisure activity while only few farm workers defined sweeping, cleaning and repairing in such a way. The men first of all participate in household activities like fetching water and gathering fuel. The children participate first of all in child care for their brothers and sisters and in sweeping and dusting the interior of the house and the house lot.

Some qualifications should be made here. Only the respondent’s perception of the time spent on domestic work was recorded. No actual measurements of time use were undertaken. Personal observations during a two year period in the Philippines, support the conclusion that women belonging to households of the broad masses, work from early morning to late evening. They have many responsibilities and wash clothes, care for the babies, prepare food, teach their daughters about life and exchange local news with the women neighbours, all at the same time.

The men have a decisive hegemonic power as the external representative of the family while the women are the centre of the households. Of those households engaged in the coconut trade, the man almost always dealt with the coconut trader. Dealing with sources for credit and loans was in contrast quite equally divided between the two genders. Religion in the Philippines, which for the vast majority is Roman Catholicism, presents the ideal of both men and women roles. The men are supposed to be associated with Jesus, being active, external and deciding which new paths to take, while the women are associated with Virgin Maria: loving, caring and more concerned with the welfare of other people than themselves. The anthropologist Niels Mulder made the following observation in the Philippines:

(…) households tend to be matrifocal, revolving around the mother more than the father, with the former and in the long run her relatives, providing the primary source of stability and continuity for the children. The house is clearly her domain, the world outside of it being male territory. Matrifocality is further fostered by the cult of the mother, the children being indoctrinated with the ideal of the moral exemplariness of the mother. She is so, not just because of giving life and nurture, but also because of her self-sacrifice and unconditional love (Mulder 1992, p. 70).

However, enjoying the domain of the household and controlling the income may make the woman a central, but not an empowered person in the household. Studies of Montiel and Hollnsteiner (1976) conclude that the
purse-holder in poor families does not enjoy any power at all since the use of the money is predetermined by poverty. This is the case for most women in the coconut producing sector in Candelaria. Even if the woman controls the purse and decides what to buy, given what must be bought, it should not be considered as a position of power. Since all the requirements are impossible to meet, the position means making painful choices and priorities every day.

Indeed, peasant women in the coconut sector do have responsibility and to a certain degree power in their own household. This control is not used externally and not when the man decides to oppose the decision taken. This provides a role for women, training her in making choices and taking up the responsibility of important tasks in the household. If nothing else, this provides a good basis for a necessary struggle for women’s liberation. The Candelarian women are strong and decisive. They do not have any power or freedom to choose what to buy or what to do. The money (or the lack of it) makes these choices impossible. On top of this, a patriarchy which ensures that the man can make the final decision if he desires to do so, keeps the Candelarian women in oppression, both economically as well as gender specifically.

4.4 The coconut industry

Chapter three described the coconut monopoly set up while Marcos was President. This indicated a strong ownership interest among the leading elite in the coconut sector. The owner-structure of the coconut industry has been subject to investigation for a long time (e.g. David 1977, Tiglao 1983), but not after the time of Marcos. Normally, factory owners operate with middlemen to avoid governmental control and taxation. However, the main ownership structure found in Candelaria today, is still dominated by a coconut monopoly, which “officially” was eliminated when Aquino was President (1986-1992).

There are four operating oil mills and three factories for desiccating coconuts in Candelaria. The largest oil mill is operated by the same company which operates one of the largest desiccation factories. The manager and director are American citizens. In addition to this company, the second largest company is a desiccation factory without an oil mill but with a substantial cutting capacity. These two companies have a good relationship with each other. The smallest factory of the two is owned by JAKA investments, a part of the economic empire of former Minister of Defense, Mr. Juan Ponche Enrile (discussed in Chapter three). These long
established factories found themselves threatened to a certain degree by two new factories introduced in the area in 1991.

The two new factories are owned by a family with Chinese ancestors. The Chinese Filipinos have a reputation of being very "profit-oriented businessmen" (quotation from one of the municipal officials). They received, according to the management in other factories, the machinery very cheap from the government. The machinery had been confiscated from Mr. Cojuangco, the cousin of the ex-president Marcos and an affiliate of Mr. Enrile. The Chinese did not talk to the researchers or to others who do not belong to their family-clan about their production. According to the management in the other factories, the Chinese are stock-piling coconuts and copra by overpaying the coconuts they buy (in order to speculate in the prices later), hire only labourers belonging to a minority religious sect said to have strong anti-trade union traditions. It is also said they speculate in the anti-monopoly policy set up by President Aquino. According to official policy this is a strategy to crush the power and monopolies of the Marcos clan and affiliates. The owners of the two biggest factories does not like this policy. One manager stated:

Two Chinese factories have been established in Candelaria after 1986. The Philippine Coconut Authority has not done anything to stop them. This is betrayal.21

This claimed betrayal towards established factory owners was not as serious as first believed. During the field work, it was known that the authorities, dominated by local politicians and the PCA, resisted giving the Chinese factories the required governmental permits for production. It was also obvious that the new factories did not benefit from the loyalty of local governmental employees, as the more established factories did. The coconut monopoly thus seems to have won the first round in what supposedly should be an anti-monopoly strategy of the authorities. In other words, there seem to be very strong unofficial power mechanisms within the official bodies which work against competition in the coconut industry. The entrance of new owners is constrained by these unofficial power mechanisms.

The management of the more established factories saw several obstacles to future production, briefly referred to as the government policy, and the inefficiency of landowners, tenants and farm workers. Among the obstacles mentioned was the land reform programme of the government, since it

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20 Iglesia ni Kristo.
21 Interview, June 1991, Candelaria.
made landowners cut the trees instead of producing sufficient raw materials. The solution for the coconut industry should, according to the manager of a large factory in Candelaria, be to continue the vertical integration policy of Marcos (see Chapter three). He suggested:

The best way of doing coconut business is like they have done in the south, at Twin River Company. They have created the company into a stockholding company, and have a vertical inter-linkage with all parts of production. They own the factory, the plantation, the stores, the bank, the fertilizer company, the airplanes needed. Everything. The Luisita stockholding company of Aquino is another example. We should do the same, and link up with the Sorriano-family.22

Twin River Company is based in Southern Mindanao, in the south of the Philippines. The production of coconuts is controlled by the company, who owns a huge coconut plantation. The coconut producers in Mindanao, however, are as poor as they are in Candelaria, although the investments for increased productivity are definitely higher in Mindanao.

The technology used in the manufacture of coconuts is the same now as “ever before”: no major change has taken place since the beginning of the century, although the quality of the machinery has been improved both in the coconut mills as well as in the factories for desiccation.

In the coconut oil factories, the workers are men. They pour the copra into the machines that extract the oil. In Candelaria they use the traditional method of mechanical extraction of coconut oil. This technology uses copra, wherein aflatoxin can develop. In the processing of copra, 6 per cent vaporizes into the air, 61 per cent turns to oil and 33 per cent becomes copra meal, which can be used as feed for animals. The price for copra meal fluctuates between 1.80 and 3.60 pesos per kilo. The average is about 2.50 pesos per kilo (fieldwork, interview June 1991). The actual procedure of coconut extraction is illustrated in Figure 4.1. Half of the value of the machinery (the gear-box) is imported from the US. The rest of the equipment is Philippine made (Fieldwork, Candelaria August 1991). There is a wet method to extract the oil in the oil mills. The wet method uses fresh coconuts and the problem of aflatoxin can thus be avoided. This method extracts 2-3 per cent more oil from the coconut than the coconut oil mills in Candelaria do. No one is investing in this method in Candelaria. It would have been an investment that would benefit both productivity and quality

22 Interview. The Sorriano-family is known for being one of the biggest dynasties in the country.
but from a lack of real competition these investments do not seem to be planned.

The work done by the blue-collar workers in desiccating factories is basically paring and shelling. Men do the shelling and women do the paring. The men cut the nuts and separate the meat from the shell. Their tool is a knife that is specially made for this purpose. The workers claim that the knives are their property and they thus partly own the means of production. In terms of capital investments, the cost of this knife is of course minimal but it creates a direct link between the worker and the production.

The women peel every nut, removing the brown fibre-containing outer part of the nuts. Clean and white, the nuts are brought to the desiccators, where the machines take over. The women also own their basic tool, the sheller, which looks like a huge, old-fashioned potato-peeler. They also own the box or stool they sit on during work.

Those operating the machines come from the educated middle class and normally have education in chemistry at college level. The entire procedure of making desiccated coconuts is illustrated in Figure 4.2.

All by-products produced in coconut factories are used, but not openly. For instance, sources at a medium-sized factory explained how coconut water is used today. Before it was wasted, today the coconut water at this factory is sold “under the table” to another company belonging to a conglomerate partly controlled by Mr. Cojuangco. In turn, this company sells it at the domestic market as pure coconut juice. This transaction increased the monthly factory-income by an estimated average of 60,000 pesos. Furthermore, the waste of desiccated coconuts and products of inferior quality, are sold for a low price to local bakeries. The peal of the coconuts, being 6 per cent of the coconut weight, is sold as animal feed for roughly 20,000 pesos monthly. The coconut meat which cannot be used for various reasons is also sold to local buyers or the coconut oil mills. For this, the factory received about 45,000 pesos monthly. All in all, these additional income sources gave an estimated average of 150,000 pesos monthly, the equivalent of 150,000 nuts. Crushing capacity per day is said to be 200 tons or 330,000 nuts. According to one factory manager in Candelaria, the income reported to the government by the different factories was as a thumb-rule half of the actual income made from the various coconut products. This was also confirmed by anonymous sources at the governmental register for economic activity in the country.

23 Called buko juice only if the juice is taken from a young, green nut, and not the brown and old nut used for desiccation.
Figure 4.2
Production chart for coconut oil

Figure 4.3
Production chart for desiccated coconut

Source: Peter Paul Philippine Corporate, Candelaria, 1991.
4.4.1 The social formation on the factories

Factory workers are typically young\textsuperscript{24} and generally over-qualified in terms of formal education.\textsuperscript{25} They work under very tight control by the foreman. Factory workers are often those who tried to get out of the agricultural sector by having more education, but who failed to enter the career ladder.

The unemployment rate is high in Candelaria, as in the rest of the nation. At the factory, a distinction can be made between workers and employees. The employees are considered middle class and have an education of minimum college level. They receive a monthly salary between 2,800 and 3,300 pesos. The workers are poor and are tightly connected to the basic rural masses. Due to lack of raw materials, the workers seldom work every day, normally only 3-4 days a week. Their wage is thus far below minimum wage, even if they receive the stated minimum wage of 110 pesos per day, which is close to our calculated 117 pesos per day as a minimum.\textsuperscript{26}

The requirements for being able to get a job at the factory are not dependent on particular skills. A job in the factory can be obtained through relations with the foremen or other key persons whom the foremen relate to. The foreman at each shift is the one responsible for the production at the factory. He hires the workers as well as reporting on the worker’s productivity to the management. The wage system is pakiasw-based, meaning that workers are paid per 1,000 nuts, as in coconut production. Getting the foreman to report a full quota every day is important in order to receive the minimum wage. The foreman also gives instructions to the workers on behalf of the management. The entire network of sub-arrangements goes therefore through the foreman. The role of the foreman is similar to the role of the katiwala in coconut production, playing a decisive and powerful role which the workers can not disregard.

The method used for recruitment in one of the factories is particularly interesting. Here the actual decision about who should work at the factory, is taken neither by the management nor the foreman. When a man or a

\textsuperscript{24} Child labour was also observed at the factory ground. The respondents were all adults.

\textsuperscript{25} Normally high-school education.

\textsuperscript{26} There is also a deduction from the wage for insurance premium, medical service, paternity- and maternity-leave, and social security service of 137,40 pesos monthly. If there is a union, a 12 pesos monthly membership fee is deducted as well.
woman for one reason or another wants to stop working, the position held will be inherited by one in the family or sold. The price paid for the job is based on the position of the worker. The important considerations here are how long the worker has been employed there, what his or her reputation is among the foremen and management, and most importantly, what his relationship was to the foreman. The price is normally paid in cash. Two reported cases show that the amounts paid are substantial (Table 4.4).

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Year paid for job</th>
<th>Amount paid for job (pesos)</th>
<th>Current price 1991 (pesos)</th>
<th>Full wage one year (10 months)</th>
<th>% of one year full wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondent no 2</td>
<td>1973</td>
<td>6,000</td>
<td>55,560</td>
<td>26,626</td>
<td>209</td>
</tr>
<tr>
<td>Respondent no 3</td>
<td>1988</td>
<td>29,000</td>
<td>39,275</td>
<td>26,626</td>
<td>147.5</td>
</tr>
</tbody>
</table>


The highest price for a job was according to the management paid in 1988, when it reached up to 42,000 pesos, which would be equal to 56,880 pesos in 1991. There is a conspiracy between the foremen and the workers, according to the management of one factory. The manager explained:

A sheller or a parer cannot be fired due to under-productivity before three months. In this period, the worker, who has bought her/his position, gets help from the foreman, who over-reports the production. The wage of the worker is thus divided. One part goes to the foreman, one part to the worker, and if the worker has to hire illegal help from the outside to manage the production of 335 kilos per day, then one part goes to the illegal worker as well. Because of this, the control of production is no longer in our hands, but rather in the hands of the foreman.28

These findings regarding the under reporting of production as well as the rich system of extra-economic laws in the industry suggest that the coconut business needs much deeper exposure and analysis in order to find the major bottlenecks in the development of the industry.

27 One respondent explained that she bought the job from one who needed cash (!).
28 From the interview with the management of Peter Paul Phil. Corp.
4.5 Survival mechanisms

Table 4.5 shows the several tasks in income-generating work performed by the respondents. The first column shows the respondent groups. The subsequent columns show the percentage of the respondents’ total income coming from tenancy, farm work, katiwala activities, remittances, cash cropping, non-agricultural work and work in coconut factories.

The second column shows the percentage of total income coming from tenancy arrangements. As can be understood, the farm- and factory-workers do not get any of their income from tenant farming, simply because they are not tenants. It is striking that less than 10 per cent of the income for tenants comes from their tenurial arrangement with the landowner in coconut production.

The third column shows the percentage of total income derived from farm work. Only small owners do not derive any income from this kind of activity. 20 per cent of the income of the small owners come from their position as a katiwala (column four). Column five reveals a particular feature which will also be commented on later. Almost 50 per cent of the income of the interviewed tenants were given to them by their sons and daughters working in urban centres like Manila and Lucena or abroad. The small owner-cultivators received almost 30 per cent of their income from children or relatives living in the city or abroad.

The income share from cash crops other than coconuts is in column six, showing again a higher degree of plurality among the tenants and small owner-cultivators than among the wage-workers. Column seven shows the percentage of total income coming from non-agricultural occupations, such as services, small-scale trade etc. The last column shows the share of income derived from factory work, which in this case means coconut factory work.

Less than 80 per cent of the income of the factory workers actually comes from their full time job in the factory. Coconut production is far from being the main economic activity for the producers. The data show that no respondent group has more different kinds of jobs than the tenants. People choose to be tenants not from the earnings of coconut production, but rather as a stable basis providing them with better opportunities for other income generating work.
Table 4.5
Percentage of total income from various sources for different respondent groups

<table>
<thead>
<tr>
<th>Respondent group</th>
<th>Percentage of total income from:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tenancy/own land</td>
</tr>
<tr>
<td>Tenants</td>
<td>9.6</td>
</tr>
<tr>
<td>Farm-workers</td>
<td>0.0</td>
</tr>
<tr>
<td>Small owners</td>
<td>16.0</td>
</tr>
<tr>
<td>Factory workers</td>
<td>0.0</td>
</tr>
</tbody>
</table>


About 90 per cent of the land is normally grown with coconuts and bananas, while 10 per cent of the land is cultivated with other crops, like rice, fruit, coffee, etc. These secondary crops were planted in order to increase the income of the tenants income by an average of 20 per cent. They also increased the productivity of the land. All respondents, except for one, also had livestock. The livestock consisted mainly of chickens and pigs with a limited number of cows, horses and carabaos in the more well-off households. No labour power was hired for work related to secondary crops or livestock.

It is said in the area that times have changed regarding the control of the tenants' secondary production activities. The landowner today will normally approve requests for growing other crops in between the coconut trees, in contrast to before. Livestock can also be kept by the tenant without the formal permission of the landowner, also in contrast to before.29 There are many tenants who still ask for the landowner's approval before growing secondary crops or having livestock on his land. Many of the tenants have a sharing system even for their secondary crops. For secondary crops the tenant receives a larger proportion compared to the coconut sharing system.

Among those who sold their secondary crops, which was normal for at least a portion of the bananas, the produce was often sold by using a so-

29 The landlord or owner had more control earlier, when he denied the tenants to have swine, because of the possibility that the swine were fed with coconuts.
called tawad\textsuperscript{30}-system, a particular form of ordinary haggling. When the price is agreed upon, only half the price is actually paid by the buyer. The buyer resells the produce at the local market, but the producer of the crops does not receive the rest of the negotiated price. By getting only half a price (which should be regarded as the market value of the crops), the producer of the crops can feel certain he has a customer to purchase the production with a minimum effort. The buyer on the other hand, can earn a profit. In other words, the haggling is referring to a possible market price, and should be considered as a wholesale price. This system, which guarantees the loyalty of both the buyer and the seller, is very similar to the suki-system that was found in the neighbouring municipality in 1983 (Cornista 1983) and the tentative suggestions regarding the sales of coconuts. Those who did not use the tawad-system sold their products themselves on the local market or along the highway.

There seemed to be a correspondence between the numbers of hectares the small owner-cultivators and the tenants tilled and the number of crops they cultivated. Those with most land tended to cultivate three cash crops beside coconuts, normally coffee, some fruits and bananas, while those tilling less hectares of land had smaller varieties of secondary crops. Everybody had bananas as their secondary crop and only one of the tenant-respondents stated they used all the bananas for consumption in the family. The others sold part of the banana harvest on the local market or to traders.

The value of the livestock was considerable, with an average worth of 17,325 pesos. Livestock breeding was not primarily for income generation but for household consumption.

Table 4.6

<table>
<thead>
<tr>
<th>Respondent group</th>
<th>Average value of livestock (pesos)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm workers</td>
<td>10,757</td>
</tr>
<tr>
<td>Tenants</td>
<td>15,506</td>
</tr>
<tr>
<td>Small owners</td>
<td>17,325</td>
</tr>
<tr>
<td>Factory-workers</td>
<td>2,400</td>
</tr>
<tr>
<td>Average (weighted)</td>
<td>12,485</td>
</tr>
</tbody>
</table>


\textsuperscript{30} Tawad means discount, bargaining.
Some very few respondents also bred livestock for commercial purposes. Table 4.6 shows the average value of livestock owned by farm workers, tenants and small owner-cultivators. Included in livestock are animals used for working purposes, like carabaos and horses.

Regarding access to credit, more than half of the farm workers, tenants and small owner-cultivators used friends and family members as sources for loans. The absolute majority of the loans were used for reproductive purposes, like food, repair of house and very often, school fees for the children. The other sources were katiwalas and landowners. When asking respondents about repayment agreements, the interest was said to be zero and the payment appeared to be “whenever possible”. This is economically in the interest of the borrower, while at the same time it contributes to the necessary loyalty and stability in the social formation. In spite of further probing, there were no indications that the paybacks were different from what was stated at least when the arrangement was between friends or family members. Another informal credit system is the five-six system. If the one borrowing money has a lower social and economic status than the credit-provider, the five-six system is common. This system implies a 20 per cent monthly interest rate, when cash is borrowed. For every five peso bill borrowed, six pesos are paid back the next month. If grain and food is borrowed, the five-six system demands 20 per cent interest rate over a slightly longer period. For every five cavan\textsuperscript{31} of rice borrowed, six will be repaid during the next harvest. Five-six was the type of credit the landlords gave their tenants in the old times. It is probably still practised in Candelaria to a certain degree.

4.5.1 Participation of the state

The participation of the state in coconut production was discussed in Chapter three. It was argued that the major intervention of the state was in developing regulations made for the benefit of the coconut-monopolies. The state is in other words practically privatized and is used for the benefit of those families in power positions. The coconut-levies also affected the respondents, although not in the way it was officially intended. Two of the farm workers, thirteen of the tenants and two of the small owners had been paying membership fees to COCOFED, but had never received any benefits, except for one respondent, who could display a T-shirt with the

\textsuperscript{31} One cavan is traditionally 42-44 kgs of rice in a sack. Officially, one cavan is 50 kgs.
logo of COCOFED. Questioned as to why they paid for this membership, the answer was that it was a governmental “tax” they had to pay.

Important is also the land reform law in Republic Act 6657, or The Comprehensive Agrarian Reform Programme (CARP) (Republic of the Philippines 1988), which was signed on June 10, 1988.

There were two major forces involved in the struggle for a just and needed land reform, but they strongly opposed each other. The peasant organizations and numerous NGOs came together in Congress for a People’s Agrarian Reform (CPAR). The CPAR asked for an implementation within five years and that the retention limit should be no more than two hectares of land already personally cultivated. The value of the land should be calculated by a formula based on value declarations made by the landowners, the landowners estimate on fair market price and an estimation of past rents and unpaid work performed by cultivations. Kilusang Magbubukid ng Pilipinas (KMP) suggested particularly that compensation should be paid by the government and not by the beneficiaries of the land reform.32

The landowners answered the CPAR soon after, and suggested that the retention limit would be 20 hectares, as well as all land producing major export crops. They also suggested that no private land should be covered by the land reform before all public land was distributed. They also preferred cash as compensation for the land distributed, based on their own suggested market value — they promised to invest the money in “industry and commerce” (Putzel 1992).

The CARP which finally was signed by the President, has been criticized to benefit the land owners more than the agricultural producers. “Reform” has been redefined to include both “redistribution of lands” as well as “production of profit sharing, labour administration, and the distribution of stock” (Putzel 1992, p. 272). The CARP also secure the landowners to dictate what they consider as fair market value. In contrast to the House Bill 400, which stated that the land owners compensation should be based on estimates both from the land owner as well as the producers, the CARP limits the decision to the landowner only. The retention limit was set to be between 11 and 14 hectares, depending on family size of the landowner.

32 Interview with KMP, Tokyo 1992.
Figure 4.4
Timetable for implementation of CARP

<table>
<thead>
<tr>
<th>Programme years</th>
<th>Lands Covered</th>
</tr>
</thead>
</table>
- Idle and abandoned lands.  
- Lands foreclosed by government financial institutions.  
- Lands acquired by the PCGG.  
- Private lands voluntarily offered. |
- Private lands in holdings greater than 50 hectares. |
| Phase 3 Years 4-7 (1992-1995)  
Years 6-10 (1994-1999) | - Private lands in holdings 24-50 hectares.  
- Private lands in holdings less than 24 hectares. |


Tenants on land retained by the owners, were given only one year to declare if they voluntarily wanted to continue as tenants, or to be assigned elsewhere. Given the choice of stay where the tenant knew the situation, or to be sent "elsewhere" without any knowledge about the new place, the quality of the land etc, most tenants would certainly hesitate before leaving their owners land.

The timetable for the land reform were set to be 10 years. See Figure 4.4. The first four years, rice and corn land that former President Marcos was supposed to redistribute, idle land, land foreclosed by financial institutions, by the Presidential Commission of Good Government and voluntarily offered land should be covered by the land reform. The next six years (from 1993-1999), public land as well as private land more than the retention limits will be covered by the land reform bill. However, there are no signs that the timetable will be followed. The implementation of the act was officially supposed to start in 1988. CARP has still not affected the respondents of this research. If the land reform is implemented, a terrible threat for the peasants is that the landlords might decide to cut down the coconut trees and withdraw the land from the reform (real estate is exempted from the law). The CARP is commented on by Lara and Morales (n.d.), explaining the content and effect of the law:
Under the law, retention limits are pegged at a floating level of 5 to 11 hectares, and corporate land are protected from redistribution, thus **exempting almost 75 per cent of total agricultural lands.** Adding salt to the wound, the law penalizes the thousands of peasants who occupy idle, sequestered or foreclosed lands. Although President Aquino, during her 1986 campaign wooed peasants and farmers with a promise of land reform, indicating that her family’s vast Hacienda Luisita would be the first to comply, in fact the promise proved false. Hacienda Luisita’s stock distribution program, which falls far short of actually redistributing land or power, has been deemed as complying with the 1988 law. (...) Finally, the 1988 law opens the way for widespread speculation, since landlords are to be compensated at what they deem "market value". Recently, for example, land in Bicol which had been bought six months earlier at 3 million pesos, was sold to the government for no less than 62 million pesos (Lara and Morales n.d, p. 12) (italic added).

The price for the land set by the landlord, is supposed to be paid to the government by the beneficiary within 30 years. The payment would not exceed 5 per cent of gross output, during the first five years and 10 per cent of gross output during the next years. Due production costs (particularly for rice), this can be difficult for the beneficiaries to manage. If three payments are not made by the beneficiary during the thirty year period, the government will foreclose the land, and the beneficiary will lose everything. This again, will be an argument for the tenant to voluntarily remain a tenant for the land owner.

In other words, the land reform of 1988 does not seem to work as President Aquino seemed to intend. Rather, it forces the tenants to be even more subordinated to the landowners and allies, so that the coconut trees are not cut down. The landowner for his part, has been given a very good reason to control the tenants even more, and if he wants to, to deduct greater shares from the harvest.

The driving force of production in the coconut sector in Candelaria today is the interest of the big landholders in appropriation of absolute surplus value. There is no indication of change towards a more dynamic relative surplus. The capitalist mode of production exists in the sense of profit from wage labour but it co-exists with another mode of production — the pre-capitalist feudal mode. The two modes do not exist independently of each other but have a close inter-relationship. This is what de Janvry calls the **disarticulated capitalist mode of production**, and what Ferrer calls the semi-feudal mode of production. De Janvry explains:

Functional dualism is the contradictory mechanism whereby the disarticulated economy satisfies its need for cheap labour by taking
advantage of the large masses of semi-proletarianized peasants created by the dissolution of pre-capitalist relations (de Janvry 1981, p. 261).

4.5.2 Impoverishment and visions

The vast majority of the respondents live below the official poverty line, in spite of the fact that the official poverty line does not consider real price-increases on basic commodities. The official poverty line today can be calculated by computing reported inflation rates with the official poverty line in 1988. The poverty line for Southern Tagalog was in June 1991 approximately 42,792 pesos per year for an average family with six household members, or around 117 pesos (USD4.7) per day. There are problems involved in this calculation, since it does not allow for real price increases. Local sources insist real prices have risen much faster than reported inflation rates during the last decade. The wages has to be earned every day of the year, which is seldom possible in real life. The income needed to satisfy basic needs is thus probably considerably higher than estimated. Regardless of that, the absolute majority of the respondents end up living below the calculated poverty line. Even if the factory workers, who are included in Table 4.7 earn more money than all the respondents from the agricultural sector, their living standard might be lower, because they raise less food at home for their own consumption.

The income reported by the respondents and presented in Table 4.7, second column, does not correspond to the reported expenses, presented in the third column. This is quite normal for surveys. The National Statistical Yearbook for the Philippines presents annual incomes and expenses for households in Southern Tagalog (where Candelaria is situated). These statistics show that while the average annual expenses in Region 4 was 26,459 pesos per household in 1985, the annual income was 19,392 pesos, i.e. only 73 per cent of the expenses (Republic of the Philippines 1990).

The value of assets, like house, furniture, tools and other house equipment, shown in Table 4.7, last column, was estimated at its contemporary market value. While for the farm workers normally the value of assets was less than reported annual income, the tenants value was higher than one year of reported income. This gives us a signal of the different social strata the two groups belong to. While the tenants were poor, the farm workers were very poor. For small owner-cultivators, the

33 This was the opinion of practically all sources, official and unofficial.
value of their assets was far higher than for the other respondents. This indicates their middle class position as suggested by Guerrero (1979).

Table 4.7

<table>
<thead>
<tr>
<th>Respondent group</th>
<th>Income (pesos)</th>
<th>Expenses (pesos)</th>
<th>Difference (pesos)</th>
<th>Assets (pesos)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm workers</td>
<td>20,304</td>
<td>26,811</td>
<td>6,507</td>
<td>12,095</td>
</tr>
<tr>
<td>Tenants</td>
<td>29,873</td>
<td>40,572</td>
<td>10,699</td>
<td>42,092</td>
</tr>
<tr>
<td>Small owners</td>
<td>30,435</td>
<td>33,652</td>
<td>3,217</td>
<td>105,678</td>
</tr>
<tr>
<td>Factory workers</td>
<td>36,440</td>
<td>44,850</td>
<td>8,410</td>
<td>44,198</td>
</tr>
<tr>
<td>Average (weighted)</td>
<td>27,038</td>
<td>35,234</td>
<td>7,208</td>
<td>36,646</td>
</tr>
</tbody>
</table>


Table 4.8 shows how the income is used among tenants and farm workers. Farm workers use most of their money on food, and the smallest amount on education. The tenants also spend most of their money on food, but education and household equipment have a higher percentage of spending, while the least is used for leisure. Table 4.8 indicates that planning for the future is more important in the tenant family, while acute survival seems more important for the farm workers’ family.

Table 4.8

<table>
<thead>
<tr>
<th>Respondent group</th>
<th>Food</th>
<th>Education</th>
<th>Leisure</th>
<th>Household</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm workers</td>
<td>66 %</td>
<td>8 %</td>
<td>12 %</td>
<td>12 %</td>
</tr>
<tr>
<td>Tenants</td>
<td>59 %</td>
<td>14 %</td>
<td>9 %</td>
<td>18 %</td>
</tr>
</tbody>
</table>

In 1988, the national average expenditure for each household was estimated at 50.7 per cent for food, 38.3 per cent for household items, 2.9 per cent for educational purposes, 7 per cent for leisure and 1.1 per cent for taxes. Even if this was an average including rich families, it is possible that the higher share of income spent on food in the sample indicates a decreased living standard during the last years. The higher educational expenses in the sample should be understood as an actual increase of educational expenses since 1988.

The quality of the houses of the respondents were categorized in five groups (Table 4.9). The quality of the dwelling increases from the left to the right with the term “fully concrete” representing the best quality dwellings. The absolute majority of the respondents lived in old houses. The number of respondents living in new good quality nipa huts, was very low. This suggests as in Figure 4.10 that those who stand on the bottom rung of the ladder are the farm workers. While the majority of the farm worker respondents live in nipa-huts of poor quality, the majority of the tenants occupied more advanced dwellings (poor quality semi-concrete houses, where at least part of the house has concrete walls and thus is safer in times of rough weather).

To illustrate the differentiation within the group of coconut producers further, ownership of or access to so-called luxury goods, like installed electricity, refrigerators, televisions, radios and vehicles can be compared. Two of the tenants acknowledged possessing vehicles and used their jeepneys in their secondary work as katiwalas and farm level traders.

<table>
<thead>
<tr>
<th>Respondent group</th>
<th>Nipa poor quality</th>
<th>Nipa good quality</th>
<th>Semi-concrete poor</th>
<th>Semi-concrete good</th>
<th>Fully concrete</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm workers</td>
<td>9</td>
<td>1</td>
<td>7</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Tenants</td>
<td>6</td>
<td>1</td>
<td>11</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Small owners</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Factory workers</td>
<td>0</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 4.10 presents patterns in ownership of these consumer goods for the different respondent groups. All the barangays covered by the research had installed electricity. It costs from 2,000 up to 10,000 pesos to install private electricity, depending on the distance from the main line. If the respondents had assets requiring electricity, without receiving electricity from the grid, they were using batteries.

Although the number of respondents is small, it is possible to imagine the poverty of the farm workers. Only 35 per cent, or 6 of the farm workers had electricity installed in their dwellings, while an average of 75 per cent of the other respondents had electrical power. In general, the farm worker scored lower on all assets. Several did not even have a radio. It should be noted that in the Philippines it is perfectly acceptable to listen to the radio or watch television at the neighbour’s place.

<table>
<thead>
<tr>
<th>Respondent group</th>
<th>Total</th>
<th>Electricity</th>
<th>Refrigerator</th>
<th>Television</th>
<th>Vehicle</th>
<th>Radio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm workers</td>
<td>17</td>
<td>6</td>
<td>1</td>
<td>8</td>
<td>0</td>
<td>11</td>
</tr>
<tr>
<td>Tenants</td>
<td>20</td>
<td>15</td>
<td>5</td>
<td>16</td>
<td>2</td>
<td>19</td>
</tr>
<tr>
<td>Small owners</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Factory workers</td>
<td>5</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>0</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: Fieldwork, Candelaria, 1991

Most of the respondents, and particularly the farm workers, thought that they economically speaking were worse off now than during the presidency of Marcos. The findings suggest the same conclusion. A smaller group said that there were no changes at all. Those who said that they were better off now, explained that they received large remittances from their grown-up children working in the city. Most of these were tenants. The explanation for the decreasing living standard was first of all the rise in commodity prices and the fall of coconut prices. This tendency is supported by official data (United Coconut Association in the Philippines 1991, Republic of the Philippines 1990).
The differentiation of distinct social groups participating in coconut production indicates a consistent pattern, confirmed by our Figure 4.12. It shows that the farm workers are placed on the bottom line, with the tenants in a somewhat better position above them. The cultural differentiation should be noted. Cultural perceptions should be seen as a result of the existing economic basis and should therefore also indicate differences between the different participators in the coconut production.

There was a difference between how many actually lived in the various households and how many members of the family the respondents stated. The extended household is normal in the Philippines. Table 4.11 shows the size of the households that was part of this study. As expected, the difference between “extended household size” and “physical household size” gives a highest difference for the tenants who depend the most on remittances from family members living in the cities.

<table>
<thead>
<tr>
<th>Group of respondents</th>
<th>Extended household size</th>
<th>Physical household size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenants</td>
<td>7.6</td>
<td>5.4</td>
</tr>
<tr>
<td>Farm workers</td>
<td>6.9</td>
<td>6.3</td>
</tr>
<tr>
<td>Small owners</td>
<td>4.8</td>
<td>3.7</td>
</tr>
<tr>
<td>Factory workers</td>
<td>6.0</td>
<td>6.0</td>
</tr>
<tr>
<td>Average (weighted)</td>
<td>6.9</td>
<td>5.6</td>
</tr>
</tbody>
</table>


The respondents are very conscious and discriminating in their struggle for survival. This is evident by regarding expenditures for education among the respondents, and specifically for the children of the respondents. By investing a substantial amount of an already limited income, the respondents demonstrate a high degree of desire for enabling their children to achieve a higher status. Table 4.12 relates income to education among both the respondents and their children. Small owner-cultivators apparently invest less in education than tenants and farm workers. This was a most intriguing (and puzzling) fact. The respondents might be exceptional and not representative as small owner-cultivators.
Small owners may rather consider it more important for their children to take over their land in the future, rather than entering new income generating professions. That farm workers invest less in education than tenants, suggest that they are not able to provide the children with sufficient resources, economic as well as cultural, to leave the coconut sector. There could thus be a polarization between the tenants and the farm workers on this issue. The farm workers are extremely marginalized in the society as a whole. They have no means for changing their situation and invest enough in education. They are in other words realistic about their situation. Table 4.12 presents average levels of income of different respondent groups and average education of their children. Average annual income is included in order to see the peculiar correlation between income and education among tenants and farm workers.

Table 4.12
Income and levels of education within different respondent groups
The poverty line was 7,132 pesos per person per year in Candelaria in 1991

<table>
<thead>
<tr>
<th>Respondent group</th>
<th>Average annual income (pesos)</th>
<th>Annual income per household member (pesos)</th>
<th>Average education of respondent (years)</th>
<th>Average education of respondent child (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm workers</td>
<td>20,304</td>
<td>3,076 (6.6)</td>
<td>5.5</td>
<td>4</td>
</tr>
<tr>
<td>Factory-workers</td>
<td>36,440</td>
<td>6,073 (6.0)</td>
<td>9.4</td>
<td>6</td>
</tr>
<tr>
<td>Tenants</td>
<td>29,873</td>
<td>5,532 (5.4)</td>
<td>6.4</td>
<td>8.7</td>
</tr>
<tr>
<td>Small owners</td>
<td>30,435</td>
<td>8,226 (3.7)</td>
<td>5.7</td>
<td>7</td>
</tr>
</tbody>
</table>


Table 4.5 revealed that tenants do receive a return from their investment in education for their children. Regardless of whether their children work in the industrial or service-oriented sector, they provide almost half of the tenants’ stated annual income, in average almost 15,000 pesos yearly.
Education does seldom give the children of the tenants white collar jobs, which normally require college, but because they are better able to articulate themselves, both in their national language as well as in English, they can enter the service sector more easily, which includes unfortunate businesses as prostitution and women-trafficking.\(^3\)\(^4\)

When the respondents were asked about their personal desires regarding their relation to the land they tilled or worked on, most of them eagerly stated their desire to own the land they tilled. This has always been the claim of different peasant organizations and has also been the expressed goal of the various governments. Most of the land-hungry farm workers stated that somewhere between 1 and 4 ha with an average of 2.6 ha would be enough for their family to live on while the tenants would be satisfied with some more, varying from 1 to 12 ha. with the average of about 5 ha. The small owner-cultivators would be satisfied with an average of 6 ha. This is indeed a modest group of agricultural tillers and workers. The moderation, however, is correlated with the present status. The farm workers were thus most careful in their aspirations.

Many tenants preferred individual control rather than collective land ownership. Farm workers were more pragmatic about the type of land ownership. As long as their living standards increased, the main purpose of owning land was fulfilled. However, quite frequently, farm workers focused on the wage system, when talking about their situation. They wanted equal wages for the work done and opposed the individual wage-decisions based on their relationship with this employer. Several of them suggested collective bargaining agreements, which would need a trade union for farm workers. Others suggested it should be the responsibility of the state to standardize the wages and thus reduce the effects of the existing patron-client system. This indicates that the class orientation of farm workers is oriented towards a proletarian and collective understanding of their situation, even though they own their tools and thus have some investments in their own means of production. The farm workers can be considered as a group having both a peasant and proletarian subjective class orientation. They can associate themselves with both tenants and workers. This is important in the search for development possibilities.

\(^3\)\(^4\) Women-trafficking is regarded to be business including international prostitution and business where the women are used as objects for men (often against their will and), and arrangements of marriage through organizations. These women are normally called "mail-order brides". Because of the negative angel towards the woman, this expression can be unfortunate. It is therefore preferable to talk about arrangement of marriages in general.
Tenants on the other side, had a clear preference for being their own boss, owning their means of production. Marx once commented that the peasantry expresses a need to be led in the class struggle, because they have an individual orientation and lack of collective spirit and practical cooperation. Although the peasants he referred to were the peasants during the French revolution from 1789 to 1799 certain characteristics are recognizable among certain groups of the Filipino peasants:

Their mode of production isolates them from one another instead of bringing them into mutual intercourse. The isolation is increased by France’s bad means of communication and by the poverty of the peasants. Their field of production, the small holding, admits of no division of labour in its cultivation, no application of science and, therefore, no diversity of development, no variety of talent, no wealth of social relationships (Marx 1987, p. 332).

Marx’s description cannot be readily transferred to tenants in Candelaria. They interrelate first of all with the farm workers, regarding them as employees rather than equals or companions in collective interests. On the other hand, there is a certain development among the tenants, who invest time and money for education, in order to advance to another social group, preferably urban. In Philippine history the tenants also have often played a crucial role in the political opposition against the ruling elite, participating collectively in organized work as well as guerrilla warfare. As far as land and coconut production relations are concerned, the tenants aspire to own land in order to be independent. This might isolate them even more from other members of their class. After all, as tenants, being subordinated to landlords and their katiwalas, they have common interests and can experience this in communication with their fellow neighbours. If the idea is to organize them for class struggle, this collective experience is a crucial factor.

In this misery of poverty, life goes on reproducing a culture of survival. People do not focus on serious political discussions, but dream about different but unobtainable lives. When the respondents actually were describing their leisure-time, their activity was first of all listening to commercial radio and television, if such were available in the area. This expresses a certain commercial consumer culture, which has been described by the anthropologist Mulder:

Consumerism, the mass media, and religious zealotry are not really conductive to the creation of a viable, civil public sphere. and may, taken together with the amount of energy invested in the struggle for survival
and the emotions devoted to the prevailing culture of the family, offer a tremendous challenge to the ideologues and intellectuals — despite all their coalitions — in their efforts to create a just national community (Mulder 1992, p. 154).

The exotic life visualized in the form of soap-operas and television commercials about commodities in a setting far from their known lives, may make people dream of an ideal of a different kind of life than they actually experience. This reproduces a kind of passive colonial mentality. The entrance of mass media, and a culture of consumerism, as a kind of anaesthetic for their own lives, should be regarded as a hindrance for political and ideological consciousness among the coconut producers. Still, political work is attempted, and appears very much possible as well as needed. It focuses on developing a culture of consciousness among the coconut producers, pointing at their strength and value as producers. Once such self-consciousness is growing, they will demand more of what rightfully should be theirs, both in terms of material wealth and in terms of political power.

Organized peasants in the Philippines are working with a variety of mechanisms in order to develop their self-determination as well as their living standards. The existing biggest peasant organization, Kilusang Magbubukid ng Pilipinas (KMP), claiming 800,000 members in 1989, is active in a variety of fields in order to make its members participate in the struggle for empowerment. The leaders of Kilusang Magbubukid ng Pilipinas (KMP) took up status of their activities and presented the situation in 1988:

In KMP areas, over 70 per cent of local struggles to lower land rent have been successful. Peasants in these areas used to pay from 60 to 70 per cent of their total produce to the landlord, but now they only pay 30 to 50 per cent, with most landlords agreeing to shoulder half of the cost incurred in production. In case of usury, peasants in the most consolidated areas under the KMP have been able to reduce interest rate by 30 per cent (KMP 1988).

In Candelaria, this baliktad sharing system was present during the time NPA was active in the area. The peasants themselves did not manage to maintain this sharing system after the guerillas disappeared. The sustainability of these changes seems limited, probably due a repressive

35 Interview with vice chairperson Felicisimo Patayan and International Secretary Jaime Cordova in Oslo, Norway, April 1989.

116
military force in the area. The situation makes it thus difficult and
dangerous to do organized work, although it is obviously necessary.
However, the KMP is organizing tenants as well as farm workers in peasant
organizations, without regarding their concrete relation to the land. As late
as in November 9, 1993, a letter of Mr. Jaime Tadeo, the chairman of KMP
was quoted in Philippine Daily Inquirer, one of the leading newspapers in
the Philippines:

While the struggle for land remains primary, it is evident that the struggle
for capital has become as important (PDI 1993).

What Tadeo is stressing is that the peasantry should not be regarded as a
homogenous group, neither when it comes to amount of wealth not their
position to the means of production — land. Within an umbrella
organization fighting for general political changes, there should be one
organization for the farm workers, one for the tenants, one for the small
owners and not the least, one for women. Traditionally, only the public
sphere — the society, has been seen as the arena for political change and the
household is regarded as a private sphere not subjected to political changes.
Vuorela’s suggestion of the dialectic linkage between the mode of
production and the mode of reproduction offers the possibilities of political
action taking place in the household. Just as the ruling class would be
forced to change, the ruling gender would be forced to give privileges away
as well.

Women need each other as well as experienced organizers. The women
in the Philippines have some of the most significant women
organizations36 in Asia and have therefore substantial indigenous
experience in how to struggle for their own emancipation and liberation.
However, even the most limited improvements to the peasant women in
coconut production is not likely to happen without addressing the existing
social formation of the nation.

Peasants in Candelaria do have an experience with peasant organizations
in their immediate surroundings. Many of our respondents were probably
members of peasant organizations themselves during the times of the NPAs.
They stated that it would be very important for them to be organized. But
when asked why they did not organize, they said they needed somebody to
organize them. In other words, they could not — or dared not do it
themselves. And while they wait for the organizers, they watch television.

36 Particularly the women organization GABRIELA should be notified as the women
organization in the Philippines, organizing roughly 60,000-70,000 women.
5. Marginalization, crisis and prospects

This study describes social formations among coconut producers in Candelaria, a municipality in the Philippines, in order to explain the logic of their poverty. The reasons for poverty among the peasantry in Candelaria are not only to be found in Candelaria itself. Due to national politics and economics, the role of the state also has to be investigated. The analysis of the state is important in order to understand the class formations and the economic and political framework within which peasants operate in Candelaria.

Candelaria is one of those municipalities receiving a substantial amount of its gross income from coconut producing activities. The province of Quezon is heavily militarized due to counter insurgency operations, but in Candelaria the military activity is limited. However, the tension is expressed in the presence of para-military groups like the CAFGUs, as well as AFP military personnel. Tension is also expressed by ongoing human rights violations, like illegal arrests and assassination attempts on suspected members or sympathizers of the underground resistance movement. It creates a situation difficult for development purposes, particularly if such development may lead to a change in power relations. The military tries to keep a strong control over the province. In the case of this research, the provincial military authorities demanded a permit from the national AFP for the conduct of fieldwork. Without such a permit, the research would not have been possible.

5.1 The findings

This research attempted to understand social and economic mechanisms found in the coconut producing sector in Candelaria. The first chapter introduced us to the Philippines and the overall economic situation in the country. The majority of the people are poor, and the unequal distribution of wealth has led to social unrest in the Philippines. Peasants express their dissatisfaction with the national politics of the government primarily through the underground movement National Democratic Front (NDF). They oppose first of all the unequal distribution of land and demand radical land reform. The ownership pattern found today in vast areas of the
Philippines does not differ significantly from the colonial period, particularly for coconut land in the northern provinces, like in Quezon Province. The majority of those tilling the land are themselves landless. NDF has described the economic and political system in the Philippines as semi-feudal, i.e. a dominant feudal mode of production, intertwined with foreign monopoly capitalism. They believe and hope that a revolution will be won by a protracted people’s war, that is, the cities will be encircled from the countryside by a guerilla force. The NDF is also regarding the international trade pattern of the Philippines as a major hindrance to development and prosperity. The traditional close links between the US and the ruling elites in the Philippines have made the Philippines strongly dependent on the US market and policies. Beside this strong dependency on the US, linkages with EC and Japan are increasing, first of all through export agreements.

The theoretical discussion in chapter two concluded that Marxism and particularly the Marxist theory of co-existence between different modes of production, was helpful for analyzing the coconut producers and their social formation. Certain key-terms, such as absolute and relative surplus values were briefly discussed in light of our understanding of social formations and modes of production. The exact form of surplus value produced is relatively easy to identify in reality, as different types of profit which can be observed. We wanted to research the social conditions for development in Candelaria by examining the social formations. Social formations should be seen as products, resulting from conscious and unconscious choices and actions of people in the production sphere. As in traditional Marxism, the base level; the economic level would be decisive, but we opened up for the possibility that political and ideological mechanisms could interfere and in fact dominate the economic, creating a situation where the dynamic development towards increasing productivity could be blocked. This discussion led to a suggestion that a variety of modes of production could co-exist at the same time. The quality of co-existence between these modes determines whether there is a dynamism within the economy which will generate development towards a new mode of production, or whether this dynamism is paralysed by political conditions.

The methodology was the realist approach, searching for underlying mechanisms and patterns governing the choices made by the actors. In the discipline of Human Geography it is today regarded as fruitful to understand reality in order to change it for the better. The method in the field was a mixture of several methods; interviews, communication, participatory observation and analysis of secondary data.
Chapter three described the historical experiences of the Philippines, under Spanish as well as US rule. This gave us the needed understanding of contemporary Philippine society and economy. The colonial period made the Philippines a stratified society with a strong feudal colonial order. Contemporary Philippine state formation is to a certain degree "privatized" by a small elite. To the degree that it has affected the coconut producers at all, the policy of the state has been a negative factor for them. The most effective policy of the state regarding coconut production — the coconut levy — drained away a very big portion of capital from the production sphere. The producers have hardly benefitted from the taxation — if at all. Those in charge of the coconut monopoly, who were very powerful until the fall of Marcos in 1986, are still powerful today.

The role of the state is important in any study of social formations. The state is generally speaking an apparatus for the ruling class, providing both an economic base and supporting superstructural policy to reproduce the economic system. The state also seems to act contrary to the objective class interests of the ruling class, being used by small fractions or even families of the bourgeoisie, who happen to be in central positions. It might be concluded that there is not one distinct ruling class in power, but the state may be controlled by a faction of this class — a faction consisting of 60-100 families (as also was the case during the time of Marcos).

Coconut production is vital for the Philippine national economy. Nevertheless, only limited efforts are made to develop its productivity. Coconut production also employs a significant part of the labour force, with at least 20 million people dependent on coconut production as a source of income. Agricultural products are a major commodity from the Philippines, and among the main products are coconut oil, desiccated coconut and copra meal. A vast majority of the people connected to coconut production are extremely poor, living under the poverty line, and can thus provide only limited improvements for their children. The state is not working as an agent for development. It remains instead a tool for the reproduction of an economic system which is becoming increasingly polarized. It benefits the ruling elite and marginalizes the rural majority.

In the sphere of superstructure, the reproduction of the state appears also very important in the Philippines today, both through political and ideological means. "Wasteful consumption" occurs because the motivation for production is not increased productivity where profit is reinvested for this purpose, but rather a profit derived from absolute surplus value, used for reproduction of the status quo and the individual power position.

The agricultural crops in the Philippines are produced within several modes of production. While peasant- and wage-food often is produced in
decentralized small holdings by tenants and subsistence farmers, export crops are normally produced on centralized estates and commercial farms. In the south of the Philippines, coconuts are produced on modern plantations. In the north, where this study was undertaken, they are grown mainly by tenants and farm workers on decentralized estates. The coconut sector seems to have severe problems in Candelaria. It is definitely a “sick business” today, and this can be due to the resistance of the local elite and the state to motivate increased productivity.

Chapter four describes the social formations found in Candelaria, a coconut producing municipality in Quezon Province, in Southern Tagalog. Productivity in the coconut producing sector in the municipality has decreased significantly to merely 75 per cent of the national average, and it seems to continue decreasing. No significant efforts are made to increase the productivity. We found an undeveloped and stagnated economy, combined with severe political oppression, and a strong reproduction of ideological values, which all in all strengthened a disarticulated economy without any developmental dynamics.

The social groups or classes directly connected to the coconut production in Candelaria are the farm workers, the tenants, the small owner-cultivators and the katiwalas. It was discovered that even though the rural poor perceive themselves mainly as coconut producers, none of the tenants and farm workers got the majority of their income from coconut producing activities. They are coconut producers, but only part time. Indirectly the coconut factory workers are also connected to the same social formation, from their geographical, economic and emotional proximity to the coconut producers. Outside the narrow production sphere, but involved in the production relations, there are the landowners and the landlords; the managers and the employees at the factories; the state-representatives, like the PCA, soldiers of AFP, the CAFGUs and other armed groups; and the elected elite, local and national, creating the political, ideological and economical framework of the coconut industry as a whole. The international market, which involves mainly the US, Japan and EC should not be forgotten either, although the effect of international price-fluctuations on the coconut producers is limited. They remain in deep poverty, regardless of the export prices of coconut products. As a result, they actually grow poorer during ongoing price increase of basic commodities in the Philippines while the productivity in coconut production stagnates or even declines.

The farm workers are at the bottom end of the social ladder in coconut production. They do most of the work but receive minimal wages. Farm workers relate to all of the other groups in a patron-client relationship. The
relationship seems to determine their wages too. Their substantial poverty makes it enormously difficult to invest in the reproduction of the household, except for the minimal amount of food needed. Tenants and small owner-cultivators find themselves below the poverty line as well but have a higher level of food production for home consumption and thus a slightly better living standard. The subsistence farm, which can decrease income to under minimum wage, is a typical feature in so-called disarticulated economies, economies that seem to be blocked.

The lion's share of profits appropriated from coconut production is not reinvested in the coconut producing sector. This explains why producers are getting poorer. Wasteful expenditure of the surplus by those already rich and powerful has also damaged the coconut sector.

The discrimination of women is visible in Candelaria through constant undervaluation of women's work, almost regardless of what they actually do. Division of household labour between the sexes decreases in proportion to the level of income earned from agricultural production. Those women working in factories have limited time for household work, forcing men to accept a slightly higher share of household work than for agricultural producers. This is so even if the factory workers are poorer than at least the small owner-cultivators. Women are central in the household but hold neither the power nor the freedom to choose what to do. If women participate in coconut production, they receive less wages than men, both as copra makers and as collectors. A superstructure reproducing a set of gender roles as in the Philippines, will inevitably lead to a feminization of poverty. The Roman Catholic Church in the Philippines, to which as much as 85 per cent of the population belong, is partly the main exponent of a culture making women sacrifice themselves for the sake of the family. Changes can be done within the church, it is not necessary to fight the religion as such. Today, however, regardless whether she is a wife, mother or daughter, a woman is taught to give unconditional love for her family and only think of herself as a secondary individual. Strong family ties, and the tremendous pressure on women in the Philippines to disregard their own interests in favour of their family, should also be regarded as a factor making 34 per cent of the registered over-seas workers seek employment as maids or entertainers (which also includes prostitutes). Only through a de-genderizing of wage and payments, together with a strong ideological campaign for women's emancipation, would it be possible to fight and reduce the extent of women's oppression in the Philippines.

In summary, the findings would suggest that coconut producers in Candelaria are poor because of the social formation they operate in. Most of the surplus value they produce is drained out of the production sphere.
The local situation in Candelaria is determined not just by local forces but by the national social formation. The state apparatus is used for the benefit of a few family dynasties and not for the society and national economy as a whole. The state reproduces the power of the elite by extra-economic means such as the patron-client culture and oppresses those who dare to question the legality of the power elite. Tenancy is a key factor among the economic mechanisms leading to the impoverishment of the peasantry. It indicates a domination of feudalism, in a semi-feudal or a disarticulated capitalist mode of production. It is not our task to participate in the political discussion of whether one calls the stagnation semi-feudal or disarticulated capitalism. Our point is that there are no signals of a development that will make the situation of the producers better. There is a need for change which has to focus on the need of the poor; the coconut producers.

5.2 From marginalization to development

The farm workers are too poor to provide their children with the education necessary for changing their social position in the society. The tenants are “on the move”, investing time and money in the education of their children, in order to improve their chances of getting better paid jobs outside the agricultural sphere. The small owner-cultivators seem to plan for their children to take over as farmers. For them a general education for children today probably appears as more or less wasted, due to the irrelevance of the education provided in the school system. The high level of investment in education among tenants should be seen as an effort to move away from tenancy and into wage labour in other sectors. Since surplus labour is abundant, their effort in education and other activities does not pay off with better economic control for the household. At best it only pays off in terms of an increasing dependence on other sectors, like the service sector, the informal sector and the industrial sector of production. Almost 50 per cent of the stated income of the tenants came from these sectors as remittances from children and other family members. This dependency is reinforced by strong family ties, an organic linkage between the proletariat and the peasantry as well as the dyadic ties between representatives from different classes.

At the same time, tenancy does not provide direct benefits from coconut production as such. A tenant maintains his contract because it gives him access to land on which he can grow food crops in his spare time. In the study area, roughly 10 per cent of the annual income of the tenants derived from coconut production. In other words, the tenants do not depend directly on coconut production and thus do not invest extensive energy in this
production. Our methodological intention to interview respondents whose main activity was coconut production is in this respect put into question. Notwithstanding, all of the respondents defined themselves as coconut producers.

Small owner-cultivators did not seem to benefit very much from their landholding either, compared with other sources of income. Small owner-cultivators received a significant part of their income — almost 30 per cent — from contributions from their children in the cities or abroad, while only 36 per cent was derived from coconuts. Extensive multi-cropping gave them almost 25 per cent of their income as well as fruit and vegetables for home consumption. They are better off than tenants and farm workers but still have to maintain a client-patron relationship with the landowner if they also rent additional land.

It is difficult to find a way towards social improvements in the coconut producing sector in the Philippines, at least in Candelaria, other than through radical land reform. There is a striking need to increase both the productivity and the income and living standards of the coconut producers, and this can be done by reforming the control of land, by giving more control directly to the producers. Tenants are today extremely deprived under a client-patron relationship with a landowner and his katiwala. Even if they are allowed to grow other crops or have livestock in between the trees, many of the tenants are still obliged to ask permission from the landowner. If land were given to the tenants, with or without a symbolic rent to the state, they would be in a position to earn a substantial portion of the gross income from production. The tenants would also be motivated to invest in the productivity of the trees, and could at the same time pay substantially more wage to farm workers than today. The money collected during the 19 years of the Cocofund might be used to subsidize replanting programs, as well as other undertakings for increased productivity. This type of land reform can be regarded as a transition along the road from a disarticulated capitalism to a more articulated capitalist development, where the capital flow circulates both in the traditional (pre-capitalist) and modern sector. This development model allows to a certain degree the creation of capitalist big farms as long as they do not dominate the reformed areas. The land, however, should in principle belong to the state, to avoid landownership polarization and pre-capitalist extraction of free labour. This would pave the way for a type of mixed economy, which also can be called market socialism. Effort to increase productivity alongside with state controlled reform of power structures is the only way the development in the country can be considered progressive for both the national economy and the people of the Philippines. An only focus on increased productivity
would probably lead to increased marginalization of the majority, due expanded unemployment in the coconut sector.

A land reform is necessary although not sufficient for the further development of coconut production. The Philippines is not an isolated state, deciding its trade patterns with the international market by itself. International trade linkages reproduce the elite in power, as well as the drain of surplus from the producers. International trade arrangements have to be changed if the surplus value is to be invested in the Philippines, for the development of the national economy. This would have an impact not only on the elite in the Philippines but also on all nations importing Filipino goods, particularly the US, EC and to a certain degree Japan, as well as those nations controlling production units in the Philippines.

Prices should be fixed and controlled by a democratic and not a despotic state, in order to equalize prices for equal products, at least at the provincial level. Increased wages for farm workers would eventually expand the domestic market, particularly in the rural areas, creating for millions of families an income above the poverty level.

This leads to the importance of participation of the majority, if an economic as well as democratic development is to occur. The vast majority of the respondents in Candelaria stated their wish to participate in the development of the Philippines, by working in an organized way to obtain better living conditions. Filipinos have a deep feeling of democracy, in spite of the feudal and authoritarian regimes ruling the country. Non-governmental organizations, trade unions and other peoples’ organizations practice participation, where people experience the need for struggle in order to obtain better living conditions. This is also the best security against a new authoritarian regime, in case of a major political shift. The coconut producers thus have a double reason to get organized; immediate unity for the betterment of their situation, as well as an extended class struggle for political change after a possible change of the present state representation. The differentiation among the peasantry in Candelaria is extensive. The immediate suggestion would be to encourage both tenants and farm workers to get organized in separate interest organizations. However, they ought to unite behind their legal and democratic demands.

Privatization of the state, and consequently economic stagnation, is a logical outcome of the colonial inheritance and experiences in the Philippines. It is of vital importance that state functions become de-privatized, that is to say, separated from those families in economic power positions. This separation would also help to abolish corruption which today is the rule rather than the exception in state institutions. Changes within Candelaria alone will not be possible as long as the state remains a
privatized tool in the hands of the existing elite. This elite controls the lawmaking bodies of the country, the export trade and the production of export crops. The Philippines elected a new president in 1992. Time will show what President Ramos, a former General under President Marcos, and a Chief of staff of the AFP and later Minister of Defence under President Aquino, will do when the peasants march to the Mendiola bridge and ask for land and more of the national wealth.

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This study gives a detailed account of coconut production and the social formation of coconut cultivators in a specific locality in the Quezon province on the island of Luzon in the Philippines. Using a theoretical framework drawn from Marxism, the social formation analysed mixes elements from both the feudal and the capital mode of production. The mixture explains the stagnancy of production and the poverty of the cultivators and also the macropolitical context of a privatised state with family dynasties in control to the detriment of the economy and development in general. The study recommends that the appropriate remedy is comprehensive land reform combined with productivity enhancements in the coconut producing sector. If no structural reform is undertaken, stagnancy and deepening poverty will continue to prevail.

Guro Skåre was affiliated to the CMI preparing her MA dissertation at Institute of Geography, University of Bergen. Her main interest of studies is how the feudal inheritance manifest itself in developing countries, and how the feudal challenges can be conquered by development strategies.