Confronting Patronage Politics in Cooperative Development: The Buscayno Experiment

Teresa Encarnacion Tadem*

Introduction

Agricultural cooperatives have always been viewed as a means to alleviate poverty in the countryside. Cooperatives are generally defined as organizations composed “primarily of small producers and/or consumers who band themselves together to achieve social and economic ends. Their strength lies in self-help, self-initiative and self-government” (Rola: 1989, p. 6). Such an organization, therefore, seems to be the anti-thesis of what farmers in the Philippines have been used to, i.e., resorting to patronage politics as a course of survival. Patronage is generally defined as an informal relationship between persons of unequal status and power, which imposes reciprocal obligations of a different kind on each of the parties” (Wolters, 1983, p. 10). For instance, such a relationship characterize landlord-tenant relationships in the Philippines which are based to a large extent “on continuing personal contact and mutual obligations sanctioned by tradition and by the social control of the village society as a whole” (Huizer: 1980). A problem, however, was that such a relationship became highly exploitative with the landlord taking advantage of the impoverished situation of the tenant. Cooperatives are viewed as a means of facilitating an end to such a relationship. This was seen in the promulgation of the martial law regime’s Presidential Decree (PD) No. 27.

PD 27 aimed to transform tenants in rice and corn areas as “owners” of the land they were tilling through a system whereby the tenant could begin to purchase their farmlands on installment. Those who remained as tenants would be shifted from share to fixed-rent leasehold tenancy. This decree required that all agrarian reform beneficiaries were to become members of a farmers’ cooperative known as the Samahang Nayon (SN). Ferdinand Marcos saw the cooperative as replacing the landlord in the land reform program. The SN sought to “establish

*Assistant Professor at the Department of Political Science, University of the Philippines, Diliman.
cooperative cultivatorship among those who live and work on the land as tillers" and to "create a truly viable social and economic structure conducive to greater productivity and higher farm incomes through a cooperative system of production, processing, marketing, distribution, credit and services" (Golez et al.: 1987, p. 132). The SN program, however, failed to provide the services which former landlords gave their tenants. The area marketing cooperatives (AMCs), which were established by the SN's Barrio Guarantee Fund (BGF)\(^1\), for example, only had a meager capital. It was also difficult to convince the SN members to contribute to the BGF when they could not get any benefit in return (Terso: 1989, pp. 57-59). The absence of funds led to the dependence of the cooperative leadership on the assistance of government agencies. Thus, a leader was chosen based on his ability to have control of and access to government resources (Bonifacio: 1989, p. 97). Moreover, SN members were more keen to get something out of their organization rather than give their time and effort to the organization. This went against the very rationale of the cooperative which required the participation of all the members.

Patronage politics also refers to the distribution of favors by higher level politicians in exchange for support from the recipients. The pecuniary favor distributed is also referred to as "pork barrel funds" which are generally used for electioneering purposes (Wolters: 1983, p. 228). In the cooperative arena, this is seen in the use of the organization to attain political objectives. In the 1950s, for example, this was the problem of the government's Agricultural Credit and Cooperative Financing Administration (ACCFA) which was tasked to organize farmers into the Farmers Cooperative Marketing Associations (FACOMA). The ACCFA was to lend farmer members credit through the FACOMA. The farmers were granted these loans based on the pledge that they would deliver their next crop to FACOMA warehouses or deposit palay (unhusked rice) as collateral. Local politicians, however, hindered the success of the FACOMAs by dominating the rural organization. As a consequence, many debtors, believing their loans were political favors, responded with political obligation, not repayment (Golay: 1961, p. 287).

Because of these practices, patronage politics has been one of the reasons for the failure of government-initiated cooperatives. With the entry of nongovernmental organizations (NGOs) in cooperative development, however, there was some hope that patronage relationships will not transpire in the cooperatives. This aspiration was generally seen during the post-Marcos period when NGOs together with people's organizations (POs) and other players, e.g.,
cooperative institutions and individuals in the development sector, spearheaded the revival of the cooperative movement in the country. One of their major goals is to make the cooperative sector autonomous from government interference. Because the state controls crucial resources, such as capital, technology and infrastructure, a major challenge for the cooperative movement is accessing these government resources without it being co-opted into the arena of patronage politics. Some NGOs, therefore, have chosen to embark on advocacy work for the establishment of a more favorable environment for cooperative development. Others, however, have sought to work closely with government in actively implementing its cooperative ventures. An NGO which chose to do the latter is the People's Livelihood Foundation (PLF) which set up the Tarlac Integrated Livelihood Cooperative (TILCO) in Tarlac Province. This is more popularly referred to as the PLF-TILCO. This was established by Bernabe Buscayno, more popularly known as Kumander Dante, the founder of the New People's Army (NPA), the military arm of the Communist Party of the Philippines (CPP). This paper seeks to examine the performance and problems encountered by an NGO which opts to work closely with government in its cooperative endeavor. Moreover, it will highlight the factors which have allowed the perpetuation of patronage politics in the cooperative arena.

A. The PLF-TILCO in the Shadow of the Aquino Administration

Upon his release from imprisonment after the 1986 February People Power Revolution, Dante Buscayno decided to embark on a cooperative venture to help alleviate the plight of his comrades, relatives and friends who formed the initial core of his NPA communities in Capas, Tarlac. The farmers of Barangay San Jose (not its real name), a core PLF-TILCO community welcomed such a move. Previously as tenants, the San Jose farmers, like the rest of the farmers in Central Luzon during the early 1900s, relied on their landowner to fulfill his role as a patron by attending not only to their economic needs, but also to their social concerns, e.g., education, emergency and medical expenses. But as their patrons became absentee landlords with most of the wealthy ones residing in Manila, the seat of power, the economic and social needs of the tenants were no longer accommodated. These concerns generally were left in the hands of the katiwala (caretaker or overseer) or the landowner's children who were not sympathetic to the farmers' plight. As has been pointed out, "the relationship of landowners not living in the village could more easily become bluntly exploitative; and, more often than not, the chances for class conflict in the rural areas increased" (Huizer:1980, p. 163). The situation worsened during the 1930s with the country's
rapid population growth and expansion of capitalism. Although there was an increase in the amount of cultivated land, only a few owned it. The majority of the peasants were desperate for landowners to parcel out land for them to farm. Furthermore, the landowners had the power to force a tenant to leave if he was not delivering enough profits (Kerkvliet: 1979).

This practice prevailed in the sugar haciendas and the rice industry where a number of San Jose farmers worked. It was not surprising, therefore, that during this period, tenants sought to gain back lands that were grabbed from them. Others demonstrated in front of Malacañang Palace demanding that the government purchase haciendas to be parcelled out to the tillers. Several disputes with landowners arose concerning "irrigation fees, division of the harvest, increase in land rentals, dismissals of tenants for unpaid debts, usury, abuses of landlords and overseers" (Constantino: 1975, p. 363). It was thus not surprising that the San Jose peasants would join the Huk movement. Dante himself joined one of Commander Sumulong's Huk bands operating in southern Tagalog during this period (Jones: 1989, pp. 27-28). Because of his disgust with "the gangsterism and lack of direction which the Huks had from the PKP", (Partido Komunista ng Pilipinas or the old Communist Party of the Philippines), Dante decided to ally himself with the faction of Jose Maria Sison who broke away from the PKP (Jones: 1989, p. 29). Thus, in 1969, Sison's new Communist Party of the Philippines (CPP) established a military army, the New People's Army (NPA) under the leadership of Dante. It was under the CPP-NPA that the San Jose farmers, together with hundreds of other Central Luzon farmers, managed to implement a "genuine agrarian reform" movement by forcing out their landlords and taking over their land. In effect, the martial law regime's agrarian reform program in 1972 only formalized the status of San Jose farmers as agrarian reform beneficiaries.

However, despite having their own lands to till, the farmers continued to live in a dire economic condition. Their situation was made worse by the area's militarization during the martial law period. The Marcos government did not extend any rural development assistance to the San Jose farmers despite their being agrarian reform beneficiaries. Thus, although the farmers had their land, averaging two hectares each, they did not have the capital or the technical support to make this profitable. In accessing capital, therefore, the farmers fell victims to the usurers in the area who would loan money at highly exorbitant rates, as much as 10 to 15 percent interest a month. These usurers lend in cash or in kind such as production inputs like fertilizers and pesticides. A farmer commented that the usurers had actually taken the place of the landlords (Encarnacion: 1993).
During the end of the Marcos regime in 1986, the average harvest of the farmers amounted to 40 cavans per hectare and since they have two planting/harvesting seasons (also referred to as croppings) a year they are able to get 80 cavans. This would fetch them around P14,000 a year, at P175 per cavan. For their production needs a year, they would generally have to borrow P9,600 from the usurers which is the amount needed for land preparation and transplanting. This included fertilizers, pesticides and seedlings as well as hired labor and agricultural machines such as a tractor and thresher. Because of the high interest rate on their loans, their production expenses reach as much as P10,560 leaving them with only P3,440 or only 25 percent of their earnings for the whole year. To add to their woes, the farmers also have to contend with rice millers and/or rice traders who dictate the palay price. In the Capas area, the farmers unanimously identified two major rice millers who were also their main usurers. One of them started out as a vendor and ended up owning the town’s biggest rice mill. The rice millers in the area were known to cheat the farmers when it came to the weighing of their palay (Encarnacion: 1993).

**NGO-GO collaboration in cooperative development.** Dante saw the cooperative as a means to alleviate the plight of the farmers. For his cooperative to succeed, however, he saw the importance of tapping government resources in terms of credit, infrastructure and technological resources (Buscayno: 1990). One way by which he sought to attain this was to gain the support of then President Corazon C. Aquino. Mrs. Aquino and the former NPA commander had a special relationship. The former’s husband, ex-Senator Benigno “Ninoy” Aquino was Dante’s political ally during Marcos’s authoritarian rule. The Aquino administration viewed support for the PLF-TILCO as a means to attract “rebels back to the fold” by enticing them to engage in development projects. Thus, Mrs. Aquino gave her all out “moral” support for the PLF-TILCO. This meant that the cooperative could easily access resources from the various government agencies knowing that this was a presidential pet project. Thus, the Department of Agriculture (DA), the Department of Agrarian Reform (DAR), the National Irrigation Authority (NIA) and other line agencies needed by the economic venture coordinated with one another in giving assistance to the cooperative.

Such “moral” support was given a further boost because the People’s Livelihood Foundation’s board of directors consisted of then Senate President Jovito Salonga and then Speaker of the House of Representatives Ramon V. Mitra. Together with Mrs. Aquino, they held the three most powerful positions in Philippine politics during that time. The composition of a powerful Board was
based on the advise of Mrs. Aquino to ensure that the cooperative would be able to get loans. Dante did not only enjoy the support of political patrons at the national level but also at the provincial level. The previous Tarlac governor through his Lingkod Tarlac Foundation Inc. (LTF), for example, provided the bridge financing for the cooperative’s post-harvest complex (P10 million) and access road (P5 million).

One of the government agencies which actively assisted the PLF-TILCO was the Technology and Livelihood Resource Center (TLRC), an agency under the Office of the President. The TLRC helped Dante in organizing the farmers and training its staff to do management and accounting work. The PLF-TILCO was supposed to be the model project which would show how government support can lead to the empowerment of the community members and transform them into active participants and leaders of their own economic development (TIPLP:1988). TLRC, thus, worked closely with Dante in conceptualizing the PLF-TILCO’s goals and objectives. More important, the agency helped the cooperative in accessing government loans or grants for implementing this program. TLRC was also highly responsible for facilitating the DAR’s Dutch Rural Development Assistance Program (DRDAP) loan of P24 million to the PLF-TILCO for post-harvest facilities (PHFs).

Another government agency which immensely assisted the PLF-TILCO was the Land Bank of the Philippines (LBP). When the cooperative was just starting, Dante approached the LBP for the initial loan for his organization. At first, the Bank president was hesitant. When Dante told him that the government would have to spend more quelling an insurgency than promoting a livelihood project like a cooperative, the Bank president agreed and lent the economic venture an initial P2.5 million for its 500 members tilling more than 1,000 hectares of land. Because the PLF-TILCO was not only able to pay this back but also kept up a 100 percent repayment of loans, its LBP credit line increased to P50 million. The LBP and the TLRC were, therefore, the major government agencies which helped the PLF-TILCO during the first phase. The former in terms of loans while the latter in terms of credit as well as grants and technical assistance.

Government assistance to the cooperative immediately had tangible results. In October 1988, the economic venture was formally launched in six barangays in Capas with 506 farmer-beneficiaries tilling an area of 1,019 hectares of rice and averaging about 0.5 to two hectares each. In less than two years, the total number of regular active members jumped to 3,911 tilling approximately
8,000 hectares of farm land. And by 24 April 1990, the cooperative had 4,933 regular active members tilling approximately 10,312 hectares of land. The peak of the PLF-TILCO expansion was reached in the June 1991 first cropping when the economic venture's barangays swelled to 83 from the original six and the farmer-membership reached 11,150 from the initial 506. Moreover, the number of PLF-TILCO farming hectares multiplied to 20,636 from the original 11,970. The economic venture at that time operated in three provinces, namely, Tarlac, Nueva Ecija and Pampanga covering 11 towns. Together with its membership expansion was the increase of its employees. From the original 16 employees in 1988, the number reached its peak of 197 in March 1991. The organization was paying a total of around P425,000 per month in salaries (PLF-TILCO: 1991).

The economic venture was also transformed from a primary-purpose cooperative producing rice into a multipurpose one with activities ranging from rice marketing to reforestation. The expansion of its economic endeavors brought about a more complex bureaucracy. The PLF-TILCO's centerpiece was the rice industry mainly because 99 percent of the farmer-beneficiaries are affected by it. As of 1990, rice was the most important commodity in the cooperative business. It consisted of 55 percent of the total volume of the business. The other 45 percent represented business related to rice production and marketing such as trucking, milling and storing of rice in cooperative facilities. PLF-TILCO was able to increase the low yield of the Capas farmers from an average of 40 cavans per hectare to 80 cavans per hectare. It also successfully transformed the cooperative from a mere rice-producer to a marketing organization. During its initial couple of years, it was able to effectively compete with the middle traders who have taken advantage of the farmers over the past decades by buying their rice produce at a low price and selling this at a high rate.

The farmer-beneficiaries were unanimous in saying the low interest loans they received (12 percent per annum) helped them a lot. The arrival of the PLF-TILCO lowered the usurers' interest rates to around five percent per month which was still higher than that loaned by the cooperative. The farmers were also happy to receive technical assistance, including land preparation and crop protection, which was mainly responsible for increasing their harvest to around 80 cavans per hectare on average. Some farmers would get yields of 120 cavans per hectare. The cooperative members also welcomed the luxury of having their agricultural inputs such as fertilizers, seedlings and pesticides, delivered to them. The construction of farm-to-market roads in the various PLF-TILCO barangays and the establishment of PHFs, such as, warehousing, drying, milling, grading
and marketing, at the heart of the original PLF-TILCO areas made it easier for the farmers to market their produce and at the same time fetch a higher price. A reason for the latter is that dry palay fetches a higher price than wet palay. In the process, the farmers also learned the intricacies of grains trading. The PHFs’ long-term goal aimed to transform the farmers from grain producers to businessmen. All of these brought about an increase in the farmers’ income. With 80 cavans per hectare at a selling price of P250, the farmer was now able to fetch P20,000 per harvest or P40,000 for twocroppings in a year. Their production loan when the PLF-TILCO began in 1988 amounted to P9,600 for the whole year and at one percent interest for 12 months, their total loan reached P9,696. Thus, their net gain for the year was around P30,304 as compared to the previous P3,440 resulting in a 781 percent increase in profits for the farmers. The PLF-TILCO also became an important source of employment for the beneficiary communities. Moreover, the PLF-TILCO personnel received salaries higher than the prevailing rates in the industries in Capas. Employment of over a hundred people was made possible because of the diversification of the PLF-TILCO into various areas of activities. For at least the first three years, the PLF-TILCO was able to meet the farmers’ needs in terms of access to credit at low interest rates and technical advice. The cooperative also enjoyed a 100 percent repayment of loans.

The limitations of NGO-GO cooperation. Massive government assistance to the PLF-TILCO was, however, not adequate to confront the power of the rice cartel or the middle-traders. During its first two years, when the PLF-TILCO was not yet that big, the cooperative succeeded in increasing the selling price of rice giving the farmers a better deal. This was possible because the cooperative was not yet milling its palay and was not burdened by marketing problems. But once it started to mill its own palay, the cooperative had to identify new outlets since most of these markets were already controlled by the big ricemillers. This experience reveals that no amount of government assistance can insure a cooperative’s success unless an adequate marketing scheme is in place. Such a scheme, unfortunately, was not provided for by the government and particularly, the PLF-TILCO’s primary lending agencies. The LBP, for example, was just content with giving out loans while the TLRC believed that with the PHFs and the extension of soft loans, the PLF-TILCO and other cooperatives it supported would be able to resolve the marketing problem.

The TLRC also attempted to form a marketing association among the cooperatives, by linking these with consumer groups such as the Parañaque Home
Owners’ Association, but to no avail. The National Food Authority (NFA), the government agency tasked with purchasing the farmers’ palay, could not help either due to limited financial resources. It can only buy ten percent of the nation’s rice produce. Because of this, the PLF-TILCO was not able to pay all of its loans. Moreover, it was not able to give the production loans needed by its members for their farming expenses on time. This led the farmers to turn to usurers. The farmers claimed that the usurers will always be there unlike the PLF-TILCO and therefore looked at the usurers as a more reliable source of credit.

Cooperative mismanagement led to the members’ massive loan default. Foremost of this was the cooperative’s rapid expansion which saw capital from the production loan division transferred to other cooperative ventures which sometimes resulted in the delay in the provision of the farmer’s production loans; worse, there were not enough loans to give out for agricultural inputs. From hindsight, Dante pointed out that TLRC, for example, could have put the brakes on the cooperative when it was rapidly expanding with the generous loans being extended to the organization. With its “professional managers”, the TLRC, according to Dante, should have assessed the situation first before extending more credit. Dante, felt that since the loans were available, there was room for expansion. The PLF-TILCO’s inability to give the farmers their production loans on time led the members to seek the economic assistance of usurers and middle-traders even at usurious rates. Thus, when payment time came, most of the members could not pay back their loans, especially those owed to the cooperative.

Another problem is the corruption in the bureaucracy which went unchecked. Some of the cooperative technicians and coordinators who were tasked with giving the farmers’ production loans as well as collecting their payments, for example, would spend the money they would get from the farmers. There was also the absence of popular participation in the cooperative which led to the farmers’ perception that the cooperative was not theirs but Dante’s or the government’s. This was because decision-making within the organization was highly centralized with Dante making all the policies, sometimes in consultation with the officials of government agencies.

Reinforcing the farmers’ perception of a patronage relationship. Because of the massive assistance which the Aquino government poured into the PLF-TILCO, its members began to view their economic venture as a “government project”. They further commented that without the help of President Aquino,
their economic venture would not have been a "success". This perception was further reinforced when they would see Dante run to the government for economic assistance in times of crisis. In 1991, for example, when the PLF-TILCO was having a difficult time marketing its rice because of the LBP's change of policy from accepting payment in cash or kind to just accepting cash, the TLRC extended a P25 million soft loan to the cooperative. Because of this, some of the farmers did not regard the cooperative as their own, even going to the extent of hiding their harvests from the PLF-TILCO or joining other cooperatives to avoid payment. Such an attitude was also strengthened by the absence of popular participation in the cooperative.

For the farmers, however, this did not seem to be a problem for as long as the PLF-TILCO was able to serve their needs. They came to depend on Dante not only for the cooperative's sustenance but also to perform tasks which their previous landlord performed. This included economic and social functions, e.g., financial assistance not only during periods of emergencies but also for social occasions such as baptisms and fiestas. Relatives, comrades and friends all expected to be given employment in the cooperative. Thus, there emerged the perception that the cooperative was a source of patronage. When the members were in need of financial support, for example, they would go straight to the PLF-TILCO head and instead of making the recipients work for their own livelihood, the cooperative did everything for them. Dante thought he was doing the farmers a favor but this only further reinforced their dependence on him. Such a relationship, therefore, seemed to emulate the patron-client relationship which the farmers enjoyed before.

As pointed out patronage and clientelism is further seen in the peasantry's preference for a system of tenancy or dependency in which the landlord/patron protects his tenant/client against ruin in bad years and an officialdom which, at the very least, made allowances in periods of dearth... In those days, therefore, landlords were acceptable to the extent that they acted as patrons — to the extent, that is, that they used their surplus to provide crisis subsistence insurance to their clients. The peasants held a set of concrete role expectations about the legitimate use of economic power... (Scott:1976, pp. 41 & 51)

The PLF-TILCO's role as a patron was supported by politicians and government functionaries who saw the cooperative as a source for electoral votes.
This was seen when Mt. Pinatubo erupted and the ashes spewed out by the volcano destroyed the farmers' harvests. The farmers and Dante claimed that the LBP president, during Senator Ramon V. Mitra's 1992 presidential campaign, told them that those who were adversely affected by the volcanic eruption no longer had to pay back their loans. The problem, however, was sustaining such a support. The 1992 national and local elections ushered in a new set of politico-economic elite in power who did not give the same support to the Aquino administration's model cooperative. The LBP, for example, had a new president who told the PLF-TILCO that it had to pay for all of its members' loans. This therefore placed Dante in a predicament. Every time he attempted to collect from his members, they told him that their loans had already been absolved by the LBP. They even accused Dante of collecting their loans for his own personal needs. At the moment, the PLF-TILCO has an outstanding loan of P42 million to the LBP.

The NGO debate on state support. The PLF-TILCO experience, therefore, highlights a sensitive aspect of NGO-GO collaboration in cooperative development. Despite the cooperative's dependence on the government for assistance, Dante had always stressed that these loans are to be paid back by the farmers in an attempt to eradicate what he refers to as the peasant's “dole-out mentality”. What made state support to the PLF-TILCO quite controversial, however, was the perception that this was made possible largely by Dante's special relationship with President Aquino. Thus, there was the tendency to look at government assistance to the PLF-TILCO as a form of patronage which was not accorded other cooperatives in the country. Secondly, some have looked at such a support as an attempt at state co-optation, i.e., buying off a revolution in exchange for financial assistance to a former NPA commander's economic endeavor. Critics also point out that relying on government resources is not the way toward self-reliance but it only brings about dependency.

On this point, Dante argued that he was accepting loans not grants. In other words, he was well aware of the farmers' constant search for a patron and he had continuously stressed to them that the money they had received from government would have to be paid back. Furthermore, the ultimate aim of the organization was to wean itself away from these lending institutions once it was able to build up its own capital. Thus, state support, in general, was perceived not as an end in itself but a means to strengthen the beneficiaries to be on their own in the long run. The ultimate goal is to wean itself away from such external assistance by generating capital from within. Dante's approach therefore, is representative of the NGO sector which has sought close collaboration with
government to initiate development projects in the countryside. Some would refer to this as the NGO’s goal for “claim-making”. The benefits of state support, as previously pointed out, was mainly seen during the first three years of the PLF-TILCO.

Excessive state support, however, also produced severe repercussions. Thus, the members did not look at the cooperative as their own. Such an attitude emerged understandably since the farmers would see Dante turn to the government every time he needed capital for the cooperative and the government would oblige during the economic venture’s first three years. Through the years, the farmers could not wean themselves away from the NGO while the NGO could not wean itself away from the government. Moreover, being the government’s model-cooperative, the state agencies went out of their way to give financial support to the Buscayno venture even if it was already having problems paying back its loans. Furthermore, it was difficult to sustain and institutionalize a crucial factor for the initial success of the cooperative: the founder’s political will and generous support from government benefactors. Thus, the PLF-TILCO’s success lies also in the nature of the major political actors who supported it. Once its patrons were no longer in power, the assistance also stopped.

As has been pointed out, such is the nature of elite democracy where one witnesses the battle of the factions of the elite for resources and its disbursement is determined by their personal needs and interests. Thus, the emergence of an unsympathetic elite to the Buscayno experiment witnessed the stoppage of loans to its organization. Unfortunately, when this happened, the cooperative was still suffering from the effects of the Mt. Pinatubo eruption. In this sense, the NGO’s situation seems to be similar to that of the elite factions which have become dependent on the state for the supply of patronage resources and ultimately control over scarce land and capital. Because of this, such a class which is dependent on the state is vulnerable to any events (for example, a prolonged recession or a major political change) that might jeopardize their access and influence. Their chances of survival will depend on their ability to “sink or swim depending on the resources for patronage, profit and control the state can put at its disposal” (Scott: 1986, pp. 312-313) Such a situation occurred in the PLF-TILCO when it still could not wean itself away from government support.

B. Struggling it out with a “Feudal Crop”

Despite its massive loans and desertion by its cooperative members, the PLF-TILCO still managed to present itself as an alternative to the farmers after
the Mt. Pinatubo eruption. Its initial challenge was to convince the farmers to shift from rice to sugar. Unlike sugar, rice is dependent on an abundant supply of water which was no longer available in the PLF-TILCO community since the lahar flowing down from Mt. Pinatubo’s slopes dried up the irrigation system. This continued to happen every year since the volcano’s 1991 eruption, particularly during the rainy season. The farmers did not need much convincing. As one of them pointed out, it was no longer profitable to plant rice because he could only plant/harvest once a year. Thus, in November 1991, PLF-TILCO planted its first sugarcane in 500 hectares of land with around 741 farmers. (See Montelibano: 1994 for an account of the organization’s first years of sugarcane planting.) A Land Bank officer estimated that in the whole of Capas, around 75 percent of the farmers shifted to sugar while in the PLF-TILCO, almost 90 percent are currently planting this crop.

The farmers realize that there are advantages as well as disadvantages in planting sugar. Unlike rice, for example, sugar, is not a high risk commodity because it is not easily affected by typhoons and drought as well as insects which can damage it like balang (locusts) or tungro (an insect which destroys palay). Sugarcane, Dante says, is a very durable plant and, at the moment, it is a very dependable source of income. The farmers generally agree with this view. As one of them pointed out, they do not have to spend as much for sugarcane as they do on rice. PLF-TILCO’s production loan for each member is around P18,000 per hectare for one planting season and this is good for the next three years. After the first sugar planting, the farmers just have to spend around P3,000 per hectare for the next two years. So for three years, the total amount needed for sugarcane production is around P24,000. In comparing the earnings derived from sugarcane and rice, a farmer said that despite the two harvests for rice, he still profitted much less than he did from sugar. For example, during the last sugarcane harvest, he earned P60,000 for his three hectares or P20,000 for one hectare. When he used to plant rice, he would only earn this amount after three rice harvests.

Sugarcane production, however, needs expensive technology such as machinery for planting, harvesting and hauling. This would also require hired labor, unlike rice where the farmers can get their family members to plant and harvest and thus keeping the profits within the family. Sugar also has less value-added than rice for the farmers. This was because, as rice producers, the cooperative had its own post-harvest facilities (PHFs) which could mill the rice thus fetching a higher price for it. In the case of sugar, the farmers have to sell it in its raw form because sugar milling is highly mechanized. If the farmer will mill the sugar...
manually, he only gets 50 percent of the total produce as compared to 100 percent if he does this with a high-powered machine. Because of the current state of irrigation, most farmers prefer to plant sugar and they are happy that this cash crop has been earning them a good income. But, given a choice, and with irrigation, the farmers are quite unanimous that they would want to go back to rice cultivation because this is the staple food. They are aware that sugar is very much dependent on the world market, thus its price is subject to fluctuations. But as for rice, the farmers assert that even if they do not sell it, they will still survive because they will have food to eat. Thus, some farmers who have two or more hectares of land and a deep well that can provide irrigation, devote one hectare to the planting of rice.

The perpetuation of patronage politics in the sugar industry. The general exploitative nature of the sugar industry adds to the farmers' problems. The community, for example, has to contend with a new set of economic elites who control the sugar industry, i.e., Mrs. Aquino's family, the Cojuangcos, who own the Central Azucarera de Tarlac (CAT). Being the only sugar mill in the area, the Tarlac sugarcane growers have no choice but to bring their produce to the Central. The Central, which is also referred to as the Hacienda Luisita, is located in Capas and covers 11,316 hectares of land and has its own sugar central which is capable of refining 7,000 tons of sugar every day. The value-added, therefore, to the sugar, which results from the milling of the sugar cane, goes to the Central. In this kind of situation, the cooperative cannot also do the marketing of sugar as in the case of rice. Grains trading for the PLF-TILCO was its biggest money earner and for a while, it allowed the economic venture to cover up for some of the member's unpaid loans. In the organization's initial years, it helped to increase the price of rice for the farmers.

Marketing of sugar, on the other hand, is monopolized by the few sugarcane millers. Moreover, the farmers say that with rice they know right away how much they earned. But with sugar, they are captive to the Hacienda Luisita. Mang Pepe, a PLF-TILCO farmer, adds that at least with palay, the cooperative was able to raise its price for a time. But with sugar, the Hacienda dictates the price determining how many piculs there will be in one ton of sugar. It is reported that the Central Azucarera de Tarlac (CAT) gets 33 percent of the farmer's earnings. If the farmer is not happy with the 67 percent of the profit left to him, he cannot do much about it. This was unlike the situation when he was producing rice where he had several rice millers to choose from. Furthermore, a well-off farmer can even buy his own kiskisan (a small machine which mills rice). But this is not the case with sugar where only millionaires
can afford to own sugar mills. For the moment, the only sugar central in Tarlac is the Hacienda Luisita.

Aside from the CAT, the farmers also have to deal with the sugar planters who not only take charge of bringing their sugarcane to the sugar mill but also lend money to the farmers at usurious rates. Because of this, some have come to regard the sugar planters as the reincarnation of the farmer's previous landlord. Through the centuries, the Philippine sugar business has been known for having one of the most exploitative arrangements between the landlord and the tenant. The former usually charges high interest rates on loans forcing the tenants to incur a huge amount of debts. This was during the time when the landowner and the laborer (casamac or aparcero) agreed to farm the land and share the harvest with the former providing the seeds, food and money to support the laborer through the season. Repayment would come during the harvest season. However, the landlord would charge so high an interest rate that the tenants would not be able to pay, burying them in debt forever (Larkin: 1993, p. 31). The farmers are confronted by unscrupulous planters who seem to have replaced the landlords in terms of exploitative arrangements. If the middle-traders were the farmers' adversaries when they were rice producers, such a role has been assumed by the sugar planters. Dante laments that one age-old problem which persists in sugarcane production is the cheating of the farmers by the sugar planters. He compares the planter to that of the landlord who cheat his tenants, especially when it comes to counting the profits due to the farmer.

Adding to the farmers' helplessness is their inability to go directly to the Central. They have to rely on planters who are issued trip tickets by the CAT which gives them the right to have sugarcane milled there. Before he can get these trip tickets, a planter has to prove that he has at least ten to fifteen hectares of sugarcane. These trip tickets are an assurance that the farmer's sugar will be milled. As to when their sugar can be milled, the farmers are generally dependent on the planters. Another option of the farmers is to go to another sugar mill in Pampanga, run by the Pampanga Sugar Development Corporation (PASUDECO). This does not require the planters to be registered or have tickets in advance. The problem, however, is the transportation cost. The planters, thus, have complete control over the Tarlac sugar-producing farmers.

Once the sugar is brought into the sugar central, it can only be sold in the market by a licensed trader. It is the trader who dictates the sugar price. The trader also has the right to withdraw his sugar if he does not want it milled from brown to white sugar because the former fetches a cheaper price. This is
again unlike the rice industry where a license is not required to sell rice in small quantities. The sugar traders also give loans to the farmers for their production needs and as with the case of the sugar planters, the farmers most of the time are unable to pay back their loans due to their usurious rates. Like the planters, the traders also cheat the farmers.

Making the best out of an exploitative situation. In confronting the PLF-TILCO’s problems, Dante continued to solicit the support of former President Aquino. When the cooperative shifted to sugar production, Mrs. Aquino’s CAT purchased the first harvest. With the income the cooperative earned, it was able to buy eight second-hand five-tonner trucks (Montelibano: 1994, p. 28). In general, however, Mrs. Aquino has distanced herself from the PLF-TILCO. The former Philippine president has also established the Don Benigno Aquino Foundation to support cooperatives all over the country. Whereas before Mrs. Aquino concentrated mainly on assisting the PLF-TILCO, this was no longer the case. Furthermore, the Foundation does not lend money and when Dante went there to ask for a loan, they asked him to go to the LBP. Now that she is no longer president, Mrs. Aquino seems to have opted to treat her previous government model-cooperative in a business-like manner. This is probably understandable since she no longer has vast government resources at her disposal. Her Foundation is, however, still willing to help the PLF-TILCO but only after it does an audit of the organization with the assistance of the DAR and the LBP. The auditors are looking into how some of the economic venture’s assets may be disposed of so that this may cover the organization’s LBP loan. In the meantime, the CAT has been quite generous in giving trip tickets to the PLF-TILCO to have its sugarcane milled there. This is a big help to the organization because it can compete with the other sugar planters for the farmers’ sugarcane produce. Such a competition is quite stiff considering that Central cannot mill all the sugarcane brought to it.

Another way by which the PLF-TILCO attempted to prevent the exploitation of its farmers by these unscrupulous planters/traders was to resuscitate its credit line from the LBP. However, the LBP was only willing to do this if the cooperative paid back all its loans. To pay for the bulk of the loan, the PLF-TILCO sold its assets such as its trucks and its animals as well as relied on the cooperative’s earnings. Dante laments why LBP is not helping them out in their situation when it is also partly to blame for the PLF-TILCO’s current situation. It was pointed out that the Bank should have closely monitored the loans to the cooperative. It was noted that sometimes production loans are used for paying unintended bills such as the college education of the farmers’ children.
It seems that the organization’s nonrepayment to the LBP is not an isolated case. When a new leadership emerged in the LBP after the 1992 national elections, the agency did some “soul-searching” of what went wrong with the cooperatives which they have funded particularly with their own model-cooperative, the PLF-TILCO. A result of this was a Bank reorganization in 1994 and the emergence of seven new criteria to guide the agency’s extension of credit to cooperatives. The criteria took note of the following: membership, operations, leadership, management, capital build up, books of accounts, business operations and financial status which are expounded by the lending institution and other departments in their proposals for the PLF-TILCO’s rehabilitation. Together with the TLRC and the DAR, the LBP has given similar suggestions for resuscitating the PLF-TILCO. This included the hiring of competent people and operating the ricemill by leasing it to outsiders. The TLRC has also agreed to restructure the P25 million loan of the PLF-TILCO. DAR, on the other hand, has promised to assist the PLF-TILCO in collecting back its loans from the farmers.

The peasantry’s alternative. The problem of the PLF-TILCO and government agencies is how to convince the farmers to pay back their loans. For the moment, the members seemed to have abandoned the PLF-TILCO because of its lack of capital. They now rely on the sugar planters/traders for capital. However, there are still members who try to avoid paying their loans to the organization by claiming their harvest got burned but, in reality, they have already harvested their sugarcane and sold it off to a planter. It is within this context that the nature as well as the value of the cooperative also seem to be lost among the farmers as a number of them do not see any difference between the cooperative and the planters. In fact, most of them refer to the PLF-TILCO as a planter since it is the one providing them with the production loans and inputs for sugar planting and during harvest, transporting their sugarcane to the Central for milling. Thus, the members do not make a distinction between their organization, which is supposed to be helping them, and the planter who is just concerned with extracting profit from the farmers.

Furthermore, the farmer always tries to see where he can get a better deal. One way in which he does this, Dante notes, is by sneaking out his sugarcane harvest and giving this to a planter who is willing to give him a loan during his time of need. Thus, the organization has to continually compete with these planters. As a former cooperative manager puts it, these farmers are trying to find themselves a “landlord” or haciendero who can give them the best deal. The “best” arrangement could either come in the form of a bigger or faster loan. Some farmers said that they are willing to leave the cooperative if it cannot give...
them credit right away. They can get credit from a planter despite a higher interest rate of five percent instead of the two percent which the cooperative gives. The refusal of the farmers to pay back their loans to the organization was further illustrated when a cooperative special assistant put forward the possibility for farmers, who were still growing rice, to bring their harvests to the PLF-TILCO rice mill. She was told that the Capas farmers who still have loans with the organization are quite reluctant to have their rice milled by it for fear that Dante would deduct from their earnings the money which they still owe the cooperative. A DAR officer tries to rationalize the situation by saying that the farmers think this way because they see Dante as one of them, i.e., he is also a peasant who is helping them so why should they pay him.

The farmers’ attitude may also be due to their lack of participation in the decision-making process in the cooperative as was also the case during the organization’s rice-producing stage. General assembly meetings, when they are called, are not well attended. A seemingly much deeper problem, however, is the need to professionalize the cooperative’s management. The PLF-TILCO, for example, tries to prevent farmers from hiding their harvests by keeping close watch on their sugar fields particularly when it is near harvest time. So far, Dante claims that this has worked. Furthermore, he decreed that a member should no longer be allowed to sell his sugarcane to another planter/trader because the member needs the money right away. He also declared that from now on, the cooperative would work with the farmers in a businesslike and straightforward manner. The former PLF-TILCO head is optimistic that the members will also learn to deal in this way, as in a business enterprise. This also means that the former NPA commander will stop acting like “patron” to his members. Part of the goal to professionalize the cooperative was also to get rid of PLF-TILCO employees who abuse the farmers. Hopefully, these measures will make the farmers reconsider the value of the cooperative as an alternative form of economic survival.

Conclusion

The PLF-TILCO experience reveals that the cooperative can play an important role in filling up the void which the government has left in the area of rural development support for agrarian reform beneficiaries. Despite the fact that the farmers now “own” the land they till, they still need the agricultural support in terms of capital, infrastructure and technical know-how which the government does not adequately provide for them. It took an NGO like the PLF-TILCO to access these resources for them. It is particularly advantageous
for government that a former revolutionary is now taking the initiative to provide a peaceful alternative to former rebels who are his target-beneficiaries. The least it could do now is to assist this leader in his endeavor. Being a government model cooperative, however, massive assistance continued to be given to the PLF-TILCO even when it was already having difficulties in paying back its loans. This further reinforced the farmers’ perception that the PLF-TILCO is a government project and that it is up to the state to save them from bankruptcy. This attitude was further reinforced when the LBP leadership initially absolved them of their loans after the Mt. Pinatubo eruption. The cooperative’s economic decline was further aggravated by management problems such as the rapid expansion of the organization and the absence of popular participation on the part of the members. The latter increased the leadership dependency of the members on Dante to do everything for them. All of these has led to the perception that the PLF-TILCO is a source of patronage. In its sugar-producing stage, the PLF-TILCO continued to have a difficult time in cutting its umbilical cord from its patron, Mrs. Corazon C. Aquino. It is through Mrs. Aquino that the cooperative is able to gain access to the CAT. Despite this, however, its millions of debt to the LBP and the TLRC has severed its ties from its main sources of loans. As a result its members have accessed sugar planters/traders for loans even at usurious rates.

A positive aspect of the PLF-TILCO’s demise, however, is that it has forced the LBP as well as the TLRC and other agencies involved to think of ways and means to avoid the problems that paralyzed the cooperative’s activities. This was mainly brought about by the farmers’ refusal to pay back their loans. Some would view such peasant actions within the context of what is referred to as “everyday resistance” which is described as:

> the ordinary weapons of many subordinate groups — ranging all the way from clandestine arson and sabotage to footdragging, dissimulation, false compliance, pilfering, slander, flight and so forth”... such resistance requires little or no coordination or planning. And they represent forms of self-help... and are underwritten by a sub-culture of resistance (Scott & Kerkvliet:1986, p. 1).

Such peasant (re)actions could actually result in a kind of resistance to the power of capital which may provide a strong basis for a counter-hegemonic
coalition formation (Cultures and Development: 1995). As White explains, this resistance can be of the following form:

*although it does not threaten to overthrow the exploitative system, it contributes to peasant participation in the elaboration of a new system... in the absence of the effective political means for the peasant to express their own interest, the passive power of noncompliance with certain government policies may be the peasant's most effective method for forcing modification in the new system (an insight derived from the 'everyday resistance' approach) (White: 1986, p. 49)*

The PLF-TILCO provided its farmers an arena whereby such active resistance could be expressed through the cooperative. The challenge now is to sustain this and transform the cooperative as a vehicle for survival not through patronage politics but through empowerment.
One ton of sugar is generally equal to one picul depending on the purity or sugar concentration of the sugarcane. When the sugarcane, for example, is not yet that mature and is harvested, then it would have a lower purity than mature sugarcane. Usually, the sugarcane harvested during October does not contain very pure sugar and, therefore, one ton does not sometimes equal one picul. One picul, on the other hand, is equal to 64 kilos of sugar. Sugar is classified into three classes A, B, and C, with A being the most refined and expensive.

The Barrio Guarantee Fund (BGF) was built up from one cavan of palay per hectare (or its equivalent in cash) that would be contributed by every SN member. Even the non-agrarian beneficiaries who are members of the organization were made to contribute. The BGF was also deemed to guarantee the land amortization of members who are land reform beneficiaries as well as partly for insurance premiums.

The CAT can only mill sugar for five months, i.e., from October to April. The sugarcane which Central cannot mill is turned into something else like panocha, a sweet candy made of sugar and peanuts. The reason for this constraint in milling time is that before October, the absolute purity of the sugarcane has not yet been reached so it is useless to mill this. Thus, they prefer to close the sugar central from May to September in order to save on labor and machinery costs. May is also the start of the rainy season. Even come October, the 100 percent purity of the sugarcane is not yet attained but the CAT will already start milling in an attempt to meet all of its quota. For the sugarcane which was not milled, the sugar central pays a certain fee for this to the planter. Even during the milling season, the CAT puts aside three days a week, i.e., Monday, Wednesday and Friday to mill their own sugar and the rest of the days, i.e., Tuesday, Thursday, Friday and Saturday for its clients. If the sugar price is low, Central gives the farmer a choice of whether or not the sugar would be milled. If the farmer chooses not to, then the sugarcane is stored in a warehouse until it can fetch a higher price. But as a farmer pointed out, because there is a charge for storing the sugarcane, it might turn out to be quite expensive so he might as well sell the sugarcane even at a cheap price. For cooperatives, in general, Central is still in the process of drawing up a policy of privileges for these rural organizations.
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