THE SUGAR BLOC: PROBLEMS AND OPPORTUNITIES*

by
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I. Introduction

A year before the end of the Marcos government, the fall of the sugar industry was dramatized when *Asia Week Magazine* featured on its cover an emaciated child allegedly a child of a sugar worker in Negros Occidental. The journalistic intention of a malnourished child on the cover may have been to depict the impact of poverty and hunger on the thousands of people, especially workers, who were dependent on the industry for their livelihood. The province is identified as a former rich center of the sugar industry in the West Visayas, at the same time, the hardest hit by the failure of the industry. The set-back on the sugar industry had caused economic losses to planters and millers in the province while poverty and related sufferings besieged the masses of workers. While social reformers were happy at the turn of events, many jobless and poor people found repose by joining the insurgents.

The main issue that many were concerned with, then, was why the sugar industry had reached its ebb when it had always been traditionally regarded as the backbone of the Philippine economy. It seemed unbelievable to think that the industry could self-destruct when it was considered the life-blood for both rich and poor in the industry. Looking at the government policy for the industry, it is specially noted that as a result of the Cuban crisis, the industry's expansion was boosted during the 1962-1967 period with the increase of the sugar quota to the United States. This encouraged the building of more sugar centrals under loans

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and grants, at the same time the planting of more sugar cane by converting rice fields and other lands.

Whether there was error in the decision or not, the point is that, there was a positive direction by government to assist the development of the sugar industry. By the 1970's, however, there was a change in the direction of government policy with regard to sugar financing, production and marketing. In 1974, the Sugar Quota Administration, which was then in charge of sugar exports, was abolished by the end of the Laurel-Langley Agreement. President Ferdinand Marcos announced that there was going to be free enterprise in sugar trading. However, contrary to the announcement, new sugar agencies were created in 1977 which in effect implemented the state trading policy allegedly intended to assist the industry. Presidential cronies from the sugar provinces headed the government agencies assigned to manage the sugar industry and its trading aspect. The government agencies created were the Philippine Sugar Commission (PHILSUCOM) which took charge of the production policy and the National Sugar Trading Administration (NASUTRA) which took care of the marketing arrangement which was a government monopoly. The NASUTRA replaced the Philippine Exchange Company (PHILEX), a subsidiary for the insurance requirements of the Philippine National Bank (PNB) which was earlier given the additional task of taking care of the marketing of sugar after the immediate abolition of the Sugar Quota Administration. Previously, there were private trading companies engaged in sugar trading for the country.

This paper presents the economic elites of the sugar industry, traditionally referred to as the sugar bloc, and their role in the rise and fall of the industry. Although in the past there was a perennial conflict between the planters and the millers in Philippine politics, especially in the province of Negros Occidental, the sugar bloc had been known as the power bloc whose concern had always been the promotion and the protection of the industry for their own economic interests and for national prestige. The bloc also had the reputation as the maker of politicians, from the President to the Congressmen, the Cabinet, down to the local leadership. The bloc had been cited in many instances to have wielded tremendous influence on national policies in the Philippine political milieu. But this paper will focus on the interaction of the factions and forces in the sugar bloc in the 70's which resulted into what the sugar industry has become today.

This paper has three main parts: the background of the sugar industry, its traditional structure, the policy changes in the 60s and the 70s and their implications; the politics of the sugar bloc as a traditional power bloc, the internal cleavages and factionalism and the role of the new oligarchy in the sugar bloc which brought about the sad fate of the sugar industry; and a discussion of some important problems of the sugar industry. The conclusion presents the prospects for the sugar bloc as a power bloc after Marcos.

II. The Nature of Sugar Policies

Sugarcane plantations were abundantly cultivated during the Spanish period in the islands of Negros and Panay in the Visayas and the provinces of Pampanga and Tarlac in Luzon. Sugar was produced by animal-operated mills in small farms and big *haciendas* in commercial quantities for the domestic market. The international market for sugar began in 1855 through an Anglo-American trading firm in Manila. The sugar industry developed in these provinces through time and later expanded to other areas. When the sugar industry achieved its international market, steam mills with the capacity of six to twelve horse-powers were introduced to replace the old mills. In Negros province, the *hacienda* system was managed by the landlords while in the Luzon provinces, the tenancy system operated.

Sugar production and its export into the world market reaped profitable returns for the sugar planters in these provinces. Considerable wealth was therefore accumulated by those engaged in the sugar industry. This gave rise to a class of wealthy regional elites who had wielded their influence during the critical period of the country's political development. In the province of Negros Occidental, the elites of the sugar industry, commonly referred to as the hacienderos, played an important role in the revolution against Spain. They had put up a Republic of Negros, distinctly separate from the Aguinaldo Republic in Luzon, as a result of the triumph of their own struggle against the Spaniards in the province. While at first they were for the preservation of their independent republic against American rule in the Western Visayas, the political elites finally accepted the establishment of that rule in the islands at the prospect of a better economic future for the sugar industry.

The sugar planters perceived the American market as a lucrative market and outlet for their sugar. Even during the Spanish period, their sugar was traded abroad through the Anglo-American firm in Manila, known as Matheson, Jardin and Davies, Inc., which also provided crop loans to assist in their production. When American rule was established in the Philippines, the planters lobbied both in Manila and in Washington, D.C. for Philippine sugar to be granted duty-free quota in the U.S. market. The outcome was the Payne-Aldrich Act in 1909 which granted the Philippines 300,000 short tons of duty-free sugar. In 1913, the United States allowed free trade with the Philippines which provided for duty-free products in the U.S. market. But by May 1934, the Jones-Costigan Act known as the Sugar Act was passed by the U.S. Congress to protect the American sugar growers from foreign competition. It regulated U.S. domestic production and set a quota system on imports. Philippine sugar export was, therefore, affected by the limitation. The Sugar Act was later amended in 1937. It allocated the U.S. import requirement by countries. The Philippines was allocated 15.4% of the U.S. needs. Earlier in 1935, the Tydings McDuffie Act had set the Philippines' duty-free quota at 980,000 short tons, thus payment of duty shall be made only on the excess over the absolute quota set by the 1937 Sugar Act.

When the Philippines finally obtained political independence in 1946, the Bell Trade Act, later referred to as the Philippine Trade Act, provided for reciprocal trade between the United States and the Philippines, particularly for the traditional agricultural exports. While in 1948, the Sugar Act provided a sugar quota of 980,000 short tons, the application of the Philippine Trade Act provided for a gradual increasing duty on sugar entering the United States. But by 1954, the provision was amended by the Laurel-Langley Agreement which shortened the duration of the reciprocal trade until 1974, instead of the original 99 years, and the increasing duty was reversed to favor the Philippines. The Philippines would avail of the U.S. market until 1974, at the expiration of the Laurel-Langley Agreement. The perception in the country at that time (1954) was that the expiration of the Laurel-Langley Agreement would bring to an end U.S. domination of the country's traditional exports especially sugar. The end of the colonial relationship would also allow the country's traditional agricultural products to compete in the international markets and to avail of whatever favorable price there would be.

The political change in Cuba after the Castro revolution in 1959-1960 favorably benefited the Philippine sugar industry. Earlier, the U.S. Sugar Act provided for a higher quota for President's Batista's Cuba but in 1961 all the U.S. imports from that country were cancelled. The Cuban sugar quota was distributed to other countries including the Philippines, whose quota was increased to 30.9% of the U.S. requirements. By 1962, the Philippines was expected to supply the United States at least 1,050,000 short tons, which was 70,000 short tons higher than its original quota. Other countries in Latin America provided the 69.1% U.S. needs. From 1965 to 1973, the country's export quota to the United States was increased from 1,200,000 short tons to 1,600,000 short tons. In 1983, President Marcos encouraged the sugar planters to produce as much as 300,000,000 short tons of sugar, which was unrealistic in relation to the financial climate for sugar production.

The abrupt increase in the Philippine quota encouraged the sugar planters, especially in Negros and Panay, to expand the sugar plantations by converting more lands for sugar cane fields. The historian Alfred McCoy noted that this move of the sugar planters proved to be counterproductive because the cultivation expanded to the marginal forest and rice lands that were not conducive for growing sugarcane. He believed that the planters should have utilized more intensively the existing sugar plantations by using mechanized farming instead of the traditional labor-intensive, low- waged farm workers. He cited this as the inefficiency of the sugar industry.[1]

The government under President Macapagal had adopted a policy of financing to assist the sugar industry. In the 1962-1963 period, he allowed two sugar centrals to be built in Negros, the First Farmers Milling Company and the Agro-Industrial Development of Silay-Saravia (AID-SISA), in addition to the already existing 22 sugar mills.

The Marcos administration, which started in 1965, continued the policy of expansion of the sugar mills to support the sugar industry. From 1965 to 1974, 14 more sugar mills were constructed. By the end of 1974, there were 38 sugar mills all over the country.[2] The construction of the new mills was funded by the Philippine National Bank (PNB) and the Development Bank of the Philippines' (DBP) loans as well as foreign financial sources. In effect, the expansion of sugar mills also broke the monopoly on sugar milling, traditionally controlled by the *centralistas* interests in the sugar bloc. The owners of sugar mills were a handful of old families, and some Spanish and American interests. The traditional conflict between the planters and millers factions in the sugar bloc was due to the millers' practice of imposing a high percentage of shares as fees for the sugar milled in their mills belonging to the planters, fanned by the suspicion of the planters that they don't get back from the mills all the sugar that belonged to them.

Prior to 1974, the marketing of sugar, which was the payment in kind for the PNB crop loans, was assigned as an additional function of the PHILEX, a PNB subsidiary originally in charge of the bank's insurance requirements. At that time, the private sugar trading houses took care of marketing sugar owned by the private sector. The sugar marketing function of PHILEX, as well as the private trading houses, however, ended in 1974, at the time of the creation of the PHILSUCOM and the NASUTRA. The expansion of sugar mills construction based on loans as well as the PNB crop loans for planters compounded the problems of indebtedness of the planters and millers. The failure to pay the loans caused the PNB, either to take over the operation of the sugar mills or to foreclose the mortgages on the mills' equipment. By 1976, the PNB had taken over 14 sugar mills that had defaulted on their loans. This set the trend for the government's direct involvement in the control and operation of the sugar production through the government financial institutions.

In February, 1974, Presidential Decree 388 created the PHILSUCOM to spearhead the integration and stabilization of the sugar industry. In September, 1977, the NASUTRA was created as the trading arm of PHILSUCOM. The Chairman of PHILSUCOM was Roberto S. Benedicto, a former classmate of President Marcos who came from the province of Negros Occidental. Before this, President Marcos had made him the President of the PNB. While he was PHILSUCOM Chairman, Benedicto was also concurrently Ambassador to Japan.

The PHILSUCOM was the agency that established all the policies for the sugar industry and negotiated all the prices for the purchasing, marketing and exporting of sugar. The NASUTRA, as PHILSUCOM's trading arm, determined the buying price from the millers and planters and the selling price to local and foreign buyers. The operation of these two agencies controlled by Roberto Benedicto was blamed by the sugar producers to have caused the fall of the sugar industry. PHILEX, the agency in charge of sugar marketing until 1974, which was also Benedicto-controlled while he was President of the PNB, was faulted for mishandling the sugar marketing due to its lack of foresight in anticipating the price trend of sugar in the international market.

The handling of the sugar trading operation by the government proved quite discouraging to the industry and contributed to the financial losses of the producers. In 1974, the international price of sugar was 65 cents a pound or P678.00 per picul. But while the price was this high, the PHILEX was buying producers' sugar at P134.00 per picul and selling them at P470.00 per picul or what was equivalent to 45 cents a pound. From October 1974 to January 1975, PHILEX decided to hoard sugar which at that time had a prevailing price of 36 cents a pound. It was hoping for a price increase to 65 cents a pound by December 1974. But in January 1975 there was a price crash. In February 1975, PHILEX was forced to sell at 16 cents a pound. By May 1975, PHILEX purchased sugar from the producers at P106.00 per picul which was increased to P108.00 per picul in May 1976. But during 1976-1977, PHILEX paid the producers only P79.50 per picul. The planters complained because the government purchasing price was not commensurate with the cost of production.

When NASUTRA began its operation, it decided to purchase sugar from the producers at P90.00 per picul when the world price was only 6 to 8 cents a pound. But by 1979, the sugar price in the world market had recovered. By April 1980 the price started going up from 19 cents to 32 cents and finally stabilized at 30 cents per pound. The NASUTRA sold Philippine sugar with a profit. But instead of making good its promise to share the profit equally with the producers, the latter were only paid at the price of P110.00 to P125.00 per picul which was lower than the world market price.

It must be noted that Presidential Decree No. (PD) 576, which mandated the government monopoly on the export of sugar in 1974, had provided that profits from the export of sugar should be set aside as special fund of the government subject to the disposition of the President of the Philippines. It further provided that the disposal of sugar shall not be done without the approval of President Marcos. It also provided that anyone who shall market sugar on their own shall be penalized under the law.

The big sugar producers were indeed under the mercy of the government by the operation of PD 576 that many planters who were disenchanted by the policy had opted not to cultivate some of their sugar fields and concentrated on their other income-generating investments. Some even migrated and invested their money in foreign lands.

The inactivity of big planters retarded the sugar industry. The working class suffered the impact of unemployment caused by the indifference of some planters. The situation was aggravated when the PNB suspended its crop loans allegedly for lack of funds to lend to planters who were dependent on these for cultivating their fields. At this time, two private banks the Republic Savings Bank and the Royal Traders Bank allowed loan facilitations. Both banks were owned by Roberto S. Benedicto. It was also said that in order to avoid bank foreclosure on their land, planters sold an estimated 2,000 hectares of sugarland in Negros Occidental to Eduardo Cojuangco, a friend of Marcos who belonged to the Tarlac sugar planters clan. Nevertheless, the difficulties that planters encountered caused the banks' foreclosures on several sugar lands. These also resulted in unemployment and economic disclocation for many who were dependent on jobs provided by the industry in the sugar centrals and the plantations.

The Politics of the Sugar Bloc

The sugar bloc referred to earlier were the groups of sugar planters in the provinces of Negros Occidental and Panay in the Western Visayas whose economic wealth and prestige had been widely recognized. They had participated in the politics of the country, basically to promote the interest of the sugar industry and to influence government policies in the direction that they saw fit. David Wurfel wrote of the sugar bloc's organization in the early 60's i.e. the Chamber of Agriculture and Natural Resources and its affiliate, the National Federation of Sugarcane Planters.[4] The most prominent names earlier identified with the sugar bloc were Alfredo Montelibano, Sr., the late Jose Locsin, Sr., Salvador Araneta, Fernando Lopez, Oscar Ledesma and other members of their respective clans. They had held public offices — in Congress, in the Cabinet and other Executive offices, in the Judiciary, or in the local government. The internal elite struggle in the bloc had been between the interests of the "centralistas" or owners of sugar mills represented by Amado Araneta, Jose Yulo, Manuel Elizalde, the Lizares and others in the same business and their heirs; and the sugar planters identified earlier. It must be noted that among the sugar mill owners are Spanish and American interests. It is also interesting to look into the system of economic alliances of these prominent families by looking into their genealogies and to identify certain interlocking interests of the interrelated families.[5]

It seems to have been a fact that the power of the sugar bloc had always been felt in Philippine politics by the kind of support they could give a politician. The victory of Philippine presidents and other prominent politicians had been assured because of the financial support of the sugar bloc. From Quezon to Marcos, the sugar bloc's maneuverings had been behind the scenes. This also explains the fact that Fernando Lopez had the unique record of having won as Vice-President three times in Philippine Vice-Presidential elections. The victory of Marcos in 1965 and 1969 was supported by the sugar bloc. Lopez was his running mate in these two consecutive elections. With the sugar bloc as political ally, politicians often benefited by its financial machine. The nature of Philippine elections and the electorates require more funds for campaigns. It was the strategy of the sugar bloc to finance the campaign of non-sugar bloc politicians in anticipation of political *quid pro quo* in the future.

But while the sugar bloc could be a useful ally, they could also be a dangerous opponent because of their network of followers which could be mobilized by the use of their wealth. In the struggle between the *centralistas* and the planters in the 1949 Vice-Presidential nomination, the planters opposed the candidacy of Jose Yulo in favor of Fernando Lopez as Elpidio Quirino's running mate. In 1953, they dealt a sweeping defeat against President Quirino's bid for re-election in favor of Ramon Magsaysay.

In 1971, the harmonious relations between President Marcos and

Vice-President Fernando Lopez seemed to have soured. The rift was over the issue of the Lopezes' non-payment to the Bureau of Internal Revenue of a deficiency tax of P6,420,101 and the withholding tax of P23.7 million. Another issue raised by the government was the MERALCO profit that was allegedly diverted to other investments of the Lopezes. The government called for an investigation of the matter. The rift finally became irreconcilable despite the financial settlements made by Eugenio Lopez, the business strategist of the Lopez clan. After the rift, there was talk during the 1971 local elections that the sugar bloc would support Benigno Aquino, Jr. and Alfredo Montelibano, Jr. for President and Vice-President, respectively, in the forthcoming presidential election in 1973. If Martial Law had not been declared on September 21, 1972, the political combination of Aquino-Montelibano would have stood a good chance of winning. There would have been a successful political merger of the sugar interests of Tarlac-Pampanga and that of Western Visayas.

But even with the declaration of martial law by President Marcos, the political alliance could not be ignored. What was perceived as a powerful political group in the country that was opposed to the Marcos political dominance was the sugar bloc: the Lopezes, the Cabarruses, the Osmeñas and the elites and politicians linked to them. Rodolfo Ganzon was a Lopez man who was perceived as a strong Marcos critic. Marcos accused all these politicians of subversion. In Negros province, the Montelibanos were still in control, and in Iloilo, the local politicians still displayed deference to Fernando Lopez. Executive Secretary Rafael Salas, who came from the sugar province of Negros, resigned from his position prior to the proclamation of martial law, probably because of conflict of interest and his disagreement to the plan of having martial law in the country.

Somehow, after martial law was declared, it became evident that Marcos was determined to weaken the possibility of a strong political opposition that could come from the sugar bloc. The first blow was directed against the Lopez's assets. These were expropriated and shares were allegedly sold to the people. Marcos applied a divide-and-rule policy over the sugar bloc elites by the adoption of state trading in the management of the sugar industry. The operation of PD 576 also justified the President's control of their profits from sugar sales. His so-called drive against the oligarchs and their monopoly of sugar production and marketing plunged the industry into an economic crisis. A new group of oligarchs led by Roberto Benedicto and Armin Gustillo wielded power in the Western Visayas, with Negros Occidental as their base. The province was gerrymandered and was divided into North and South Negros. Gustillo lorded it over the North and Benedicto over the South. Alfredo Montelibano, Jr. who was the incumbent governor and son-in-law of Fernando Lopez, was limited to the area around Bacolod City. There were members of the old sugar elite who had served the Marcos martial law administration for the interest of the sugar industry. Among them were Carlos Ledesma, Ramon Nolan, Roberto Villanueva, Placido Mapa, Jr. and others. However, in 1983, Ledesma and Nolan also objected to the policy of the PHILSUCOM in sympathy with the plight of sugar planters and millers who were opposed to the sugar policy of the new oligarchy.

Some Problems of the Industry

It must be noted that the sugar industry was not just confined to the province of Negros Occidental. But it seemed that the province and the rest of Western Visayas were most affected by the policy of government control of sugar production and marketing. The industry itself could be faulted for its own procrastination. For a long time, the sugar industry had failed to modernize efficiently. The sugar planters clung to the old style of hacienda management, which also perpetuated the hacienda culture in the landlord-workers relationship as well as in the dependent attitude of the workers on what the haciendas could provide them. The age-old practice of obtaining crop loans from the bank still prevailed. Thus, without the bank loans, the fields remained fallow and uncultivated. Mechanized farming was not fully utilized because of the dilemma of what to do with the huge labor force, at cheaper cost, that were dependent on the plantation employment for their livelihood. Above all, the plantation owners had not diversified their agricultural production. Thus, the failure of the sugar industry also meant the stoppage of economic activity.

Despite the inefficiency of the industry, the hacienderos in the past, had been accustomed to reap huge profits from the industry. Thus as already discussed, the economic elites were able to assert themselves politically in the national politics. But the decade of the 70s and the 80s brought some changes in the ideological and social attitudes in the country. It was perceived by social reformers that the class structure in the sugar provinces had created such a vast gap between the rich and the poor that the plight of the workers had to be examined and improved. This created a socio-political upheaval particularly in Negros Occidental. Because of this, the policy changes that the Marcos administration introduced seemed to find justification and acceptance among reformers, intellectuals and the working class outside of the sugar provinces. Marcos' intention seemed acceptable to many people who thought that the principles of socio-economic equality and social justice in Philippine society should be more developed.

It was also while promoting egalitarianism and social justice that the land reform law was implemented by the government immediately after martial rule was declared on September 21, 1972. But land reform then, did not apply to sugar lands and, therefore, the hacienda structure, organization and operation remained the way they were. The idea that the government must control the profits of the sugar producers appeared justified when PD 576 was implemented. What was tragic about its implementation, though, was that it was not clear whether the profit for the government really went into the government coffers. While there were times when the prices of sugar in the international market were down, this was aggravated by the glaring corruption in the handling of the proceeds of the sugar sales. The money were deposited in foreign banks for unknown purposes. It must be noted that the policy of the government banks, namely, PNB and DBP, to assume the loans of the 14 sugar mills which had defaulted on their loans had already caused huge financial losses on the part of the government.

The big question today is what can be done to recover the money stashed away by the Marcos regime that came from the sugar sales as well as how to recover the government's financial losses by its assumption of the sugar centrals' loans. Another big question is how the new agrarian reform law shall be implemented in the sugar provinces, particularly in Negros Occidental, so that the province can have a healthy economic recovery, and at the same time, revive the sugar industry, bridge the gap between the rich and the poor, change the social structures by successful implementation of cooperatives and thus make everyone productive and self-sufficient.

Conclusion: Prospects for the Sugar Bloc and the Industry

While the glory and power of the old sugar elites may not be the same anymore, the sugar industry will not totally die. What it needs is the application of efficient mechanized farming methods, the reorientation of work ethic away from the old hacienda culture and life style, and a more intensive utilization of the land. The policies adopted by the Marcos government to weaken the structure of the sugar industry had capitalized on the issue of class conflict and the need to redistribute the wealth of the landed elites. While the strategy attracted the social reformers who supported it, the overall results were the joblessness of people, poverty, lack of economic solutions, and the problems of insurgency.. All these led to the destruction of the sugar industry.

The implementation of the new Agrarian Reform Law means that land shall be distributed in small parcels to farmer beneficiaries and the landlords will only be left with what is allowable under the law. But the law itself has provided for exemptions of certain areas from agrarian reform. At the same time, in the province of Negros Occidental there is a scheme of land development known as the 60-30-10. The scheme will only allow 10% of the land for distribution to beneficiaries under the voluntary offer to sell while the 60% of the land will remain as sugar plantations and 30% will be for the development of industries based on cooperative management participated by workers. The challenge to the old sugar elites is for them to transcend their disappointment in losing the land of their ancestry and think of higher benefits for all the people who would be beneficiaries of the land. There is also need to make the sugar industry maintain viability to sustain the requirements for export and domestic use. Philippine sugar had been targeted for export to meet the quota commitment of the country but local manufacturers of goods that utilize sugar had been importing their sugar requirements.

The sugar province of Negros Occidental has learned a bitter lesson. Now, the need to diversify its economic activities is recognized. Under the Aquino government, the Sugar Regulatory Administration is the agency in charge of the sugar policy which did not really change the Marcos framework of state trading for sugar. It is tasked to manage the production and sale of sugar in order to stabilize the industry. Lately, the Presidential Commission on Good Government (PCGG), through Mateo

Caparas, was able to recover from Swiss Banks the amount of $2.13 million deposited in the name of the Philippine Sugar Commission, then headed by Roberto Benedicto. It is presumed that the recovered amount will be used to assist the revival of the sugar industry in the Philippines.

The new Sugar Regulatory Administration (SRA) must also see to it that there is sufficient sugar supply for the domestic market. While the country exports sugar, the problem raised by local producers of sugar products is that they still have to import sugar for their manufacturing needs. The SRA must also safeguard against repeating the corruption in the sugar pricing under the PHILSUCOM, by which the producers and the government is cheated in the undergrading and upgrading of one grade of sugar to another and by which the perpetrator makes an overhead profit. Recently, Congressman Romeo Guanzon of Negros Occidental, together with 80 members of the House of Representatives, denounced price manipulation by the SRA. The SRA had decreased the buying price of sugar at the expense of producers but the market price had been increased to the benefit of SRA. The SRA had classified sugar into four categories with the corresponding buying price from the producers:

Class A sugar for export to the U.S.	P 605-610 per picul
Class B sugar for domestic consumption	524-560 per picul
Class C sugar—reverse sugar	500-515 per picul
Class D sugar—allotment for world market	400-415 per picul

The SRA had allotted 14 per cent of total production for export to the United States in accordance with the quota set by the US Department of Agriculture and converted the low-priced C reserve sugar to A. But the planters have not been given the profits. The other SRA policy allots 50 percent of the 850,000 metric tons of total production for domestic consumption and controls the market supply at the price of P14.50 a kilo or P740.00 per 50 kilogram-bag of refined sugar. The pricing system in the buying-selling and conversion of grades had been the source of disincentives to sugar producers under the PHILSUCOM regulation before. Today, the planters claim that they not only suffer from the SRA policy but must contend with the insurgents who have been quite aggressive in the take-over of their lands.

There remain other issues like the missing P81 million Social Amelioration Fund for the sugar workers which was suspected to have been used for the (CAFGU) training and salaries. But there are also favorable forecasts that sugar cane production will increase and additional land areas will again be planted to sugar canes. This is due to the increases in the U.S. quota, the demand in the world market as well as domestic needs. The market for sugar needs to remain steadily favorable, to hope for the revival of the sugar industry.

NOTES

[1]Alfred w. McCoy, "In Extreme Unction, The Philippine Sugar Industry", Third World Studies Program, *Political Economy of Philippine Commodities* (Quezon City: Third World Studies Center Series, 1983), pp. 142-143.

[2]Yoshiko Nagano-Kano, "The Philippine Sugar Industry at the End of the American Colonial Period and After 1974" (an unpublished M.A. thesis, Htotsubashi University, Tokyo, 1978). p. 85.

[3]Ignacio Dee, "A Monopoly Called Free Enterprise", *WHO Magazine* (April 18, 1984), pp. 10-14.

[4]David Wurfel, "Individuals and Groups in the Philippine Policy Process" in Jose V. Abueva and Raul de Guzman, Eds. *Foundations and Dynamics of Filipino Government and Politics* (Quezon City: University of the Philippines, 1969), p. 214.

[5]Existing genealogies belonging to the Locsins, the Lopezes, the Lizares families reveal extensive interlocking family system which also provides insights into the nature of interrelated economic interests.

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