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MONOPOLY EXPANSION IN PHILIPPINE AGRICULTURE

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Philippine agriculture is increasingly becoming synonymous with big agribusiness. During the last two decades, and more especially during the last eight years of martial law, there was a tremendous expansion in the role of foreign and local agribusiness interests in all kinds of crops and in all phases of agriculture – from land cultivation and product processing to marketing and agricultural servicing.

Even the traditional food sector of the country – the rice and corn areas – has not been spared by the corporate invasion. From a feudal swampland, Philippine agriculture is gradually becoming a capitalist lake dependent on decisions made in the corporate boardrooms of giant agribusiness firms.

Corporatism in the rice and corn areas

Ironically, the rise of corporatism in the countryside is directly traceable to the various government agrarian programs. Some of these programs were even launched in the name of small farmer development but have so far only succeeded in developing the small farmers into a market of agribusiness firms.

Let us take the case of the rice and corn areas, which cover more than one half of the country's total agricultural land. The major government programs related to rice and corn are: land reform, Green Revolution, infrastructure development, and corporate farming.

Among these government programs, the corporate farming program as provided for by General Order No. 47 (G.O. 47) is easily the most corporatist for it is an open invitation for big corporations, agribusiness or not, to go into actual or direct cereal production in competition with the small farmers. Although the country has no more rice shortages, the government has allowed these corporations to continue producing cereals and occupying large tracts of land; it has also encouraged them to diversify into other agricultural lines. For instance, the agribusiness outfit organized by the Construction Development Corporation of the Philippines in response to G. O. 47, or the CDCP Forms, is not only engaged in rice and corn production, but also involved in the following agricultural undertakings: cattle ranching, grains servicing, sugarcane planting, joint venture production of machiku bamboo shoots, agricultural consultancy, compact farm management, farm input dealership, rice and corn milling and marketing, trading of vegetables, and meat production and processing.

In turn, the Green Revolution, land reform and infrastructure development programs have the effect of commercializing rice production and converting the thousands of small rice and corn farmers into a new market of agribusiness transnationals specializing in farm inputs.

How? As many know by now, the Green Revolution's promise of abundance has an enormous price tag in terms of farm input use. The bill for the fertilizer, chemicals, tractor, power tiller, irrigation pump, drier, thresher and other inputs comes from the agribusiness transnationals that manufacture them and from the local dealers that distribute them. Hence, the nationwide campaign for the adoption of the Green Revolution technology, via the massive supervised credit program dubbed as Masagana 99, has made the rice farmers indirectly dependent on agribusiness transnationals. The rice farmers have also become market-oriented: since they cannot consume all the rice they produce they have to sell in order to be able to pay for the needed farm inputs. The overall result is the commercialization of rice production and the growing but indirect role of agribusiness transnationals in rice farming.

Lester R. Brown, a spokesman of the Rockefeller Foundation, one of the agencies funding the International Rice Research Institute (IRRI) predicted this outcome. In his book, *Seeds of Change,* Brown wrote with unconcealed delight about the prospects awaiting the transnationals once the Green Revolution is adopted by a developing country:

> Fertilizer is only one item in the package of new inputs which farmers need in order to realize the full potential of the new seeds. Once it becomes profitable to use modern technology, the demand for all kinds of farm inputs increases rapidly. And only agribusiness firms can supply these newsinputs efficiently. This means that the multinational corporation has a vested interest in the agricultural revolution along with the poor countries themselves.

But Green Revolution has other important functions. It helps supply cheap cereals for the industrial workers and non-rice-producing population, thus contributing to the maintenance of political stability in cities and towns. It releases marginal rice lands for other purposes, notably for the production of export crops or raw materials needed by industry and the world market. Finally, it opens a new market for industrial goods.

The infrastrucure development program plays a major supporting role to the Green Revolution. Without the required infrastructure support, the Green Revolution will not be a success. During the dry season, farm lands cannot be cultivated without irrigation systems. Farm produce cannot reach the market on time without efficient farm-to-market roads and ports.

The present infrastructure program also promotes capitalist development in many other ways. On one hand, it serves as an important complement of the Green Revolution; on the other, it tries to bring electricity to the smallest barrio, makes the barrio folks accessible as a market of industrial produce, and most important of all, creates possibilities for rural industrialization. The infrastructure program thus "mobilizes" the countryside in a thorough manner. Complemented by the government's industrial dispersal program and the promotion of small- and medium-scale industries, the integrated infrastructure development program firms up the linkage between the barrio and the national, as well as the world capitalist metropolis.

As an economic measure, the present land reform program, seen in terms of its design and implementation, is another instrument to enhance capitalist development in the rice and corn areas. The program is directed only against the tenancy relations, principally sharecropping, which American agricultural consultants as early as the 1930s considered as a drag to agricultural modernization. For this reason, there was a preoccupation to liquidate sharecropping relations. Hence, even if the results in land transfer were meager, the land reform program was nonetheless successful in transforming thousands of tenants into "independent" lessees and in inducing many landowners to shift to the wage system in order to be exempted from the coverage of land reform. To make sure that a shift to new agricultural practices would indeed occur, the government even made the adoption of the Green Revolution as one of the requirements for tenants to qualify for the land reform program. As to the few landlords whose lands were expropriated, the government came out with an elaborate system of compensation aimed at transforming them into full-pledged capitalists.

Overall, the combined effects of land reform, Green Revolution, infrastructure development and corporate farming are: the commercialization of rice and corn production, the transformation of small landowners and lessees into petty capitalists, the dominance of big corporations in rice production, the greater dependence of rice farming on the agribusiness transnationals, and the fuller integration of the rice and corn areas into the capitalist system.

Export orientation

Another major reason for the rise of agribusiness in the country is the export-oriented policy of the government. This orientation is very explicit in agriculture. According to Minister Arturo Tanco, the Philippines will emerge as the "food bowl of Asia" in the year 2000.

But how is an export-oriented policy to be carried out in agriculture? The answer is agricultural modernization through the greater involvement of the private entrepreneurs which include both local capitalists and foreign agribusiness transnationals. As a result, various programs intended to strengthen private enterprise in the countryside appeared, among them: open-door policy to foreign investment, support for the private rural banking system, incentives to firms investing in pioneer agricultural undertakings, campaign for greater processing, fiscal and tax incentives for export-oriented agricultural firms and so on. In June 1977, the government even passed Presidential Decree 1159, or the Agribusiness Incentives Act, which prescribed various incentives to investments in agricultural undertakings. The following month, a government delegation headed by Minister Tanco was in San Francisco presenting the agribusiness incentives to the Agribusiness Council, Inc. of the United States.

To date, the list of transnational as well as local agribusiness firms operating in the Philippines is endless. All the big corporations are in agribusiness one way or the other. San Miguel Corporation, for example, is in food processing and distribution, poultry, piggery, mushroom production, shrimp culture, feed processing, cacao processing, integrated pulp and paper business, and large-scale growing of barley, rice, hybrid seed corn and green coffee. Other big Filipino firms engaged in agriculture are Universal Robina Corporation, CDCP, Bancom, Elizalde and Co., Herdis Group, Mercury Group of Companies, Rustan's, Republic Flour Mills, GAMI, PDCP, and the like.

The biggest and most entrenched agribusiness interests, however, are owned by foreign corporations. All the major agribusiness transnationals in the world are now in the country – Castle and Cooke, Del Monte, Guthrie, King's Ranch, United Brands, Unilever, Cargill, Firestone, Goodrich, and the like. These agribusiness transnationals either have fully integrated agribusiness operations such as the export-oriented pineapple industry which is completely dominated by Dole and Del Monte from planting to canning and marketing; or monopolize the most lucrative phases of an agricultural sub-industry, e.g., international marketing of bananas, processing of coco-based products, licensing of cigarette-making, and manufacturing of farm inputs.

The choice lands in the country, especially those in Palawan and Mindanao, have passed into the hands of agribusiness corporations, directly or indirectly. Increased corporate role can be found in any or a combination of the following: direct cultivation of crops, contract growing, food or raw material processing, domestic and foreign trading of agricultural crops, farm input business, rural banking, agricultural linkages, and other agricultural-related activities.

Monopoly expansion in the 1980s

In sum, therefore, the tremendous expansion of agribusiness in the 1970s was made possible by the various agrarian programs of the government. Since there are no major alterations in these continuing programs, it can only be assumed that the trend towards the increasing predominance of agribusiness in Philippine agriculture will continue.

This trend will, in fact, accelerate in the 1980s as a result of new agrarian thrusts unveiled this year. For one, the government, through the revitalized National Development Corporation (NDC), the same company that gave Dole and Philippine Packing their huge plantations, served notice that it will promote, with greater vigor, plantation agriculture in the country. Last February, NDC signed a P400-million joint venture agreement with the Malaysia-based Guthrie Overseas Holdings Ltd. of London for the development of an 8,000-hectare palm oil plantation; in May, it formalized a P300-million joint venture with Dunlop Holdings Ltd. of England to develop a 5,000-hectare palm oil plantation; and in August, it concluded a contract with Keck Seng of Malaysia for the establishment of a 20,000-hectare palm oil plantation. NDC is reported to be interested in promoting other export crops like rubber, cacao and soybean based on the plantation concept.

Another thrust of the government is the development of so-called energy crops such as ipil-ipil, cassava and sugar cane as alternative sources of energy. No less than 200,000 hectares are being readied for the production of such crops.

The Ministry of Natural Resources has also offered for leasing to corporations, especially those who did well in the corporate farming program, logged-over or denuded forest lands. Applicants are required to establish "agro-forest farms" in the said lands.

Finally, through the banking reforms of 1980, the government has allowed rural banks to coalesce in order to be "more competitive" with the envisioned unibanks whose minimum required capitalization is P500 million each. But unibanks are allowed to buy equity into existing rural banks, thus raising the possibility that rural banks may become mere branches of the bigger banks. Whichever way one looks at the likely effect of these banking reforms, the tendency will be the creation of banking monopolies that will cater to the needs of richer clientele, notably agribusiness interests. From 1953 to 1979, the government encouraged the growth of rural banking to service the credit needs of small rural businessmen and small farmers. Now that these rural banks have numbered more than a thousand, the government is arranging the transformation of these banks into giant monopolies or adjuncts of big commercial banks. Once so transformed, it is doubtful whether they will continue servicing the credit requirements of small farmers, which involves higher administrative expense. It should also be emphasized that during the last ten years, many rural bankers have emerged as the new usurers, the new middlemen, the farm input and appliance dealers the rice millers and traders and given these varied roles, the new land buyers and speculators.

Agribusiness expansion and the rural masses

The increasing role of agribusiness corporations in so-called agricultural modernization programs has undoubtedly pushed production to new heights. For the first time in this century, the country is exporting rice and a number of so-called "non-traditional" export crops such as banana and coffee. We have also started exporting fish and meat products and an assorted number of processed food products.

Despite these dramatic increases in agricultural production, the majority of the rural masses are still trapped in the vicious cycle of poverty and indebtedness. Rural poverty has deepened as a result of the growing unemployment problem, the low incomes of both small landowners and rural workers, and the unchecked inflation which has made the prices of farm inputs and daily necessities prohibitive to the rural masses.

It is the narrow circle of foreign and local agribusiness interests which have been profiting handsomely from agricultural modernization. Since no radical restructuring of the agrarian system in favor of the rural masses has been undertaken – i.e., no genuine land reform and no popular control on the pricing and trading of agricultural commodities and inputs – the fruits of agricultural modernization have predictably gone into the pockets of the new agricultural agribusiness elite.

The age-old problems of rural poverty and social inequality have been aggravated by the expansion of agribusiness. The most explosive manifestation of this is the way small landowners, cultural minorities and so-called "squatters" are being driven away from the lands as a direct consequence of agribusiness expansion.

There are two ways by which rural people are being displaced from the land and both inflict violence on their lives. The first and well-documented way is the outright seizure or confiscation of lands by powerful and well-connected individuals and business groups. This is, of course, not new in the country. Ever since the Spanish colonialists descended on the archipelago, the drama of the week, unlettered peasants being forcibly eased out from their lands by the strong and influential groups has incessantly been reenacted, with only the actors and calendar years changing. Thus, in the last two decades, the leading personalities involved in landgrabbing are the agribusiness interests that organized, almost overnight, new pineapple, banana, rubber, coconut and palm oil plantations as well as ranches and hundreds of corporate farms.

The second way by which peasants are being displaced from the land is through the brutal process of market competition. Since this process is gradual and those who end up losing their lands are scattered all over the country, this form of land displacement has not sufficiently been documented.

But competition is a harsh reality and threatens a big number of farmers, especially those in the rice and corn areas. The long-term plan of the Ministry of Agriculture is to reduce the total hectarage devoted to rice from three million to only two million hectares through production intensification or the Green Revolution. Because of the high cost of farm inputs and the depressed price of rice as a result of the country's growing rice surpluses, many marginal rice farmers are indeed giving up rice farming. This is the case in Bulacan where new industrial firms and integrated poultry and piggery farms, owned mostly by Filipino-Chinese businessmen, now occupy former rice lands.

In a memorandum sent to President Ferdinand E. Marcos and dated April 10, 1980, Minister Tanco reported that for the crop year 1979-80:

> . . .Harvested hectarages in Western and Central Mindanao were down by 10.4% and 8.9%, respectively, while Southern Tagalog and Central Luzon hectarages decreased by 7% and 6.2%, respectively.
>
> If it turns out . . . that the hectarage reductions were due to the movement of rice production out of marginal rainfed and upland areas, this would fit into our plans of shifting marginal rice areas into more suitable and profitable crops such as corn and sorghum...
>
> We are pleased to report, however, that the main season yields per hectare have increased by a significant 5% over average yields during the main season last year. Had it not been for this increase in yields, we would have had a substantial decline in production this year due to the hectarage reduction of 4%.

What Minister Tanco failed to mention in his report is that those who gave up rice farming might have also given up their lands, possibly because of accumulated debts.

The commercialization of agriculture, therefore, will tend to eliminate the small and marginal farmers in the long run. At present, commercialization is destroying the old tenant-landlord class structure and in its place, a complicated, multi-layered one is emerging. The rural elite is now made up of the agribusiness transnationals, domestic agribusiness firms, rural bankers, landlords, handicraft industrialists, farm input dealers, warehousers, millers, and the like. The laboring class is made of plantation workers, migrant workers, owner-cultivators, lessees, amortizing tenants, share tenants and the landless rural poor. However, over the long pull and through the brutal process of capitalist competition, the tendency will be the emergence of only two main classes: the rural entrepreneurs and the rural proletariat.

Conclusion

More and more, the Philippines is being converted into an export platform that would produce and manufacture selected crops for the limited market at home and the bigger market outside. Thus, traditional agriculture is being modernized. Food production is being intensified to free some rice lands for new industrial crops – for instance, cotton, which is a raw material of textile companies now exporting to Europe, United States and Japan. Based on the export orientation, more and more of the processing as is happening now in the coconut, meat and wood industries, is being done in the Philippines to save on labor and shipping costs.

In all of these, agribusiness transnationals have taken the commanding role. They are modernizing and industrializing Philippine agriculture not to help meet the basic needs of the Filipino people, but to satisfy their narrow profit requirements. They are promoting neo-colonial agro-industrialization in order to tighten Philippine integration into the global capitalist economy, ensure a steady supply of raw materials, open up a new market for industrial goods, exploit cheap labor and cheap resources and secure a rich investment area. They are also coming here because surplus capital from developed capitalist countries has nowhere to go but in areas that have not yet undergone full capitalist development. But what is happening here, as in most Third World countries, is a dependent capitalist development, that is, a development dependent on foreign monopoly capital. To the majority of the rural masses, this can only mean continuing poverty and underdevelopment.