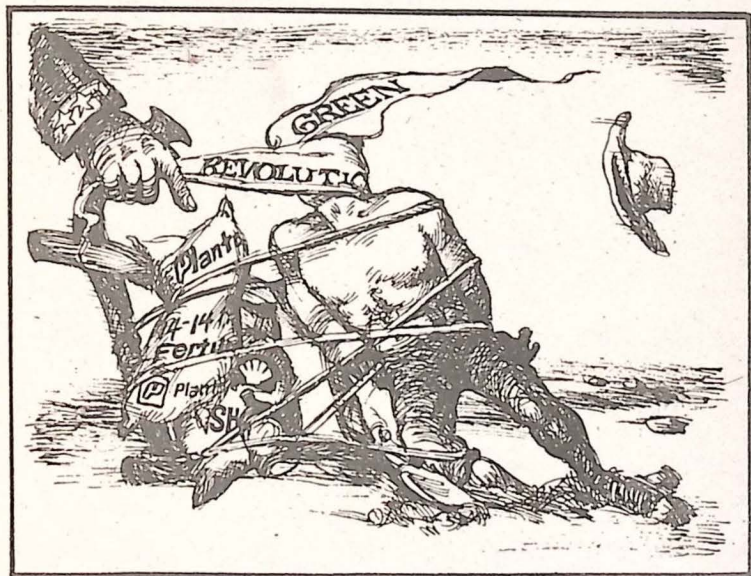


GREEN REVOLUTION and RICE PRICE HIKES

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(Or why there's no miracle in "miracle rice"!)

Finally, the government hit the citizenry where it really hurts. Over the week, sugar, cooking oil and laundry soap continued to be scarce. Their prices had risen almost a hundred percent.

And then it happened. The Saturday before the militant celebration of Ninoy Aquino's birthday, President Marcos raised the palay support price by 50 centavos, from ₱1.80 to ₱2.10/kilo.

The official line read thus: the support price of palay was raised so "farmers (may) continue reaping some of the benefits of their having accepted and utilized technology under Masagana 99 which also benefits the consumers in the form of reduced real prices of rice . . ." (Business Day, Nov. 28, 1983)

Monday, Nov. 28, in less than a month, the Marcos government raised the price of rice for the second time: first, from ₱3.10 to ₱3.30/kilo in October; and then to a staggering ₱3.80. And as if this kind of consumer harassment were not enough, rice stocks quickly disappeared from market stalls and neighborhood sari-sari stores.



NFA AUTHORIZED RICE DEALER



Who is to blame?

To disarm the public, government points an accusing finger at several farmers' groups who earlier demanded for an increase in the support price of palay. But are they to blame? After the recent peso devaluation, the production cost of palay shot up: agricultural inputs (fertilizer - 18.8% and pesticides - 25%), diesel fuel used in farm machinery - 29.2% and rural labor - 18.4%.

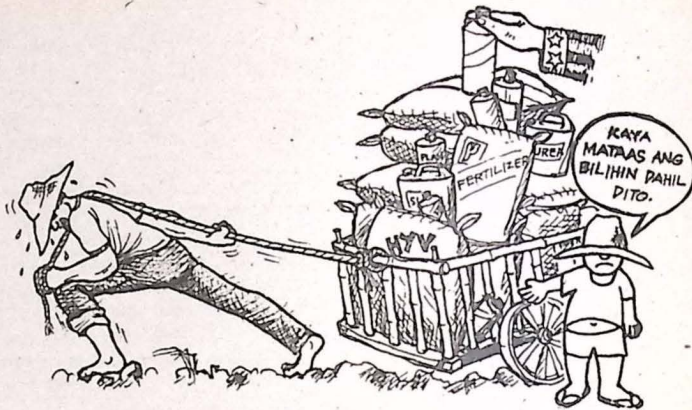
The farmers, who largely shoulder production costs, are left with next to nothing with the increase in costs of production, if they are not given increases in the buying price of their products.

No, the blame is not on the farmers, but on the high (and ever-increasing) costs of rice production technology to which

they have been tied ("accepted", says Pres. Marcos). And it is not only due to the recent peso devaluation that the costs of this technology have become too unbearable for the farmers. Ever since farmers were forcibly made to accept this technology, its costs have already been way beyond the farmers' reach and farmers have been protesting against them.

The only reason why the demand for a palay price increase was granted today is that government does not want a just and potentially large protest movement based on this issue, to erupt in the countryside and go hand in hand with the democratic protest movement it is vainly trying to contain in the cities.





A crisis in rice

The two-step rice price hike reflects the crisis now plaguing the rice industry in particular and Philippine agriculture, generally. It is a crisis borne out of our agricultural economy's control by foreign monopoly capitalists who have made it import-dependent and export-oriented to suit their economic interests.

Nowhere is this best exemplified than in the rice industry.

Rice production has been tied to a "modern" technology that is heavily dependent on expensive imported agricultural inputs and machinery, high yielding varieties or hybrids and irrigation systems. A major component of this imported farm technology is the HYV of seed which is highly responsive to fertilizers. For fertilizer alone, the country spent \$21 million in 1976 and \$87 million in 1980. For a three-month planting season this year, the Central Bank released \$31

million to import 140,000 tons of fertilizer. On the farm, farmers had to shell out almost ₱400/ha. on fertilizers alone.

The government keeps harping on increased food production and rice "self-sufficiency" attained through imported agricultural inputs to cover up for its high costs.

It reports that from a national harvest average of 25.7 canvas of palay/ha. (at 44 kilos/cavan) in 1960, this increased to 42.8 cavans in 1980. In total figures, the Bureau of Agricultural Economics (BAEcon) reports that in 1980, palay production reached 7.4 million metric tons, or about 2.29 million m.t. more than Filipinos consume. The Marcos government rightfully brags that from a rice-importing country, we have developed into a rice-exporting country.

But there is actually little to brag about. While expenditures for imported agricultural inputs

ballooned, our rice exports incurred losses. Last July, when Filipino consumers bought rice at ₱2.85 - ₱3.10/kilo, government exported it at the international market price of \$0.24 or ₱2.64/kilo. Last October, government shipped out 12,000 tons of rice and expected to earn about ₱40 million. But at this export price of ₱3.30/kilo, no real profit is to be gained when we take into account shipping costs and taxes.

No trade disaster could be more crippling to the economy than this in the rice industry. It is not an isolated case, however, and in fact, happens to the whole export industry, in general.

Such an "impressive" record of progress in the rice industry is too good, to last, given its import-dependent basis. Last June, Agriculture Minister Arturo Tanco declared that in 1981 and 1982, due to high costs of production, many rice farmers have shifted their fields to other crops. Rice hectareage rapidly decreased by 195,000 has., along with it, rice production too. Such was its extent that Min. Tanco reported that we are now producing only a little more than what we actually consume.

Government reports also make no mention of the severe rice shortage in 1973 when Filipinos in the cities were rationed



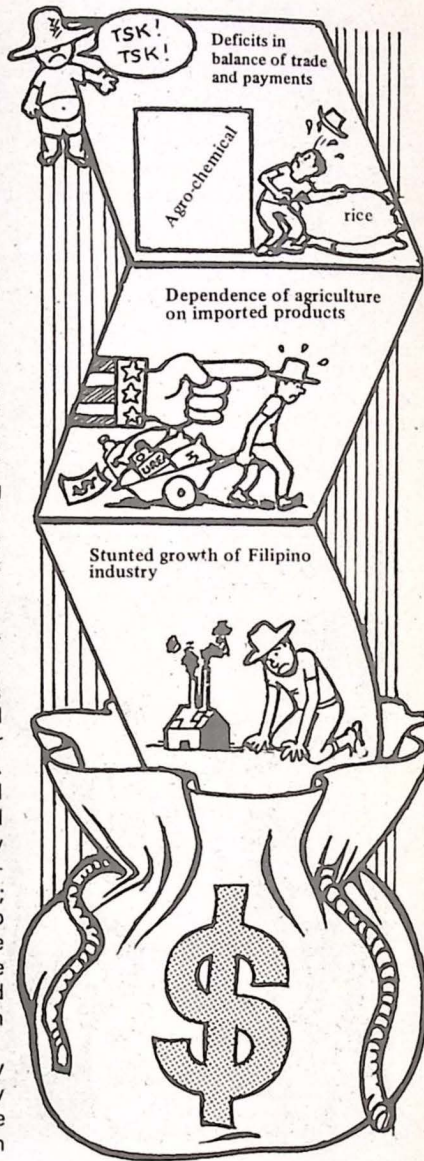
broken rice mixed with corn grits. This was also due to the use of HYVs which replaced almost all of the traditional varieties in the ricefields. That year, the HYVs were wiped out by tungro.

The trade disaster could very well turn into a rout when the day comes that we not only import fertilizers and other technology; but instead of attaining "self-sufficiency", go back to importing rice.

The problem of an import-dependent and export-oriented economy then, is that Philippine agriculture is tied to the needs of American and other foreign industries and consumers. Our agriculture serves as a dumping ground for imported agricultural inputs and machinery and a source of cheap raw materials and food products for foreign industries and consumers.

But the same is not true for Filipino industry and consumers. Prices of prime commodities which are based on agricultural products rise, no matter their price in the international market. When prices rise, our agricultural products flood the international market, leaving domestic supply of these products at the minimum, if not decreased outright; sending their domestic prices to rise, also. When prices fall on the other hand, losses incurred in the international market are passed onto domestic consumers in the form of high prices.

We Filipinos are made to pay dear for products already produced in the country. On the other hand, losses incurred in



the international market are passed on to domestic consumers in the form of high prices.

We Filipinos are made to pay dear for products already produced in the country. On the other hand, Filipino industry, too, suffers from a scarcity of

cheap raw materials, thus its full development is stunted. And while Filipino industry remains undeveloped, unemployment will always be widespread and workers' wages will always be pegged to the minimum.



Green Revolution, imperialist agricultural program

At the heart of the crisis in the rice industry is a little-known and oft-mistaken program that goes by its catchy and popular name - Green Revolution. It was the First Lady who first popularized its name, tagging it to her backyard gardening program. But it is much, much more than that.

Green Revolution embodies the overall imperialist strategy of

control over Philippine economy, in the rice industry.

It was first hatched in Mexico in 1943 by the Rockefeller and Ford Foundation. Innocently tagged as a program to increase food production in the Third World, it sought to tie down Third World agriculture to the needs of transnational (specially American) agro-chemical and

machinery corporations. Likewise, Green Revolution would tie down governments in these countries to loans from international lending institutions dominated by the United States, which would fund irrigation projects and other "necessary" rural infrastructures.

All this would be done by compelling the Third World to increase its food production through the use of high yielding varieties of seeds which are responsive only to heavy doses of chemical fertilizers and good water management. At the same time, a variety of pesticides and weedicides are needed to protect the plants, which, not surprisingly, are also highly susceptible to plant diseases.

Thus, Green Revolution is essentially a strategy for imperia-

list countries, principally the U.S., and their private agro-corporations to control Third World agriculture. There is a secondary plot to it, however.

By increasing and stabilizing staple food production in the Third World, U.S. imperialists sought also to protect their economic and political interests in these countries by resolving (or so they thought) the problem of discontent borne by hunger and poverty among the peoples of Asia, Africa and Latin America. In such an atmosphere of contentment and tranquility, US imperialists are free to deepen and expand their investments.

Green Revolution, then, is also an imperialist strategy to suppress mass protests in the Third World.

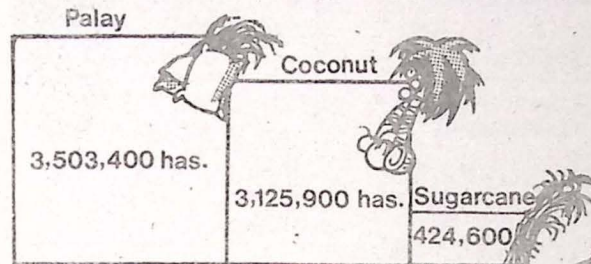
Green Revolution in the Philippines

In the Philippines, the program was officially launched in 1960, with the establishment of the International Rice Research Institute by the Rockefeller and Ford Foundations, with the help of the Macapagal government; although long before this, methods of capitalist farming have been in use in big export crop plantations owned by American capitalists. Still, the US imperialists could not have concentrated on a more suitable crop industry to hatch their scheme.

The rice industry is the country's principal food industry. It occupies the biggest portion of our agricultural land and the bigger number of farmers in the country depend on it for their livelihood, compared to other crops. The industry then provides a big market for the "modern" farm technology the U.S. is peddling, specially since the rice industry also happens to be the most backward in the country.

Concentrating on increasing rice production would also stabi-

Palay, Coconut, and Sugarcane Hectarage (1980)



1982 POCKETBOOK OF PHIL. STATISTICS - NEDA



lize rice supply in the face of government's planned reduction of rice hectarage from 3.5 millions has. to only 1.7 million; so that more lands may be devoted to export crops. At the same time, stabilizing rice supply and keeping its price low through price control would enable government and foreign capitalists to peg the wages of workers. This of course benefits none other than the big foreign and local capitalists.

Of course, increasing rice production would also solve the

politically embarrassing situation of continuous rice importation. The insufficiency of rice production and high prices of imported rice increasingly angered the people and was a cause for restiveness in the 60's. This is why the Marcos government in 1965 pursued the policy of aggressively propagating Green Revolution throughout the country.

Although Green Revolution started in 1960, it was not till 1965 when the cultivation of new HYVs in rice started that the program gained a foothold nationwide.

US monopoly capitalists' advantage

US monopoly capitalists' control over Green Revolution in the country is founded on their control over seed research.

IRRI was established in Los Baños, Laguna with money from

the Rockefeller and Ford Foundations and the US AID to hasten discovery of HYV, develop new plants, modernize water management and control plant pests. In the succeeding

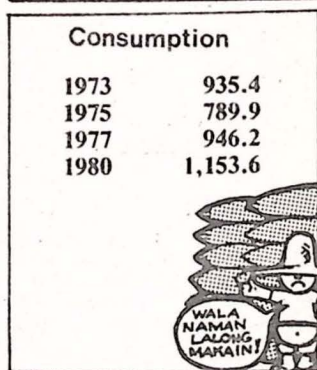
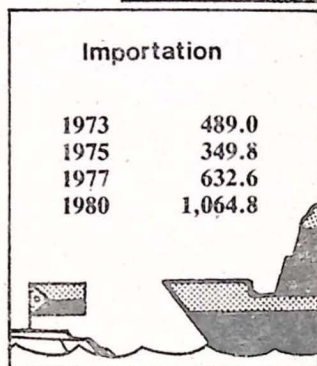
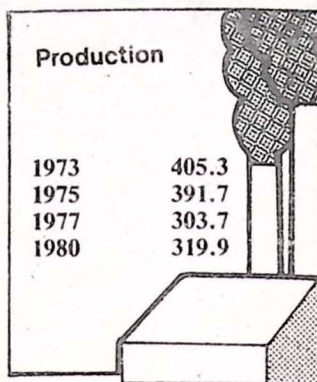
years, funds flowed not only from these institutions but also from government agencies of capitalist countries and transnational agro-chemical corporations which are all organized into the New York-based Consultative Group of International Agricultural Research.

Headed by the World Bank, the United Nations Development Programme and the UN Food and Agricultural Organization, CGIAR directed IRRI seed researches along lines that would benefit TNCs of agro-chemicals and farm machineries. Foundation officials serving as IRRI directors doubly ensured IRRI's directions.

Aside from controlling seed research through CGIAR, some TNCs attached contracts to their fund donations requiring IRRI to develop HYVs responsive to their specific brand products. Others provided for royalty fees to be paid to corporations as a sign of private ownership, for any discoveries arising from researches funded with corporate money.

Through the propagation of HYVs nationwide, sales of agro-chemicals rose sharply. Before Green Revolution in the rice industry, fertilizers and pesticides were used only in big export crop plantations. But with Green Revolution, according to Rene Ofreneo (*Capitalism in Philippine Agriculture*), fertilizer consumption increased from 101,198 m.t in 1956 to 563,000 m.t in 1972. Since 1973, fertilizer consumption increased more rapidly, as shown by the table.

(in 000 metric tons)



Pesticide consumption also increased since 1960. According to Luzon Secretariat of Social Action (*Countryside Report*), pesticide importation rose from 1.53 million kilos in 1953 to 9.52 million kilos in 1972. Production also rose from 7,714 kilos in 1962 to 0.92 million kilos in 1971.

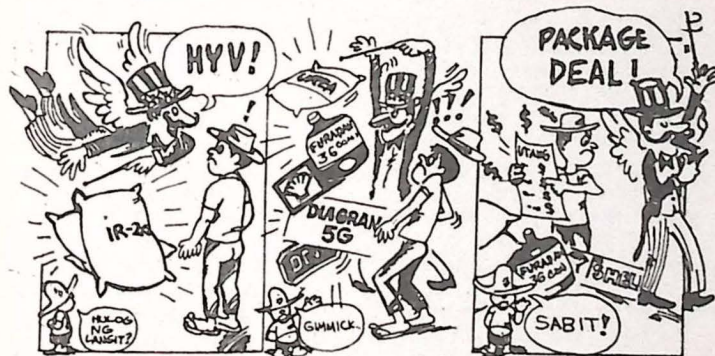
The growth of local fertilizer and pesticide production (mixing and packaging only) give further evidence to the lucrative expansion of agro-chemical TNCs' investments in the country. Not only did these TNCs profit from sales to farmers at prices they set, they also profit from the low wages of their factory workers. And since local subsidiaries also import chemicals used in production, they profit more from transfer pricing - the overpricing of goods sold by the mother company to the local subsidiary to earn profits for the mother company.

The inclusion of big agro-chemical TNCs among the top 1000 corporations of the

country is evidence still of big profits enjoyed in the business. Led by the government-supported Planters' Products, Inc. with net sales of P1.345 billion, cumulative net sales of these corporations reached P3.286 B in 1982. No doubt, the bigger portion of this profit came from rice farmers.

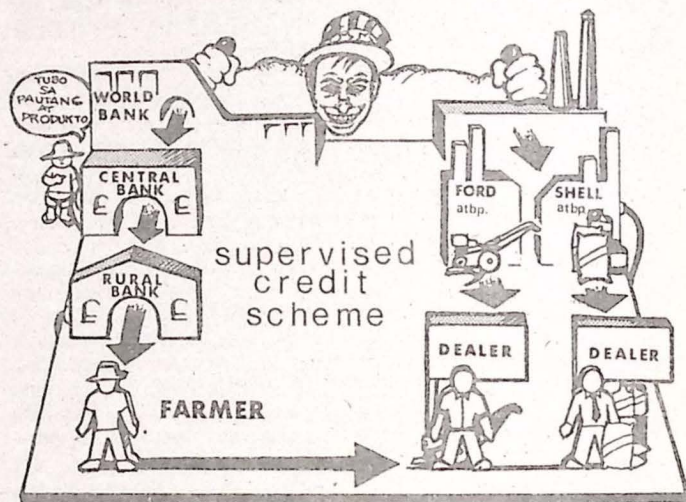
Due to Green Revolution, these corporations' monopoly over fertilizer and pesticides supply has meant control over the whole rice industry, as well.

Green Revolution also favors corporations which manufacture and assemble farm machineries. Through aggressive peddling, government advertising and bank loans, an increasing number of owner-cultivators and landlords are acquiring farm machineries. At present, the use of farm machineries is becoming widespread, not only in corporate farms and plantations, but also in fields tilled by tenants who rent these in order to speed up the production process.



US imperialist control over the rice industry and their increasing investments on it could not have been so easily done if not for the able support of other institutions: the World Bank and the Marcos regime. The World Bank

has played a supervisory role over the propagation of Green Revolution. On the other hand, the Marcos regime has provided the necessary legal structure to ensure US imperialist dominance over the rice industry.



The World Bank as Green Revolution supervisor

Through loans and advice to the Marcos regime, the World Bank has hastened the propagation of Green Revolution in the country. It concentrated on two things to rapidly propagate the Green Revolution: supervised credit scheme on one hand and irrigation projects and other infrastructures on the other. From 1971-81, WB loaned almost \$1 billion for agriculture, the bigger part of which funded these programs.

The World Bank enabled the Central Bank to start the supervised credit scheme (controlled lending to farmers) through loans of \$5 million in 1966 and \$13 million in 1969. The Central Bank-International Bank for Reconstruction and Development (a WB agency) or CB-IBRD credit was allocated for the mechanization of agricultural production. Under the scheme, CB loaned the money to the rural banks at a rediscount

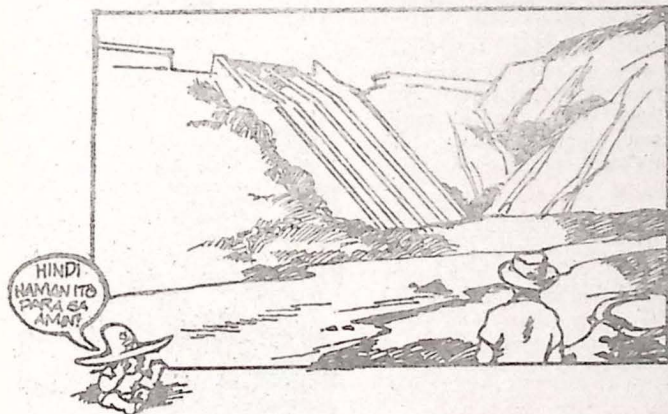
rate of 1% per annum. The rural banks then loaned to farmers at a low (compared to the users') interest rate of 12% per annum, with no collateral. The money then was to be spent on acquiring farm machinery.

About 66% of the loans under this program were acquired by big sugar landlords to buy tractors. The third and fourth CB-IBRD credit, amounting to \$58.5 million (1975 and 1977) were also used this way. This is not really surprising since most rural banks are owned by big landlords and compradors. At the same time, such a scheme that would leave borrowers to grapple with the banking system would naturally benefit more those who are already familiar with it. More importantly, since most rice farmers are tenants renting land, their minimal incomes prevented

them from buying machinery, even with bank loans, because this would mean added expenditures.

For irrigation projects, on the other hand, World Bank used up \$547 million, or more than half of the total agricultural loan it extended to the country. It funded construction of 11 massive projects which are designed to irrigate 265,045 has. Four of these projects have been completed.

Even in irrigation, the WB made sure that owners of big plantations and corporate farms will benefit fully. Irrigation projects were positioned to irrigate lands owned largely by big landlords and foreign agribusiness corporations. The capitalist and landlord bias of the WB is also evident in its 1975 order to the Marcos regime to



raise irrigation fees from P23/ha. to P100 in the wet season; and from P35 to P150/ha. in the dry season. With this increase, only a few tenants and small farmers will be able to afford irrigation services.

It is not surprising that WB projects favor big American capitalists, and local landlords and compradors. The United States dominates the WB through its majority share in funds (21% of the total fund in 1981), so monopoly capitalist interests naturally prevail in its projects. Landlord and comprador interests

are also catered to by virtue of their intrinsic intimate relationship with U.S. imperialist interests.

Not only do WB projects entail infusion of foreign capital into the economy for the capitalists' use, it also entails the siphoning of scarce local capital as counter-part funds for WB projects.

With WB support, foreign investments have not only been facilitated in the rice industry but also expanded and given support structures such as irrigation and bank loans in the export crop industry.

The Marcos regime facilitates Green Revolution

The Marcos regime has also played its part well in propagating Green Revolution and deepening foreign control of the agriculture industry.

Under its "big rice push" program launched in 1970, the Marcos regime further systematized the supervised credit scheme through Masagana 99 in 1973 and propagated Corporate Farming through G.O. 47 in 1974. In the coconut industry, it tried to replace traditional coconut varieties under the coconut replanting program of 1980. Other crops meanwhile, were placed under the full supervision of monopoly capitalists in agribusiness through P.D. 1159 or the Agricultural Incentives Act of 1976.



Under Masagana 99, farmers were given cash and product loans (fertilizer, seeds and pesticides). Bank technicians and government extension workers assigned to help farmers with their loans collude with agro-chemical corporations to peddle specific brands, and set quantities of these chemical inputs to be used in the fields. Aside from Masagana 99, government also gave subsidies to fertilizer companies to allegedly "keep" fertilizer prices low and enable farmers to buy these products. However, instead of benefiting the farmers, government actually partly subsidized fertilizer production and failed to control fertilizer prices, thus giving full advantage to fertilizer corporations. The Marcos regime succeeded in compelling farmers to use the "modern" farm technology, as designed by American monopoly capitalists.

The advantage for rural banks and landlord-compradors who own them is also clear. For a farmer who plants twice a year (with irrigation) and therefore loans twice a year, the banks are able to collect 32% interest on their loans. This is based on the following computation: 12% annual interest + 2% service fee + 2% Phil. Crop Insurance Premium = 16% interest per annum per loan.

Through this program, plus various incentives extended to rural banking, the number of

rural banks have increased from 369 in 1967 to more than a thousand today.

The Corporate Farming Program further expanded the scope of Green Revolution in the rice and corn industry. Big corporations (with 500 employees and more) were given incentives, specially in loans, to entice them to join the program.

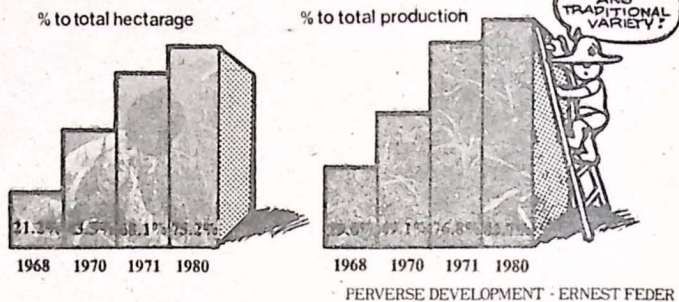
Big corporations which joined the program use the most modern farming methods. Private investment for farm mechanization alone has been big. Total investments of 487 corporate farms occupying 60,242 has. has reached P306 million in January 1981.

Due to these policies and the private maneuverings of agro-chemical corporations and the World Bank, traditional varieties were quickly replaced by HYVs in ricefields — reflecting the scope of Green Revolution in the industry.

In 1982, BAEcon reported that of the total 3.4 million has. of ricefields, 2.7 million has. or 80.9% have been planted to HYV.

Meanwhile, the essence of G.O. 47 is also behind P.D. 1159, the facilitation of massive influx of transnational corporations in agriculture. Like G.O. 47, P.D. 1159 exempted transnational agribusiness firms from various taxes, gave them easy capital loans from local banks and allowed 100% repatriation of

HYV Cultivation in Rice



profits from plantations.

There is essentially nothing new in P.D. 1159 for it has been a long standing economic policy of the Marcos regime to extend full support to foreign monopoly capitalists. What P.D. 1159 actually does is make foreign investments in agriculture more profitable and conducive to further expansion.

The Marcos regime itself has so much at stake in the Green Revolution Program, aside from its thorough-going puppetry to US imperialist interest, that are the bases for its aggressive propagation of the program. For one thing, its economic interest in the "revolution" is represented by its ownership of Planters' Products, Inc. — the biggest fertilizer and pesticide company in the country. In subsidies alone, PPI's direct claims have amounted to over ₱300 million

from 1973-81. This does not include savings incurred due to tax and tariff exemptions for fertilizer products and compensation for losses incurred from high inventory costs.

Green Revolution also serves certain political ends of the Marcos regime. A stable rice supply has allowed the regime to artificially peg palay prices at low levels to provide cheap rice to city-based consumers and prevent sharp dislocations in the urban consumers' food budget that could trigger off loud protests. The detrimental effect to rice farmers is clear — in the face of rising costs of palay production, palay price has remained extremely low.

The US-Marcos Green Revolution scheme, therefore, helps prop up the hated dictatorship while it produces grave effects on the rural and urban population.

Rural poverty, a product of Green Revolution

Despite increases in actual harvests, the numerous and increasing costs of palay production attendant to the Green Revolution farming method have greatly reduced actual farm incomes. Of the farmers' total income, about 75% is spent on production costs. This brings the average net farm income to only about ₱1,000 in four months.

This has driven many farmers deep into debt. At present, not only do they borrow money to capitalize production, they also borrow for daily subsistence. Not only are farmers deeply indebted to landlords and usurers; today, they are also neck-deep in loans from rural banks.

In fact, due to the high interest rate on Masagana 99 loans, many farmers have stopped borrowing: only about 27,538 continue to borrow this year, from 401,461 in 1972.

Indebtedness has resulted in the farmers being driven off their lands due to outright confiscation and displacement from lands

they till. Increasingly, indebtedness has also resulted in unjust imprisonment and detention.

Farm mechanization and corporate farm expansion have also driven an increasing number of farmers off their lands. Many have become farm workers, as a result. Others are completely left without work, due to the prevailing lack of employment opportunities in the countryside. Others who maintain their status as tenants find their land rent arbitrarily increased due to the use of farm machinery by the landlords.

That the Green Revolution Program has further impoverished the farmers is undeniable. Their costs of production have increased and continue to do so. They are more than ever deeply indebted to landlords and rural banks. Farm workers are rapidly being driven off their source of livelihood due to farm mechanization. And most of all, farmers become victims of widespread displacement from the lands they till.

Struggle in the countryside

Intensification of rural poverty, however has also catapulted the peasant protest movement to higher levels since the '80's. On a nationwide scale, farmers have been joined by other democratic sectors in

launching militant and varied protest actions.

In Central Luzon, coordinated and sustained protest actions were launched in 1980. Farmers protested against the fertilizer and pesticide price increase and



demanded the implementation and increase of the support price for palay. In this struggle, the Alliance of Central Luzon Farmers was organized.

In Southern Tagalog, Bicol and Mindanao, the rural masses fought the US-Marcos-Enrile-Cojuango coconut monopoly. They protested not only the exaction of the coconut levy, but also frustrated government attempts to replace traditional coconut varieties with the coconut HYV — Mawa hybrid.

A majority of those who borrowed under the Masagana 99 program have defaulted on their loans, not because they have no means to pay, but also in protest against the planned tying down of farmers to usurious bank loans.

In places where farmers have set up genuine, militant and nationalist farmers' organizations, farmers have successfully lowered land rents and interest

rates on loans through confrontations with landlords. In some instances, farmers have also successfully implemented genuine land reform or the free distribution of land to the tillers.

Meanwhile, farmers have also resorted to several cost-saving production methods such as the bayanihan and palusong systems and they are starting to use organic fertilizer which is definitely cheaper than chemical fertilizers, if not actually cost-free.

Together with the fight for a thorough implementation of genuine land reform and militant demands for basic agricultural reforms, the practice of agricultural cooperation among several farmers' groups and even among barrios has protected farmers' incomes from the onslaughts of an alien farming technology that is the Green Revolution.

The Birth of United Protests

However, the peasantry can only do so much against the Green Revolution program if it is not supported by other democratic classes and sectors of Philippine society. The Green Revolution problem is not simply a problem of decreasing farm incomes, it is also a social problem involving the stunting of overall agricultural and industrial development in the country. To overcome its unproductive effects on the economy, we need to nationalize seed research, free agriculture from dependence on imported chemical inputs, while at the same time, modernizing agricultural production in the direction of full utilization of indigenous resources.

Towards this particular solution, the role of the various sectors of the petty-bourgeoisie, specifically the researchers, scientists, agriculturists, technicians, economists and other professionals and also the nationalist entre-

preneurs come to the fore. Their special skills can be used in the interests of the peasantry and toward nationalist industrial and agricultural development.

But this is just one step towards solving this monstrous creation of the US imperialists and the Marcos puppet regime. Its final solution will of necessity be in the realm of politics — in the struggle for freedom from imperialist domination and genuine democracy. In the context of present Philippine society, this entails the dismantling of the US-Marcos dictatorship and the establishment of a democratic coalition government.

Towards this solution, the other democratic classes and sectors both in the rural and urban areas, are called upon to support the struggle of the peasantry. In this endeavor, they are not without experience; various groups of scientists, professionals, church workers,



students and teachers have time and again coalesced to form the Friends of the Farmers in support of the 1981 Central Luzon campaign; Friends of the Coconut Farmers and Workers for the Bicol and Southern Tagalog anti-coconut monopoly campaign; MAALAM or the Nationalist Alliance for Peasant Concerns and APIL or Anti-Coconut Monopoly Alliance in support of the Mindanao peasants' campaign against the coconut monopoly and landgrabbing. Only recently, the Forum for

Rural Concerns was organized by several professional, youth, student and church sectors to support the general peasant struggle for land rights against landlord and imperialist control of agriculture.

United with the peasantry in their struggle, and by themselves waging their own democratic and economic struggles, the other democratic classes and sectors will heighten their contribution to the general struggle for nationalism, independence, democracy and social prosperity.



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