# BOOK REVIEW

*Political Economy of Philippine Commodities*. By Randolf S. David et al. Quezon City: Third World Studies Center, 1983. Pp. 310.

The volume is a collection of four studies of primary commodities which are of vital significance to the Philippine economy, namely: bananas, sugar, coconuts, and Virginia tobacco. "Political economy" in the title of the book aptly hints at the special slant of the studies which are not merely intended to give economic descriptions and analyses of four export industries but to delve more deeply into the murky politics that underlies the actual workings of each particular export commodity, its colonial past as in the cases of sugar and coconuts, and/or its development in recent years as in the cases of bananas and Virginia tobacco.

The volume suffers from a wide variability in the level of the analysis adopted for each particular industry. For instance, the lead study on "Transnational Corporations and the Philippine Banana Export Industry" is an informative description of the phenomenally rapid growth of the Cavendish banana industry in the southern island of Mindanao beginning in the late 1960s and the subsequent dependence of many small land-owners and thousands of landless plantation workers on a few large corporations which have gained a veritable stranglehold on the export and marketing end of the industry. It deals at some length with the early efforts to start the industry in the 1960s and the contortions the Philippine Government apparently had to go through in order to enable a few transnational corporations to gain a foothold in Mindanao. Undoubtedly, not a few of the early advocates of the banana export industry were sincerely optimistic that the new industry would bring untold benefits to the country. The study by David, Rivera, Abinales, and Teves, however, focuses not so much on the positive gains to the Philippines in terms of foreign exchange receipts which are unquestionably substantial but on the increased dependence of the small banana growers on the plantation owners and banana exporters for the new technology and credit which have entrapped many of them into perennial indebtedness. According to the authors:

> the Philippine's bargaining position in the banana industry is very weak. It is at the losing end of a lopsided partnership with powerful agribusiness TNCs [and] . . . faced with . . TNC control of refrigerated boats, TNC ownership of brand names and the sheer financial muscle of TNCs. The vulnerability of the Philippine banana industry . . . is further demonstrated by the absence of alternative employment . . ., especially non-corporate ways of utilizing the land productively; the refusal of authorities to implement measures which will threaten . . . foreign-exchange generating activities and the general attitude of obsequious receptiveness to TNC activites which is characteristic not only of public officials but also of local investors (p. 105).

While the authors do not recommend the "total closure of the plantations and the conversion of these lands back into farms that will produce staple food for local consumption" they recommend "a planned phasing out of at least half" and that "All attempts to resuscitate these farms . . . must immediately be stopped" (p. 106).

The study "In Extreme Unction: The Philippine Sugar Industry" by A. McCoy focuses on the expected "massive displacement of a labor force" with few alternative job opportunities when the mechanization spreads to other sugar districts. The very high cost of production of Philippine sugar compared with other producers, such as Australia, requires rationalization of the industry; otherwise, the industry will not be able to survive. The present relatively inefficient method of production is traced to the preferential treatment that the Philippines enjoyed when it was granted duty-free sugar quotas in the U.S. market up to 1974.

Assured of a market and prices often above the world price of sugar, the industry became uncompetitive. Moreover, the *hacienderos*, as the sugar planters are called, took a feudal and paternalistic attitude towards their workers by providing them with housing, usually substandard, and other accommodations such as consumer-credit without the usual requirement of collateral, but also keeping the *sacadas*, as the sugar workers are called, in almost perennial indebtedness.

The study highlights the role of the Philippine National Bank (PNB), which was established to finance the sugar industry in 1916 and has remained virtually a sugar bank over the years. The political clout of the sugar-industry block is traced over the years although that clout has declined during the period under martial law because the old sugar oligarchs are generally considered to be in the opposition. The ascendancy of Mr R. Benedicto, however, has gained for the Marcos government control over the sugar industry.

The role of the government which extends not only to the provision of credit at relatively favourable terms through the PNB but also to the marketing end through the National Sugar Trading Authority (NASUTRA) and the Philippine Sugar Commission (PHILSUCOM) is pervasive and illustrative of its increasing intrusion into areas where the government has no distinct advantage. In fact, the well-known inefficiencies of government bureaucracy would be a disadvantage especially in marketing.

"The Political Economy of the Philippine Coconut Industry" by Rigoberto Tiglao focuses on the problems which plague an industry which accounts for "74 per cent of commercial croplands . . . and 23 per cent of Philippine export earnings . . ." (p. 181). He argues cogently the case for less inequality in the sharing of benefits from the Philippine coconut industry.

Using the standard Marxist formulation and assumptions he calculates the distribution of the total value of coconut exports among the different classes (Table 16, p. 269). Peasants and rural wage workers get 21 per cent while non-working landowners get 34 per cent. The Coconut Consumers Stabilization Fund (CCSF) and the Cocofund Levy and Export Tariffs accounted for 25 per cent in 1974–75. The study emphasizes the unequal exchange in the copra market compared to other areas in the industry. Assuming some backward shifting, it would seem ironic for the government to impose on an already impoverished industry compulsory contributions of 25 per cent of the value of coconut exports, a "tax burden" which is even greater than the total share of peasants and rural workers in the industry, according to Tiglao's calculations.

The study, however, fails to alert the reader to the dangers of increasing government control over the primary commodities sector which is, perhaps, best illustrated by recent developments in the coconut industry. Using funds accumulated from the compulsory levies on coconut products, UNICOM, a private milling and marketing company, was organized. Subsequently, UNICOM purchased the United Coconut Planters Bank (UCPB) which became the depository of the coconut levies without, however, having to pay interest on these deposits which amounted to several billion pesos, acording to some estimates. According to a recent study, the monopsony position of UNICOM has resulted in lower prices for copra than otherwise, which has meant the loss of potential revenue to coconut farmers, amounting to hundreds of millions of pesos. It is well known that Mr E. Cojuangco, the new coconut czar is close to the Marcos regime, confirming a pattern which seems to prevail in all the four primary commodities studied in this volume.

The long sections on Marxian and Leninist analyses on the exploitation of labour starting from the Theory of Surplus Value to the Theory of Ground Rent as Surplus Profit became tedious at times, illustrating the wide variability in the level of analysis adverted to earlier in this review. Some of those sections could have been shortened without detriment to the volume.

The study on "The Philippine Virginia Tobacco: 30 Years of Increasing Dependency" by P.T. Mejia focuses on the various programmes the government has pursued to encourage this industry since the early 1950s. The history of the industry is replete with stories of graft and corruption in the implementation of the different programmes, including vivid descriptions of intermittent power struggle between political factions in the Ilocos region where the industry is mostly concentrated. If any lesson is to be learned it is that the government is patently inefficient in implementing subsidy and marketing programmes of this sort. Millions of pesos have literally been lost by the government but not necessarily to the benefit of the small tobacco farmers; in fact, often at their expense. Similar statements could easily be made regarding the implementation of other government programmes dealing with primary commodities.

The four studies reviewed above, though lacking a unifying focus because they were originally undertaken for varying purposes, nevertheless constitute a coherent volume in "their common attention to the social and economic conditions" and the injustices as perceived by the seven authors with their varied academic/disciplinary backgrounds. While some economists might quarrel with portions of their analyses, it would be difficult to disregard the "patterns of power and domination and the persistence of a particular culture that helped to reproduce what . . . can only be seen as an irrational, unjust and inhuman system" (p. vii).

Obviously political in its intent and orientation, the book serves to open the eyes of those readers who may not be fully aware of the total situation.

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