

The Rebirth of COOPERATIVE ENTERPRISE *in the Philippines*

FIRST CONGRESS OF THE
PHILIPPINES
Second Special Session
HOUSE OF REPRESENTATIVES
[H. No. 553]

INTRODUCED BY CONGRESSMEN
RAMOS, ROMERO, GALLEGO,
MONTANO AND DE LOS SAN-
TOS, AS MEMBERS OF THE
CONGRESSIONAL RE-
CONSTRUCTION AND REHABI-
LITATION COMMISSION.

EXPLANATORY NOTE
HISTORY OF COOPERATIVES IN
THE PHILIPPINES

This is a proposed law to establish the National Cooperative Administration to effect a centralization of the supervision and control of cooperative enterprise in the Philippines. Before the war, cooperatives were under the supervision and control of the Bureau of Commerce, including agricultural cooperative credit associations, cooperative marketing associations, retailers' and consumers' cooperatives. Before the Bureau of Commerce took over the supervision of the cooperatives, the old Bureau of Agriculture was entrusted with the organization of agricultural cooperative credit associations when they were first set up under Act No. 2508 passed in 1915. In 1941, shortly before the outbreak of the war, all cooperative associations were placed under the supervision and control of the National Cooperative Administration created under Executive Order No. 359.

The establishment and progress of cooperative enterprise in the Philippines has been slow. The first type of cooperative that was formally organized was the agricultural cooperative credit association. Starting with 8 associations in 1916, there were at the outbreak of the war on December 8, 1941, 571 such associations in 43 provinces with a total membership of 98,178 and total capital amounting to ₱3,383,997. The total loans outstanding amounted to ₱3,256,562 and total reserves amounted to ₱159,801. Even before the war, most of these credit associations were in a moribund condition and they could afford only the minimum of financial aid to some of their members. The chief cause for

their inactivity and the failure of many of them is the lack of capital. The contributions of the members and the small amount of deposits they could attract were not sufficient to permit efficient operation of these associations. The Rice & Corn Fund, now the Agricultural Cooperative Fund, with a capital of ₱1,000,000 was made available for extending loans to the credit associations, but even with the aid of this Fund they evidently needed more funds to satisfy the demands of their members.

Aware of the inadequacy of the rural credit associations to furnish sufficient credit to the small farmers who had no access to the banks, the Philippine Legislature passed Acts Nos. 3895 and 3896 authorizing the establishment of rural credit associations and rural banks under the supervision of the Philippine National Bank. Six rural credit associations were established under Act No. 3895, of which only three were operating at the outbreak of the war. Six rural banks were also established under Act No. 3896, of which only three were in operation and three in process of liquidation in 1941.

The difficulties encountered by the agricultural cooperative credit associations under the supervision of the Bureau of Commerce also explained the failure of the rural credit associations under the supervision of the Philippine National Bank. The lack of interest on the part of the farmers to join the associations organized for their own benefit and the lack of training of those who were elected to run and manage the associations also accounted for the indifferent success of these credit associations.

Other types of cooperative associations that were organized are cooperative marketing associations, retailers' cooperatives and consumers' cooperatives. There were several cooperative marketing associations established under Act No. 3425. The marketing cooperatives were organized with great expectation by the members, but the absence of important marketing facilities, including lack of bonded warehouses, inadequate credit, lack of transportation, besides the other factors already mentioned, all contributed to the failure of inactivity of many of the marketing cooperatives.

Farmers' cooperatives were organized during the Japanese occupation on a commodity basis under the supervision of the Bureau of Agricultural Administration. As of June 15, 1944, there were 247 farmers' cooperatives of which 219 were rice growers' cooperative associations, 26 coconut growers' cooperatives and one each for cotton and for onion. The total membership numbered 133,421 of which 130,135 pertained to rice, 3,250 to coconut, 20 to onion and 16 to cotton. The total authorized capital amounted to ₱2,288,860 of which the sum of ₱1,972,860 belongs to the rice growers' associations.

Retailers' cooperatives were organized on a national scale during the Japanese occupation. By the middle of 1944, there were 17,363 retailers who were members of retailers' cooperatives in 33 provinces. The authorized capital of retailers' cooperatives amounted to ₱5,475,000 of which ₱2,110,509 was paid up. The volume of sales during the period or nearly two years amounted to over ₱15,500,000.

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Consumers' cooperatives were also organized in Manila and other places before the war. It was not, however, until after inflation had reached a critical stage during the war that consumers' cooperatives were organized on a larger scale, especially in Manila, in order to provide their members with rice and other necessities at reasonable prices in the face of the sky-rocketing of prices during the latter part of the Japanese occupation. An increasing number of consumers cooperative stores are distributing ECA goods in Manila at present.

The corporation here proposed to be set up would consolidate all the activities of the government pertaining to cooperative enterprise and vests the supervision and control of all kinds of cooperatives in one organization. It has been the experience in the past that a mere division in a bureau, burdened as it is with other functions, could not cope with the work of organizing and supervising cooperatives. It could not get the necessary technical personnel and it does not possess the necessary prestige to push vigorously and effectively the cooperative movement. Such centralization of authority would promote efficiency and unified control by the government of the activities of cooperatives in order to correct defects in their management which had contributed to a large extent to the failure of many of them. The Board of Governors, through its technical staff, would provide for uniform reports, accounting systems, and issue such rules and regulations to forestall any irregularity and to remedy faulty methods in the running of the business affairs of the cooperatives. The appropriation herein provided would be partly employed in contributing to the meager capital of some of the cooperatives whose members could not push up sufficient funds to permit efficient operation, and partly in conducting a nation-wide campaign of educating the people about the objectives and benefits of cooperation both in productive enterprises and in consumption.

The cooperative enterprise provides the most effective means of aiding and rehabilitating the common man, either as a producer or a consumer, in his efforts to survive ruthless competition and the monopolistic tendencies of our present economic society, which make possible profiteering and exploitation of the weak by the strong. The cooperative has been a powerful factor for social and economic amelioration in other countries, and it could be made to secure a greater measure of social welfare among the masses of our population. In view of the importance of this measure its approval is earnestly urged.

(Sgd.) NARCISO RAMOS
Congressman, 5th District, Pangasinan

(Sgd.) JOSE ROMERO
Congressman, 2nd District, Oriental
Negros

(Sgd.) MANUEL V. GALLEGO
Congressman, 1st District, Nueva Ecija

(Sgd.) JUSTINIANO S. MONTANO
Congressman for Cavite

(Sgd.) CEFERINO DE LOS SANTOS
Congressman, 4th District, Iloilo
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FARMING AND COOPERATIVES.

Prospects for Food . . .

(Continued from page 17)

lowland rice does not come until November. Again the increased planting of corn camote and camoteng kahoy in these provinces will prevent unnecessary difficulties, specially when supplemented with imported rice flour and corn.

At the present moment, no serious shortage is felt in rice in Manila. Imported rice, corn, and flour keep population rationed for their needs. Locally raised rice is available though at still high prices due to high transportation and handling costs. There seems to be no fear that there will be difficulty with food supplies until the next harvest, particularly after the official announcement made that more rice and flour are forthcoming from abroad.

The present rice crop which will be harvested beginning November will be in general distribution beginning January 1946. From all indications this crop will not come up to normal prewar production for several reasons principally, late and insufficient rains during planting season, unsatisfactory labor conditions during the early part of the cropping season, inadequacy of work animals and farm implements, a dearth of farm workers and destruction in farms and facilities. It is estimated that the crop in Central Luzon rice growing provinces will be hardly seventy per cent of normal production. We are still facing the typhoon season which sometime accounts for losses reaching from thirty to forty per cent. The Central rice growing provinces produce normally about seventeen million cavanes of

palay available for consumption. Of these close to twelve million cavanes go to local consumers, leaving five millions for Manila and surrounding provinces. If present estimate of crop is taken as an indication of prospects for food then something like eleven million cavanes will only be available for consumption. But there need not be any panic for this situation—what actually would happen is that the rice growers will reduce their consumption of rice to export as much rice as possible to obtain cash to buy commodities that they have missed during the last three years. They will eat more corn, camote and cassava. Besides wheat flour may take the place of actually one third of Manila needs for rice if it is made available, and bread can be supplied to all families.

Manila needs about two thousand cavans of rice daily. This is equivalent to about one million and one half cavans of palay a year. The neighboring provinces with the increased production of corn, camote and cassava locally, may need about three million cavans of palay. With four and one half million cavans of palay under control for distribution, the food situation in Manila and surrounding provinces will be brought to fairly normal condition. As the harvest is fast approaching the problem of food distribution will not be urgent until August of 1946. Speedy economical transportation would make available to all needy centers the crops from Central Luzon rice growing provinces. The pressing problems at present are those connected with harvesting and threshing facilities, containers, and

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Philippine Agriculture . . .

(Continued from page 13)

earn more, live better and be a better farmer.

Our tobacco industry demands definite adjustment. The filler tobacco at the outbreak of the war was in a state of overproduction. On the other hand, aromatic cigarette tobacco and wrapper tobacco were in premiums and are likely to be in demand under the new conditions. Tobacco lands will be excellent for corn, peanuts, soybeans, cowpea, tapioca, white navy bean and many others. This indicates which direction adjustment may well take its course.

In the coconut industry, new uses for oil and the possibility of reducing the cost of production and an effective organization for handling the products are encouraging signs. If the oil is exported to be made into lard, oleomargarine, soap and other products, why could not production of these manufactured products be done in the coconut growing centers and save all the cost of transportation of raw materials. If other countries provide their population better wages as factory workers, why don't we do the same here by establishing our factories close to the source of raw materials and power? What is the use of making copra, when the nuts could be hauled into the factory and the oil mixed with caustic soda in the plantation to produce soap? How many arduous steps and costly work can be eliminated? We have seen already how nuts can be de-husked, then passed through an expeller and high-grade oil and coconut flour are produced? Many labor-saving devices in collecting the unhusked nuts can yet be developed. Again the coconut grower can raise hogs under the coconut plantation and there is no reason why we cannot process the hogs into ham and bacon for which there is a fairly large demand. What the coconut industry needs is readjustment in its organization and adoption of progressive farm management.

There is an excellent opportunity now to rehabilitate sugar production in districts where this can be achieved at costs that will enable Philippine products to compete in the world's open market. Marginal sugar lands should be definitely abandoned and devoted to other staple crops such as soybeans, castor oil, peanuts, cassava and fruit trees.

In the abaca industry, the problem is similar to that of sugar cane except that the market for abaca still depends upon the Philippines as the principal supplier. But farmers and the government must be decided to rehabilitate only good abaca lands and in abandoning marginal lands. Machinery and labor saving devices should be used to achieve economical production of good quality products. Many times the industry had been threatened by pest and diseases. No efforts should be spared to find out the best control measure for the known pests and diseases. Abaca lands must look forward to effective farm management to protect the plantation from the ravages of typhoons or they must turn to other crops. Unless made up by other advantages, lands in districts often ravaged by typhoons will not be suited to abaca, unlike those in Mindanao with its rich soil and under climate that registers no destructive typhoons.

In rice we are yet to see the greatest revolutionary changes in our production. Heretofore, a riceland gives at most eighty cavanes of palay per hectare per harvest. The average in good land is forty, in fair lands, thirty and less. Unless irrigated as is usually the case, only one crop is taken from the land in one year. Through the use of better seeds and good irrigation practice, the yield may be increased by 20% to 50%. But the greatest changes will come in the utilization of ricolands after the regular rice season to another crop of potential economic value. This has been demonstrated in recent years with the use of soybeans, mungo, cowpea, corn and camote. Because of its adaptability and good yields, camote can be utilized by the farmer to diversify his enterprise in the farm. For the cultivation of camote will enable the farmer to take care of hogs, utilizing the leaves, stems and roots. The use of machinery will be required to facilitate the change as the land must be promptly prepared after the rice harvest and planted to camote. Camote planted after the rice crop, would yield after four months from three to seven tons of camote tubers.

New crops in prospect are the ramie, the citrus, the avocado and the soybeans. Ramie is one of the best as an export crop and for the increasing demand for raw material of the growing local textile industry. United States textile mills are interested specially now that a million dollar crop and several hundreds of acres has been developed in the everglades of Florida. Citrus is a protective fruit needed daily in everyday's family menu, to improve nutrition. The avocado is a nutritious fruit and is grown in every part of the Philippines. Soybeans is the modern miracle plant.

Lastly, but equally important is the menace from the mounting agrarian difficulties. Basically, this is an economic problem. The individual tenant or independent small farmer should be placed on an economic level and security, which attains for him a good standard of living, opportunity for educating his children and the enjoyment of such comforts of living similar to those enjoyed by workers in industries. Naturally, this is a problem of the tenant himself and the landowner. It is the tenant's business to organize farm work in order that his income may be enough to provide a good standard of living for his family. Obviously, it is the business of the landowners to cooperate with the tenants in his case, because the prosperity of the tenant farming will reflect upon the income of the land.

No amount of bickering on terms of sharing, on rights and tenure, will benefit the tenant unless his farming is profitable, unless the area he tills is economically large and unless his farming methods and practices are efficient. Therefore, both the landowner and the tenant must strive to increase the rate of production, adopt up-to-date practices, increase farm income, create good living conditions in rural communities and avoid such abuses which social legislation is trying to prevent. The need at present is more general enlightenment.

The discrepancy in attainment and in bargaining power between landowners and tenants is so wide that abuses be-

Rehabilitation Problems . . .

(Continued from page 7)

security of our tenants, or there will be no peace in our rural communities. They demand justice, and I ask for them justice. They are still amenable to reason and fairness. They need a chance to earn a decent living, an opportunity for their children to be enlightened, an economic security in their own little and close world. Let us examine our tenancy law, let us study their problems closely and let us be fully determined to give them the necessary improvements.

come possible. Were tenants better enlightened, it would be impossible for landowners to commit abuses which are the cause of agrarian difficulties. Happily, there is a new trend in this direction as large farm owners are beginning to put more business ideas to farming and they are realizing that the only way to make the farm pay under tenancy system, is to make tenants prosperous and happy. The greatest need of our country is an enlightened citizenry.

In order that Philippine agriculture may be speedily rehabilitated and readjusted to the exigencies of present day conditions, it must take cognizance of the following basic needs of the rural districts.

1. Establishment of complete peace and order in the rural districts in order that the farmers even in the remote bar-
2. Liberal aid in the form of relief for reconstruction of farm facilities and procurement of work animals and (b) Sustantial credit facilities at low interest to enable the farmers to rehabilitate on their own account.
3. Stable prices of farm products.
4. Social and economic security for small farmers and tenants.
5. Establishment of adequate transportation and machinery facilities.
6. Government liberal support to make science serve agricultural progress.

The Rebirth of . . .

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HOUSE OF REPRESENTATIVES

[H. No. 553]

INTRODUCED BY CONGRESSMEN RAMOS, ROMERO, GALLEGO, MONTANO AND DE LOS SANTOS, AS MEMBERS OF THE CONGRESSIONAL RECONSTRUCTION AND REHABILITATION COMMISSION.

AN ACT TO AMEND SECTION FIVE OF COMMONWEALTH ACT NUMBERED FIVE HUNDRED SIXTY-FIVE ENTITLED "AN ACT PROVIDING FOR THE ORGANIZATION OF COOPERATIVE ASSOCIATIONS, AUTHORIZING THE CREATION OF AN AGENCY OR DESIGNATION OF AN INSTRUMENTALITY OF THE GOVERNMENT TO PROMOTE AND SUPERVISE THE S A I D ASSOCIATIONS, AND PROVIDING FUNDS FOR THE PROMOTION AND SUPERVISION OF THE SAME."

Be it enacted by the Senate and House of Representatives in Congress assembled:

SECTION 1. Section five of Commonwealth Act Numbered Five hundred (Continued on page 22)

The Cooperative Way of Life

A. DE CASTRO

(As a Private Citizen)

THE recreation of the National Cooperatives Administration by the Philippine Legislature giving to this institution ₱5,000,000 to efficiently perform the implantation of the cooperative way of life in our Philippine Economy is a conclusive proof on the part of our Government that the organization of cooperative enterprises is a *National Policy*.

The cooperative way of life seeks a middle way of solving the trouble between capital and labor. The capitalistic way of life is characterized by monopoly of the few. In fact, it is totalitarian in the sense that who ever controls capital is the one that dictates the destiny of our economic organization. The global war which has just been ended pronounces that democracy should be a guiding principle of our life; hence political democracy if it is to last as our guiding philosophy should be based on economic democracy. I dare say that our sacrifices to let democracy safe for humanity will not last long if its foundation is based on totalitarian economic organization. The fight for political freedom is ended. Freedom from the clutches of big business interests whose creed in "In Money we trust and let Money speak"—the sooner we go back

to the Christian way of "In God we trust and let human being speak," this world of ours will not only be worth living but it will be worth fighting for. Democracy to last should be founded on economic freedom. It has been said that aggressive war was always caused by the manipulation of world power supported by great capitalists, industrialists and financiers.

There is no doubt that when the cooperative way of life where the earning of capital is limited and when in the deliberation of business organization is based on one-man-one-vote, this world of ours will be more fit to live and possibly more human understanding will prevail. Only when our political and economic organization is based on democratic principles of one man one vote will the mass of common *tao* be emancipated from economic slavery.

The slogan of the late Pres. Woodrow Wilson "to make the world safe for democracy" will not be only in theory but in practice. For us in the Philippines, the organization of more cooperative enterprises is the road to world peace and also the right way to reconstruct our ruined national economy.

In rebuilding our national economy we should not lose sight of the fact that

our people must be organized in such a manner that the real majority will prevail in contrast with the old time business organization based on the capital investment. There is no doubt that His Excellency, the President of the Philippines will exercise the final stage of signing the House Bill No. 553 which has been passed by both houses and presented for his signature.

This is the Magna Charta of Economic Emancipation!

The Rebirth of . . .

(Continued from page 28)

and sixty-five is hereby amended so as to read as follows:

"SEC. 5. There is hereby created a non-stock corporation to be known as the "National Cooperatives Administration" to take charge of the promotion, organization and supervision of cooperative and mutual aid associations now existing as well as those which may hereafter be formed under the provisions of Commonwealth Act Numbered Five hundred and sixty-five and the rules and regulations promulgated thereunder."

With Best Wishes to the PHILIPPINE FARMERS ASSOCIATION SAN CARLOS DISTILLERIES

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Progressive Farming . . .

(Continued from page 23)

two or three seeds in every hole. When the plants are about one foot high, eliminate the poor plant and leave only the healthy plants one or two to grow up. The upo should be made to climb on strong trellis. A four by five meters "balag" from two hills of plants will produce as much as fifty upo fruits during the growing season.

Poultry

EGGs are still at a premium. What are the Sta. Maria poultry raisers doing? Feed now is abundant and transportation is available. There are many buyers of white leghorn chicks but they seem still to be scarce. The "Farming and Cooperatives" will be glad to help prospective poultry raisers in securing stock and feed. If you have chicks to sell, let us know and we shall pass the word around to our friends who are poultry raisers. If you need fish meal or other concentrates let the "Farming and Cooperatives" help you.

A Word about the Hog

ONE of the best allies of the farmer is the hog. The pig helps the farmer save a lot of farm wastes. It can consume spoiled palay or corn; it can feed on culled camotes, calabasa and camoteng kahoy. It utilizes kitchen waste. One of the most economical ways of raising a pig is to feed it principally with leaves and stem of camote and "darak." Experience points that a farmer having a patch of camote of three hundred square meters will have enough leaves and stems to raise a pig. Start with a feeder three to four kilos in weight. Feed with camote leaves and stems and darak, occasionally with corn and camote until it is twenty kilos in weight. Then fatten it by giving it all it can eat of cracked corn, camote, or camoteng kahoy. At this age it will put 1 kilo of live weight for every six kilos of grain eaten.—R.R.A.

S—(a) Ang e sa dakong unahan ng salitang hiram ay nagiging i: ceballos—sibuyas, ventana—bintana, Enero—Inero, Felipe—Pilipe

(b) Ang o sa dakong uná'y nagiging u, at sa dakong huli'y w: bombero—bumbero, soldado—sundalo, Mindanao—Mindanao, Lanao—Lanao

(k) Ang r sa unahan ay nagiging d, at sa hulihan ay l; repikar, ñapical, rezar, dasál, lugar, lugar

T—Sa mga dalisay na salitang tagalog, aling mga titik ang nakakapalitan?

S—(a) Ang mga patinig na o at u: sampo—sampu, sapól—sapúl

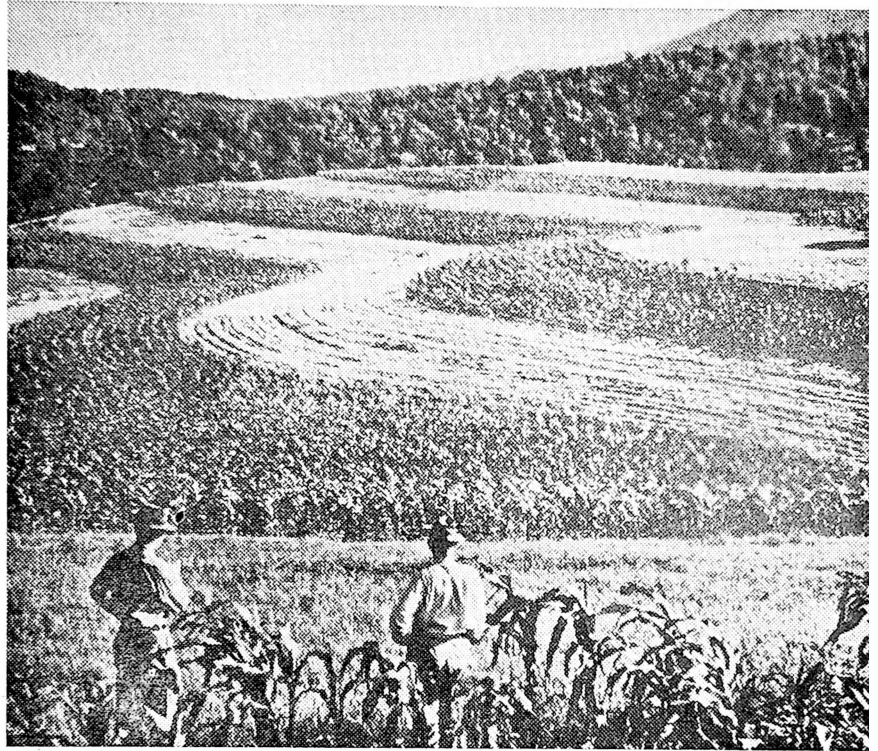
(b) Ang mga katinig na d, l, at r: daw—raw, din—rin, diyán—riyán, lakad—lakarin, buklod—buklura

Sa pagkakapalitan ng d at r ang ganitó ang tuntuning sinusunód. Kapág napagitna sa dalawang patinig, ang d ay nagiging r.

(To be continued)

FARMING AND COOPERATIVES

SCIENTIFIC FARMING IN THE U. S.



Stripped farming as done in the U. S. is one of the most urgent needs of the rolling lands under cultivation in the Philippines. (USIS cut)

How Much Are This and That?

Prices as canvassed by this journal at popular markets in Manila principally Divisoria during the last days of October. Ordinarily prices at Divisoria Market are fifty centavos to one peso lower than other Manila and nearby markets.

These are retail prices:

Rice.....1st class	P2.30	to	P2.50	per ganta
2nd class	2.20	to	2.40	" "
Sugar...White	3.50	to	4.50	" kilo
Panocha	2.10	to	2.50	" "
Mongo	5.00	to	5.50	" ganta
Camote	.25	to	.50	" kilo
Camoteng kahoy	.25	to	.50	" "
Calabasa	.20	to	.30	" "
Talong... (about 6—8 inches)	.08	to	.10	" piece
Tomatoes... 6—8 pcs.	1.00	(about	P.50	size)
Upo..... (about 1½ ft. long)	.30	to	.50	a piece
Peanuts...shelled	4.50	to	5.50	per ganta
unshelled	1.50	to	2.00	" "
Chayote	.25	to	.40	" kilo
Chickens...cockerel or young hen	4.00	to	6.00	
big hen	8.00	to	9.00	
Eggs...native	.28	to	.50	per piece
white leg-horn	.48	to	.60	" "
ducks	.48	to	.60	" "
balot	1.00	to	1.40	" "