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The Power of Discourse: NGOs, Gender and National Democratic Politics

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In 1992, the leadership of the Philippine radical-left National Democratic movement triggered a split in the movement, by calling upon its members to "reaffirm the principles and rectify the errors." Loyalists to the National Democratic leadership became known as Reaffirmists (RAs), while the secessionist, individuals and organizations were called Rejectionists (RJs). Almost ten years passed before the different groups could be seen working together again. This was during the so-called Oust-Erap campaigns.

Little is known of what happened within the National Democratic movement during these past years, and especially about the role of nongovernment organizations (NGOs) and the women's movement in the periods preceding and after the split. The split not only affected the underground movement, but also spilled over to the nongovernmental development organizations and the people's organizations (POs). For over a year, fierce fights occurred within and among development NGOs to draw the boundaries between RAs and RJs, while factions competed over offices, bank accounts, donor agencies and people's organizations. After the dust settled, the RA NGOs started a rectification campaign in order to bring their organizations back into line with the basic principles of the National Democratic movement. This paper discusses the rectification in a group of NGOs in the Cordillera, with a special focus in the second part of the paper on the women's movement, where women grappled with tensions between their own feminist and National Democratic political positions. It elaborates how the rectification campaign of the Philippine National Democratic movement may partly be viewed as an effort of the leadership of the movement to bring development NGOs back under its reins. It also suggests that the call to go back to basics may partly be understood as a "patriarchal" reaction to expansions in the space that women were maneuvering in.

I use the case of the National Democratic movement to explore questions of dominant discourse. Discourses are more or less coherent sets of references that frame the way we understand and act upon the world around us. Development NGOs are normally hinged around an amalgam of different discourses that all provide rationales for the work, appear in writings and contain points of reference to guide the numerous decisions and actions taken in NGOs. The discursive repertoire of the NGOs discussed here include the national democratic key ideas, indigenous rights discourses and the language of participation and development, as well as a number of everyday discourses, such as the language of kinship and traditional village politics. Before the split, NGOs used these discourses simultaneously and strategically,

deriving from their multiplicity sufficient room for maneuver to deal with everyday affairs. The rectification drive can be understood as an effort to restore the dominant position of the National Democratic discourse in the practice of NGOs. The question addressed here is how and when a discourse can become powerful in becoming the dominant frame of reference.

The First NGOs in the Cordillera

The Cordillera is a mountainous area in the north of Luzon comprising six provinces, and occupied by indigenous peoples. The region was never fully incorporated into the colonial history with Spain, and state intervention only became a major factor under the American administration during the early 20th century. Seen from the outside, Cordillera people's lives are still highly organized through traditional practices and techniques. From the inside, however, the area is culturally diverse (Raedt, 1987) and differentially integrated into the economic, social, political and cultural processes of the lowlands.

The plans of President Marcos in the 1970s to construct a series of hydroelectric dams along the Chico River spurred a protest movement comprised of a large number of village-based organizations. In the wake of this movement, the region became a stronghold of the revolutionary struggle of the National Democratic Front and its armed wing, the New People's Army. In the course of many years, the anti-dams movement in the Cordillera moved from "protest to proposal" (Fals Borda, 1992: 305). In 1984, the Cordillera People's Alliance (CPA) was founded, representing more than a hundred POs. The CPA spearheaded a movement for regional autonomy. After the restoration of democracy in the Philippines, the CPA successfully lobbied for the inclusion of a provision in the new Constitution granting the Cordillera the right to autonomy. Soon thereafter, the CPA found itself marginalized in the negotiations for the implementation of autonomy in the region. Traditional politicians watered down the notion of autonomy, and the radical movement was also hampered by infighting and breakaway groups. In 1987, when an Autonomy Act was subjected to a plebiscite in the region, the Act was turned down. The CPA was among the organizations that lobbied against the Act.

In the 1980s, a number of NGOs emerged in the Cordillera as offsprings of the political movement. Development work *avant-la-lettre* in the Cordillera had sporadically been organized throughout the 20th century. Churches normally organized voluntary associations to assist the clergy, and some of these engaged in projects to raise living conditions in the villages. Government agencies initiated (mainly women's) associations to promote their programs, starting with the Rural Improvement Clubs of the Department of Agriculture in the 1930s (Miralao, 1993:

21; see also Po and Montiel, 1980). Finally, cadres of the New People's Army (NPA) during the 1970s facilitated small-scale projects as part of their organizing work, such as the construction of pig pens, and health education. As one former NPA explained to me, they did this because "when you came to these villages, the need for such work was very clear." This desire to improve life in the remote areas coincided with the ideological approach of the NPA that, following Mao, wanted to embed armed struggle through organizing activities in the villages.

In 1979, the first NGO was formed as part of the National Democratic movement in the region. After this, NGOs were set up one after the other, and in 1986, ten of them formed the Consortium of Development NGOs in the Cordillera.[1] There were three reasons why activists of the National Democratic movement resorted to the formation of NGOs in the region. First, the struggles against the Chico River dams and other resource-extracting projects had led to an interest in alternative development, based on small-scale, local, people, and environmentally friendly projects. Second, setting up NGOs was a way to straighten out some of the institutional tensions in the social movement, where churches and the National Democratic organizations partly coincided but competed to some extent with each other. The first NGOs in the region were set up by activists working in a church community development program, and were intertwined from the start with the organizational structures of the National Democratic movement. A final impetus to form NGOs came from outside, when it became clear in the early 1980s that international donor agencies tended to favor NGOs over POs.

The formation of the NGO Consortium in 1986 was a response to new development opportunities in the region, following the installation of President Aquino. Under her government, the Cordillera became a popular site for large international development programs. One of these was the European-sponsored Central Cordillera Agricultural Programme (CECAP). The story of CECAP deserves some attention since it shows how development projects can become a tool in political conflict. In a struggle parallel to the negotiations for regional autonomy, CECAP became one of the arenas where contestations over which organizations to include in the ordering of the region's development were decided.

CECAP: Political Struggles Over a Development Program

In May 1986, barely three months after the installation of President Aquino, two representatives of the European Union visited the Cordillera to explore possibilities for an EU-assisted development program. They proposed to facilitate a wide array of small-scale projects for infrastructure, agricultural production and marketing in the communities of the Central Cordillera.[2] The Department of

Agriculture (DA) was selected to be the Philippine counterpart. From the start, it was clear that one of the objectives of the program was to curb the communist-inspired resistance movement in the region (Severino, 1994: 1). The first EU Mission report thus stated that "the development of the Cordillera is considered as the most important way to progressively limit and restrain the area of the insurgency" (cited in CRC, 1989: 10). Despite reservations prompted by this political agenda, the Cordillera activists were initially interested in cooperating with the EU, because the Mission report recommended that 10% of the project had to be channelled through NGOs. This was an opportunity for the Cordillera People's Alliance, consisting of some 100 people's organizations and a number of NGOs, to expand its socio-economic activities. The CPA decided to form a consortium of development NGOs, with the explicit aim of entering into a relationship with the proposed CECAP project. The institutional set-up was such that the NGOs were affiliated with the CPA and provided services to assist the local people's organizations affiliated to CPA in organizing, educating, and launching projects.

The Consortium, with the assistance of a Manila-based consultancy firm, drafted a proposal that was endorsed by the CPA. The format and presentation of the Consortium's proposal clearly showed that the associated NGOs were in for serious and competent development work. It consisted of 49 pages, plus 37 pages of annexes. One of the annexes contained a list of 134 proposals for micro-projects that had been put forward by local organizations affiliated with the CPA. An additional 16 maps, flowcharts and graphic representations of relations and procedures further enhanced the professional style of the envisaged program. One part of the proposal criticized the EU approach, which, according to the Consortium, failed to "situate the obvious problems in the magnitude of their implications and historical origins, and place these in the light of the development of the autonomous region" (CDP, 1987: 9). The remainder of the proposal described in great detail how the NGOs could contribute to CECAP, and centered around the key concepts of: participation, social justice, self-reliance, environmental conservation and utilization of local structures and institutions. Concepts such as project parameters, efficiency, risk variable analysis, project-identification, technology transfer and management training were abundantly interspersed throughout the document.

During the time that the Consortium was drafting the proposal, the CPA made several attempts to arrange for a consultation with the team preparing CECAP from the European Community (EC) and the Department of Agriculture (DA). When the EC and the DA continuously cancelled appointments for consultation with the CPA, the Consortium finally submitted its counterpart proposal in February 1987, directly to the European Community. The EC never even replied. Sometime later, frustrated by the lack of willingness of the EC representatives to consult with the NGOs, the CPA abandoned its moderately positive attitude towards the program. A

public statement was made in which the project was characterized as being a "dole out" and "destructive to the interests of organized indigenous communities in the Cordillera and their goal for self-reliant development" (CRC, 1989: 85). CPA representatives wrote to the EC in Brussels to explain their reservations about the program and mobilized a number of their European-based contacts to add pressure on the EC. Although these lobbying efforts delayed the start of the program, it did not lead to any changes. When the project was approved in October 1987, with a budget of 18.5 million ECU for a duration of five years, there was no provision to include the CPA, the Consortium or any other NGO.[3]

When a journalist asked EC and DA representatives in 1994 why they had barred the participation of the CPA-related NGOs, they pointed to the political nature of the NGOs. The undersecretary of the Department of Agriculture said: "why should we deal with the brokers in Baguio, when we've already talked to the front-line groups?" This person referred to a meeting in September 1986, when the NPA had abducted an EC delegation and held them for six hours to discuss the CECAP project. The DA representative used this enforced meeting with the NPA as an excuse for not consulting the NGOs. The EC representatives, in turn, declared that the EC would rather work with "project-oriented," than with "politically oriented" NGOs (Severino, 1994).

Apparently, the government and EC representatives viewed the CPA and the related NGOs as belonging to the underground National Democratic Front. From illegal, but widely accessible readings from the revolutionary movement, it was clear that this movement extended to legal activities. Although it seldom appeared openly in the discussions, many people believed that the CPA-related organizations formed a support mechanism for the underground movement, if not for their ideological resemblance to the NDF, or because of continuing military allusions and propaganda, then on account of the reputation of key actors in the organizations. In a relatively small region like the Cordillera, informed actors (who were one way or another engaged in regional affairs) normally thought they "knew" who belonged to the underground movement: through their past involvement, by deducting it from the people they were seen with, or simply from rumor. Apparently, no amount of effort, statement, or democratic practice of the CPA-related organizations could outweigh this alleged and tacit 'knowledge' among their opponents. The professionally-crafted proposal of the NGO Consortium did not convince the DA and the EC that they were dealing with real development organizations. It did not outweigh the reputation of the NGOs as political agents. If anything, the effect of the EC attitude was that the CPA-related groups, experiencing the lack of room for them in the newly created 'democratic space,' saw their ideological stances confirmed, and maintained or even strengthened their allegiance to the National Democratic

movement. By doing so, I believe the EC underestimated the genuine desire of the NGOs to work on socioeconomic development.

The CECAP debacle did not mean the end of the NGO Consortium. The NGOs continued their development work in diverse socioeconomic fields. They were able to access a variety of short- or medium-range funds with foreign donor agencies. What happened next is an ironic affirmation of the multifaceted nature of NGOs. The same organizations that were deemed too political by the government and the EC to be credible as development organizations became, in a few years time, as the next sections will elaborate, too "developmental" and "professional" for the taste of their political counterparts in the National Democratic movement.

1986-1992: The Expansion of Cordillera NGOs

In the period from 1986 to 1992, the work of the Consortium of NGOs proliferated and changed. Leaving the political organizing to the CPA, the NGOs increasingly concentrated on socio-economic work in a largely expanded area. International work, organizational alliances and co-operation with government agencies continued to change the nature of NGO work. The following account of one of the member organizations of the Consortium, the Cordillera Women's NGO (CWNGO) is illustrative of these trends.

From 1984 onwards, there were instances of women organizing, especially in Baguio City, as part of the anti-dictatorship struggle. In 1987, CWNGO was formed, initially as a Baguio organization, and within a year, it expanded region-wide. The founding director of the CWNGO was born in the region and had been an activist since the 1970s. She was involved in the setting up of several NGOs in the region. CWNGO started with three staff members, who all worked part-time and who would later compose the members of the management of the organization. They also engaged in research activities. On the first year, CWNGO operated without funding, except for "loans" from other NGOs. In 1988 when a European funding agency decided to support CWNGO, the organization expanded rapidly.

CWNGO started with research workshops, contact building, organizing and educating women's organizations. By directing efforts to existing church women's organizations and women's people's organizations, within three years CWNGO developed a constituency of more than 100 local women's organizations. All these organizations were given an education seminar and invited to join the women's movement. In 1991, this culminated in the formation of a Cordillera-wide women's federation. CWNGO had now expanded its staff to more than 20 and opened four additional offices in the provinces. Two years later, there were 35 staff members.

The main office in Baguio developed a number of separate "desks," with projects as diverse as functional literacy, cooperatives, human rights, violence against women (with a separate crisis center), research and documentation, and a day-care center. The diversification of the NGO was accompanied by an increasing specialization of staff members.

CWNGO continued to receive its basic funding from the European funding agency, but several other projects were taken on with different funding agencies, including projects on women's reproductive health, integrated pest management and women's cooperatives. Increasingly, CWNGO sponsored local women's projects. Along with the other NGOs in the region, CWNGO's interest in socioeconomic work was boosted when a major earthquake hit the Cordillera in 1990. After the quake, money for relief and rehabilitation flooded into the region and the NGOs occupied themselves with repairing foot bridges, water systems and doing other service delivery work.

The NGOs also expanded into international work. The CPA in the 1980s already represented the Cordillera peoples in United Nations circles. This resulted in many contacts, and the CPA became a popular guest at international events. The international work reached a climax in 1993, which was the Year of Indigenous Peoples of the United Nations, when more than 60 international trips were made by CPA affiliates. As an officer of the CPA, the director of CWNGO undertook a number of these trips and soon established a name for herself, receiving many personally-addressed invitations. The international dimension was further shaped through the large number of foreign visitors who continued to visit the region, for exposure to the villages. In 1993, CWNGO organized a conference for Asian indigenous women. It was attended by 143 participants. Through this international work, the NGOs started to focus more on issues of indigenous people's rights. This became apparent from the education material that CWNGO, and other NGOs produced for the POs.

CWNGO's work in the villages expanded further through alliance work and cooperation with government agencies. The organization was allied with a number of NGO networks, some of them with technical specializations, such as the environment and small-scale trade. These networks offered skills training to NGO staff-members, further contributing to their professionalization. The networks (as well as funding agencies) often initiated activities that relied on the contacts of NGO staff members in the villages. By obliging with these demands, CWNGO regional staff members increasingly set the agenda of the people's organizations, instead of the other way around. The fast growth of NGO work, as well as changing political conditions in the region, led to increasing problems towards the early 1990s.

Juggling with Development Discourses

Rapid expansion and diversification had many implications for the organization. While new and often inexperienced staff had to deal with large numbers of village-based activities, the CWNGO management was largely absorbed in report writing. International and alliance work often took them away from the office, leaving them little time to become personally involved in village-based work. Another implication was that the NGOs' work increasingly drew on a multiplicity of discourses. They continued to echo their own political language, but increasingly used notions derived from the international indigenous movement and development agencies.

Following how the language of development was incorporated by the organization illuminates some of the processes occurring during these years. During the time of CECAP, the adoption of "development-speak" had a clear strategic undertone. This continued when most funding agencies were no longer as interested in political NGO activities as they had been during the Marcos dictatorship, and only wanted to fund socioeconomic projects under the heading of poverty alleviation. NGOs felt obligd to couch their proposals in terms favored by donors. The NGOs also introduced a politically neutral development language in the villages. At the height of and in the aftermath of intense militarization in the region, NGOs were often branded as communist organizations. In order to avoid problems, NGO staff members started to censor their choice of words, carefully omitting words like imperialism and even human rights, since these phrases instilled fear among villagers, who would think they might be dealing with the NPA, which would then lead to military retribution.

In the course of time, however, the strategic nature of the use of the language of international development faded. Before long, as funding came in and projects were implemented, development work gained reality in the everyday practices of the NGOs. NGO management and staff alike became increasingly absorbed in the implementation of projects and took pride in their results. One of the things that changed was that NGOs started to demand educational qualifications from their staff, and people with less than a college degree were either not hired or received a salary lower than that of their colleagues. This was demoralizing for former activists among the NGO staff who had often interrupted their college education to attend full-time to political work and, were now discredited.

Nonetheless, management remained highly aware of the priorities and history of development thinking. When one CWNGO manager was asked in 1993 what she meant by 'sustainable development,' she replied: "I really mean social revolution." When I subsequently asked her about her ideas on participation, she smiled and said: "With that, I also mean social revolution. Everything we do is for a social revolution." For this management actor, it was still clear that development was

synonymous with radical social change. However, it soon became obvious that for newer staff, many of whom had no history of political work and were assigned to specific tasks, the development discourse had become natural. These staff members had no idea or had forgotten what the underlying political meaning of the NGO was.

By the end of 1993, the management of CWNGO and the other NGOs of the Consortium had begun to recognize the effects of the fast pace of change in their organizations. They felt alarmed by the signals that the work had become too thinly spread. Some POs began to complain about expectations not being met. Many felt that the NGOs had begun to lose their distinct identity in the eyes of the villagers who increasingly viewed NGOs as project deliverers.

Changing State-Region Relations

In the 1990s, NGOs found it increasingly difficult to position themselves in relation to the state, due to the changing nature of state-region relations. During the Marcos era, NGOs opposed a government that was demonstrably anti-people. After the transition to democracy, relations and identities had to be redefined.[4] Immediately after the transition during the term of Aquino, a short period followed in which the NGOs tested the ground for democracy. When it became clear that the CPA was marginalized in the regional autonomy talks, that the Consortium was ex0cluded from CECAP, and that Aquino, moreover, had declared "total war" against the insurgency, leading to heavy militarization in the Cordillera, the NGOs resumed their opposition to the state. In the 1990s, militarization in the region subsided, and there was room for NGOs and POs to participate in the local government through the installation of Local Development Boards.[5] Although in most cases, the Consortium NGOs of the Cordillera, did not become involved in these Boards (in certain areas, Boards did not function; in others, they were excluded or chose to opt out for various reasons), they increasingly engaged in joint projects with government agencies. CWNGO, for instance, cooperated with the government over its reproductive health project and in setting up village day-care centers.

Such cooperation blurred the distinction between government and NGOs in the eyes of villagers, and even for a number of NGO staff members. The identity of NGOs relative to the state became all the more unclear as government agencies increasingly adopted NGO features and vocabulary: they entered into direct funding relations with international agencies and used the language of sustainable and participatory development. A pamphlet of peasant organizations produced at this time hints at the mounting frustration among National Democratic NGOs:

> NGOese like 'sustainable', 'people empowerment' and other

> developmental jargon culled from the so-called third sector (the PO-NGO community), have been liberally adopted as their own by governments after Marcos in their unceasing doublespeak to deceive and perpetuate neo-colonial rule. (KMP, 1994)

The ensuing perplexity became even more problematic when the government developed a number of policies for the region in 1994, beginning with a number of projects to register and acknowledge claims to ancestral lands. According to the NGOs, these projects were empty gestures because they did not grant property rights to the claimants. The government then announced a new hydroelectric project, the San Roque dam, which was to be much larger than what the Chico dam was ever going to be. Moreover, a new Mining Code allowed foreign companies to explore large tracts of land, with rights to open mining, the use of timber and water, and even to demand the relocation of people. This convinced the NGOs that the government was still treating the Cordillera as nothing but a region to extract resources from for the national economy, so they resumed their total opposition to the state. At this time, however, the NGOs found it difficult to explain their position to the people's organizations they worked with. It was not easy to explain to people what was wrong with policies that seemingly met the demands they had been making since the 1970s, especially when people could no longer see the difference between the government and the NGOs.

It was thus obvious that there were mounting problems resulting from the proliferation of NGOs, on the one hand, and political changes, on the other. When, at this same time, the leadership of the National Democratic movement summoned the organizations to reassess their work and "rectify their errors," many of the NGO managers were ready to do so.

Rectify the Errors: Split in the Underground Movement

The underground National Democratic Front, spearheaded by the Communist Party of the Philippines went through a difficult time after the 1986 watershed events. Just before the so-called EDSA revolution, the NDF had grown into a major revolutionary force. It reportedly had a mass base of 10 million and a membership of 35,000 cadres at its disposal. It operated on 60 guerrilla fronts in 63 provinces of the Philippines. With the EDSA revolution, the NDF saw much of the gains of years of organizing being reaped by an elite government and its middle-class followers. Uneasiness in defining its role under the democratic government of Aquino, increased military harassment and mounting internal problems led, according to the movement's own assessment, to a reduction of its mass base by 1990 to 40% of its 1986 level. The organization had also been seriously damaged by purges within its own ranks following the unmasking of a number of military infiltrators into NDF

organizations. Suspicions that several so-called "deep penetration agents" had joined the ranks of the NDF organizations led to the killing, detention, torture or expulsion of hundreds of NDF people between 1985 and 1991, especially in Mindanao and Southern Luzon. Disagreement over military tactics and the leadership of the National Democratic movement finally led to a split in 1992. This split was triggered by a document, authored by Armando Liwanag, called "Reaffirm our Basic Principles and Rectify the Errors." The document was intended to bring the movement back to its pre-1986 shape by 'going back to the basics' (Liwanag, 1992).

Armando Liwanag is commonly assumed to be a pseudonym of Jose Maria Sison,[6] founder of the CPP who modelled the movement by combining Marx's class-based analysis with the Leninist call for a vanguard organization leading the proletarian masses, and Mao Zedong's rural-based revolutionary tactics. Sison continued to lead the Party throughout several years of detention and, from 1986, as a political exile in the Netherlands. The "Reaffirm..." document is the outcome of, and at the same time the reason for, a split in the organization and leadership of the movement. For the most part, the document is concerned with the ideology, strategies and organization of the Party and the armed struggle. Some parts, however, explicitly focus on aboveground (legal) offices, including the NGOs. One paragraph in particular points out:

> There has been a proliferation of legal offices and institutions in conjunction with the increase in staff organs and a continuous build up in them of dropouts or near dropouts from the Party and the mass movement. An increasing number of political prisoners have also been lured into these offices instead of returning to direct work among the masses and the countryside where they are badly needed. Party work and Party life in them are often buried in office routines and office work away from the masses and the mass movement and where petty bourgeoisie [*sic*] views, habits, loose discipline and craving for comfort are strong and often go unchallenged. (*Ibid.*: 326)

It seems the Party leadership increasingly viewed NGOs as competition instead of instruments of the NDF. The Party had supported and even initiated the formation of many NGOs since the 1970s, but always had difficulty in defining the role of socioeconomic work. This work was considered instrumental to the creation of the revolutionary mass base. On the other hand, it was considered dangerous because it could become "reformist," that is, bringing about change *within* the ruling system, without systematically supplanting it. With the proliferation of NGOs after 1986, this fear seemed to be coming true. In addition, it has been suggested that Party revenues from NGOs (directly or through revolutionary taxation) started to decline towards the end of the 1980s, because NGO management negotiated to retain larger sums of their funding to actually implement programs. Finally, NGOs began to

provide institutional space for outright opposition to the Party leadership, both by providing venues for discussion in the period leading up to the split, and by serving as a basis and platform for alternative "progressive" agenda in the period thereafter (Clarke, 1998: 113-8; CDP, 1991).

Rectifying Cordillera NGOs

"Reaffirm..." called upon the movement to "go back to its basics." It led to a split in the movement between those accepting the document (the Reaffirmists) and those rejecting it (the Rejectionists). Neither friends nor foes of the movement had expected how much this cleavage would affect the National Democratic development NGOs. What evolved, however, was a conflict situation short of the battlefield. Splits in NGOs and coalitions in Metro Manila and several other regions of the country were accompanied by fierce struggles. A number of NGOs did not survive and many staff members withdrew from NGO work. The breakaway NGOs embarked on a number of different strategies and alignments. For the remaining National Democratic NGOs, the re-affirmation was the first step in a rectification process that was to last for several years. The NGO Consortium in the Cordillera belongs to this latter group.

In the Cordillera, NGO managements decided to go along with the call to 'rectify' their errors. Certain individuals decided to resign from office, but on the whole, NGOs stayed loyal to the National Democratic movement. For a time, the debate demoralized many NGO actors who saw their movement set back by years, and were confronted with the 'betrayal' of many National Democratic leaders who had long been friends and respected leaders. Nevertheless, the regional movement, including the NGOs of the Consortium, started to work seriously on the rectification campaign by the end of 1993.

The rectification campaign was to last for several years. With admirable stamina and thoroughness, round after round of evaluations were held, using the "Reaffirm...." document as a term of reference. Experiences from the start of the movement in the 1970s were meticulously summed up and analyzed, submitted for discussion and feedback to the different organizations. Once the assessment was completed, policies were reformulated and the work was reorganized. The new directions had to be disseminated through education sessions, and coordination procedures between organizations and education materials for the POs were all redrafted. For some time, the rectification was so time-consuming that NGO work in the region virtually stopped, except for routine follow-up of ongoing commitments to POs and funding agencies. By the end of 1995, however, it was felt that the movement was sufficiently back in shape to respond pro-actively to developments in the region and to implement

new programs. Painful as the evaluations were at times (punctuated by criticisms and self-criticisms), many revived their enthusiasm and motivation in the process. By early 1996, many NGO actors, especially from management echelons, felt that the rectification process had succeeded in fine tuning their policies and practices, and in strengthening their organizations.

Evaluation of NGOs during the rectification campaign led to the identification of several "errors" of a reformist nature. The term "NGOism" captures the critique. The "malady of NGOism" as it was called, is defined by the National Democratic peasant movement as "a state of being engrossed in unholistic developmentalism leading to bureaucratic tendencies in dealing with the people that the NGOs have sworn to serve" (KMP, 1994: 13). In a statement about reformism in the Philippine NGO community, the peasant movement charges that

> NGOs afflicted with this malady have a concept of development segregated from the people's movement, focused on welfare, productivity and sustainability concerns and unmindful of challenging the base structures responsible for the people's emiserization [sic]. Victims of NGOism also magnify the NGO position in social transformation. (*Ibid.*)

The pamphlet identifies seven major symptoms of the malady of NGOism: loyalty to the funding agency rather than to the people's movement; socioeconomic work without the need for class struggle and changes in the social structure; bureaucratism; corruption of the NGO service orientation; professionalism; adoption of corporate practices and standards; and competition or "turfing" (*Ibid.*: 14-17).

All in all, it was concluded that in the period from 1987 to 1992, certain basic principles had been lost. To rectify this, a large number of measures were taken that profoundly affected the organizational structures, practices and discursive repertoires of the NGOs. Thorough political education was to ensure that NGO staff members (re)mastered the proper language of the movement. To avoid confusion, the oppositional stance to government policies was no longer to be watered down by simultaneously cooperating with government line agencies, which was going to be limited to a minimum. Another important measure consisted of the devolution of NGOs. In order to break down the top-heavy structures of NGOs, with too many specialist staff members in the office as compared to organizers in the field, as many staff members as possible were re-deployed from the Baguio offices to the provinces. Office-based management became much more selective in taking on alliance work and international assignments. Traveling abroad was to be restricted. In order to better integrate and coordinate local work, NGOs pooled their staff in area-based teams, largely setting aside their separate specializations. The teams primarily focused on the (re)building of POs in the villages.

Thus, the NGOs of the Consortium reaffirmed their affiliation with the National Democratic ideas. They wanted to achieve ideological coherence and to systematically design structures and practices in line with this ideology, and wished to become organizations with an unmistakable and clear identity. The question remains posed as to why NGO actors wanted to make these changes. After all, the measures had vast implications for their relative autonomy as well as for the individual room for maneuvering of NGO managers. Moreover, some explanation are needed to understand why NGO people, who had been exposed to and had come to believe in a multitude of ideas, resorted again to an ideology that reduced the problems of society to the three themes of "feudalism," "imperialism," and "bureaucrat capitalism," defined as central in the 1960s. Why would actors operating in a globalized world convert to such a reductionist scheme?[7]

Responses

A number of factors appear to have been relevant for those NGO managers who, wholly or half-heartedly, reshaped NGO work in the region.[8] One source of consent or inspiration was found in the legacy of the National Democratic movement before 1986. A large number of NGO managers had grown up as activists in the 1970s and 1980s and were excited at the prospect of reviving those years. "Finally," exclaimed one of them after a meeting, "we will step away from socioeconomic work. I really missed the social activism." Among some of the younger managers, this legacy acquired mythical proportions. They were ardent admirers of Jose Maria Sison and looked upon his writings, if not as the gospel, at least with a lot of goodwill.

Secondly, the critique embodied in the "Reaffirm..." document found clear resonance in the disappointment among leaders with the meager and dispersed NGO performance in the region, both concerning their socioeconomic work and their political aspirations. There had indeed been a lot of problems. The straightforward analysis of these problems provided in the document gave a clear indication of the strategies that would remedy them. Although they looked back at a period of errors, they now had their work clearly cut out for the period to follow. Related to this, I was often struck by the enormous sense of personal responsibility NGO leaders felt for past mistakes. I remember one provincial manager in particular. He was a professional man with a full-time job who coordinated NGO work in his spare time. He seemed dragged down by perpetual fatigue, and over a beer I asked how he was doing. He then presented me with an awesome list of tasks for the near future, to which he added an equally awesome list of problems and obstacles he foresaw. When I asked him where he found the motivation to move on with this herculean workload, he responded,

> "There is the option to simply continue with my ordinary work especially since there is family pressure to do so. But I am still motivated. I feel responsible for many of the mistakes that were made. So I have a duty to take part in correcting them. We just have to start again."

Finally, a strong impetus to believe in the rightness of the 'back-to-basics' ideology was provided by government policies. Despite economic growth, the majority of the Philippine population continued to live in abject poverty. In the Cordillera, military oppression and the violation of civil human rights had decreased in the last years, but these were replaced by economic policies that were possibly even more devastating. For the National Democratic activists, these developments contained ample evidence that, politically speaking, nothing had changed: the country was still ruled through imperialism and bureaucrat capitalism.[9]

Before delving into the meaning of NGO actors' responses to the rectification campaign for abetter understanding of development duscourse, let me first elaborate on gender and the role of women in the National Democratic movement.

Stories of Gender in the National Democratic Movement

How did National Democratic women's organization fare in the rectification? CWNGO belongs to a nationwide women's movement called GABRIELA, which was formed in 1984. This coalition has always emphasized class and nationalist dimensions of women's oppression, in the belief that "equality with men is meaningless if we can only be equal with them in poverty and oppression" (Dacanay, 1998:10). For this reason, the major issues addressed by GABRIELA are land reform, labor exploitation and human rights abuses, with special reference to the gender dimension. They also address body politics, such as the export of female labor, sex trafficking and prostitution. These are high in the agenda, and for a good reason, considering the enormous number of women affected and their often heartbreaking experiences. Gender relations in the household, on the other hand, receive far less attention, and are rarely considered a priority. Nonetheless, this section focuses on how domestic violence against women is addressed by the women's movement, and on gender issues within the National Democratic organizations. This choice of topics should be seen as a methodological device. More than any other issue, the treatment of gender in the family and in the organizations reveals conflicting positions and power relations in the National Democratic movement.

The history of GABRIELA is locally specific, yet related to global developments in women's or feminist movements. In 1984, Robin Morgan launched the slogan "Sisterhood Is Global." Like many feminists in the 1970s, Morgan asserts that women share a common worldview as a result of a common condition. This idea

has been thoroughly discredited eversince, with women pointing to divisions based on class and race. It has also become common sense that there is no singular kind of women's movement. Just as gender has come to be seen as evolving at particular historical junctures and constantly subject to negotiation (see Lamphere, 1987; Moore, 1988), so feminist movements must be contextualized to be understood. As Mohanty (1991) argues, there are many feminist agenda and movements.

It is asserted that feminist movements, like other social movements, have a constructed and emerging character. However, at the same time, we have to acknowledge that particular frozen images of women's movements continue to play a role in discussions and practices of women engaged in collective action. One such image depicts feminism as a product of "decadent" Western capitalism, and therefore of no relevance to (poor) women in the Third World. Notwithstanding the work of people like Jayawardena (1986), showing that many early feminist struggles arose in the Third World, the *image* of feminism as a Western concept has deterred many Southern women's movements from adopting the word (Johnson-Odim, 1991: 315; Basu, 1995: 6-9). Time and time again, dividing lines have been drawn during international conferences where women from the South emphasize that women's oppression should be understood in a framework wider than that of simple gender only, to include class, nationality and race. These dividing lines have a certain justification in differing women's practices, but are just as much related to habits of pigeonholing "others" in fixed positions (Wieringa, 1995: 1-23). It is difficult to talk about women's movements without feeding into stereotyped notions of feminism or anti-feminism.

The Philippine women's "movement" consists of a large number of organizations divided according to their position regarding women's oppression, running along two axes: cultural and political.[10] The cultural axis originates from debates on the issue of complementarity of gender in Southeast Asia, which stipulates that gender roles in this part of the world are not so much ranked hierarchically and accorded differential status, but are organized in a complementary way.[11] Positions range from stating that women in the Philippines are not oppressed, pointing to the relatively high status of women compared to other cultures, to claiming that women *are* nonetheless oppressed. The latter is arrived at by referring to the cultural ruptures caused by the colonial period introducing inequality, or by referring to evidence that the nature of Southeast Asian complementarity is such that "the prerogatives and prestige of men typically exceed those of women" (Ong and Peletz, 1995: 7). Those organizations stressing complementarity denounce those speaking of women's oppression as "anti-male," with the charge of being "Western-biased" always around the corner. This position has been more pronounced in organizations of indigenous women, who are thought to have retained more remnants of precolonial, complementary culture.

The political axis refers to debates regarding the positioning of gender *vis-à-vis* other sources of women's oppression. It ranges from locating women's oppression solely in their gender to viewing women's oppression as stemming exclusively from class and national factors.[12] Organizations move along this axis trying to define their own position, while at the same time being boxed into the extremities of the axis by other women's organizations, mixed organizations and the media. The first women s organization that explicitly tried to combine a gender approach with a political outlook was *Makibaka*. It sprang from the student movement that raged in the Philippines in the late 1960s.

Makibaka was formed in 1970. Its first public activity was the picketing of a major beauty contest, echoing a similar picket held earlier that year in London. Immediately, *Makibaka* was scorned in the press as a bunch of "anti-male," "bra-burning" Western feminists propagating "free sex," and practically denounced by comrades in the student movement. However, the manifesto that accompanied the picket made it clear that *Makibaka* translated its feminist standpoints for the local context by placing the event in the political context of the Philippines:

> Women have a far more important role in our society than participation in such inane activities as beauty contests. Makibaka believes that in these crucial times women of the Philippines should participate in the struggle for change towards a just and equitable society.

It further said that women should be emancipated from "feudal restraints which prevent their full participation in the struggle for National Democracy" (Taguiwalo, 1994). Debates between *Makibaka* members and their student comrades were soon cut short by the imposition of Martial Law in 1972, when all such organizations were banned. *Makibaka* lived on as the underground women's organization, and one of the member organizations of the National Democratic Front. Lorena Barros, who founded the organization, became an NPA guerrilla fighter. She became one of the heroes-cum-martyrs of the revolution when she was killed by government troops in 1976.

In the early 1980s, new women's organizations began to emerge from the National Democratic dominated anti-dictatorship struggle.[13] In 1984, the nationwide coalition of women's organizations, GABRIELA,[14] was formed. The coalition was named after Gabriela Silang, a heroine of the Philippine resistance against Spanish colonizers. The backbone of the coalition was formed by large alliances of peasant women (*Amihan*), urban poor women (*Samakana*) and women workers (KMK). From the start, GABRIELA took a firm political position as part of the National Democratic movement. After the restoration of democracy in 1986, this led to internal clashes, and two organizations (*Pilipina* and *Kalayaan*) left GABRIELA because they advocated for a separate women's movement outside of the overall organizational

framework of the National Democrats (Santiago, 1995: 121). For its part GABRIELA declared it was happy to continue without these middle-class-oriented organizations. In 1992, the coalition consisted of 80 organizations, with a total membership of 40,000 women

The treatment of gender issues within GABRIELA as part of the National Democratic movement continues to be problematic, however. The National Democratic women's organizations started in the early 1980s with the aim of involving more women in the anti-dictatorship struggle, with the bonus that women were effective in attracting funding. Long-time GABRIELA leaders remember the international women's conference in Nairobi in 1985 as a turning point in this instrumental approach towards a more feminist perspective. One of them said in 1994, "When the GABRIELA delegation came back from Nairobi, the talk was all about Global Sisterhood and women's oppression." For several years, GABRIELA sought to continue dialogue with international women's organizations, in part through the organization of a number of WISAPs or "Women's International Solidarity Affair in the Philippines." At the same time, the coalition maintained a critical distinction from Western feminism by strongly emphasizing that feminism should be embedded in nationalist and class issues.

Violence Against Women

Ideologically, GABRIELA women increasingly identified with socialist-feminism. They defined their coalition as "distinct from but integral" to the National Democratic movement. The organization's effort to strike a balance between the socialist and the feminist becomes apparent when we consider how it organized International Women's Day over the years. Every International Women's Day on March 8 is punctuated by campaign with themes derived from ongoing political struggles, to which GABRIELA adds a gender dimension. In 1987, the organization followed the political slogan "Peace, based on Justice" with a focus on human rights abuses against women. Some years later when "Ousting the US Bases" formed the political agenda, GABRIELA substantiated this call by airing the plight of women prostitutes around the American military bases. In 1993, however, GABRIELA broke away from this tradition and chose a theme with a clear gender connotation: "Violence Against Women." The country was shaken at that time by a series of highly publicized rape killings and GABRIELA was involved in lobbying for an anti-rape bill. Moreover, through research and education activities GABRIELA leaders came to realize that many women in the Philippines experienced domestic violence, with estimates as high as 60% of all women. As one GABRIELA leader told me,

> "Our 'Violence Against Women' campaign started with education with the women. When we told them about the military abuse of women, they responded that they had no experience. Their problem was with their own husbands who beat them."

In the brochure that GABRIELA disseminated for the campaign, only one or two sentences are devoted to men as perpetrators of violence. The remainder of the text blames violence against women entirely on the Philippine government. The state is held responsible because it maintains anti-women policies such as "the indiscriminate selling of Filipino migrant workers," through "its own officials and agencies violating women's rights" and by its "lack of interest in pursuing cases of violence against women." The brochure concludes that the government must be held accountable for the prevalence of violence against women (GABRIELA, 1993). Despite GABRIELA's careful political setting of the issue (to the extent of inviting criticism from other feminist organizations), the campaign was criticized by a number of National Democratic organizations. One organization reacted by saying the issue was too personal and asked why GABRIELA did not choose instead the more poignant issues, such as difficulties with the provision of electricity that result in frequent "brownouts." The youth sector complained that the brochure designated men first as responsible and the state only second.

From the start, the need for a separate women's movement was regularly questioned by people from the "mixed" National Democratic organizations. This put the women of GABRIELA always on the defensive (Angeles, 1989: 213-6). The National Democratic leadership endorsed the women's movement, but in practice it seemed that raising gender issues was allowed only as long as it added to anti-government protest. The tolerance for gender issues stopped short when men were implicated as agents of women oppression. This was even more so when this concerned men *within* the movement. This became clear from responses to an interview given by a leader of the peasant women of *Amihan* in 1992. She mentioned that several men, *even those who were organized*, prevented their wives from participating in *Amihan* activities, or harassed women organizers (Balmaceda-Gutierrez, 1992: 34). In response to the interview, the regional branch of the farmer's organization of KMP, which is the "mixed" counterpart of *Amihan*, wanted nothing more to do with *Amihan*. As one *Amihan* officer said,

> "We could not understand why they were so furious, because it is common knowledge that wife battering happens. But they said it is baseless."

The discussions triggered by the "violence against women" campaign were soon overtaken by the debate between the Reaffirmists and Rejectionists. As a nationwide coalition, GABRIELA was heavily affected by this debate, and a number

of national GABRIELA leaders left the organization.[15] But the core of the coalition continued to work within the framework of the National Democrats. In the rectification campaign, GABRIELA went back to basics and reiterated its priority for class-based and anti-imperialist struggles. In particular, the evaluation concluded that the adoption of a socialist-feminist framework was an error, because it implied a kind of equal importance to both elements, instead of prioritizing the socialist. In 1995, GABRIELA again went to the international women's conference in Beijing. This time, they were not searching for new ideas, but had a clear mission to meet like-minded women and bring anti-imperialism back on the agenda of the international women's movement.[16] *Makibaka* was also in Beijing, distributing a pamphlet warning against the "gender trap" in which the Beijing Platform for Action was portrayed as an "Imperialist Scheme for Co-opting the World's Women," excluding the possibilities for empowerment of women through revolution (Makibaka, 1995: 40). The two organizations had some well attended activities and rallied the support of hundreds of women in a protest march during the talk of Hillary Clinton before the NGO forum.

Rectifying Gender in the Cordillera

CWNGO was, from the start, a member of GABRIELA, and adopted a similar socialist-feminist view. However, to the trinity of national, class and gender oppression, CWNGO added a fourth dimension of ethnic oppression to characterize the condition of indigenous women. In the early years, CWNGO was outspoken in claiming that gender issues should be addressed within the National Democratic organizations. The initial feminist position of CWNGO was also apparent from what may be called one of the 'founding myths' of the organization. This was the oft-repeated story (with slight variations) of how the organization acquired its initial funding.

> In 1987, a woman from a European funding agency came to attend a conference in Manila. She had written a letter to another NGO of the Consortium to say she wanted to talk to women in the Cordillera. Though we had been working for several years as CWNGO, we were never told about this letter. We only found out by sheer accident. And so we asked to meet her. But they said: "We will talk to her ourselves, because most of us are women after all." In the end they grudgingly arranged a short meeting just before she was leaving. Her plane left at 9, and we were meeting her at 7. And she was so happy to meet with us. She then asked us for a proposal. So, that is how it all began.

The story brings out an image of determined women who had, despite obstructions, successfully established their institution. CWNGO managers were

also fond of recalling how male companions in mixed organizations had not taken them seriously until CWNGO acquired its own financial base, proving, in their opinion, how important economic independence is for women.

The first time that CWNGO ran into problems because of its gender focus was, again, around the issue of domestic violence. In 1989, CWNGO conducted health research among women in a small-scale mining area. One of the findings of the research was that 50% of the women experienced wife-beating; among the husbands were several leaders of the miners' organizations. These men objected to the publication of the findings which according to them, CWNGO had damaged their reputation. In the first instance, CWNGO emerged more defiant from this experience, relating the protests of the miners during several public occasions to substantiate their idea that a separate women's movement was needed, apart from, but integral to the 'mixed' National Democratic organization. As we shall see, this interpretation of the event would later be changed.

CWNGO continued to work on issues of violence against women. Approached by women victims or their relatives, CWNGO set up a number of campaigns relating to cases of rape and sexual harassment. In writing about these cases, CWNGO emphasized that violence against women was either alien to indigenous culture, or met with strict community sanctions. Public campaigns were launched in cases where the perpetrator was either a lowlander, educated government official or a member of the military. After some time, CWNGO decided to open a Women's Crisis Center which attracted two staff members and several volunteers. The center provided counseling and legal advice and engaged in lobbying government agencies to get them to become more proactive regarding violence against women. Deliberately, CWNGO located the Crisis Center in a separate office in town. The reason given was that women needed to be able to go to there unobserved and in private. Prominent among the projected clientele were NGO staff members and wives of men in the NGOs and regional organizations. The Crisis Center thus contributed to acknowledging that violence against women also occurred within the NGOs and the National Democratic organizations.

Towards the end of 1993, there were increasing complaints about CWNGO's education seminars, in particular the two-day Basic Women's Orientation, which laid the groundwork for their nationalist-feminist position. According to CWNGO and other NGO staff members, this education program was considered divisive in the community. This led to considerations among CWNGO staff to redesign the training for women and men together. However, by this time, the damage had been done and the Basic Women's Orientation and CWNGO had acquired a reputation in the wider NGO network of being "divisive."

As mentioned earlier, when the rectification came, women's work in the region was largely deemed an error, and the socialist-feminist approach was abandoned as a "disorientation," because it implied that class and gender oppression were equally important. Instead, referring to Marx and Engels, it was stated that patriarchy was, in fact, a derivative of class formation. Women's work was also considered to be culturally inappropriate for the indigenous population. At the time of the rectification, another story gained mythical proportions. This was the story of how Manila-based feminists had come to the region to give a so-called "women's orientation" in the province.

> When the session came to women's bodies, they suddenly removed their shirts, showing their breasts, saying: "Look how beautiful women's bodies are." And these women in the villages were just so embarrassed.

After careful evaluation, the CWNGO management reconsidered its opinion about the conflict with the miners' organizations. It was now considered wrong to have publish the findings, because it had not helped women: "The men were so angry that the women had told us stories that instead of stopping, they hit them even more." Some months later, mixed NGOs complained to CWNGO about an interview it was about to publish in which an NGO staff member stated that her husband failed to help her with household chores even though they were both full-time activists. CWNGO, without much ado, withdrew the publication.

Hence, the rectification gave a strong message about gender issues, stipulating that attention to gender was still possible, even important, but should not be divisive. As long as women's organizations continued to address state or economic oppression of women, it was all right. But they should refrain from addressing gender relations within the household and especially gender relations within the organizations. This ideological shift had several ramifications for the organization of women. Thenceforth, villages were going to be organized with teams of mixed NGOs addressing men and women simultaneously; maintaining separate women's organizations was no longer a priority and sometimes actively discouraged. Women orientations were being revised, and when the regional women's federation was revived, a major policy point was for it not to be divisive. The Crisis Center was closed.

Informal Gender Repertoires

So far, I have dealt with the ideological struggles regarding gender and how the more or less formal relations between women and mixed organizations influenced the struggles. However, there is another side to the story relating to more informal, cultural changes. It is the story of how NGO women started to break away from the

cultural prescriptions for middle-class women in the Philippines and how this was resented by men in the NGOs (and a number of women too), including the male leadership of the National Democratic movement. It is a more tentative story, constructed from reading certain trends, from pieces of conversation and observations. It is nevertheless an important story to tell.

From *Makibaka's* beginnings, members increasingly addressed a large range of gender issues through their everyday practices and discourses. Their practice over the years became replete with statements about women's roles and gender relations. In the first place, they focused attention on the implications of motherhood and other issues pertinent to women activists in the National Democratic movement. One of the major criticisms of the movement at the time of the debate in 1992 concerned its "instrumental view of people", a "tendency to evaluate their worth mainly on whether they advance or obstruct the Left's class-determined political objectives" (Bello, 1992: 6).[17] This problem was clearly felt by women comrades who had children. Some considered their pregnancy mainly as an interruption of their political work and left their children with relatives as soon as they could. Many, however, felt there was no sympathy for their problems or felt excluded by virtue of their motherhood. One woman I interviewed clearly remembered how hurt she felt when her husband was told, in her presence, that she could not be relied on for a position of political leadership because she had to take care of her children. The women of the underground *Makibaka* regularly raised the issue of the lack of attention or the trivialization of issues relating to childbirth and childcare (Siapno,1995: 232).

At the same time, National Democratic women in the NGOs were rapidly expanding their room for maneuvering, especially after 1986. A sign of those times is the growth of lesbian organizations within the National Democratic Women's Movement. While lesbianism in the mid-1980s was associated by many with Western women trying to "seduce" Filipinas during international events,[18] this was quickly overtaken by the emergence of explicit lesbians in the women's organizations, writing and organizing seminars on the issue as well as introducing it as a normal aspect of people relations and office life largely accepted or, at least openly, discussed.[19] Married women, on the other hand, increasingly explored ideas of women engaging in extra-marital affairs. It is common and quite accepted among Philippine men to have a *querida* (mistress). Now, women joked, it was their turn, and some of them actually put this into practice, either with a Filipino or with one of the many foreign visitors.

NGO women, fully absorbed in their work, spent practically all their time with their officemates, extending into occasional beer drinking sessions. Such sessions were full of jokes and teasing about gender relations and sexuality. Those women

who were neither married nor lesbian joked about their auto-erotic sexuality, referred to with that wonderful activist sense of humor as "armed struggle." When I went to Beijing, one of my NGO friends in Baguio asked me to buy her a copy of Mao Zedong poems, as well as some pieces of silk underwear. When I told one of the GABRIELA leaders on our way to the airport about this funny combination of orders, she heartily laughed and exclaimed: "Now, that is the Filipino woman activist!" Not only did these women step away from the ideal picture of the "good soldier" of the National Democratic movement, in their songs, political statements and in their lifestyles, they had traveled very far from Maria Clara, the sweet, docile, obedient and self-sacrificing character in the famous novel *Noli me Tangere* of Rizal, which for a long time epitomized middle-class Filipino women.[20]

My interest in the significance of these everyday practices of women is twofold. In the first place, I am interested in knowing what role such changes played in the way the debate manifested itself and, in particular, how women's organizations were dealt with in the rectification. When Liwanag condemned the "habits, loose discipline and craving for comfort in the offices" (see above), I wonder to what extent he was referring to the changing identities and roles of women. In a volume edited by Valentine Moghadam (1994), it was suggested that the upsurge of nationalist or fundamentalist ideologies (Hindu, Islamic and Christian alike), effecting restrictions on women, could partly be explained as a reaction against changing roles for women. Likewise, I suggest that Liwanag's "back to basics" call, apart from being the reaction of a revolutionary losing ground, was also a patriarchal reaction against changing everyday gender relations.

This was never openly stated, but is based on impressions, informal comments, frowning faces and other small indications of male redress when confronted with signals or charges from these self-conscious women. This is not limited to the leadership of the movement; it also concerns men in local organizations opposing separate women groups, or resenting the influence GABRIELA had on women's behavior. One example among numerous small events happened during a seminar in September 1993, when NGO workers had to identify a core gender problem in groups. One male group started their presentation by introducing their group as the Diego group. Named after Diego Silang (the husband of Gabriela Silang), the acronym stood for D'organization for the Immediate Elimination of all GABRIELA Organizations. The core problem the group presented was the "gender insensitivity of women." When I asked one of them why he was so opposed to GABRIELA, he explained that a local GABRIELA organizer had advised the wife of a friend to abandon her husband. Further probing on my part revealed that the man was a repetitive wife-beater, but nonetheless this man thought GABRIELA had no right to meddle in family life.

In the second place, the temporary closure in discourses on female sexuality and women's oppression in the household and organizations during the rectification process appears much less definite if we take into account the everyday negotiations of gender. In informal practices and interactions, women continued to enact and defend their newly-acquired freedoms and lifestyles. Often, this materialized in the form of jokes. The nature of the jokes and the irony is double-faced. During the rectification campaign, jokes seemed, in the first place, to be a confirmation of the rectification, a ground where people could play out the new directions and show off their political correctness. However, it was also through jokes that negotiations continued over gender values in everyday life. Somebody commented about the jeans and short hair of my baby daughter: "She might become a lesbian." Somebody else replied: "Never mind her gender, as long as she has the correct class position." These and similar jokes point to the complexity and interrelation of discourses in everyday life. Even though discursive order appeared to be restored in the NGOs, women's issues could not equally be "boxed in" in everyday practices and confrontations.

Theoretical Commentary

The timing and direction of the rectification campaign of the National Democratic movement, as described in this paper, are not so difficult to explain. The rectification campaign, with its call to go back to the basics, can easily be read as the defensive move of a threatened leadership. The movement lost much of its strength after 1986. It had difficulty defining its role in a democratic setting, there were internal contestations over power, and many people simply lost interest in the revolution. Given the changes that had taken place in the NGOs and the women's movement, respectively, it is also understandable why they were primary targets of the rectification. What remains a fascinating question, however, is why the rectification campaign was successful in enroling a large part of the National Democratic movement membership. Examining the process by which the political rectification discourse became dominant among NGO actors sheds light on the interplay of discourse and power.

The question of how discourse becomes powerful is important (think of present-day resurgent nationalist, ethnic and fundamentalist ideologies), and defies a simple answer. What happened in the Cordillera was so complex that I became convinced that power could not be reduced to a single principle. Instead, I contend that the renewed National Democratic discourse became dominant in the Cordillera through a combination of coercion, conviction and seduction.

The fact that the rectification campaign was not accompanied by violence does not mean that there was no **coercion** involved. The "Reaffirm..." document was popularly thought to have evoked a "debate" in the National Democratic movement. In reality, this was not the case. The document put forward one "truth" that could be accepted or rejected but was not up for debate. By leaving no space between "correctness," on the one hand, and "error," on the other, a "take it or leave it" situation was created. One either consented or left. Although many organizations and individuals took the exit option, the pressure to stay was considerable in those areas where the leadership had taken sides with the Reaffirmists.[21] To understand this, one has to realize the nature of the actors' commitment to the National Democratic movement. This movement was close to what Goffman calls a "total institution" (1961). Membership represented many things at the same time. One operated in closely-knit groups, where work, leisure and family life were concentrated with the same people. Entering this movement often implied a virtual break with one's family and former friends, so comrades became colleagues, friends and relatives at the same time. The identification with the movement was reinforced by one's being engaged in partially underground work, underlining the distance from the "rest of society." One believed in the cause of the movement, and it was at the same time one's life project, embodying aspirations and career prospects. While a good record could result in a higher position in the movement, it was hardly saleable in job hunts outside of it. In this situation, peer pressure and the prospect of having to leave the movement when opting out of the rectification provided a strong hold on people.

The rectification was also **convincing** to a large number of people. Subjects of ideology, ranging from capitalism to present-day fundamentalist movements, have often been associated with "false consciousness," where people are thought to internalize certain interpretations that have no "objective" connection to their actual situation, needs and desires. However, as stipulated above, the arguments put forward by the "Reaffirm..." document were quite convincing. It was not difficult to find empirical evidence to corroborate the notion that, essentially, nothing had changed. NGO problems hinted at were not mere inventions of Liwanag, but resonated growing concerns of NGO management both within and outside of the movement (Constantino-David, 1998). Once accepted, the ideas of the rectification indeed became a powerful ideology with a high "ability to intervene in the consciousness of those it subjects, appropriating and reinflecting their experience" (Eagleton, 1991: 45). Increasingly, the interpretation of events and processes was filtered through this forceful prism. Sealed off from alternative readings and ideas that were *a priori* considered worthless when originating from somebody without the "right framework," the rectification discourse became an ahistoric, "naturalized" representation of social reality. What started as a convincing analysis thus turned into a discourse that increasingly shaped the reality.

Finally, the rectification discourse was also **seductive**. Actors were seduced by the rectification in two ways. In the first place, the rectification did not just present a coherent picture of social reality and errors in earlier strategies, it also provided a clear solution by "going back to basics." Emery Roe stated that in cases of high ambiguity and pressure to act, organizations tend to resort to broad explanatory narratives and standard approaches (Roe,1991).[22] The "Reaffirm..." document was just such a narrative on which to base organizational policy. The rectification was also seductive in a more symbolic way. The process of identifying and rectifying errors resembled the road to redemption of Catholic sinners. People had committed errors, had wandered from the right path, which was analyzed and "confessed" to in a rectification, after which they could resume with a clean slate, as if they were absolved from their errors/sins.[23] The willingness of people to undergo criticisms and self-criticisms, accompanied by intense emotional outbursts and a drive to make up for past errors, indicates that they attached a high symbolic value to the rectification.[24]

The mechanisms that rendered the rectification discourse its power, *i.e.* coercion, conviction and seduction, worked in different combinations and with different weights through time for different people. Actors did not simply enact the rectification discourse. They responded differently to the various pressures, accorded different meanings to the discourse and valorized it in varied ways. While for some the discourse represented absolute truth, others used it merely as a reference point. What one person embraced with dedication left his or her comrade largely indifferent. Where some felt the coercive properties of the rectification, others were challenged by opportunities to gain leadership. Some merely subjected themselves to the rectification, others explored the room for maneuvering that it provided.

Indeed, the rectification process in the National Democratic movement in the Philippines was partly affected by, and in turn strongly effected developments in NGOs and the women's movement. Due to its contracted nature, the rectification process magnifies certain processes of constructing and utilizing discourse in relation to power processes. The range of responses shows that even a powerful ideological discourse does not operate outside of people's agency. Mediated by their agency and through their everyday practices, people evoke, empower, challenge and reshape discourses. At the same time, a discourse, once established, may be a forceful element in creating people's realities.

Notes

1. This paper only deals in detail with this group of National Democratic NGOs. There are many other kinds of NGOs in the Cordillera. A 1990 survey enumerates 60, most of which operate locally (Reyes-Boquiren *et al*, 1990). As in the wider Philippines, NGOs also differ in their political ideologies and affiliations. A small number of NGOs have a clear indigenous or environmentalist focus, many NGOs lean towards the government, and there are a number of NGOs set up by mining companies. For a comparative study on NGO interventions in open-pit mining communities, see Cariño, 1992; 1990.

2. This could amount to literally dozens of small projects in one village. For a village case study on CECAP, see Rovillos, 1996.

3. By the end of 1994, a total of 3,192 micro-projects were ongoing or completed and a program was approved for another five-year phase (CECAP, 1992-1994). CECAP remained highly visible throughout the Cordillera with calendars, posters and other paraphernalia continuously flooding offices, shops and billboards with slogans such as 'CECAP Providing Hope for the Long-term Future.' Some posters presented the communities 'before' and 'after' CECAP, and were not unlike adverts for cosmetics in women's weeklies. Seeing these, one could not escape the impression that the program's approach was more about CECAP-centered than people-centered development.

4. The problem of NGOs having to redefine their identity after transformations in the state, for example, from military rule to democracy, has been widely documented. Particularly for Latin America, see the volumes edited by Andrew Clayton 1996, and Michael Edwards and David Hulme, 1992. For Central America, see Biekart, 1999. Borgh, 1999; and Schlanger 1996 on Brazil. The Peruvian case is interesting, since NGOs face a double identity issue: in relation to the state and in relation to avoiding being associated with the Shining Path (Scurrah, 1996)

5. See Tigno, 1993; Zialcita *et al*, 1995; CODE-NGO and DILG, 1998; George, 1998.

6. For an authorized biography of Jose Maria Sison, see Sison and Werning, 1989; for an unauthorized account of Sison and the revolutionary movement, see Jones, 1989.

7. Although the NGOs joined the rectification, let me reiterate that not all of the NGO leaders appreciated the policies. Some opted out of the process, other individuals withdrew completely from NGO work. Several others, who were not fully convinced of the rectification, were nonetheless motivated to move along for several reasons. Some did not want to leave the movement for reasons of belonging, a sense of family, a loyalty that made one stay, despite one's reservations. Others took the rectification movement in stride, expecting that once the movement was consolidated, it would open up again to alternative ideas. The rectification campaign never came to a definite closure, as discussions continued about appropriate strategies and a proper balancing of alternative approaches.

8. The response of NGO staff members who were not part of management varied. The broad lines of the rectification were explained to them through education sessions. Some found the change of work meaningful, others merely followed the instructions of the management. There were also quite a few, however, who did not like the turn of events. They could not immediately resign for financial reasons, but silently looked around for other job opportunities. The number of staff decreased substantially. Particularly dissatisfied were those who had been involved in politics for several years, but at a low level, for example, through participation in study groups. They felt excluded from the discussions of the rectification movement.

9. Illustrative is the story of the new Governor of Benguet. In the 1995 elections this person had centered his campaign on the integrity of natural resources. His advocacy for self-determination of resources, as well as his family relations, - one of his brothers was the president of the CPA - led some NGOs and POs to make an exception to the general approach of staying away from elections, and they actively campaigned for him. However, soon after he resumed office, he changed position. Rumors had it that his gambling debts were so big that he was an easy prey to pressure from higher government officials. Whatever the truth, the fact was that he started to actively promote government projects, in particular the San Roque dam. The betrayal of his campaign promises was but another sign that, indeed, "nothing had changed" and that official, electoral politics would never lead to substantial social change.

10. An additional axis, ranging from practical gender interests to strategic interests (Molyneux, 1986; Moser, 1993) or feminine versus feminist interests (Stephen, 1997), which were subject to intense debate in Latin American women's movements, were never very prominent in the Philippines.

11. This complementarity is symbolized in the often-cited Philippine creation myth where *Babaye* (woman) is considered to have emerged from the nodes of a bamboo as a whole person, separate from, yet born together with, *Lalake* (man) (Santiago, 1995: 110).

12. For analytical clarity, these factors are presented as separate. Although they sometimes appear as such, Philippine women's organizations often take into account (explicitly or implicitly) the notion that these forms of difference are not additive, but that the experiences of race or class alter the experience of gender (see Moore, 1988). GABRIELA considered the articulation of forms of oppression by consistently raising the question of "how it is to be female and poor in a country dominated by foreign powers and interests" (Angeles, 1989: 65-70).

13. For a comparative account of women's movements springing from revolutionary or liberation movements in El Salvador, see Stephen, 1997.

14. GABRIELA stands for General Assembly Binding Women for Reforms, Integrity, Equality, Leadership, and Action.

15. Apart from ideological stances, it has been suggested that "personalities, political maneuvering and self-interest" were additional factors influencing women to take

one side or the other (Fumerton, 1995: 63).

16. The strong messages of Philippine women activists aimed in part to counter the positive impression given by the Philippine government of its advanced gender policies.

17. Quoted in Siapno, 1995: 232.

18. During my first visit to the Philippines in 1986, my hair was cut short. Several NGO women told me later during my stay that they had initially thought I was a lesbian and had been afraid I might 'approach' them.

19. Lesbian organizations (like the other women's organizations) are engaged in discussions about their political affiliations or non-affiliations. They are also very much engaged in defining the meaning of Philippine lesbianism. One of the issues under discussion is gender roles of lesbian partners. It is relatively common among Philippine lesbians to make a strong distinction between the 'butches' and the 'femmes' in a lesbian couple. Some organizations only accept the 'butches' as members, because they consider 'femmes' lesbians, to be ordinary women.

20. The class element here may be very significant. I am referring here to changes observed in women movement leaders. Although explicit talk about sexuality is considered shameful among middle-class women, it is, I believe, quite different among peasant women whose openness I have always found strikingly frank, including detailed comments about their husbands' performances in bed, quite contrary to the often cited demureness of Filipino women.

21. One reason why in the Cordillera the leadership did not divide over the debate was because the movement had already experienced it in 1986.

22. See also Hilhorst and van Leeuwen, 2000.

23. The comparison may not be taken literally when we take into account how Catholicism evolved in the Philippines. Philippine Catholicism has been characterized by a fascination for penance and the suffering of the passion, manifested among other things by the tradition of self-flagellation and even crucifixion practices during passion plays before Easter. As Nick Barker (1997) warned, this should not be interpreted as penitential exercise for committed sins, but as a "contractual sacrifice" where self-flagellation is done to acquire the grace of God and in exchange for protection of the family against mishaps and disease.

24. Returning home from the women's oppression seminar mentioned above, one CWNGO staff member, for example, burst into tears because, as she said "If I think back of all the erroneous things I have been teaching these women, how I poisoned their brains, my heart feels too heavy."

25. Wageningen University, Rural Development Sociology Group

26. The paper is based on a dissertation (Hilhorst, 2000) presently being prepared for publication by Zed Books.

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The Thai Social Movements and the Democratization Process: Challenging the Thai State Through the Anti-ADB Campaigns

Teresa S. Encarnacion-Tadem

During the recent national elections in Thailand, the Thais voted for a new Prime Minister, Thaksin Shinawatra—a prominent businessman and the country's richest person. His family-controlled companies account for more than 13 per cent of the Thai stock market's US$30 billion capitalization (Richardson, 2001:6.). The new Prime Minister, however, has carried with him a charge filed by the counter-corruption commission during his term as a minister in a previous government (Mydans, 2002:1). Thaksin could be kicked out within months of office if the counter-corruption commission could prove to the Thai Constitutional Court that Thaksin tried to conceal his wealth through false asset declarations (*Philippine Daily Inquirer*, 2001.A6).

Such a charge, however, did not seem to deter the Thai electorate from preferring him over the then incumbent Prime Minister Chuan Leekpai, who, ironically, has been dubbed as "Mr. Clean." It was pointed out that after three years of stability under Chuan Leekpai's Democrat Party-led coalition, the electorate seemed "bored" with the respected but low-key Mr. Chuan who has been Prime Minister for all but two years since democracy was restored in Thailand in 1992.

Being "bored" with Chuan, however, was the least of the problems of the Thai people with regard to their previous Prime Minister. More significant was that the Thai people have found Chuan as "unfit" or "unpalatable" to lead the nation. This article looks into the problems which the Thai people had with their former Prime Minister. The data were derived from the views of Thai social movements during the anti-Asian Development Bank (ADB) campaigns in Chiang Mai in May 2000. During these campaigns, the Thai social movements' criticisms of and dissatisfaction with Chuan's leadership were articulated and were shared by the Thai public in general.

The Thai State and the Anti-Asian Development Bank Campaign

One major accusation against former Prime Minister Chuan Leekpai was his inability to get Thailand out of its economic crisis, which began when the Thai baht crashed in 1997. Thailand earned the status of Asia's "Fifth Tiger," being the fastest growing economy in 1985-1995. The World Bank calculated the country's growth at an average of ten per cent a year (Bello *et al.*, 1998:55). The critics of

Chuan's Democrat Party noted that "its main concern was to save the finance and banking sectors which crashed when the economic bubble burst in 1997, at the expense of the poor by injecting billions of baht into the Financial Institutions Development Fund as massive liquidity support for banks and finance firms" (Santimatanedol and Ruangdit, 2001:1). It is within this context that the Thai social movements waged their anti-Asian Development Bank campaign. It was perceived that with ADB support, the Chuan government was pursuing development projects and policies which were not benefiting the poor. Thus, a lot of people viewed the anti-ADB campaign as more of an anti-government or anti-Chuan Leekpai movement. What emerged was not only a matter of saving the country from the economic crisis, but the manner by which the Chuan government sought to do this.

The Critique of Capitalist Development

A major disagreement which the Thai social movements have with the previous and present Thai governments concerns the nature of the capitalist development that have been perpetuated in alliance with multilateral agencies. It is believed that such a development has been responsible for the rise of Thai peasant and labor unrests. In the 1960s, for example, "the commercialization and technology imposed on the village by the state policy undermined the moral basis of a peasant society" (Kaewthep, 1984:142). Moreover, "the rural development of the Thai state has siphoned off village capital, narrowed peasant economic choices and contributed to discontent" (*Ibid*:154). Furthermore, "peasant dispossession was accelerated by the dynamics of the international market" (Bello *et al.*, 1998: 139).

The 1960s also witnessed proletarianization developing side-by-side with industrialization, which was led by the state. A result was the growth of wage labor and industrial conflicts. This occurred as the Sarit regime attempted to boost private capital-dominated industrialization, which was directly influenced by the United States government and the World Bank. The Sarit government introduced various measures to promote capital investment, on the one hand, and to suppress potential wage increase, on the other hand. Workers' strikes were also banned (Dilokvidharayat, 1984:123-126).

Among the consequences were the changing norms and values, increasing rate of urban crimes, prostitution and drug addiction. All these have indicated the increasing impoverishment not only in the countryside but also in the urban areas (Prasartset, 1984:116). Thus, it was in this period that "the activist-journalist and presently social critic, Sulak Sivaraksa, railed against the "Americanization" of Thailand and the pursuit of material wealth." (Pongpaichit and Baker, 1995:385) Sulak argued that "modernization" undermined the institutions and traditions which formed the foundation of Thai culture. "Together with Dr. Puey Ungphakorn, Sulak

started the Komol Keemthong Foundation, which is dedicated to the promotion of Buddhist values, community education, social welfare and the preservation of Thai art and culture." (Pongpaichit and Baker, 1995:385) Other nongovernmental organizations (NGOs), which also saw the contrasts between the capitalist culture and the village culture, called for the government to separate the economy from extend pressure through a "nationalist economic policy of greater self reliance" (Pongpaichit and Baker, 1995:385).

Exacerbating the situation was the widening gap between the rich and the poor, because these rural development projects, particularly those devoted to infrastructural projects such as the building of dams and roads, have been useful only to the rural upper classes (Wun'gaeo, 1984:198). Noting this, Prawase Wasi, a doctor and university professor involved with NGOs in primary health care, voiced out that "poverty was a result of the 'oppressive structures' of the state and capitalism" and that "poverty would be overcome only through resistance and self-reliance." (Pongpaichit and Baker, 1995:388) Prawase, it was noted, did not simply contrast "'village' against 'state' but contrasted the village as the site of the true Buddhist values against the state as the weapon of capitalism" (Pongpaichit and Baker, 1995: 388). Such an experience has therefore brought about a major debate between Thai social movements and the Thai state with regard to the development thrust the country would pursue. The Chuan government was no exception.

In the case of the ADB, the Thai social movements have accused the Thai government of perpetuating the ADB's development ideology, which they considered detrimental to the Thai people. They pointed out that the ADB's ideology to boost competitiveness of exports in a free market system "seems to benefit mainly the advanced, large-scale agricultural enterprises rather than small-scale farmers." (Attahkor, 2000:4) Furthermore, some believed that an export-led agriculture, which the ADB encourages, would not be the way out for small-scale farmers. This is because the "more exports grew, the bigger the debts of small-scale farmers because of the high costs of production, fertilizer and farm chemicals, while prices for farm products remained low" (Attahkor, 2000: 4). It was also noted that "export-led agriculture had resulted in environmental degradation and widespread deforestation as it needed huge areas of land to plant cash crops. In introducing reforms, the government needed to pay more attention to sustainable agriculture, which allows farmers self-sufficiency and freedom from markets. Sustainable agriculture would also enhance food security and improve the environment" (*Ibid.*). Such an ideology has thus been viewed as an imposition on the Thai people without any form of popular consultation (Attahkor, 2000:1).

The Absence of Popular Consultation and Participation in Development Projects

Aggravating this disagreement concerning the state's development strategy was the the accusation hurled against the Thai government's failure to include popular consultation and participation in development projects which affect the Thai people. One of these was the Asian Development Bank Wastewater Treatment Project in Klong Dan, a fishing village in the province of Samut Prakan, East Thailand.[1] The project, which was approved by the Chuan government in 1995, costs US$605 million (23 billion baht). According to Mr. Chalao Timthong, a resident of the area, the villagers never knew of the project until a sign was put up in 1998 (Janchitfah, 2000:1). This was when the construction of the Samut Prakan Wastewater Management Project at Tambon Klong Dan started on what used to be a mangrove forest, consequently creating tension among the villagers (Kanwanich, 2000: 6).

The Issue of Corruption

There abounds suspicion of large-scale corruption involved in the wastewater management project. This was precipitated by the government's Pollution Control Department's (PCD) failure to convince the villagers of its reasons for changing the project site from Bang Pla Kod to Bang Poo Mai to their area in Klong Dan. As noted by Mr. Chalao, "these sites were proposed in the studies by Montgomery Watson Asia, but the change to the Klong Dan site was made by the project operators without any environmental impact assessment (EIA) study" (*Ibid.*). PCD officials have tried to explain that the joint venture companies won the bid to the project but could not find suitable land in the suggested areas. Klong Dan locals, however, opined that the real reason was that the land at Klong Dan once belonged to a group of companies having close relations with some influential politicians. "These companies planned to build a golf course and a tourist resort but they found that regular sea flooding causes the area to sink. So they cancelled the plans and sold it to the PCD," said Chalao (*Ibid.*).

This view was corroborated by Prof. Kazuo Sumi of the Niigata University in Japan who noted that "in the 1980s, there had been efforts by private corporations to buy up the land in Klong Dan to construct a golf course and a tourist resort. But with the economic crisis in 1997, the plan for the golf course and resort was aborted. Klong Dan Marine and Fishery, at a loss over how to dispose of all the land it had purchased, lobbied with a powerful politician and had the government buy all the land (Sumi, 2000:5). Another reason why many villagers were convinced that vested political interests are involved is because "original plans put the wastewater treatment plant near the factory locations. Klong Dan, however, is much farther, so they have to lay more pipes, enabling them to get more money" (Janchitfah, 2000:1)

The issue of corruption and external loans is not new, and Thai social movements are very conscious of this, as corruption is considered one of the major factors which contributed to the country's economic crisis. Thus, when the Thai government borrowed US$500 million from ADB under the title "Social Sector Program Loan," which was approved in March 1998, public skepticism concerning the absence of transparency in the management and monitoring of loans arose. NGOs, therefore, demanded to be part of the monitoring committee. Such a demand, however, was rejected (Arunmas and Noikorn, 2000: 4).

Environmental Degradation

The project is also viewed as to be causing environmental degradation. The pollution ensuing from this project will bring about "irreparable toxic contamination of the area's coastal ecosystem." This is aggravated by the accusation that "the wastewater treatment plant is designed for treatment of biological waste, not for heavy metals and toxic chemicals collected from factories. Released directly into the sea, the toxic and heavy metal sludge will spread over a few square kilometers, wiping out marine life." For these reasons, the Klong Dan communities, since 1998, have been demanding an EIA and public hearing. The PCD, however, claimed it could not suspend the project (Noel, 2000:A5).

Anti-Poor Policies

Related to the accusation that the project causes environmental degradation is the issue that it is anti-poor. The release of treated wastewater into the sea might change the salinity levels, which, the villagers fear, "will affect marine flora and fauna and consequently, their community lifestyles, their livelihood and seafood consumers" (Janchitfah, 2000:1). Other anti-poor policies include the PCD's fencing off the site and preventing the local communities from using the area. Moreover, "construction at the site has also destroyed the Klong Dan freshwater channel which is an important fishing ground and also serves to flush seawater during the rainy season. The dumping of construction soil in the channel has narrowed the entrance and obstructed access to the sea by village boats" (*Ibid.*).

Another government-approved ADB scheme deemed as anti-poor is the imposition of water tax in the agricultural sector due to the perceived growing scarcity of water. The idea stemmed from the belief that imposing charges would encourage farmers to use water more efficiently (Attahkor, 2000:4). The Thai government agreed to this as a condition of the ADB and the Japan Bank for International Cooperation (JBIC) US$600-million agricultural sector program loan (ASPL), which the government entered into with ADB in September 1999 in order to reform the agricultural sector. One of the program's measures is increasing

agricultural productivity, which includes water management, allocation, distribution, licensing and costing of water extraction. In its policy matrix in the area of Water Service Delivery reform, a prior action to be taken would be to consult with stakeholders, "to initiate a process of cost recovery in public irrigation schemes"[2] (Janchitfah, 2000a:1).

In general, the farmers feel that such a policy is anti-poor. As a northeasterner farmer expressed, "I think water charges for the whole sector is unimaginable because not everyone can afford that." Furthermore, it would put an extra burden on farmers who are already struggling with heavy debts (Noikorn, 2000:2). It is also feared that once water is turned into a commodity for fully-commercialized agriculture, small-scale farmers who cannot afford to pay would have less access to water resources (Noikorn, 2000:2). This is especially so during the dry season, when the water becomes scarce, and it is most likely that water will benefit only those who have more economic power (*Post* Reporters: 2000:1). The issue of water commercialization is further expounded on by Dr. Kasian Tejapira, an academic-activist from Thammasat University. He noted that natural resources, such as water, are essential to all and should not be managed by market mechanisms. He added that "otherwise, water would not flow by gravity but by purchasing power." Furthermore, Dr. Kasian pointed out that the commoditization of water should not be allowed because the right to natural resources is a basic right all human beings have (Janchitfah, 2000b:1).

Another anti-poor policy which the Thai social movements have accused their government of pursuing together with the ADB concerns the plan to cut back on social welfare, through the establishment of autonomous hospitals. It was noted that only 20 per cent of the one million patients are able to pay their medical bills, while the rest rely on the state. Related to this are the 800,000 AIDS-infected patients who are surviving through state aid (*Post* Reporters, 2000a:10). The ADB's plan to launch autonomous hospitals has also been criticized by senator-elect and social activist Jon Ungphakorn, who claimed that this could be the government's attempt to cut back on social welfare program for the people, especially the poor (Attahkor, 2000:1).

Lastly, the Thai social movements have criticized as anti-poor the Thai government's policy of weakening the workers' bargaining power, particularly the "reduced bargaining power of the provincial labor force after the ADB supported a minimum wage mechanism to be expanded nationwide to limit the minimum wage rise" (Ashayagachat, 2000). ADB has actually called for the government to freeze the minimum wage at 162 baht until at least year 2002. Some believe that this would make life difficult for workers. NGOs also noted that the ADB's support for privatization of state enterprises would result in massive lay-offs of state workers (*Post* Reporters, 2000a:10).

The Thai Government's Response to the Protest Movement Against the ADB

To press their demands concerning ADB, the Thai social movements held a conference parallel to ADB's 34th annual conference in Chiang Mai, which was held on May 5-8, 2000. The parallel conference was sponsored by the People's Forum 2000 on the ADB and was held on May 2-5, 2000. Called the "People's Forum on the ADB," it discussed the issues they had against the ADB. This parallel conference was followed by a series of demonstrations during the actual ADB annual conference. These protest actions further emphasized the gap that separated the Thai people from the government leadership.

The Thai authorities, aware of the movements' potential to disrupt the big international event, mobilized their police and intelligence agencies to monitor all the anti-ADB activities. The major concern was to prevent any disruption of the ADB gathering to maintain the good image of Thailand as a good host to the event.[3] Approximately 3,000 people were deployed in and around the meeting areas in order to safeguard the 3,200 delegates from 58 countries who attended the conference (*Bangkok Post*, 2000). Although the police intended to allow the activists to congregate, they warned them not to block the traffic or disturb the ADB officials. What the Thai government, in particular, did not want to happen again is for anti-globalization activists to foster violence, like what happened when American activist Robert Naiman smashed a pie into the face of former IMF Chief Michel Camdessus at the February 1999 UN Conference on Trade and Development in Bangkok (*Business Day*, 2000).

As early as the anti-ADB preparations, the people's organizations already expressed their concern about the official use of force or the potential intervention by "anarchists" or "third hand" agents to provoke violence that will then allow the authorities to use force and break up public protests. This was articulated by Jetsada Chotkijwat, adviser to nine (9) northern agricultural networks. He also expressed hope that the democratically-elected government of Chuan Leekpai and the Chiang Mai authorities will not ban or obstruct public peaceful rallies, which are part of the democratic process. In particular, activists expressed dissatisfaction over the plans of local authorities to block rallies from reaching ADB meeting sites at some major downtown hotels and at Chiang Mai University. They also complained about official attempts to ban the hoisting of anti-ADB banners and posters in public sites and learning institutions (Lertcharoenchok, 2000). Activists have actually described government security preparations as an "overreaction," although they were very apprehensive on what the Thai authorities would do. The People's Network of 38 Organizations, which spearheaded the demonstrations, pointed out the government's attempt to link anti-ADB activities to acts of violence and terrorism

in order to justify the use of force against activists and villagers protesting against ADB-funded projects (Attahkor and Marukatat, 2000:2).

Such apprehension can partly be attributed to the violent break-up of a peaceful gathering of thousands of hilltribe people who demanded their rights to Thai citizenship and access to their community forest exactly a year ago. This was under the order of the Chiang Mai Governor Pravit Sibhobhon (Lertcharoenchok, 2000). The anti-ADB demonstrations were to coincide with the first anniversary of that violent event. The break-up of the hilltribe protests, the first in modern Thai history to be captured on videotape, was shown to the public. The footage has since become shaming evidence against Thailand's poor handling of peaceful public gatherings (Lertcharoenchok, 2000). Partly because of this reason and the attention of international media on the ADB annual gathering, the Chuan government basically followed a policy of restraint vis-à-vis the anti-ADB demonstrations.[4]

During the opening session of the ADB annual conference on May 6, 2000, anti-ADB demonstrators read their statement against the Agriculture Sector Loan of the Thai government and the ADB, particularly the water tax and conditions of the Social Sector Program, specifically with regard to the privatization of education and hospitals, as well as the wastewater treatment plant in Klong Dan and other social services. There were more than 2,000 provincial and special action police stationed around the hall. A mob control unit of Border Patrol Police was also on stand-by. Roadblocks have also been placed two days before the opening of the annual meeting, on the lookout in particular for minority groups traveling from the Burmese border. There was, however, a very conscious effort on both sides to refrain from violence. The police pledged not to use tear gas or harsh measures against the peaceful demonstrators. On the part of the Thai government, it was important that no violence occurs to avoid grave embarrassment, as the event was covered by international media. The demonstrators did not also want any form of violence from their end because they believed that this would erase any kind of sympathy that they wanted to generate from the middle-class or the Bangkokians, whom they considered to be a powerful force in Thai society. This might also distract the public from understanding and sympathizing with the demonstrators' issues against the ADB. The ADB President also told the Thai authorities that he did not want any kind of violence to occur.

Nevertheless, scuffles did ensue as the police pushed back protesters who tried to break through the security cordon to get to the conference hall and submit a statement to Prime Minister Chuan Leekpai, who presided at the opening ceremony. After some negotiations, the police allowed the demonstrators to stay at the fence around the conference hall of Chiang Mai University. Before leaving the rally site in the late afternoon, the demonstrators burned an effigy of Mr. Chuan because he

failed to show up to receive their statement. They labeled him "Chuan the Coward." This was unlike the ADB, which sent its Vice-President Myoung Ho-shin to receive the demonstrators' statement denouncing the ADB. This would continue during the following days, whereby ADB officials would dialogue with the protesters, but the Thai government totally chose to "ignore" them. The demonstrators, however, complained that not only did the Thai government "ignore" them but they were also harassed. They claimed, for example, that "a number of village headmen and community leaders in Chiang Mai and nearby provinces had been ordered by the government to prevent villagers from joining the protests." Furthermore, the government had tried for several weeks to "paint a picture of violent protests in the public mind" (Sukin, 2000:A7).

Thus, the protesters attacked the Thai government for refusing to give any reaction to the people's movement. Prof. Nithi Oeustiwong, an academic and social critic from Chiang Mai University, pointed out that the "no reaction" strategy of the Thai government to the protest was unacceptable. He added that the Prime Minister or Finance Minister should react to the people's voice and at least explain the government policies to the public. Finance Minister Tarrin Nimmanhaominda, however, said that the government had already answered every question raised by the public. As for the demonstrators, People's Network member and Assembly of the Poor adviser Wanida Tantiwittaypitak called the Chuan administration "a beggar government" which had shamefully succumbed to the ADB's power (Attahkor and Khuenkaew, 2000).

Although the protest actions were mainly aimed at the ADB, the demonstrators issued out a statement denouncing Prime Minister Chuan Leekpai's support for the ADB's policies. They pointed out that Chuan "confirmed his support of the ADB's poverty reduction policy and his determination to lead Thailand on the path set by the ADB through the acquisition of loans." The statement noted that the 8th National Economic and Social Plan revealed that "the poor people in the rural area increased by about 13% of the total population and seasonal unemployment now amounts to 3.6 million people." The statement concluded that "it is clear that there will be more and more poor people resulting from the implementation of the economic liberalization policy which the ADB and the Thai government believe will help decrease poverty" (Thai Working Group on the ADB's Impact, 2000:1).

Assessing the Reaction of the Thai Government to the Anti-ADB Campaign

One of the major lessons brought about by the anti-ADB campaigns is that it is not enough for the Thai social movements to confront the ADB. What seems to be

a more daunting challenge is how to deal with the Thai state regarding the ADB. One columnist expressed that the ADB loans are so small compared to the total government expenditures on ADB-supported projects in Thailand. Thus, some point out that the demonstrators should really address their demands to the Thai state. But as previously noted, the demonstrators attempted to do this but the Chuan government refused to dialogue at all with the demonstrators. Such an act was widely criticized by the general public.

As described by Dr. Kasian, Prime Minister Chuan acted in an "authoritarian manner" when he dealt with the ADB demonstrators. Because he was elected by the people, he felt that he had the right to decide what to do without having to listen to the people. It was also pointed out that "the Thai government's indifference also epitomizes how national governments that come to power through manipulating voting results only pay lip service to democracy while enjoying the power of civilian dictatorships" (Ekachai, 2000:9). Prof. Nithi Oeustiwong, a leading historian and academic-activist from Chiang Mai University, adds that another reason why the government behaved this way is because "it has no choice but to follow the dictates of the international monetary organization." "If this is the case," he laments, "then maybe there is no need for a government. It is as if no government is left." He further expressed with dismay that whereas before, it was the duty of the government that borrowed the money to decide how it could repay the debt, it is no longer the case at present. The international monetary agencies decide and design everything for the Thai people (Janchitfah, 2000b:1).

What is significant, though, is that the Chuan government could not do much to stop the demonstrations, as these have become very much a part of the democratization process in Thailand. As noted by one newspaper editorial, the ADB-Chiang Mai meeting served as a useful gauge of the new Thai Constitution's effectiveness. According to the charter, the people must be informed of, and consulted on the projects that would affect their lives, communities and country as a whole (*Business Day*, 2000a:4). To quell the demonstrations would not only invite criticisms but also condemnation in Thailand and abroad. The fact that there is a need for demonstrations also reveals that much is still left to be desired from the parliamentary system, according to Prof. Sirichai Naruemetlikaken, an academic-activist from Chiang Mai University. What compounds the problem further, as noted by Mr. Srisuwan Kuankachorn, Director of the Project for Economic Recovery (PER) and one of the leading forces of the People Forum 2000 on the ADB, is that the Democrat Party of Prime Minister Chuan basically does not like NGOs. Instead, it has relied on bureaucrats in the government to determine its policies, such as in the area of infrastructure, irrigation and forestry, which have huge budgets. These are the people who determine the policies without consulting with the communities that will be affected by it. Even before the ADB annual conference, agriculture officials have

rejected a demand by NGOs that "they be allowed to participate in the management and monitoring of programs to be funded by the ADB loan" (Arunmas and Noikorn, 2000:4)

The "showdown" in Chiang Mai is therefore said to reflect a "gap between underprivileged Thai people, represented by the NGOs on the one side, and the incumbent Thai government, in the form of "blind-folded" arrogant politicians and bureaucrats, on the other." This, some would argue, would explain why there was "confrontation" rather than "participation," leading to the NGO's rejection of the ADB's loans. Moreover, some have interpreted the NGO's protest as "an expression of dissastisfaction more with the Chuan Leekpai regime than the ADB itself" (*Business Day*, 2000a:4).

Dealings with the Thai state constitute a long-term agenda, as debates ensue on what the right approach would to be. There is engagement through dialogue as well as confrontation through demonstrations. Concerning electoral politics, members of the Thai social movements are divided on whether to participate as candidates or to just campaign for candidates who are sympthetic to their cause. There is also a move to invite political candidates to NGO/PO-sponsored fora to make the public aware of their views on certain issues. Whatever strategy they choose, it is a reality that the people's movements will have to deal with the Thai state if they were to succeed in pressuring the ADB to respond to their demands. Thus, an editorial from *Thai Rath* argued that "instead of attacking the ADB, these NGOs should persuade the government and members of parliament to support their cause." It added that "if the government disagrees, they can campaign for parties that share their concern and help them win in the next election" (Dateline Bangkok, 2000:9). Another editorial from *The Nation* called on the government, multilateral agencies and NGOs to unite because "they have much to learn from one another in order to increase the effectiveness and improve efficiency in serving their constituents" (*The Nation*, 2000:A4).

Thus, another challenge for the Thai social movements is making the Thai state more receptive to the people's needs. As for now, the only recourse is either through more "pressure politics" from the people or through electoral politics. With regard to the former, the democratization process in the country has allowed for such actions but the question is to what extent people can actually pressure. As for the latter, there is a debate within the people's movement, which at the moment still remains unresolved, on whether to keep out of electoral politics and just support sympathetic candidates or run as electoral candidates in an NGO/PO-created political party or join the more established but "conservative" existing political parties. Thus, such a quandary reflects one of the more important messages of the anti-ADB protest movement not only to the Thai public but also to the ADB member-countries.

Ironically, the country's newfound democracy continues to be characterized by the wide gap that exists between the people and the government. Reducing, if not getting rid of this gap remains the utmost challenge for the Thai social movements.

Alongside the disagreement regarding the procedural aspect of the relationship of Thai social movements and their government is the substantial aspect. That is, with regard to the issues against the ADB, the Thai government was understandably in agreement with the ADB concerning the water tax. Even before the ADB annual conference, Finance Minister Tarrin Nimmanahaeminda, chair of ADB's board of governors, acknowledged that the government did agree to restructure the agriculture sector, which included seeking a way to charge for farm water, although no plan has been finalized (Sukin, 2000f). The Finance Minister went on to defend the government's position in a seminar on May 6, the second day of the anti-ADB demonstrations, that the water tax would bring long-term benefits and help preserve the country's natural resources, which are currently threatened by an alarming rate of forest encroachment. He argued that "neglecting the problem now could trigger a severe water shortage for users in the future." He warned that 10 years from now, if the Thai people would not do anything, the country might resort to water rationing. Furthermore, he noted that "preserving water resources was a top government priority with a budget already earmarked for the issue" (*Post* Reporters, 2000:1). Government officials, however, felt that although they have accepted the ADB's argument against continuing a subsidy, there was still a need to respond to the farmers (*Post* Reporters, 2000a:10).

As for the ADB Samut Prakan Wastewater Treatment Project, Sirithan Pairotporiboon, director-general of Thailand's Pollution Control Department (PCD), admitted that, if built, the plant would definitely impact on fishing. He explained that the PCD had to find some place to locate the plant and to compare it to other areas, Klong Dan has fewer people, so the site was chosen. He tried to defend the absence of an environmental impact assessment (EIA) by saying that at the time of the project proposal, Thailand's environmental laws did not require an EIA. He added that the government has started the assessment process, but project construction should continue because the laying of pipes has nearly reached completion (*Ibid.*). In relation to this, Science and Technology Minister, Arthit Ourairat. followed a similar defense of the absence of an EIA by saying that the project was approved before the new constitution came into effect. The project was approved on October 17, 1996, while the new constitution, which required public hearings on large-scale projects that may affect residents, was ratified in October 1997. However, despite Dr. Arthit's explanation, the 1992 Environmental Act requires EIAs of *all* large-scale projects being constructed (Janchitfah, 2000:1). The PCD's acknowledgement of the absence of an EIA seems to go against the ADB's position that the ADB guidelines were followed in preparing the EIA as indicated in President Chino's

letter to Mr. Dej Poomkacha of the People Forum 2000 on the ADB (Chino, 2000:9).

ADB officials, however, also noted some shortcomings with regard to the manner in which the Thai government has handled its relationship with the ADB vis-à-vis the Thai public. For the ADB, much of the misunderstanding concerning its policies in the country has also much to do with the Thai state. Mr. Craig Steffensen, ADB resident adviser in Thailand, noted, for example, that the protests against the US$600 million Agriculture Sector Program Loan (ASPL) arose mainly because government authorities and multilateral aid agencies have been sending confusing signals about reforms. He elaborated that, so far, the ADB and the Agriculture Ministry are the only two organizations directly involved. He pointed out that the World Bank as well as the Irrigation Department have not supported the ADB. He sympathized with Prime Minister Chuan Leekpai, who, he believed, has been forced to defend this loan he did not even negotiate. Thus, Mr. Steffensen pointed out that it is asking a lot from the Prime Minister to put his political reputation on the line for this loan. The ADB official pointed to the Agriculture Ministry or the Finance Ministry as the bodies responsible for defending the APSL, but neither has ever done so. The ADB official believed that perhaps, it could be that, although they wanted the money, they chose not to touch on the reforms (Poopat, 2000:A5).

Mr. Steffensen concluded that multilateral agencies, such as the ADB, have been used as the scapegoat for policy reforms initiated by the government. He pointed out that in their relationship with the Thai public, the voting public, government officials tend to say, "We did not want to do this but we had to because these were conditions set by the ADB." Thus, since the beginning of the process, people have been made to understand that should there be any problem, ADB should be blamed for it. He further observed that these reforms are politically difficult decisions to make and there are certain reasons why some of these reforms have never been undertaken in the past decades. The ADB official added that the government was aware of political sensitivities involved in undertaking these reforms.[5]

Complicating this situation is an observation by another ADB official that there exists not only a chasm between the Thai government and the NGOs; the former also appears to be very negative towards the latter and so much mistrust could be felt between NGOs and the ADB as well as between NGOs and the Thai government. Thus, he noted that the ADB would have to find a balance between its relationship with the NGOs and the Thai government. He believed this could also be one probable reason for ADB's minimal dealings with Thai NGOs.

Conclusion

The anti-ADB campaigns in Chiang Mai have therefore revealed pertinent aspects of the relationship between the Thai social movements and the government leadership. One aspect is the persistent disagreement regarding the nature of development which the Thai state perpetuates. This is aggravated by the absence of popular participation and consultation, as can be seen in the conceptualization and implementation of the ADB Samut Prakan Wastewater Treatment Project. Suspicion of corruption thus abounds concerning development projects. Part of the debate on the issue of development is the environmental concern, particularly so when the development project brings about environmental degradation. A related accusation of the Thai social movements with regard to the Thai state's development thrust is that it is anti-poor. The ADB Wastewater Treatment Project seems to be a classic case, as it has been accused of damaging the source of livelihood of the villagers.

Other government policies have been perceived to support unpopular ADB policies which are likewise viewed to be anti-poor. These include the water tax, the privatization of social services, such as in the health and education sectors where the government seeks to privatize hospitals and universities, and the reduction of the bargaining power of the workers. All these the Thai social movements have perceived to work to the detriment of the marginalized sectors and to widen the chasm between the rich and the poor.

Although these old problems have continued to persist, what seemed to have changed are the strategies to bring criticisms to the attention of Thai officials. The Thai social movements have chosen two major strategies, *i.e.* engagement and confrontation in dealing with government-supported ADB policies. The policy of engagement was seen in the holding of a parallel conference to engage the ADB in the Thai social movements' issues of concerns. The second strategy, that of confrontation through protest actions, however, appeared to be more effective in bringing these issues to the attention of the Thai officials. Unfortunately, Prime Minister Chuan set the tone with regard to the government's handling of the demonstrators, *i.e.*, choosing to completely ignore them.

The Thai social movements have decried the action of the Prime Minister as anathema to the general trend in the country's democratization process, which has witnessed popular involvement in bringing about change. This was epitomized in the middle-class-led demonstration in 1992 that brought about the downfall of a military-installed government. The vigilance of the Thai people with regard to their government was also further heightened in the aftermath of the 1997 economic crisis that saw government corruption as one of the major factors that led to the country's development debacle. More importantly, it led to the further questioning

and defiance of a development thrust which the Thai government has pursued through the decades and which social movements have fought against, *i.e.* an externally-fueled economic development, where the resources of the country are used to benefit foreign investors rather than the Thai people. Moreover, the anti-ADB campaigns highlighted a strong public sentiment that the Thai leadership is beholden to multilateral agencies such as the ADB, because of the need for external loans to improve the economy. Thus, it subjects itself to the unpopular conditions of the ADB loans. This further reinforces the view of the Thai public, particularly after the 1997 economic crisis, that they have lost their national sovereignty to multilateral agencies such as the IMF and the World Bank, which have extended loans to the country, but with harsh conditionalities attached.

Whereas in the past, the Thai people could not openly protest under an authoritarian regime, this is no longer the case, as illustrated by the anti-ADB demonstrations. The new political dispensation allows for more protest actions of this kind. What further contributed to the tolerance of the Thai state for such protest actions is the fact that the ADB annual conference is an international event that attracts worldwide media attention. The event is also viewed as part of the anti-globalization campaigns occurring in all parts of the world. As much as possible, the Thai leadership prevents the eruption of any violence as it would tarnish the image of the country and effect a loss of revenues especially in tourism. This is most significant, since Thailand has generally relied on tourism in order to rise from economic crisis.

Nevertheless, much is still left to be desired in reducing the wide gap between the Thai state and the Thai social movements. This situation has even caused some people to view the democratic process in Thailand as an elite one, *i.e.* limited to those in power, as opposed to the majority who also want to be heard and take an active part in determining projects and policies that will affect them. This reality did not escape the attention of the Thai social movements as they denounced their Prime Minister for not only ignoring them but also for his government's improper dealings with the demonstrators. They were ignored and harassed, albeit not so excessively as to warrant the attention of the international media.The Thai social movements, however, also realize that the success of their campaign lies heavily on their ability not only to work with the Thai state but to transform it as well to an institution receptive to their concerns. Thus, the democratization process will not be completed until this is attained.

Notes

1. The project is being constructed on a 1,903-rai seaside area in Bang Po district, Samut Prakan, on the southern part of Sukhumvit Road. The Pollution Control Department (PCD) of the Department of Science, Technology and Environment Ministry has commissioned NVPSKG Joint Venture and the NWWI to undertake the construction on a turnkey basis. Construction and pre-operation of the project is due for completion within six years. The term 'turn key basis' means that "the contractor had to find the land, provide the construction technology, construct and pre-operate the project for three years before handing it over to the authority" (Kanwanich, 2000:6). The PCD is also building a 200 kilometer-long pipe system together with this wastewater treatment plant to collect wastewater from households and about from 4,000 factories located in the province. The treatment plant would release 525,000 cubic meters of treated effluents into the sea near the province's Klong Dan sub-district and Songklong district in Chachoengsao province (Noel, 2000:A5).

2. In the Development Policy letter, the Thai government states that (Janchitfah, 2000b:1).

   The ASP's (Agricultural Sector Programme) primary objective is to achieve sustainable growth of the agricultural sector through the implementation of reform measures required for the following: (a) increasing agricultural productivity; (b) enhancement of export competitiveness of agricultural products, and (c) restructuring of agricultural institutions and improvement of government in the sector. A total of 22,200 million baht will go to six major program loans covering 20 projects: (i) 8,000 million baht for increased productivity in irrigation and natural water areas; (ii) 3,100 million baht to develop commodity quality and the ability to manage agriculture programs; (iii) 2,500 million baht for community potential development program; (iv) 5,350 million baht for research and technology development programs; (v) 1,010 million baht to establish New Economy Zones; and (vi) 2,240 million baht to organizational, institutional and information system restructuring programs.

3. The leading organizers of the People's Forum 2000 on the ADB were the Nongovernmental Organization-Coordinating Committee on Development (NGO-COD), the Towards Ecological Recovery for Regional Alliance (TERRA) and the Project for Economic Recovery (PER).

4. The severest targets of government surveillance were the Burma campaign groups, which have either shut down their offices around Chiang Mai or maintained a low-key presence in anticipation of a government crackdown (Lertcharoenchok, 2000).

5. The Chuan government is known for "maltreating" Thai demonstrators. In one protest action by Northeastern villagers against the construction of the Pak Mun Dam, a World Bank project, the Thai government made use of dogs to bite the demonstrators. This practice, however, was stopped because of public outrage.

6. Despite these political sensitivities, the Thai government plans to borrow some more from the ADB. The amount is US$300-US$350 million a year from the ADB between 2001 and 2003, primarily for agriculture, rural development and social sector projects. An aide memoire signed by the government and ADB on the 2001-2003 program says a loan pipeline has been prepared for nine projects totaling $1billion during this period (Poopat, 2000:A6).

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The Labor Movement: Its Role and Impact in the Democratization of Indonesian Society during the Later Part of the Suharto Period

Juvy P. Muncada

Movements are potent agents of social change. They are defined as a "collectivity of individuals committed to resisting or introducing changes in society." They are also defined as "collective reactions in response to unjust situations" (Mahasin, 1985).

Movements, such as the trade union movement and the labor union, are the active and collective actions and struggles of the working class. The main objectives are to end capitalistic and imperialistic exploitation and oppression; to obtain economic interests and other rights, like the legal right to strike; and to launch other forms of collective actions for the purpose of caring for, defending, and promoting individual interests for the common good (EILER, 1987).

The trade union movement is a permanent and democratic organization of workers put up in a situation where there is a worker-capitalist relationship. It is not temporarily organized to answer only the present problems of the workers, but a permanent answer to the needs of its members at all times. It represents and defends the workers without any discrimination (EILER, 1987).

The workers in the trade union movement put up their union to strengthen their position in collective bargaining with the capitalists. The bargaining covers issues like wages and benefits, job security and working conditions (EILER, 1987).

In the ever repressive State of New Order Indonesia under the Suharto government, labor movements continued to emerge. How labor movements played an important role in the democratization of Indonesian society as the Suharto era was approaching its end is the main focus of this study.

Specifically, this study aims to attain the following objectives:

- To trace the beginnings of and investigate the developments of the labor movement in Indonesia;
- To identify problems and issues encountered by the labor movement; and
- To describe and analyze the role and impact of the labor movement in the democratization of Indonesia.

In a broader political and societal context, the aspiration for achieving democracy

is always at stake. Democratization, as defined by Korten (1990), is "a broadly distributed control over political and economic assets, and the open flow of information for equitable and sustainable progress." Such a process requires the 'development' of organization/movement or union through which people define and pursue their individual and collective interests within a guiding framework of national policy.

Therefore, labor movements or unions, like any other popular movements in Indonesia, must be supported by institutional structure and policies that will create the necessary social and political space for the movements to function in their members' interests. Because the national government or the states are capable of reaching, mobilizing and even advocating the poor workers, this will bring practical gains in overcoming poverty without creating political disorder (*Ibid.*).

From a policy standpoint, unions are important not only for the labor market but also as vehicles of democracy that provide a base for political organizations and party influence. Unions also act as a countervailing power at the level of enterprise. Unionism is not merely a technical matter of creating appropriate labor market structures and processes, but a practical concept that establishes and maintains human rights (Frenkel, 1993).

Historical Background of the Labor Movement in Indonesia

Since the Dutch colonial period at the end of the 1890s, trade unions have been in existence in Indonesia. They were influenced by the national movement and then went on to struggle for independence for Indonesia. They affiliated with existing political and social organizations which were striving to improve the socioeconomic conditions of the people, including workers (Simanjuntak, 1995).

The early unions include the following:

1) *Netherlands Indische Onderwijs Genootschap* (NIOG) or Netherlands-Indonesian Government Employees Association (1894) – the first organization of salaried workers formed by Dutch teachers of primary and secondary schools. NIOG did not play an important role in the workers' movement in Indonesia because it was maintained with an exclusive Dutch character;

2) Postbond or Post Workers' Union (1905) or SS Bond or the Union of State Railway Personnel – organized by the Dutch-Indonesian employees of the State Railways. The union was strong, well organized and had a conservative outlook. But the said organization failed to develop into a militant workers'

organization because it was not able to compete with another newer union of railway workers, plus the fact that most of its members consisted entirely of Dutch personnel and leaders. Its was disbanded in 1912;

3) *Vereeniging van Spoor-en Tramweg Personeel in Nederlandsch-Indie* (VSTP) (1908) – a union built on a broader basis after the SS Bond. It comprised of both State-owned and privately operated railways and was determined to organize all railroad workers without distinction of race, type of work, or position in the state service or in the companies. It became a militant and aggressive mass union;

4) *Perserikatan Guru Hindia Belenda* (PGHB) or Indonesian Teachers Association (1912);

5) *Perserikatan Pegawai Pegadaian Bumiputera* (PPPB) or Pawning Employees Association (1914) – led by R. Sosrokardono, the militant President;

6) *Opiumregeibond* (1915) – formed by the employees of the opium factory in Djakarta;

7) *Personeel Fabrieks Bond* (PFB) or Union of Factory Personnel (1919) – organized by Indonesian employees of sugar refineries (factories) in the Jogjakarta area (Central Java) under the leadership of R.M. Suryopranoto; and

8) *Serikat Pengawai Hindia Belanda* or Government Employees Association (1930) (Simanjuntak, 1995; Tedjasukmana, 1958).

Unions formed in the private sector were the following:

1) *Sarekat Buruh Onderneming* (SBO) (1924) – the first union of the employees of plantations;

2) *Serikat Sekerdja Pelabuhan dan Pelajaran* or Union of Dockworkers and Seamen, which soon became the *Serikat Buruh Pelabuhan dan Laut* (1924);

3) Also formed were unions of mineworkers, metalworkers, printers, electrical workers, employees in the petroleum industry, chauffeurs, tailors and clothing workers, etc.

By 1920, there were already about one hundred trade unions with a total membership of nearly one hundred thousand workers (Tedjasukmana, 1958).

At the national level, a number of movements were formed such as:

1) *Budicetomo* or Association of Scholars (1908) – led by Budi Utomo;

2) *Sarekat Dagang Islam* (SI) or Moslem Traders Association (1911) – a political party which believed in the combination of the basic principles of Islamic teachings, nationalism and socialist ideas. One of the top leaders of the organization was R. Sosrokardono;

3) *Partai Komunis Indonesia* (PKI) or Indonesian Communist Party (1920) – led by Semaun Cum Suis, the President of the said party; and

4) *Partai National Indonesia* (PNI) or Indonesian National Party – founded and headed by Dr. Sukarno, who later became the first President since the proclamation of the Indonesian Republic on August 17, 1945 (Tedjasukmana, 1958; Simanjuntak, 1995).

There had been attempts to form a single trade union federation in Indonesia. The first attempt was done in 1916. This was participated in by two major political parties, the socialist (communist) and *Sarekat Islam*. The platform was to struggle against the capitalists with the strike as the principal means. But the effort failed. It was only in 1919 that all the existing trade unions were first united into one organization named *Persatuan Pergerakan Kaum Buruh* (PPKB) or Federation of Trade Unions or Association of Labor Movements. The new Federation held its First Congress sometime in August 1920, in Semarang, the center of the communist movement. But during the convention, the two major political parties (socialist-communist and *Sarekat Islam*) were in disagreement over basic principles. The dissension between the two major political parties was not resolved, even as the second congress was held in June 1921, and it resulted in a complete split. The organization only lasted for two years. Two years later, through the efforts of Semaun another federation was created and it was named *Persatuan Vakbonden Hindia* (PVH) or Hindia Workers Union or Federation of Indonesian Trade Unions. This federation was formed sometime in September 1922, and it demanded for a substantial wage increase from the sugar producers, especially the Dutch employers. The federation existed for only a year. The PPKB and PVH were both established mainly by the activists of *Sarekat Islam* (SI) or Islam Association, which was later split into the *Sarikat Islam* Red and the remnants of SI. Ideological influence was the reason for the split (Tedjasukmana, 1958; Sasono, 1985).

On August 17, 1945, after the proclamation of independence, trade unions merged for the third time. On September 19, 1945, the *Barisan Buruh Indonesia* (BBI) or Indonesian Labor Movement was established and it claimed that all existing trade unions were members. However, in November 1945, conflict arose. One group advocated socioeconomic programs. Another group focused on politics and established the *Gabungan Serikat Indonesia* (GASBI) or Federation of Indonesian Trade Unions on May 21, 1946. The *Gabungan Sarikat Buruh Vertical* (GSBV) or the Federation of the Vertical Unions was formed sometime in July 1946. Both

GASBI and GSBV were called the two federations. However, after a few months, a number of leaders of several unions insisted on forming a single trade union movement and named it the *Sentral Organisasi Buruh Seluruh Indonesia* (SOBSI) or All Indonesia Central Organization of Labor, the communist party-affiliated trade union. It replaced the GASBI and GSBV. The organization was directed towards communism and was affiliated to Partai Komunis Indonesia (PKI). Among its leaders were Harjono, Surjono, and Njono. From the period 1946-1960, labor groups grew in number, as they were about to face the first general elections in 1955. There were 150 national labor unions and hundreds of local labor unions (Tedjasukmana, 1958; Simanjuntak, 1995).

In 1960, in the fourth attempt to organize all trade unions, Indonesian workers formed the *Organisasi Persatuan Pekeja Indonesia* (OPPI) or Indonesian Workers Organization. This failed in the long run because of internal conflicts. In 1971, after ten years, there was a series of meetings among existing labor organizations and government officials during the *Majelis Permusyawaratan Buruh Indonesia* (MPBI) or Indonesian Labor Conference. However, the SOBSI, which was banned after the 30 September 1965' affair, did not participate (Tedjasukmana, 1958; Simanjuntak, 1995).

In March 1973, Indonesian workers made a fifth attempt to form a single trade union organization which they called the *Federation Buruh Seburuh Indonesia* (FBSI) or the Indonesian Labor Federation. It was the only 'authorized trade union' in the New Order government, a military-dominated government whose driving features were economic development and building strong political institutions under Suharto, the second President of Indonesia. A single national federation with 21 industrial unions, FBSI was not considered a political tool of any political party because of the government's involvement. Apparently, it was a pro-government union (Tedjasukmana, 1958; Simanjuntak, 1995; and Rinakit, 1999).

In November 1985, the FBSI changed from a federation to a unitary union called *Serikat Pekeja Seluruh Indonesia* (SPSI) or All Indonesian Workers Union. The organization was a professional organization of workers based on *Pancasila* or the five principles, namely: nationalism or Indonesian unity; humanitarianism; Indonesian democracy through consultation and consensus; social justice; and belief in God. These were the five basic tenets exhorted by former President Sukarno as the common ideals of the State. However, the SPSI did not develop into an effective national union organization, nor did it support the growth of genuine plant-level union activities because it offered little leadership. It had no record of any fight to improve the welfare of the workers; it simply provided opportunities for the leaders to advance their personal interests. Moreover, it depended so much on the government for its operating budget (Budiman in Tadem, 2000; Aksam [n.d.]).

In November 1995, the SPSI went back to being a federation called FSPSI, constituting 13 sectoral trade unions. The objective of the organization was to foster a sense of collective purpose among workers so as to protect and maintain their interests and rights, and to improve social welfare and working conditions. Its major program was to establish trade unions at plant levels, to elect their own Executive and to negotiate Collective Labor Agreements (CLAs). At present, there are almost five hundred shop- floor trade unions established since early 1994 (Simanjuntak, 1995).

Both FBSI and FSPSI were then part of the New Order structure. They were under the corporate state, wherein various sectors were united into a single state-controlled organization. The workers in the private sector, such as teachers, were forced to join *Persatuan Guru Republik Indonesia* (PGRI) or the Congress of Indonesian Teachers' Association; bureaucrats, the KORPRI or Civil Servant Corps; journalists, the PWI; and plantation workers, the SOKSI or Organization for Independent Indonesian Employees, a pseudo-trade-union (Tadem, 2000; Simanjuntak, 1995).

On the other hand, the *Serikat Buruh Sejahtera Indonesia* (SBSI) or Indonesian Prosperity Trade Union (1980s), led by Muchtar Pakpahan, and the *Serikat Buruh Merdeka Setia Kawan* (SBMSK) or Solidarity Free Trade Union refused to join, but emerged to serve the needs of the labor force. These unions helped the workers to expand their understanding of their role and position in Indonesia's changing society through education, discussion and social activities. As a result, the workers became more aware of conditions detrimental to them, such as low wages, social security problems, and the ineffective and biased nature of the tripartite bargaining structure. However, the SBSI and SBMSK were two unofficial unions as both were not recognized in the New Order's *Pancasila* Industrial Relations (HIP) system, wherein the workers' right to set up organizations addressing labor problems was not acknowledged (Rinakit, 1999; Tadem, 2000).

It was only in 1993 that Indonesian laborers became more outspoken in defense of their rights and against the authoritarian rule of President Suharto. The 1994 workers' strike in Medan and Pematangsianar can be considered an important milestone in the resurgence of the Indonesian labor movement. The solid strikes and protests led by SBSI eventually won for them and for other labor groups government recognition in July 1998. According to Aksam, the President of SPTSK (Leather, Garment and Textile Workers Union), there were already 24 national unions listed at the Ministry of Manpower, and 15 were officially registered. The following were a few of them:

1) FNPBI or National Front for Labor Struggle also known as PPBI (led by Dita Sari) – a new workers federation formed sometime in May 1999. Its

main goals were both economic and political: it had demanded a hundred percent increase in pay; a 32-hour workweek; a stop to retrenchments and contract work; withdrawal of the military's *dwifungsi* (dual function) character; freedom to organize; the release of political prisoners (including labor activist Dita Sari); free and fair elections; and a referendum for the Maubere people of East Timor;

2) Union of Journalists;

3) GASPERMINDO (with about more than 15 sectoral unions);

4) *Serikat Pekeria Kewartawanan Indonesia* and;

5) Regional Trade Union in East Java (Tadem, 2000; *Inside Indonesia*, September 2000).

Furthermore, their solid strikes and protests met with tremendous success. They succeeded in ousting Suharto and influenced the Indonesian government to ratify the ILO Convention Number 87 of 1948, the community's freedom to establish labor/trade unions. The Ministry of Manpower, led by Fahmi Idris, through Regulation Number 5 to Regulation Number 83 of 1998, granted freedom and protection of rights of association to all Indonesian laborers. The Regulation No. 3/98 stipulates a new policy on Minimum Wage, which regulates not only Regional Minimum Wage but also Regional Sectoral Minimum Wage based on KLUI classification, establishment of Regional Sector Minimum Wage, enhancement of Employee's Welfare, Case Settlement, Work Safety and Health and Work Norms. Since then, there have been 18 established labor union federations, 5 labor unions of state-owned companies, and 7 labor unions of national private companies (*Inside Indonesia*, 2000; Tadem, 2000).

Meanwhile, the 'authorized government union,' FSPSI, broke up into factions due to ideological and political influences. Eleven out of 13 industrial unions that resigned formed FSPSI *Reformasi* sometime in September 1998, a new independent union among plantation workers. Its mobilizations have taken place among middle-class white-collar workers (Tadem, 2000).

Problems and Issues of Labor Unions

The emergence of labor unions in Indonesia can be attributed to the pursuit of colonial and modern economic expansion over peoples' traditional and informal economy. The *Cultuurstelsel* of Forced Labor, introduced in 1870 by the Dutch government, had a retarding effect on the Indonesian economy. It became the main form of exploitation, and contributed to the proletarianization and backwardness

of the Indonesian people. Exploitation was directly executed by the colonial officials and, at the same time, administered by the local authorities comprising the kings and the agents (Sasono, 1985).

A forced cultivation system introduced in 1870 brought about the expansion of production by the peasant class. This was exploited by the Dutch through the transfer of products by exporting commodities and economic supplies to the Netherlands, instead of sharing these equitably with the Indonesian working class. This system of forced cultivation was followed by the inflow of private Dutch capital and opened a new system for the Dutch to proceed with their extraction of Indonesian wealth. The system was a new method so subtle that there was no trace of any form of the compulsion employed in the first method. This system was characterized by a massive transfer of community surplus from Indonesia to the Netherlands (Sasono, 1985).

Figure 1. Displaced farmers uproot sugar cane in Majalengka. West Java. (*Inside Indonesia*)

In response to this exploitative socioeconomic structure, the Indonesian Labor Movement held a series of labor strikes, but it failed in its mission because the workers suffered from the oppression launched by the government. They were practically stopped by the Dutch (*Ibid.*, 1985).

A century after, the workers in Western Europe formed the first trade unions. In those times when many colonized nations were struggling for independence, the ILO formulated conventions that embodied basic trade union rights. Among these conventions were Convention No. 87 (on the right to organize, 1948) and Convention No. 98 (on the right to bargain collectively, 1949) (Sasono, 1985; Tadem, 2000).

In the New Order Indonesia, the ratification of Convention No. 87/98 was only

brought into practical effect by the issuance of Ministerial Decree or Trade Union Organization No. 05/98 and the withdrawal of Ministerial Decree No. 03/92, which restricted trade union registration. The government of Indonesia encouraged all political parties to simplify their organizations (*Ibid.*) and to observe the following:

- Labor movement should not be influenced by political parties;
- Activities of trade unions must be focused on socioeconomic issues;
- The existing trade unions must be recognized and united through persuasive approaches;
- The organizational structure of the labor movement must be improved; and
- Trade unions must not depend on external budget resources.

Several unions and parties merged to establish the three main recognized political parties in Indonesia: *Partai Persatuan Pembangunan* (PPP) or the Development Unity Party; *Partai Demokrasi Indonesia* (PDI) or the Indonesia Democratic Party, led by Megawati Sukarnoputri (the fifth President of Indonesia); and GOLKAR. The functional group or *Golongan Karya* (GOLKAR) operated as the official government-backed political party. Initially, the concept of GOLKAR as promoted by Sukarno in June 1945, was to fend off demands for an Islamic state and to reconcile the cultural diversity of the embryonic Republic of Indonesia. It was viewed as an alternative to the political party system that was proposed, also by Sukarno, to substitute party representation with functional groups, such as peasant, labor, intellectual, and youth groups. However, the Indonesian army used this concept to legitimize military participation in political life. It was considered one of society's groups and a means to compete politically with other parties, especially the PKI or the Communist Party (Simanjuntak, 1995; Ramage, 1995; and Tadem, 2000).

Clearly, the concept of functional group was seen as an extended trial run for the program carried out under the New Order. Specifically, the major elements of this campaign were as follows:

- The entry of senior military figures into political institutions, and the penetration of the civilian bureaucracy through the placement of officers, justified on the grounds of *Kekaryaan* (acting in a functional group role);
- A campaign against political parties and the establishment of an army within the GOLKAR organization to compete with *ormas* (*Undang Undang Organisasi Kimasyarakatan* or the 1985 Law on Social Organizations);
- A campaign against the drawing of professional organizations into the GOLKAR camp; and

- The aggressive promotion of the concept of *karyaan* (single loyalty) in the state enterprise (Budiman, 1990).

The FBSI, having been influenced by the New Order system, had imposed a new system of trade unionism wherein the workers' organizations or trade unions were based on the industrial sectors or trades; and no trade union should affiliate with any political party. There should be only one trade union in each enterprise that is affiliated to an appropriate *Serikat Buruh Lapangan Pekeja* (SBLP) or Industry-Based Trade Union. It was a professional organization of workers subscribing to the five principles or *Pancasila* (Simanjuntak, 1995).

While with Sukarno's Guided Democracy, trade unions were praised as pillars of revolutions, with Suharto's *Pancasila* Democracy, trade unions were a 'partner' in the tri-party system for National Development. Unions became a means to control labor activities, rather than to represent the basic interests of labor. There was an anti-strike law and the bureaucratization of FBSI, especially by army officers (Sasono, 1985, Boudreau in Tadem, 2000).

Hence, the labor movement in Indonesia under Suharto has always been considered as a tool of the dominant political structure.

Labor Movement: Its Role and Implications to Democratization

According to Samuel Huntington, there are three big waves of democracy in human history The **first wave** began in the early 19th century (1828-1926) with the extension of the right to vote to a large proportion of the male population in the United States, and continued until the 1920s. During this period, some 29 democracies came into being. The ebb, or reversal, of the first wave began in 1922 with the accession of Mussolini to power in Italy and lasted until 1942, when the number of the world's democracies had been reduced to 12. The **second wave** began with the triumph of the Allies in World War II, then cresting in 1962, when the number of democracies had risen to 36. The ebb of the second wave came between 1962 and the mid-1970s, and this brought the member of democracies back down to 30. And, finally, the **third wave** began in 1974 when authoritarian regimes that had become more democratic added approximately 30 new democracies, doubling the number of such societies.

Additionally, five changes in the world paved the way for the latest wave of transitions to democracy. These are:

- The deepening legitimacy problems of authoritarian governments that were unable to cope with military defeat and economic failure;

- The burgeoning economies of many countries, which have raised living standards, levels of education and urbanization, while also raising civic expectations and the ability to express them;
- Changes in religious institutions which have made them more prone to oppose governmental authoritarianism than defend the status quo;
- The push to promote human rights and democracy by external actors, such as nongovernmental organizations and the European Community and;
- The "snowballing" or demonstration effects as enhanced by new international communications of democratization in other countries.

Huntington also added that there are various aspects of democratic stabilization and the prospects of consolidation in fledging third wave democracies. He outlines a number of conditions that have favored or are favoring the consolidation of new democracies, *viz.*:

- The experience of a previous effort at democratization, even if it failed;
- A high level of economic development;
- A favorable international political environment, with outside assistance;
- Early timing of the transition to democracy, relative to a worldwide "wave," indicating that the drive to democracy derived primarily from indigenous rather than outside influences and;
- Experience of a relatively peaceful rather than violent transition.

After 32 years of authoritarian rule by Suharto, Indonesia entered into the third wave of democratization, following the four paths or modes of political change introduced by Huntington. These are:

- Transformation - A democratization that comes from above, where the government liberalizes its political system;
- Transplacement - A mixture of transformation and replacement, where there is a process of negotiation between the government and opposition forces to gradually transform the political system into a more democratic one;
- Replacement - A democratization from below; and
- Intervention - A transition to democracy as imposed by external force. The labor movement in Indonesia took the path to transition democracy as follows: transformation, replacement; and transplacement (Budiman in Tadem, 2000).

Transformation

It has been mentioned that labor movements under the powerful Suharto regime were conceived from the New Order structure, such as the FBSI and FSPSI, the OKSI, the PGRI, the KOPRI, and the PWI. These were organized by the government and thus were pro-government unions. As a consequence of being part of the system, the workers were supposedly not allowed to strike. This was against the *Pancasila* or the Five Principles. In times of strikes, the Suharto regime appealed to investors and capitalists to try to meet the workers' demands halfway in order to immediately quell the strikes. Nevertheless, with the imposition of the New Order by Suharto, the era of capital-intensive industrialization as a path to economic development made the labor force less empowered. It placed the workers in a weak bargaining position (Tadem, 2000).

Replacement

In the 1980's, NGOs emerged to serve the needs of the labor force. These were organizations formed from the grassroots one of which was the SBSI or Indonesian

Figure 2. Kampung dwellers from Tanah Merah, Jakarta, threatened with displacement, demonstrate in front of the Department of Home Affairs. 27 March 1992. (*Inside Indonesia*)

Prosperous Laborers Union, which was led by Muchtar Pakpahan. Despite its activities being banned by the Suharto government, the organization survived and was able to manage and strengthen its leadership (*Ibid.*). It succeeded in influencing the workers to become more outspoken in defense of their rights and to defy

authoritarian rule. The workers conducted strikes not only in the factory level; they also joined the demonstration and protest actions staged by free and independent unions at the national trade level. Their activities were considered an important milestone in the resurgence of the Indonesian Labor Movement (*Ibid.*).

The organized trade unions were roughly based on two patterns. On the one hand, some unions were created after the workers had actively joined in the massive protests calling for Suharto's dismissal. They emerged from the workers' longer-term organizing efforts, predating the economic crisis. The new openness in the post-Suharto climate encouraged these workers to form trade unions, as exemplified by the Regional Trade Union (SBR), Jabotabek Trade Union (SBJ), etc. The experience gained and the lesson learned from solidarity and cooperation encouraged workers to form trade unions. On the other hand, another type of union arose out of the declaration by a group of people who, using a variety of methods, were looking for a mass among the workers. Some recruited trade unionists from FSPSI or SBSI to support their organizations (*Inside Indonesia,* 2000)

Transplacement

This mode of political change can be equated to the concept of cooperation or dialogue wherein conflicts can be resolved through negotiation and compromise. To illustrate, with the fall of Suharto and the popularization of liberalized politics, the working class was emboldened to press demands for higher wages and better working conditions. Workers asserted their political influence and formed FSPSI-*Reformasi*. Leaders of unions focused on labor-organizing and mobilizing (Tadem, 2000) activities.

Furthermore, when the IMF's structural adjustment packages came, the labor groups confronted the new challenges. They underwent more open operations, and organizing activities took place in small groups within the factory. They also broadened their regional and national-level challenges. In the past, their activities centered on problems within the factory; now the trade unions confronted and comprehended macro-level policies (*Inside Indonesia*, 2000). To illustrate, on February 2000, sacked shoe factory workers from Reebok producer PT Kong Tai Indonesia blocked the toll road outside the Manpower Ministry office for several hours with an angry protest over severance pay. Demonstrations took place outside the parliament almost every week that same year. In April, 5,000 teachers, whose profession has no reputation for militancy, swamped parliament house during a strike for a 300% wage rise. They had rejected the government's offer of 100%. The shoe factory workers at PT Isanti in Semarang won 23 of their 25 demands, including a holiday on May 1 to join the international commemoration of workers' struggles. Their union believed this would help revive a May Day tradition that was

forced to go underground for its association with communism (*Ibid.*).

Three workers' political parties participated in the June 1999 national elections: the *Pakpahan* PBN got 111,629 votes (26th out of 48 parties), the Workers Solidarity Party (PSP) garnered 26,499 votes; and the All Indonesian Workers Solidarity Party (SPSI) got 34,022 votes (Tadem, 2000). Although these electoral parties still have a long way to go, they have provided the labor sector with more visibility in the political arena.

Conclusion

From the colonial era until the contemporary period, the labor movements in Indonesia have made a big leap in playing an important role in the political arena. They contributed to the democratization of Indonesian society and took the paths to transition democracy, namely transformation, replacement and transplacement, all of which certainly paved the way for democratization. They have been classified into: 1) those related to the political parties or organizations and formed as top-down organizations; 2) those organized or related to nongovernment organizations (NGOs) and formed as bottom-up organizations; and 3) those organized as free and independent unions also formed as bottom-up organizations.

The process of democratization that first took place within the labor movement, and that eventually flowed into Indonesian society should be genuinely sustained, because its breakdown could mean the downfall of the democratic Indonesian society as a whole.

In terms of leadership, the working class party must have a truly proletarian outlook to comprehend strategic principles and must maintain a socialist perspective and orientation. What it can do is to set up an educational program that will promote a scientific viewpoint of history, develop sound analysis of the capitalist economy, imperialism and socialism, and adopt a democratic line.

At present, in the political and societal contexts, trade union movements never cease to struggle in order to achieve a genuine democracy, such as having stable political relationships and institutions. They should continue to pursue genuine thrust and democratic principles not only for the welfare of the members or employees in the movement, but also for the good of the whole Indonesian society.

As the highest governing body, the State should impose laws and policies or other measures for the promotion of the general welfare of the laborers/workers (men, women and children). It would be better for capitalist investors, on the other hand, to always consider the demands of the workers aside from the bigger profits.

They should provide benefits and other privileges necessary for enhancing the workers' motivation, performance and living condition. An equal distribution of resources or profits is always desirable. The bottom line is that there should be a genuine protection of human rights.

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Leadership and Democracy in Asia: The Cases of the Philippines, Indonesia, Taiwan and Thailand

A forum held at the Faculty Center, University of the Philippines-Diliman, Quezon City on March 6, 2001. Sponsored by the students of Political Science and the Department of Political Science, in cooperation with the Office of the President, University of the Philippines.

Crislene J. Torres: Good afternoon, ladies and gentlemen. We are gathered here today for the last installment of the political discussion series on comparative government and politics. This discussion series is made possible by the collective efforts of the UP Department of Political Science and its students, in cooperation with the Office of the President, University of the Philippines. For this afternoon, we will have this as topic of discussion: "Leadership and Democracy in Asia: the Cases of the Philippines, Indonesia, Taiwan and Thailand."

I hope you can all stay with us for the next three hours to listen to the presentation of our distinguished panel of speakers and to actively participate in the open forum. Before starting the discussion proper, may I first invite Professor Jorge Tigno of the UP Department of Political Science to give the opening remarks.

Jorge Tigno: *Magandang hapon po sa ating lahat.* I would like to acknowledge the students here under Prof. Santiago of Social Science II. I hope you'll get something out of the discussions this afternoon that is relevant to the subject matter you are discussing in Soc. Sci. II. *Nasabi na ni* Kris *kanina kung bakit tayo nandito*. This is the last installment of the discussion series sponsored by the Department of Political Science and its students as well as the Office of the President of the University. I have been asked by Dr. Tadem, our chairperson and one of our panelists this afternoon, to sort of give you a background as to why we are having this as a series or why this is part of a series, and also to assess the relevance of the topic under discussion, as well as to welcome you, of course. *Ito ang papel na dapat gampanan ni* Dr. Teresa Tadem. But since she is a panelist, I have been asked by Dr. Tadem to make this presentation on her behalf. So, on behalf of the department, I would like to welcome all of you to this series.

Since this is the third of a series, this actually follows the areas in the discipline of political science. There are five major areas: Philippine government and politics, Area I; Political dynamics, Area II; Comparative government and politics, Area III, which is covered by this discussion; International law, organization and relations, Area IV; and Area V is Political theory and

methodology. The series started late last year. The first panel discussion that we had was on the issue of federalism in the Philippines, which supposedly falls under Area I on Philippine government and politics. I understand that at least one of the panelists in that discussion is also here. Then we had a discussion on civil society movements in the Philippines, which falls under Area II on Political dynamics. This has been followed early this year by a discussion on the Macapagal-Arroyo presidency and its responses to the prevailing international economic order and to globalization, under Area V, on international law, organization and relations. In that same period, a discussion on postmodernism and liberal democracy was held in relation to the EDSA II phenomenon. This could be under Area V. So, what is left is Area III on Comparative government and politics. The topic for this afternoon is leadership and democracy in Asia in the context of poor countries—the Philippines, Indonesia, Taiwan, Thailand. The panel hopes to provide a fresh perspective and understanding of the issues of leadership and democratic governance and styles in the countries concerned from a comparative standpoint.

I'm sure that all the speakers will be providing us with some kind of a glimpse into the leadership styles and the governance problems of the countries they will be covering. I also hope that the discussions after the presentations will be lively and diverse and, as much as possible, involve the students who are here this afternoon.

So, again, on behalf of the chairperson of the department, and the department and students of Political Science, I would like to extend my hand to all of you and I would also like to extend the gratitude of the department for the participation of the distinguished panel members, the students, as well as the faculty this afternnon. I also look forward to future discussions. Hopefully this will not be the last, although this is the last in the series. Eventually, the department will be conducting other programs, other discussion fora for the students to participate in and to benefit from as a complement to their studies. *Maraming salamat po.*

Crislene J. Torres: Thank you very much, Prof. Tigno. For our first speaker, we will have Dr. Jose Abueva, a former UP president and now president of the new Kalayaan College. He is also UP Professor Emeritus in Political Science and Public Administration. Dr. Abueva will speak on the subject of leadership and democracy in the Philippines.

Jose Abueva: Good afternoon. *Bago ko talakayin ang aking* assignment, which is leadership in the Philippines, *gusto ko sanang magbigay ng ilang* introductory remarks *tungkol sa teorya ng liderato o pamumuno*, which we should always be conscious of now, *dahil mga estudyante tayo sa* UP *at ang* education *daw sa* UP *ay* training for leadership. *Kaya mahalagang-mahalaga itong* subject

natin. Let me start with the theory or concept of leadership, *liderato o pamumuno sa wika natin. Ano ba ito*? Stripped of its other meanings, whether, say, a bad leader or a good leader, new leader, *trapo* or the ideological description of leaders, such as radical, left, center and right, I would like to discuss the functional theory of leadership. In other words, I would like to answer the question, "What do leaders do?" or "What are leaders expected to do regardless of their background, their traits?" and so on. But of course, you have to relate this to a democratic country. It is not leadership in an authoritarian regime. We are talking of leadership in a democracy. But my concept of leadership is true, even in the context of authoritarianism. It is a functional concept of leadership.

What do leaders do? Leaders are supposed to define the problem or the situation that they are facing. And they are expected to solve the problem. But before they can solve the problem, they have to define the problem and to define the situation of the community, or the country if they are national leaders, or the municipality if they are leaders at that level. Secondly, leaders are expected to define a course of action to deal with the problem or the situation. They are expected to solve the problem so they have to present or author a course of action, a policy or a program for dealing with the problem. Third, leaders are expected to mobilize the human and material resources needed to deal with the problem. Even if you are a leader with a good policy or program, if you do not have the people and the resources, or the funds to deal with the problem, you cannot do much. And of course, as the solution is being applied and the policy or the program is being implemented, you're supposed to be concerned about the outcome or the consequences of your policy and program. You're supposed to assess the results of your policies. Briefly, *ito ang* functions of a leader: define the problem or situation, come up with a course of action to deal with it, mobilize the resources that are needed and, from time to time, assess the impact of the policies so that you can improve or remedy the problems of implementation. More than that, a leader, especially at the national or even at the provincial level, in a democracy, should be concerned with values all the time. These values have to do with the purpose of government, whether it is development or justice or peace or the welfare of the poor or poverty reduction. Leaders are concerned with values. And also, leaders have to work with and through institutions and organizations. A leader cannot function alone or with just a small band of people. Normally, leaders inherit an institution or an organization. You are elected to an office. There is already an office, there is already a government. So you have to deal with institutions. You have to work with and through institutions and therefore, you should take care that institutions are strong because it is through institutions and organizations that your course of action or your policies will be carried out. Your effectiveness will be tested by the ability of the institutions to carry out policy, to implement policy. *Kaya pag*

masyadong corrupt *'yung* institutions, *konti lang ang mangyayari* because so much resources will be dissipated or wasted. *Kurakot*. So a leader is concerned with his functions. He is concerned with values. He is concerned with institutions. Now, since we are in a democracy, we are concerned with democratic values and democratic institutions. This is just a thumbnail theory of leadership in a democracy.

Ngayon, ang aking assignment *ay ang pagtalakay sa liderato ng ating bayan*. I wish I had the time to talk about Marcos and Aquino, Ramos and Estrada. But there is very little time. But let me just say, in relation to the functional concept of leadership that I began with, that Ferdinand Marcos was an eloquent leader, bright in the sense that he topped the bar examinations and he had a good record as a student. He was charismatic, but he also began his career with murder. He was convicted with the murder of the political rival of his father in the Court of First Instance. But this went up to the Supreme Court (SC). And to make a long story short, he was acquitted in the SC, partly because the Justices said, "*Sayang ito, marunong na marunong ito. Magaling ito.* He has a future." *Ang naging* future natin—39 hard years of dictatorship. So you see, if you have a violent background, you are likely to be violent throughout your political career. It was during his career when we had massive violation of human rights; when democratic institutions were destroyed; when he plundered our country, our economy and really did so much havoc and damage to our country. So the nation had to react to him, to get rid of him. But how? He was a dictator. You know about EDSA I or People Power I. It did not just happen in February 1986. Actually, throughout at least the second half of the 13½ years of his dictatorship, resistance was building up, and with the assassination of Ninoy Aquino on August 21, 1983, this resistance really gathered considerable strength until the snap election of February 1986. There was this contest between Cory Aquino and Marcos. And even with all the apparatus of the dictator, of authoritarian rule, Cory Aquino won that election, but it was stolen from her when the Batasang Pambansa declared Marcos the winner.

Anyway, EDSA I deposed the dictator, sent him in exile to Hawaii and began the restoration of our democracy. It was a very difficult time for Mrs. Aquino. She had six years to start the redemocratization process. So that was a period of having a new Constitution, of rebuilding the shattered institutions of democracy of building and strengthening civil society. What did Aquino accomplish? The accomplishments of Cory Aquino seemed to be overshadowed by her apparent weaknesses and inexperience. But the fact is that no leader, not Tañada, not any other, not even Pepe Diokno and others could have defeated Marcos. That's why everybody gave way to Cory Aquino. So, she accomplished, first of all, the overthrow of dictatorship. She restored democratic institutions,

fought a rightist military that staged several coup attempts and began to jumpstart the economy. One of her achievements was to bring about a peaceful election to choose her successor. And that was Ramos by a slight margin of Miriam Santiago. So we have Ramos, an engineer and a soldier, an officer by background and training. He brought with him the technocratic approach to the presidency and leadership. He was a micromanager, they say. He went into the details of administration, but he continued with the democratization effort and also brought us further advancement in our economic recovery. Then came Estrada at the end of the Ramos regime. He had worked his way up from mayor, senator, vice president. He was extremely popular. All the surveys showed he was the leader from the very beginning. So he attracted so much support, was very popular with the people, and attracted so much money because he was the man to beat. He won. Many of us here in UP, including myself, voted for him. Pres. Nemenzo voted for him. Randy David voted for him. By elimination, we thought he was better than Joe de Venecia, Ramon Revilla, Alfredo Lim and so on. Why? Because we thought he was sincere, genuine in being pro-poor and that he was really going to do something for the poor. So, millions of his countrymen ignored his character: *babaero*, *sugarol*, *lasenggo*, *di bale na 'yan*. That's not so relevant. We thought what is more important was that he will do something, more than any other president, for the poor. We were wrong. Character is basic. You cannot really say private character is irrelevant to public character. It is one and the same thing. If you are evil, if you are corrupt as a private person, you are very likely, or maybe irresistibly going to be, a corrupt leader. This is a recent experience and memory. I don't have to dwell on that anymore.

What I have just done is really a very superficial treatment of the four leaders. Actually, in our Center for Leadership, Citizenship and Democracy at the College of Public Administration and Governance, we have published many books on Cory Aquino and one on Pres. Ramos. We have also published a book on presidential plunder, the very elaborate and scheming stealing by Pres. Marcos.

For the theoretical part, let me divert into the kinds of leaders that we recognize. Lately, or even a few years back, *palagi nating naririnig yung* ***trapo*** versus the new politics *daw*, the ***guapo***. The trouble with this is it's a very alluring contrast, the ***trapos*** and the ***guapos*** or the old politics and the new politics, respectively. But when you examine the elements supposed to be associated with the ***trapos*** and the new politics, they are very general. For example, when you say you're a ***trapo***, you're associated with your wealth, your personality, your popularity. And also associated with the cliche of Philippine politics: guns, gold and goons, all of which are supposed to be the package of the ***trapos***. And on the side of the new politics, these are supposed

to be: a concern for policies, programs, ideology and for character, integrity, and so on. So when you examine these elements, *para bang ang isa ay* good, *ang isa ay* bad. If you differentiate between good and bad, it is really misleading. The elements are elusive. It is hard to say who are really the ***trapos*** and the ***guapos***. But it is with us. It is in the present campaign. The ***trapos*** are those who blocked the opening of the second envelope in the aborted impeachment trial of Pres. Estrada. The new ***guapos*** are those who wanted to open the second envelope, those who wanted the truth, those who wanted justice.

Then there is a more useful distinction in political theory. This is the James McGregor Burns' concept of transactional leaders and transformational leaders. As Political Science students, you must have tackled these. Transactional, of course, means that you are a leader, you bargain and you transact business with your followers. You exchange goods, money and privileges, and favors with each other. For the support that you want, you are ready to give thanks in return —favors, resources, prestige or whatever. It is a matter of *quid pro quo*. It is an exchange, a bargaining relationship. On the other hand, the transformational leader, according to James McGregor Burns, is a moral leader who engages his followers to consider certain values, to raise the level of the followers to a higher plane of vision and purpose and moral qualities. That's why this leader is a transforming leader. It is a moral leader who transforms his followers so that they can move up to a higher level. This leader pursues the values that I talked about, in order to realize the purposes that he has set for the people. And then there is the distinction which you already know of, especially in UP, between the left or radical or progressive left, the center or *status quo*, more or less, and the right or the reactionary, the very conservative kind of leadership.

So let me just end by saying, aside from performing the functions of leadership as I defined them, a leader eminently should be concerned with values because values really represent the end purposes of government, the ideals of society and the solution of problems. But values cannot be really enhanced or realized except through institutions and organizations. Thus, it is important to build strong, effective and efficient institutions.

Crislene J. Torres: Thank you very much, Dr. Abueva. Now, to speak on leadership and democracy in Taiwan is Prof. Aileen Baviera. Prof. Baviera is the former Director of the Center for International Research and Strategic Studies of the Foreign Service Institute at the Department of Foreign Affairs. Currently, she is the Executive Director of the Philippines-China Development Research Center and an Associate Professor at the UP Asian Center.

Aileen S.P. Baviera: Compared with other countries in the region, such as Thailand, Indonesia, Malaysia, Korea and the Philippines, the 1997 financial crisis did

not have that serious an effect on Taiwan politics. The main reason is that Taiwan has a stronger economy. It has the third largest amount of foreign exchange reserves and the lowest foreign debt. Its banks have very low bad loan ratios, while companies have low debt-to-equity ratios. However, like other Asian countries, corruption and financial scandals also abound in Taiwan.

The effect of the crisis on politics was very indirect, as were its effects on the economy. Because the general environment in the Asian region suffered from the crisis, Taiwan lost some of its export markets, which eventually led to a worsening performance of the economy, which in turn became the basis of public criticism of the new leadership in Taiwan. Another reason why the crisis did not have such a grave impact on Taiwan is the structure of its economy. Taiwan's economy is highly dependent on small and medium-sized enterprises (SMEs). Ninety-eight percent of Taiwan economy is accounted for by SMEs, so they have no strong commercial or inductrial groups that would try to influence the political system disproportionately, in the same scale as you would have in Indonesia, the Philippines or Thailand. This economic structure has been described as one of the underlying factors in the successful pluralism and democracy of Taiwan.

Let me go through some of the important features of the democratization process in Taiwan, independent of the financial crisis. Democratization in Taiwan offers lessons for other Asian societies, including the Philippines. The first notable feature is that the process of democratic change in Taiwan was marked by a peaceful step-by-step transition, which was led by the ruling party. This is where the importance of good leadership comes in. Unlike in other countries in East Asia, where democratic transition often follows a cathartic social or political movement, or the displacement of large sections of the elite, in Taiwan this was not the case. The party in power, which was the Kuomintang, even presided over the transition to democracy.

In terms of origin, the Kuomintang (KMT) is a Leninist party which considered itself a vanguard party. But unlike other Leninist parties that have seen power in contemporary history, it was willing to relinquish its own power through a systematic process. Taiwan has a legacy of forty years of martial law, with all its trappings—strong military influence in the government, dictatorship, emergency powers of arrest and detention, and a ban on fundamental freedoms. A lot of people suffered and many lives were lost during this period. And yet in the little over a decade since martial law was lifted in 1987, Taiwan has transformed into one of the region's most successful examples of democracy. This is attributed to the Kuomintang leadership, the dynamic interactions it had with opposition political parties and other active sectors, such as civil society in Taiwan.

In the 1970s, when Taiwan was still under a military government, increased economic affluence and education gradually heightened public demand for a more open society. By the mid-1980s, the Kuomintang had lifted the ban on political parties. In 1986, the main opposition group, the Democratic Progressive Party or DPP, was established. Martial law was formally lifted in 1987. From the late 1980s onward, the opposition began to gain ground in electoral politics.

Elections in Taiwan had been allowed even during martial law, but only at the local levels. Throughout the 1950s and 1960s, there were local elections, provincial elections and direct elections for representative in the Legislative Yuan and the National Assembly. In 1988, Lee Teng Hui took over as the first democratically-elected president of Taiwan. Those of you who understand Taiwan's history know that the government of the People's Republic of China was set up only in 1949, after the Kuomintang fled to Taiwan following its defeat in the Chinese civil war. So, in the Chinese mainland's version of history, Taiwan is but a province of China. But as far as the people of Taiwan are concerned, they are increasingly inclined to eventually seek independence from mainland China.

This history has very much affected the politics and democratization in Taiwan. When Lee Teng Hui took over, he was also the first native-born leader in modern times, as most of the Kuomintang had been mainlanders who were only forced to flee to Taiwan in 1949. This has been the main focus of the democratization process—how to transform the quality of representation in order to reduce the influence of the mainlanders and increase the influence of native Taiwanese. In 1993, the Kuomintang was beleaguered with accusations of corruption and of exercising a paternal and dictatorial leadership. In response, demands for constitutional amendments eventually led to the first-ever popular election of a president and vice-president in 1996. The following year, constitutional reforms introduced a semi-presidential system, where there is also a figurehead prime minister.

The most significant event took place in March 2000, when oppositionist DPP candidate Chen Shui Bian was elected president in a plurality of votes. He was running on a platform of reform and clean government. This marked the end of the continuous rule of the Kuomintang since 1949 and its reign as the world's longest-ruling political party. Up to this point, however, the KMT still holds a legislative majority in Taiwan. In many ways, this is the stability of the semi-presidential system, where a former oppositionist is president but the legislature is dominated by the Kuomintang.

Another feature of the gradual introduction of democratic institutions is the role of strong local politics in Taiwan democracy. The process of transition was

not just a top-down approach. There was also a bottom-up counterpart, where local and provincial elections, as I mentioned, were introduced. The local elections could be looked at from two perspectives. From the Kuomintang's perspective at the time, it was a way of co-opting local elites. Considering that mainlanders dominated the party, they had to find some way of co-opting the ethnic Taiwanese elite. On the other hand, through elections, the process of democratization was speeded up because it allowed for opposition groups to be politically active. Irregularities in the local elections also became the main rallying point for the emergence of opposition political parties in Taiwan.

Let us illustrate some of the democratic gains in Taiwan, particularly since the lifting of military rule in 1987. In terms of press freedom, there were 31 newspapers in 1988 but 360 in 1998. From 33 radio stations in 1993, this grew to more than 80 in 1998. The accessibility of cable TV is more than 80%, the highest in the Asia Pacific region. There are three million internet accounts on the island.

In 1999, the publications law was abolished. This law gave the government the right to supervise all the publications of Taiwan, a legacy of martial law, when the state maintained very strict control of the press and other institutions. A transparency law was also passed three years ago. This law allows citizens to obtain data and statistics from government offices, in the interest of enhancing accountability. A debate on a plebiscite bill in ongoing, and it would allow citizens to directly influence national policy issues, including Taiwan's desire to become a member of the United Nations, the possibility of changing the name of Republic of China, or seeking independence from Beijing. These are very sensitive issues that the Kuomintang had all along been trying to keep a lid on, because of their potential for provoking conflict with mainland China. That such a discussion could take place in an atmosphere where Beijing continues to dangle the threat of using force in order to reunify with Taiwan is, some would say, adventurist on the part of Taiwan. Not only could it heighten tensions with Beijing, but it could also lead to a loosening of its tenuous social cohesion.

The role of the military has been limited and is now subject to legislative oversight, especially on such matters as the procurement of weapons. There is also greater representation of native Taiwanese in the officer corps; but some people still question the allegiance of the military elite. They were, after all, a dominant force through martial law and enjoyed a big role in politics. Now that the Kuomintang is no longer in power and the president is from the opposition DPP, which is likely to favor independence from China, then the military is indeed a major stakeholder in the direction of this new government in Taiwan.

NGOs have also been an active force in Taiwan politics and society since

the 1980s. Among the first at emerge were groups working for women's rights, environmental protection as well as charitable institutions. Following the end of military rule, there were more militant groups, such as labor unions and anti-nuclear activists. NGOs are now given a bigger role, not only in politics but in Taiwan's diplomacy.

Because Taiwan does not enjoy the official diplomatic recognition of most countries, its government wants to mobilize NGOs to help increase interactions with the international community. This is consistent with the trend of increasing NGO activity in international affairs—with parallel people's summits serving as counterparts to official meetings. Taiwan sees this as opening up opportunities for it to join the mainstream in world discourses through its NGOs.

Overall, the main feature of democratization has been a strong adherence to constitutional processes, which is one lesson worth exploring in this forum, albeit too late for the Philippines in the context of EDSA 2, or for Indonesia's post-Suharto transitions. But for countries such as Malaysia, where you have democratic forces that are still negotiating the possible courses of action, or even the People's Republic of China, the step-by-step systematic model of democratic transition may be of value.

The uniqueness of the democratization process in Taiwan stems from the fact that democracy is the main pillar of legitimacy of the Taipei government at this point. Because of the cross-Strait problem, the question that looms large in the consciousness of the Chinese people on both sides and the international community is whether or not Taiwan should become a separate state or a separate polity from mainland China. Independence can only be justified if Taipei can demonstrate that its government is truly different from Beijing, and Taipei has in fact been arguing that its democracy makes it different.

The success of democracy in Taiwan is vital to regime survival as well as the key to international recognition. At the same time, it is closely linked to ethnic cleavage and national identity issues, with the pro-democracy forces drawing their largest support from nationalist and pro-independence groups since the 1950s. In the future, the more democratic Taiwan becomes, the more likely it will be for native Taiwanese to dominate politics and the more likely it will be for Taiwan's people to aspire for independence from China.

Crislene J. Torres: Thank you very much, Prof. Baviera. Our third speaker, Dr. Joel Rocamora, has played a very active and visible role in the recent EDSA-People Power II struggle, as he was constantly interviewed on TV for his incisive political analysis on the rapidly turning anti-Estrada campaign. Dr. Rocamora is the Executive Director of one of the country's leading research institutions on

political empowerment, the Institute for Popular Democracy. He is also the president of the party list with the biggest banner on EDSA flyover, the AKBAYAN. Dr. Rocamora will speak on the topic, "Leadership and Democracy in Indonesia," centering on the increasingly fragile leadership of Abdurrahman Wahid.

Joel Rocamora: In a speech about a month ago, President Wahid or, as people would affectionately call him, *Gus Dor*, which means older brother, said roughly, "Have patience, we are undertaking repairs in the Indonesian economy and in the Indonesian state. Apologies for the inconvenience." I want to start by telling you that I am an avid fan of *Gus Dor*. Mainly because from about 30 years of analyzing political leaders, the most serious failing of political leaders all over the world is that they take themselves too seriously. They lose their sense of humor and if *Gus Dor* has anything in abundance, it is his sense of humor. Another story that is attributed to him, and I fully believe this, is that he said you have to understand, because Indonesia has had crazy presidents. He says, "Our first president, Pres. Sukarno, was crazy about women. The next president, Pres. Suharto, was crazy about money. Pres. Habibe is just plain crazy. And me, I drive everybody crazy." Which comes as close as to a sophisticated reading of the situation. *Gus Dor* in Indonesia is driving everybody crazy because they don't know what he is going to do next. Partly, I think it is a very clever strategy: not giving anybody a sense of what he is going to do next or who he is going to insult next with his next joke. But, I would insist, it is also a functional way of leading Indonesia at this point in time. If somebody said to me, "Look, I'll give you a hundred million dollars and arrange it with God so that you'll live about a hundred and fifty and still look like 35, but to get this you have to become president of Indonesia, I would flatly and immediately say no. Not at this time in particular because Indonesia is an impossible country to run." Let me explain why.

At this particular point in time, both the political economy and the Indonesian state are in the process of massive restructuring. Indonesia has been, or rather was, for all intents and purposes, under a dictatorship from the time that Pres. Sukarno declared martial law in 1957 until Pres. Suharto was kicked out in May 1998. That's a very long period of time. Up to this time, that is like 80 percent of Indonesia's life as an independent country. And during all that time, the military, Suharto and his family, and his cronies succeeded in gaining control over major chunks of the Indonesian modern corporate sector. What's happening now is that this modern corporate sector, including 90 percent of the banking system, is in the process of being redistributed. Basically, this is what happened: the political crisis that drove Pres. Suharto out of power was preceded by a massive economic crisis worse than that of any other country in the region in

the aftermath of the 1997 financial crisis. Quite specifically, Indonesia's currency depreciated from around 700 rupiah to the dollar in July 1997 to, at one point, as much as 15,000 rupiah to the dollar. So, what happened was that large corporations with dollar denominated debts suddenly found themselves literally bankrupt. In addition, because of the economic crisis, demand plummeted, so that even if you still have the money to buy raw materials, you would not produce because demand was way, way down. Then, the IMF came to the rescue. And what a rescue it was! The IMF squeezed Pres. Suharto in November into closing down 16 large government and privately-owned banks. The idea was that these banks were into corrupt banking practices, that they owed too much money, and that they should be closed down in order to reform and strengthen the Indonesian banking system. Instead, the banking system almost collapsed. And to rescue the banking system, the Indonesia Central Bank loaned close to US$14 billion to the seven largest banks in the country. On the average, the Suharto family directly controlled about 30 percent of these seven banks; the cronies controlled the rest. What they did with the money, as soon as they got it from the Central Bank, was to take it out from Indonesia. One of the countries where they took the money to was the Philippines. Using one of the cronies of Suharto, they used US$750 million out of about US$4 billion that they managed to make from the so-called rescue to buy the PLDT. So, when these banks collapsed for their inability to pay their debts and for the inability of their top corporate clients to pay their debts, all of these banks became automatically government-controlled and government-owned. Again, the IMF, not even saying "I'm sorry," called for the setting up of the Indonesian Bank Restructuring Agency (IBRA). IBRA now controls 57 percent of the banking and corporate assets of the country. With the 30 percent of public enterprises also controlled by the Ministry of Public Enterprises, the government now controls 80 to 85 percent of the modern sector of the Indonesian economy. All of these are now up for grabs. You can imagine the ferocity of the struggle for control over these assets because these are being sold at bargain basement prices. To be sure, it is not just factions in Indonesia which are battling over these assets, but also foreign companies, especially American companies with the open support of the IMF. That's the first background thing to the problems of Pres. Wahid.

The other problem is this: Indonesia was a military dictatorship under Suharto and, to a certain degree, also a military dictatorship under Sukarno. Suddenly, the country becomes a "democracy." So what you have to do is completely restructure the Indonesian state. But the way that the transition occured in Indonesia is what would have occured in the Philippines if Gen. Angelo Reyes was allowed to have his way, which was a carefully controlled exit of Pres. Estrada, with Pres. Estrada still retaining some degree of authority.

When the Indonesian military played a role analogous to the role played by Gen. Angelo Reyes, then Gen. Wiranto said, "Pres. Suharto, we're sorry but we are withdrawing our support from you." The next thing that Gen. Wiranto said was, "But the military is committed to defend you and your family." Although unspecified, it included defending the considerable economic assets of the Suharto family. None of these assets have been touched to any significant degree. So, the Suhartos still have billions and billions of dollars. The only problem is the military itself. The military has a territorial structure that just makes it, for all intents and purposes, and in fact, the real government all down to the village. There is military structure at the national level, at the regional level, at the provincial level, all the way down to the village. In most places, it is the military officer who makes the political decision. This territorial structure of the military has not yet been dismantled. Secondly, the military, going back to its beginnings in 1948, has this attitude that if push comes to shove it can just kill a few thousand people. In 1965, the Indonesian military organized the killing of anywhere from three quarter of a million people to one million people. The human rights violations of the Philippine military would look like children's games compared to the human rights violations of the Indonesian military. Eighteen military officers have been jailed for human rights violations. They are all from Aceh, and the highest ranking officer is a captain. This captain, when he was about to board the military plane at a military airport, to be transferred to Jakarta as a prisoner, was caught with five kilos of marijuana. That gives you some idea of the extent of continuing control by corrupt military elements within the military. No senior officer has been arrested, much less jailed for human rights violations.

The other problem is an economic problem. For most of the last 20 years, only an average of about 20 percent of the budget of the military has been paid for out of government-appropriated money. The rest of the Indonesian military's expenses are paid for by military-owned enterprises, *kotong*, protection money and various other sundry ways of earning money when you have a monopoly on the means of violence.

This last one is a very, very serious problem because if you want to discipline the military, if you want the military to shape up and become a civilian-controlled organization, you first have to punish Suharto. You have to put Suharto in jail, not just for corruption but also for human rights violations. In the same way, you have to put Estrada in jail. Next, you have to try, convict and imprison top military officials for human rights violations. These two, I think, are doable. At this point in time, the Wahid government should find Tommy Suharto, the youngest son of former president Suharto, who has been convicted of a minor corruption case and who has avoided the police for about four or five months.

These two are doable: jailing one Suharto and jailing some top generals. What is extremely difficult to do, and I don't know what solution can be found for this, is how you can feed and clothe the military and find money for bullets, or maybe you can forget about finding money for bullets as a way of solving human rights violations. But how do you feed and clothe over 250,000 military personnel in a situation where the government just does not have the money and the military is not used to getting money from the government anyway? A fourth major problem is this: Indonesia has no business being one country. The diversity of Indonesia is so great that it makes us in the Philippines look like a Couples for Christ chapter. I mean, Indonesia, for one thing, has four time zones. To go from one part of Indonesia in the north, then all the way down to Papua New Guinea, to West Papua, it will take you six to seven hours on a modern jet plane. And while 90 percent of the export income of Indonesia is outside of Java, 2/5 of the population of Indonesia lives in Java, and the majority of the political leadership of Indonesia is Javanese. It is understandable why people in Riau, especially in Aceh or in Maluku or West Papua, are unwilling to put up with the old way of doing things, when all their resources were sucked into Jakarta. So, there is a local autonomy problem. They passed a local autonomy law as early as 1999. It took them forever to put together the implementing rules and regulations. When these implementing rules and regulations were finally put together, they were so bad that the Minister for Regional Autonomy resigned on the day that the implementing rules and regulations were promulgated.

These are the problems that Pres. Wahid has to deal with. Why did he become President? His biggest problem is this: Abdurrahman Wahid of the party PKB, revered leader of the Nadatul Ulama, a Muslim organization with some 30 million members, became president because of his political weakness. In the election of June 1999, Wahid's party, PKB, came in only number four. It's only like 11 percent of the votes, way behind the PDI-P, the party of Megawati Sukaruoputri, which came out number one with about 34 percent of the votes. This was followed by the former ruling party, Golkar, which had 24 percent of the votes. The third, I think, was PAN. The point is, Wahid's party is a very small party in the MPR, which is the Philippine Senate's counterpart in Indonesia, and which is the body that elects the Indonesian President. The only reason why Wahid became president is because neither of the two largest parties was willing to concede to the other on whose candidate would become president. So this gave way for several smaller Muslim parties to put together a coalition that enabled them to elect Wahid as president. Our friends in the feminist movement will not appreciate this, but one of the main recruiting actions of this Muslim coalition was that Muslims should not allow a woman to become president of Indonesia. This is one of the strongest arguments used by the people organizing

this coalition called Turos Tanga, or Federal Force coalition. It does not exist anymore. So, that's how Wahid became president. In addition, his personality is too big for the role of a politically weak president. When he first came into power, talking about feeling confident in his government, he said, "My vice-president, Megawati, is dumb. She hardly ever talks. The chair of the MPR is deaf. And me, I am blind. So, you should be very confident." And indeed, Wahid has managed to get some things done. Unfortunately, it is not enough to push the restructuring of the political economy and the state and the government to a point where enough restructures are in place, and to a point where his own position would be strengthened. That is his problem right now, that he is still in office because the two largest parties cannot decide which of them should take power. But if Wahid cannot do anything about the kinds of problems that I told you about, it does not matter if he remains president or not. The place will just collapse at one point in time. What will happen? I don't know. As Yogi Berra once said, prediction is a hazardous enterprise, especially if it has something to do with the future. On that note, thank you.

Crislene J. Torres: Thank you, Dr. Rocamora. For our last speaker, we will have the energetic chairperson of the UP Department of Political Science, Dr. Teresa Encarnacion-Tadem, to talk about leadership and democracy in Thailand. She will be discussing the downfall of Thailand's Prime Minister Chuan Leek Pai.

Editor's Note: *For Teresa E. Tadem's paper, please turn to page 35. Prof. Tadem submitted a well-documented paper which she preferred to be featured separately from the forum proceedings.*

Crislene J. Torres: Much as I would want to accommodate your questions, we have no more time left. I would like to thank the audience for the comments and questions and our speakers for their responses. May I now call on Bonn Brian Fuego, the Department of Political Science representative to the CSSP Student Council, to give the closing remarks.

Bonn Brian Juego: To close, we would like to give Certificates of Appreciation to our speakers. First, to Prof. Jorge C. Tigno, for delivering the opening remarks. Secondly, for Ms. Crislene G. Torres, for being our moderator for the second time. May I request Prof. Teresa Tadem to assist me in distributing the certificates? Please allow me to read the citations.

To our speakers: The Political Science students and the Department of Political Science, in cooperation with the Office of the President, University of the Philippines, present this Certificate of Appreciation to Prof. Aileen SP Baviera for being one of our discussants in the political discussion series Area III, Comparative Governments and Politics, with the theme, *Political Science*

Responding to the Challenges of the Times, and for sharing her insights on the topic, "Leadership and Democracy in Asia," particularly the case of Taiwan. We are very privileged to listen to her discussion on leadership and democracy in Taiwan, the country which is strange among Political Science majors. Her exposure and expertise in the field of Chinese politics have greatly contributed to the success of this discussion. Given this 6th day of March 2001 at Bulwagang Claro M. Recto, Faculty Center, University of the Philippines, Diliman, Quezon City, Philippines. Signed by Bonn Brian T. Juego and Rio J. Casis, the respective Representatives of the Department of Political Science and the CSSP Student Council and Dr. Teresa Encarnacion-Tadem, Chair of the Department of Political Science. Thank you very much.

A Certificate of Appreciation is also presented to Dr. Joel M. Rocamora. We are very pleased to have him grace this event in spite of his numerous appointments and consultations with the media and civil society. His studies on Indonesian politics and his advocacy in the advancement of popular democracy have made this discussion extremely remarkable. Thank you very much, sir.

We likewise present a Certificate of Appreciation to Dr. Jose B. Abueva for being one of our discussants in the political discussion series and for sharing his insights on the topic, "Leadership and Democracy in Asia, the Case of the Philippines." We are very honored to have him in this discussion series for the second time. Despite the very short notice of our invitation, he delightfully accepted it, and for this we feel that we are so special to this brilliant yet very humble guy. His expertise on leadership and democracy and his outstanding scholarship on Philippine government and politics have successfully filled the discussion with wisdom. Thank you very much, sir.

And lastly, we are presenting a Certificate of Appreciation to Dr. Teresa Encarnacion-Tadem for being one of our discussants in the political discussion series, and for sharing her insights on the topic, "Leadership and Democracy in Asia: the Case of Thailand." We are honored to have her participate in this discussion, despite her various commitments as chair of our beloved Department of Political Science.

To everyone, thank you very much for your attendance in this forum.

Selected Questions and Answers in the Open Forum

Ms. Torres: I would like to open the floor for discussion. May I invite the students, teachers and guests to ask questions or give their comments? *Para sa mga nahihiyang gumamit ng mikropono, pwedeng isulat ang inyong katanungan sa papel at babasahin ko ito.* The question with me right now is not directed to anyone of the discussants, so, anyone of them can answer. Here goes the first question: Is there such a thing as Asian leaders' value? If so, how is it different from the values of Western leaders?

Dr. Abueva: As students of political science, you must have heard of or discussed the idea of Asian values in politics. What I remember about this is a chapter that Chan Heng Chee wrote. This lady was, for a few years, the director of the Institute for Southeast Asian Studies in Singapore, then she became the Singaporean permanent representative to the United Nations and Singapore's Ambassador to the United States. In her thesis about Asian values, she says that we should not accept that democracy is only of one kind, the so-called liberal democracy of the West typified by the United Kingdom and the United States. There are different kinds of democracies. We might even talk about Asian democracies. And she clearly had in mind Singapore, Malaysia and, I think, even China. She says that, basically, in a rather sweeping generalization, with Asian (what she had in mind was East Asian and even Southeast Asian) countries, the emphasis is not on individual and his/her rights but on the community. So, she talks about communitarian values. She also says, with respect to the several countries in Asia that are supposed to be influenced by the Confucian ideology, that the individual is not as important as the group or the community. Then, she argues that what every society has is really a basket of goods, among which the idea of individual liberty is only one of many goods, the desirable things. So, a society that is being democratic or being well-governed is to be judged on the results, that is, on the well-being and welfare of the people. It is like arguing that in Singapore, they have a very high standard of living, the people are mostly employed, there is order in society, the laws are applied, and disobedience to law is punished. I remember the taxi driver when I was praising the greenness and beauty of Singapore while riding a taxi going to the hotel. I told the taxi driver that every time I come to Singapore, I see more greeneries, more flowers. He said, "Yes. This is a very fine country. There is a fine for everything, including chewing gum and not flushing the toilet." I said, " Ha? How do they know you are not flushing your toilet at home?" He answered,

"No, sir, only in the public toilet. They know whether we flush it or not."

For one thing, the generalization about the emphasis of communitarian values over individual rights and so on, and the acceptance of authoritarian methods of governance is probably exaggerated in this idea of Asian values and Asian democracies because, if we look at Asia, at least East Asia that includes Southeast Asia, where you have Japan, South Korea, Taiwan, Thailand, the Philippines, I think they do not subscribe much to such Asian values, although we vary in our degree of emphasis on the community solidarity and the privacy of the community as against the individual. So, there have been recent criticisms also on the idea of Asian values. But let me just stop here and allow my colleagues to respond.

Prof. Baviera: Just very briefly, in my view, there are good Asian leaders and bad Asian leaders. Usually, it has very little to do with the values or culture, but sometimes it is affected by the nature of the political system itself. I think Asia has had a good share of its good and bad leaders.

Dr. Rocamora: This question reminds me of my response when I was asked about the sodomy charge against former Deputy Prime Minister Anwar Ibrahim of Malaysia. He was charged of committing sodomy, which the government of Prime Minister Mahathir insisted was a national security issue. My response is that it is only in a government of assholes that sodomy becomes a national security issue.

Dr. Tadem: They always said that the success of the new Asian tigers—Thailand, Malaysia, Indonesia—is because of Asian values. But after the 1997 economic crisis, they pointed out that it is because of Asian values that these economies collapsed. I think it is really difficult to lump Asian countries as having the same values. My experience in Thailand, when I did my fieldwork there, is this: I saw that there are a lot of values which are also different from as well as similar with other countries. So, it is really difficult to generalize.

Guest: I have something to add to the rejoinder of Dr. Tadem. Among the criticisms by the West that were hurled against the promotion of Asian values articulated by Lee Kwan Yew and Mahathir, is that this is used to legitimize their rule for whatever purpose. I also agree with Dr. Tadem that pronouncements of Asian values... cannot be made as a sweeping statement for all the so-called Asian democracies. Democracy itself is a very subjective term. Some dictatorial countries would even claim that theirs is also a democracy.

Q: Some analysts of Indonesia, like for example, Michael Vatikiotis, have argued that the present leadership crisis in Indonesia has been exacerbated by the skewed institutional incentives fostered by the constitution itself. They argued that while

their constitution is clear about electing their leaders, it is not clear on how to remove their leaders. That is why, for example, the legal advisers of Wahid had been trying to argue that Wahid is, in fact, not accountable to the Indonesian parliament. My question is, to what extent do distorted institutional rules exacerbate or worsen the political tug-of-war between Wahid and the Indonesian Parliament?

Dr. Rocamora: The Indonesian Constitution of 1945 is one of the shortest and vaguest constitutions in the world. And the institutional structure of the Indonesian state is the result of rather inspired misinterpretations of the spirit of the 1945 Constitution. Most of it is through presidential decrees. Yes, the institutional structure of the Indonesian state is in a very severe state of decay. I did not mention this as a problem, but it is a problem. When a country has been under a dictatorship, such as Indonesia from 1957 to 1998, that's 41 years, it is very difficult to put together a democracy and the institutionalization of every thing from a new electoral system to local autonomy, to things as basic as the rule of law or the political party system. All of these have to be reinvented under conditions where the sociology of Indonesia imposes some rather severe constraints. For example, two of the largest institutions in the country are Nadatul Ulama and Muama Dia. These are both Muslim organizations which virtually act as separate states. They run an educational system from kindergarten all the way to the university level. Nadatul Ulama, I think, has about a dozen universities, while Muama Dia has a lot more. They provide social services, they impose a certain kind of justice within their ranks, they have armed groups. And if you are going to have a political party system, of necessity, these two organizations are going to form parties. Muama Dia is slightly smaller than Nadatul Ulama but they do roughly the same things. In terms of Islamic theology, one is more "modernist" than the other. But that's it. There is nothing you can do about it. If you are going to form a political party system, you have to take account of that fact.

Q: Could you please assess how education influences or affects leadership? For example, Erap for the Philippines, Wahid for Indonesia, Chen for Taiwan and Chuan Lik Pai for Thailand.

Dr. Abueva: You are actually singling out one factor among the influences on a leader's behavior or performance. And that is education. But I think it is important to be reminded that leadership is a relational concept. A leader exists because there are other leaders and followers, citizens. Leadership is not just a leader acting as he wants to; he is often reacting and responding to other leaders in his own camp and the opposition leaders, and he is responding to various groups, various interests, and so on. So, there are many influences on him than

just his education. Just the other day in Davao, somebody asked me whether we should amend our constitution to set higher educational qualifications for presidents. You don't deal with the equality of leadership that way, and it would be undemocratic to say that only those with a master's degree or a law degree should be qualified to be president. It is really about this idea of a leader in the context of relationships with various parties, such as civil society, the military, the media, the religious groups, the youth, various segments or sectors of society—assuming, of course, that the political parties are very organized groups and institutions. I would think this is more important, because when you talk of education, what are you talking about? Discipline? Level of education? There are other things. In the case of Erap, I don't think it was education that was the key thing.

But character itself is really the more efficient. I was telling Joel (Rocamora) before you came that a number of us here in UP voted for Erap, believing that he would really be sincere and determined in addressing the problems of poverty, in helping the poor, and so on. So it was not because of education at all. We thought it was his primary value systems, commitment and so on and so forth. It did not work out that way because of his basic character defect. Plus, I think, in the area of education, not the formal education but the ability to learn, the willingness to learn—because many leaders, whether a congressman, senator, mayor or president—really require a tremendous capacity to learn, and the willingness, the eagerness to learn and to read reports, proposals, rather than formal educational requirements.

But let me raise two problems in our democracy. One is the rising cost of elections. Money politics as they sometimes call it. The 1999 elections showed that it cost billions of pesos to run for the presidency. Others have much less than that. But Erap, in addition to his popularity, turned out to have the most money. And being a personalistic kind of a leader, he was very willing to pay back those who have helped him get elected as president. But it also turned out that it was not just a matter of being faithful to his friends. He was also eager to make money out of the relationship.

But how do you deal with the legitimate need for resources in order to run a campaign and win elections? How does a party raise the funding? In other jurisdictions, the state helps the parties by giving funds to those who qualify or get so much proportion of the votes.

The other problem I see is this: how do you build political parties that are not just electoral vehicles but also have enough membership or mass parties who believe in a set of ideals, policies, programs, and are brought together by and stay together because of this solidarity? People power has twice demonstrated

to the world this tremendous capacity to come together and change a president. But how do you institutionalize this power of the people, except through NGOs, peoples' organizations and political parties, so that the pressure is constant and continues to be organized?

Dr. Tadem: I think the education question came from Lee Kwan Yew, who said that we, Filipinos, don't know what democracy is because we are uneducated. But I agree with Dr. Abueva about character. People can be educated but not have the character. This I saw from the criticisms of the Thai leader, Chuan Leek Pai, who used dogs to bite demonstrators and to beat up protesters in front of the government palace, which is like Malacañan Palace. I just find it so inhuman, and he did not even bother to come out. I'm quite amazed that they used the word authoritarian a lot. He acted in an authoritarian manner, he is a civilian dictator. It's something we don't do. I think we never used that in any deposed martial law president. But the Thais are very conscious about not being consulted or actually being treated in that manner. Character is not everything, but it is something that must be considered.

Prof. Baviera: As Dr. Abueva mentioned, there are a lot of important questions that we need to address, such as the role of political parties, and how to determine the kinds of candidates you want to elect into office. Perhaps one lesson that we can draw from the Taiwan experience is about the role that the government itself can play, the role that the ruling party itself can play, not just to make its candidates win. We already hear a lot of criticisms when they bring in people that you suspect would be incompetent political leaders into their slate. Then, they are not helping by doing that. The government has a responsibility to look beyond the next election and to lay down the groundwork for institutions that will work in a long term.

The Agricultural Modernization of the Socialist Republic of Vietnam, 1945 - 1996

A lecture series held at the Asian Center, University of the Philippines-Diliman, Quezon City on February 5-14, 2001. Organized by Prof. Milagros R. Espinas with the assistance of Asian Studies 252 Class, sponsored by the Southeast Asian Studies Regional Exchange Program (SEASREP, Manila Secretariat).

Bui Tat Thang

I. The Collectivized Agriculture in Vietnam Before the Reform (*Doi moi*)

An Overview on the Role and Features of Vietnam's Agriculture

The Natural Conditions

Vietnam is located in the Indochinese Peninsula, sharing inland borders with China, Laos and Cambodia. The terrain gradually descends from the North to the South, from the West to the East, traversed by numerous but short rivers and springs. The North and South regions have differing climate. The North has four clearly differentiated seasons: spring, summer, autumn and winter, while the South has two: wet and dry seasons. There are usually droughts during the dry season and floods during the wet season. Vietnam also suffers from many heavy storms that cause severe damages to life and property.

Like other Southeast Asian countries, Vietnam is a monsoon country with hot, humid and rainy climate favorable to the development of plants and animals. Vietnam also has many diversified animal and botanical resources.

These natural conditions have created both advantages and disadvantages for the development of a modern agriculture.

The Economic Features

In 1999, Vietnam has a population of 76 million people. The country occupies an area of 331,690 square km. The population density is about 210 people per square km. (equivalent to that of the Philippines and double the number of that in Thailand). However, the area of cultivated land per capita is the lowest in the world. The area of cultivated land accounts for only 21% of the territorial area and the

average area of cultivated land per capita is about 0.14 ha. In the Red River Delta, the average area of cultivated land per capita is only 0.06 ha.

Up to now, agriculture still attracts nearly 80% of the population and over 70% of the labor force. Agriculture annually brings about 30% of GDP (40% from 1985 to 1990 and 26% from 1997 to 1998). Cultivation has a major role in agriculture: in 1990 it accounted for 75% and in 1998 it accounted for 80% of the agricultural output value. Rice growing is traditional and it controls nearly the whole agricultural production.

Because 3/4 of the natural area is hilly and mountainous, rice production mainly concentrates in two major regions, namely:

a) The Mekong River Delta which accounts for 48% of the rice growing land and 53% of the rice output of the whole country, including 16 million people, who comprise 21% of the national population; and

b) The Red River Delta which accounts for 15% of the rice growing land and 19% of the rice output of the whole country

Therefore, the two major rice regions account for more than 60% of the rice growing land and more than 70% of the rice output.

The Cultural and Social Features

Vietnam's history is closely connected to the anti-aggression wars (1,000 years of Northern colonization, nearly 100 years under French colonization and, in modern times, the war of resistance to the United States). Rice growing, flood control and resisting natural disasters also created the traditions of the Vietnamese. Strongly influenced by Confucianism, Vietnam is one of the countries practising a Confucian civilization. The Vietnamese people are industrious, with a sense of solidarity, nationalism and of community and village.

The Establishment of Collective Agriculture in Vietnam

Vietnam's Agriculture under French Colonization

In 1858, French troops started attacking Son Tra Peninsula (in Danang province) in their invasion of Vietnam. In 1884, after the Patenot Agreement was signed, Vietnam officially became a French colony. Colonization lasted until Vietnam gained its independence on September 2, 1945. Hence, Vietnam was under French colonial domination for nearly a century.

Vietnam's economy during this period was developed with the influence of Western civilization. The development focused on the following:

- Improvement of the traffic system including roadway, railway, waterway and some marine ports;
- Development of industry including the mining of coal and tin, and the building of thermo-electricity plants and industrial consumer product plants;
- Expansion of plantation for coffee and rubber in the Southeastern part of the South and Tay Nguyen (Central highland); and
- Importation and development of the Western capitalist market economic relations

However, the size of the abovementioned economic units was very small. Basically, Vietnam's economy under French colonization was poor and based on backward agriculture. More than 90% of the population were farmers, making life mainly by growing rice. The poverty and the lack of development in agriculture was reflected in the following aspects:

- Cultivation techniques: Cultivation was done on non-irrigated land. The source of water for cultivation relied on flowing streams and raining water. The local strain of rice had low yield and fertilizer was rarely used. The average yield of rice was only more than 1 ton per ha. annually.
- Social relations: In agriculture, feudal relations still existed. Hence, Vietnam had a semi-feudal colonist society. The landowner class accounted for 2% of the population, but possessed 52% of the total land. Farmers accounted for over 90% of the population, but they owned only 36% of the total land. Fifty-nine percent of the farmer households were landless.
- Distribution relations: The rent was very high. Fifty percent of the total output of agricultural products went to annual rental. Food output per capita was low and tended to decrease in the early years of the century. In 1890, it was 331 kg. per capita per year; in 1913, it was only 314 kg; in the South in 1937, it dropped to 272 kg., while in the North it was 211 kg. But in the 50 years from 1890 to 1939, the French exported 57.8 million tons of rice from Indochina, most of which came from Vietnam. That means, on an average, 1 million tons were exported per year, and in 1937, the highest amount of 1.72 million tons were exported. It was also the year that the food output per capita dropped to 272 kg. as earlier mentioned.

  The rice export in Indochina in general, and in Vietnam, in particular, was not a result of high agricultural intensive-farming, but was a result of extreme

exploitation. The farmers' lives were very poor.

Living standard: Farmers suffered from hunger. From 1905 to 1945, in the Red River Delta, the dike was broken 16 times. Ninety-five percent of the population remained illiterate. The average life expectancy was less than 20 years old.

From 1940 to 1945, during World War II, Vietnam also suffered from the Japanese fascist occupation. Throughout that time, Japan took 3.5 million tons of food. The exploitation and crop losses led to a terrible famine in 1945. More than 2 million people in the Red River Delta died of hunger (equal to 20% of the then population in the North).

Thus, Vietnam's agriculture during the time of French colonization was very backward, exploitation was at its worst, so the farmers were very poor. In comparison with other colonies in Asia, like Taiwan or Korea, the development level of Vietnamese agriculture was much lower.

The Period of Economic Recovery and Land Reform

Historical background

After the Democratic Republic of Vietnam (now known as the Socialist Republic of Vietnam) was established on the 2nd of September 1945, French troops re-occupied the South. In December 1946, the war expanded to the whole country and lasted for 9 years, until the victory of the Dien Bien Phu campaign in 1954.

During this period, Vietnam had a wartime economy. In 1954, according to the Geneva Agreement on Indochina, Vietnam was divided into two regions—the North and the South—with different political mechanisms and bordered by the 17th Parallel. While the South remained capitalist, the North embraced socialism. Since then, the North implemented socialism's collectivized agriculture. This will be discussed at length later on. The South continued on a wartime economy until 1975.

Land Reform

Land reform was especially outstanding in the industrial and agricultural State s economic policies with the view to build a new economy. Land reform also had great meaning in society: it meant abolishing the feudal ruling mechanism in the rural areas, bringing about land to farmers.

During the war of resistance against the French (before land reform was carried out), the government followed this guideline: "Carrying out a war of resistance and

building the country at the same time," with the aim of providing essential needs for the war of resistance. Agriculture as food supplier had an especially important meaning. The most important policy for agriculture at this time was the Government's Decree, which was issued in July 1949 and was about reducing rent, reducing income tax and clearing debts for farmers. The Decree stipulated the following:

- Reducing 25% of the land rent that farmers had to pay in comparison to the pre-revolution period (in August 1945);
- Eliminating debts that farmers incurred during the pre-revolution period;
- Reducing the interest rate to 18% of the loan in cash; 20% of the loan in rice. (Before the revolution, the interest rate was very high, usually 100%, even 150%);
- Applying a new tax policy for the harvested rice output. Farmers had to pay 6-10% of the total rice output, middle-class farmers had to pay 15-20%, and landowners had to pay 30- 50%; and
- Giving a part of public land to farmers for cultivation.

The rent-reducing policy was good news to the farmers. On the one hand, they were more willing to work. On the other hand, they believed in the revolution and were more willing to join the war of resistance. They understood that the revolution brought about benefits of its own. This was one of the important reasons for the victory of the nine-year war of resistance against the French.

As the war of resistance against the French reached the final stage, land reform began. In November 1953, the Vietnam Communist Party Central Committee reached a decision on land reform. A month after, the National Assembly approved the Law on Land Reform and on 19th December 1953, Ho Chi Minh signed a decree issuing the Law on Land Reform and land reform officially started. First, land reform was carried out experimentally in 53 communes in the three provinces of Thai Nguyen, Bac Giang and Thanh Hoa. The experiment on land reform ended in 1954 when the war of resistance against the French succeeded and Vietnam was temporarily divided into North and South regions. The North started to build socialism by first trying to recover the economy that was damaged by the war. Hence, the period from 1955 to 1957 was called the postwar economic recovery period. During the war, 140,000 ha. of land were not cultivated, water systems were damaged, hundreds of thousands of cattles were killed, and hundreds of thousands of people in the Red River Delta emigrated to the South. The life of the people was disrupted.

During the economic recovery period, land reform was carried out in large scale, starting in February 1955 and ending in the middle of 1958. A total of 810,000

ha. of land were confiscated from landowners and redeemed to allocate to 2,101,138 farmer households, including 8,323,636 people, equal to 72.8% of the total farmer households. The land reform experiment also took away 1,846,000 farming tools, 106,448 cattles and 14,565 houses from the landowners. The landowner class was abolished; land and farming tools were given to farmers. With land reform, the landlords became the laborers, who earned money by working and no longer by exploiting other laborers. Almost all of the former landlords had the ordinary farmers as their neighbors and farmers had land to cultivate. Hence, the land reform in the North of Vietnam was considered the most thorough land reform. There was an unprecedented great change in the history of Vietnam's rural areas.

However, mistakes could not be avoided during the implementation of land reform, causing very serious damages to society. For instance, the same rate was charged to landowners regardless of the size of land owned. Therefore, in many cases, in poor villages, people owning a small area of land were recognized as landowners. And in the war of resistance against the French, many patriotic landowners who provided financial contributions to the war were treated like other landowners. This mistake was discovered and corrected at the right time by the Party and the government.

Despite the mistakes, generally, the mission of land reform was completed, specifically, the giving land to farmers. The farmers' greatest dream of owning land came true. Land reform became a strong motivation that encouraged farmers to produce willingly. The concrete result of agricultural production in the North in 1957 (the year ending the economic recovery period) was compared with the agricultural production in 1939 (the most developed year of the French colonization) and this can be seen in Table 1.

Table 1. Comparative Agricultural Production in North Vietnam in 1939 and 1957.

	1939	1957	Growth (%)
The area of rice land (ha.)	1,844,000	2,191,800	18.9
The area of irrigated rice land (ha.)	326,000	628,000	92.6
Rice productivity (tons/ha.)	1.3	1.8	38.5
The total rice output (000 tons)	2,407	3,948	64.0
The amount of rice per capita (kg.)	211.2	286.7	35.7
Herd of buffaloes (000 con)	788	1,238	57.1
Herd of cow (000 con)	563	906	60.9
Herd of pigs (000 con)	2,255	2,950	30.8

Hence, after 3 years, the North completed the task of recovery in its postwar agricultural economy.

The Agricultural Collectivization in North Vietnam

The concept then was: in order to build socialism, it is necessary to carry out three revolutions at the same time:

- The revolution of science and technology, with the view to build an advanced production force;
- The revolution of production relations: eliminating private ownership and building the public ownership mechanism; and
- The revolution of ideology and culture

The agriculture cooperative is one of the main components of the production relations revolution, with the view to build the socialist economy. Regarding ideology, the concept then was that private ownership means capitalism and public ownership (public and collective ownership) means socialism. The socialist economy must be an economy based on the mechanism of public ownership. Hence, building socialism in the North meant carrying out agricultural collectivization. But the problem is why the revolution of production relations in agriculture focused mainly on building cooperatives rather than state farms.

The concept then of production relations revolution was this: On the one hand, as the landowner class was abolished, land was allocated to farmers, and "the sea of petty farmers" was created. More than two million farmer households who were allocated land in the land reform program became more than two million small size independent production units. Although they had land and a new motivation for the development of production, the development was not equal. A part of them became rich and exploited other people. Another part became poor and had to sell their land and to work as laborers. Therefore, according to V.I. Lenin (1967), the small commodity production of petty farmers created the capitalism every hour and every day. Production cannot liberate the farmers from the situation of poverty and oppression.

On the basis of this concept, The 14th Meeting of Central Committee of Communist Party (The 2nd tenure, 1958) confirmed that "the main task of the North is to promote the socialist revolution, the immediate task is to speed up the socialist reform of the farmers' private economic sector."

On the other hand, in order to build the great socialist production, agriculture

must be the base for the industry's development. Hence, agriculture must be re-organized to yield high productivity. That means the revolution must be carried out in agricultural production. The revolution is aimed at building large-sized agricultural production, starting from the reform of small-sized private agriculture.

Because the farmer class is different from the worker class, the farmers cannot be dispossessed of land in the same way as the landowner and capitalist classes. Teaching farmers to turn from the private ownership mechanism to the public ownership mechanism must involve following the voluntary principle and must be suitable to the people's knowledge. Therefore, the mechanism of cooperatives meets this requirement. The mechanism of cooperatives is a form of public ownership but lower than the form of state ownership. Hence, V.I. Lenin said, "The collective cultivation is like the transitional step from the small agriculture to the great collective agriculture."

Based on the experiment of cooperatives, from the end of 1958, the cooperative movement was expanded in a large scale with 4,800 cooperatives and, after only two years, in 1960, it was basically finalized. In 1960, 41,000 cooperatives were built, including 2.4 million farmer-households, accounting for 85.8% of the total households and 76% of the land in the North. Most of the newly-built cooperatives were the low- level cooperatives. Land and production materials were mainly owned by farmers. They contributed their land and production materials and shared their work. When the products were distributed, the share of the land was distributed as 25% of the total products. The rest was distributed according to the share of work. With this type of distribution, farmers could easily go back to the individual production.

Therefore, since 1961, the Party and the State were moving in the direction of getting these cooperatives from the low level to the high level. The movements in management and cultivation technique improvement in cooperatives were motivated. The content of the improvement included the following:

- Land was publicly owned by the cooperative and private ownership was abolished;
- The size of the cooperatives was expanded from dozens ha. to hundreds ha. of tillable land per cooperative;
- Advanced cultivating techniques were applied. New strains were applied to cultivation and animal husbandry, the water system was built, improved tools and machines were used, electrification was carried out and chemical fertilizer was used;
- The management of labor, plan and accountancy was improved; and

Distribution according to work was carried out.

During the late 1960s and early 1970s, the cooperative farm basically covered rural areas in the North with 95% of the farmer-households and more than 90% of the tillable land. Most cooperatives were changed into high-level cooperatives. The number of high-level cooperatives used to be 84.6%, but in 1975, it increased to 94.4%. The small number of low-level cooperatives existed in some mountainous areas.

Hence, before the liberalization of the South and national unification in 1975, agriculture in the North was collectivized. The central and close management of the cooperative enabled the government to mobilize the labor force, with the view to assist the frontline and to stabilize the rear base. Therefore, in the historical context of the war, the cooperative had positive socioeconomic effects. However, the agriculture then was not able to provide enough food for society's demand. The State had to annually import (or to get aid and loans for) hundreds of thousand tons of food to compensate for the deficiency. The people's food demand was satisfied at a minimum level.

The Agricultural Collectivization in the Whole Country after 1975

After the South's liberation and subsequent national unification, the agricultural collectivization model in the North was expanded to cover the whole country. From September 1975 (or five months after the South's liberation), the 24th Meeting of the Central Committee of the Communist Party (the 3rd tenure) started the task of reforming the production relationship and building of the public ownership mechanism in the South. The implementing method was basically similar to that applied in land reform and the previous cooperative movement in the North. Hence, the cooperative movement was rapidly implemented.

In 1979, around 1,023 cooperatives were built in the Central provinces. In Central Highland provinces, 164 cooperatives and 2,180 producing groups were established, accounting for 70%- 90% of the farmer households. Therefore, in these two regions, the agricultural collectivization process was basically finalized.

In the South, the situation was different. In 1979, only 271 cooperatives and 12,437 producing groups were built, including 491,364 households (equal to 31% of the total farmer households) or 453,400 ha. of land (equal to 24% of the total tillable land). So, at the end of 1970, the model of cooperatives mostly covered the whole agricultural sector in the South, in particular, and in the whole country, in general.

However, the agricultural collectivization in the South took place in a different context from that of the North 15 years ago. Previously, the differences in the collectivization process were curbed due to the war. In the economic reconstruction in time of peace, these differences were clearly shown. In fact, the agricultural collectivization process was not smooth. Farmers in many areas strongly opposed the policies of the cooperative movement. They cut industry crops, and sold or damaged machines. Moreover, the opposition tended to expand and this started a stagnant period that led to an agricultural crisis.

The State-owned Sector in Agriculture

Apart from building cooperatives, the State also established some state-owned farms, mainly in the mountainous areas, growing industry crops like pineapple, tea, rubber, pepper, sugarcane, orange and cattle feed. In 1975, in the North, there were 115 state-owned farms, including 103,700 ha. of agricultural land, with 92,000 laborers growing 23,900 ha. of industry crops. Annually, 2.6% of the total value of agricultural output were produced. In the early years of the 1990s, throughout the whole country, there were 475 farms and 400 farms experimenting with agricultural crops, including 1.6 million ha. of land for cultivation. Annually, about 5% of the total value of agricultural output were produced. The state-owned farms were mainly established in two ways: (1) taking over old plantations; and (2) moving a military unit to construct the economy, so that there were some farms controlled by the military.

The government generally invested more on the state-owned farms than on the agricultural cooperatives. Some main industry crops were produced by the state-owned farms. For example, in the 1980s, the state-owned farms planted 210,000 ha. of land to rubber (equal to 99% of the rubber area in the whole country), producing 98% of latex rubber products; 40,000 ha. of land to coffee (45% of the coffee area) producing 20,000 tons of coffee beans per year (equal to 17% of the output); and 21,000 ha. of land to tea (equal to 35% of the tea area), producing over 50,000 tons of fresh tea leaves (equal to 44% of the tea output).

There were many contributions in terms of agricultural output, but for many reasons, including social and security reasons, and mainly because of the centrally-planned red-tape mechanism, most farms suffered losses. The system of farms also faced great challenges in the development process.

The Crisis of Underproduction in the Collectivized Agriculture in Vietnam

As mentioned earlier, the construction of the collectivized agriculture was carried out in the North since the early years of the 1960s. But for over a decade after and until 1975, the cooperatives existed and developed in the context of war and they accomplished the rare task of stabilizing the agricultural base and supporting the frontline.

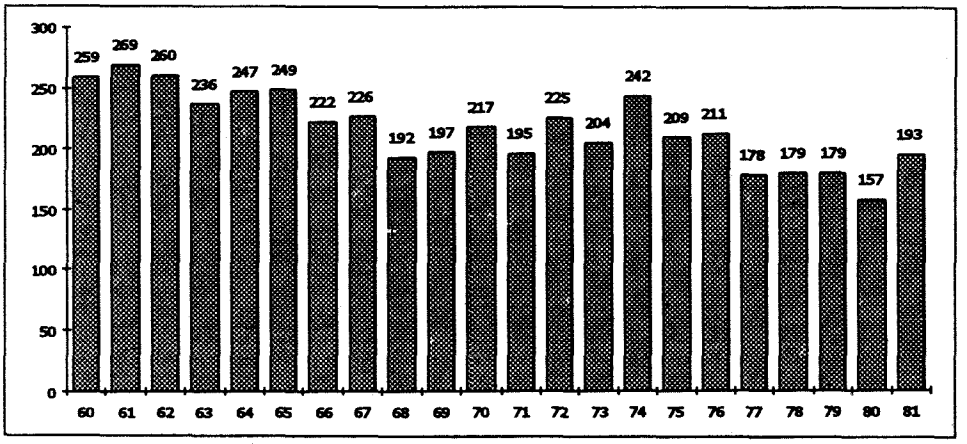
However, since the national unification, the expansion of the cooperative model in the North was carried out rapidly but immediately it showed weaknesses. These weaknesses were seen in the cooperative movement in the North in the early years of the 1960s. But due to the war, these were hidden because the objective of the resistance war became much more vital than the problem of the economy. In time of peace, the economy became the key problem. From 1975 to 1980, as the collectivization model of the North was expanded to cover the whole country, collectivized agriculture went into recession and crisis. The increased level of recession and crisis was directly proportional to the expansion of the cooperative model.

As mentioned earlier, until 1979 the cooperative mechanism covered the whole country (excluding the Mekong River Delta). But since that year, the crisis involving the cooperative model started. After some years, the cooperatives tumbled. In the South, the rapid collectivization elicited strong opposition from farmers. They left the land and stopped doing farm work. The area of tillable land in 1980 was down to 24,500 ha. as compared to 1978. Food output was down to 41,000 tons. At the end of 1980, there were only 137 cooperatives and 3,739 producing groups in the South. Many cooperatives only existed nominally.

In the North, after nearly 20 years of the cooperative mechanism, 15 years of which were times of war, from 1976 to 1979, the agricultural economy started to decline. Farmers were not willing to work, and they even left the land. The crisis in agriculture really started.

From 1975 to 1980, the area of land for cultivation, the rice output and the rice productivity mostly did not increase, but even decreased in some years. Meanwhile, the population increased rapidly (the postwar population boom), so food per capita was really low. (See Figure 1 and Case Study 1). Annually, the State nad to import a great amount of food to meet the people's demand (see Tables 2-3). Annually, over 1 million tons of food were imported (about 0.2 million tons of rice and 1 million tons of flour and wheat).

Figure 1. Rice per person (kg/person) in the North, 1960-1981



Source: The Statistical Yearbook 1985

Table 2. Distribution of Food, 1976-1980 (million ton)

	1976	1977	1978	1979	1980
Whole country	2.04	1.69	1.59	1.45	1.98
The South	1.09	0.99	0.71	0.64	1.24

Source: The Statistical Yearbook 1981

Table 3. Price Index, 1976-1986

Year	The social market	The organized market	Free market	Price of Agri. Products
1976	100.0	100.0	100.0	100.0
1977	118.6	101.1	138.0	-
1980	189.0	119.7	360.0	253.2
1984	1,400.6	1,297.8	1,540.5	1,825.9
1985	2,890.2	2,737.1	3,367.0	3,365.0
1986	16,170.0	15,260.0	19,030.0	19,204.0

Source: The Statistical Yearbook 1986; p. 255 & 239

The reasons for the recession and crisis in agriculture, and the decline of cooperatives include the following:

1. Cooperatives were established too rapidly, breaking the "voluntary" principle. The "voluntary" principle of the voluntary was considered the most important principle of the cooperative formation. In the hope of energizing the cooperative movement and rapidly bringing it to completion,

considered as the objective of the socialist economic construction, compelling measures were taken in the implemention process. Hence, in terms of psychology, farmers opposed this way of doing things.

2. The low-level cooperatives were rapidly elevated to the high level, thereby seriously breaking the principle of suitability, which was an important principle of the cooperative formation. It has been shown that with handicraft-producing tools and low management capacity, the village-sized cooperative was too great and not suitable. With this size, farmers were unable to see that their output was directly related to their daily work. Hence, the effect of economic benefits to work was not brought into full play.

3. In the long term, farmer opposition would occur. Though land reform brought land to them, they were put into the cooperatives, so, the farmers felt that their gains from the revolution were being taken away. While their economic life was improved due to land ownership, they had to contribute to the cooperatives, thus their motivation for economic benefits was not maintained.

4. In the industrialization process, agriculture was regarded as the base for industrial development. There was a disparity between the price of agricultural products (the State set a low price) and the price of industrial products (the State set a high price) in order to support industry. Though the State invested in agriculture, the proportion was much smaller than what the State invested in industry. Agriculture is supposedly a capital-mobilizing resource for industry, but with the high-level cooperatives farmers were not encouraged to produce because they felt they suffered a loss.

5. The condition of interminable food shortage was a problem that the State solved through the policy of food self-supply. Besides this, there were policies on trade isolation and trade restriction. As a result, as agricultural products were produced, farmers did not know what to do with them. Hence, motivation was dampened again by the centrally-planned mechanism.

6. In cooperative management, cooperative members had the right to decide what to produce, how many and where to sell. In fact, the collective ownership was not different from state ownership. The State controlled the cooperatives through administration methods. That means assigning what to produce, and how many, and what products should be sold to the State at the price fixed by the State. Farmers did not have the right to produce and sell their products freely.

7. Finally, the quantitative distribution mechanism of cooperatives failed to encourage farmers to work willingly. This is the most important reason

> because it negated the production motivation. Whether cooperatives produced much or little, the rest that was distributed to farmers was only a minimum. The State collected products according to the amount of products produced. This distribution mechanism did not encourage farmers to try to produce more. There is a proverb that states, "Without working and without paying is much better than working without paying." The prominent English classic economist, Adam Smith quoted this proverb in the book *The Wealth of Nations* published in 1776.

In conclusion, from a poor and backward beginning, Vietnam's agriculture moved to a new development stage through the land reform. After that, the cooperative model with collective ownership replaced private ownership. In the cooperative mechanism, Vietnam's agriculture changed and developed much more than in the previous time but, generally, agriculture did not produce enough food. Annually, hundred thousand tons of food had to be imported. The cooperative system under the centrally-planned mechanism negated the production motivation, leading to the stagnation and crisis at the end of the 1970s and the early 1980s. In that context, the reform in the economy, in general, and in agricultural production, in particular, had started.

Case Study 1

Vu Thang Agriculture Cooperative

The Vu Thang Agriculture Cooperative in Kien Xuong district, Thai Binh province was one of some typically advanced cooperatives in the Red River Delta in the North before the *doi moi* process. At that time, the cooperative's manager was a National Assembly delegate.

In the 1980s, Vu Thang was a village-sized cooperative, with 287 ha. of cultivable land, 971 households and 3,812 people, of whom there were 1,414 laborers. Hence, an individual in Vu Thang owned only 696 square meters and 5 people per 1 ha. of tillable land. Like other cooperatives in the Red River Delta then, Vu Thang Cooperative mainly grew rice and raised pigs. Besides this, there were some handicraft jobs.

Establishing the Cooperative

In the beginning, the establishment of the cooperative faced a lot of difficulties and the size had to be changed many times. Because of unstable organization, the

production could not develop, and many farmer households withdrew from the cooperative. In early 1964, about 40% of the households left the cooperative.

At that time, the Vietnam Communist Party's Central Committee had campaigned for the consolidation of cooperatives. Vu Thang implemented the combination of four small cooperatives (with the size of a hamlet) into one village-sized cooperative. Then, the production was organized according to the centrally-planned mechanism. The cooperative implemented the following:

- Building water system after the implementation of the village-sized cooperative. This involved reliance on communal labor on the basis of land communal ownership, the cooperative carried out the building of irrigation and drainage systems. In 1965, each laborer did 127 cubic meters of irrigation work. During a period of 13 years (from 1964 to 1977), 43 km. of ditch for irrigation and drainage was built, totaling 1.2 million cubic meters, with each laborer digging 65 cubic meters annually.
- Increasing the amount of organic fertilizers (because of the shortage of chemical fertilizers). The cooperative asked each laborer to sell 3.6 tons of cattle manure to the cooperative annually. The households with 2 laborers had to sell 6.4 tons, while 3 laborers had to sell 9 tons.
- Applying new strains to grow. In 1965, the area grown with new strains accounted for only 2.7%. In 1966, new strains accounted for 12%, for 61% in 1969, and for 100% after 1970. Before introducing new strains on a large scale, the cooperative conducted experiments using 1.8 ha. to test new strains.

Hence, the cooperative followed the right direction of traditional rice cultivation. The Vietnamese proverb, "The first thing is water, the second is fertilizer, the third is labor and the fourth is strain" refers to essential requirements of rice cultivation. In terms of animal husbandry, the cooperative organized a communal pig-raising farm apart from animal husbandry in individual households.

Production Output

Rice Output

Rice output per one ha. of cultivable land increased. This increase was mainly due to the water system, helping the cooperative to harvest 2 crops per year in the whole area of rice growing land.

Rice output per 1 ha. of cultivable land annually was up from 2.0 tons in 1964

to 5.1 tons in 1965, 8.2 tons in 1970 and 9.6 tons in 1974. Since 1975, Vu Thang has gained 10 tons per ha. annually, as the leading cooperative in the North.

Pig Raising

As food from rice production increased, food from animal husbandry also improved. The State mobilized to consider husbandry a key industry. Responding to this movement, Vu Thang became one of the many cooperatives that strongly developed husbandry as an industry. Consequently, the value of husbandry output increased from 1.5% of the total output value of the cooperative in 1965 to 7.3% in 1966, 16.6% in 1971 and 20.4% in 1977. Meat output from 1959 to 1964 was only 12 kg. per ha. but in 1965, it went up to 17 kg. in 1970, it was 96 kg. in 1974, 363 kg; and in 1977, 372 kg.

Labor Structure

The labor structure within the cooperative as presented in Table 4, changed with the labor decrease in rice growing. Meanwhile, labor in animal husbandry and handicraft increased.

Table 4. Labor Structure of Vu Thang Agriculture Cooperative

	1965	1970	1977
Total (%)	100.0	100.0	100.0
Plant growing (%)	97.4	67.5	60.1
Animal husbandry (%)	1.2	8.6	9.7
Handicraft (%)	1.3	23.9	29.3

Distribution Mechanism and the Cooperative Members' Life

Basically, the living standard of cooperative members depends on the total annual output, the population growth rate and the taxes paid to the State. Let us consider each factor.

- Population growth rate: Because of the narrow land and numerous people, like other cooperatives in the Red River Delta, Vu Thang implemented two ways to control the population growth rate. The first way was to limit the natural population growth rate. In 1965, the natural population growth rate was 3.0%, but in 1977, it dropped to 1.7%. This means that after 13 years, the natural population growth rate decreased by 1.3%. The second way

was to send people to build new economic areas in other provinces. From 1965 to 1977, 1,490 people were sent to build new economic areas in Dai Tu, Dinh Hoa (Bac Thai) and Kien Giang (in the South).

The result was that in 1977, the population was down by 110 people when compared with 1965.

- Rice output and distribution structure of rice output are given in Table 5.

Table 5 shows that rice for animal husbandry and rice paid to the State accounted for an increasingly high proportion; from 1975 to 1977, it accounted for more than

Table 5. Output and its Structure.

Target	Unit	1965	1966	1970	1971	1974	1975	1977
1. Herd of Pigs	pig	1,193	1,296	2,310	3,096	3,435	3,410	3,154
Of which owned by cooperative	pig	83	192	500	1,288	1,400	1,555	1,484
2. Number of pigs per 1 ha. of cultivable land	pig	2.8	3.0	4.5	1.8	6.2	6.4	6.0
Rice output per year	ton	1,075	1,150	1,871	1,976	2,218	1,578	2,065
%		100	100	100	100	100	100	100
3. Rice for animal husbandry	ton	43	52	107	259	386	336	421
%		4.0	4.5	5.7	13.0	17.0	20.5	20.3
Of which: for communal animal husbandry	ton	25	34	73	220	330	283	380
%		2.3	3.2	3.9	11.2	14.6	18.0	18.0
4. Rice paid and sold to the State	ton	232	235	517	546	536	450	593
%		21.6	20.3	27.5	26.1	23.8	28.5	28.6
5. Rice distributed to the cooperative member	ton	765	836	1,177	1,135	1,276	731	941
%		71.0	72.0	62.0	57.1	51.1	46.3	45.5

one half of the rice output of the cooperative. Hence, though population decreased, an average food per capita could not increase continuously and still stayed at a low level. The average monthly rice per capita in 1974 was 26 kg. in 1975 it was 16 kg. and in 1977 it was 20 kg.

In the distribution mechanism of the cooperative, the grade A laborers were distributed with 30 kg. of rice per month, the grade B had 27 kg. per month, while the laborers aged 13 to 15 were distributed with 18 kg. per month and those aged 10 to 12 were distributed with 15 kg. per month. Meanwhile, social welfare was expanded. For example, children had three meals in kindergarten without paying money, they could also have free medical examination and treatment at healthcare centers, while old homeless people were taken cared of.

The distribution mechanism of the cooperative also saw to it that the rice left after paying to the State and spending for animal husbandry was distributed. The amount of rice paid to the State changed every year and accounted for an increasingly high proportion. However, The amount of rice gained by farmers did not increase in a directly proportional way to the amount of labor in the year. From 1959 to 1964, an average number of working days per one laborer per year was only 180, in 1970 it was 332 and in 1977 it was 346.

The quantitative distribution mechanism shows that it is clearly egalitarian, and thus failed to encourage laborers. Clearly, the organization of the cooperative in the direction of compulsory labor and egalitarian distribution warned of the danger of the inability to develop for a long time and of the crisis of cooperative mechanism.

Case Study 2

Dinh Cong Agriculture Cooperative

The Dinh Cong Cooperative in Thieu Yen district, Thanh Hoa province, is an agriculture cooperative that is generally regarded as typically advanced, with the size of a village covering 396 ha. of cultivable land, 882 households, 3,930 people and 1,266 laborers. The average area of cultivable land per capita of the cooperative is 939 square meters. The average area of other cooperatives in the district, in particular, and in the Red River Delta, in general, is about 900 square meters, with 3.4 laborers per one ha. of cultivable land.

Establishing the Cooperative

The cooperative was established in 1959, and at first it included three hamlet-

sized cooperatives. The initial technical facility was still in poor condition. Only one crop was harvested in the cultivated land. Life was very difficult. The average food per capita per month was only 9 kg of rice. Every year, the State had to provide 20 tons of rice to Dinh Cong for hunger relief. During the off-season, 50-60% of the total labor force of the cooperative went to other areas to find jobs.

In 1970, three hamlet-sized cooperatives were combined into a single village-sized cooperative. After the merger, the cooperative mobilized 40,000 working days for the construction of water system. Consequently, the rice output was 5.06 tons per ha. in that year, 1.8 times higher than in 1969. An average food output per capita increased from 160 kg. in 1969 to 360 kg. in 1970. Meanwhile, 290 tons of rice was paid to the State.

The cooperative also encouraged animal husbandry, producing organic fertilizer for rice growing. In 1978, 16 tons of organic fertilizer was applied to one ha. of growing land, four times more, in comparison with the amount in 1969. In 1974, the number of pigs raised by the cooperative was 1,000, doubling the number in 1970, and in 1978, the number was 1,200. The amount of gross pork sold to the State was 30.5 tons in 1974, trebling the number in 1970; in 1978, it was 32 tons, 3.1 times higher than in 1970.

The use of new strains was implemented in 1973. Hence, the average rice output increased 8% per year in the 1970s. This is high level compared with the output in the Red River Delta.

The Support from the State

Unlike other cooperatives, the establishment of the Dinh Cong cooperative was linked to the support from the higher level, directly from the district level and the provincial level, in order to develop cooperative movement especially in the period from 1976 to 1978.

The huge material and financial support from the State was aimed at setting up the Dinh Cong cooperative as an advanced model, as shown in two major resources.

First, the state provided cheap input resource from the district for the cooperative's production. However, the resource was limited. This priority was basically a favorable factor, in comparison with the other cooperatives, because the State had monopoly to provide input resource. For instance, from 1976 to 1978, each ha. of cultivated land was provided by the State with the following :

1. Nitrogenous fertilizer: 400 kg. (3.5 times higher than the average level of the district);

2. The amount of phosphate and potassium fertilizer was 5 times higher than the average level of the district;
3. Oil for water pump: 1,120 tons per year (accounting for 50% of the total oil and petrol resource of the district);
4. On the average, one ha. of cultivating land got 450 dong of loan from the State (2.5 times higher than the average level of the district).

Second, the state subsidized the financial resource of the cooperative in two ways: 440,000 dong (non-refundable) was given directly to the cooperative for 3 years, from 1976 to 1978. Of this amount, 53% was for production investment and 47% was for social and cultural work. The subsidy was eight times higher than the average level of the whole district. The other support resource was indirectly given via "orders" with low cost input and the State also guaranteed the purchase of output at a favorable price, thus enabling the cooperative to freely sell its products in the market.

However, it is noted that the economic efficiency gained did not correspond to the higher investment. For example, though the amount of nitrogenous fertilizer sold to the cooperative by the State in 1978 was up 110% compared with 1975, the commercial rice output was up by only 33%. In 1978, on the average, the State collected one ton of rice from Dinh Cong and provided 370 kg. of nitrogenous fertilizer, 440 kg. of phosphate fertilizer, 63 kg. of potassium fertilizer and 70 kg. of machine oil. In comparison with 1975, these amounts were two to three times higher.

Therefore, Dinh Cong became a model for advanced cooperatives, relying mainly on support from the State. Hence, this is also one of the important reasons why the multiplication of the typically advanced models did not extend to the whole agricultural sector.

II. The Process of Reform in the Agricultural Policy: Performance and Reasons

Reform (*Doi moi*) in Agriculture: The Beginning of Economic Reform in Vietnam

Starting from the "Bottom-Up"

We learned that the nature of the agricultural crisis at the end of the 1970s and the early 1980s was the crisis of the cooperative mechanism. The agricultural

production organization in cooperatives was not suitable to the real situation and it failed to encourage production. Hence, the way out of the situation had to be found. The situation required another approach, which was absolutely new.

At the end of 1979, in the Doan Xa cooperative in Kien Thuy district, now known as Do Son district (Hai Phong province), managers and cooperative members agreed to quietly carry out a new management method: contracting products. Actually, this method was not new in the market economy, but in the condition of the centrally-planned mechanism, it was not accepted. In that context, if the upper level knew what was going on, the cooperative members would be in trouble. Hence they had to quietly "do unauthorizedly." Now this activity is called "crossing the barriers" of the grassroots level. One of the most remarkable characteristics of economic reform in Vietnam is that it was carried out from the bottom going up. Enjoyably, the phenomenon of crossing the barriers and unauthorized implementation in Vietnam's agriculture accidentally coincided with the reform (also from the agriculture of China).

In 1978, in a village of Phong Duong district, An Huy province (in China), people also "crossed the barriers," contracting out products in the same way. It is noted here that Vietnam's cooperative model is similar to that of the Chinese. Perhaps in the same environment, the same way and the same level, the solution is also the same.

The way to "contract out products" is simply this: Previously, a cooperative managed the whole agricutural production process, and it controlled and assigned work for each person. Now, a cooperative assigns some work for farmers, but the cooperative only manages some work. Land is still a common property of the cooperative. Basically, the rice production process includes preparing the soil, cultivating it, caring for it and harvesting. Firstly, the cooperative still takes on the work of selecting rice strains, preparing the soil, and doing the irrigation. The caring and harvesting work is contracted out to farmers. However, in order to take care of rice plants, the cooperative still takes on the work of supplying water (ensuring the agricultural irrigation system), fertilizer and insecticide. After harvesting, farmers have to hand in their products to the cooperative at the agreed amount, and they then distribute the products according to the contracted amount. When the amount of the products is more than the contracted amount, farmers get the excess amount. In contrast, when the contracted amount is not reached, farmers have to make up the balance. Naturally, the farmers have to first agree that the contracted amount is not so low that it affects the rice amount that the cooperative has to hand in to the State; and that the contracted amount is not so high that farmers cannot meet it. The result is unexpected. Farmers not only hand in enough amount of rice to the State but they also get a larger amount than before. When farmers everywhere leave the

land, or work half-heartedly and the production result is low, the farmers in Doan Xa village (Kien Thuy district, now known as Do Son district, Hai Phong province) have another image. The farmers are willing to work and, thanks to the contraction system, their life has considerably improved.

The " Upper Level" Agreement

During the crisis at the end of the 1970s, in August 1979, the Vietnam Communist Party Central Committee had its 6th Meeting (the 4th tenure) and stated the direction

Rice Devaluation in An Giang Province in 1978

At that time, the State fixed the rice purchasing price of 32- 35 pences (100 p equal to one dong) in the Mekong River Delta, while the price in the free market was about 2.5- 3.0 dong per kg. (that means the price in free market was about 8 times higher than the price fixed by the State). Farmers did not accept to sell rice to the State with the "obligated price". The period from 1978 to 1979 was the most difficult period for Southern cities, especially Ho Chi Minh City. The State's food shop did not have enough rice to buy for people and people did not have enough rice to eat. This situation never happened in the South before, which is considered the rice granary of the whole country. The State had to get *bo bo nut* (a kind of cereal) from Russian aid to support animal husbandry and sell to officers and the people so there would be food to eat instead of rice.

Meanwhile, there were a lot of rice in the plain provinces. But farmers did sell at the price fixed by the State because this price was 1/5 of the production cost. Facing this paradox, farmers had a choice of either accepting the price regulation of the State Pricing Committee and not buying anything; or accepting to buy with the market price and breaking the regulation of the VCP Central Committee But the situation of food shortage in the cities was solved. People chose the second solution. In An Giang province, the State's food company in Ho Chi Minh City agreed with the province's leaders to buy rice with the rice at 2.5 dong per kg. This was a realistic price, so farmers agreed to sell their rice. Therefore, the Company could buy a lot of rice. Since then, other provinces followed the example of An Giang province: no one agreed to sell rice with the price of 30- 35 p. The chain reaction spread over the whole country and obviously the price of 2.5 dong per kg. became the price fixed by farmers. The law of value and the law of market won. In 1979, the State Pricing Committee had to increase the official price to 50-52 p per kg. This increase failed to persuade farmers. In 1981, the State Pricing Committee had to decide the official price of 2.5- 2.75 dong per kg., equal to the price in the free market at that time. Consequently, since 1980, the amount of food bought by the State started to increase.

of "releasing" business production. The nature of releasing was to ease the close regulations of the centrally-planned mechanism by first considering the low purchasing price fixing system of agricultural products from farmers. The meeting also mentioned the combination of three interests, and emphasized the interest of laborers.

On the occasion of the "easing" direction, Hai Phong City reported to the Central about the "experiment" of product contract and drew out experiences from this system. After a short time, in January 1981, VCP Central Secratariat issued Instruction No. 100 CT/TW on implementing the contracting work and "contracting out products to labor groups and laborers" in agricultural cooperatives, which was called "product contract" for short. With this instruction, the product contraction system was applied to the whole country in the field of agricultural production. This is the most important starting stage of the whole reform process.

Hence it can be commented preliminarily as follows:

1. The reform in agriculture was the starting point of Vietnam's economic reform;

2. The starting point of the *doi moi* process was to "ease" the hard regulations of the centrally planned mechanism. Arranging the orders of interests, and emphasizing the material interests of laborers, encouraged farmers to work willingly;

3. The acceptance of the market price (the rice purchasing price) shows that the State's price fixing is not appropriate. Accepting the market price is also accepting the market's role in fixing price, and this is also the start of the transition process to the market economy in Vietnam;

4. One of the typically important characteristics of the *doi moi* process in Vietnam is that it was carried out from the bottom-up. The "fence passing' of cooperatives was the starting point. Then, this process was accepted by the Central and the State issued reform policies according to this direction.

Some Important Milestones of the Reform in Agricultural Policies

The following comprise some important milestones of the reform in agricultural policies:

Instruction No. 100 CT/TW (in January 1981) of Vietnam Communist Party Central Secratariat

While cooperatives, management and distribution systems were totally maintained, Instruction No. 100 CT/TW of Vietnam Communist Party Central Secratariat on improving the contracting system and expanding "the product contract to labor group and laborers" in agricultural cooperatives ("product contract") decentralized the production management and assigned farmers to decide some work and to move to the free market. Therefore, the product contracting was an amendment of the former management system. In comparison with the former management system, product contracting was more useful for farmers.

The Instruction confirmed that "the major direction to improve the product contraction in agricultural cooperatives is: much encouraging laborers' legitimate interests and making people who joined some work in the management and production process of the cooperatives become fond of the final products."

In the contracting system, a cooperative gave a certain area of land to a labor group and laborers do three steps: cultivating, caring, harvesting; and then handing in the harvested products to the cooperative (product contract). The amount of products was usually the average amount of the three nearest years. Therefore, "the product contract was a form of production management and paying wage, directly linking laborers' responsibilities and interests with the final products."

This Instruction also aimed at stopping the situation that "leaders forbid, workers do unauthorizedly."

Instruction No. 100 CT/TW also forbade the situation of "total contraction" (assigning farmers to take on the whole production process). "It is not allowed to assign land to cooperative members for self-willed use, to assign land to individual cooperative members to take on from the step of ploughing fields to harvesting."

In the context of the cooperatives in the centrally-planned mechanism, Instruction No. 100 CT/TW was really a big change, creating new motivation for the recovery of agricultural production.

The 6th Congress of Vietnam's Communist Party (December 1986)

This was the Congress marking the most important change in the *doi moi* process

because it was comprehensive and thorough.

The Congress started to break off the centrally-planned mechanism and officially started economic reform, moving to the market economy in Vietnam. The important or landmark directions of the reform were:

1. Recognizing Vietnam's economy as a multi-sector economy, including private ownership. This is completely different from the centrally planned-economy;
2. Recognizing Vietnam's commodity economy means to recognize the market mechanism;
3. Recognizing Vietnam's economy as an open economy;
4. Deciding to concentrate priorities in the fields of producing export goods, consumption goods and food. Three great economic programs stated in the 5th Congress (March 1982) have been realized.

The renovation framework of the 6th Congress has opened room for a series of reforms in the following years. During the years from 1986 to 1990, the objective was to produce food. This was to meet the food demand of the whole society and to have a reserve of food. In 1990, 22-23 million tons of food (in rice) was targetted for production, with an average of about 20-20.5 million tons to produce annually, an increase of 3-3.5 million tons as compared to the average amount per year during the period from 1980 to 1985. However, actual production reached 21.5 million tons of food of which 19.2 to 19.7 million tons of rice, on the average, were produced from 1986 to 1990, a volume lower than the stated plan.

Other objectives of the 6th Congress include: To carry out a policy system encouraging food production; to finalize the final product contraction system to labor group and laborers; to ensure essential material together with stabilizing the appropriate contraction amount, creating favorable conditions for producers to get contraction and to invest with the view to overweigh the contracted amount; to grant agricultural tax exemption for a certain period to encourage farmers to increase crops and to expand the area of cultivated land. The Congress also stated that besides tax obligation, the economic relations between the State and cooperatives must be carried out through selling and purchasing contracts undertaken by the State's business organizations according to the principle of equality and at par. Apart from contracts being ensured, it is necessary to sell and buy according to the officially agreed price.

Therefore, besides renovation steps according to the market direction, the 6th Congress still considered the cooperative an agricultural economic unit in rural areas.

Resolution No.10- NQ/TW dated 5th April 1988 of the Politburo of Vietnam Communist Party Central Committee on Reforming the Agricultural Economic Management.

Regarding agricultural production, Resolution No.10 of the Politburo was the most important and decisive landmark of the agricultural economic management reform. With this Resolution, Vietnam's agriculture moved from that of a food importer to a rice exporter.

Unlike Instruction No.100 CT/TW (1981) of the Vietnam Communist Party's Central Secretariat, Resolution No.10 NQ/TW (1988) of the Politburo provides a policy on the comprehensive agricultural economic management reform rather than the reform of contraction in agricultural cooperatives. Actually, this is a step of concretizing the reform policies of the 6th Congress (1986) in agriculture. The basic advantage of Resolution No.10 NQ/TW is the common framework of the economic reform stated by the 6th Congress. The field of agriculture is realistic in applying the contraction system since 1981. Especially, the reality of agricultural development shows the weaknesses of the product contraction policy in accordance with Instruction No. 100 CT/ TW.

One of the greatest weaknesses of Instruction No.100 CT/TW was that as it was applied to reality, the contracted output which farmers had to hand-in was not stable. Moreover, the contracted amount usually tended to increase over time. Usually, the Vietnam Communist Party's Central Committee demanded that the rice target must be handed-in to the provincial level. In order to ensure production, higher targets were set for the provinces, for the districts, for the communes, for the production groups, and for cooperative members. Therefore, the contracted amount usually tended to be higher year after year. Finally, farmers had to suffer, all because they could not reach the target by themselves. The high contracted amount led to the farmer's walk-out from their land in 1987-1988. They did not want to cultivate anymore, not even to harvest. The situation where farmers owed the cooperatives or did not have enough rice to hand-in happened in many areas.

In that context, Resolution No. 10 NQ/TW on reforming the agricultural management was timely in bringing about a new growth motivation for Vietnam's farmers and agriculture.

Based on the reassessment of the agricultural development situation after Instruction No.100 CT/TW, Resolution No.10 NQ/TW on the agricultural management reform stated new requirements as follows:

1. Moving the self- sufficient agriculture to commodity agriculture;
2. Correctly solving the relationships in terms of interests, especially ensuring

the legitimate interests of producers;

3. Expanding democracy and giving prominence to the law; and
4. Reforming, in terms of organization and officers.

Therefore, this Resolution emphasized the development of market mechanisms and re-arranged the order of interests. Previously, the order of priorities was: the social interest – collective interest – individual interest. Now the order was reversed, with the individual interests of laborers on top of the list.

In order to meet the abovementioned requirements, some methods were applied in production organization.

Reforming the State-Owned Farms

By moving the state economic units in agriculture to the self-controlled mechanism, self- supporting business, self-responsibility for loss and profit, it meant abolishing the state subsidy for these units. The Resolution clearly shows that at the end of 1989, a unit which could not evolve would be disbanded or moved to another appropriate ownership. After readjusting the size, the old area of land had to be returned to the local authority in order to be given to another cooperative, household or individual. It was forbidden to extort the cultivated land of farmers to establish the state-owned farms. Hence, the state-owned farms were not subsidized and did not have the privilege of belonging to the state.

Reforming Agricultural Cooperatives

The Resolution clearly defined cooperatives and producing groups:

1. As the voluntary economic organization of farmers;
2. As operating according to the principle of self-control, and self-responsible for production efficiency; and
3. As having legal status, equal before the law with other economic units.

Therefore, "apart from the task of paying tax, the trade relationship between cooperatives, producing groups and the state economic organizations is an equal relationship that satisfies both buyers and sellers."

Defining the position of cooperatives was important because, previously, the principle of voluntary and democracy was violated. Because the State wanted to rapidly construct cooperatives in large sizes, the State had taken many compelling measures. Cooperatives and farmers had to accept the downward management.

In terms of the contracting system and the income distribution system in cooperatives, the Resolution aimed at pursuing the following:

1. To continue implementing the product contracting system to the group of households and farmers' households. In cultivation, the contracting system was basically given to households or cooperative members' households. Hence, this is the first time that the household has been considered a basic economic unit of the agricultural economy in rural areas;

2. To readjust the area of contracted land and to ensure that the contractors can cultivate in an appropriate and suitable area for 15 years, the contracted amount is stable for 5 years. The contracted time is stable and longer;

3. It is not necessary to assign farmers to do three steps (cultivating, caring and harvesting), but maybe much more. The farmer household is ensured to get more than 40% of the contracted output. Management regulation is eased;

4. To carry out the distribution principle according to the work and contribution of cooperative members and to overcome the egalitarianism and subsidy situation. Previously, the distribution in cooperatives was carried out only according to the work, disregarding other elements, such as capital; and

5. To encourage the state servants and cooperative members to improve the household economy.

The Private Economy in Agriculture

1. The State recognized the long-term existence and positive effects of the private economy; acknowledged the legal status, ensured the equal right in interests and obligations in laws of the private economic units. All false ideas about the private economy were abolished.

2. If private households changed wasteland into cultivated land, they have the right to use the land for 15-20 years and are given the right to use it continuously until the next generation.

3. Private households and private companies have the right to employ according to the requirement of production development and the labor law of the State.

4. Excluding the products which must pay tax, private households have the right to sell their products freely in any area where they can get profits.

In conclusion, Resolution No. 10 NQ/TW basically defined the new principles of the agricultural economic management, thus it considers the farmer household as

a local economic unit of agriculture; the farmers have the right to do business and produce; and besides the task of paying tax, the type of relationship between farmers and the State and other economic organizations is the market relationship. Therefore, Resolution No. 10 NQ/TW had liberalized all ties for farmers and encouraged them to produce. Consequently, after one year (1989), Vietnam became a rice exporter. The rice output in 1988 increased by two million tons (equal to 13%), as compared to 1987. In 1989, the rice output was up by nearly two million tons (equal to 12%), as compared to 1988, when the average food per capita increased by 9.3%, as compared to 1987; in 1989, it increased by 8%, as compared to 1988. Vietnam exported 1.4 million tons of rice for the first time in 1989. This was higher than the previous average annual imported amount.

Laws Related to Land

The *Doi moi* process from 1986 is the period when the State strengthened management by laws, firstly through the promulgation of laws. Regarding the *doi moi* process in agricultural policies, the promulgation of laws related to land, in general, and to agricultural land, in particular, is very meaningful and completely regarded as an important landmark in the *doi moi* process. There are important laws related to the use of agricultural land.

The Law on Land

The Law on Land was first approved by the National Assembly of the Socialist Republic of Vietnam in July 1993. The Law stipulates that land is a very precious national natural resource. Clause 1 of the Law on Land stipulates that: "Land belongs to the people's ownership controlled by the State." The State allocates land to organizations, households and individuals, to use stably in the long term. The State also leases the land to organizations, households and individuals.

Clause 3 stipulates the right of land users. "Households, individuals who are allocated land have the right to assign, to transfer, to lease, to inherit and to mortgage the land use right." With five rights, the land use right is now more liberal than before. However, there is not the right of (private) ownership. This is really a very important point in the policies on land management, in general, and on agricultural land, in particular.

Clause 44 specifies that: "The annual growing land limit of each household is not over 3 ha."

Before its implementation, the Law on Land was amended once and expanded, with the view to concretize and to facilitate implementation in December 1998.

The Law on Tax for Agricultural Land Use

The Law on Tax for Agricultural Land Use was also approved by the National Assembly at the same time as the Law on Land (in July 1993), with the view to use agricultural land effectively, and to ensure the equality in the contribution of land users into the State's budget.

The law stipulates that all organizations and individuals that use land in agricultural production have to pay tax on agricultural land use. Households who are given the land use right, but do not use land, still have to pay agricultural land tax.

The basis of calculating tax for agricultural land use includes:

1. Area (small and large sizes);
2. Kinds of land (6 kinds broadly distinguished into good or bad); and
3. The tax rate is fixed by kg. of rice per one unit of area of each land kind. Clause 9 of the Tax for Agricultural Land Use tabulates the one year tax rates according to kg. of rice per ha. of each land kind as shown in Tables 6 and 7.

Table 6. Tax Rates for the yearly-growing land

Land kinds	Tax Rates
1	550
2	400
3	370
4	280
5	180
6	50

Table 7. Tax Rates for the long-term-growing land

Land kinds	Tax Rates
1	650
2	550
3	400
4	200
5	80

Clause 17 specifies that the tax on agricultural land use must be calculated in rice, and paid in cash. The price of rice for tax purposes is regulated by the Provincial

and City People's Committee, but it is not allowed to be lower than 10% in comparison to the market price in localities during the tax collecting season. The law also stipulates tax reduction and exemption of the agricultural land use in each cases as natural disasters damaging the agricultural production.

The Law on the Tax on Land Use Right Transfer

The Law on the Tax on Land Use Right Transfer was approved by the National Assembly for the first time in June 1994 and amended in December 1999. The Law on the Tax on Land Use Right Transfer mainly aims at strengthening land management and increasing the budget revenue, so it very strictly imposes a very high tax rate in order to restrain the land transfer. Regarding the land for agricultural production, the tax rate of land transfer is 20% (of the transfer value) and regarding the nonagricultural land, the tax rate is 40%. With such a strict management, in reality, there appears to be a popular trend that people transfer their land without the approving tax agencies. Hence, the State cannot manage the land transfer and cannot collect tax. Facing such a situation, the Law on the Tax on Land Use Right Transfer was amended, with the view to make the situation of land "black market" transparent by reducing the tax rate and regulating in detail those who are subject to tax payment and those who are subject to tax exemption. For those who are subject to tax payment, the tax rate is 10 times lower. This means the tax rate for agricultural land is only 2%, while the tax rate for residential land and construction land is 4%.

The abovementioned laws and measures are the most important milestones in the renovation of agricultural development policies. Obviously, the development of agricultural production is not only affected by the policies but is also the common result of the comprehensive renovation direction of the economic mechanism in general. However, the abovementioned renovation of agricultural policies has a strong impact on agricultural development and has a great contribution to the recovery and growth of the whole economy.

The Performance of *Doi moi* in Agriculture

The Economic Growth

Under the influence of the reform policies in the economy, in general, and in agriculture, in particular, Vietnam's agriculture has experienced an unprecedented growth period. As reflected in Table 8, since 1989, the average GDP growth rate in agriculture (Sector I) has been 4.3% per year, with 1992 having a very high growth rate of 7.08%. The rather high agricultural growth rate had an important contribution to the common growth of the whole economy, reaching an average of 7.2% annually

Table 8. The Economic Growth, Population and Inflation of Vietnam 1986-1996 (%)

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
GDP	2.33	3.64	5.98	4.69	5.10	5.96	8.65	8.07	8.84	9.54	9.34
Sector I	2.39	-0.52	3.94	6.77	1.57	2.17	7.08	3.82	3.92	4.95	4.40
Sector II	10.28	9.15	5.29	-2.81	2.87	9.04	14.03	13.13	14.02	13.30	14.85
Sector III	-2.83	5.25	9.09	7.61	10.81	8.26	6.98	9.19	10.20	10.03	9.29
Population	2.06	2.19	2.04	1.64	2.25	2.33	2.41	2.33	2.10	2.00	1.90
Inflation	774.7	223.1	393.8	34.7	67.1	67.5	17.5	5.2	14.4	12.7	4.5

Source: Annual Statistical Yearbooks.

in the same time frame. The growth of services and industry decreased but the rather high growth of agriculture kept the economy from decreasing sharply.

The following are some statistical data reflecting the growth rate of subsectors in agricultural production over the recent decades:

Rice Production

Rice production is an industry with the most important role in Vietnam's agricultural production. Table 9 shows that rice output in over 15 years of *doi moi* doubled; the area increased 1.3 times; rice productivity increased over 1.4 times; and the average food per capita increased by 34%. The growth in rice output is very important to the issue of food security for a nation of nearly 80 million people where the majority are farmers. Moreover, Vietnam's history of fighting made people suffer from famine.

Industry Crops

Many kinds of industry crops have gained high growth rate. Based on the fact that the problem of food was solved, people had favorable conditions to improve other non-food crops. Table 10 shows that in the period from 1990 to 1998, the growth rate of coffee increased three times, rubber growth rate increased 3.5 times and tea, 1.8 times.

Stabilizing Socioeconomic Life

Food and food supply resources are secured much better, so the socioeconomic life is stable. This means a lot to the reform process. This is also an achievement of Vietnam in comparison with other transitional economies. There is no shortage of

Table 9. Vietnam's Rice Production from 1975 to 1998

Year	Rice output (000 tons)	Area of Rice growing land (000 ha.)	Rice productivity (Tons / ha.)	The average food (kg. per capita)
1975	10,293.6	4,855.9	2.12	240.6
1976	11,827.2	5,297.3	2.23	274.4
1977	10,597.1	5,487.7	1.94	250.1
1978	9,789.9	5,426.5	1.79	238.5
1979	11,362.9	5,458.2	2.07	266.5
1980	11,647.4	5,600.2	2.08	268.2
1981	12,425.2	5,651.9	2.20	272.8
1982	14,390.2	5,711.3	2.52	299.6
1983	14,743.3	5,611.0	2.63	296.1
1984	15,505.6	5,675.0	2.73	302.9
1985	15,874.8	5,703.9	2.78	304.0
1986	16,002.9	5,688.5	2.81	300.8
1987	15,102.6	5,588.5	2.70	280.8
1988	17,000.0	5,726.4	2.97	307.3
1989	18,996.3	5,895.8	3.23	332.2
1990	19,225.2	6,027.7	3.19	324.4
1991	19,621.9	6,302.7	3.11	324.9
1992	21,590.3	6,475.4	3.33	348.9
1993	22,836.5	6,559.4	3.48	359.0
1994	23,528.2	6,598.6	3.56	360.9
1995	24,963.7	6,765.6	3.69	372.8
1996	26,396.7	7,003.8	3.77	387.7
1997	27,523.9	7,099.7	3.88	399.1
1998	29,141.7	7,362.4	3.96	407.9
1999	31,400.0			
2000	32,700.0			

consumption products, especially of food. The price of agricultural and food products is stable, providing great contribution to curb and to stop inflation. The life of the majority of farmers has improved. Not only is the income of farmer households improved but the agricultural infrastructure and the indices of social development and human development have also improved. For instance, in 1998, 93% of the communes had roads leading to the central commune. Seventy percent of the communes had electric power to use; nearly 80% had telephones; 60% had rural

Table 10. Cultivation Products (000 tons)

	1990	1991	1992	1993	1994	1995	1996	1997	1998
Food crop	21,489	21,990	24,215	25,502	26,199	27,571	29,218	30,618	31,854
Paddy	19,225	19,622	21,590	22,837	23,528	24,964	26,397	27,524	29,142
Spring paddy	7,846	6,788	9,153	9,036	10,504	10,737	12,210	13,310	13,560
Summer paddy	4,110	4,718	4,910	5,633	5,630	6,501	6,879	6,638	7,523
Winter paddy	7,269	8,116	7,527	8,168	7,395	7,726	7,309	7,576	8,060
Other cereals	2,263	2,368	2,624	2,665	2,670	2,607	2,821	3,094	2,712
Maize	671	672	748	882	1,144	1,177	1,538	1,651	1,612
Sweet potatoes	1,929	2,137	2,593	2,405	1,906	1,685	1,697	1,691	1,517
Cassava	2,276	2,455	2,568	2,450	2,358	2,190	2,067	2,403	1,783
Vegetable						4,186	4,707	4,970	5,150
Beans						128	134	151	144
Annual Industrial Crops									
Cotton	3.1	8.3	12.8	5.2	8.7	17.9	11.2	14.0	20.7
Jute	23.8	25.3	25.7	23.4	12.8	14.8	15.0	22.3	18.6
Rush	63.6	54.4	77.2	69.5	69.1	75.6	55.0	80.9	67.0
Sugar-cane	5,398	6,131	6,437	6,083	7,750	10,701	11,430	11,921	13,844
Peanut	213.1	234.8	226.7	259.3	294.4	334.5	357.6	351.3	386.0
Soybean	86.6	80.0	80.0	105.7	124.5	125.5	113.8	113.0	141.3
Tobacco	21.8	36.2	27.3	20.3	21.7	27.7	23.5	27.2	31.7
Perennial Industrial Crops									
Tea	32.2	33.1	36.2	37.7	37.8	36.2	46.8	52.2	52.4
Coffee	92.0	100.0	119.0	136.0	180.0	218.1	254.2	294.6	272.9
Rubber	57.9	64.6	67.0	96.9	128.8	122.7	142.5	185.7	199.7
Pepers	8.6	8.9	7.8	74.0	8.9	9.3	10.5	13.1	13.6
Coconut	894.4	1,052.5	1,139.8	1,184.0	1,078.2	1,165.3	1,315.8	1,317.6	1,271.4
Cashew	23,730					50,585	59,144	66,905	53,251
Orange, Lemon & Mandarin						362,349	491,504	404,853	378,957
Banana (Mill. tons)						1,061	1,263	1,316	1,315
Longan, Rambutan Litchi						223,273	289,949	405,225	397,097

Table 11. Animal Husbandry Products

	1990	1991	1992	1993	1994	1995	1996	1997	1998
Livestock & Poultry (000 heads)									
Buffaloes	2,854.1	2,858.6	2,886.5	2,960.8	2,977.3	2,962.8	2,953.9	2,943.6	2,951.4
Work Buff.	1,938.4	1,957.2	2,000.4	2,065.4	2,076.3	2,065.3	2,036.3	2,060.8	2.018.5
Cattle	3,116.9	3,135.6	3,201.8	3,333.0	3,466.8	3,638.9	3,888.0	3,904.8	3,984.2
Work Catt.	1,420.8	1,410.8	1,435.8	1,508.1	1,590.0	1,632.3	1,646.9	1,626.1	1,607.6
Pigs	12,261	12,194	13,892	14,874	15,588	16,306	16,922	17,636	18,132
Sow Pigs	1,572.1	1,508.4	1,809.9	2,015.7	2,182.1	2,198.3	2,248.5	2,515.7	2,602.3
Poultry	98,249	108,990	124,460	133,393	137,793	142,069	151,402	160,550	166,382
Gross weight ('000 tons)									
Pigs	728.9					1,011.4	1,080.0	1,154.2	1,228.0
Cattle	53,200					64,548	70,075	71,797	83,154
Buffaloes	31,426					37,330	49,287	50,856	44,601
Poultry	151.7					196.7	213.0	226.1	239.2
Eggs. (mill.)	1,817					2,666	3,084	3,169	3,227

Table 12. Aquatic Products (000 tons)

	1990	1995	1996	1997	1998
Gross output of fishery	**890,587**	**1,584,361**	**1,701,002**	**1,730,432**	**1,755,500**
Gross output of capture fishery	728,511	1,195,292	1,277,964	1,315,838	1,335,715
Gross output of aquaculture	162,076	389,069	423,038	414,594	419,785
Gross output of fish	**779,151**	**1,084,939**	**1,223,644**	**1,276,325**	**1,320,161**
Gross output of capture fish	649,821	875,797	967,685	997,001	1,031,881
Gross output of fish culture	129,330	209,142	255,959	279,324	288,281
Gross output of shrimps	**96,511**	**138,351**	**135,916**	**147,700**	**155,417**
Gross output of capture shrimps	63,765	82,758	86,166	98,401	99,359
Gross output of shrimps culture	32,746	55,593	49,749	49,298	56,058

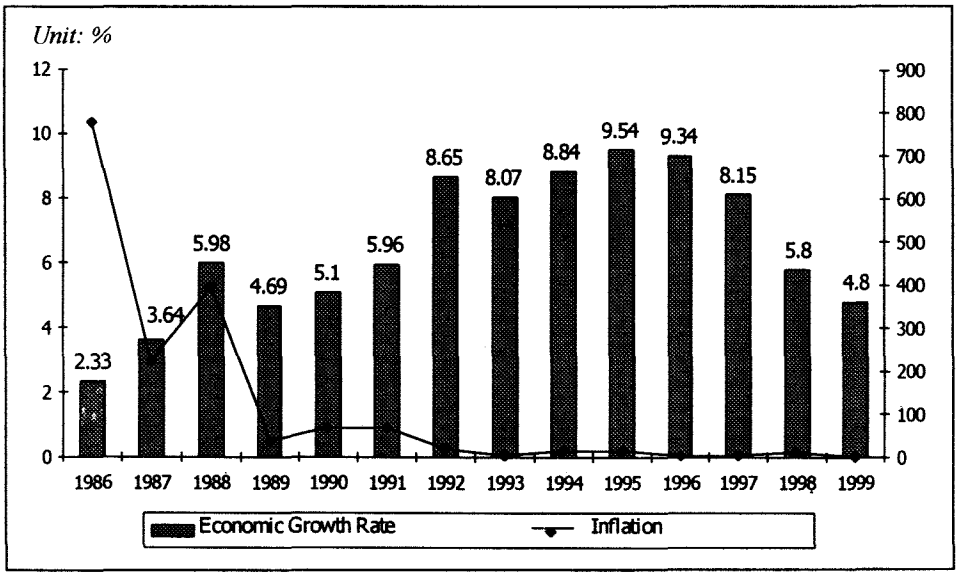
markets; nearly 100% had elementary schools; 87% had high schools; 98% had healthcare centers; and 36% of the rural population had fresh water to use. The average longevity increased from 65 years in 1990 to 67 years in 1999. The malnutrition rate of children under five years old dropped from 51% in 1993 to 34% in 1998. The rate of poor households also sharply decreased and was regarded by the world as an achievement.

Table 13. The Total Amount of Retail Goods and Turnover of Services from 1990 to 1996 Classified in Economic Sectors (billion dong, the current price)

	Total	Inflation Price (%)	Rate Increase (%)	Of which		
				State	Collective	Private
1990	19,031.2	67.1	-	5,788.7	519.2	12,723.3
1991	33,403.6	67.5	75.5	9,000.8	662.4	23,740.4
1992	51,214.5	17.5	53.3	12,370.6	563.7	38,280.2
1993	67,273.3	5.2	31.4	14,650.0	612.0	52,011.3
1994	93,490.0	14.4	39.0	21,556.0	753.0	69,590.0
1995	12,160.0	12.7	29.6	27,367.0	1,060.0	90,313.0
1996	145,874.0	4.5	20.4	31,123.0	1,358.0	108,903.0

Source: Yearly Statistical Book 1998, p.264.

Figure 2. The Situation of Economic Growth and Inflation in Vietnam from 1986 to 1999



Rural-agricultural Economic Structural Movement

The economic structural movement in the macroeconomy, in general, and in agriculture, in particular, is regarded as one of the main contents of the industrialization process. The stable food production growth has opened development opportunity for industry crops, animal husbandry and aquatic resources as shown

Figure 3. The Economic Growth Population and Inflation (at 1989 constant prices)

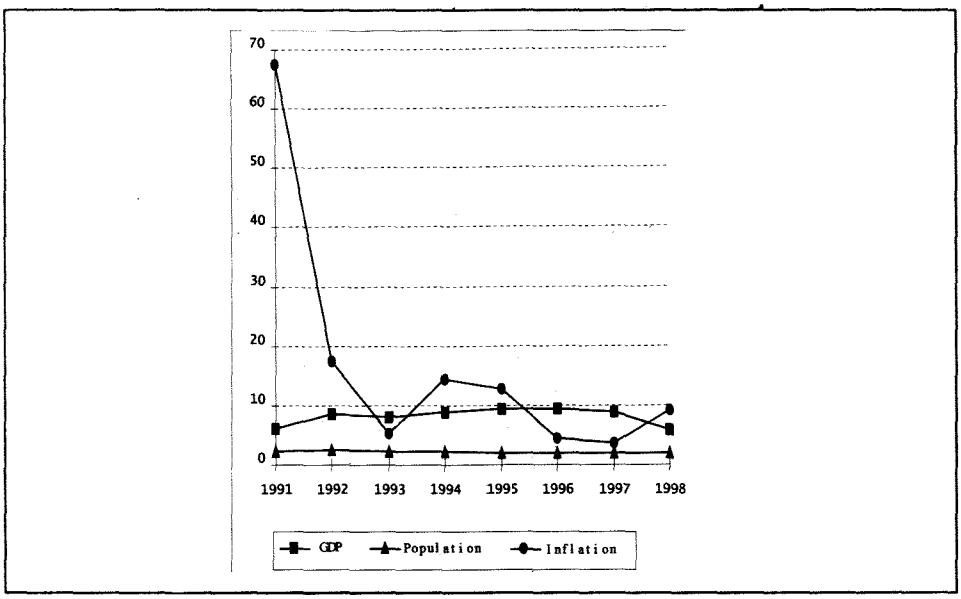


Table 14. GDP Structure in Areas from 1980 to 1999 (The current price; Unit: %)

Year	Agriculture, forestry and fishery	Industry and Construction	Trade-Service
1985	40.17	27.35	32.48
1986	38.06	28.88	33.06
1987	40.56	28.36	31.08
1988	46.30	23.96	29.74
1989	42.07	22.94	34.99
1990	38.74	22.67	38.59
1991	40.49	23.79	35.72
1992	33.94	27.26	38.80
1993	29.87	28.90	41.23
1994	27.43	28.87	43.70
1995	27.18	28.76	44.06
1996	27.76	29.73	42.51
1997	25.77	32.08	42.15
1998	25.78	32.49	41.73
1999 es.	25.43	34.49	40.08

Source: Yearly Statistical Book 1989, 1994, 1999. Statistic Publishing House, Hanoi 1990, 1995

Table 15. The Labor Structure by the Sectors (%)

	86	87	88	89	90	91	92	93	94	95	96	97	98
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Sector I	72.9	73.0	72.5	72.2	72.3	72.6	72.9	73.0	72.8	69.7	69.2	68.8	68
Sector II	13.9	13.8	14.1	13.9	13.9	13.6	13.4	13.4	13.6	13.2	12.9	12.9	12
Sector III	12.6	12.7	12.9	13.3	13.1	13.1	12.9	12.9	12.9	17.0	17.8	18.7	19

Source: Annual Statistical Yearbook.

in Tables 11 and 12. Meanwhile, the growth of agriculture has created favorable conditions for the development of nonagricultural industries in rural areas. Table 13 presents the total amount of retail goods and turnover of services from 1990 to 1996 while Tables 14 and 15 show the agricultural structural movement in the whole economy.

Exports

In the early period of the industrialization process, agricultural products had a remarkable position in the resources of export goods. In Vietnam, the proportion of this industry accounted for nearly 50% in the early years of the 1990s. Recently, the proportion decreased because of the development of processing industries, but it still accounted for 37% in 1998 (See Table 16).

Table 16. Export Goods Structure of Vietnam (%)

	1994	1995	1996	1997	1998
Total export value	100	100	100	100	100
Of which:					
Agricultural, forestry and fishery products	48.0	46.3	42.3	37.0	37.1
Processing industry	23.1	28.4	29.0	37.1	38.7
Exploiting (sic) industry	28.8	25.3	28.7	25.3	24.2
Other Products	0.1	0.3	0.0	0.6	0.0

In the export of agricultural products, the position of rice is presented in Tables 17 and 18.

With the proportion of about 10% of the total export value, rice and crude oil (and then aquatic products) are still the key export goods of Vietnam, and perhaps this position will prevail in the future.

Table 17. The Quantity and Export Turnover of Rice in Vietnam from 1989 to 1999

Year	Quantity (million tons)		Turnover (million US$)	
	Quantity	Growth (%)	Turnover	Growth (%)
1989	1.425	-	321.8	-
1990	1.624	14.0	310.4	-3.4
1991	1.033	-36.4	234.5	-22.5
1992	1.946	88.4	418.4	78.4
1993	1.726	-11.2	362.9	-13.3
1994	2.040	18.1	449.5	23.9
1995	2.044	0.2	546.8	21.6
1996	3.020	47.8	854.6	56.3
1997	3.550	17.6	885.0	3.5
1998	3.800	7.0	1,100.0	24.3
1999	4.500	18.4	1,020.0	-7.3

Table 18. The Quantity of Export Rice of Vietnam Compared with the World and the Rice Export Turnover Compared with the total Export Turnover of Vietnam from 1989 to 1999

Year	Quantity (million tons)			Turnover (million US$)		
	Vietnam	World	Rate (%)	Rice export turnover	Total export turnover	The rate of export rice per total export turnover
1989	1.425	13.9	10.1	321.8	1,946.0	16.5
1990	1.624	11.4	14.0	310.4	2,404.0	12.9
1991	1.033	12.1	8.5	234.5	2,087.1	11.2
1992	1.946	14.1	14.2	418.4	2,580.7	16.2
1993	1.726	15.1	11.9	362.9	2,985.2	12.2
1994	2.040	16.7	13.2	449.5	4.054.3	11.1
1995	2.044	21.0	11.0	546.8	5,448.9	10.0
1996	3.020	21.0	11.0	546.8	5,448.9	10.0
1997	3.550	18.5	18.7	885.0	9,185.0	9.6
1998	3.800	-	14.5	1,100.0	9,361.0	11.8
1999	4.500	-	-	1,020.0	11,540.0	8.8

Moving to the Market Economy

The structure of economic sectors in 1995-1996 is reflected in Table 19. Being a transitional economy, the reform policies in agriculture are relevant to the movement in the market economy in Vietnam. In agriculture, as well as the whole economy in general, all forms of ownership are encouraged to develop. Totally unlike the centrally-planned mechanism in which only two forms of ownership existed, which were the communal (state) ownership and collective (cooperative) ownership, in the transitional economy, not only are the forms of ownership diversified but the

Table 19. The Structure of Economic Sectors in GDP (%)

	1995	1996
Total	100.0	100.0
The State economy	37.54	38.13
Collective economy	10.80	10.23
Private economy	3.07	3.34
Individual economy	37.59	36.82
Mixed economy	4.43	4.21
Foreign invested economy	6.58	7.27

Source: Yearly Statistical Book 1999, The Statistic Publishing House, Hanoi 1998, p.27

proportion of the private sector and the household is rather large, especially in agriculture.

We have briefly reviewed the reform process in the agricultural development policies of Vietnam. Basically, it started from the initiative of people at the local levels, was accepted by the senior level and was carried out experimentally, then was expanded. Therefore, it was carried out from "bottom-up" and through a step-by-step approach.

The agricultural policy reform is not separate from the comprehensive reform of the whole economy. This means the agricultural reform is in the framework, moving to the market economy and door-opening economy. This process has brought about a period of an unprecedented high growth rate for agriculture. It can be said that thanks to the movement in the market and the door-opening economy. Agriculture, in particular, and the whole economy, in general, have gained high growth rates. On the contrary, the high economic growth rate hastened the moving process to the market economy, making it more stable and heading to an irrreversible trend.

The Continuing Problems of *Doi moi* in Agriculture in Vietnam at Present

During the recent *doi moi* process, Vietnam's agriculture has gained a high growth rate, making some important contributions to the growth rate of the whole economy, to the export economy for foreign currency reserve, to the sufficient food supply for the whole of society, to the increase in the farmers' income, to the poverty reduction and hunger elimination and to the creation of a new rural face. But the *doi moi* process has not yet been finalized. At present and in the long run, agriculture is still a producing industry with an important role in Vietnam's economy. Although

in the coming decades, the rural areas will be the places of residence for the majority of the people, agriculture will still create jobs for the majority of society's labor force. Hence, building a sound agricultural development strategy (high and sustainable growth) is a vital problem in Vietnam's economic strategies.

Which problem is the continuing agricultural reform process in Vietnam now facing? Can the recent reform policies maintain the driving force for the next growth?

It may be observed that the growth of Vietnam's agriculture over recent years is unprecedented when compared to the stagnation and crisis before the *doi moi* process. But there are at least two reasons why we are not satisfied with the recent situation. Firstly, it is the backward situation of the whole economy, in general, and agriculture, in particular, in comparison to the development of the world. Secondly, it is the incompleteness of the market economic mechanism. With the two aforesaid problems, the continuing development of Vietnam's agriculture is facing a lot of great challenges. The following discussions talk about some obstacles in the reform and development of Vietnam's contemporary agriculture.

Low Agricultural Labor Productivity and Low Diversification Level

Agriculture accounts for 25% of GDP, but attracts nearly 70% of society's labor force. This means labor productivity in agriculture is low. Moreover, basically 70% of society's labor force sharing 25% of the total GDP of a poor country (the average GDP per capita of Vietnam was about 350 US$ in 1999) proves that the income of farmers is very low and the income difference in society tends to increase.

In agricultural production, rice production is still paramount. The agricultural structure generally changed little over the last decade of reform. Table 20 shows that over the last decade, the crop growing industry still accounted for 68-69%, animal husbandry accounted for 14%, fishery accounted for 10% and forestry

Table 20. Agricultural Production Structure (%, at 1994 constant prices)

	1990	1991	1992	1993	1994	1995	1996
Agricultural, Forestry & Fishing	**100**	**100**	**100**	**100**	**100**	**100**	**100**
Agriculture	**85**	**85**	**85**	**85**	**85**	**85**	**85**
Cultivation	68	68	68	68	68	68	68
Livestock	14	14	14	14	15	14	14
Agricultural Services	3	3	3	3	3	3	2
Forestry	**5**	**5**	**5**	**5**	**5**	**5**	**5**
Fishing	**10**	**10**	**10**	**10**	**10**	**10**	**10**

Source: Annual Statistical Yearbooks.

Table 21. Composition of Agricultural Exports

	1990	1991	1992	1993	1994	1995
Agricultural Exports ($ Million)	**1,106**	**1,089**	**1,276**	**1,444**	**1,948**	**2,521**
Total (%)	100	100	100	100	100	100
Rice	27	22	25	25	22	20
Coffee	7	7	8	8	17	23
Rubber	5	5	5	5	7	8
Tea	1	1	1	2	1	1
Cashew	2	2	3	3	4	4
Pepper	1	2	1	1	1	3
Fruits and Vegetables	5	3	3	2	1	2
Fishery products	22	26	24	30	28	25
Others	29	33	30	25	18	14

accounted for 4-5% of the total GDP in agriculture. Rice production is still a producing industry with a remarkable position as the main source of income for the majority of the people, with 60% of the area of cultivated land and accounting for nearly 30% of the agricultural product export value. Moreover, the increase or decrease in rice output (rice bumper crop or poor crop) always coincides with the increase or decrease in agricultural growth. Therefore, the role of rice production is important in Vietnamese economy.

The structure of export agricultural products is also the same. The total export turnover of agricultural products increased four times in the 1990s, but rice and aquatic products are two main export products, with each kind accounting for 20-30% and mostly constant (See Table 21).

Land Shortage and the Natural Environment

Agricultural land for the agricultural population is decreasing, with the average area per capita at only 0.14 ha. Land in the Red River Delta is much less, nearly equal to 1/2 of the average of 0.06 ha. in the whole country (see Table 22). Contracting out the land for households in villages made the size of cultivable land small. Land storing up faced a lot of difficulties so it increased the costs of labor, mechanization as well as water for irrigation. Besides, land disputes have appeared for many reasons, leading to the instability in society.

The problem of the natural environment being destroyed is also a difficulty in the maintenance of a sustainable growth in agriculture. Apart from the damages of natural disasters (storms, floods, droughts), the over-exploitation of watershed forests

Table 22. The Area of Agricultural Land

	Rural population in 1998 (000 people)	Area of agricultural land in 1997 (000 ha.)	Area of agricultural land/ rural population (ha./person)
The whole country	57,989.0	7,843	0.14
The Red River Delta	11,610.4	672	0.06
The Eastern North	9,050.3	909	0.10
The Western North	1,909.4	316	0.17
The Northern Central	8,714.8	681	0.08
Central Coastal Area	4,748.5	437	0.09
Central Highland	2,287.7	668	0.29
The Eastern South	6,351.3	1,526	0.24
The Mekong River Delta	13,316.6	2,632	0.20

Source: Calculated according to the Yearly Statistical Book

makes the environmental degradation more serious. The forest coverage of Vietnam is only more than 30%, while "wasteland and bare hill" are also about more than 30% of the total land area nationwide (see Table 23). The forest coverage is much lower than the needed security level of tropical forests (about more than 45%).

There are many causes of deforestation (mainly in the Northern mountainous area and Tay Nguyen):

1. Expanding agricultural land. Previously, burning forests for farms to grow food plants in was partly carried out by a group of ethnic minority people

Table 23. Land Structure (1999)

Land kinds	Area (000 ha.)	%
Total	33,104.0	100.0
Yearly plant growing land	5,665.0	17.1
Long term plant growing land	1,527.5	4.6
The area of water surface for aquaculture	498.6	1.5
Natural Forest	9,029.6	27.3
Artificial forest	1,536.3	4.6
Natural reserve preservation	2,300.0	6.9
Marsh	168.2	0.5
Unused land (wasteland and bare hill)	10,718.5	32.4
Urban land	63.0	0.2
Other land	1,607.3	4.9

in the localities. A great number of these people lead a nomadic farming and a nomadic life. The deforestation was also caused by a group of people who migrated from the lowlands to mountainous areas (especially from the Red River Delta). Behind the migration, expanding agricultural land was a self-sufficient policy in the context of serious food shortage before the *doi moi* process. However, forest land is now increasingly used to grow industry crops (*e.g.* coffee, rubber, pepper).

2. The exploitation of wood and firewood. Previously, the exploitation of commercial wood was one of the important reasons for the decrease of forest areas. However, since 1991, it is forbidden to export wood from Vietnam and the policy on forest door-closing has been carried out. Since exploitation of commercial wood has been considerably reduced, deforestation has also been reduced. For local inhabitants, the gathering of firewood is the usual reason for deforestation. According to the assessment of WB, forest areas are destroyed six times more because of fire-wood gathering than commercial wood exploitation. The WB research in 1996 shows that forest areas are destroyed because of: forest fire of 17,000 ha. (2.2%); burning forest for nomadic farming of 180,000 ha. (23.8%); the commercial wood exploitation of 78,000 ha. (10.3%) and the firewood gathering of 482,000 ha. (63.7%).

3. Forest fire Forest fires seldom happen in Vietnam like in many countries. But from 1991 to 1995, an average of over 26,000 ha. was destroyed per year. That means that this figure doubles the one given by WB in 1996. One effect of forest fire is the loss of watershed forests which can damage the environment. In recent years, Vietnam has experienced many floods during the rainy season, and serious droughts during the dry season. The soil is retrograded because of the erosion, and salination in coastal areas has happened. Reforestation is very costly, hence, the program to recover the forest coverage cannot be easily undertaken.

Surplus Labor

The pressure of unemployment is now one of the serious problems in Vietnam. Being an agricultural country with narrow land and a crowded population, the problem of employment first appears in the agricultural and rural sectors. In recent years, the natural population growth rate has decreased, from over 2% in 1995 to 1.8% in the period between 1997 and 1999 (see Table 8) but it is higher than that of other countries in the world. Now there are about one million people joining the labor force annually, with the majority of them in the agricultural and rural sector. While the ability to attract the labor of the industrial and service sectors is limited,

some of the laborers who are retrenched by the industrial and service sectors usually join the labor force of the rural sector. Thus the proportion of agricultural labor basically changes just a little. The proportion of the agricultural sector was 72.9% in 1986 and 68.2% in 1988 (see Table 15), which means that in 13 years, it decreased only by 4.7%, with the average decrease of 0.36% annually. The agricultural work is affected by seasonal factors so the average working time in a year for farmers is low (about 70% of the total amount of time).

According to the assessment of the Ministry of Agriculture and Rural Development, there are now 7.26 million redundant laborers in the rural and agricultural sectors (accounting for 27% of the total labor force of this sector). Meanwhile, the unemployment rate of urban areas also increased from 5.9% in 1996 to 7.4%. In terms of labor quality, though Vietnam is a country with low illiteracy rate, the vocational training and skilled labor is at a low level. This restrains the ability of the labor force to migrate out of the agricultural sector. Hence, the pressure on the employment and redundant labor of the agriculture and rural areas is great.

Poor Production Technology

Nowadays, science-technology develops rapidly and has a special role in the development of social production, in general, and of agriculture, in particular. For agriculture, modern technology includes both before and after harvesting. Fundamentally, science-technology is important to the development in Vietnam. Actually, Vietnam's agricultural development achievement in recent time is due to great contribution of science-technology. In the field of agricultural research managed by the Ministry of Agriculture and Rural Development, there are 24 Institutes and in all areas, there are colleges of agriculture or departments of agriculture in the colleges.

In fact, Vietnam is one of the countries which successfully carried out the "green revolution" in agricultural production. Many new kinds or breeds of rice, corn, vegetables and fruits, industry crops as well as chickens, ducks, pigs, and cattles which were created by cross-breeding or imported due to high productivity and good quality are popularly used in Vietnam.

The advanced cultivation, such as the use of chemical fertilizers, water drainage and plant protection, according to the guidelines of agriculturists, also became a regular and popular activity in villages. Regrettably, there are, at present, no reliable quantitative calculations on the contribution of science-technology to agricultural growth.

However, in comparison with the development level of agricultural production and the science-technology of other regional countries, Vietnam's development level is very low. This has a strong effect on the growth ability of Vietnam's export-led agriculture in terms of low productivity and poor product quality.

Most of the investments for the agricultural science-technology are concentrated on rice growing and some are for corn and other breeds of poultry. Other kinds of crops, such as industry crops, oil-plants, fiber-plants, fruits and cattle are not given due attention. The investment for the research of agricultural science-technology reaches only 0.1% of the agriculture's GDP. The rate of Thailand is 1.4%, which is 14 times higher than Vietnam's rate. Moreover, the investment for services before and after agricultural production (providing material for agriculture and agricultural product processing) is low and less developed.

Table 24. The Total Amount of Retail Goods and Turnover of Services from 1990 to 1996 Classified in Economic Sectors (billion dong, the current price)

	1995	1996	1997	1998	Estimation 1999
Total	68,047.8	79,367.4	96,870.4	96,400.0	103,900.0
1. **The State's capital**	26,047.8	35,894.4	46,570.4	51,000.0	64,000.0
a. State budget capital	13,575.0	16,544.2	20,570.4	20,700.0	26,000.0
b. Credit capital	3,064.0	8,280.2	12,700.0	14,800.0	19,000.0
c. Capital of Enterprises	9,408.8	11,070.3	13,300.0	16,100.0	19,000.00
2. **Non-state capital**	20,000.0	20,773.0	20,000.0	20,500.0	21,000.0
3. **FDI**	22,000.0	22,700.0	30,300.0	24,300.0	18,900.0
The structure (%)					
Total	100.0	100.0	100.0	100.0	100.0
1. **The State's capital**	38.3	45.2	48.1	53.5	61.6
a. State budget capital	19.9	20.8	21.2	21.5	25.0
b. Credit capital	4.5	10.4	13.1	15.4	18.3
c. Capital of Enterprises	13.8	13.9	13.7	16.7	18.3
2. **Non-state capital**	29.4	26.2	20.6	21.3	20.2
3. **FDI**	32.2	28.6	31.2	25.2	18.2
The social investment rate compared with GDP (%)					
	29.7	29.2	30.9	26.7	26.0
Coefficient ICOR (*times*)					
	3.1	3.1	3.8	4.6	5.4

Source: Vietnam Economic Times: Economy 1999-2000, p.9

The Limited Investment Capital Resource

Like other fields, the investment resource for the agricultural development includes three kinds: firstly, the personal investment of farmers (including the equity and loan); secondly, the State investment (usually invested in the infrastructure of agricultural and rural development, as well as other supporting services); and thirdly, the investment of enterprises (including direct foreign investment). Table 24 briefly shows the investment situation and its structure in the whole economy in recent years.

The data in Table 24 show that the total investment capital of the whole society still increases in absolute number (excluding 1998) but there is a sharp decrease in the percentage compared to the GDP in 1998 and 1999. This decrease is due to the absolute quantity of the rapid drop of the FDI, while the domestic investment has not increased. The State capital, of which the state budget capital increased in both absolute and relative numbers, was not enough to compensate for the decrease of the foreign investment sector.

Table 25. The Structure of the State's Investment Capital for Basic Construction in 1997*

	Investment capital (billion dong)	Structure (%)
The State's total investment	46,570.4	100.0
1. Agriculture, fishery and forestry	3,991.2	8.6
2. Mining industry	686.3	1.5
3. Processing industry	6,017.3	12.9
4. Electricity, burning gas and water supply	7,047.3	15.1
5. Construction	936.2	2.0
6. Trade, hotel	2,023.6	4.3
7. Transportation, store and information communication	17,153.5	36.8
8. Education and training	1,534.7	3.3
9. Health care	1,233.9	2.6
10. Other fields of services	5,946.4	12.8

**According to the statistics, the State's investment capital for the basic construction includes three resources: a) the State budget capital; b) the credit and c) the equity of the State-owned enterprises. In the State budget capital, only a portion is invested in basic construction but the total investment capital for basic construction includes a portion of the State credit capital and a portion of capital invested by the State-owned enterprises.*

Source: The Yearly Statistical Book, 1998; p.232.

Most of the investment capital from the State budget and FDI is for nonagricultural industries, so the investment for agricultural production is mainly in the "Non-state capital" of Table 24. In the expenditure structure of the State budget capital, the investment for the agricultural sector accounted for only 8.6% in 1997 (see Table 25). This proves that the total direct foreign capital for agriculture does not increase in the absolute quantity and decreases in proportion.

The constraint of the investment capital for agriculture is mainly due to the major dependence on the investment of farmers who directly join the agricultural production. But the low income has limited the farmers' ability to increase their investment in production. Moreover, the credit and banking system is less developed and the recent lending policies also constrain the farmers' ability to meet the credit and banking system requirements.

The Problem of Poverty in the Rural Areas

One of the most remarkable achievements of the *doi moi* process in recent times in Vietnam is the success in poverty-reduction and hunger-elimination. According to the poverty standard of Vietnam in1996, The Ministry of Labor, War Invalid and Social Affairs reported that:

- Hunger households have an average per capita income of under 13 kg. of rice per month (for the whole country);
- Poor households have an average per capita income of under 15 kg. of rice per month for rural, mountainous and island areas; under 20 kg. of rice per month for flat and midland rural areas; and under 25 kg. of rice per month for urban areas; and
- The rate of poor and hunger households in Vietnam in 1993 was 28%; in 1994, 23.1%; in 1995, 20.3%; and in 1996 it dropped to about 19.3%, covering 2.8 million households (over 13 million people). Of these, about 90% of the poor and hunger households could be found in rural areas, with the average per capita income of 50-60 thousand dong per month (that means about 3.8-4.6 US$ according to the exchange rate of 1US$ equal to 13,000 VND)

The latest report of the government shows that according to this standard, the rate of the poor and hunger households was only 10-11% in 2000. But in 2001, Vietnam will apply a new poverty standard, close to the world's standard, therefore, the rate of the poor and hunger households will be 1.5 times higher.

Hunger and poverty had been much reduced but the difference between people

with the highest income and people with the lowest income tends to increase rapidly. According to the report of MOLISA, the difference in income between 5% of the highest group and 5% of the lowest group is about 20 times, and between 20% of the highest income group with 20% of the lowest income group is about 12 times, perhaps equal to some regional countries like Malaysia and the Philippines.

Apart from the causes of hunger and poverty, which are usually consisting of risk, accident or poor capacity, low knowledge and low education level, the most worrying problem is that the success of the poverty-reduction and hunger-elimination is not sustainable. In other words, the sustainability of the poverty-reduction and hunger-elimination achievements is now at a high level because the capacity for coping with the changing effects from the outside is at a low level, especially by the group of vulnerable people. The factors that easily lead to hunger and poverty include:

1. Natural disasters: Over recent years, like in many parts of the world, Vietnam has suffered from the harshness of the climate. In 1999, the storm and flood caused a serious damage in the Central coastal areas and droughts happened in the North mountainous areas. In 2000, the heavy and long-lasting flood happened again in the Mekong River Delta. The damages caused by the natural disasters are very serious, even sweeping away the efforts in alleviating the poverty of some households over the previous years.

2. Changes in the market price: The price of agricultural products in the market not only tends to decrease but is also very unstable. For example, the data in Table 18 shows that the amount of Vietnam's export rice in 1999 was 0.7 million tons (18.4%), higher than in 1998, but the export value was down to 80 million US$ (-7.3%). The price of other agricultural products like coffee, rubber, and tea is also in the same situation. The uncertainty of the agricultural product price in the world's market helps farmers to have a rather good harvest, even a bumper crop, but the income in money is not much. Therefore, they might eliminate hunger but cannot reduce poverty.

3. The underemployment in rural areas: This is mainly due to the previously mentioned difficulties in redundant labor in the rural sector and the industrial and service sector's very limited ability to attract labor.

In sum, on the threshold of a new development period, Vietnam's agriculture is facing a lot of challenges that need to be overcome in order to gain a high and sustainable growth. The abovementioned difficulties are also main discussion topics in planning the policies on the continuing *doi moi* process of Vietnam's agriculture in the early part of the 21st century.

The Controversial Problems about Agricultural Reform

Since the Instruction No. 100 CT/TW (1981) was issued, the reform process of the agricultural policies has lasted for 20 years. In this period, everything has not taken place smoothly and easily. In the early period of the reform, discussions were held excitedly with the view to overcome the fixed ideas, habits and practices as well as management ways in the centrally-planned mechanism. The serious crisis situation requiring the implementation of the reform created a strong pressure. The pressure from reality has promoted the start of the reform towards the market and door-opening economy.

In conclusion, the reform has brought about great achievements for the economic growth, in general, and for the economy, in particular. However, the problems faced by Vietnam's economy as mentioned above still continuously give new requirements for the reform of agricultural development policies. Some important problems triggering many discussions over the recent years include:

- In the future, what is agriculture's role in the industrialization process? Is agriculture still regarded as "a top front"? Answers to these question are related to many policies, such as the policies on investment and development of industrial and service industries.

- How much rice should Vietnam produce and is it advisable to continue increasing the amount of rice export? There are many ideas necessary to undertake reform in the policies on rice production, such as paying more attention to the rice with high quality, great export value and stable market as well as strenghthening the processing industry. Also, it is not advisable to consider the rice output as the last key objective.

- Being a special agricultural production material, land is usually a problem of great concern which raises a string of questions:

  Is it necessary to retain the current land ceiling, e.g.: 2-3 ha. for the long-term crops, 10 ha. for fishery and 30 ha. for long- term crops/plants and the reforestation?

  Does the present 20-50 years duration of land use right depending on the kind of plants encourage farmers to invest in the intensive cultivation and to enhance the fertility of the soil?

  Farmers are entitled to 5 rights in the land use right: to change, to transfer, to lease, to inherit and to mortgage, but is it fair that they do not have the right to own the land? What source of income other than land can be provided to farmers who transferred their land use right?

- What should be done in order to attack poverty effectively? Is it advisable to set up support in the form of "banks for the poor" with a preferential interest rate (lower than the commercial interest rate and with a short term)?
- What supporting policies should be formulated by the State? Which fields should be paid special attention to in order to promote the effective and sustainable agricultural growth?

The continuing reform of the agricultural policies in Vietnam now faces many problems that need to be studied. More difficult works are still to be done in the *doi moi* process in Vietnam.

III. The Requirements and Direction of the Agricultural Policy Reform in Vietnam

The Requirements of the Continuing Reform of the Agricultural Development Policies

Based on the achievements of *doi moi* process over the years and the forcasted development trends in Vietnam's economy, the requirements of the agricultural policy reform now are:

1. Ensuring the national food safety. This is a critical problem for the stability of an agricultural and populous country. It is estimated that in 2010, Vietnam will have a population of about 90 million people, and the average nutrition level per capita will be up to 2300-2400 Kcalo. per day compared with 1900-2000 Kcalo. per day at present. Food production, therefore, will be one of the basically meaningful fields in agricultural production. The facts on how many to be produced with which plant breeds and animals will have to be continously studied.
2. Exploiting the agricultural products for a high comparative advantage with the view to get the most benefits. This implies the necessity to have a sustained and improved plan for the specialized areas in the whole country. Actually, a plan has been carried out a long time ago, but basically, the weak development of market relations and infrastructure, especially transportation, did not make it last..
3. Developing the export-led agriculture and expanding the world market for agricultural products. In recent years, many kinds of the agricultural products have been abolished due to lack of consuming markets. The expansion of

exports includes such important measures as: strengthening marketing work, market information drive, trade promotion and enhancing the product quality, especially investing much more in science-technology research as well as post-harvest processing.

4. Rural and agricultural modernization coupled with ensuring environmental protection. This is viewed to gradually change the rural appearance towards urbanization. On the one hand, this is an inherent purpose of the agricultural and rural development in the aspects of both economy and society. On the other hand, the rural and agricultural modernization aims at bringing about better living and working conditions for farmers, reducing the pressure of immigration from rural to urban areas.

5. Attacking poverty and improving the life of rural population. The majority of the poor households now are farmers in the rural areas, especially in remote and isolated areas. The direction of the policy reform should be to continue minimizing poverty.

These, theretore are the requirements to build a high and sustainable growth in agriculture, to complete the market mechanisms relating to the world market, to apply a modern cultivation system and to preserve the natural environment.

The Direction of the Policy Reform for Agricultural Development

Nowadays, appropriate policies to address the demands of new situations in the coming years are being formulated and prepared for approval. This year, the Vietnam Communist Party Congress will decide on the common socioeconomic development strategy of the whole country, which will be the basis for implementing and concretizing the macro-economic policies as well as policies on each field of Vietnamese society. These policies shall therefore cover the enforcement and encouragement of trade and marketing, science and technology, local and foreign investment, as well as land reform. There shall also be new and relevant policies on population, job creation, human resource development, poverty reduction and hunger-elimination. Moreover, the government must adhere to the policies for the continuing reform of the State management, for strengthening the agricultural extension and democracy in the localities, and for building new cooperative structures.

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Selected Questions and Answers in the Open Forum

Prof. Ben Lim: Compared to the Vietnamese agricultural reform system, the Chinese Communist Party, upon capturing political power in 1949, immediately embarked Party officials on the land reform policy. I think that similar to Vietnam, the Party officials confiscated the land from the landlords. They did not pay the landlords and then they redistributed the land to the peasants who worked on them. In short, it was given only to those who tilled the land. However, there was a problem: that there were so many peasants but there was so little land. So the size of the land that was given to the farmers was very small.

Dr. Bui: The people of Vietnam learned land reform from China.

Prof. Lim: (To give a brief background of land reform in China), land reform was not to kill the farmers nor the landlords, but to make the landlords also tillers of the soil. The transformation was, the landlord no longer owned large tracts of land, he did not just collect the produce of the land but if he wanted to continue, he had to work. So the landlords were also given pieces of land. Part of the process of land reform was to prevent the resurgence of large-tract ownership of land. But those who could not produce so much decided to sell them to those who produced more, who then decided to buy them. And that defeated the concept of land reform. So, as a consequence, the Chinese government had to tell the farmers what the land was for. Previously when the farmers got the land, the first thing they had in mind was to produce food only for themselves and their family. But the land is supposed to produce grains also for the people in the city, for people everywhere. Anticipating that problem, the Chinese communists, when they introduced land reform, gave one very clear message to the farmers who were given the land: the land was taken away from the landlords because they were very selfish and they only thought of themselves. Ownership of land implies that you must share it with the rest of those people who have no land. Therefore, you must give a part of your production to those people. When the land was not producing enough, the Communist Party decided to form cooperatives. Thus, cooperatives were established. So, they asked big families to stay together. They put their implements together. In the cooperative, they not only had the business of farming. They had babies, they had children growing up, so they had to establish the infrastructures of schools, small nurseries, little health centers. They also had to raise other sources of production. There was a big problem in the cooperative. The people who owned land said, "We fought

the revolution. You promised that one of the aims of the revolution was to give us land. Now you are taking it away." So the Chinese government reminded them, "We are taking it away because you are not producing enough for the people around you, for the community. You are producing only enough for yourselves." The principle of land reform was reminded of them. So they could not resist. They joined cooperatives. But problems of corruption beseiged the cooperatives. The Chinese, therefore, abolished the cooperative and established the commune. The commune turned the cooperative to what we called an "independent political as well as economic community." People were trained not only in farming but they were also asked to engage in industries, plant fruits, can meat and process food. In short, it was one where you have agriculture and business cooperatives, production of tools, crop rotation, scientific research, community organic fertilizer—all of these were introduced into the commune. Still, despite the high expectation of the Chinese leadership, the commune had its own share of problems. So, Mr. Deng Xiaoping changed it into family cooperatives wherein if you are lazy, you get nothing. If you work very hard, you get something. So, those were the transformations they went into. In short, they made allowances for those kinds of problems that they anticipated. Now, one development in China that changed the concept of agriculture, revolutionary-wise, is the concept that you need large tracts of land to produce agricultural products. Because of bio-technology, what they do is look for the best strains of crops, slice them into thousandths, put them in small bottles, and store them in the big building about twenty storeys-high. For ten hectares, they can produce 500,000 tons of vegetables. The concept of land as the source of agricultural product is now being slowly changed. Question: Is this also anticipated in Vietnam?

Dr. Bui: Your question is very interesting. Comparing the history of Vietnam and China, they are similar in agricultural development, especially in the cooperative mechanism. But if you study carefully, there are differences between Vietnam and China. Besides differences in area and population, China is a very big nation in the world. And Vietnam has high hopes for cooperative mechanism. That means, even the cooperatives have got efficiency. In our economy, this is important because we have to face globalization.

Student: Good morning, sir. You said earlier, that land in Vietnam is owned by the state. Are foreign investors allowed to lease lands whether it be for agricultural or industrial purposes?

Dr. Bui: Vietnam welcomes foreign investors to go to the agriculture sector, but up to now, nobody wants to invest in agriculture because sometimes this is very risky. Investors only go to the service and manufacturing sectors, especially in

the industrial zone.

Student: Sir, here in the Philippines, we have a system called the contract-growing, system, wherein some foreign businesses could grant some contracts to individual farmers and instruct them to plant, for example, bananas or pineapples for export. Is that allowed in Vietnam, that kind of contract system wherein investors could instruct farmers or cooperative members to grow a particular crop?

Dr. Bui: Yes, that's right, not only for the local market crops but also especially for the exports. We welcome investors. Some investors from Japan went to the Mekong River to experiment with some blends of rice, sweet rice from Japan and after that, export to Japan. And now they have to experiment around the two yields.

Student: I have a question with regard to marketing of production. Are the cooperatives or the peasants or the farmers, granting that they have a surplus in their production after the quota had been met, allowed to sell it in the local market?

Dr. Bui: Yes. And all the products of Asian countries can go to the markets in Vietnam. I don't see many, but some come from Thailand.

Student: You say that *doi moi* also includes the political and social reforms. Can you explain, sir, briefly, the highlights of the so-called political and social reforms and maybe even cultural reforms?

Prof. Espinas: What had been the effects of *doi moi* in the political aspect? Did the Communist Party become more monolithic or did it open up?

Dr. Bui: Nowadays, we have only one party. It is very difficult to say that it is not *doi moi*. I feel that *doi moi* is very active in the political aspect because now we can speak and discuss everything related to the life of the people, the future direction of our country and I consider that now, Vietnam is rather open. In all of the many international places I spoke about Vietnam, I discussed almost everything, all the issues in Vietnam.

Prof. Espinas: I have a point of clarification, Dr. Bui. You said that during the collectivization period, the attitude of the state was to implement collectivized agriculture rapidly. The intention was, because you were, at that time, influenced by the experiences of the Soviet Union and China, to transform Vietnam into a cooperative state. But then, it did not work so this is the point we have been driving at. The state realized that collectivization did not develop in the peasants, among the farmers, *'yung kanilang* creativity, *'yung* initiative to improve the productivity of their lands because the State was telling them what to do. So the

people abandoned that idea of collectivization. Instead, they did it on their own. I think this is significant because we can see here that the people were ahead of the state in this practice. They thought they should be the one leading. So, the practice wherein the state was telling the people what to do was reversed during the *doi moi* process.

Ms. Roque: I think it was not totally abandoned. The cooperative is still the higher form of collective labor that ensured production of the staple crop. What they did was they modified it, made it flexible so that the farmers can also find their own means of livelihood or engage in other productive endeavors. But as it was said, the farmers had first to complete the share requirements in the cooperative. So there is no conflict, I guess, in the concept of cooperative under socialist system when you allow individual farmers to also engage in other activities.

KMP: I agree with Lu because, for instance, one statement of Dr. Bui that struck me was that collectivization was, in fact, a precondition for *doi moi*, which means that without collectivization, there would not be anything like *doi moi* as it is implemented in agriculture today. So I think it would also be wrong to contrapose collectivization with *doi moi* because it's a small modification, I think, rather than a reversal.

Dr. Bui: Now, you see, that is a very interesting issue, and not only interesting but very difficult. But the more difficult, the more attractive. Maybe the contract system belongs to the capitalist system. But it is not the purpose of development. It is a measure, a way; it is one way to economic development. This is the first step. The second, it should be for people to understand what is socialist economy. The socialist economy includes all of the methods—the new method and the capitalist method. I don't think it is a mistake. Now we combine all of the good experiences of the people everywhere. It is the modern socialist economy we want because up to now we don't have the fixed socialist economic world. We have to fight up to now and even in the future. So, the contract system is the idea. But it is your own idea. If you maintain the socialist economic idea, the old idea, you can consider the contract system, but if you have a new form of economic social economy, maybe it is not that.

Prof. Espinas: He said that the contract system is a capitalist way. It could be a measure, it could lead them to a step further in achieving socialism. *'Di ba, parang ganoon*? Because he's saying that they still do not know how they will do it based on the experience of the people. *Basta* what they know is that what they are doing today is oriented towards the modern socialist economy. They are determined to reach a socialist economy. What is it, we do not know. *'Yan ba?*

Dean Malay: Basically, there was a mistake. It is that socialism in countries like Vietnam or China, or for that matter, in more developed countries, tampered with the natural system. What I mean is the natural motivation of the agricultural sector, the market sector, to want to produce a surplus for sale in the market over and above what the farmer needs for his own and his family's consumption. Therefore, the basic need of any modern economy, whether capitalist or socialist, is precisely to motivate the farmers to produce more than what they need. Because without the surplus, the rest of the population, which is non-working, would starve to death. It is as simple as that. Now, historically speaking, Vietnam has reverted to the capitalist system. Whether you call it capitalism or not is beside the point. Nobody invented so-called capitalism. It's not something that you learn in a theory. It is not in a book. Every farmer at one point or another in his development, realizes that in order to develop further, he has to produce a surplus. You have to begin with that. Once you have the surplus, you sell it. Call it capitalism or what you will but that's what makes the economy work.

Prof. Espinas: I think that's a very good point. There is an observation that Vietnam is now adopting certain capitalist measures in order to, *'yung sinasabi ni Dean,* produce surplus. Is it true that it is natural, or *parang ang nakita ko doon sa sinasabi mo*, it is natural for us to be profit-oriented?

Dean Malay: No. It's natural for the producer to want to produce more than what he really needs, *'di ba?* Because if everybody were at the basic primitive level, nobody would progress. We would all be producing all our own basic needs and service ourselves. There would be no division of labor. And there would be no progress. So, profit comes later but that is not the point for people at the beginning. It's not to make a profit. And after all, it is, I would say, only "normal," for somebody to expect some reward, out of the extra value that he or she gives to that product.

Ms. Roque: I would agree to the statement that there is the desire of the people, especially in Vietnam for example, to do extra work outside of the cooperative because there are other needs that a human being has to satisfy himself with, like in the setting that we are having now. We are talking only of agricultural farms where the staple crop is being uncertainly managed, up to the cooperative level. Vietnam not only has to ensure the staple crop, but also the food security of the entire nation. Because of the history of being ravaged by war, rice production was low but still they continued to address the problem, and through cooperatives and land reform, they gained some advances. But later on, they noticed that there was a decline. One measure they adopted was to allow private ownership. That was many years back, after they had their land reform successfully established and they were allowing some degree of private ownership

to also unleash the productivity of the people, which is natural in the sense that there are other needs. There are other satisfactions which are also basic, like shelter, clothing, etc. which, under the cooperative system, were not sufficient. So they allowed individual means on how to earn more income but still they had measures like taxation, and limits of three hectares, not more than two hectares, and the basic rule that they cannot sell and privately own lands. So in that sense, I don't see any contradiction with, for example, the contract system. They also allow that because that's one measure, as we said, of managing the economy so that the farmers' labors are also centrally directed, only it's individually done. Because the main contractor is the state '*di ba?* And the state is the one controlling, for example, the staple crop production. It's the one ensuring that food production is stable and secured. Meaning, the state is the one contracting. There are other forms of contract labor, but I could assume they also have mechanisms that regulate it. So, I think the practice of the Vietnamese people is very flexible, and they are quick to the changes that they can see, the problems, the limitations—both objective and subjective—because the motivation to work is more on the subjective. But the objective reality of agricultural farms in Vietnam is still not that productive in terms of technology, which we have not yet touched. So all in all, I think the experience further strengthens and develops some socialist principles in agriculture.

Prof. Espinas: This is just for the sake of clarification. I think that it is striking at the very heart of the concept to say that socialism is better than capitalism. These are two facts of development vying for our support or, dividing us. So, what do you mean by tampering—that the socialist construction is tampering with the natural tendency of the people just to provide for themselves and for what they need, that the state is seeing to it that the peasants should have an excess produce in order to support the entire country?

Dean Malay: What I mean is that the state interferes in what I called the natural process by making it a crime to engage in what I would call a perfectly normal activity. What is wrong in wanting to produce?

Prof. Espinas: Only for yourself?

Dean Malay: Food over and above your own needs and selling it in the market. Now, the market, as I said, has its own laws and therefore, the price is more or less set by some products of the so-called process. Like demand. The socialist economy interferes by first, setting the prices arbitrarily and also making the whole idea of private enterprise criminal. Some people may get to become millionaires in the process. As we know, in China, there are many farmers who are now millionaires. But it is inevitable because in China, the government has let the market forces come into play. Of course, very controlled but we know

that it has resulted in some inequality. Now this is another controversy when it comes to socialist principles. That whether they allowed it or not, well, an answer to that is if you let capitalism have its way, it really is going to result in a lot of disturbances, *hindi lang* disturbances *kundi* inequality. But the opposite, meaning socialism, also results in so much low productivity, inefficiency, for that matter.

Student: I think it goes to the debate now. One of the most contentious debates now, some said, on post-modern Marxism—I mean the issue that there's nothing bad with capital but capitalism is the problem because in the socialist construction, the socialist government needs capital—is how to use the capital and not to allow the capitalist to go back to power, as in the Vietnamese experience. They say that allowing the contract system with the participation of Vietnamese farmers is not bad per se, because it only motivates them for their economic participation in Vietnamese economy, for the socialist construction.

Dr. Bui: Yes, your observations in agriculture abound with theory. Sometimes there is weakness between theory and practice.

Prof. Espinas: I think you're right.

Dean Malay: Let us not debate about it to a point where we Filipinos, who are not socialists, are going to criticize the Vietnamese and the Chinese and the Soviets for reverting to free market capitalist practices. They themselves had seen it in their own experience and how it has failed to work. So we cannot criticize them in the name of a theory which I think we misunderstand. In the first place, *talagang tayo mismo*, we have no experience with that, okay. But you know, it really failed to live up to its promises. So we must re-examine that and let us not criticize them because they know what it is to have tried it and failed.

Ms. Roque: At the same time, it is also not correct to say that just because some socialist countries like Vietnam have indulged in certain capitalist endeavors, they are already becoming capitalists.

Dean Malay: Right now, Vietnam, like China, is still in the transition phase, that is, not yet capitalist, but not fully socialist either. It is moving from one phase to the other. Now, what do you think? Will it revert to socialism? I don't think so.

Ms. Roque: Well, that is an opinion.

Prof. Espinas: *Hindi natin alam 'yon. May nabanggit siya kanina na* most important, that land is no longer owned privately by the people. It's owned by the state. This is one significant difference between, *halimbawa, itong* feudal state *natin na* 90% is owned by just 5 % of the total population. I think this is

one important difference, so *ang tingin ko*, the Communist Party will not allow itself to revert to that. *Kaya* how the Chinese will plan to go to socialism, they themselves don't know. But what they know is that they are in control. I think *'yun ang nakuha kong* message *kay* Dr. Bui. Actually, it's good to clarify these problems, in socialist construction, for the sake of grappling the theory by its horns. But since we have no experience, only readings, we can go on discussing this *pero* it was a good point. At least, it inspired us to discuss the issue.

Dr. Bui: Yes, I think that *doi moi* is not funny. Not easy. It is now our role to continue doing so. I think that we are not sure it is always right. In the long run, I'm not sure. But now, after over ten years, with reform in our country policy in Vietnam, we are successful in the growth of our economy. We have economic growth. So maybe in the future, we will find other methods, study some situations in land reform and we can explain why Vietnam had to carry out agricultural reform and economic reform.

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