

Cooperatives: Orientations and Trajectories

ERIK VILLANUEVA

With an estimated membership of 4.5 million and a growing economic clout, the cooperative sector has come of age as an emerging social force and an important actor in the Philippine political scene. A political role does not negate cooperativism because the former is an outgrowth of the cooperative mission of building capabilities to respond to the needs of its members and to intervene in shaping its environment. At the practical level, cooperatives are very intimately interconnected, being regulated by the same laws and beset by common issues and problems. Moreover, they share a very natural and conservative basis of commonality, i.e., the practice and promotion of self-help and cooperation. Despite this common identity, not all of them consider themselves as belonging to the "cooperative movement." There is nothing, however, in cooperativism that limits what coops can do in the social and political arena provided that they have a visionary and conscientizing framework and continue to embrace the civic orientation towards equality, justice, transparency and solidarity. Actually, cooperatives have several political options such as participation in local legislative and policy-making bodies, lobbying, joining the party-list system, coalescing with an existing national party, supporting pro-coop candidates and parties, having sectoral representation in the House of Representatives and launching a national coop party. Whatever the options may be taken, the time for a distinct coop political movement has undoubtedly ripened as coops can no longer remain as mere bystanders or spectators in politics.

There's another way to survive.
Mutual trust — and help.

— Captain Kirk, *Star Trek*
"Day of the Dove"

Philippine cooperatives are considered to be a traditional, apolitical lot. Challenging official policy in the streets is simply not their cup of tea. But not anymore. On July 22, 1996, about 3,000 cooperative members marched to ask Congress to exempt cooperatives from the coverage of the expanded value-added tax (EVAT). The following October 16, they marched once again to draw attention to the adverse effects of liberalization policies on cooperative enterprises. With an estimated total individual membership of 4.5 million and a growing though still modest economic clout, the cooperative sector can be expected to seek new venues to herald its coming of age as an important political actor.

Indeed, a political role does not run counter to basic cooperative principles but is derived from them. Political action is an extension of the cooperative mission of building its countervailing power and capabilities to respond to the needs of the members and to intervene in shaping its environment.

Emerging Social Force

The cooperative tradition in the Philippines is a century old. Jose Rizal initiated a cooperative in Dapitan during his exile in that town. Emilio Jacinto started a cooperative trading association in Laguna in 1897, at the height of the revolution. Under the American colonial regime, cooperatives were reintroduced through the Rural Credit Act in the 1900s. In the 1950s and 1970s, cooperatives were massively promoted through the government's rural development programs. The cooperative sector has had its own ups and downs. We know how the cooperative promotion programs of the 50s and 70s fared. We are aware of the great difficulties cooperatives today have to face to survive as viable organizations. But however we reckon the historical record of Philippine cooperativism, it has remained broadly as a movement of common people seeking to improve their lives and their communities through voluntary, self-reliant actions.

There are more than 41,000 registered cooperatives in the Philippines, as of December 1996. Only 4,516 were registered before Republic Act

■ Indeed, a political role does not run counter to basic cooperative principles but is derived from them. Political action is an extension of the cooperative mission of building its countervailing power and capabilities to respond to the needs of the members and to intervene in shaping its environment.

6938 was enacted in 1990. Therefore, we still have largely a very young movement. About 65 per cent of the coops are agricultural multipurpose cooperatives although the share in terms of assets of industrial and service coops is increasing. About 21 per cent are non-agricultural multipurpose cooperatives and the rest are credit, consumer, service, producer and marketing cooperatives. Central Luzon, Southern Tagalog and Southern Mindanao top the list of regions with the most number of coops.

Total membership of cooperatives (as of 1995) is 4.5 million, or 6.6 per cent of the total population. It is estimated that cooperative members have 22.45 million family members. Cooperative Development Authority (CDA) expects membership in cooperatives to hit 20 per cent of the total population in year 2000.

As of June 1995, gross domestic product (GDP) contribution of the cooperative sector stood at PhP 141.3 billion or 9 per cent of the total GDP. CDA projections put GDP contribution at PhP 374 billion or 20 per cent by the year 2000. Coop contribution to the provincial GDP ranged from 2.4 to 8.4 per cent in Central Luzon, CAR, Metro Manila, Southern Tagalog, Panay Island, Western Visayas, Eastern Mindanao and Western Mindanao. GDP contribution ranged from 8.4 to 15.5 per cent in Ilocos, Central Visayas, Northern Mindanao and Western Mindanao. In Cagayan Valley and Bicol, it ranged from 15.5 to 17.9 per cent while in Eastern Visayas, GDP share of coops ranged from 17.9 to 20 per cent.

In general, any group of persons that is consistent with the International Labor Organization (ILO) definition and operating according to the international cooperative principles as defined by International Cooperative Alliance (ICA) and the law may be considered as cooperatives. Under R.A. 6938 only registered cooperatives may be called cooperatives. If we include various other voluntary organizations involved in self-help and mutual benefit among members, the cooperative movement or sector in its generic sense is actually much larger.

The Cooperative Identity

It is tempting to say that a sector composed of 41,000 organizations with a mass base of about 4.5 million individuals constitute an enormous political potential. This view has its own merits and limitations. Not one or two or even a handful of entities could adequately represent these organizations. Of the registered cooperatives, only 508 may be considered as "higher level" organizations, composed of unions (57), federations (396), cooperative banks (42) and area marketing cooperatives (13). All these unions and federations at the national, provincial and municipal levels taken together have in their membership only a fraction of the cooperative movement. And there is much more to be desired in terms of enhancing economic linkages and cooperation among these formations. One wonders, therefore, if cooperatives in the country really constitute

a movement and if there is indeed a basis for a common political orientation among them.

We believe that cooperatives, by adopting cooperativism as a specific social practice and by hoping to propagate it, have in fact created a movement among themselves, even without central coordination or formal unity. By identifying themselves as coops and by choosing to be recognized as coops, they have bound themselves to certain values and principles that are defined enough to provide a basis for identification. These values and principles serve as a set of broad yet well-defined standards by which they can be morally judged and tested, even if these values and principles are themselves dynamic and changing. There is a sense in calling coops as a class or sector in itself. The cooperative form provides them a common identity and structure that are necessary in acquiring a sense of meaning, which is a fundamental human need. For those having the "cooperative sector or movement" consciousness, cooperatives embody a unique social creed or ideological orientation in itself.

At the practical level, cooperatives are so intimately interconnected. They are regulated by common laws and subject to a wide range of common issues and problems. There is, therefore, a basis for cooperative action among cooperatives. Cooperatives have a very natural and conservative basis of commonality, that is the practice and promotion of self-help and cooperation. Because of this, coops are perhaps even more cohesive than the peasant movement, or the trade union movement, or the Non-Governmental Organization/People's Organization (NGO/PO) sector wherein specialized political and ideological orientations actually pose a hindrance to united action. For an example, we only need to look at the sad and ultimately stupid division within the labor movement. Of late, May 1 has become not a celebration of labor unity but an occasion to display labor rivalry. No such self-destructive process has set in yet in the cooperative movement.

Still, despite their common cooperative identity, not all cooperatives may consider themselves as belonging to the "cooperative movement." Some of them will identify themselves as primarily part of the labor or socialist movement, the environmental movement or perhaps some general or specific idea of a civic or social movement. Some may not even identify themselves as part of a social movement at all but simply as a

group with some special relationship with a patron — a government agency, an NGO, or a politician.

This brings us to the concept of primacy of identity. For those who consciously identify themselves as belonging to the "cooperative movement," cooperativism is the primary social movement while other orientations are just part of it. To them, the "movement" is in their hearts. There are cooperatives that grew out of other social and popular traditions — the labor movement, the agrarian movement, or the NGO/PO movement — but maintain that they are primarily a cooperative movement. For other social and political movements, cooperativism is an important but secondary orientation. Cooperatives, for them, is one strategy to strengthen and consolidate their primary social movement. Cooperatives organized by the Trade Union Congress of the Philippines (TUCP) or Bukluran ng Manggagawang Pilipino (BMP) regard themselves as primarily a part and extension of the labor movement. Workers' coops that were organized after the company had closed shop and the labor union had been deactivated fit in this category.¹

There are some social and political movements who either regard cooperatives as an inferior form of people's organization from a developmental and political point of view. Some NGOs tend to think that cooperatives are limited in the sense that they simply address the economic needs of members. They sometimes confuse cooperatives with NGOs as service providers. To them, people's organizations should also address political concerns. The extreme Left tends to view cooperatives as reformist and economistic, and therefore, undesirable or, at least, a non-priority at this stage. Of course, particular cooperatives can either be too limited in their purely economic framework or may embrace broader developmental commitments. There is nothing, however, in the cooperative idea that limits what actual cooperatives can do in terms of social development and political involvement. To even stress this point, the centennial congress of the ICA has even included sustainable development and gender principles in its minimum statement of the cooperative identity. A well articulated cooperative ideology can very well provide the conscientizing and visionary framework for organizing an alternative social and popular movement.

Overview of Cooperative Ideological Orientations

It may help to scan briefly the various schools of thought in order to make a sense out of the wild variations of attitudes toward coops nowadays. The primacy of identity is related to ideological orientation. These orientations have deep historical roots. We can tentatively identify some of the current ideological strands among cooperatives in the Philippine setting as related to older ideological traditions.

Cooperativism emerged in the 19th century as part of a general response of the workers and socialist movements to prevailing capitalist conditions. The first teachers of cooperativism such as Robert Owen, William King, Charles Gide (Britain), Philippe Buchez and Lois Blanc (France) were intensely involved in campaigns for social reforms. They were also either philanthropists, utopian socialists or radical political leaders. They believed in a Cooperative Commonwealth governed by cooperation rather than competition. They thought that cooperativism can be an organizing principle for the whole of society and that the cooperative principles can serve as the organic laws of a future cooperative society. During the 1920s, Ernest Poisson of France even proposed the creation of a cooperative republic. Although the experiments in cooperative communities conducted by such pioneers as Owen and Charles Fourier failed and proved unsustainable, cooperativism has remained as one of the most enduring working class traditions to emerge out of 19th century Europe. Today, the cooperative tradition is carried on by cooperative movements in most countries. Together they constitute the cooperative sector in their respective countries.

The "Cooperative Sector" school was articulated by Dr. Georges Fauquet in 1935. In his view, the economy can be sectoralized into four: a public sector, composed of state enterprises; a capitalist sector, which is usually called the private sector; a "private sector proper," composed of the family, peasant and handicraft economies and other pre-capitalist units; and a cooperative sector. The latter is composed of cooperatives although it is closely intertwined with the private sector proper which it wants to integrate into formal cooperatives. Rather than imagining the cooperativization of the entire society, the Cooperative Sector school believed that there are activities that can be done more efficiently by other sectors. The coop sector is a counterforce to prevent the capitalist sector from being exploitative. This view is consistent with the welfare

state model and democratic liberalism. In the Philippines, the cooperative sector orientation is reflected in the idea of establishing coops as a strong and significant Third Sector of the economy, without having an articulated line on the capitalist or socialist options. The "cooperative movement" as articulated by the major cooperative organizations or apexes also reflect this stand.

Apparently in the Marxist-Leninist concept of socialism, cooperatives are some sort of preparation for a more collectivist way of life. In centralized socialist experiences, as in the Soviet Union, Eastern Europe and China under Mao, cooperative development was coordinated closely with state plans and purposes. Hans Munkner, a cooperative expert from Germany, said cooperatives in such countries were actually "socialist collectives" and not genuine coops because they were not autonomous and member-controlled.² They had to follow the party line. Cooperatives were considered to fit better such areas in which economic activities are basically decentralized. Otherwise, state socialization of the means of production was considered to be the superior economic form. In former socialist Yugoslavia, however, cooperative workers' self-management was considered superior than state control. In today's China under Deng, cooperatives seem to have relative freedom. After the fall of communist regimes in the former Soviet Union and Eastern Europe, cooperatives were treated similarly with state enterprises that were subject to privatization. The cooperatives concerned opposed these moves of the post-communist governments. The ICA intervened in their behalf and argued for their continuance or transformation as autonomous entities controlled by members.

In the Philippines, the National Democratic Front which includes the CPP/NPA promises a mixed economy composed of the state, cooperative and private sectors. Apparently, it promotes or, at least, allows the organization of coops among its mass base. Such activities, however, are subsumed under the needs of the revolutionary struggle.

There are also various above-ground socialist and social-democratic movements that incorporate cooperative development in their agenda. They view cooperatives as an extension of workers' solidarity and as an important component of the socialist strategy. They follow the general track of the social democratic movements in Europe that emphasized on

building the triad of the socialist party, the labor unions and the cooperatives as forces for socialism.

While the Marxist-Leninist and the socialist schools view cooperatives in the larger framework of socialist development, there are cooperators who believe that cooperatives are much a part of capitalism and that coops are the "epitome of the capitalist ideal." Known as the "modified capitalism school," this view holds that cooperatives lead the way to a more service-oriented capitalism and enable small producers to become capitalists in the better sense of the term. This school emerged in the 1930s in the agricultural sector of the northern American prairies. Proponents of this view believe that coops provides a decentralizing influence to capitalism and curbs its excesses but, in context of the Cold War, they cannot be on the side of those wishing to destroy it, the communists for example.

"New age" cooperativism, on the other hand, believes that the core problem of contemporary living is the sheer size of social organization. Liberal capitalism, the welfare state and Marxism all lead to uncaring, monolithic organizations. The ideal are smaller, humanistic, life-oriented organizations such as cooperatives. Perhaps a good example of the "new wave coops" is the environmentalist and pacifist Seikatsu consumers' movement of Japan. The Seikatsu uses the cooperative form as the organizational model for a more sustainable production, consumption and managing of resources. Feminists also adopt the coop model as a form that is more attuned to caring and sharing modes of living as an ideal of the feminist movement.

Lastly, there is also the religious orientation. Many of the western cooperative movements, such as the German farmers coops, have heavy Christian inspiration, believing that cooperativism is but the embodiment of the Christian ideal in the economic realm. In the Philippines, the parish churches was instrumental in organizing credit and consumers coops that became the more successful wing of the local coop movement. Even the El Shaddai and the Iglesia ni Cristo are said to also operate mutual economic help among members.

Thus, cooperativism has various ideological origins and orientations. In reality, cooperative movements may have a mixture of these orientations.

Or they may choose not to express their goals in ideological or visionary terms at all.³

Civic Orientation

If we allow enough goodwill and benefit of the doubt to these various orientations and to their life-and-blood advocates, their common element is the desire for change — for a more equitable and just economic and social order. The various people's organizations in the Philippines that are animated by ideological or religious orientations are all characterized by an intense public or civic spirit. As social and popular organizations, they are often the ones taking the cudgels for vocalizing the neglected concerns of the people. They serve as pressure groups in pushing for policies that addresses the plight of the poor and other social problems. They comprise what is now known as the civil society.

■ The various people's organizations in the Philippines that are animated by ideological or religious orientations are all characterized by an intense public or civic spirit. As social and popular organizations, they are often the ones taking the cudgels for vocalizing the neglected concerns of the people. They serve as pressure groups in pushing for policies that addresses the plight of the poor and other social problems. They comprise what is now known as the civil society.

To some accounts, the "civil society" concept is based on a set of values by which a third sector, that is, the private voluntary organizations distinguishes itself from a first sector (the state) and a second sector (the market) which are all assumed to interact in the present-day setting. In this theory, sectoral distinction is indicated generally by the source of action and its purposive direction. Hence, civil society undertakes "private action for the public good" in contrast to the role of the state as supposedly performing "public action for the public good" and the tendency of the market sector to pursue "private action for the private good."⁴

Cooperatives are put up by members primarily seeking to achieve a common good for and among themselves (orientation of the second sector). As the cooperative concept gained acceptance, it has also been the tendency of states to sponsor cooperative development through executive programs (making coops an instrument of the first sector).

In the sense that "civil society" broadly embraces non-state and non-market organizations that are out to do something beyond what the market can provide and beyond what the state mandates, coops are part of civil society. Within civil society, resources and decisions are shared and distributed according to the values of solidarity and sharing, voluntary action, caring and mutual help, and cooperation — in short, the civic orientation. These are the values and principles that are at the core of the cooperative identity. Conversely, the existence of cooperatives is an indicator of the civic tradition.

Elements of Cooperative Politics

The point is that cooperatives share a lot of common ground with the rest of civil society, beyond sectoral identities and ideological orientations. If the cooperative movement tries to put up its own party, it must expect to harness not only the votes of its direct constituents or members, even if it has 4.5 million people to draw these votes from. Its direct constituency is of course limited but its stakeholders among civic-minded people go much beyond that.

■ Rather than promising a new order to replace the old, cooperative politics and ideology must present itself as a set of practical values and norms that altogether constitute an organizing principle for our social and political institutions today. Rather than being a vehicle for the interests of a particular class or sector, cooperative politics must be identified as a consistent party for equality, justice, transparency and solidarity that are in the interest of all.

The world's best cooperative traditions (Rochdale, Raffeisen, Desjardins, etc.) grew organically out of the social and popular movements in their respective countries and uniquely grounded to their culture. These perhaps explain their relative success. Cooperativism has a historic and natural affinity to the various popular and social movements: peasants, labor, and consumers movements. In the Philippines however, the situation is different. Mainstream cooperatives do not mix very well with the so-called NGO/PO movement. If they relate to a very narrow section of the NGO/PO movement. At a time when the ICA itself calls for cooperatives to forge strategic alliances beyond their natural allies and friends, Philippine cooperatives apparently have yet to forge meaningful ties with various other popular and social movements that are also

working for social change. Building strategic alliances with the social sectors and developing friends beyond the cooperative mass base must be an important element of cooperative politics.

Perhaps the dangers and pitfalls of traditional Philippine politics, its guns, goons and gold, are already well appreciated by cooperatives. Patronage and money politics is anathema to the cooperative notion of horizontal relationship among voluntary equals. At this point, what the cooperatives need to be forewarned about is the pitfall of the traditional ideological party. There is no preponderance of program-based, ideological parties competing in the electoral arena in this country. But what cooperatives need to ensure is that if they reject the traditional politics of the elite, we do not necessarily adopt the ways of the other extreme.

The old ideological parties pose their alternative in visionary terms. Sometimes, they become so agitated about how completely radical their vision is from the status quo that only the most devoted militant could understand what they're talking about. To win adherents, they have to goad and push and demand complete loyalty after that.

Cooperative politics must be light touch but must appeal to the best side of the rational mind and sensitivities. Rather than promising a new order to replace the old, cooperative politics and ideology must present itself as a set of practical values and norms that altogether constitute an organizing principle for our social and political institutions today. Rather than being a vehicle for the interests of a particular class or sector, cooperative politics must be identified as a consistent party for equality, justice, transparency and solidarity that are in the interest of all. These are values that are liveable today — despite the adverse social context — not just as something to look forward to only in the distant, revolutionary future.

Cooperative Political Options

Cooperative organization and action in the political arena may take various forms. Several options are in fact already at the disposal of cooperatives. At the local level, cooperatives take advantage of constitutional and Local Government Code provisions on the right of POs to be consulted and participate meaningfully in making decisions. Although cooperatives and the NGO/PO community in general have yet

to skillfully maximize these provisions, it is also true that the current participatory mechanisms have their own limitations.

Thus, some cooperative leaders have opted to vie directly for seats in the local councils, either as independent or party-affiliated candidates on a cooperative platform. In Davao del Norte, for example, 90 leaders of cooperatives assisted by Cooperative Foundation of the Philippines, Inc., (CFPI) won seats in the barangay councils. In Bataan, coop leaders made their way to a municipal council. Aiming for cooperative-oriented local governments has been proven to be a viable option. Progressives and reformers in general do indeed have a better chance of winning "micro-elections" where money politics have less proportionate influence.

At the national level, the cooperative experience is the political lobby, embodied for instance by the Supreme Cooperative Council of the Philippines (SCCP), chaired by former Sen. Manuel Manahan until 1990. The Council advocated the movement's position for a new cooperative code. This is also the idea behind the present Technical Working Group on Cooperative Legislation has been conducting representations to press for the exemption of cooperatives from expanded value-added tax (EVAT).

Local participation, lobby work and mass pressure politics must remain as important components of a cooperative political strategy. But already there are some indicators of a trend towards a more pronounced cooperative political role. Some groups that keep an eye on the party list system are wooing cooperatives as a major constituency. Under the party list system, a party or a coalition will be entitled to a number of seats in Congress proportionate to the number of votes garnered by the party. Voters vote for the party of their choice, not the individual candidates. The seats due to the party will be assumed by the candidates on the party list according to priority.

A large national labor center is in the process of putting up a labor-cooperative party, with trade unions and workers' cooperatives as major constituencies. If the envisioned party can harness the votes from all the local unions and primary coops under its wings, it can be assured of seats in Congress. The cooperative movement itself can constitute a party under the party list system. If such party can harness the cooperative vote, it can become a significant political player.

The party list system is just one of the options. A cooperative political party may also opt to enlist as a coalition partner in an existing national party. If it is sufficiently strong and credible, this could be a way of infusing principled politics among the major parties, which are mostly parties of politicians wherein the rank-and-file are treated simply as errand boys, without a say in party policy. Or, the cooperative movement may simply be content at being a machinery for harnessing cooperative votes in favor of candidates or parties that agree to carry the cooperative agenda. Under this option, cooperatives endorse pro-cooperative candidates from whatever party, as was the case during the Aquino (1992) and Pimentel (1995) senatorial campaigns. This, however, defaults coops from developing a political movement of their own and consigns them to being mere riders to the parties of the elite.

The case of the two senators showed how important it is to have pro-cooperative representation in Congress. The movement can build on this to press for a distinct sectoral representation. Sectoral seats in the House of Representatives appointed by the President are presently based on the definition of the basic sectors. The idea is to ensure representation for sectors that otherwise would not be adequately represented. Such representations through executive appointments would not have been necessary if we truly have an even political playing field. But because our political system fails to be consistently democratic, affirmative action is deemed necessary in favor of the basic sectors. Given the complexity and diversity of our society today, there is also an old-fashioned tinge to the idea that a congressman can adequately represent his district and that congressmen collectively can represent the entire country. The more we move toward diverse representations to reflect diverse constituencies, the better for Philippine democracy.

These same argument goes for a distinct cooperative representation. In general, the more representation for basic sectors, the better. More sectoral representation will always pose a countervailing influence on the rest of Congress, many of whom are from the affluent and powerful sections of society.

Lastly, launching a cooperative party as a national party competing in the regular elections is another option, although one that would be very difficult to achieve. The experience of other social and popular movements was not very encouraging. The major example in recent history would be

the Partido ng Bayan/Alliance for New Politics (PnB/ANP) umbrella, an electoral initiative of the Left and Left-of-Center forces which was terribly clobbered during the 1987 senatorial elections (Horacio R. Morales Jr. of CFPI vied for a senate seat under this banner; he lost).

Whatever the option or options the cooperative movement may take, the idea of a distinct cooperative political movement has come of age. It would be quite an unnecessary limitation for the cooperative movement to impose on itself the role of a bystander or spectator. Those who still feel uneasy or frightened about the idea of cooperative in politics fail to remember that the original cooperative visionaries themselves (Robert Owen in England or Rizal and Jacinto in the Philippines) were social reformers and political activists at the same time. ♣

Notes

1. CFPI has been working with some sociopolitical groups to develop cooperatives among their constituencies. CFPI's strategy of working with such groups is an adaptation to the fact that they wanted to ensure that the primacy of their movement as 'nagdems' or as AMA or as BMP is maintained even as they organize cooperatives.
2. See Munkner, Hans H. 1995. *Chances of Cooperatives in the Future: Contribution to the International Cooperative Alliance Centennial 1895-1995*. Marburg/Lahn: Marburg Consult for Self-Help Promotion.
3. See Craig, John G. 1993. *The Nature of Cooperation*. Montreal: Black Rose Books. Craig surveys the various ideological orientations of cooperatives.
4. See *Citizens: Strengthening Global Civil Society* (1994) published by Civicus, an international organization promoting citizens' participation.