

Hunger in the Philippines as President Aquino cuts food subsidies

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20 October 2010

The plenary session of the Philippine legislature has just approved the 2011 budget proposed by president Benigno ‘Noy’ Aquino. The budget for the National Food Authority (NFA), the agency responsible for the purchase and sale of rice at subsidized prices, is part of wider cutbacks to social spending.

Only four out of ten people in the Philippines receive adequate nutrition, according to the latest statistics released by the National Nutrition Council. A national survey conducted by Social Weather Stations reported in June 2010 that 21 percent of the population consistently experience involuntary hunger. Of Filipino children below the age of five, 27 percent are reported as being underweight and underheight, a figure comparable to sub-Saharan Africa.

Rice is the staple food of the population. It is the centre of every meal and provides the majority of caloric intake for Filipinos.

Poor families use numerous coping mechanisms to extend their meager diet of rice and quell their belly pangs. The foam that tops a pot of rice when it reaches a boil is scraped off and served as milk to children. This is called ‘am.’

The cheapest rice is composed largely of broken grains, and often has a foul scent that is suppressed by adding leaves to the boiling pot. If no accompanying dish, or *ulam*, is available, the steamed rice can be eaten plain. Those eating will dip the tips of their fingers in a small portion of a watery pink shrimp paste, *bagoong*, before picking up a bite of rice. This practice is called *tapik-tapik* and gives the plain rice a salty, fishy taste but no additional nourishment.

The cheap rice that is available in the marketplace is being sold at reduced prices subsidized by the NFA, which was formed in the 1970s during the Marcos dictatorship to monitor and control food prices. In the 1980s its mandate was gradually reduced to the regulation of the price of rice. It purchases rice from local farmers at prices higher than that paid by rice merchants, stockpiles rice to maintain an adequate supply in the event of a food shortage, and sells the rice at reduced prices.

The majority of rice farmers work a hectare, perhaps two, with a *carabao*, a water buffalo. It is backbreaking work. Entire families

and communities work under the blazing tropical sun, planting rice, transplanting rice seedlings, and harvesting the rice. The mud sucks up to their ankles; they cannot stand up and they cannot sit down. They work bent over for the duration of the day.

If they are fortunate they will sell their harvest to the NFA. The NFA pays 17 pesos per kilo for *palay*, unmilled rice. Private rice merchants pay 11 or 12 pesos. The capital expenses of a rice farmer—seed, wages for those assisting in the field, pesticide, fertilizer, feed for the buffalo—can often total 13 pesos per kilo. The NFA currently purchases only 5 percent of rice grown in the Philippines. The majority of farmers have to sell to predatory food merchants at exploitatively low prices.

The NFA imports cheap rice from abroad, mixes the imported and locally grown rice, and sells the rice at reduced prices to the public. NFA rice can sell for as low as 18.25 pesos per kilo, 25 pesos less per kilo than the cheapest non-subsidized rice. For decades, rice merchants, mill operators and grain importers have been demanding the privatization of the NFA.

In the 2011 budget originally proposed by the Aquino administration the NFA’s allotment was cut to zero.

Aquino entered office under sharp pressure from the International Monetary Fund (IMF) and World Bank to reduce the budget deficit, service the national debt, and reduce social spending. His first target was the NFA. In his 2010 State of the Nation address, Aquino spoke of rice rotting in NFA warehouses. This, he claimed, was an example of government corruption and inefficiency and pointed to the need for the privatization of key governmental departments.

Media coverage of the budget deliberations has been muddled and poor. The majority of papers have reported that the 8.5 billion peso budget has been restored to the NFA. This is not the case.

The remaining NFA budget for 2010, 6 billion pesos, had been placed on hold pending budget deliberations. This money, already allotted by the previous Arroyo administration, has now been released. Congress transferred 2.5 billion pesos from the proposed 2011 budget of the Department of Agriculture to the NFA. By combining this sharply reduced budget with the release of the

remainder of this year's money, Congress and the Aquino administration have disguised the slashing of the NFA's budget to less than a third of its original size.

The NFA in the coming year is going to cut its buffer stock of rice. It has in the past kept a supply of rice adequate to provide 30 days worth of consumption. This amount is going to be cut in half.

The NFA will end its program of subsidized rice importation. The Philippines is the largest importer of rice in the world, with 95 percent coming from Vietnam. Philippine imports make up 10 percent of the world rice trade and its rice policy is closely watched by commodities speculators. The proportion of rice consumed in the Philippines that is imported has risen from 8 percent in 2000 to 15 percent.

The Aquino administration justified the ending of import subsidies during recent deliberations by claiming that the goal was to achieve rice self-sufficiency. This is belied by two facts. Aquino has not increased the amount of rice purchased locally by the NFA beyond the 5 percent of the rice harvest. Aquino has also gutted the budget of the Philippine Rice Research Institute (PhilRice), a government funded research organization whose stated purpose is to achieve national rice self-sufficiency. The PhilRice budget was cut from 435 million pesos in 2010 to 91 million pesos for 2011.

Aquino has increased the budget of the Department of Social Welfare and Development to support a 21 billion peso program of conditional cash transfers (CCT). This program has been touted by Aquino as the solution to poverty in the Philippines. Poor families will receive from 1,000 to 1,400 pesos per month to supplement their income, provided they meet certain requirements such as keeping their children enrolled in school.

These welfare dole outs will not provide enough income to compensate for the programs and infrastructure which Aquino has slashed from the budget. It is unlikely that the poorest sectors of the population will receive any income from CCT at all. The hungry, those teetering on the brink of starvation, live in squalid urban shantytowns and remote mountainous barrios. They are often undocumented in official surveys. They frequently lack valid identification, birth certificates or other paperwork which would enable them to receive the CCT handouts.

The limited NFA rice purchase means that the vast majority of farmers wind up selling their harvests to private rice merchants. They will labor in the fields all year, and barely break even when they sell their harvest. Their survival will depend on lining up to receive the crumbs of a dole-out. Bureaucratic anomalies, bad documentation, the inability to enroll a child in school who has been working in the fields for the past few years—these will mean that many supposed recipients of the CCT will not see a penny.

Aquino and the IMF tout the virtues of the market over government planning and development. The supposed virtues of the market will see hungry people pushed toward starvation next

year.

The NFA will continue to buy rice from farmers at subsidized prices, but without supplementing this locally grown rice with cheap imports, and without increasing the amount purchased from local farmers.

There will not be enough NFA rice to feed a hungry populace next year. Poor families will be forced to pay forty pesos or more per kilo for rice. The rural poor will go without rice and turn to digging up cassava roots to feed themselves.

There is a looming rice shortage. The NFA projects a shortfall of 1.5 million metric tons of rice next year—equivalent to more than 10 percent of the annual consumption. This shortfall was projected after having already reduced the calculated per capita consumption of rice from 122 kilos to 118. In other words, the NFA first projected that an already hungry people would go even hungrier and then still found that there would not be enough rice to feed everyone. Part of the shortfall will be made up through imports by private businesses, which is likely to drive up prices.

Aquino campaigned as a pro-poor candidate. He continues to repeat mealy-mouthed shibboleths about helping the “poorest of the poor”. He has taken away their rice. A malnourished population is going to suffer even greater hunger next year thanks to his policies on behalf of local commodity capitalists and international finance capital.

Hunger hardens very quickly into anger. With a looming rice shortage and sharply rising prices, food riots will not be far behind.



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