

The Role of Colonialism, Gambling, Religion, and Resistance in Shaping the Philippine Third Sector¹

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Any ahistorical, non-political reading of Philippine civil society, and there are some, presents only half the story. Commentators have written about the emergence of Philippine civil society from various perspectives: social origins, political economy, and social movement (Constantino-David, 1997; Coronel Ferrer, 1997). This paper attempts a re-reading of the evolution of Philippine civil society from a socioeconomic and cultural perspective to generate a more complete picture and seeks to demonstrate just how heavily interwoven the contemporary Philippine social enterprise narrative is with the discourse of ‘civil society’. Hence this historical-political re-reading of the evolution of Philippine civil society from pre-history to the ousting of the Marcos dictatorship in February 1986 attempts to capture the social, political, cultural and economic factors that led to the emergence of a ‘proper’ social economy during the Cory Aquino administration.

Methodology

The paper employed secondary data analysis which is also referred to as archival research (Smith, 2008). Secondary data analysis involves the analysis of data collected by someone other than the researcher. It involves the ‘re-analysis of data collected by another researcher or organisation, including the analysis of datasets collated from a variety of sources to create time series or area-based datasets’ (Hakim, 1987, p. 20). The historical review was sourced from published academic and practitioner studies as well as from reports and publications archived in various websites:

1. Academic literature on civil society and NGOs was predominantly sourced through the electronic journals archive of the University of the Philippines, Diliman. Other websites visited included those hosted by NGOs, relevant government agencies, multi-lateral and bi-lateral donor agencies, Philippine law and statutes electronic repositories, universities, co-operatives, international development agencies, multi-media organisations and religious and faith-based groups.
2. Statutes, executive orders, policies, administrative rules and regulations were downloaded from the Office of the President, Chan Robles Law website, Philippine Law Info website, Central Bank of the Philippines, Commission on Audit and relevant

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government agencies. Supreme Court decisions on gambling cases during the US colonial period were also downloaded from the Philippine Law Info website.

Discussion

Emergence of Philippine civil society

Pre-Spanish period

There are several theories about the prehistoric beginnings of the Filipino people. One of the first and most enduring is the migration wave theory propounded by American archaeologist Henry Otley Beyer. According to this theory, waves of migration occurred during the prehistoric age among peoples crossing land bridges that connected the Asian continent (Woods, 2005). When the land bridges disappeared, migrants crossed the seas using wooden boats called *balangay* or *barangay* (Corpuz, 1997) that landed in various Philippine islands. Although the claim is contentious, each wave of migrants was supposed to have displaced older groups with their 'superior culture and technology' (Woods, 2005, p. 7). Commentators argue that this claim, propagated by colonisers and some historians, may have been the basis for Filipinos' tendency to denigrate the old and contemporary in favour of the new and foreign. Popularly labelled a 'colonial mentality' (Constantino, 1984), this tendency persists and is one of the myriad issues civil society actors are trying to undo. On the other hand, the 'core population theory' advanced by F. Landa Jocano (1975) theorises that early inhabitants of Southeast Asian countries originated from the same ethnic group that branched out into different ethno-linguistic families as they migrated over time across Asia and Polynesia. According to this theory, early humans were already settled in the country before these migrations took place. Hence, neither Filipino nor Indonesian nor Malay is superior culturally and genetically. A study by Leeds University researchers, based on DNA samples of Austronesian-speaking ethnic groups, appears to support Jocano's claim of a common ancestry (Soares et al., 2011).

Historians agree that prior to Spanish colonisation in 1565, the indigenous *barangays* in the Philippine islands had a simple socioeconomic system that was appropriate for the small, self-contained communities settled near lakes and rivers (Constantino, 1984; Corpuz, 1997). Corpuz (1997) writes that, since the organising principle in each community was kinship, a *barangay* could have from twelve to fifty inhabitants who identified themselves through the name of the boat that had carried them to the islands. Hence, the word *barangay*, which originally meant seafaring vessel, evolved to mean village or community.

While some historians argue that the Philippines was part of an active trading network in the region (Woods, 2005), Corpuz (1997) claims that the country was not drawn to the vibrant Southeast Asian trade route. Thus, it was not influenced by the traditions of Hinduism, Buddhism and Islam, except for the outlying islands in the south where barter trade with the Chinese, Arabs and Indians had been established. Islam took root in these islands and the disparate indigenous communities in Sulu and Maguindanao were consolidated into a sultanate. While there were small independent kingdoms in Luzon and the Visayas islands, the *barangay* socioeconomic system remained the prevailing form of social organisation. The head of the *barangay* was called *datu* and leadership was passed on to family members. Each family in a *barangay* owned a piece of land, which their male and female offspring could inherit since tradition and custom vested ownership in the family (Corpuz, 1997). Unlike the Mindanao sultanate, the small and scattered indigenous communities in Luzon and the Visayas were easily subjugated by Spanish conquistadores (Constantino, 1984; Corpuz, 1997).

Social interaction in the *barangay* was characterised by solidarity, mutuality and reciprocity associated with a *Gemeinschaft* – community-based – society (Abueva, 1976; Hunt in Cariño & Fernan III, 2002; Covar in Guerrero, 2010; Silliman & Garner Noble, 2002). These *Gemeinschaft* values and norms were embodied in the dialects of various sociolinguistic groups that survived. With about 80 major languages and more than 500 dialects spoken in the country (National Commission for Culture and the Arts, n.d.), it is not surprising that these traditional values and norms continue to define Philippine social interaction, despite three and a half centuries of Western colonisation and enculturation.

Spanish colonisation 1565–1896

Spain consolidated the indigenous communities into towns known as *pueblos*-parishes under civil and church administration (Corpuz, 1997). The inhabitants cultivated, but did not own, small fields and the *datu* was delegated to collect rent or tributes for the Spanish king. Spanish friars, religious organisations and lay Spaniards were awarded ownership of extensive tracts of land in private agricultural estates or *haciendas*. In the early years of colonisation, agricultural production in the *pueblos* was limited to local consumption, while friar *haciendas* were farmed much later. Rice was the main crop cultivated in the *pueblos*. The *pueblo*-parish structure was a socioeconomic and political system designed to produce surpluses for landowners, to extract labour and to transform the indigenous inhabitants into servile subjects through Catholicism rather than to assimilate them into the dominant Spanish culture (Corpuz, 1997). Spanish colonisers employed this form of social organisation to destroy traditional kinship-based alliances so as to entrench colonial rule (Guerrero, 2010). Beyond the *pueblo*-parish, in rural and highland communities that the Spanish could not completely colonise, traditional ways of life endured. Until the 1700s, the major economic activity was the annual galleon trade between Manila and Acapulco in Mexico. In order to protect their trading status, Chinese traders converted to Christianity and assimilated through marriage with the children of *pueblo* families. Corpuz (1997) claims that the Philippine domestic trade was dominated by two sectors: one legitimate and the other prohibited by law. The legitimate domestic traders were the Chinese and lay Spanish *encomenderos* who were awardees of the king's *encomienda*. This feudal system enabled lay Spaniards to collect tributes or taxes on behalf of the Spanish crown from indigenous inhabitants living in the *encomienda*. The illegal traders were government officials and friars, who captured a bigger slice of domestic trade. A few enterprising Spaniards tried to establish manufacturing industries, but were thwarted by friars afraid of losing the souls of the indigenous inhabitants and their tributes (Corpuz, 1997). With the emergence of new European powers, Spanish officials were eventually forced to modernise the economy, with grave consequences. The Spanish government in Manila instituted a number of reforms, among them opening up trade to other countries. Members of *pueblo* families, who held minor offices, and Chinese *mestizos* took advantage of incentives offered by the government to supply the British and American agricultural trading houses founded in Manila in the 1820s (Corpuz, 1997). Without an industrial base, the opening up of agriculture to world trade split 'the society and economy into the poverty sector of subsistence farmers and the rich class of the landed gentry' (Corpuz, 1997, p. 139). Enterprising *pueblo* families were able to enlarge their landholdings through usurious lending activities to other *pueblo* families, who used their land as collateral. Friar *haciendas* also contributed to the swelling of the dispossessed through continued land grabbing and usurpation. Many of the landless *pueblo* families became tenant sharecroppers for money-lending families or friar-owned *haciendas* (Corpuz, 1997).

Civic associations and the Philippine Revolution of 1896

The abuses committed by the Spaniards against the indigenous inhabitants did not go unchallenged. Sporadic peasant revolts erupted and some resistance took the form of anti-clerical millenarian

movements (Bauzon, 1998; Reyes Churchill, n.d.). Bauzon (1998) claims that more than one hundred major revolts, at the rate of one every three years, occurred during Spain's 350 years of colonisation. The *cofradías*, the only licit associations for much of the Spanish period, were the seedbed for many of these insurrections (Cariño & Fernan III, 2002). However, it was only in the waning years of the Spanish Empire that a nationalist sentiment arose (Dolan, 1991; Reyes Churchill, n.d.).

According to Ambrosio (1998), the opening up of the economy to global trade and the increasing socioeconomic status of *pueblo* families and Chinese *mestizos*, particularly the *ilustrados* (educated sons of elite *pueblo* families who studied in Manila, Spain and the rest of Europe) fanned their desire for political power. *Plebeians* (the term used for workers and common people) became aware, too, of liberal European ideas through their interaction with *ilustrado* business owners and foreign nationals working in agricultural trading houses in Manila and other urban areas. Moreover, Filipino priests also clamoured for the secularisation of the Filipino clergy, a call that resonated with *plebeians* and *ilustrados* alike (Manila Cathedral, n.d.).

In January 1872, workers mutinied at an arsenal in Cavite to demand full payment of their wages. This provided Spanish friars with an excuse to falsely accuse three Filipino priests active in the secularisation movement of sedition (Manila Cathedral, n.d.). Historians believe that the hanging of GOMBURZA (Padre Mariano GOMEZ, Jose Apolonio BURgos and Jacinto ZAmora) in February 1872 sparked the beginning of the Filipino revolutionary movement (Reyes Churchill, n.d.). *Ilustrados* began writing about Spanish abuses in novels and other literary publications. Exiled *ilustrados* and students in Spain founded the Propaganda Movement in 1872 and lobbied the Spanish parliament for political and economic reforms. The Propaganda Movement's most visible and influential member was Jose Rizal, who was martyred on the eve of the Philippine Revolution in 1896. While in Europe, Rizal wrote two novels depicting friar abuses and inequities. Banned in the Philippines, his novels nevertheless found their way into the country. In 1892, he returned home and founded the *Liga Filipina* (Philippine League) to press for nonviolent change. Other returning *ilustrados* founded masonic lodges and *gremios* (local crafts unions and guilds) that may be described as early forms of co-operatives (Sibal, 2001). The *plebeians* also organised workers through *gremios* purportedly for mutual medical and funeral assistance (Ambrosio, 1998). Among the *gremios* founded by workers and craftsmen were *Gremio de Escultores del Barrio Sta. Cruz* (Sculptors' Guild of Sta. Cruz Village), *Gremio de Obreros de Sampaloc* (Workers' Union of Sampaloc), *Gremio de Litografos* (Lithographers' Guild), *Gremio de Carpinteros* (Carpenters' Union), *Gremio de Telegrafos* (Telegraph Workers' Union) and *Gremio de Plateros* (Silversmiths' Guild) (Ambrosio, 1998, p. 119).

One of La Liga's adherents was the *plebeian* Andres Bonifacio who cofounded the revolutionary KKK (*Kataas-taasan Kagalang-galang na Katipunan nang mga Anak ng Bayan* – Highest and Most Respectable Society of the Sons of the People) when Rizal was arrested and exiled shortly after founding La Liga. Ross (2009) believed that KKK or *Katipunan* was the first national grassroots membership organisation with an elaborate recruitment process patterned after Masonic rituals. The *Katipunan's* main objective was Philippine independence through revolutionary uprising. In order to support its cause, it established mutual aid societies in communities and opened a women's branch. It also actively recruited from the ranks of workers, peasants and *ilustrados*. The *Co-operativa Popular*, an agricultural co-operative founded in 1886 in Bicol province by Vicente Lukban, became a major supporter of the *Katipunan* by providing funds and military intelligence, and spreading revolutionary propaganda (Hall, 2009). The *ilustrados*, however, were divided over the issue of violent change. Despite his incarceration in Mindanao, Rizal did not endorse the movement. Still, *Katipunan* spread quickly and by 1896 had more than 30,000 members from different municipalities and provinces (Ross, 2009).

In 1896, the *Katipunan* waged the first anticolonial revolution in Asia and established the Filipino Republic in 1898. However, rather than surrender to the victorious Filipino revolutionaries, Spain 'surrendered' to the Americans in a mock battle in Manila Bay (Hewitt, 2009). Together with Cuba, Puerto Rico and other colonies it lost during the brief Spanish-American War, Spain sold the Philippines to the United States for USD20 million in the 1898 Treaty of Paris. Although the Filipino Republic lasted only a few years, its revolutionary leaders sought to found a modern and egalitarian society patterned after European liberal ideals (Corpuz, 1997). The United States government, however, put paid to their aspirations.

American colonisation 1900–1946

US president William McKinley presided over the US government's forcible annexation of the Philippines as if mandated by God (Brewer, 2009; Harris, 2011). Drawing on the philosophy of 'Manifest Destiny' popularised by John O'Sullivan in 1845 and from Rudyard Kipling's admonition in his poem *The White Man's Burden*, the USA couched its imperialist designs with the discourse of Christianisation, civilisation and prosperity for all (Brewer, 2009; Harris, 2011; Whitt, 2009a). But, according to Brewer (2009), McKinley conveniently forgot to tell the US public that the majority of Filipinos adhered to Roman Catholicism and that the country had a university predating Harvard by 25 years. Finding the Filipinos intensely resistant to a new colonial master, however, the US insular government quickly combined its 'benevolent assimilation' policy with a brutal military strategy to pacify the islands (Tucker, 2009). It also perfected the art of 'divide and conquer', which the Spaniards had employed, pitting one ethnic tribe against another, to secure political and economic power (Tucker, 2009).

The USA's insular government established public schools, state colleges and universities nationwide and taught Filipinos the English language in an attempt to differentiate the USA from the prior Spanish colonial masters. It also introduced the concept of separation of church and state to weaken the anti-clerical sentiments against the Roman Catholic Church and its influence on civil authorities (Cariño & Fernan III, 2002). Faced with a new and more powerful foreign enemy, the *ilustrado* class was divided. A number collaborated with the new colonial rulers and held government posts in the Philippine Commission created in 1901. Others, however, continued their support for General Emilio Aguinaldo, who had taken over the leadership of *Katipunan*, in the fight for Philippine independence. Although Aguinaldo was arrested in 1901, armed insurrections continued until pacification of the islands was achieved in 1913 (Corpuz, 1997).

While the US government styled itself as a benevolent and modernising colonial ruler, in reality, it was working against Philippine political and economic interests. According to Corpuz (1997), the principal agenda of the US government was to expand American trade in the Philippines by transforming it into a market for US exports and a supplier of cheap raw materials, such as tobacco, sugar, copra and minerals to US industries. In addition, the country would provide the USA a strategic location to reach other lucrative Asian markets, especially China. On the eve of annexation, McKinley himself stated:

We have pretty much everything in this country to make it happy. We have good money, we have ample revenues, we have unquestioned national credit; but we want new markets, and as trade follows the flag, it looks very much as if we were going to have new markets (McKinley as quoted in Brewer, 2009, p. 26).

The US insular government in Manila succeeded in opening the Philippine market through various trade treaties advantageous to the USA. By promoting the 'economy of special relations' (Corpuz, 1997, p. 219), it tied the Philippines to the vagaries of the world economy with its fortunes hinged on the US, in particular. It also effectively sealed the 'dual' character of the Philippine economy and society perpetuating the underdevelopment of the domestic manufacturing and industrial sector and the neglect of the traditional economy in favour of the economy of special relations. Even when it was dismantled in 1934, the orientation of the economy to the American market was complete as 'to virtually determine production, wages, standard of living, and import purchasing power' (Corpuz, 1997, p. 261).

Because of this economic policy, the issues that fuelled the Philippine revolution against Spain persisted. Although the US colonial government initiated a land distribution scheme to benefit some two to four hundred thousand 'squatters,' many could not afford the high price levied (Corpuz, 1997). The Friar Lands Act of 1904 enabled the USA to buy 158,676 hectares of friar lands at exorbitant prices (PhP70 per hectare) that sharecroppers and landless tenants could not afford, when rich *pueblo* families could buy non-friar *hacienda* lands at PhP10 per hectare and amass large estates for cash crop cultivation (Corpuz, 1997). *Cacique* (land owners) colonial officials also ensured that their interests were protected by enacting laws to maintain the status quo (Lara Jr. & Morales Jr., 1990). Hence, the feudal relations between landless peasants and *pueblo* landowners remained unchanged. The neglect of the rice subsector invariably led to recurring rice shortages, rice importation to depress prices and rural unrest (Corpuz, 1997).

'Americanisation' and the Protestant mission

While the US insular government introduced the concept of the separation of church and state, this seemed to be more honoured in the breach than in the observance. US commentators write that America's annexation of the Philippines was permeated with 19th century Protestant religious, racial and socioeconomic values (Brewer, 2009; Harris, 2011; Whitt, 2009a, 2009b). According to Whitt (2009b), McKinley's address in 1899 to the General Mission Committee of the Methodist Episcopal Church 'clearly emphasised the extent to which missionary and political objectives converged' (p. 408). Tracing the philosophical and historical roots that led to the conflation of Protestant values with American republicanism and free trade, Harris (2011) demonstrates how these powerfully moulded Americans' image of themselves and their role in the world. Hence, Protestant missionaries and teachers flocked to the Philippines as civilising agents to supplant the Roman Catholic Church and convert their 'little brown brothers' into the image of white Protestant America (Harris, 2011). In particular, they wanted the Filipinos to learn 'American values and behaviour' (p. 53) that safeguarded the practice of free trade, the ultimate hallmark of Protestant superiority over Catholicism. These included self-reliance, honesty, honour, orderliness, cleanliness, thrift, self-control, responsible citizenship, industry, introspection, and rationality (Harris, 2011).

It may have seemed providential to American missionaries to include orderliness and cleanliness in their social construction mission. Under Spanish rule, Philippine hygiene and sanitation was extremely poor and hospitals were few (Cariño & Fernan III, 2002; Murillo, 1944). There was also no government agency to administer public health and social welfare. Religious orders operated the few hospitals and other charities but lacked the scientific knowledge to combat preventable diseases that plagued the people (Murillo, 1944). Hence, schools, hospitals and sanatoria were among the first establishments founded by American Protestant congregations. They also fanned out into the 'un-churched' countryside of Luzon and Mindanao that had resisted Spanish colonisation (Episcopal Church in the Philippines, n.d., n.p.) for their social construction project through proselytisation and co-

operative building (Sibal, 2001). Protestant missionaries, who worked as volunteers, teachers, or soldiers also brought with them Anglo-Saxon civic clubs and associations that espoused these avowed Protestant values. Table 1 shows some of the American colonial-era civic associations transplanted to the Philippines.

Table 1: Anglo-Saxon civic clubs and associations introduced in the Philippines

Values espoused	Original Name of Organisation	Year Founded	Current Name
Charity/ health	Philippine Band of Mercy	1899	Philippine Band of Mercy (PBM, n.d.)
	American National Red Cross	1905	Chartered in 1946 as Philippine Red Cross (PRC, n.d.)
	Philippine Islands Anti-Tuberculosis Society	1910	Philippine Tuberculosis Society Inc. (PTSI, n.d.)
	Insular Psychopathic Hospital	1925	National Mental Hospital and now National Centre for Mental Health (NCMH, n.d.)
Animal protection	Society for the Prevention of Cruelty to Animals	1905	Philippine Society for Prevention of Cruelty to Animals (PSPCA, n.d.)
Love of God and country, autonomy (Mechling, 2010; Proctor, 2009)	Young Men's Christian Association	1907	YMCA of Manila (Young Men's Christian Association, n.d.)
	Scouting introduced as early as 1910. First recorded name Lorillard Spencer Troop (Boy Scouts of America)	1910	Chartered in 1936 as Boy Scouts of the Philippines (BSP, n.d.)
	Lone Girl Scouts registered with Girl Scouts of America	1917	Chartered in 1940 as Girl Scouts of the Philippines (GSP, n.d.)
Sportsmanship	Philippine Amateur Athletic Federation	1911	Philippine Olympic Committee (POC, n.d.)
Business	American Chamber of Commerce of the Philippine Islands (ACCPI)	1920	American Chamber of Commerce of the Philippines Inc. (Solis, n.d.)
Motoring service	Philippine Motor Association	1931	Automobile Association Philippines (AAP, n.d.)
Scientific and rational thinking	American Medical Society/Manila Medical Society	1902	Philippine Medical Association (Cariño & Fernan III, 2002)
	4-H Club	1934	4-H Club (Yanga, n.d.)

Laws governing organisations

The US insular government quickly adopted US administrative codes and laws to run their new colony efficiently and effectively. Statutes governing corporations and civic organisations were enacted. Act Number 1189 or 'The Internal Revenue Law of 1904' exempted civic associations, associations dependent on charity, charitable, educational, and religious organisations, and paid or unpaid professionals working in these organisations from paying taxes. In 1906, 'The Corporation Law' or Act Number 1459 introduced the concepts 'stock' and 'non-stock' corporation for the first time.

Stock corporations included all types of commercial corporations, such as manufacturing firms, banks, insurance companies, trust corporations and railway corporations, while non-stock corporations included religious orders and societies, such as religious-owned hospitals and orphanages, building and loan corporations, educational institutes, and public corporations. The law also spelled out the duties and responsibilities of the board, membership and governance for each type of non-stock corporation. Hence, as regards religion, the government effectively put religious orders under secular rule. The insular government further revised and consolidated the laws relating to internal revenue under Act Number 2339 or The Internal Revenue Law of 1914 thus introducing additional tax exemptions, such as non-payment of documentary stamps and income earned from insurance premiums and interests from savings, to mutual associations and their members.

At the end of 1935, the US insular government turned over administration of the country to the Philippine Commonwealth government in preparation for the country's eventual independence in 1946. One of the earliest laws enacted by the fledgling government was the Commonwealth Act Number 213 of 1936. Under the guise of 'defining and regulating labour organisations', the law sought to stifle militant labour organisations. The law also strengthened earlier insular statutes that transformed the centuries-old feudal relationship between tenant and landlord to a simple economic exchange between agricultural worker and employer. The Commonwealth government further revised and amended the existing internal revenue law. An analysis of Commonwealth Act 466 of 1939 demonstrates that the American insular government had laid down the US nonprofit model for the Philippine social welfare system. The list of tax exempt organisations under Section 27 of Commonwealth Act 466 reads almost like the present-day nonprofit organisation classification system of the US Internal Revenue Service (2011).

Public charter for private civic associations

A further analysis of laws enacted during the American colonial period – from 1899 to 1935 and during the Commonwealth period from 1935 to 1946 – shows a blurring of boundaries between state and private civic associations. A number of foundations and civic associations were organised through government fiat, including their funding for public health and welfare provision. Perhaps it was expediency that led to this development, since there was no public welfare agency during the first 15 years of American rule (Murillo, 1944). Undoubtedly, to be internationally recognised, a few of these civic associations required public charter, such as the American Red Cross, while this was not universally applied, except in exceptional circumstances, such as the Philippine Society for the Prevention of Cruelty Against Animals, which was chartered by the insular government, presumably because the founder was the daughter of the Governor-General at the time (Philippine Society for Prevention of Cruelty to Animals, n.d.). The Society was given police powers and fines collected were divided equally between the government and the association. In 1936, the Commonwealth government revoked its police powers 'to correct a serious defect of the law' (Philippine Society for Prevention of Cruelty to Animals, n.d., n.p.).

Philippine charities which were chartered at the start of American colonial rule included the Philippine Islands Anti-Tuberculosis Society, Associated Charities of Manila, *Asociacion de Damas Filipinas* and National Federation of Women's Clubs. These charities assisted the insular government in the provision of social services, such as settlement houses, orphanages, community health and sanitation services, and adult literacy programs, modelled on Western organisations (Murillo, 1944; National Federation of Women's Clubs, n.d.; Roman, 2006). Similarly, chartered civic associations included the Boy Scouts of the Philippines (Commonwealth Act No. 111 of 1936), Girl Scouts of the Philippines (Commonwealth Act No. 542 of 1940) and the Philippine Amateur Athletic Federation (Philippine Olympic Committee, n.d.). Apart from receiving government funding, these chartered organisations enjoyed, and continue to enjoy, tax exemptions usually granted only to government agencies and corporations (Appendix A lists the extant laws that granted these private civic organisations quasi-government functions and privileges to raise revenues through gambling).

Political and grassroots organising

While the US colonial government enabled charitable civic organisations to flourish, it grudgingly allowed local groups to advocate for religious and economic reform (Cariño & Fernan III, 2002). Among the local organisations founded during this period was the *Iglesia Filipina Independiente* (Philippine Independent Church), which severed its ties to the Vatican in 1902. The *Iglesia Filipina Independiente* allied itself with nationalist peasant and workers' movements. At the same time, surviving *Katipuneros* (members of the Katipunan) organised a number of trade unions in urban centres, beginning in 1901 (Ambrosio, 1998). In 1902, these trade unions consolidated into the *Union Obrera Democratica de Filipinas* – Democratic Trade Union of the Philippines (UODF), the first federation of workers' associations that served as a platform for militant labour organising. The UODF sought to improve the economic conditions of workers and landless peasants through legal action and political participation. However, the state banned its political party and incarcerated or killed its leaders (Alvero-Boncocan, 1998; Ambrosio, 1998). Hence, workers and peasants formed more radical organisations, such as the outlawed *Katipunan ng mga Anak-pawis ng Pilipinas* (Association of the Sons of the Sweat of the Philippine Islands). This later gave birth to the Bolshevik-inspired *Partido Komunista ng Pilipinas* (Communist Party of the Philippines) established in 1930 (Alvero-Boncocan, 1998; Ambrosio, 1998).

The masonic lodges founded by Filipino revolutionaries also continued to exist as humanistic societies (Couture, 2002). But, it seemed that American masons viewed Filipino freemasonry with suspicion, because it was 'bitterly anti-clerical, less tolerant, more intransigent and more militant than its American counterpart' (de Achutegui S.J. & M.A. Bernad, S.J. in Couture, 2002). President Roosevelt himself was said to have disapproved of the way in which Aguinaldo and his followers practised masonry in the Philippines.

Women's groups with a more political agenda than the charitable women's clubs also started organising during the early American period. The *Asociacion Feminista Filipina*, founded in June 1905, was believed to be the precursor of the Philippine women's liberation movement (Roman, 2006).

Countering peasant unrest through co-operatives

Unlike Western countries, the re-emergence of the Philippine co-operative movement during the American period was not a direct response of disenfranchised sectors to advance or protect their economic interest. In the Philippines, the state and religious groups used the movement to co-opt the working class and the peasantry. According to Sibal (2001), the US insular government and Protestant missionaries organised *Raiffeisen*-type rural agricultural co-operatives to quell rural unrest. Although the Protestant missionaries may have been motivated by reasons other than co-opting the citizenry, primary of which was the creation of an economic class of 'earners and spenders' (Harris, 2011, p. 47), they were more successful than the state because the co-operatives raised their own resources (Sibal, 2001).

The state initiated 11 major projects to jumpstart co-operative development in the country between 1907 and 1947 (Hart, 1955a). During this forty-year period, hundreds of millions of dollars were poured into providing cheap agricultural credit to farmers. However, with the exception of two projects, all else failed (Hart, 1955a). Although some attributed the failure of state-initiated co-operatives to government corruption and mismanagement, Hart (1955a) showed that other economic, sociocultural and political factors were also at work, *inter alia*, economic (resistance of landlords and Chinese merchants with vested economic interests, who wanted land ownership for their beneficiaries); sociocultural (lack of literacy among landless farmers and the tradition of 'debt of gratitude' prevented them from severing their feudal ties to wealthy landowners); and political (appointment of political protégés, political interference and top-down development approaches). Some of these factors continue to play out in the implementation of development projects for the poor to the present day.

Japanese interregnum, December 1941–1945

The Commonwealth government was in exile in the US during the Philippine occupation by the Japanese army. However, other elite members of Philippine society collaborated with the new foreign power during this brief period (Alvero-Boncocan, 1998). According to Sibal (2001), the Japanese-backed government organised and linked 5,000 consumer and producers' co-operatives to ensure food supply to Japanese forces in the Philippines and in other occupied Asian countries. All of these co-operatives, however, were abolished by the Americans after the Second World War.

Before the onset of the war, the outlawed *Partido Komunista ng Pilipinas* (PKP) organised a people's army against the Japanese called the *Hukbong Bayan Laban sa Hapon*, a ragtag peasant and workers' guerrilla group that proved effective against the Japanese army. At the same time, it also functioned as an alternative government by implementing radical social and economic reforms in Luzon (Alvero-Boncocan, 1998). Hence, it gained widespread support from the peasantry, awarded lands vacated by large landowners and fought side by side with American and government soldiers against the Japanese. Towards the end of 1945, however, this guerrilla group was progressively weakened by the US and its elite political allies to prevent PKP leaders from solidifying their political clout in an independent Philippine government.

Philippine Republic, 1946 to the present

The country's economy, and much of its infrastructure, was in a shambles after the war (Crossman, 1948). However, more than the Japanese invasion, the US inflicted far greater war damage while ferreting out the Japanese imperial army by carpet-bombing Manila in 1945, which levelled the capital city to the ground (Olivares, n.d.; Shalom, 1980). As a result, the Philippines struggled to get back on its feet. In return for US war damage compensation and rehabilitation, the Roxas administration signed

a grossly inequitable trade treaty with the USA (Cuaderno, 1956; Shalom, 1980). The Philippine Trade Act (also called the Bell Trade Act after its US sponsor) allowed tariff-free US goods to enter the country for 10 years but restricted Philippine agricultural exports to strict quotas. In addition, it pegged the *peso* on par with the US dollar and any change in the *peso*'s value was made subject to the approval of the US president. Furthermore, it granted parity rights to US citizens and corporations in exploiting the country's natural resources, which the 1935 Philippine Constitution had expressly limited to Filipinos. Hence, the Bell Trade Act needed constitutional ratification.

In order to secure acquiescence, the Tydings War Damage Act and Philippine Rehabilitation Act tied US war damage payments to the Bell Trade Act (Shalom, 1980). Only political subterfuge and manipulation employed by local elites and US government officials could ensure its approval (Shalom, 1980). For example, three PKP leaders, along with other oppositionists who secured seats in the House of Congress were suspended, purportedly for committing electoral fraud or violence. Consequently, they were unable to vote against the twin acts. The USA also turned a blind eye to the atrocities being committed by armed landlords and the military police against the peasantry in Central Luzon so as not to antagonise wealthy landowning politicians (Shalom, 1980).

Political and economic implications of the Bell Trade Act

The USA wasted an ideal opportunity to put an end to the socioeconomic and political structures impoverishing the majority of the Filipino people and, with its impending departure, could have transformed Philippine society 'along more egalitarian and democratic lines and independent of foreign domination' (Shalom, 1980, p. 500). Instead, it established a neo-colonial relationship with the Philippines to protect its economic and political hegemony in the Asia-Pacific region. In return for elite support, the USA helped perpetuate the country's underdevelopment and paid lip service to democratic processes. This has become the recurring pattern of Philippine-US relations (De Dios & Hutchcroft, 2006). Like the 'economy of special relations' established at the beginning of US colonialism, the Bell Trade Act stunted the development of local industry and manufacturing and made the country vulnerable to the vagaries of the world market for years to come. As one local economist put it:

In the strategic positions I have occupied and still occupy in our government in the postwar years, I have been able to observe the bad effects of the trade and currency provisions of the Bell Act on the Philippine economy. I have seen how the unlimited free entry of goods from the United States during the past six years has had a discouraging effect on our plan to industrialize our country, and as a result investment in the Philippines has shied away from industrial development to enjoy the more lucrative fields of trade, commerce, and real estate; how the trade resulting from the Executive Agreement under the Bell Act has been the source of the recurring balance of payments difficulties of the Philippines; and how the quota limitations on Philippine exports, without a corresponding limitation on imports from the United States, will intensify our balance of payments difficulties in the years to come (Cuaderno, 1952, p. 329).

Without a domestic industrial base, the economy was not able to generate employment for the growing population, further aggravating rural unrest and poverty. And, without a stable source of revenue, the continuing demand for imported luxury items by the country's elite wiped out the dollar reserves that were once a source of pride for US government officials (Crossman, 1948). In just three years after independence, most of the USD500 million to USD1 billion repatriated by the USA as war payments was plundered by the country's oligarchs to pay for tariff-free imported luxury consumer goods (Crossman, 1948; Cuaderno, 1952; De Dios & Hutchcroft, 2006). According to Golay (in De

Dios & Hutchcroft, 2006), 'the Philippine state nearly collapsed' (p. 47). To raise revenue to support the war-ravaged populace, the government turned to a sure bet, gambling.

Institutionalisation of gambling for charity

Bankoff (1991) claims that, even before the Spanish colonised the islands, gambling was already endemic among Filipino males from all social classes. Although the Spanish viewed gambling as a vice and fought a losing battle against it throughout their long reign, 'financial expediency' (p. 279) eventually won. In January 1850, a Royal decree established *Loteria Nacional*, which held a monthly lottery and, in 1867, the Manila Jockey Club introduced horse racing. The Philippine Charity Sweepstakes Office claims that Spanish authorities partnered with private enterprises called *Empresa de Reales Loteria Espanolas de Filipinas* in holding the lottery (Philippine Charity Sweepstakes Office [PCSO], n.d.). Hence, by the time the new colonial rulers came, licensed gambling was already a lucrative source of revenue for the Spanish government.

Like the Spanish before them, the American insular government also banned gambling in the early years of colonisation. Act 1757 of 1907 outlawed gambling games, such as *monte*, *jueteng*, lottery and other games of chance. However, the Manila Jockey Club (n.d.) claims that the US insular government reintroduced betting in 1912. Again, like its predecessor, the insular government differentiated betting from gambling by making the former contingent on skills and the latter contingent on luck (Bankoff, 1991; Philippine Supreme Court, 1913a). The subtle distinction notwithstanding, court litigations showed that gambling proved intractable (Philippine Supreme Court, 1913a, 1913b, 1915, 1919, 1921) and insular authorities conceded that 'it was better to make money from a practise they could not effectively prohibit' (Bankoff, 1991, p. 281). Hence, once again, gambling was decriminalised for financial expediency.

The first phase of institutionalised gambling for charitable purposes began in the early 1930s when the state allowed horse racing for the benefit of the Philippine Amateur Athletic Federation (Philippine Charity Sweepstakes Office, n.d.). This is further evidenced by a number of laws, such as Acts 4130 and 4240, passed by the US insular government institutionalising gambling for charitable purposes (Philippine Charity Sweepstakes Office, n.d.). However, only civic associations that were chartered by the insular government, such as the Philippine Tuberculosis Society, were authorised to hold horse races for fundraising (see Appendix A). In his sixth state of the nation address in 1941, President Manuel L. Quezon reported that the PCSO had remitted the sum of PhP7.6 million over a six-year period or P1.3 million a year to charitable health and civic institutions and associations. In addition, it had distributed PhP939,102 to cities and provinces (Quezon, 1941).

At the onset of independence, the House of Congress routinely enacted laws granting civic organisations and religious charitable organisations a percentage of the funds raised by the PCSO (see Appendix A). In addition, private horse-racing clubs were authorised to hold their own races with certain percentages of the revenue allotted to charities. In 1954, through Republic Act No. 1169, PCSO was also allowed to introduce a lottery to further increase revenue collection. Gambling as a source of revenue to finance welfare services will be discussed again in the later subsection *Transforming gaming into a state industry*.

Civil society during the post-war period

Religious charities and chartered civic associations reorganised after liberation to assist in relief and rehabilitation efforts. The US War Relief Services, the precursor to the US Catholic Relief Services, was

established in 1945 for this reason. Private rather than public associations undertook most of the reconstruction since the state had not yet created an agency to implement an integrated public welfare program. This only began in 1951 when the functions of the Social Welfare Commission and the President's Action Committee for Social Amelioration were merged into the Social Welfare Administration. It took the state almost two decades to create a social welfare agency with Cabinet rank. Thus, provision of relief and rehabilitation services to communities affected by the war and by the resumption of a communist-led Huk rebellion in Luzon also became the responsibility of religious charities and civic associations. Under the Emergency Control Administration of 1945, state-formed co-operatives assisted in the distribution of scarce commodities and, by 1948, there were 1,300 registered consumer and producer co-operatives with a total membership of 254,000 (Hart, 1955a; Sibal, 2001). However, many collapsed after funds intended for reconstruction were diverted to satisfy the elite's demand for luxury consumer goods.

Roman Catholic Church and the problem of social order

Given the complexity of Philippine society, the Roman Catholic Church knew that the charitable provision of basic services would not address the social ills besetting the country (Caritas, n.d.). Hence, in 1947, the Institute on Social Order was founded at the Jesuit-run Ateneo de Manila University to help steer the Church's social action program (Cariño & Fernan III, 2002; Institute of Social Order, n.d.). The Church drew inspiration from two Vatican encyclicals in countering the emancipatory appeal of communism and the evils of unbridled capitalism – the *Rerum Novarum* or the *Encyclical of Pope Leo XIII on Capital and Labour* issued in 1891 in response to the rise of communism in Europe (Leo XIII, 1891) and the *Quadragesimo Anno Encyclical of Pope Pius XI on the reconstruction of the social order* (Pope Pius XI, 1931). These encyclicals provided the mandate for Church-initiated artisan and co-operative enterprises, mutual associations, self-help groups, trade unions, NGOs, basic Christian communities and social action centres. Hence, the Catholic Church began organising farmers and workers nationwide to rival radical peasant and labour groups (Constantino-David, 1997). Among the prominent Church-established organisations were the Jesuit-led Federation of Free Workers and Federation of Free Farmers, Catholic Charities, forerunner of CARITAS Manila, and co-operatives that became leaders in the Philippine co-operative movement (Sibal, 2001). Protestant churches likewise 'committed themselves to a common comprehensive social action program for their followers' (Cariño & Fernan III, 2002, p. 43).

Era of community development and modernisation

The country achieved relative peace after the defeat of the Huk rebellion in 1953. This freed the Magsaysay administration (1954–1957) to pursue its two-pronged 'rural improvement program' to modernise Philippine society in earnest (Wurfel, 1958a). The program followed the community development framework promoted by the USA and the United Nations (UN). It was designed to weaken socialist liberation movements after the war by changing traditional mindsets through grassroots participation in community extension projects, and to effect radical economic, social and political transformation through agrarian reform (Magsaysay, 1955; Mayo, 1958; Sharp, 1953; Wurfel, 1959). Among other things, this social reform program saw the emergence of a modernising middle class, fostered by government through laws protecting workers and government employees; land reform; the formation of modern farmer-entrepreneurs through the creation of co-operatives, credit assistance and grassroots community associations, and the adoption of new farm technology (Magsaysay, 1955; Wurfel, 1959). By strengthening these weak groups, a strong civil society could emerge to mount a democratic challenge to existing power blocs, including traditional landholding families, Chinese merchants, and corrupt politicians and government officials. The USA fully supported Magsaysay's rural

improvement program by releasing the USD250 million assistance committed to the previous Garcia administration (Wurfel, 1959). It also provided technical assistance for the drafting and implementation of the reform program (Sharp, 1953; Wurfel, 1959).

Several government agencies were formed or restructured to implement the agrarian reform program, each with its own mandate and area of responsibility. Among these was the Agricultural Credit and Co-operative Financing Administration (ACCFA) created in 1952 to organise farmer co-operative marketing associations (FACOMAs), provide low cost credit, create an integrated marketing system and develop an agricultural industry on par with other industries (Hart, 1955a). With funding of USD50 million or PhP100 million, its first general manager formulated an ambitious five-year plan to achieve its objectives (see Table 4.2). The Social Welfare Administration was involved in the community development program, while agricultural technicians organised irrigators' associations and other agrarian reform groups.

Table 2: ACCFA five-year plan (1955–1959) and accomplishments

ACCFA's five-year plan	Accomplishments
300 independent co-operative marketing associations (FACOMAs) after five years giving 100,000 members access to systematic financing.	467 co-operative marketing associations organised with 271,000 farmer members in three years.
ACCFA capitalised at USD50mn or PhP100mn.	PhP142mn loaned out to 55,000 farmers for increased production; 65,000 farmers for purchase of work animals; and 15,000 farmers for acquisition of farm equipment.
30% of the distribution of agricultural products controlled by producer-managed co-operatives.	N/A
Output and/or average income of 100,000 farmers increased by 30%.	N/A
Greater number of storage facilities constructed, for example, in 1955, build 95 warehouses with a total storage capacity of 3,540,000 <i>cavans</i> .	N/A
	In 1957 the ACCFA financed the purchase of PhP30mn worth of fertilizer and invested PhP1.5mn in the development of the ramie program.
Source: Hart, D.V. (1955b)	Source: Garcia (1958)

Reform-minded academics and intellectuals also established organisations to assist in the rural improvement program. Cariño and Fernan III (2002) distinguished these organisations as the 'first proper NGOs' (p. 43), because they fit the Johns Hopkins structural-operational definition. Among them were the organisations initiated by the Catholic Church, including the Philippine Rural Reconstruction Movement (PRRM) founded in 1952, and co-operatives organised in parishes and Catholic schools. The Federation of Free Farmers and PRRM worked closely with government agencies implementing the agrarian reform program in Central Luzon and Mindanao (Wurfel, 1958a, 1958b). Together with ACCFA, they organised FACOMAs and assisted land reform communities. With left-leaning worker and peasant organisations in retreat, the farmer's federation and rural reconstruction movement had an endless supply of landless tenants to assist in the reform program and they had the power to enlist them in the development effort (Wurfel, 1958b). They had direct access to Magsaysay

making it easier to resolve farmers' concerns. However, their privileged access to the top ended when Magsaysay died in a plane crash in March 1957 leaving the future of the program in doubt (Wurfel, 1958a).

Civic associations and the expansion of PCSO operations

The 1950s was also the time when the PSCO was mandated to increase the frequency of sweepstakes and horse races to raise funds for various charities. In 1956, yet another law was passed to reintroduce the lottery, presumably to finance the community development program (see Appendix A). The decade saw the burgeoning of international professional and membership clubs in the Philippines, such as Lions Club, Rotary Club and Zonta International.

Unravelling of the rural improvement program

In his first state of the nation address in 1958, President Garcia (1958–1961) reported the accomplishments of the Magsaysay agrarian reform program, particularly of ACCFA (see Table 2). By his second year of office, however, he had stopped talking about its accomplishments, only its difficulties (Garcia, 1959). Although he continued the implementation of the community development program, the agrarian reform program lost momentum. This was not surprising considering the iron-grip hold of landowners in Congress who had sabotaged the land reform program of every administration through inaction, withholding funds and subverting watered-down laws for their own vested interests (Hart, 1955a, 1955b; Hutchcroft, 1989; Wurfel, 1958a, 1958b). ACCFA expanded its mandate to the purchase of graded Virginia tobacco, effectively bankrupting the agency (Garcia, 1959).

Under Magsaysay, too, the import-substitution and industrialisation (ISI) program, adopted in 1949 by the Quirino administration (1949–1953), continued as part of the US-initiated socioeconomic program to develop an enterprising class of Filipino industrialists (Hutchcroft, 1989). It required an import and exchange control regime to nurture domestic industries and stem the outward flow of resources. Although Garcia strengthened the ISI program through his 'Filipino First' policy, he was immobilised by allegations of corruption (Hutchcroft, 1989). By 1960, he was forced to lift the controlled *peso*-dollar exchange regime set in place in 1949, thereby beginning the process of dismantling the import-substitution industrialisation and agrarian reform programs.

The ISI program's failure to develop strong national industries was due, in part, to the absence of a populist national movement which, ironically, the state and the US government had decimated (Hutchcroft, 1989). The modernising middle class that the government envisioned also did not materialise because domestic industries did not go 'deep' enough to generate a new class of workers and entrepreneurs. Most of the manufacturing industries established were in the 'finishing and assembling of imported semi-manufactures' (Golay, in Hutchcroft, 1989, p. 43) under license from US companies. In contrast with other countries that had implemented import-substitution industrialisation, the Magsaysay and Garcia administrations were not able to eliminate the traditional landholding elite as a social class. Instead, landholding elite families preserved their power by investing in manufacturing enterprises, in the process lessening the emergence of independent national entrepreneurs (Hutchcroft, 1989).

Also, Magsaysay's agrarian reform program was not comprehensive enough to dismantle the structural basis for social inequality (Constantino-David, 1997; Hutchcroft, 1989). In 'solving' the problem of landlessness in Luzon, the government simply relocated former Huk rebels and supporters to the island of Mindanao in the Southern Philippines. Although the decision appeased peasants from Luzon, it shifted the problem to Mindanao with the displacement of *Lumad* and *Moro* indigenous peoples

(Constantino-David, 1997). While the Mindanao ‘problem’ did not enter national consciousness until years later, the displacement of indigenous peoples from their ancestral lands intensified the Christian-Muslim animosities fuelling the recurrent Moro separatist sentiments (Abubakar, 1997).

Marcos presidency (1966–1969)

In his first state of the nation address, Marcos (1966) declared that the country was in a ‘state of crisis’ and the government was bankrupt, sustained only by borrowings. The daily deficit was PhP2 million and state financial agencies that extended agricultural credit were on the verge of collapse. The Philippine National Bank was holding PhP408 million of agricultural loans that could not be collected, and industries were in distress. Marcos blamed fractious political infighting for damaging the country. In order to rebuild the economy, he proposed nationwide infrastructure development projects and reintroduced the community development program. He also declared a few provinces in Central Luzon as land reform communities under the 1963 Agricultural Land Reform Code. Every year thereafter, Marcos reported on the accomplishments of the community development projects. For example in 1966:

- Increased community development projects by 150% and community participation by over 500% in a single year.
- Organised 25,000 community projects involving more than a million people.
- 18,000 self-help projects were undertaken by the people themselves using their own resources.
- Re-awakened the people’s *bayanihan* (reciprocal assistance) spirit.

Towards the end of his first term, Marcos (1969) boasted that the community development program had achieved phenomenal success:

- Community development projects increased by 427% benefiting six million people.
- Government assistance to 128,158 self-help projects totalling PhP47.5 million, a marked contrast to the PhP13.3 million extended to 24,306 CD projects over Macapagal’s four-year term.
- Private sector participation for the first time in community development projects, such as the Operations *Kasama* (buddy) low-cost housing project for rural areas, in partnership with the Archdiocese of Sorsogon, and the Lanao Special Operations, with the Asia Foundation and Mindanao State University.

His report on the progress of the land reform program, however, was less upbeat, citing lack of funds, Congress inaction and renewed hostility by a revitalised Communist Party of the Philippines in Central Luzon.

In 1970, Marcos was re-elected for a second term in one of the ‘shameless’ elections in the history of the Philippines (De Dios & Hutchcroft, 2006). Similar to his predecessor whom he accused of plundering government coffers, Marcos ensured his re-election by using government funds that precipitated a new balance of payments deficit and *peso* devaluation. In his state of the nation address in 1970, Marcos revealed the true nature of the community development program, which he had used for his re-election bid. Despite the rosy reports, Marcos admitted that the community development projects between 1966 and 1969 were ‘demonstrative in nature and commonly serve as stop-gaps for the socioeconomic ills of communities. Mainly, they are for increased production and income, public

improvements, improved health and sanitation, and for cultural and recreation purposes' (Marcos, 1970, n.p.). The government had spent PhP175.3 million on the community development program during this three-year period yet later analysis of his annual reports indicated that the bulk of spending was in his last year of office. Also, he reported that, for every *peso* spent by the state, beneficiaries had contributed PhP2.69 in the form of 'cash, materials, labour, and project sites' (Marcos, 1970, n.p.). This meant that the poor either volunteered, or were enjoined to volunteer for, their communal projects, including spring development, water supply, feeder roads, and rice and corn mills. This self-help community development ethos has become standard, constituting poor beneficiaries' 'contribution' or 'stake' in development projects. In this instance, the poor's stake outstripped what the state had spent on community development projects for which it was responsible in the first place. Still, he hailed the community development program's accomplishment as ushering the 'emergence of the *barrio* folk' (Marcos, 1970, n.p.). Whatever he meant by this, his *barrio* folk may have paled in comparison to a 'real' politically conscientised landless peasant or slumdweller from the *barrio*.

Rise of a politicised civil society

As in the developed world, the 1960s discontent with capitalism and anticolonial struggles in Vietnam and parts of Africa led to the emergence of politicised social movements in the Philippines (Constantino-David, 1997). Students and intellectuals familiar with anti-imperialist and anticolonial discourses started organising in Manila's universities and slums (Sison, 2009). A reconstituted Communist Party of the Philippines adhering to a Marxist-Leninist-Maoist ideology was founded in December 1968 and, in March 1969, established the New People's Army in Central Luzon. The Second Vatican Council (1964) also signalled a shift from 'Christian formation of workers to a more general promotion of justice' (Gavin, 1997, p. 1). Inspired by Latin American bishops' adoption of the theology of liberation, the Church embarked on a 'liberationist' social apostolate for structural change (Gavin, 1997) and established social science research institutes, such as the Asian Social Institute (1962) and the Social Communications Centre (1965), renamed Communication Foundation for Asia in 1973, to help develop socially-responsible Christian leaders from all social strata. The multitude of voices that arose had dynamisms of their own:

Unlike the previous period when the lines were drawn quite neatly between the state and the dominant church on one hand and the communist movement on the other, the alliances and the enmities were not as clear-cut. The ruling elite was in disarray. All groups challenged state power and at the same time bitterly fought each other. This rivalry manifested itself, not only in the student movement but also in church institutions, labour federations and the peasant movement. In the Muslim south, Moro nationalism, engendered by years of neglect and discrimination, was also on the rise. Structural determinants of poverty were no longer ignored; they were the centre of the debate (Constantino-David, 1997, p. 27).

Thus, with growing social unrest in the wings, Marcos proclaimed martial law in September 1972 and outlawed mass organisations and political parties, closed down the media and arrested thousands of so-called state enemies. He also deported foreign missionaries, whom he accused of supporting Marxism, and imposed authoritarian rule for political expediency to secure his family's growing economic fortune and to ensure that American ownership of land and natural resources, especially the sprawling US military bases in Central Luzon, would remain securely in American hands (Banerjee, 1979; De Dios & Hutchcroft, 2006; Wurfel, 1977). With the impending expiry of the Laurel-Langley Act (amending certain provisions of the Bell Act) after July 3, 1974, these prime properties, then estimated at USD2 billion, were in danger of being nationalised unless another treaty

could be passed (Banerjee, 1979). However, the anticolonial backlash engendered by the use of the US military bases in the Vietnam War militated against it.

New Society Movement: Social reform redux (1972–February 1986)

One cultural justification for martial law was that American-style democracy was ‘not viable in a country like the Philippines which lacked a substantial middle-class population’ (Romulo, in Hunt, 1980, p. 110). During this period, more than half the population of 36.7 million was poor (National Statistics Office, n.d.). Although the government did not provide data as to what or who constituted the ‘middle class’, it contended that the country’s problems, as in Magsaysay’s term in office, were due to its absence. Unlike previous administrations, instead of posting American advisors in his bureaucracy, Marcos employed Filipino technocrats trained in US business schools, such as Harvard. His ‘New Society’ program closely resembled Magsaysay’s agrarian reform and import-substitution industrialisation program but without the intransigence of the traditional landholding economic elite. Thus, the social construction project that had begun in the 1900s to make Filipinos rational economic agents could finally be completed. But, the technocrats overlooked, at their peril, the ‘values’ held by the Marcos ruling family, the military and the crony capitalists that militated against their modernising project (De Dios & Hutchcroft, 2006; Wurfel, 1977; Yokoyama, 1990). In his appraisal, Hunt (1980) appeared to believe that Marcos’s authoritarian project would transform Filipinos into individuals with ‘autonomous personalities’ (p. 121), who would put national welfare above family or clan interests. However, the traditional values of ‘familism, personalism, and parochialism’ (Abueva, in Abueva, 1976, p. 123) that Marcos sought to eliminate became more ingrained than ever before in the Filipino political psyche (Muñoz & Battulayan, in Abueva, 1976; Banerjee, 1979; De Dios & Hutchcroft, 2006; Lara Jr. & Morales Jr., 1990; Sibal, 2001). And, as in the past, these values were tolerated as long as they did not endanger the geopolitical and economic hegemony of the USA (Banerjee, 1979).

Samahang Nayon (village association) co-operative development program

Through Presidential Decree No. 27, Marcos placed tenanted private agricultural lands planted with rice and corn under the agrarian reform program to the benefit of the one million rice and corn farmers. However, big agricultural plantations comprising 3.5 million landless farm workers and tenants cultivating traditional export crops, such as sugar, pineapples, bananas and coconut, were excluded. This vastly limited the program’s scope and coverage (Department of Agrarian Reform, 2006) and heightened the dual character of the economy, where a commercial agricultural sector along with industry, and a mostly rural but also urban and informal non-commercial agricultural sector coexisted (Alayarna & Larson, 2004)

Under the heavy dictate of martial law, rice and corn farmers formed pre-co-operative village associations, called *Samahang Nayon* (SN), to qualify for agricultural credit. These village associations were compelled to form *Kilusang Bayan* – meaning co-operatives, such as co-operative rural banks, area marketing co-operatives and consumer co-operatives (Castillo, 2003). These co-operatives were to function as conduits for the *Masagana 99* and *Maisagana 99* credit program. (‘Masagana’ meaning abundant and ‘99’ being the targeted number of *cavans* or sacks harvested per hectare). The village associations, however, did not only comprise agrarian reform beneficiaries (Overholt in Nawawi, 1982) with SN membership open to all individuals as long as they lived within the limits set for ownership: seven hectares of rice or corn land, 10 hectares of coconut land, or 24 hectares of sugar land. Overholt (in Nawawi, 1982) estimated that by the end of 1975, 60% of SN members were owners and non-farmers, while only 40% were tenants or ex-tenants.

Sibal (2001) writes that *Samahang Nayon* associations numbered 200,000 with a total membership of three million farmers at its peak. After 14 years, however, only 3% survived due to the agrarian reform program's lack of fit with the needs of farmer-beneficiaries and its top-down decision-making structure (Jensen, 1982; Sibal, 2001; Van Steenwyk, 1987). Hence, technocrats had difficulty implementing the program. Although it failed as a state-initiative, some SN co-operatives that had learned the business values necessary for effective development programs, including Lamac Multi-Purpose Co-operative, Sorosoro Ibaba Development Co-operative and SOCSARGEN Samahang Nayon Co-operative, succeeded (Jensen, 1982).

There were other types of state-initiated co-operatives, including the sugar planters and producers co-operative, electric co-operative, tobacco farmers co-operative, and transport co-operative, but only the agricultural co-operatives were supervised by the Bureau of Co-operative Development (BCOD), with the rest left to relevant state agencies. Although most of the *Samahang Nayon* co-operatives had become inactive by 1986, some managed to survive, in particular, the electricity co-operatives and co-operative rural banks. Ultimately, the Philippine co-operative movement during the martial law period was fragmented and weakened by excessive government control (Van Steenwyk, 1987) and the agricultural development model was flawed due to its reliance on expensive technology promoted by external funders, such as the World Bank (Borras Jr., Carranza, Franco, & Manahan, 2009; Tadem, 1985). Although farm production increased, the high cost of fertilisers and pesticides offset farmers' gains. Hence, many small farmers and agrarian reform beneficiaries were unable to repay their debts to co-operatives and rural banks (Sibal, 2001; Tadem, 1985).

At the same time that the martial law government professed to release rice and corn farmers from the 'bondage of the soil' (Presidential Decree No. 27), in May 1973 Marcos issued Presidential Decree No. 194 lifting the 1961 ban on non-Filipino businesses' engagement in the rice and corn industry. Republic Act No. 3018 had been enacted in 1960 as part of the 'Filipino First' policy to curtail alien (mostly Chinese) control over this sector of the Philippine economy (Hart, 1955a). Without legal backing, rice and corn farmers' marketing co-operatives could not compete with merchant traders with well-organised marketing and information-sharing networks (Cook, 1959; Jensen, 1982). Though rice and corn traders had 65% control of the rice and corn farming business in the 1950s, this did not always translate to high profit (Hart, D.V., 1955b). Stiff competition limited their profit margins to 2.6% on average. Still, the industry back then generated an estimated USD50 million in profits (Hart, D. V., 1955a). Because Presidential Decree No. 194 allowed only two years for alien businesses to engage in the rice and corn industry, in 1975 Marcos granted Filipino citizenship to 2,802 aliens, with the majority of Chinese descent (see "*Presidential Decree No. 836 Granting citizenship to deserving aliens and for other purposes* (1975).").

Inventing citizen participation

Through presidential decrees the martial law government also attempted to create national citizens movements that would voice the concerns of the people. These included Presidential Decree No. 86 mandating the formation of citizens assemblies in all *barangays*; Presidential Decree No. 684 creating the *Kabataang Barangay*, a village youth organisation to represent youth issues in the *barangay*; and Presidential Decree No. 1191 creating the *Pambansang Katipunan ng Kabataang Barangay ng Pilipinas*, a national youth organisation headed by Marcos' eldest daughter. According to Nawawi (1982), these *barangay*-level organisations could have become real platforms for political participation but subsequent decrees curtailed any possibility of this when they were integrated as administrative units of government. However, whether or not Marcos really intended them to be platforms for people's

representation, they may also be seen as a means of channelling their discontent in a form that government could control or direct. Thus, rather than providing a real voice for citizens, they became conduits to legitimise martial rule (Abueva, 1976; Nawawi, 1982).

Transforming gambling into a state industry

Although the economy prospered in the first few years of martial law, this did not last long (Banerjee, 1979; De Dios & Hutchcroft, 2006; Neher, 1980). Social problems that characterised the ‘old society’, such as rampant government corruption, crime, lawlessness and poverty, recurred with increasing frequency (Abueva, 1976; Wurfel, 1977). With the economy in crisis, the government turned to the lucrative gambling industry again to generate additional revenue.

Whereas the practice of mandating the Philippine Charity Sweepstakes Office or PCSO to hold lotteries for the benefit of civic associations depended on the whims of politicians, Marcos ended this practice in 1972, when he declared martial law and became the sole law-making authority. An analysis of the presidential decrees issued during martial law (see Appendix A) shows that there were four significant laws issued between 1977 and 1983 related to the gaming or gambling industry. In January 1977, Presidential Decree No. 1067-A created the Philippine Amusements and Gaming Corporation (PAGCOR) purportedly for the government’s nation-building program and to eliminate the ‘evils’ associated with illegal gambling. The PAGCOR was established for high-stakes gamblers and justified in terms of the need for additional sources of revenue for the poor. Several months thereafter, Presidential Decree No. 1157, issued in June 1977, levied a 10% tax on winnings in *jai alai* and horse racing, and also increased the government’s share of the sweepstake’s total prize fund. This decree rationalised the tax increase as an equitable revenue generation for government, as well as for ‘moral and economic’ purposes.

In 1979, a lame-duck parliament under the Marcos administration radically amended the charter of the PCSO through *Batas Pambansa Blg. 42* by appointing it as ‘the principal government agency for raising and providing funds for health programs, medical assistance and services and charities of national character’. This change gave sweeping powers to the PCSO board of directors making them solely responsible for determining beneficiaries and the frequency and types of gambling activity permissible. This resulted in the increased frequency of horse racing, the introduction of new games and a levy of 10% on winnings to finance charitable activities. *Batas Pambansa Blg. 42* (Republic Act No. 42) also transformed the PCSO by transferring the approving agency from the Office of the President to the Ministry of Human Settlements then headed by the President’s wife, Imelda Marcos. With the former First Lady at the helm of the PCSO, a precedent was established for succeeding first spouses to chair the PCSO, thus politicising the agency (Legaspi, 2008) and paving the way for the use of state funds to support their favoured charities and organisations thereby enhancing their families’ political standing (Doyo, 2011b).

In July 1983, Presidential Decree No. 1869 paved the way for private investment in PAGCOR, which attracted foreign gaming corporations and brought large-stakes players into the country. As a result, it generated PhP1.7 billion (AUD162.9mn) in gross revenue and contributed PhP956 million (AUD97.3mn) to government coffers in just five years. Furthermore, the 5% franchise tax brought in an additional PhP83 million (AUD8.4mn). The PAGCOR, which was justified to raise additional sources of revenue for the poor, boasts that it is the ‘third largest revenue-generating arm of the government’ (PAGCOR, 2010, p. 8) rivalling the state’s tax agencies. PAGCOR contributes more than half of its annual income to the government’s development programs for the marginalised sectors.

PAGCOR has generated gross revenue totalling PhP355.6 billion (AUD7.9bn approximately) over a 25-year period between 1986 and 2010 (PAGCOR, 2010). Additionally, the Office of the President receives 5% of PAGCOR's annual income for its discretionary Social Fund to use for charitable purposes or for pork barrel, i.e., the appropriation of government spending for localised projects secured solely or primarily to bring money to a political representative's district or, in this case, fund (Tordesillas, 2010). In 2010, for example, PhP1.6 billion (AUD35.6mn) was remitted to the President's Social Fund (PAGCOR, 2010).

Besides the PCSO and PAGCOR, other government agencies were established or strengthened to regulate state-initiated gambling, such as the Philippine Racing Commission and the Games and Amusement Board. Thus successive Philippine governments made gambling a way of life for the majority of Filipinos, rich and poor alike (Mangahas, 2010), and changes through the years were designed to generate increasing revenue for private and government-provided health, housing, welfare and social services.

As demonstrated earlier, the state has always depended on private charitable associations and religious charities to deliver social services to disadvantaged sectors, such as orphans, sexually abused girls, and abandoned elderly people. However, rather than 'sub-contracting' or outsourcing of public services, the state uses the term 'financial assistance' to demonstrate government benevolence (Doyo, 2011a); and charitable associations—without an independent means of income—are expected to shoulder administrative costs for these welfare services. However, due to widespread poverty the privatisation of public services is no longer a debatable issue. Instead, contracting with and/or receiving subsidies from the state are viewed as proof of democratic participation and of an empowered citizenry rather than a failure of state provision.

Given its financial clout, the State employs the distribution of charity funds as a carrot-and-stick approach for political convenience. For traditional charitable organisations providing social services for which the state was responsible in the first place, obtaining state financing had been a constant irritant and dilemma since gambling rather than tax-based revenue was the source of funding. Since religious charities were among gambling's beneficiaries, the Church is often placed in an ethical dilemma. In 2011, a controversy involving several Catholic bishops, who received expensive vehicles from ex-President Gloria Macapagal-Arroyo and the PCSO for their social action programs, highlighted this ethical conundrum (Bernas, 2011; Doyo, 2011a; Gutierrez, 2012). Although 50% of the 112 charitable organisations receiving funding from the PCSO were religious charities, the public controversy forced the Catholic Bishops' Conference of the Philippines to sever funding ties with public corporations engaged in the gaming industry (David, 2011; Esplanada, 2011; UCANews, 2011).

Beginnings of an independent social economy

Following the declaration of martial law, the social movements splintered and radical organisations went underground, while other groups were co-opted or rendered inactive (Constantino-David, 1997; Lara Jr. & Morales Jr., 1990; Multiversity, n.d.). Organisations identified with the national democratic movement joined the Communist Party of the Philippines and the New People's Army, while those identified with social democracy also formed their own armed revolutionary group. The Church, including the Roman Catholic and Protestant churches, was not spared by the division that martial law wrought, with some commentators likening the schism in the Church to that in Philippine society generally (Aguilan, n.d.; Shoesmith, 1979; Youngblood, 1978), among radical religious, moderates and conservatives (Caritas, n.d.; Constantino-David, 1997). Although the Church adopted a stance of 'critical collaboration' with the martial law regime, it also provided a protective mantle to activists and

opposition groups (Association of Major Religious Superiors of the Philippines [AMRSP], n.d.). Though the Church was the only civil institution strong enough to counter the state, Church personnel were not immune from state repression, while the martial law government employed a 'divide-and-rule' tactic to weaken resistance.

Moderate and conservative Church-affiliated organisations, such as Caritas Manila, the Bishops-Businessmen's Conference and other religious congregations, confined their response to the economic needs of the poor, basic social services delivery and spiritual guidance (Constantino-David, 1997). However, 'radical' organisations and church ministries, including the AMRSP, the National Secretariat for Social Action-Justice and Peace and the human rights, justice and peace commissions of the United Council of Churches in the Philippines, the National Council of Churches in the Philippines and the Philippine Independent Church, monitored and documented human rights violations and peace and justice issues. Prior to the imposition of martial law, these churches had established ecumenical councils that supported community organising of urban poor communities, indigenous groups and other marginalised sectors (Constantino-David, 1997; Multiversity, n.d.; Silliman & Garner Noble, 2002). Church-run schools and universities 're-oriented' their curricula to 'conscientise' students on social justice issues (AMRSP, n.d.).

Although divided, Church activism helped nurture the emergence of a distinctive NGO sector beginning in the late 1970s. Despite continuing repression, grassroots organisations, fostered by ideological groups, emerged from the protective mantle of the Church (Constantino-David, 1997; Multiversity, n.d.). Prominent individuals from the Church, academia, business, professionals, and human rights activists established research institutes and advocacy groups along sectoral lines. For example, IBON Databank was founded in 1978 as an alternative economic research institute (IBON, n.d.). Using official data, IBON published the real state of the economy under the martial law regime. These organisations were registered legally as non-stock nonprofit corporations and became the springboard for the larger social movement that ousted the Marcos dictatorship (Coronel Ferrer, 1997; Silliman & Garner Noble, 2002).

As already mentioned, the 1950s signalled the Catholic Church's involvement in the temporal affairs of its followers. With Vatican II, co-operative building by Catholic missionaries from Europe and North America proceeded in earnest. Priests and nuns founded credit co-operatives in their respective parishes and schools in the frontier areas of Mindanao and the Visayas (Dumaguete Cathedral Credit Co-operative, n.d.; MASS-SPECC Co-operative Development Centre [MASS-SPECC], n.d.; ; San Dionisio Credit Co-operative, n.d.; VICTO National Co-operative Federation & Development Centre [VICTO], n.d.) and in urban poor communities in Manila (San Dionisio Credit Co-operative, n.d.). The Protestant churches also intensified credit union organising among their communities in Northern Luzon and Southern Mindanao (Episcopal Church in the Philippines, n.d.). In addition to the co-operatives founded in parishes and religious-owned schools, the Federation of Free Farmers' Co-operative was founded in 1966 to serve as the 'economic arm' of the Federation of Free Farmers and its members established autonomous consumer co-operatives in their respective villages.

By the 1970s, these church-initiated primary credit unions and co-operatives were thriving, while state-initiated agricultural co-operatives languished (Sibal, 2001; Van Steenwyk, 1987). These private co-operatives set up provincial-level co-operative federations that served as training centres for their members alongside government initiatives. The first provincial co-operative federations were established in Mindanao in 1966 (MASS-SPECC, n.d.), including *Misamis Oriental-Bukidnon-Camiguin* (MBC), a federation of co-operatives, and Southern Philippines Educational Co-operative Centre (SPECC). In 1970, the Visayas Co-operative Development Centre was established in Cebu to serve as

the training centre for Church-initiated co-operatives in the Visayas islands (VICTO, n.d.). In 1971, MBC and SPECC co-founded the Co-operative Life Mutual Benefit Society (CLIMBS) as a mutual protection system for their members (CLIMBS, 2009).

When martial law was proclaimed in 1972, the provincial-level federations transformed into regional federations to protect themselves from government meddling and to speak as one voice for private co-operatives. For example, just before martial law, 11 provincial federations in Mindanao established the Mindanao Co-operative Alliance (MCA) to ‘articulate the views of the private voluntary sector on issues affecting co-operatives’ and serve as the ‘socio-political arm of the movement to protect the gains of the co-operatives’ (MASS-SPECC, n.d., n.p.). Following the declaration of martial law, MCA became a non-stock, nonprofit corporation and changed its name to Mindanao Alliance of Self-Help Societies (MASS) to avoid being integrated into the state-initiated co-operative movement. In 1977, these federations formed the National Association of Training Centres for Co-ops (NATCCO) to ‘coordinate the training and educational services for co-operatives at the national level’ and ‘to serve as the voice of co-ops belonging to the network’ (NATCCO, n.d., n.p.). In 1984, MASS and SPECC merged into MASS-SPECC to ‘maximise the organisational, financial, physical, and human resources of both institutions’ (MASS-SPECC, n.d., n.p.). Table 3 shows the development of federations by private co-operatives between 1966 and 1986. These private co-operatives flourished because they were managed by the middle class – priests, nuns, teachers, lawyers, accountants, and other professionals – in the locality (Sibal, 2001). However, state-initiated agricultural co-operatives also benefited from middle-class support, including government personnel and, in the case of *Samahang Nasyon* co-operatives, technical assistance and coaching by US Peace Corps volunteers (Van Steenwyk, 1987).

Because the private co-operatives did not receive state support, they had to rely on member contributions and co-operation. As a result, the 19th century American Protestant ‘Christian’ values promulgated by missionaries and teachers to civilise Filipinos in their image, which inculcated values of honesty, thrift, trust, solidarity, self-reliance, autonomy and neighbourly concern or love, became more deeply ingrained in Philippine society. The co-operatives were not only economic enterprises but also basic Christian communities which tackled social justice issues (Picardal, 2011), though their interpretation of the teachings of Vatican II differed from those of liberation theologians (Nadeau, 2004). Perhaps it also helped that religious missionaries lived among the poor communities, providing parishioners an authority to trust, while their presence lent legitimacy to the parishioners’ enterprises and protected them from harassment from the New People’s Army rebels and the military, with some exceptions (Lynch, 2009). By December 1986, co-operatives had a total membership of 3.2 million (2.6 mn as members or consumers of electric co-operatives) and had combined assets worth PhP844.7 million (Van Steenwyk, 1987) in which privately-initiated co-operatives had a 33.2% share, while co-operative rural banks that received financial assistance from the ousted martial law regime owned 35.1%.

Philippine corporate social action

Even before the ‘corporate social responsibility’ discourse found an audience in developed countries, members of the Philippine private sector had established their own nonprofit foundations as a form of ‘corporate social action’ (Philippine Business for Social Progress [PBSP], n.d.). The PBSP was founded in 1970 by 50 business corporations that pledged ‘one percent of their companies’ net income before taxes to pursue poverty reduction programs’ (PBSP, n.d., n.p.) and the following year, the Bishops-Businessmen’s Conference for Human Development (BBC) was founded. It was a union of ‘men of the cloth and men and women of capital, who thought both Church and Business should play a role in

transforming Philippine society' (Bishops-Businessmen's Conference for Human Development, n.d., n.p.). Another business foundation established in 1973 was the Community Crafts Association of the Philippines (CCAP), which started as an export marketing arm of handicraft producers. Since then, CCAP has become one of the most successful fair trade social development NGOs (Community Crafts Association of the Philippines Inc., 2006).

Table 3: Private co-operative federations (1966–1986)

Federation	Area	Date founded
a. Provincial co-operative federations		
<i>Misamis Oriental-Bukidnon-Camiguin</i> Federation of Co-operatives (MBC)	Mindanao	1966
Southern Philippines Educational Co-operative Centre (SPECC)	Mindanao	1966
Southern Philippines Educational Co-operative Centre (SPECC)	Mindanao	1966
b. Regional co-operative training centres/federations		
Southern Philippines Educational Co-operative Centre (SPECC)	Mindanao	1966
Visayas co-operative Development Centre (VICTO)	Visayas	1970
Northern Luzon Co-operative Education & Development Centre (NORLUCEDC)	Luzon	1975
Tagalog Co-operative Training and Education Centre (TAGCOTE)	Luzon	1976
Bicol Co-operative Training Centre (BCTC)	Luzon	N/A
MASS-SPECC merger	Mindanao	1984
c. National co-operative federations		
Philippine Credit Union League (PHILCUIL) founded by 44 credit unions	Philippines	1960
National Association of Training Centres for Co-operatives (NATCCO) formed by the regional co-operative federations.	Philippines	1977
NATCCO became a multi-service national co-operative federation while regional training centres became multi-service co-operative development centres. The acronym NATCCO was retained but its name was changed to the National Confederation of Co-operatives.	Philippines	1986

Emergence of fair trade

Religious orders that implemented a more integrated Christian community development approach in rural and urban poor communities (Caritas, n.d.) may be considered forerunners of the fair trade movement in the Philippines. Their development program usually integrated co-operative building with livelihood or income-generating projects, such as sewing, food processing, organic agricultural production, animal husbandry and handicraft production. Because of the limited local market, religious missionaries tapped into their congregations' networks in the major urban centres in the Philippines, Europe, Australia and North America to sell the handicrafts made by urban poor and rural communities. These religious organisations marketed the handicrafts as a form of solidarity with the poor. Among the first to do this were the:

- Social Action Foundation for Rural and Urban Development, Inc. founded in 1966 by Sister Juliaan Mullie, icm, a Belgian nun. SAFRUDI was supported by the ICM (*Immaculati Cordis Mariae*) and CICM (*Congregatio Immaculati Cordis Mariae*) congregations in Belgium and the Netherlands. It began with a modest sewing project by urban poor women in Manila and later expanded to other areas in the Philippines (SAFRUDI, 2006).
- PREDA Foundation (Peoples' Recovery Empowerment and Development Assistance Inc.) was established in 1974 in Olongapo, a former site of a US naval base. Together with two Filipinos, Father Shay Cullen, a Columbian priest founded PREDA to rescue young children and minors who had been sold as sex workers in the city's brothels. In 1975, PREDA founded Profairtrade Development Agency (PREDA), a fair trade organisation to help these young people earn an income through craft making. Father Cullen initially promoted PREDA handcrafted products and later, processed mango products in Ireland and other European countries (PREDA Foundation Inc., n.d.).
- *Alay Kapwa Gawang Kamay* – meaning handcrafted offering to one's fellow human being – was a co-operative founded in 1979 by the Religious of the Good Shepherd nuns. Sister Christine Tan helped develop the co-operative's marketing network with the support of RGS communities in the USA, Australia and New Zealand (Alay Kapwa, n.d.; Doyo, 2011b; Religious of the Good Shepherd, n.d.).

Flourishing of development-oriented NGOs

Political NGOs also organised co-operatives and income-generating projects in the early 1980s to avoid military harassment (Multiversity, n.d.). But, unlike the Church and business foundations, NGOs considered these activities secondary to their political work. The ousting of the Marcos dictatorship in February 1986, however, changed the political landscape of the country and many NGOs found their *raison d'etre* irrelevant. With a democratic government installed through a non-violent political uprising, international donor agencies that supported these radical NGOs favoured economic development projects over research and advocacy. The restoration of democracy generated a great deal of goodwill and opened the floodgates for international giving. Hence, beginning in the late 1980s, a number of NGOs transformed themselves into development-oriented organisations and gave birth to the Philippine microfinance industry and alternative trade movement, while the co-operative sector also experienced a renaissance with the Marcos dictatorship gone.

Conclusion

This paper has shown the extent to which Philippine civil society is rooted in civic-mindedness. Throughout history, oppressed groups have formed associations for mutual support and to stage revolutions. The state has had as much to do with the development of civil society as with leveraging against radical peasant associations and trade unions. First, through public education and the Protestant mission, the US colonial government transplanted values that promoted capitalist democracy and the ideology of free trade. Secondly, it set the precedent for blurring the boundary between the public and private sectors by chartering charities for the delivery of social welfare services. Because the economy was underdeveloped, the US insular government found financial expediency in state-sponsored gambling that was subsequently institutionalised by successive Philippine governments to finance social service delivery. However, it also cemented an awkward relationship between the Church and the state as regards the 'ethical' justification for the state-initiated gambling industry.

While the US insular government promoted private charities, it also initiated the development of a Philippine co-operative movement to counter radical peasant groups and trade unions. However, because their development was not organic, these co-operative ventures failed to address the structural determinants of poverty and social injustice, and peasant revolts and militant trade union organising continued throughout the 1950s. Although the US government promoted an agrarian reform program patterned after the Japanese and Taiwanese models after WWII, this was too little, too late. The resettlement of landless peasants from Luzon to Mindanao only gave rise to a new class of dispossessed indigenous and Muslim communities that re-kindled Christian-Muslim animosities. The anticolonial struggles and global discontent with capitalism in the 1960s, however, led to a nationalist awakening that threatened the fractious ruling elite. This gave President Marcos an excuse, with tacit support from the USA, to declare martial law in 1972 and enabled him to continue the US social construction project of creating a modern middle class unimpeded by intransigent landowners. But, it only gave rise to a small middle class sector because the values that the Filipino technocrats wanted to instil ran counter to the traditional and narrow familial values of martial law rulers and their supporters. And, as long as these values did not interfere with US interests, the New Society project was tolerated.

In parallel efforts with the state, the Philippine churches, particularly, foreign religious congregations, continued with their co-operative-building in parishes and schools. The Church also provided a protective mantle to activists and Church-affiliated organisations that kept nationalist sentiments and resistance to the Marcos dictatorship alive. Through the basic Christian communities organised by the Church, a nascent social economy sector arose in the mid-1970s comprising co-operatives, Christian solidarity trading groups and private business foundations. Independent research institutes and advocacy NGOs also emerged in the late 1970s, which galvanised the anti-dictatorship movement. With the restoration of democracy through the peaceful People Power revolution in February 1986, the space for the flourishing of social economy organisations opened.

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Appendix A: Extant laws institutionalising gaming for charitable purposes, 1936 to 2004

Year Enacted	Title	Pertinent provisions and changes
1936	C.A. No. 28 An act to impose a percentage tax on the gross receipts of theatres, cinematographs, concert halls, circuses, cabarets, race tracks, and other places of amusement	Section 2 waived tax payment if activity was undertaken by or for religious, charitable, scientific or educational institution or association.
1936	C.A. No. 156 An act authorising the Philippine Antituberculosis Society to hold horse races, with betting, for charitable and civic purposes and to promote horse breeding in these islands	One of the first laws mandating a private civic association to generate revenues from gambling.
1946	R.A. No. 72 An act to further amend Act numbered 4130, as amended, regarding the apportionment and distribution of the proceeds from sweepstakes races	Section 4 spelled out the distribution of proceeds according to the following:
		<ul style="list-style-type: none"> 65% payment of prizes including payment to jockeys & owners of winning horses.
		<ul style="list-style-type: none"> 10% operational expenses.
		<ul style="list-style-type: none"> 25% to institutions or organisations engaged in charitable, relief, civic, and health work or work for the improvements of the conditions of the indigent Filipino masses in this country or abroad.
1946	R.A. No. 79 An act to authorise the holding by the Philippine Charity Sweepstakes Office of horse races, with betting, on Saturday afternoons, for charitable, relief and civic purposes	Section 1. Allowed for the first time the holding of horse races on a regular basis, i.e., Saturday afternoons, apart from the dates reserved for private race clubs & chartered civic associations and charities for their own revenue generation. In effect, also allowed the holding of races the whole year through, making gambling a way of life.
		Section 2 provided that for this particular race, the 25% amount allotted for charity would go to disabled veterans, war widows and orphans and to charitable, relief and civic organizations. Allocation subjected to rules and regulations as approved by the President.
1948	R.A. No. 200 An act to provide for the disposition of the proceeds of the grand derby races held by the Philippine Tuberculosis Society	After deducting 10% for administrative expenses, the entire proceeds exclusively went into the funds of the Society.
1948	R.A. No. 309 An act to regulate horse-racing in the Philippines	Institutionalised further state-sponsored gambling by increased further the number of horse-racing days throughout the year. Except for the reserved dates including religious holidays, allowed horse racing on Sundays, 24 Saturdays, and public

Year Enacted	Title	Pertinent provisions and changes
		<p>holidays.</p> <p>Reserved races were: second Sunday and the first Saturday afternoon of each month for races held by the Philippine Anti-Tuberculosis Society; fourth Sunday of February, April, June, August, October and the third Sunday of December reserved for races held by the PCSO; fourth Sunday of January, May, July, and September and the second Saturday afternoon of January, April, July, and October reserved for races held by the White Cross, Inc.; fourth Sunday of March shall also be reserved for the national race, commonly known as the Grand Derby Race, held by the Philippine Anti-Tuberculosis Society; and other Saturday afternoons reserved for races authorised by the President of the Philippines for charitable, relief or civic purposes.</p>
1951	R.A. No. 620 An act to authorise the Philippine Charity Sweepstake Office to hold annually one special sweepstake race for the benefit of the Girl Scouts of the Philippines	GSP as a civic association becoming a PCSO beneficiary.
1951	Executive Order No. 392 Creating the Games and Amusement Board	Through E.O. No. 392 'the powers, duties and functions previously exercised, and performed by: 1) the city and municipal mayors over fronton and <i>basque pelota</i> games; 2) the Boxing and Wrestling Commission over boxing and wrestling; and 3) the Philippine Racing Commission (PRC) over horse racing, were consolidated and transferred to the Board. It must be noted however that on March 20, 1974, the authority over horse racing was divided between the Board and the PRC' (GAB, n.d.).
1954	R.A. No. 983 An act amending section four of R.A. No. 309	One of the first acts that allowed private racing clubs to hold their own races. Philippine Racing Club, Inc. and the Manila Jockey Club, Inc. were allowed to hold their own races with a portion of the revenues allotted to charitable organisations.
1954	R.A. No. 1159 An act to authorize the Philippine Charity Sweepstakes Office to hold one special sweepstake race for the Bureau of Public Schools athletic program as beneficiary	A government agency became a PCSO beneficiary.
1954	R.A. No. 1169 An act providing for charity sweepstakes horse races and lotteries	<p>PCSO incorporated as a public corporation under the 1907 Corporation Act. Aside from horce-racing, PCSO was mandated to hold lotteries once a month when it was not holding horse races.</p> <p>A change in the distribution of prizes was also made. To wit:</p> <p>10% for operating expenses.</p> <p>58 & 1/2% for prizes and owners and jockeys of winning horses (change from 65%)</p> <p>6 & 1/2% for provincial and municipal governments, except Manila (change from 10%)</p>

Year Enacted	Title	Pertinent provisions and changes
		<p>of 65% of prize).</p> <p>25% for institutions or organizations engaged in charitable, relief, and health work or work for the improvement of the conditions of the indigent Filipino masses in this country or abroad.</p>
1956	R.A. No. 1502 An act to amend R.A. numbered 1169 providing for charity sweepstakes horse races and lotteries	PCSO mandated to hold once a month one regular sweepstakes draw and races and to hold 6 lotteries annually. Net proceeds of the lotteries divided among the following: Quezon Institute (June & December lotteries); National Federation of Women's Clubs for the support of its charitable community improvement program; athletic program of the public schools; leprosaria and orphanages in the Philippines; Philippine Mental Health Association; Philippine Band of Mercy; Manila Children's Hospital; Society for the Prevention of Cruelty to Animals; and National Mental Hospital.
1958	R.A. No. 2053 An act to authorize the Philippine Charity Sweepstakes Office to hold annually a lottery for the benefit of the Blood Bank	On top of the six lotteries yearly, PCSO was authorised to hold an additional lottery yearly to raise funds for the Blood Bank. Hence, the number of lotteries increased to seven yearly.
1958	R.A. No. 2064 An act providing for the holding of a lottery annually for the benefit of the Philippine Mental Health Association, amending for the Purpose R.A. Numbered Eleven Hundred Sixty-Nine, as amended	From the six lotteries held every year, the net proceeds of the August lottery were allotted for the Philippine Mental Health Association. The June and December lotteries remained with the Quezon Institute; while the rest of the proceeds were divided among the other organisations with the addition of the Juan Luna Commission.
1959	R.A. No. 2238 An act to authorize the Philippine Charity Sweepstakes Office to hold a lottery for the benefit of the "Asociacion De Damas De Filipinas"	A special lottery draw for Asociacion de Damas de Filipinas was held for the maintenance of its settlement house.
1959	R.A. No. 2325 An act to amend Sec. Four of R.A. 309 by providing that horse races may be held all day on Saturdays, instead of on Saturday afternoons only as is now provided by said act	With the change, the number of horse races held on Saturdays was increased. The law also transferred the authority to regulate the races from the Commission on Races to the Games and Amusement Board created in 1951.
1964	R.A. No. 3867 An act to authorize the Philippine Charity Sweepstakes Office to hold annually a lottery or sweepstakes for the expansion of the Philippine National Red Cross Blood Bank	With this law, the number of lotteries held annually increased to eight.
1965	Republic Act No. 4564 An act authorising the Philippine Charity Sweepstakes Office to hold annually one special sweepstakes race for the exclusive use of the Office of Vocational Rehabilitation, Social Welfare Administration, in its development and expansion program for the physically disabled throughout the Philippines	Another government agency became a PCSO beneficiary.
1965	R.A. No. 4613 An act to authorize the Philippine Charity Sweepstakes Office to hold annually a lottery for the benefit of the Philippine Rural Reconstruction Movement	The Philippine Rural Reconstruction Movement (PRRM) is one of the biggest NGOs in the country. The number of lotteries yearly increased to nine.

Year Enacted	Title	Pertinent provisions and changes
1965	R.A. No. 4621 An act to authorize the Philippine Charity Sweepstakes Office to hold annually one special sweepstakes race for the benefit of the Nutrition Foundation of the Philippines	Another government agency becoming a PCSO beneficiary.
1965	R.A. No. 4632 An act authorising the Philippine Charity Sweepstakes Office to hold one lottery for the benefit of Quezon Institute	On top of the June and December allotment, one lottery was held for the 'support and maintenance' of the Quezon Institute.
1965	R.A. No. 4589 An act authorising the Philippine Charity Sweepstakes Office to hold a lottery for the benefit of the national league of Puericulture Centres of the Philippines, Incorporated	Another one-off lottery for the benefit of a private charitable organisation, i.e., 'for its support and maintenance.'
1965	R.A. No. 4377 An act authorising the Philippine Charity Sweepstakes Office to hold a special lottery for the benefit of the Girl Scouts of the Philippines	Another special lottery for GSP's "Silver Jubilee Year" on May 26, 1965 to May 26, 1966, and, its participation as hostess to the forthcoming Girl Scouts World Conference in 1966 to be held in Manila'.
1966	R.A. No. 4703 An act amending the title and section one of R.A. numbered four thousand six hundred thirty-two, entitled "An act authorising the Philippine Charity Sweepstakes Office to hold one lottery for the benefit of Quezon Institute"	The number of lotteries allotted for Quezon Institute increased to three yearly; as well the number of lotteries increased to 10.
1972	R.A. No. 6631 An act granting Manila Jockey Club, Inc., a franchise to construct, operate and maintain a race track for horse racing in the City Of Manila or in the province of Bulacan	The law granted Manila Jockey Club a 25-year franchise. The sharing of proceeds among government agencies and charitable organisations had become complicated compared with the earlier laws. See sections 4 and 6. Government agencies and charities that received a portion of the revenues were the Games and Amusement Board, provincial or city hospitals where the race track was located, rehabilitation centres for drug addicts and Philippine Amateur Athletic Federation. On top of this share, a 25% franchise tax to be paid monthly was levied on gross earnings which were apportioned to the national government and local government, PCSO, Philippine Anti-Tuberculosis Society, and White Cross.
1972	R.A. No. 6632 An act granting the Philippine Racing Club, Inc., a franchise to operate and maintain a race track for horse racing in the province of Rizal	-do-
1974	P.D. No. 610 Authorising the Philippine Charity Sweepstakes Office to hold annually a sweepstakes draw exclusively for the benefit of the Philippine Veterans Assistance Commission	The proceeds were to provide assistance to war veterans and their families.
1977	Presidential Decree No. 1067-A Creating the Philippine Amusements and Gaming Corporation, defining its powers and functions, providing funds therefor, and for other purposes	PAGCOR was created to: 1) generate sources of additional revenue for government's infrastructure and socio-civic projects, <i>inter alia</i> , flood control programs, beautification, sewerage and sewage projects, <i>Tulongan ng Bayan Centers</i> /nutritional programs, population control and other public services; 2) increase tourist traffic into the country; and 3) "minimize, if not totally eradicate, the evils, mal-practices and corruptions" inherent in illegal gambling.

Year Enacted	Title	Pertinent provisions and changes
1977	P.D. No. 1157 Increasing The Rates Of Tax On Winnings In Jai-Alai And Horse-Racing And The Share Of The Government From The Sweepstakes Total Prize Fund.	The law levied a 10% tax on winnings and justified it as an equitable revenue generation for government, and on 'moral and economic' grounds that calls for increased taxes on legalised gambling.
1979	B.P. Blg. 42 An act amending the charter of the Philippine Charity Sweepstakes Office	<p>The new charter radically transformed PCSO making it more powerful than ever. The law tasked PCSO to be 'the principal government agency for raising and providing funds for health programs, medical assistance and services and charities operating nationwide'.</p> <p>The law also allowed PCSO to determine the frequency and types of games to hold; and to invest in profit-making ventures to generate more revenues for charitable purposes.</p> <p>It also changed the distribution of proceeds from sweepstakes races and lotteries into the following:</p> <ul style="list-style-type: none"> • 55% for payment of prizes, including those for the owners, jockeys of running horses, and sellers of winning tickets (from previous 58 & 1/2%). • 30% shall be set aside as contributions to the charity fund (from previous 25%). • 15% for operating expenses and capital expenditures (from previous 10% for operating expenses). <p>The most significant change in the law was the elision of charitable organisations that used to receive funding from PCSO. Instead the law simply provided that PCSO 'shall make payments or grants to charities of national character', e.g., Philippine Red Cross. It also mandated PCSO to consult with the Ministry of Human Settlement then headed by Imelda Marcos, in identifying charities and programs.</p>
1983	Presidential Decree No. 1869 - Consolidating and amending Presidential Decree Nos. 1067-A, 1067-B, 1067-C, 1399 and 1632, relative to the franchise and powers of the Philippine Amusement and Gaming Corporation	Decree acknowledged the profitability of operating PAGCOR. Hence, it opened PAGCOR to private investors to increase its capital base and to attract big-time players to the country but the state retained the power to centralise all gambling operations.
1995	R.A. No. 7953 An act amending R.A. No. 6632 entitled 'An act granting the Philippine Racing Club, Inc., a franchise to operate and maintain a race track for horse racing in the province of Rizal', and extending the said franchise by twenty-five years from the expiration of the term thereto	Renewal of 25 year franchise of Philippine Racing Club. Allowed horse-racing for at least two days a week aside from the Sundays, Saturdays and holidays allowed by previous laws. Government agencies and charities that benefited from the private horse races: Philippine Racing Commission, Games and Amusement Board, provincial or city/municipal hospitals where the race track is located, rehabilitation centres for drug addicts; National Stud Farm. The 25%

Year Enacted	Title	Pertinent provisions and changes
		franchise tax is to be apportioned monthly to the national government; the local government where race track is located; PCSO, Philippine Anti-Tuberculosis Society, and White Cross.
1998	R.A. No. 8511 An act granting the Starland Racing Corporation a franchise to construct, operate and maintain a racetrack for horse racing in the province of Batangas	Starland was allowed to hold horse races on at least two (2) days during the week and on all Saturdays, Sundays and official holidays of the year allowed by law. It also allowed races on the eve of any public holiday to start not earlier than five-thirty (5:30) in the afternoon but not to exceed five (5) days a year. Government agencies and charities that benefited from the private horse races: Philippine Racing Commission, provincial or city/municipal hospitals where the race track is located, rehabilitation centres for drug addicts; National Stud Farm. The 25% franchise tax is to be apportioned monthly to the national government; the local government where race track is located; PCSO, Philippine Anti-Tuberculosis Society, and Water for Life project of the Department of Health.
1990	Republic Act No. 6847 An act creating and establishing the Philippine Sports Commission, defining its powers, functions and responsibilities, appropriating funds therefor, and for other purposes	Six PCSO sweepstakes draws are allotted annually as contribution to the Philippine Sports Commission Program; taxes on horse races during special holidays, 5% of the gross income of the Philippine Amusement and Gaming Corporation are likewise allotted.
1994	Republic Act No. 7722 An act creating the Commission on Higher Education, appropriating funds therefor and for other purposes	PCSO is mandated to contribute 1% of the gross sales of its lotto operation to the Commission on Higher Education's Higher Education Development Fund. The National Treasury or PAGCOR was to contribute PhP50mn for the initial operation of the Commission.
1993	Republic Act No. 7660 An act rationalizing further the structure and administration of the documentary stamp tax, amending for the purpose certain provisions of the National Internal Revenue Code, as amended, allocating funds for specific programs, and for other purposes	PCSO to pay documentary stamp tax consisting of 10% of gross sales.
1994	Republic Act No. 7835 An act providing for a comprehensive and integrated shelter and urban development financing program by increasing and regularizing the yearly appropriation of the major components of the National Shelter Program, including the Abot-Kaya Pabahay Fund under Republic Act No. 6846, Augmenting the authorized capital stock and paid-up capital of the National Home Mortgage Finance Corporation (NHMFC) and the Home Insurance and Guaranty Corporation (HIGC), identifying other sources of funding and appropriating funds for the purposes	Ten percent of PCSO's mandatory annual contributions to the charity fund as provided for in Section 6 of R.A. No. 1169 is channelled to socialized and low-cost housing. Forty percent of the mandatory 50% share of the National Government on documentary stamp tax from the annual aggregate gross earnings of the PAGCOR is contributed to the fund.

Year Enacted	Title	Pertinent provisions and changes
1995	Republic Act No. 8042 Rules and regulations implementing the Migrant Workers and Overseas Filipinos Act of 1995 Omnibus rules and regulations implementing the Migrant Workers and Overseas Filipinos Act of 1995	An initial amount of PhP10mn was allocated to implement the provisions of the Rule. In addition, PCSO was mandated to contribute PhP150mn from the proceeds of lotto draws to the Congressional Migrant Workers Scholarship Fund.
1995	Republic Act No. 8175 - An act further amending Presidential Decree No. 1467, as amended, otherwise known as the Charter of the Philippine Crop Insurance Corporation (PCIC), in order to make the crop insurance system more stable and more beneficial to the farmers covered thereby and for the national economy	Ten percent of the net earnings of the PCSO from its lotto operation are earmarked for the Crop Insurance Program until the amount of government subscription is fully paid.
1996	Executive Order No. 357 Approving the allocation of a 5% share for local government units from the Lotto Charity Fund and providing the sharing scheme therefor	PCSO allocates 5% of the lotto share of local government units from the Charity Fund.
1997	Republic Act No. 8313 - An act upgrading the Quirino Memorial Medical Center, appropriating funds therefor, and for other purposes	Allots PhP100mn from the proceeds of lotto for the purchase of equipment.
1997	Republic Act No. 8371 An act to recognize, protect and promote the rights of indigenous cultural communities/indigenous people, creating a National Commission Of Indigenous People, establishing implementing mechanisms, appropriating funds therefor, and for other purposes	PCSO was mandated to contribute PhP50mn pesos to the Ancestral Domains Fund from the proceeds of its lotto operation.
1998	Republic Act No. 8492 An act establishing a national museum system, providing for its permanent home and for other purposes	The law mandated PCSO and PAGCOR each to allot PhP250mn from their annual net earnings.
2002	Republic Act No. 9165 An act instituting the Comprehensive Dangerous Drugs Act Of 2002, Repealing Republic Act No. 6425, otherwise known as the Dangerous Drugs Act Of 1972, as amended, providing funds therefor, and for other purposes	PCSO is mandated to allot 10% of forfeited prizes in the general fund of the Dangerous Drugs Board. PAGCOR is likewise authorised to remit PhP5mn pesos a month to a fund for drug rehabilitation centres.
2003	Executive Order 201 Defining the powers, functions and responsibilities of government agencies in response to the severe acute respiratory syndrome contagion	PCSO set aside PhP1bn for SARS health promotion and awareness campaign.
2003	Executive Order 218 Strengthening the support mechanism for the Philippine Drug Enforcement Agency	PCSO set aside PhP1bn fund for the operations and programs of the Philippine Drug Enforcement Agency.
2004	Executive Order 280 Defining the powers, functions, and responsibilities of government agencies in response to avian influenza (AI) or bird flu virus and related matters thereto	PCSO set aside PhP250mn.