

Acclimatization, Resistance, and the Philippine Downstream Oil Industry

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This essay analyzes the popular culture of acclimatization and resistance in the Philippine downstream oil industry as a result of the latter's deregulation. An objective of deregulation is to acclimatize consumers to frequent price changes mainly due to fluctuations in world crude prices and the peso-dollar exchange rate. Since the start of deregulation in 1996, the mainstream media have played a significant role in promoting a culture of acclimatization but this was not through an objective assessment of the impact of downstream oil deregulation and the analysis of arguments for and against deregulation. Instead, the mainstream media generally assumed the irreversibility of downstream oil deregulation as may be gleaned from interviews, documents reviews, and selected photographs analyzed in this study. The culture of resistance, on the other hand, is promoted by those opposed to deregulation. There are calls to nationalize the downstream oil industry and interest groups have resorted to creative ways to get their message across.

Introduction

In their defense of downstream oil deregulation, government officials argue that there will be lower prices and better services in a situation of free competition (Ramos 1996). The spate of oil price hikes that happened since the start of deregulation in 1996 is said to be mere birth pangs and that the people, particularly the marginalized sectors of society, will eventually benefit from a deregulated regime.

Government officials see nothing wrong with downstream oil deregulation (Ramos 1996). In the recent past, they have argued that world crude prices are increasing and absolutely nothing can be done about it. Then Energy Secretary Vincent Perez even stressed that the government can only appeal to oil firms to defer price increases (Domingo 2003). The oil price increases are said to be brought about by forces beyond the government's control, particularly the decisions of the Organization of Petroleum Exporting Countries (OPEC) to set prices by adjusting crude oil output and the country's peso-dollar exchange rate. There have actually been instances in which some government officials

helped, through statements to the media, in announcing plans of oil companies to increase prices of petroleum products.

In 2004, the powers-that-be were even thankful to selected oil firms for imposing increases in small increments so that the people would not immediately feel the full impact of oil price hikes (Arao 2004). Arguing that the deregulated regime is part of its sound macroeconomic fundamentals, the Macapagal-Arroyo administration has ignored calls to repeal Republic Act No. 8479 (Downstream Oil Deregulation Act of 1998) which would return the downstream oil industry to a regulated regime. While there is a preponderance of statements from various groups critical of oil deregulation, selected photographs of protest actions can show how these groups promote a culture of resistance and consequently oppose the culture of acclimatization inherent in oil deregulation.

The culture of acclimatization refers to the conditioning of the people's mind that the deregulation of the downstream oil industry is a bane, particularly the situation where market forces "determine the real prices of petroleum products as well as the entry of new players" (The Philippine Oil Industry 2002: 65). On the other hand, the culture of resistance is manifested by various forms of protest actions by cause-oriented groups and individuals as a result of "(t)he harsh effects of oil deregulation, particularly frequent price increases" (The Philippine Oil Industry 2002: 65).

A semiotic interpretation of selected images reflects how the cultures of acclimatization and resistance are promoted implicitly or explicitly. **Figure 1** shows a community where the gas station of Petron, one of the three biggest industry players, is located celebrating its *fiesta* (town celebration). The latter is manifested by the presence of *banderitas* (small inverted triangles in various colors attached to a long string) on the right side of the station's logo. This implies that the oil company is part of the community and that it is accepted by the residents there due to the presence of *banderitas*. The station is clean and this sends a message that



Figure 1. There is a semblance of order and cleanliness at a Petron gas station. The photograph, which is contained in an essay that favors oil deregulation, delivers a "business-as-usual" message, devoid of any complaints from customers and passers-by. (*Energy Forum*, April 1995, p. 3)

there is peace and order in that particular place. Motorists and passers-by go about their business and one does not see any arguments between, say, a gas attendant and a motorist over the price of petroleum products. In the context of deregulation, there is a subtle message that the latter is acceptable. In contrast, **Figure 2** depicts a protest action that stresses in a creative manner the negative repercussions of oil deregulation. The organizers used the tradition of the Flores de Mayo to make a procession out of a political demonstration. The elements of this traditional procession like the arch and sash are used to supplement the usual streamers and placards normally seen in protest actions. The message of the nationalization of the oil industry (i.e., “Isabansa ang Industriya ng Langis”) is worn by a young female protester who portrays the Reyna Elena. On



Figure 2. Workers, urban poor and farmers gather for their alternative take on the Santacruzán. Part of the Philippines' traditional Flores de Mayo, the procession was staged on April 23, 2004 by members and supporters of AnakPawis Party-list with several arches depicting the marchers' wage hike demands, labor contractualization, oil and power price hikes and election-related issues. This arch shows the Big Three oil companies (Petron, Shell and Caltex) exacerbating the people's hardship due to oil deregulation and the sash worn by two protesters showing the call to nationalize the oil and transport industries. (Retrieved on January 16, 2005 from <http://www.bulatlat.com/news/4-12/4-12-photoweek.html>.)

the other hand, her consort wears the sash that calls for the nationalization of the transport sector (i.e., “Isabansa ang Industriya ng Transport”). Their arch has the logos of the so-called Big Three oil companies – Petron, Pilipinas Shell and Caltex – and below them are what they claim to be the ill-effects of oil deregulation like high prices (i.e., “Mataas na Bilihin”), corruption (i.e., “Kurapsyon”), and high bills (i.e., “Mataas na Bayarin”). Notice that the protesters have mixed facial expressions as some are serious-looking while the others maintain a festive and smiling look in keeping with the usual mood of participants in the Flores de Mayo.

This essay discusses the political economy of deregulation and regulation and then proceeds to analyze the nuances of acclimatization and resistance. Aside from the presentation and analysis of pertinent data from documents and personal interviews, selected images are used to show how acclimatization and resistance are reflected as the powers-that-be argue their case for deregulation and cause-oriented groups and individuals call for the nationalization of the downstream oil industry. From there, one notices the creative use of certain elements of Philippine popular culture in an attempt to make arguments more understandable, acceptable, and convincing.

Political Economy of Deregulation and Regulation

It is important to review the circumstances behind the regulation and deregulation of the downstream oil industry. By analyzing the past, one would know the reasons behind the government’s insistence to continue the deregulation of the downstream oil industry and the basis for the present demand of some concerned groups and individuals to nationalize the downstream oil industry. Through this, the mainstream media’s role in promoting a culture of acclimatization *vis-à-vis* the downstream oil industry may be effectively analyzed. The nuances of arguments for deregulation and regulation may be better appreciated in the next section which explains this study’s framework.

The political economy of deregulation and regulation is used as framework for this essay. In the context of political economy, an industry, composed of either private or public enterprises, is integrated into the market economy and provides a defined good or service to identified end-consumers. Theoretically, the determination of unit cost could either be profit-oriented or service-oriented.

All industries operate within an economic system, the latter referring to “the organizational and institutional structure of an economy including the nature of resource ownership and control (i.e., private versus public)” (Todaro 1990: 632). The Philippine oil industry is no exception, as it has been subjected to the policies of regulation and deregulation through the years.

Oil in the Philippines is considered an economic industry, given that it has defined linkages with other household and industrial sectors and has defined corporations that create products that are publicly consumed. An industry is defined as “a group of firms producing similar or identical products” (Samuelson & Nordhaus 1989: 975).

Deregulation refers to the removal of the regulatory environment of particular economic sectors. (Arao 1995: 2) That the Philippine oil industry was initially deregulated may be gleaned from its actual state in the 1950s. On the other hand, regulation, which existed from the 1970s to the mid-1990s, is characterized by the institution of regulatory mechanisms like price controls, the limited entry of industry players and the establishment of a buffer fund (i.e., Oil Price Stabilization Fund). (Arao 1997) Government was also directly involved in the selling of petroleum products through the establishment of Petron Corporation.

Deregulation of the downstream oil industry resulted in the entry of new industry players. In 2000, there were 60 new industry players in the downstream oil industry that collectively accounted for about eight percent of total market share. The effects of an automatic pricing mechanism in a deregulated regime may be gleaned from the price fluctuations since 1996, as well as the price differential of pump prices of the different industry players. Even among retail outlets and gas stations of one industry player, prices may also vary depending on the presence of other competitors in particular areas. A case in point is Sucat, Parañaque, where the presence of various industry players in the area led to pump prices lower by as much as 50 centavos per liter compared to other areas in Metro Manila. (Rep. Enrique Garcia, personal interview, August 21, 2000)

There is a need to analyze the historical development of the Philippine oil industry in the context of deregulation and regulation. After all, it is imperative to take into account the operating guidelines of such regimes as reflected in the policies pertaining to the oil industry (e.g., R.A. No. 8479). The concepts of deregulation and regulation, as may be gleaned from the above discussion, were compared to the actual realities of the

Philippine downstream oil industry, with special emphasis on deregulation which started in 1996 through the enactment of Republic Act No. 8180. The state of the downstream oil industry was also related to the prevailing trends and patterns in Philippine society. The situation was analyzed in the context of how globalization affected Philippine development by citing various indicators on quality of life.

In this vein, Lichauco's (1988) argument for the increased role of the government *vis-à-vis* the economy becomes useful. He argued that "Philippine policy must accept the fact that private enterprise is completely inadequate to the epic challenge of engineering an industrial revolution in this country, not to mention coping with the enormous accumulation of social problems spawned by our state of underdevelopment" (274). He called for the adoption of nationalist economics which "provides the perspective and the techniques by which a state, regardless of ideology, can nourish and develop the power latent in it as a social organism as well as in the individuals who constitute it" (Lichauco 1988: 275). He stressed that nationalist economics can possibly inspire and galvanize a "powerless, disheartened and divided nation towards the strength, cohesiveness and unity that could lead it to rediscover the price and promise it had once known" (6).

Mainstream Media in the Culture of Acclimatization

Based on the events that transpired in the past, some government officials through the mainstream media helped in announcing plans of oil companies to increase prices of petroleum products. In June 1999, then Presidential Spokesperson Fernando Barican announced the plan of oil firms to raise prices on a staggered basis until the following month, according to a report by *IBON Perspectives* (June 7, 1999). Then Energy Secretary Mario Tiaoqui also alerted consumers on the impending oil price hikes due to the increase in world crude prices and the softening of the peso, noted the *Philippine Daily Inquirer* (August 13, 1999).

Industrialist Raul Concepcion, head of the group Consumer and Oil Price Watch, also made similar announcements periodically as he cited statistics to prove increased world crude prices. He also resorted to paid advertisements to disclose surveys by his group that the prices of basic commodities had not been greatly affected by the oil price hikes. Then President Joseph Estrada repeatedly stressed that oil prices were already beyond government's control and that nothing could be done

about it. Much like former President Ramos's speeches about the oil industry, Estrada's statements claimed that oil deregulation is not the culprit and that it must be given a chance to work.

The government officials' handling of continued increases in oil prices in 2004 also mirrored the situation in 1999. For instance, the warning of a new round of price increases came not only from oil company executives but also from the Department of Energy. The latter even justified price increases, to the extent of appealing to oil companies "not to take advantage of the situation" (Domingo 2003). The promotion of the culture of acclimatization – in particular the issuance of media statements in support of deregulation – took place in the offices of key personalities in the oil industry and in the government. (Rep. Enrique Garcia, personal interview, August 21, 2000) Since the implementation of the first oil deregulation law in 1996, the proponents of deregulation have not taken the issue to the streets. There is officiousness in the issuance of press releases as they read them in a sober manner. The serious tone helps convey the message that deregulation is an official policy and cannot be reversed. It also projects those opposed to deregulation – i.e., those who promote a culture of resistance – as having baseless arguments.

The first issue (April 1995) of the *Energy Forum*, a publication of the Philippine National Oil Company (PNOC) Energy Companies, focuses on the issue of oil deregulation. Given that PNOC is a government agency, it comes as no surprise that the articles present arguments in favor of the latter. The publication's cover, as seen in **Figure 3**, shows the equipment and infrastructure in an oil plant, gas station and LPG warehouse. They are all clean and orderly and it is interesting to note that the focus of the pictures is not on the people but on infrastructure and equipment. As regards the latter, the dominant element is steel and this implies resiliency and strength. While there is a semblance of objectivity in the phrase "Oil Deregulation: Are We Ready?" on the publication's cover, the pictures tend to give the impression that the downstream oil industry is ready and strong enough to do so.

The use of equipment and infrastructure related to the downstream oil industry may also stress the need for specific technical skills to operate these. Technical knowledge of the industry is therefore required for a full understanding of oil deregulation. In other words, only those who are properly educated are in a position to assess the situation of the downstream oil industry. This has been the case even prior to oil deregulation, as may be seen on the cover of a primer on oil

prices prepared by the PNOC in **Figure 4**. It shows a gas pump. The cover complements a generally technical discussion of oil prices. In the eyes of the powers-that-be, the complexities of the Philippine oil industry can only be understood by a learned few. The latter tend to use jargon that only they can understand, depriving the populace of the ability to understand the nuances of the issue due to terms they cannot understand. (Lutgardo Jurcales, personal interview, January 14, 2005) This situation may explain why, at least for the government, the main personalities (i.e., “who’s who”) in the energy sector (which includes the downstream oil industry) as may be gleaned in **Figure 5** are selected government officials in the executive and legislative branches. The rank-and-file workers are ignored since they are not among those who understand the intricacies of the downstream oil industry. The officials are photographed in business attire. Their being well-groomed complements the projection of intelligence.

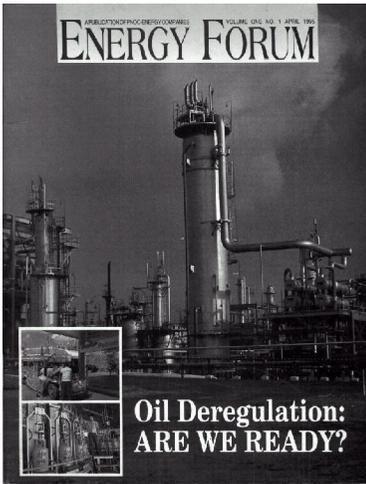


Figure 3. The cover of the first issue (April 1995) of the **Energy Forum**, a publication of the Philippine National Oil Company (PNOC) Energy Companies, shows a picture of an oil plant and two inset pictures of an LPG warehouse and gas station. All these places are clean and orderly.

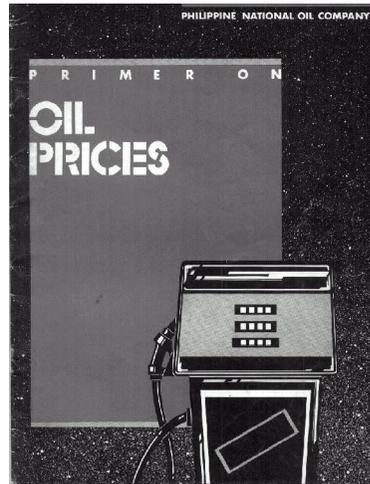


Figure 4. A gas pump is on the cover of an undated primer released by the PNOC during the time of regulation. The focus on the equipment and infrastructure gives the impression that the issue of oil deregulation is technical and that only a learned few can fully understand the complexity.

Culture of Resistance

Cause-oriented groups and individuals (including concerned legislators) have denounced the spate of oil price hikes since the start of deregulation in 1996, stressing the “baselessness” of such act and the “callousness” of oil companies. These denunciations were done by either being direct to the point in articulating concerns about the deregulated regime or through the creative use of prevailing signs and symbols to get the message across.

Figure 6, for example, shows progressive teachers belonging to the Quezon City Public School Teachers Association (QCPSTA) and the All-UP Workers Union denouncing oil price hikes and calling for support from motorists by honking their horns (i.e., “Bumusina, Sumoporta”). Unlike in the first photograph, the promotion of the culture of resistance to the deregulated regime is bereft of any creative presentations. The messages are more direct since passing motorists do not have time to analyze what various signs and symbols aim to represent. The slogans in the placards are also more concise so that they are more readable and understandable.

On the other hand, **Figure 7** shows how information dissemination can be made more creative by writing the message on a placard cut like a liquefied petroleum gas (LPG) tank. That a woman holds the placard even magnifies the appeal of the LPG-like placard given the patriarchal arrangement of delegating to women the task of household management. Suffice it to say that an LPG tank is an important household item and that it becomes difficult for the mother or wife to budget the family income if oil prices would increase. As a result, the call to fight the conspiracy between the President Gloria Macapagal-Arroyo and the oil cartel (i.e., “Labanan ang sabwatang GMA at KARTEL ng Langis!”) gets better contextualized, and the prospects of having it appreciated by passers-by become higher.

That another woman holds the placard shown in **Figure 8** is just a coincidence. But what proves to be significant in this picture is the use of bright colors in a protest action done in broad daylight. Departing from the traditional use of the solid-red color as sign of rage and opposition, the text is black and various hues of orange and yellow are used as background. The result is a print medium that stands out even in broad daylight. The text becomes more readable and appealing as an arrow in circular motion going to the left surrounds the text. The only time the red color is used is in the drop (which can be interpreted as

WHO'S WHO IN THE ENERGY SECTOR

The energy sector is complex and it is crucial that the decision makers of a diverse range of energy resources be made known to the public. This is why the regular publication of a "who's who" in the energy sector is important. With the energy industry's increasing dependence on fossil fuels, the environmental consequences of a single source of energy are becoming more and more apparent. The IPCC's Fourth Assessment Report (AR4) has highlighted the need for a more integrated approach to energy policy. The IPCC's AR4 calls for a more integrated approach to energy policy, one that takes into account the environmental, social, and economic implications of energy production and consumption. This is why the regular publication of a "who's who" in the energy sector is important.



FRANCISCO S. TATAD
 Chairman, Senate Committee on Energy
 Senator Francisco "Tat" Tatad chairs the Senate Committee on Energy which studies and deliberates all legislative proposals on the exploration, development, utilization of all forms of energy resources and its safety. He has co-authored bills namely, R.A. 7648 and R.A. 7638.
 R.A. 7648 also known as the "Electric Power (EPIA) Act of 1993" gives the freedom of energy generation and energy related resources to add to its power mix. It also traces possible

nationalization of regulated contracts, non-purchase of NAFEDCR and prohibition of power excesses without due notice and public hearing.
 R.A. 7638 creates the Department of Energy to coordinate energy related projects and to formulate plans and programs that result in an integrated approach to the development of the country's energy resources.



HEHERSON T. ALVAREZ
 Chairman, Senate Committee on Environment
 Senator Sony Alvarez is the principal author of R.A. 7586 which provides a strong institutional and management of a business regulated Protected Areas System (PARAS). This proposal is to enhance the protection, management, and conservation of the natural resources and wilderness areas. He has sponsored a number of bills on environment such as air and water pollution control, waste manage-

ment, and wildlife and forest conservation. He has been involved in providing members of the committee through the Philippine Earth Science Museum with the knowledge of UNESCO. He is also co-chair of the Board of Advisers of the Manila Aqueduct, a facility which aims to protect the environmental viability of the Manila Bay.



DANTE O. TINGA
 Chairman, House Committee on Energy
 As chairman of the House Committee on Energy, Congressman Tinga worked with energy issues through the committee. He has authored bills and later on, the issuance of resolutions concerning the same. These are R.A. 7638, R.A. 7639, R.A. 7648 and R.A. 7632.

R.A. 7632 or the "Open Electricity and Energy Transmission Lines" allows a "franchise" that provides a pathway of electricity and distribution power transmission lines and services.

WHO'S WHO IN THE ENERGY SECTOR



SOCORRO A. ACOSTA
 Chairman, House Committee on Ecology
 Congresswoman Acosta is identified with a number of legislative proposals to protect the environment. These include Wildlife Resources Protection and Conservation Act, Clean Air Act, the Revised Philippine Environment

Code, Soil Water Management Act, Clean Water Act, Coastal Resources Management Act and the Green Management Act. She is also responsible for the revision of the National Environment Management Authority.



FRANCISCO L. VIRAY
 Acting Secretary, Department of Energy
 Secretary Viray took the Department of Energy after a brief stint with the National Power Corporation as president. It is widely credited with putting an end to the power rages in 1991.

to join DOE at a time of significant reform in the energy sector, including privatization and deregulation of the electricity



ANGEL C. ALCALA
 Secretary, Department of Environment and Natural Resources
 Under Secretary Alcala's leadership, the DENR sustained a reforestation rate higher than the deforestation level through the National Reforestation Program. Through the Managing Forests 2000 Program, DENR issued some 31,238 licenses covering an equivalent area of 34,923 hectares. He is also co-chair of the Board of Advisers of the Manila Aqueduct project. His Adagio-ART-tes, Adagio-A-Bring Power program

inspired some 17 milling companies. The program results in a private forest proprietor in making operations. Reforestation results in a 10% increase in environmental protection (generators program specifically the Science for the People Program in the Kibaya-AY 2000 Program, and in the recognition of the rights of indigenous national communities under the President's Social Justice Agenda.



GUIDO ALFREDO A. DELGADO
 President, National Power Corporation
 Guido Delgado heads the premier power generation agency in the country. He was head of the Steering Committee that set up the Manila Power Company at the height of the power crisis in 1994. He was later appointed as the President of

NPC which he gained a broader perspective of the power sector. The work under NAPOCOR as a part of globalized and reformed public companies focuses the role of the firm with a 100% years for successful privatization.

Figure 5. The first issue (April 1995) of the *Energy Forum* presented "who's who in the energy sector" (25-26) and the editors deemed it important that policy makers be among those featured first. The seven government officials on these pages are Francisco S. Tatad (Chairman, Senate Committee on Energy), Heherson T. Alvarez (Chairman, Senate Committee on Environment), Dante O. Tinga (Chairman, House Committee on Energy), Socorro A. Acosta (Chairman, House Committee on Ecology), Francisco L. Viray (Acting Secretary, Department of Energy), Angel C. Alcala (Secretary, Department of Environment and Natural Resources), and Guido Alfredo A. Delgado (President, National Power Corporation). They all exude an aura of authority by being well-groomed and this is important in projecting that they are among the learned few who can competently assess the situation of the downstream oil industry which is part of the energy sector.

blood) at the tip of the arrow. This simple illustration drives home the message that oil deregulation is bleeding the people dry.

In order to relate oil price increases to the deregulated regime in the downstream oil industry, placards calling for the repeal of the oil deregulation law and opposing oil price hikes are normally placed side by side, as in the case of **Figure 9**. The manner of conveying the message proves to be direct though the logo of an oil company is used to supplement the text of a placard. This helps remind the people that it is not just government that is responsible for the oil deregulation law since, in the analysis of the protesters, the oil companies also benefit immensely through it. The selected photographs show the direct and creative ways of promoting a culture of resistance to the deregulated regime. Through



Figure 6. Members of the Quezon City Public School Teachers Association (QCPSTA) and All-UP Workers Union lend support for campaign against oil price hikes in a rally on August 9, 2004 at Philcoa, Quezon City. (Retrieved on January 16, 2005 from <http://www.geocities.com/arkibo05/05-act/set1/1d.JPG>.)



Figure 7. A woman holds an LPG tank-like placard to creatively send the message to oppose the conspiracy between President Gloria Macapagal-Arroyo and the oil cartel in a nationwide transport strike on November 24, 2004. (Retrieved on January 16, 2005 from <http://www.geocities.com/arkibo13/10-strike/strike.htm>.)



Figure 8. A protester calls for the rollback of oil prices using bright colors to effectively communicate her demand in a nationwide transport strike on November 24, 2004. (Retrieved on January 16, 2005 from <http://www.geocities.com/arkibo13/10-strike/strike.htm>.)



Figure 9. In a nationwide transport strike on November 24, 2004, protesters did not just oppose oil price hikes. They also called for the repeal of the oil deregulation law, the details of which are not widely reported by the mainstream media. (Retrieved on January 16, 2005 from <http://www.geocities.com/arkibo13/10-strike/strike.htm>.)

various forms of protest, the opposition to the policy environment (in this case, downstream oil deregulation) is presented, along with concrete calls to action.

The resistance is mainly directed against the continued implementation of the oil deregulation law. Those against the latter mainly vent their ire on government and oil companies. They are accused of not working for the interests of the people since the latter end up shouldering the burden of increased prices of petroleum products. (Arao 1997) Those who promote a culture of resistance not surprisingly take the issue to the streets and exhort ordinary people who do not belong to any political organization to also take part in various forms of protest.

Resistance, however, is not just confined to the parliament of the streets. Even selected legislators are wont to challenge existing policies, and downstream oil deregulation is no exception. The Eleventh Congress, for example, came up with various bills and resolutions seeking to amend the oil deregulation law and exhorting the House of Representatives to “express its sense” against any oil price increase in the near future (Explanatory Note of H.B. No. 856). In filing House Resolution No. 856, then House Deputy Speaker Eduardo Gullas argued that it is “the height of callousness for the industry to jack up prices at this time (when) the three oil firms (Petron, Shell, and Caltex) have already started to recover from their losses (in 1997)”. He explained that there is “no cogent reason for...oil companies to rush their price increases at this time when the consumers are still reeling from the adverse effects of the lingering economic slowdown” (Explanatory Note of H.B. No. 856).

Hagopian (1984) argued that opposition is “endemic to political systems” (80). In another study (1985), he stressed that an elected official’s role is “to engage freely in the search for the common good...The voters should choose a representative...because he has qualities of heart and mind necessary for his difficult and delicate calling” (18). In the case of the deregulation of the downstream oil industry, the lines have been drawn between those who are in favor of it and those who oppose it. The posturing of selected legislators clearly shows that while the executive branch is supportive of this policy, this sentiment is not shared by those from the legislature.

For those who promote a culture of resistance, the arguments for nationalization must be considered as prices of petroleum products continue to increase and as government officials claim that they cannot do anything to control the prices.

Unlike in a deregulated atmosphere, a nationalized regime implements price controls which can minimize the impact of sudden price increases brought about by the peso devaluation and fluctuations in the prices of imported crude oil.

In the process, the domino effect of sudden price increases would be prevented. According to the government, results of its study show that the five heavily affected sectors are products of petroleum and coal, food manufactures, land transport, trade, and electricity and water.

Market forces should not be the only determinants of pump prices, for the need to make prices as affordable as possible to consumers is more important. Socially sensitive products like diesel, LPG and kerosene should be given more priority and thus subsidized to ensure lower prices. In a deregulated atmosphere, the pump prices are “depoliticized,” which means that the prices of socially sensitive products like LPG, diesel and kerosene are left in the hands of transnational corporations to decide. Nationalization is said to correct this set-up by reversing the “depoliticized” price setting and having instead a regulated pricing mechanism. The latter takes cognizance of the need to make petroleum products affordable. It becomes feasible therefore to institute cross-subsidies, such that the pump prices of socially sensitive products like diesel, kerosene and LPG are subsidized. On the other hand, those which are mainly consumed by the rich like premium gasoline are pegged at higher prices.

The control of Petron, Shell and Caltex on the downstream oil industry persists because deregulation has given them much leeway in engaging in unscrupulous practices like price fixing. They are wont to do this since the downstream oil industry has a captive audience given the constant demand for oil in the absence of viable alternative sources of energy. It has been argued that the downstream oil industry provides opportunities for more and more profits as the population increases and industrial expansion happens.

Through nationalization, strict government regulation changes the profit-oriented character of the industry into one that is essentially service-oriented. Unscrupulous practices are checked since the “free-for-all” characteristic of a deregulated regime is eradicated. Aside from that, the downstream oil industry is integrated into the thrust towards economic development. State control would enable the industry to respond to the power and energy demand of the economy and the

people. Nationalization, indeed, is not just a temporary fix to the problem of oil price hikes, but is an urgent, absolute necessity to rectify the mistake of deregulating the downstream oil industry.

Nine years after the deregulation of the downstream oil industry, Willems' wish apparently came true as the prices of petroleum products became depoliticized. For instance, the prices of socially sensitive products like diesel, kerosene and liquefied petroleum gas (LPG) were left to market forces. In taking a stand for nationalization, various cause-oriented groups and individuals argue that this can reverse the depoliticized price setting of petroleum products by having instead a regulated pricing mechanism. In other words, price controls will be a major feature of the nationalized regime.

What makes the nationalized regime, however, qualitatively different from the past regulated regime is the institution of the following policies: (1) centralized procurement of all imported crude oil and refined petroleum products; (2) commodity swaps through bilateral agreements; (3) abolition of specific taxes on petroleum products; (4) imposition of higher tariffs on imported crude oil and refined petroleum products; and (5) aggressive development of alternative sources of energy.

As in the past, a buffer fund will still be established to stabilize the prices of petroleum products. Its use, however, shall be solely for this purpose unlike in the case of the OPSF where the latter's funds were spent for initiatives beyond oil price stabilization like disaster relief and rehabilitation and the bailout of a mismanaged government-owned and controlled corporation.

Through these policies under a nationalized regime, consumers would not feel the impact of sudden fluctuations in world crude prices. Measures like centralized procurement and commodity swaps would make the government a more active player in the downstream oil industry. The poor in particular may also find prices of socially sensitive products more affordable since these could be even sold at subsidized rates. More importantly, the downstream oil industry would be integrated into the thrust towards economic development.

Deregulation vs Nationalization Debate

The discourse, however, is not evident in the mainstream media as the latter tend to highlight the nuances of oil price increases and subsequent protest actions. The issue of oil deregulation and the arguments for

nationalization are not given substantial space or airtime as, according to media practitioners interviewed by this researcher through the years, they are too theoretical and not sensational.

For his part, Lutgardo Jurcales, a coordinator of the broad alliance Kontra Kartel (A Movement of Citizens Against Oil Cartel and Oil Deregulation Law) said that based on their assessment of media coverage of oil price hikes, the mainstream media have miserably failed to inform the people on the nature of protest actions. Jurcales noted that the news reports focused more on how much rollback they were demanding and their computations of overpricing. He explained: “The negative repercussions of oil deregulation and our call for nationalization may have been quoted, but our alternative analysis of the situation was not given substantial space or airtime.” He lamented the fact that the arguments in favor of deregulation from both government and industry players were played up, giving the impression that the current deregulated regime cannot be reversed (Personal interview, January 14, 2005).

Kontra Kartel’s logo in **Figure 10** already signifies opposition with the use of red as background and the relative prominence given to the word *kontra* (against). On the left side is a gas pump that is held like a gun and on the right side is a person with his or her hand held up. The person is drawn without gender to convey the message that oil deregulation affects everyone. The person’s mouth is wide open, expressing either fear or surprise. It could be fear due to the uncertainty of prices as a result of deregulation, or surprise because the promise of lower prices and better services were honored only in the breach. The person’s right eye, on the other hand, is directly looking at the gas pump which means that the person is fully aware of what he or she is afraid of or surprised about.

Indeed, the debate on what do to with the Philippine downstream oil industry focuses more on how to make deregulation work in order to maximize opportunities brought about by globalization. Social control takes a backseat to neoliberal discussions on the people’s benefits from free competition.

As may be gleaned from the placard held by a man in crutches in **Figure 11**, the calls of those promoting a culture of resistance are clear: Stop the oil price increases and repeal the oil deregulation law (i.e., “Itigil ang pagtaas ng presyo ng langis, ibasura ang oil deregulation law” or “Stop the increase in oil prices, junk the oil deregulation law”). This photograph adds drama to the message of necessary policy reforms by



Figure 10. Established in 1995, Kontra Kartel is a broad alliance of groups and individuals opposed to the existence of an oil cartel and the deregulated regime in the downstream oil industry. Its logo shows the ordinary consumers being “held up” by oil companies. (Source: Kontra Kartel)



Figure 11. Addressing motorists passing through Welcome Rotonda in Manila, an unidentified protester sums up an alternative analysis of the downstream oil industry through the placard he holds during a nationwide transport strike on November 24, 2004. (Retrieved on January 16, 2005 from <http://www.geocities.com/arkibo13/10-strike/strike.htm>)

depicting the personal inconvenience brought about not only by the man’s differently-abled state but by the deregulated regime. The reader is then left to analyze which is more burdensome for the man, his physical state or the deregulated regime.

The burden of oil deregulation and other policies and how opponents regard them may be seen in **Figure 12**. Rallyists burn an effigy of President Gloria Macapagal-Arroyo in July 2004 at a time when oil price increases were among the burning issues of the day. Macapagal-Arroyo is depicted as a vulture, an apparent reference to her administration’s corruption and greed, particularly the perpetuation of onerous policies to encourage, among others, more foreign investors. This then results in more income for the administration.

There are also arguments that purport to find ways to give deregulation a “human face”. Proponents of deregulation argue that this policy must be pursued as long as a level-playing field is assured. The only way to dismantle the oil cartel, they argue, is to let more industry players come in.

At present, calls for reforms within a deregulated regime tend to belittle and render impractical the argument for nationalization of the downstream oil industry. Nationalization has been perceived, after all, as a slogan bereft of a concrete program of action.

Proponents of nationalization, on the other hand, claim that “protecting the interests of the people and the national economy cannot be achieved in a deregulated regime, because free competition only tolerates wanton abuses of industry players” (Arao 1997: 4). They even go to the extent of claiming that deregulation perpetuates profiteering and other unscrupulous practices detrimental to consumers and the economy.

Deregulation, according to its advocates, is a tenet of globalization. The latter refers to the rapid economic restructuring and further integration of various economies into the free market system. The term is believed to have originated from Marshall McLuhann’s thesis that the world is shrinking into one global village as a result of the information revolution brought about by technological progress.

Globalization frowns upon the existence of government-owned and controlled corporations and passionately exhorts their privatization.



Figure 12. Activists burn “vulture” effigy of President Gloria Macapagal-Arroyo at rally on her State of the Nation Address, July 26, 2004. (Retrieved on January 16, 2005 from <http://www.bulatlat.com/news/4-48/4-48-photos.html>.)

It also believes that deregulation is necessary to develop, and that government restrictions will be detrimental to the natural development of market forces.

In this context, proponents of deregulation argue that it should be given a chance to work. The current deregulated regime must be allowed to operate on the premise that the benefits will, in the end, be felt by end-consumers of petroleum products. In the realm of academic discourse, it is imperative to also clearly understand the intricacies of nationalization aside from the arguments in favor of deregulation of the downstream oil industry. This is especially true in the light of the absence of mainstream debates on the viability of nationalization. (Arao 1997)

As a case in point, a forum titled “Presyo ng Langis: Ang Paglilitis” focused on the validity of oil price increases and did not tackle the ramifications of the deregulation of the downstream oil industry. (The forum was organized by W. Sycip Policy Center of the Asian Institute of Management in cooperation with Konrad-Adenauer Stiftung. It was held on 7 August 2001 at the Quezon Ballroom of the Sulo Hotel. This researcher attended the activity.)

The mainstream media’s promotion of a culture of acclimatization is mainly achieved by default: the general failure to provide an in-depth critique of the impact of oil deregulation since its implementation in 1996.

From this researcher’s experience since 1995 in dealing with mainstream media practitioners toward an objective reportage of issues and events related to oil price hikes and oil deregulation, one can note a preference to report on demands for a rollback or computations of overpricing instead of analyzing the fundamental issue of oil deregulation and the analysis of concerned groups and individuals that it brings about unabated increases in oil prices. Much worse, the concept of nationalization is generally perceived as being too “ideal” and impractical in the era of globalization.

Figure 13 is a typical visualization in print and broadcast media whenever there are reports on the oil industry, particularly on abstract issues like deregulation where the pronouncements of those in favor of it are quoted. As may be gleaned from the picture, a gas station is normally presented with the motorists lined up. There is no element of conflict as the faces of motorists are not seen. The absence of conflict gives the impression that everything is in order.



Figure 13. This picture shows not only cleanliness but also order in giving service to the customers of a gas station. As the faces of motorists are not shown, there are no discernible human emotions. Conflict is also absent, giving the impression that everything is in order. (*Philippine Graphic*, July 19, 2004, p. 22)

The culture of acclimatization is not just confined to frequent changes in the prices of petroleum products but also includes the acceptability and irreversibility of the deregulation of the downstream oil industry.

In the aftermath of a nationwide transport strike last November 25, 2004, mainstream media highlighted Communications Director Silvestre Afable's statement it was "very hard" for the government in this time of globalization to nationalize the oil industry so that it would have control over the prices of petroleum products. He stressed, "It is much, much better for our country that we follow the regime of the market and use the mechanism of competition to determine prices" (Fernandez 2004).

This was not much different from the reportage of the transport strike on October 30, 2002. At that time, mainstream media exposed the alleged failure of the nationwide transport strike to paralyze traffic in key cities of the country.

Government agencies like the Land Transport Franchising and Regulatory Board (LTFRB) claimed that the strike only lasted four hours and was "hardly felt by commuters". The LTFRB fell short of saying that the earlier threat to suspend the franchises of those who would participate in the strike actually worked.

For its part, the Pinagkaisang Samahan ng mga Tsuper at Operators Nationwide (PISTON) that organized the transport strike argued that in Negros, the strike was a "resounding success" since it resulted in a 95% transport paralysis for one whole day. At that time,

PISTON demanded an oil price rollback. It argued that the income of drivers is severely affected by successive oil price hikes.

According to the Department of Energy (DOE) pump prices increased by P1.60 per liter on the average from January to September 2002. Since there was a reported oil price hike of P0.38 per liter in early October, the cumulative increase for the first 10 months of the year amounts to P1.98 per liter (Arao 2002).

Just like PISTON, other groups and individuals through the years have called for a rollback in oil prices for varied reasons. Organizations like the Kilusang Mayo Uno (KMU) have stressed the overpricing of oil companies through the years, while media's person-on-the-street interviews often show an appeal to oil firms to make sacrifices since poor people are now more financially hard up.

Given the media's focus on the demand for a rollback and the issue of overpricing, there is an inherent failure to relate the current problem of successive oil price hikes to the deregulation of the downstream oil industry. The analyses, after all, get confined to the corruption of oil companies and the current trend in world crude prices and the exchange rate (i.e., two variables that mainly influence the prices of petroleum products).

As a result, one sometimes hears statements from public officials or even ordinary citizens that oil price hikes are inevitable due to forces beyond anyone's control. In fact, Concepcion, head of the Consumer and Oil Price Watch, only goes to the extent of calling on oil firms to impose price hikes on a staggered basis. Given these, it becomes more important for media to contextualize the successive oil price hikes and the subsequent protest actions. Only then can readers properly understand the issues raised against deregulation.

Conclusion

In analyzing the state of the downstream oil industry, this essay has proven the existence of the prevailing culture of acclimatization and resistance. Proponents of deregulation promote a culture of acclimatization in order to preserve the status quo, in the process presenting arguments in favor of the deregulated regime despite the spate of oil price increases. Meanwhile, those opposed to deregulation adhere to a culture of resistance and has come up with various creative ways to get their message

across. Unlike those in favor of deregulation, the opposition has taken the issue to the streets in an attempt to drum up support for their cause.

The mainstream media have promoted the people's acclimatization to frequent price changes by stressing the irreversibility of deregulation of the downstream oil industry. **Figures 1, 3, 4, 5, and 13** imply the establishment of order as a result of oil deregulation, a situation that must not be challenged by those not among the learned few (i.e., the proponents of oil deregulation) who are said to be in the best position to assess the situation of the oil industry. The selected photographs emphasize the irreversibility of oil deregulation by their focus on oil-related equipment and infrastructure which mainly use steel. The latter signifies strength and resiliency and a person would tend to think that these are also the characteristics of a deregulated regime as he or she reads, watches, or listens to media reports.

The media's coverage of opposition to this policy has focused more on the demands for price rollbacks and accusations of overpricing of petroleum products. While calls to nationalize the oil industry have been reported, the same cannot be said of the context in which such calls were made.

At this point, the challenge for mainstream media is make themselves the venue for academic discourse on the issues of deregulation and nationalization.

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