

## Introduction

Despite a high urban growth rate, the Philippines is still estimated as 60 to 85 percent rural, depending upon the criteria employed. Even if urban migration continues, given this initial preponderance of rural residents and an annual population growth rate of 3.1 percent, the majority of Filipinos will still be living in the countryside many decades from now. The Philippines is thus likely to remain a predominantly rural nation for some time to come.

The rural areas are not, of course, rigidly separated from the urban; interaction between the two is continuous and intense. Rural migrants affect the growth patterns and other characteristics of city life. Likewise, urban institutions and orientations increasingly impinge on rural communities. Urban-based government programs and agencies, industrial and commercial development, and technological breakthroughs have created and will continue to create new opportunities for many rural residents.

The essential quality of life, or in more measurable terms, the standard of living in the rural areas inevitably depends, however, upon the manner and extent to which rural Filipinos exploit these and other opportunities. Plans and programs for the development of the rural areas can be devised and administered from the urban centers, but the ultimate well-being of rural residents is necessarily contingent upon decisions they themselves make and activities they themselves organize. Fortunately, the available human and natural resources, ranging from creative and highly skilled persons to agricultural, marine, forest, and mineral wealth are sufficient to make relatively high levels of per-capita income theoretically possible. Ultimately, the stability of the nation depends upon the development of these resources. At present, however, they seem poorly combined. Rural prosperity is rare, poverty is extensive, the situation shows few signs of clear improvement, and the great bulk of the rural population, and thus a great part of the total Philippine population, lives close to subsistence levels.

Puzzled by this paradox of widespread poverty in a countryside of great potential wealth, we focused our research on an unusually prosperous rural municipality, Estancia, Iloilo, many of whose 14,000-plus residents appeared

to be taking unusually good advantage of local resources. An insignificant subsistence-farming settlement in the 1890s, Estancia has grown to be a major production and marketing center for the commercial fishing industry in the central Philippines.<sup>1</sup> Analyzing the relatively successful economic growth of this particular community, we hoped to find clues, or more ambitiously, to discover models of and for economic growth relevant to other rural communities with comparable, though yet untapped, potentials.

This report deals with two facets of that research: (1) the patterns and processes of economic growth which have characterized the 70-year development of the town and local fishing industry; and (2) the interaction of these new economic forces and traditional rural lowland society and culture.

Before proceeding, however, let us first briefly discuss our theoretical orientation and how we propose to analyze Estancia's growth.

### *Theoretical Framework*

Ideally, analysis of Estancia's growth since 1890 should be based on a thorough economic history of the town and region. Unfortunately, both my background and the available data are inadequate for such a task. We will therefore take another approach and attack the problem in terms of a number of specific criteria for "economic development" and "modernization" commonly found in the literature of the social sciences.

Sociologists, psychologists, and anthropologists, as well as economists have all contributed to a vast literature on economic development. Not surprisingly the term has been used in many different ways. Perhaps the simplest operational definition is offered by Lewis (1955:1): "the growth of output per head of population." Other more elaborate definitions are nearly all founded upon or contain reference to the relationship between productivity and population changes over time. However, while such quantitative criteria are certainly a necessary component of economic development, few social scientists find them sufficient. It is generally agreed that more qualitative criteria such as institutional, and even psychological changes are essential aspects of economic development (see for example Nash 1966, Smelser 1963, McClelland 1961, and Hagen 1968). It is not only a matter of a relatively larger economic pie, but equally, of new ingredients, mixing with, transforming, and partially replacing the old. When the major emphasis is on this aspect of economic development, the term "modernization" is often employed. The two terms thus essentially refer to the same process, with "economic development" usually focusing on the more quantifiable core, while "modernization" generally includes related social, cultural, and psychological phenomena. The situation is complicated, however, by the fact that the precise relationship between increasing per-capita productivity and these broader phenomena is often

obscure (and the source of much debate), though some correlations and interdependencies are usually recognized over long periods of time.

Briefly stated, three technological and institutional changes are linked frequently to economic development in the agricultural sector of an economy. One is the steady replacement of traditional farming practices by scientifically developed or tested methods, such as mechanization, irrigation, the use of fertilizers, pesticides, insecticides, improved seeds, new crops and cropping patterns. The second is a continuing shift away from subsistence farming (growing most of one's needs and minimal dependence upon markets), toward raising cash crops, thus dividing consumption from production and encouraging the development of active local markets based upon cash exchange. The third is a relative decline in sharing systems and the growth of wage labor, reducing the importance of families as productive units.

In the industrial sector, economic development is generally viewed as both absolute and also relative (to agriculture) growth of per-capita output ("industrialization") as measured in an increasing proportion of the nation's Gross National Product. This is usually understood as resulting from two areas of innovation. One is the application of scientific technology to the productive process, most conspicuously in the form of power-driven machines replacing human and animal labor. The second is the development of the rational autonomous firm, the modern corporate institution in the place of traditional familial enterprises. Related to this pattern of industrial development is an expectation of increased population densities, "urbanization," in areas where industrialization is taking place. Such urbanization is presumed to both mark and foster the breakdown of traditional (that is, rural) modes of life and values, and is often regarded as a major component of economic development.

These technological and institutional changes linked to increasing per-capita productivity are clearly part of the past experience of the Western nations which have reached a relatively high level of economic development. However, a new and somewhat controversial *normative* criterion for economic development has now appeared which was largely irrelevant in the past. Current social and political ideologies usually demand that economic development relate to "social justice" and in particular effect substantial changes in the traditional patterns of income distribution. The concentration of the rewards of increased productivity in the hands of a wealthy elite, leaving the majority of the population as poor as it was originally, is increasingly less acceptable in most nations. The feeling has grown that economic development may not in itself resolve major social problems unless intentionally patterned to do so. This normative requirement on economic development is the basis of for example, Galbraith's insistence (1964:10ff) on a "popular-consumption criterion" for assigning priorities to development programs. Al-

though the wealthier Western nations often sidestepped this in the early phases of their growth, the welfare orientation of modern politics and social thought is forcing countries like the Philippines to directly face this issue. Whereas the relatively developed nations could count upon natural "trickle down" effects over many decades, political pressures in the Philippines are such that the benefits of economic development may have to reach the masses relatively quickly if serious social disorders are to be averted.

Economists (and political leaders) usually apply these criteria for economic development to whole nations, or large regions within them. Social scientists have also, however, applied them to much smaller social units, single towns or villages, and with some modification- -since fishing is neither agriculture nor industry in the usual sense- -they can be applied to Estancia and its dependent communities. Combining and adjusting these criteria to the peculiar circumstances of a fishing town and industry we can create a set of axes along which the economic development of Estancia can be examined:

- (1) Increasing per-capita productivity;
- (2) Technological improvements in fishing methods and the replacement of oar and sail power by motorization;
- (3) A relative decline of traditional subsistence fishing and sharing systems, and growth of commercial fishing and wage labor;
- (4) The growth of modern corporate enterprises as opposed to traditional family-operated businesses; and
- (5) A growing proportion of the total community income in the lower-income families.

There are limitations to this "grocery-list" approach to economic development. It is inevitably incomplete and may not adequately emphasize the links between the changes. However, it does provide operational standards against which economic growth may be analyzed, and it does not preclude subsequent syntheses or broader and more generalized conclusions. It also helps pinpoint aspects of the economy which have changed more than others. Finally, it deals with concrete aspects of the economy so that the interaction with larger social and cultural patterns can be made specific.

For the purposes of this report, after a general introductory chapter on current economic activities in the town, we will treat each of the five items in a separate chapter. The final chapter will thus attempt to integrate and draw conclusions from these separate findings and relate them to traditional and contemporary social and cultural systems and change.