

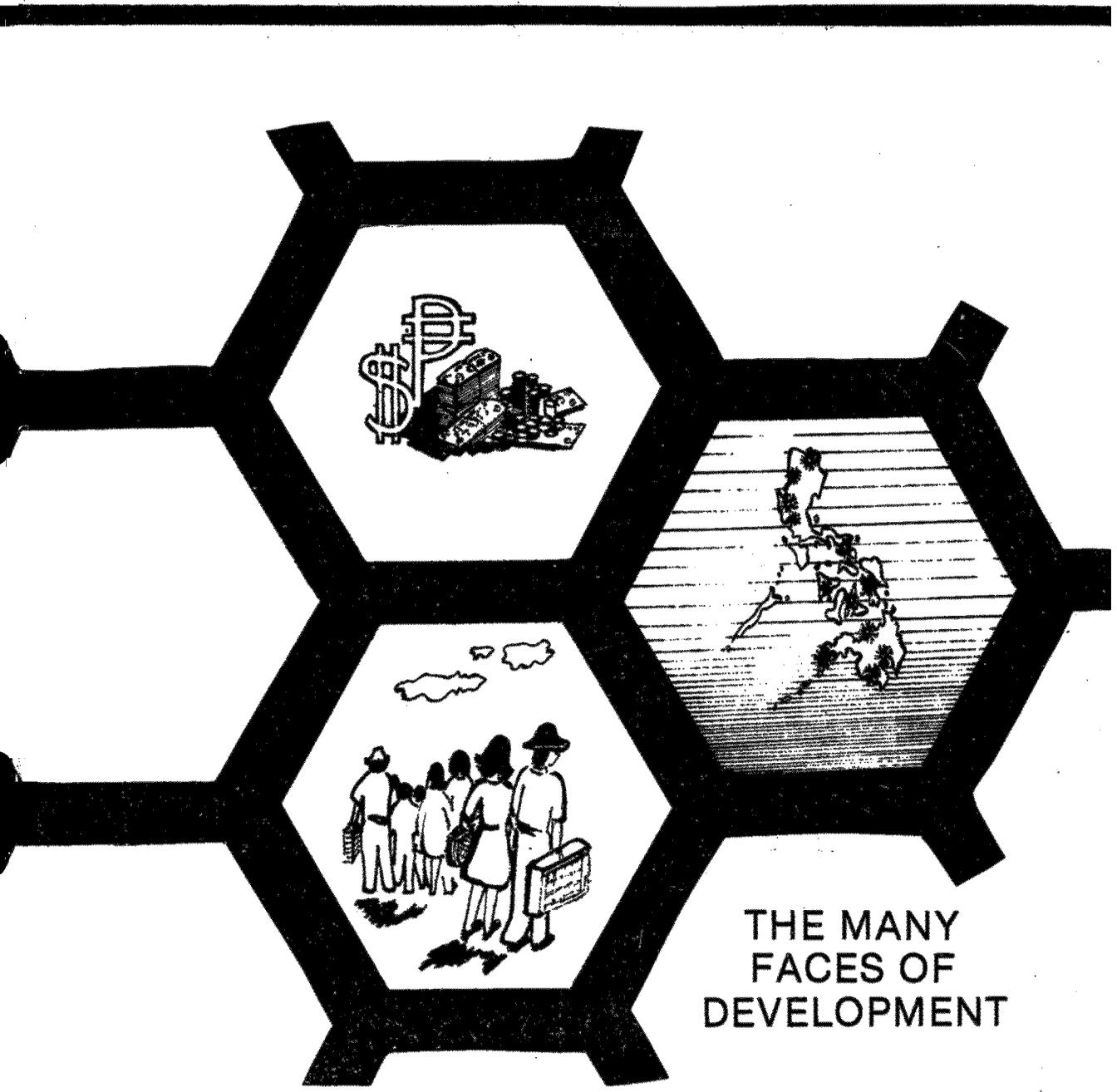
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**This issue of the Philippine
Planning Journal is
dedicated to
the memory of
Prof. Adrienne A. Agpalza
whose untimely demise
has left a void
among us.**

**The faculty and staff
of the Institute of
Environmental Planning,
University of the Philippines**

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EQUITY, EFFICIENCY AND NATIONAL DEVELOPMENT: THE PHILIPPINES' REGIONAL DEVELOPMENT STRATEGY

By

Proserpina Domingo-Tapales

New Dimensions in Philippine Economic Policy

Like many countries in the Third World, the Philippines is in constant search for the right formula that will increase the growth of its gross national product in a manner that will make it catch up with the fast rate of growth of the developed countries. Time and again, it has laid down economic policies intended to solve prevailing national problems, changing policies and strategies as time and circumstances warrant.

After the second world war and upon gaining political independence from the United States, it embarked on a policy of import substitution with its attendant policies of import and exchange controls, tax exemptions to new and necessary industries, and extension of long-term credit to manufacturing endeavors. The policies aimed to discourage the importation of consumer goods and non-essentials which Filipinos under America had learned to patronize, and conversely, to encourage the domestic manufacture of those commodities.

Removal of controls came in the early sixty's in the wake of the unrealistic, over-valued exchange rate of the peso. Other policies shifted attention to the development of agriculture and cottage industries, at the same time setting broader incentives for preferred and pioneer industries.

The economic policies in the first two decades of independence were criticized as inward-looking, import-dependent, relying only on a few, traditional exports, leading to a condition characterized by overconcentrated regional development at the core, greater inequality in income distribution, neglect of wage goods industries, slow growth of industrial employment, and technical and economic inefficiency.¹

Export promotion thus became a strategy in the seventy's, interwoven with other economic policies like more intensive propagation of cottage, small and medium-scale industries, and the new strategy of regional development. The export promotion strategy aims to diversify exports to cure the problem caused by too heavy reliance on few traditional crops which are subject to price fluctuations in the world market. The other policies are interrelated, aiming to generate more employment through labor-intensive industries, to disperse industries in the regions, and to encourage more investment from previously hesitant entrepreneurs.

Regional development, particularly, is being pursued with vigor by the government. The *Four Year Development Plan* for 1974-1977 prepared by the National Economic and Development Authority (NEDA) which was adopted by Presidential Proclamation 1157 includes, among its six objectives, regional development and industrialization. The Plan provides "for a wider distribution of the benefits of economic growth by placing greater emphasis on social development and by integrating the approach to regional development."²

¹John H. Power and Gerardo P. Sicat, *The Philippines: Industrialization and Trade Policies* (London: Oxford University Press, 1971), p. 102.

²National Economic and Development Authority, *Four-Year Development Plan, 1974-1977*. (Manila: 1974). Foreword.

Rationale for the New Strategy

The new emphasis on regional development is based on the NEDA's recognition of the glaring imbalance among regions in the country, with Manila and its environs lording it over the country while other regions lag very far behind.

The import substitution strategy in earlier years favored location of industries in Metropolitan Manila. The restrictions on foreign exchange made advantageous locating near the seat of government, and the dependence of the new industries on undervalued exports made locating in the principal ports favorable. Manila and the surrounding areas thus became an "import enclave," retaining, if not increasing, its centuries-old dominance over the rest of the country.

Instead of linking backward to the other regions of the economy it links on the supply side to the rest of the world. Even on the demand side, the market by way of the consumption goods depends significantly on the free-spending urban classes that were created by the industrialization itself.³

The concentration of manufacturing at the core area has resulted in inequality among the regions, and has led to greater inequality in personal income distribution.

Regional Imbalances. NEDA Director-General Sicat, writing on "Dimensions of Economic Growth" for the period 1948 to 1966 showed the lopsided picture of the Philippine economy. Using proxy information from GAO local public finance data as surrogate, on the assumption that the fiscal data moves in the same direction as income, he computed the gross regional products of ten designated regions. He compared his public finance figures to data from the Statistical Survey of Households and migration figures and found out that "the patterns of regional income levels follow more closely the ones estimated using proxy figures, except that

Metropolitan Manila appears to be less sharply contrasted with other regions,"⁴ meaning that other statistics would show even wider gaps between the prime area and other parts of the country.



Sicat used a modified regional grouping, segregating Rizal province from the Southern Tagalog region and placing it with Manila. He also used 1961 as the cut-off point, to compare any change that may have come with the policy on decontrol.

Table 1 shows the distribution of the gross regional product for the years under study.

The figures above show that for 1948-1961, the gross regional products (GRP) of Cagayan Valley and Batanes, Ilocos and Mountain Province, and the Bicol region lagged behind the national growth rate at 3%, 5%, and 6% respectively, as Metropolitan Manila and Rizal together registered the highest rate of growth of 23%. For 1961, the same regions lagged behind (2%, 5% and 5%) and Metro Manila and Rizal forged ahead (27%). By 1966, the figures show the same imbalance in favor of Metro Manila-Rizal against the same regions (at 37, 3 and 8). "Translated in terms of

³ Power and Sicat, *op. cit.*, p. 106.

⁴Gerardo P. Sicat, *Economic Policy and Philippine Development*, (U.P., 1972).

TABLE I
DISTRIBUTION OF REGIONAL GROSS PRODUCT, 1948, 1961, 1966*

	GRP as % of total GNP	GRP as % of Island Group's total GRP	GRP as % of total GNP	GRP as % of Island Group's total	GRP as % of total GNP	GRP as % of Island Group's total GRP
I. Metro Manila	20	34	22	37	18	30
Rizal	3	5	5		10	17
II. Ilocos & Mt. Province	5	9	5		4	7
III. Cagayan Valley & Batanes	3	5	2	3	2	3
IV. Central Luzon	12	21	12	20	12	20
V. Southern Luzon & Islands	9	16	9	15	8	15
VI. Bicol	6	10	5	8	5	8
LUZON	58	100	60	100	59	100
VII. Western Visayas	14	54	12	50	12	52
VIII. Eastern Visayas	12	46	12	50	11	48
VISAYAS	26	100	24	100	23	100
IX. Southern Mindanao & Sulu	10	62	10	38	12	67
X. Northeastern Mindanao	6	38	6		6	33
MINDANAO	16	100	16	100	18	100

* Source: Gerardo Sicat, *Economic Policy and Philippine Development*, Table 15.11.

contributions to the GNP," Sicat says. "these indicate that Greater Manila, including all of Rizal province, contributes close to one-fourth of the total GNP. . . The Bicol, Ilocos, and Cagayan regions appear to have lost their economic importance when viewed in terms of their share of Luzon's GRP to the GNP."⁵

When the implied per capita gross product is computed Manila still shows a high rate of ₱ 2,371 and Rizal a comparatively high ₱ 931 higher than the Philippine's figure at ₱ 705, whereas Cagayan Valley at ₱ 398 and Bicol at ₱ 413 are very much behind.

The index of GRP per person showed Eastern Visayas lowest for 1948 (66.5), followed closely by Bicol (68.4); in 1961 registered a low 58.4, Cagayan Valley an unfavorable 61.1; in 1966, Cagayan Valley and Bicol ranked lowest and second lowest, respectively at 56.4 and 58.6.

From the table above, it is readily seen that the fastest growing region is Metropolitan Manila-Rizal, and Luzon's GRP is almost 59% of the total GNP. The regions seeming to lag behind are the Cagayan Valley and the Bicol regions.

More recent data are provided by the NEDA. Using 1970 Census figures on the

⁵ *Ibid.*, p. 369.

TABLE II
REGIONAL GROSS PRODUCTS LEVELS, 1948-66*

	Implied per cap regional gross product (in current prices)	Index of GRP/Person		1966
		1948	1961	
I. Metro Manila	2,371	323.8	358.2	336.3
Rizal	931	94.4	88.4	132.1
II. Ilocos & Mt. Province	654	78.9	103.1	92.8
III. Cagayan Valley & Batanes	398	85.7	61.1	56.4
IV. Central Luzon	655	88.9	90.8	92.9
V. Southern Luzon & Islands	657	89.8	91.9	93.2
VI. Bicol	413	68.4	58.4	58.6
VII. Western Visayas	672	88.1	85.1	95.3
VIII. Eastern Visayas	615	66.5	88.0	87.2
IX. Southwestern Mindanao & Sulu	477	130.3	83.2	74.5
X. Northeastern Mindanao	491	84.7	71.6	76.6
Philippines	705	100.0	100.0	100.0

* Source: Gerardo Sicat, *Economic Policy and Philippine Development*, Table 15.12.

size and growth rate per annum of the population by region, 1969 figures on the amount and growth rate per annum of the regional economy (computations by value added), and 1966 income per capita, the NEDA presents a picture that substantiates that shown by Sicat.

Metropolitan Manila's population in 1970 grew at the fast rate of 4.7%, higher than that of the Philippines at 3.0%. While other areas also grew faster than the country's average, Manila's growth rate can be accounted for by migration from the areas that grew slowly — Ilocos, Western and Eastern Visayas, and the Bicol region (the last two register in migration statistics a negative rate of growth).

While the value added for the two Mindanao regions are higher than that of Metro Manila (7.2% as against 6.1%), Manila's per capita income is the highest for all the regions at ₱ 955 (most likely much higher in 1975).

Ilocos and Western Visayas registered the lowest rate of growth (3.3% and 3.7%, respectively). The lowest per capita incomes are in Cagayan (₱ 226), Eastern Visayas (₱ 279), and Ilocos (₱ 303). Bicol ranks fifth lowest in per capita income.

Thus, Metro Manila registers the highest rate of population growth, a high rate of economic growth based on value added, and the highest income per capita, while certain regions — Cagayan, Eastern Visayas, Ilocos and Bicol — lose their populations to the more progressive regions, register very slow rates of growth, and have the lowest per capita income.

NEDA's present thrust on regional development can be largely explained by the Director General's concern for developing the regions, to solve some of the country's economic problems. Regional Development is premised on the assumption that it would provide increasing employment opportunities for the growing population, strike a balance between

TABLE III
COMPARISON OF POPULATION AND VALUE ADDED*
By Regions

Area	1970 Population		1969 Value Added		Income per capita (1966)
	Size	Growth Rate per annum	Amount	Growth rate per annum	
	1,000	%	P (M)	%	P (M)
Metro Manila	3,277	4.7	9,977.0	6.1	955
Ilocos	1,259	1.7	358.2	3.3	303
Cagayan	2,037	3.3	1,061.1	4.6	226
Central Luzon	5,100	3.1	1,790.8	4.1	416
Southern					
Tagalog	3,880	3.9	2,492.5	5.0	687
Bicol	2,967	2.2	908.4	5.3	331
Western					
Visayas	4,501	1.5	2,086.8	3.7	351
Eastern					
Visayas	4,700	1.6	1,680.3	5.2	279
Northern & Eastern					
Mindanao	3,016	3.5	1,588.5	7.2	364
Southern & Western					
Mindanao	4,947	4.1	2,587.0	7.2	327
Philippines	36,684	3.0	24,523.4	5.5	415

*Source: NEDA, *Regional Development Projects*.

agricultural and industrial development, and increase exports and widen the market for newly established industries through more internal demand in the regions.⁷

Regional Development and "Circular Causation"

The regional development strategy aims to develop the nation by first developing the regions. The rationale is that development of the regions would provide increased GRP, increased GRP would increase regional contributions to the GNP, increased GRP would provide higher per capita income and would lessen income inequality.

Would such a policy achieve these objectives?

Rich to richer, poor to poorer: The Theory of Circular Causation. Gunnar Myrdal talks about Winslow's and Nurske's vicious circle of poverty, and applies this to economic development. Thus, a region in a country becomes richer, a poor region becomes poorer because of the cumulative process, where forces work in circular causation to reinforce development or underdevelopment. Economic development in an area may have "spread" and "backwash" effects on other areas, depending on the prevailing state of economic development in the region. Myrdal puts forward the following postulates:

1. The play of the market forces normally tends to increase, rather than decrease, the inequalities between regions. If things are left to economic market forces alone, all economic activities' would cluster in certain localities

⁷ Power and Sicut, *op. cit.*

and regions.

2. The localities and regions where economic activity is expanding will attract net migration from other parts of the country. This movement 'tends to favor the rapidly growing communities and disfavor the others.'

3. Capital movements tend to have a similar effect on increasing inequality. In the centers of expansion, increased demand will spur investment, which in turn will increase incomes and demand and cause a second round of investments, etc.

4. Trade operates with the same fundamental bias in favor of richer and more progressive regions against the other regions. The widening markets will often give advantages to the already established centers which usually work under conditions of increasing returns.

5. As industrialization is the dynamic force in development, the poorer regions remain mainly agricultural. 'In the rural areas, not only manufacturing industry but agriculture itself have a much lower level of productivity than in the richer regions.'

6. Poorer regions, unaided, could hardly afford medical care, their populations would be less healthy and have a lower production efficiency. They would have fewer schools and their schools, if any, would be inferior. The people, generally would retain traditional attitudes which would work against further economic pursuits.⁸

Myrdal summarizes: "All these frustrating effects of poverty, operating through other media than those analyzed by traditional economic theory, are interlocked in circular causation . . . The opposite effects of rising economic levels in the centers of expansion are in a similar fashion also inter-connected in a circular causation, sustaining further expansion in a cumulative fashion."⁹

Thus, the economic factor — market forces, capital movement, and trade operations — interact with the non-economic fac-

tors of health, education, and values, to reinforce each other and spur a region to greater development or hold it in a state of continued stagnation. In the relatively developed regions, wealth generates more capital, capital generates more wealth; wealth provides better standards of living, and better standards of living promote values that lead to more economic activity which will bring about more wealth.

The momentum from a center of industry has 'spread effects' over other regions which have increased demands for its products, and "weave themselves in the same fashion as the 'backwash effects' in opposition . . . in marginal cases the kinds of effects will balance each other and a region will be stagnating."¹⁰

He cautions against traditional economic theory which would leave the regions by themselves, but opts for governmental policies which would "interfere" to achieve regional development.

Fred Riggs, in a similar vein, talks of circular causation in application to local administration. Taking his inspiration from Myrdal and from his own theory of prismatic society which is focused on values and institutions, Riggs postulates that economic development and local administration work in circular causation. Therefore, a local unit with high level of economic development would be in a better position to sustain efficient local administration, and local units which are underdeveloped, when given more autonomy, would only become areas of what he calls 'negative development' because

(Administrative) defects. . . are as much consequences of underdevelopment as they are its causes. Consequently, even from the point of view of economic growth itself, economists ought to pay more attention to the full circle of interdependence whereby economic factors affect political and administrative conditions which, in turn, have a feedback upon economic development.¹¹

⁸Discussed by Gunnar Myrdal in Chapter II, "Principle of Circular and Cumulative Causation," in *Rich Lands and Poor: The Road to World Prosperity* (New York: Harper and Row, 1957).

⁹ *Ibid.*, p. 30.

¹⁰ *Ibid.*, p. 31-32.

¹¹Fred Riggs, *Administration in Developing Countries: The Theory of Prismatic Society* (Boston, Houghton Mifflin, 1964), p. 80.

Riggs warns against grants of local self-government which "will only contribute to positive economic development when the ecology becomes favorable,"¹² and recommends selective decentralization whereby only areas economically developed and consequently, competent enough to administer services will be given subject to a high degree of central tutelage.

Sicat, who initiated the new regional development strategy, recognizes that "a necessary condition for successful regional development is national economic policy which is conducive to economic development." This, however, "will have to work in a situation where vigorous and systematic decisions at the regional level facilitate development within the region, not thwart it."¹³ While the dynamics of regional development, he says, "depends on how national policies. . . exercise a discriminatory influence on the flow of investment resources to other less developed regions. . . it also depends on how local governments harness the advantage that are open to them."¹⁴

For regional development to be achieved, therefore, our chief economic planner recognizes the need for active support of economic policies from the national government, the ability of the regions to provide sound decisions to facilitate their own development, and going downward, the capacity of the local governments to harness opportunities to their own advantage. It is, in effect, an agreement to Riggs' and Myrdal's suggestions on the need for the national government to prop up regional development through supportive policies, and a tacit obedience to their warnings that economic and non-economic factors must be considered hand in hand in any approach to regional and local development.

It is obvious that for the regional develop-

ment strategy to succeed, a lot depends on inputs from the governments above and below the regional level which will provide the policy and administrative support, and, to a large extent, the financial support needed. It will also depend on a lot of economic factors in the regions themselves, without which resources the regional development attempts will fail.

How far can our regional development strategy go?

Components of the Regional Development Strategy

While the NEDA's Plan stresses for the first time the country's policy of regional development, the strategy is not entirely new in the Philippines. In the sixties, Congress seemed to have a penchant for creating regional and local development authorities, so that by the time they stopped legislating for such, the number created had already reached thirteen.

In 1961 the Mindanao Development Authority and the Central Luzon - Cagayan Valley Authority were created. In 1964 four were legislated - the Mountain Province Development Authority, the Panay Development Authority, the Northern Samar Development Authority, and the San Juanico Strait Tourist Development Authority. The Bicol Development Company was established in 1966. Other development bodies created, though not regional but merely local in scope, were the Ilocos Sur Development Authority, the Catanduanes Development Authority, and the Cavite Communication and Electricity Development Authority. The Laguna Lake Development Authority was another addition. Much earlier, in 1955, the Tagaytay City Development Commission was created by law marking the first time an approach of the sort was used.

Of the thirteen created by law, only five actually became operational - the Mindanao Development Authority, the Central Luzon-Cagayan Valley Authority, the Mountain Province Development Authority, the Laguna

¹²Fred Riggs, "Economic Development and Local Administration: A Study in Circular Causation," *Philippine Journal of Public Administration* (January, 1959), p. 123. Also reprinted in *Ibid.*

¹³Sicat, *op. cit.*, p. 388.

¹⁴*Ibid.*, p. 410

Lake Development Authority, and the Bicol Development Company.

The authorities had the similar functions of undertaking economic surveys; irrigation, electric power, and flood control projects; and conservation of natural resources. They were all entrusted with the task of engaging in industry, agriculture, mining, and other industrial pursuits.

Except for the Tagaytay and Cavite authorities, all those created had authorized capitalization ranging from ₱ 500,000 to ₱ 300 million, and had five, seven, or nine-member Board of Directors appointed by the President with the consent of the Commission on Appointments. Their plans were reviewed by the then National Economic Council or the Presidential Economic Staff.

The regional development authorities approach, however, was a failure. One critic attributed this to the fact that the few regional development authorities which were organized became inutile because of the "high level of aspirations manifested in their avowed goals and financing which have been practically nullified by the paucity of actual support and implementation."¹⁵

On the local level, Provincial, City, and Municipal Development Councils were organized, in an attempt to provide a forum for the coordination of sectoral programs and projects for the development of the localities. Each Development Council was composed of the Governor or Mayor as Chairman and heads of local offices as members. This approach again failed, because the Councils hardly met, or, if they did, they "did not go beyond discussing, setting priorities and approving these projects."¹⁶ While local planning boards also existed, these did not go beyond zoning, and physical planning was largely left to the local Engineer's Office.¹⁷

Thus, the attempts at regional and local development through the creation of develop-

ment authorities and local development councils did not meet popular expectations. By the seventies, while no new laws were passed adding to the number of regional development authorities, no measures were likewise taken to organize those legislated, or to increase the little releases for those already existing. For the local development councils, the trisectoral approach (involving the government, the private sector, and the church) was tried, but the councils remained as discussion forums, meeting, if at all, at their own convenience.

New Approaches. The failure of the regional development authority approach in the past has led policy-makers to try a new task in the development of the regions.

1. *Administrative Approaches.* Immediately upon declaration of Martial Law on September 21, 1972, the President issued Presidential Decree No. 1 implementing the Integrated Reorganization Plan of the Presidential Commission on Reorganization (PCR) which provided, among others, the regionalization of all national offices and the creation of eleven regions. The regionalization scheme took into consideration the existing traditional regions, ethnic homogeneity and geographic considerations. Instead of the ten regions previously existing, the PCR's inter-agency committee opted for eleven regions, and chose, in each region, a capital. The regional capitals were chosen on the basis of centrality, accessibility, availability of land, water, and air transport, and the presence of regional offices of national government agencies. Through the regionalization of field offices, administrative decentralization is to be achieved.

(Later, the President created a twelfth region for the Muslim South, and transferred Pangasinan from Region III to Region I).

A component of the regionalization scheme is the decentralization of development planning to the regions and the active involvement of the politicians in the deliberations on planning policy. A Regional Development

¹⁵Abelardo G. Samonte, "Regional Development Authorities: Role, Structure and Feasibility," *PJPA* (April, 1968), p. 122.

¹⁶Salvador Parco, "Some Factors of Success and Failure of Community Development Councils," (Bicol Development Planning Board, undated), mimeo.

¹⁷Asteya M. Santiago, "Planning Organization in the Philippines," *Australian Planning Institute Journal* (April, 1969), p. 35.

Council (RDC) was created composed of the local chief executives and regional directors of national offices in each region, each mandated to meet at least once a year to approve development plans drafted by the executive committee composed of the NEDA Regional Executive Director (RED) as chairman and heads of key regional offices (like the Bureau of Plant Industry, Departments of Public Highways, Public Works, Local Government and Community Development, and the Bureau of Agricultural Extension). The NEDA's role in development planning for the region was likewise strengthened — the NEDA RED also acts as RDC Vice-Chairman (the Chairman is elected by the Council from the local chief executives sitting in) and head of the NEDA technical staff which does the actual job of drafting plans and conducting researches.

While the government was in the early phase of reorganization, the President created Presidential Regional Officers for Development (PROD) in the regions, to monitor activities and projects in their areas. Complementing the PRODs are the Coordinating Officers for Performance Efficiency (COPE) in the national departments, to monitor the implementation of specific sectoral programs. Much later, the President deputized the chairmen of the RDC's as his Presidential Regional Action Officers (PRAOs). The PRODs are supervised by the Development Management Staff (DMS) under the Office of the Executive Secretary (now directly under the Office of the President). The PRODs, however, are part time designations, each PROD holding another full-time office in the region.

2. Regional Development Projects. As the NEDA's Plan stresses regional development and industrialization as an objective, it has pursued this objective through many economic activities. Its regional development projects approach the problem directly. It says in its Regional Development Projects:

The government has turned towards a more comprehensive systems approach to planning which provides for the integration of physical development with economic, social, administrative and

financial aspects of development into a common plan frame for a given area. Utilizing space as the medium for integration, a physical development must be established to coordinate sectoral investments on productive apparatus with infrastructure, and to relate them to all policies concerning land uses, population distribution and densities, employment, public services, community facilities, and ecological balance.¹⁸

The NEDA supports several regional development projects. Preparation of framework development plans is the aim of the Physical Planning Strategy for the Philippines conducted jointly by the Department of Public Works, Transportation and Communications, the UP Institute of Environmental Planning, and the United Nations Development Programme. Under the project are the Manila Bay Metropolitan Region Strategic Plan and the Mindanao Development Studies. The latter, however, did not fulfill its objective of a framework plan but only succeeded in providing a profile for the area.

The NEDA's framework planning and development studies in smaller areas are more successful. Foremost among them is the Bicol River Basin Development Project, the first exercise in integrated planning in a basin-wide scale in the Philippines. The project centers on the Bicol River Basin area involving the whole province of Camarines Sur and parts of Albay and Camarines Norte. Other projects are the Pampanga Delta-Candaba Swamp Development, Zamboanga del Sur Secondary Road Projects, Cotabato Secondary Road Package, Bukidnon Secondary Road Projects, Metropolitan Manila Transport System Plan, Manila Metropolitan Ring Development, Cagayan Land Reform Infrastructure Package, Iloilo Land Reform Infrastructure Package, and Regional Capital Development Project.

The Regional Development Package also includes a project on the definition of leading development areas and leading tenancy areas.

The approach, according to the NEDA,

¹⁸ NEDA, *Regional Development Projects* (Manila, 1973), p. 3.

is to attain both efficiency and welfare in revenue allocation, and involves channeling resources to leading strategic growth points, with emphasis on Mindanao.

3. *Sectoral Programs.* Each government department or agency pursues sectoral programs calculated to benefit not only the country on a macro level, but the regions as well. Sectoral programs on land reform, food production, cooperatives, infrastructures, housing, tourism, health, rural electrification, education and manpower development, social welfare, and community development are also aimed to improve the quality of life of the people in all areas in the country. The land reform program, for example, is geared towards putting a stop to the age-old tenancy practice, so that the farmer can buy his land from the landlord, giving him thereby more returns for his crop and a chance for a better life, and encouraging the landlord, in the process, to channel his money to industrial and commercial pursuits.

4. *Medium and Small-Scale Industries.* A new thrust in economic policy is the boost

given to medium and small-scale industries. Through the help of the Development Academy of the Philippines and U.P. Institute for Small-Scale Industries, technical advice to and training program for small and medium-scale entrepreneurs are made available in the regions. Medium and Small Industries Coordinated Action Program (MASICAP) teams and Small Business Advisory Centers are scattered in the regions. Because large-scale industrial activities are more difficult to undertake in the regions, medium and small-scale industries which are labor intensive (and hence, will employ idle agricultural labor) are being encouraged. The *Ranis Report* emphasizes as well this thrust in rural mobilization for development.

5. *Cottage Industries.* Cottage industries are even smaller in scope than small-scale industries, and employ more labor. This approach aims to utilize raw materials in the regions. In Bicol, for example, abaca handicrafts are made in the schools and in the homes and farm laborers are paid on piece-meal basis. The regional thrust of the National Cottage Industries Development Administration

TABLE IV
COTTAGE INDUSTRIES REGISTERED WITH NACIDA
1973-1974*

Location ^a	Per Cent Distribution	Factory Worker	Factory Workers and Estimated Number of Contractual Workers
Total (Total Number —	100 59,977	194,739 Total capitalization	965,786 P 140,675,902.49)
Northern Luzon	9.63	15,146	86,738
Central Luzon	14.40	25,270	116,441
Tagalog	13.95	24,364	93,612
Manila & Suburbs & Rizal	15.00	42,405	171,905
Bicol	4.29	13,035	52,398
Mindoro	7.76	11,335	81,152
Eastern Visayas	7.34	11,946	81,067
Western Visayas	8.45	12,964	65,759
Central Visayas	9.33	18,544	105,197
Northern Mindanao	4.90	10,243	59,239
Southern Mindanao	3.59	6,019	34,644
Western Mindanao	1.80	3,468	17,634

* Source: *Trade Journal*, August, 1974.

^a Regions are different from those in the Integrated Reorganization Plan.

(NACIDA) scheme is seen in the preceding table.

6. *Industrial Dispersal Program.* The country's program of industrial dispersal has many aspects. On the national government's part, the construction of super-highways, the extension of railroad networks, the provision of electricity and water supply facilities, port improvement, and the development of low-cost housing projects, are aimed at making available the necessary infrastructure and amenities to attract industries to locate in the rural areas. A labor intensive public works program which supports the same aim, employs excess labor in the countryside.

On the financing side, "the government has made it mandatory for banks in the provinces to allocate 75% of their deposits for lending to projects in areas where they are located. The Board of Investments, (BOI) for its part, has made it a policy to make the grant of incentives conditional upon a plant's locating in areas outside the Greater Manila." However, the BOI, as yet, has no definite criteria on which industries must locate in which region. The only criteria it follows, if at all, are the location of industries outside the 50-kilometer radius from the center which the then Task Force on Human Settlements (now Human Settlements Commission (HSC) imposes, and the requirement that the factory should, as much as possible, be near its raw material source. Sicut's criticism, done in 1969, that the BOI is not really effective in regional dispersal, is still relevant. However, the BOI, at the moment, is engaged in a project with the HSC to identify the factories that would locate in the regions.

7. *Industrial Estates.* Another government policy that aims to disperse industry is the promotion of industrial estates. The free trade zone in Mariveles, Bataan, is one such estate. An industrial estate, located at the growth center where infrastructure and amenities are earlier made available, spurs economic activity in terms of investments and labor employed.

More industrial estates are being planned for other parts of the country.

8. *Local Government Reforms.* Continu-

ing reforms in local government are geared to achieve the same objective of regional development. Apart from the RDC, the protracted creation of the position of Regional Administrator like those existing in Regions IX and XII hopes to answer the need for coordination of functions at the regional level. The encouragement of local development planning through the creation of Provincial, City and Municipal Development Staffs is intended to prop up the planning activity in the regions.

There are, indeed, many programs and projects geared towards regional development. Their success, however, depends on their implementation. There is a need, therefore, to look at the administrative machinery that implements the programs, to assess where they succeed or fail, so that defects may be pinpointed and recommendations may be made for better and smoother implementation.

Administrative Requirements of the Regional Development Strategy

The micro approach is used in this portion of the study to assess the administrative aspects of regional development. The micro approach, while it has the limitation of not being able to compare how it is in other areas, nevertheless has the advantage of being able to look at the structures in depth. This study focuses on the implementation of the regional development strategy in the Bicol region, one of the depressed areas in the country and a recipient, since 1973, of attention and assistance from the national government.

*The Region.*¹⁹ The Bicol region lies on the southeastern part of Luzon. Lying on the typhoon belt, it is visited by typhoons at the rate of 20-30 a year. An area of out-migration, it has been described by a UN expert as a "downward transitional area," which, despite natural resources in its favor, has not been developing.

The 1970 Census places its population at

¹⁹Source of Data: UN Centre for Regional Development, *Plan for the Bicol Region*, Vol. I (1974).

2,966,881 or 8.1% of the country's population. It has a young population, with 50% being 15 years old or younger, due to heavy out-migration of the young able-bodied population (the heaviest out-migration figures are in the 20-24 age bracket). In 1960-1970, its growth differential was - 0.8%, showing a net migration of - 0.9%. Its rural population is a high 80.6%, its urban population is 19.3%, much lower than the country's rate of 31.7%. While its literacy rate is high (86.36%), it is still below the national average of 88%. It is an agricultural region, with 63.6% of its labor force in agriculture, mining, and fishing, 14.6% in manufacturing, and 21.8% in services. Its average annual family income is ₱ 2,201, lower than the country's ₱ 2,541.

The region is composed of six provinces, four on the mainland of Luzon (Camarines Norte, Camarines Sur, Albay and Sorsogon) and two island provinces (Catanduanes and Masbate). It has three chartered cities (Legazpi in Albay which was chosen as regional capital, Naga and Iriga in Camarines Sur). It has 112 municipalities and 2,277 barrios. While its main arteries are good, Bicol suffers in lack of transport facilities. Health facilities in the area are grossly lacking; in a survey of facilities in Bicol, it was discovered that doctors from the rural health units are able to visit the barrios only once a month. Educational facilities do not fare off that badly; however, secondary, collegiate and vocational schools are often only in the centers of population, and many a barrio resident is able to finish only the intermediate grades.

Before the Tiwi geothermal power project was initiated in 1973, only 14.6% of Bicol was electrified.

Few credit facilities (1973) existed for farmers in Bicol. Two of its provinces, however, (Albay and Camarines Sur) were chosen pilot areas of the Samahang Nayon program, to provide farmers in the area better sources of credit and supplies through the cooperatives system.

The Regional Development Mechanism. Before the RDC's came into being, Bicol has its miniature RDC, which was in fact the ins-

piration of the PCR's recommendation for the creation of RDC's. The Bicol Development Planning Board (BDPB) was organized in 1964 upon the initiative of the Governors and City Mayors in the area. Executive Order No. 159 of President Macapagal gave it the function of conducting "scientific and systematic surveys of the assets and potentialities of the Bicol region," planning its development, and pooling "the resources of the provinces and cities thereof for the implementation of programs to enhance the social, industrial and commercial development and the general welfare of the region and its people."

The BDPB's existence can be divided into



three periods — the first period, from 1964-1967 was its "golden age;" the middle years, from 1967-1971 can be characterized as the start of its descent, and the years 1972 to 1973 as its decline and death.

The first years were marked by the *ningas-cogon* of the leadership, fired by enthusiasm from their own experiment in regional planning, reinforced by financial support from the Asia Foundation (AF) and the Agricultural Development Council (ADC) technical support from the UP College of Agriculture, and the general fraternity loyalty to the ruling political party to which all the BDPB members belonged. With Albay's Governor Estevez as chairman

and Jose Delvo of the Presidential Arm on Community Development (PACD) as Executive Director, the BDPB undertook seminars, information campaigns, and agricultural projects. AF and ADC funds were augmented by local government contributions to keep the BDPB ship afloat.

The middle years saw a completely new membership in the BDPB. All the members were new and belonged to the Nacionalista Party (NP), except for the Naga Mayor who alone was with the Liberal Party (LP). Even Albay's Estevez who remained had turned NP. Naga's Sibulo had joined earlier when his Mayor ran for Congress, but he was with new members. Camarines Norte's Vinzons, TOYM (Ten Outstanding Young Men) awardee for public administration, did not run for reelection, but took over as Executive Director in 1969.

By 1968, however, the BDPB has started encountering difficulties. Lack of personnel was a prime problem; many key positions remained unfilled; Peace Corps Volunteers doing technical jobs finished their tours of duty, and there were no Filipinos ready to take their place. By 1970, the problem of finance compounded the Board's problems. Local government members which pledged 1/4 of 1% of their general fund to the BDPB were no longer contributing regularly. To add to the problem, ADC and AF supports were terminating, and the BDPB was in the red. Vinzons resigned as Executive Director, thinking "planning was ahead in Bicol by 3 1/2 years."

The BDPB's fall came soon after the 1971 elections, when a mixed membership from the two parties came into power in the local government units in Bicol. Of the nine members of the Board, five were NP's and four were LP's. BDPB meetings became infrequent, and a few meetings were held in Manila with the national legislators from Bicol. Some meetings did not go through for lack of quorum. Even its *Newsletter* ceased publication after June 1971. The new Executive Director lacked Vinzons' dynamism.

A major catastrophe the BDPB met was the implementation of the Integrated Reorganization Plan which replaced the BDPB with the RDC. The BDPB people assumed, however,

that they would become the nucleus of the RDC. In a frantic attempt to survive the onslaught of reorganization, the BDPB hurriedly prepared a *Broad Plan for the Bicol Region for 1973-77*, a staffing pattern for 120 positions (of which only 21 were technical) and a budget for ₱1,251,747.

The creation of the RDC in 1973 was an honorable exit for the already drowning BDPB.

The leadership's enthusiasm, the capability of its Executive Director and its technical personnel, and the adequacy of financing in its initial years, worked in reverse in its last years and spelled the Board's decline. Unenthusiastic leaders (most of them were not in the original Board), a phlegmatic Executive Director, a gross lack of technical personnel, and lack of financial resources, spelled the doom for the BDPB.

The BIDEKO. The creation of the Bicol Development Company in 1966 through RA 4690 was the national legislature's answer to the problem of regional development in Bicol.

The BIDEKO was established "to promote the balanced and accelerated growth of the Bicol region within the context of national plans and policies for social and economic development through the leadership, guidance and support of the government."²¹

The BIDEKO's charter puts it on a superior position as far as the BDPB is concerned, with the power given to it to approve development plans for the region made by any local government, public or private corporation.

It has a Board of Directors of seven appointed by the President for four years, and an authorized capitalization of ₱ 300 million, of which ₱ 30 million would be released every year for nine years.

The Authority was a brainchild of Bicol's Senator Aytona who made it a holding company, a private corporation which enabled it to acquire shares of stocks in the corporations and exercise power like other stockholders.

The BIDEKO came out in 1968 with an ambitious *Four Year Plan* for the region. For

agriculture, the aim was greater coordination and integration with the public sector. In manufacturing, the BIDECO was to own and operate productive units in cooperation with the public sector, emphasis being on the establishment of basic industries for latter industry. Plan priorities for infrastructure and public utilities involved the installation of geothermal plants aggregating 30,000 kilowatts, irrigation of 162,350 hectares, flood protection for 10,000 hectares a year, extended highways, improved railways and exports. It called for a total funding of ₱ 349.30 million, with the government shouldering ₱ 197.2 million, the BIDECO ₱ 121.5 million, and local governments ₱ 30.6 million.

Despite its grandiose plans, however, BIDECO was able to implement only a few projects. The rice crash program, funded at ₱ 1.5 million, failed when the typhoons came and flooded the grains already ripe for harvest. Other projects directly initiated by the BIDECO was the BISUDECO (Bicol Sugar Development Corporation); the BLADCOR (Bicol Livestock and Agricultural Development Corporation); and the Bicol Swine and Poultry Corporation.

The BIDECO lived longer than the BDPB. In fact, for two years, its General Manager was a member of the RDC. It has subsequently been scrapped.

Its dissolution can be explained by the fact that it was, on the whole, a failure. Aytona himself attributed the BIDECO's failure to lack of funds and dedicated leadership. (His hand-picked political lameducks in the Board were concerned more about developing their own private businesses at the expense of BIDECO). On the other hand, a BDPB official claimed that the releases, though merely in trickles as BIDECO officials say, could have been utilized well; he said the failure of BIDECO was largely due to misplaced priority. Instead of investing funds for regional development, the BIDECO supported a personnel complement (1972-73) of 107, with only 18 positions being technical. It also supported seven Directors getting allowances of ₱2,000 each a month.

BDPB-BIDECO Coordination. The BDPB

antedated BIDECO by a year. Each one had different functions and could have worked harmoniously. Instead, the two bodies became indifferent, even hostile towards each other, never exchanging data, hardly sitting together, except once in 1969 to draft a working agreement which was never followed.

Regional planning in Bicol, therefore, failed because the two planning bodies (one a deliberative body, the other an action body) failed singly and together.

Lessons from the Bicol Experience. The failure of regional planning in Bicol points to certain prerequisites necessary for the success of regional planning in the country.

The most crucial factor is leadership. Experience in Bicol shows that programs sank or swam with the dynamism and enthusiasm of the leaders.

The presence of competent technical personnel is another factor. In Bicol, as well as in other depressed regions, the absence of inducements (material and other rewards) deters technically competent personnel from actively participating in the development effort.

The lack of adequate financing is also important. Plans and programs fail because of inadequate financing, and competent personnel are not induced to join due to lack of funds to pay them.

A crucial issue, which does not have much to do with finance is the lack, if not total absence, of coordination. Where there are more than one body involved in development (as in the Bicol case) the need for coordination cannot be overemphasized.

These factors must be closely looked into in the new administrative arrangements made for the development of Bicol and other regions.

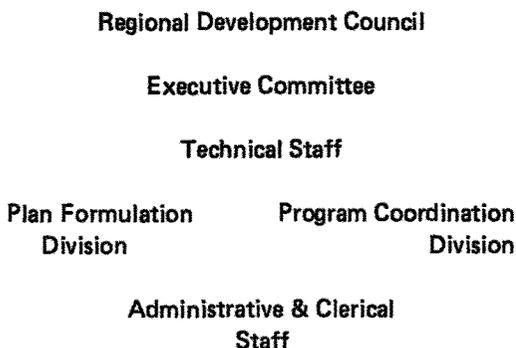
New Administrative Requirements for New Priorities. From Bicol's earlier experience in regional planning we can gauge the suitability of the new mechanism for development planning in the region.

1. *The RDC in Bicol.* Bicol's RDC is or-

ganized like those of other Regional Development Councils throughout the country.

In Bicol, the Council proper (the deliberative body) is composed of six provincial Governors, three City Mayors, the NEDA Regional Executive Director, the Executive Director of the Bicol River Basin Council (the BIDECO General Manager, till lately, was a member), and thirteen regional directors, bringing the membership to a total of 25. The Chairman elected is Gov. Alberto of Catanduanes, the Vice-Chairman Ex-Officio is NEDA RED Alberto Olaguer who is also Chairman of the Executive Committee. Members of the Executive Committee are two representatives of the local chief executives and regional directors of the Department of Public Highways (who happens to be the PROD), the Department of Public Works, the Bureau of Agricultural Extension, the Bureau of Plant Industry, the Department of Local Government and Community Development and the Executive Director of the Bicol River Basin Council (BRBC). The NEDA RED also heads the technical staff composed of staff members of the NEDA Regional Office (NRO).

The Council is organized as follows:



While the RDC in Bicol met as early as August 1973 its technical arm was not completely organized until 1974, after the NEDA approved the staffing pattern for all the regions. The staffing pattern, in Bicol as elsewhere,

is as follows:

Position	Salary/Annum
Office of NEDA Representative	
Regional Executive Director	P 19,200
Sr. Stenographer	3,984
Administrative Unit	
Administrative Officer I	7,608
Accountant I	5,928
Clerk-typist	3,612
Driver	3,432
Messenger-Janitor	3,432
Division of Plan Formulation	
Sr. Professional Economist C	14,400
Professional Economist A	12,000
Professional Economist B	10,200
Economic Researcher C	4,800
Clerk-typist	3,612
Division of Program Coordination	
Sr. Professional Economist C	14,400
Agricultural Specialist	10,200
Industrial Specialist	10,200
Infrastructures-Transport Specialist	10,200
Social Development Specialist	10,200
Economic Researcher C	4,800
Clerk-typist	3,612

* Salaries were adjusted in 1974.

There are eleven technical positions in the NEDA staff, including that of the RED. A look at their bio-data reveals that the technical staff of the NEDA are qualified in terms of their educational preparation for the job, although there are no tacit NEDA qualifications standards to follow. The hindrance, however, is their youth, which is a disadvantage when working with older, career people in the sectoral departments. One very young staff member complained of her inability to get reports from the aging schools superintendent, little realizing that it is her youth and inexperience that stand in the way.

The NRO's financing comes from the NEDA head office in Manila, which earmarks quarterly allotments to the regions for personnel, maintenance, equipment, and other operating expenses. For FY 1974-75, for example, NEDA Region V (Bicol) had an allotment of P 102,319.00. In addition to NEDA allotments, the RDC received, in the same year, contributions from each province and city in the region amounting to P 5,000

each for expenses incurred in Council and Committee meetings.

Appointments for NRO staff members are centralized, all being issued by the Director General in Manila with the RED having only recommendatory powers. Direct supervision over the NRO's is done by the Regional Development Staff (RDS) in the main office, which has the complementary functions of coordinating the planning and implementation of approved regional development plans and programs, and extending assistance to regional development authorities.

Financially speaking, therefore, there are not many problems plaguing the regional office. The salaries provided the staff are attractive enough, considering the lower cost of living in some regions (like Bicol) relative to other regions like Cebu or Davao. (NEDA even had salary increases recently). Despite such incentive, however, NEDA does not seem to get the older, more competent men. For instance, some technical people in the defunct BIDECO could easily be absorbed by the NEDA. While educational qualifications can be adequate preparation for a job (a sociology background, for instance, for the social development specialist) a lot of experience on the kind of job is important as well. This is what NEDA staff members lack. Training has been done on the regional scale for regional personnel. In late 1973 a three week course on development planning was undertaken by the UP Institute of Environmental Planning in Bicol. However, while the trainees were from different offices, very few of them ended up working for the NEDA. In 1974, in the process of plan preparation, the need to train members of RDC task forces came up in an executive committee discussion, but the committee members chose to save by asking the trainees of the 1973 course to teach the others, rather than import expensive lecturers from Manila.

It is in the aspect of leadership where NEDA Region V seems very much lacking. The RED, a poor man who rose from clerk to a top DBP regional officer, has a bachelor's degree from a local college and an MBA from the UP. He makes up with PR and loyalty of his staff what he lacks in dynamism; he relies

a lot on his staff members, even in too obvious briefings before meetings.

The chairman of the RDC, on the other hand, is dynamic and powerful. His influence in policy-making in his heyday as Appropriations Committee Chairman in Congress is seen in the impressive infrastructures he had "built" for his island province. He tries to have his way with the RED. Communications between him and the RED show his request for insertion of certain things in minutes of meetings and the RED's weak refusal to do so.

Unfortunately, in an arrangement like the RDC and the NEDA, the stronger figure intended is the NEDA RED and not the RDC chairman. The RED has the position but lacks the dynamism to use it to advantage. The appointment of the Chairman as PRAO calls as well for a dynamic personality, which the Chairman has. The problem in Bicol, it seems is the tendency of the Chairman to be parochial, and there is the danger that he will swing projects to favor his own constituents.

2. *The BRBP.* The Bicol River Basin Project is the first effort of the Philippine government in integrated planning and program implementation on an area-wide basis. It is an inter-agency, multi-disciplinary effort under the leadership of the Secretary of Public Works and the Secretary of Agriculture.

The BRBP area covers 312,000 hectares of land along the Bicol River; 68% of the area is within the province of Camarines Norte and Albay.

Started in 1973, the BRBP is pursued "within a 'system' framework, integrating various 'means' to attain the program objective as effectively as possible . . . Within the system's context, the "means to achieve the program objectives include ten major activities -- land reform, compact farm development, agricultural credit and rural bank expansion, water resources development, road development, program organization and management, and project support services."²¹

As of 1974 the BRBP has a total staff complement of 16 professional staff and 30

²¹BRBP Annual Report, 1974.

administrative personnel, complemented by eight technical personnel and seven senior staff members of the UP Technical Assistance Group (mostly from Los Banos). A full-time project representative from USAID is assigned to the Project Office in Canaman, Camarines Sur. It has a full-time Executive Director from the are who mans the office. (The first ED was Oscar Ravanera, a civic leader-businessman, but he has recently been replaced.)

It is a five-year project with a total budget of ₱ 9,466,270. For personal services alone in one fiscal year (1974-75), the total earmarked was ₱ 1,493,588.00, bringing the total, including maintenance and equipment outlay, to ₱ 1,700,000.00. Aside from national government appropriations for these expenses, the BRBP also taps other agencies for counterpart funds in its feasibility studies; aid for such comes from the USAID, the NEDA, DPWTC, DA, DNR, DAR, and DLGCD.

The BRBP Council is composed of cabinet-level persons — the NEDA Director General, the Secretaries of the following departments — DPWTC, Finance, Agriculture, Natural Resources, Agrarian Reform, Local Governments, Public Highways, the NIA Administrator, and the Governor of Camarines Sur. The Secretary of Public Works is the Chairman, although there are moves to give the chairmanship to the NEDA Director General.

The BRBP is a much larger organization than the RDC as can be gleaned from the following:

Offices — Board of Directors, Executive Director, Public Information, General Auditing, Legal Staff, Management Support Services, One Deputy Director each for Budget and Administration, Plans and Programs, Social Infrastructure, and Physical Infrastructure.

Departments — Budget and Administrative with two divisions (Administrative, Finance and Budget); Plans and Programs, with three divisions (Agricultural Development Planning, Agribusiness Development Planning, Social Engineering); Social Infrastructure with

three divisions (Agrarian Reform, Social Structural, Agro-Industrial), and Physical Infrastructure with one division (Design and Survey).

The Executive Director gets ₱ 30,000, members of the Board ₱ 24,000 each, Deputy Directors ₱ 24,000 each, heads of divisions ₱ 18,000, and technical positions between ₱ 10,000 and ₱ 12,000.

It has a unique set-up, in that it has a resident group of technical advisers and a commuting group of consultants lending its advice. Apart from that, it maintains a Social Survey Research Unit based at the Ateneo de Naga which conducts continuing researches on on-going projects fed back to it for immediate action. It maintains coordination with sectoral projects through Task Forces it creates, coopting members from the private sector.

The BRBP, therefore, has advantages over the RDC in terms of financing (its staff are as well-paid, but it has more in number; its projects, especially the expensive feasibility studies, do not get snagged due to lack of funds). In terms of technical competence, its staff is probably better off, not in terms of qualifications only but in terms of training and experience. Training programs for staff members here and abroad are funded by USAID and other sources. External advisers lend expertise to the pool of technical personnel; moreover, technical advisers in residence provide continuing support. Unfortunately, BRBP is unable to keep its personnel happy, it seems; there are many vacancies and heavy turnover. It seems its personnel use it as stepping stone for still bigger things.

Leadership is also an area where BRBP exceeds the RDC. The cabinet rank of its directors can be said to be a great advantage over that of the RDC directors at the local and regional level. While they may not have the time to meet as often, they are able to use their office and personnel for needed support to the BRBP; for instance, a staff at the Planning and Project Development Office (PPDO) of the DPWTC helps a lot in data gathering and monitoring of activities. The first Exe-

cutive Director, for his part, was able to co-opt the private sector by virtue of his position as businessman and civic leader. He had a larger technical staff to depend on as well. (We do not know, however, why he left his office and who his successor is).

3. *BRBP-RDC: The Problem is Coordination.* While the two regional planning bodies in Bicol do not duplicate functions and activities, coordination between them is sadly lacking. The RDC, a deliberative body concerned with planning for the entire region, shows unconcern for the BRBP, but underneath, envy is discernible. The BRBP staff, for its part, has an air of superiority over RDC, because of the more prestigious membership of its Board and the funds it is able to utilize. In 1974, a Letter of Implementation placed the BRBP under the NEDA; the RDC has short cause for rejoicing, until it realized that the LOI would remain unimplemented, the BRBP countering that it is under the NEDA Director General and not the NEDA RED. Formal behavior characterizes the two Executive Directors. In an RDC Executive Committee meeting held at the BRBP office, a polite civility characteristic only of politicians prevailed as the NEDA RED and the BRBP Executive Director dealt with each other. The NEDA RED claims not to plan for the area covered by the BRBP; both claim that they let each other know what they are doing through RDC meetings.

4. *The PROD and the Regional Planning Bodies.* The post of the Presidential Regional Officer for Development (PROD) was created for the purpose of monitoring sectoral programs and projects in the region for the President. In Bicol, the PROD is the Regional Director of the Department of Public Highways. Thus, by virtue of his post as Regional Director of a vital agency, he is a member of the RDC Executive Committee. He is not in the RDC in his capacity as the PROD.

This is so because the RDC is a creation of the Integrated Reorganization Plan implemented by P. D. No. 1, while the PROD was a later creation by the President; hence, his membership in the RDC has not been provided.

The Bicol PROD as member of the RDC Executive Committee participates actively in Council deliberations and in the provision of data. His membership makes coordination with the RDC possible. He does not, however, coordinate as much with the BRBP, the only tie he has being his membership with the BRBP Executive Director at the RDC.

The Bicol PROD office, as in many areas, is not a full-time job, and his staff members are all on loan, on detail from some other office. In the organization lies the weakness of the PROD.

Moreover, the Bicol PROD is a retireable old man who lacks in dynamism what he has in humility and sincerity. He subordinates himself to the NEDA RED at the RDC, by virtue of the latter's position, not invoking his Presidential appointment to get things done at his office.

Summary. In Bicol, therefore, the administrative machinery for the implementation of the regional development strategy leaves much to be desired. Three bodies exist in the region for development purposes — the RDC which deliberates on planning policy for the entire region, the PROD who monitors sectoral programs in the region, and the BRBP which plans and implements plans for a sub-region. While the RDC has a strong chairman, it has a weak RED; while the PROD has Presidential backing, he utilizes it sparingly. While the BRBP has a power house of a Council, funds and personnel, it assumes a superior attitude and does not work with the other development planning agencies in the region. Coordination among the three is not workable, the only coordination existing between the PROD and the two others being their membership in the RDC.

The RDC has the functions of plan formulation and coordination but has no power of implementation. The PROD's post, if given to a more dynamic man, can do for the RDC the implementation it lacks. What is probably needed is greater participation of the RDC Chairman in his capacity as Presidential Regional Action Officer which is yet undiscernible in the case of Bicol, and greater coordination between him as the PRAO and the PROD.

Again, the appointment of the RDC Chairman as PRAO should spell the coordinative relationship between him and the RED. In the absence of such, the problem of two leaders at the RDC will crop up.

Regional Planning and Administrative Efficiency

The new regional development strategy, with its numerous components, seems to be the right approach in the attempt to solve the twin problems of increasing the GNP and redistributing income to regions and families more equitably. The failure of the regional development authorities in the past to really embark on developmental programs for the regions called for a newer, better coordinated approach to regional development.

Going back to the circular causation theory, however, can we say that regional development in depressed areas like Bicol will not contribute to 'negative development'?

Bicol's Expectations. The RDC in Bicol recently came up with a Comprehensive Plan for Bicol. The Complan was patterned largely after the Four-Volume Plan done by 26 participants of a training course conducted by the United Nations Centre for Regional Development who went to Bicol in 1974 for field exercise.

The Complan's basic strategy is the strengthening of "sectoral interdependence simultaneously with the development of agriculture, industry, and trade, to redirect the path of Bicol's economy away from agricultural raw material exports towards a more sectorally balanced mix of economic activities in the region."

The Complan's scheme is as follows:

- a. developing agriculture through increasing labor and land productivity and crop diversification;
- b. establishing light industries with strong backward linkages to agricultural enterprises and to indigenous sources hitherto unutilized;
- c. provision of social and economic overhead capital to support the immediate

needs of industrial-cum agricultural development programs and the expected needs based on the spatial and demographic effects of the strategy;

- d. provision of employment in industry for labor rendered redundant by the increase in labor technology;
- e. adoption of technological change on a selective basis so as not to displace labor;
- f. particular attention on spatial considerations of human settlements, industrial, and agricultural areas, growth poles, and in general, environmental stability; and
- g. adoption of integrated area development approach at the micro-regional level, specifically at the Bicol River Basin Area.

The strategy for industry is aimed at increasing per capita income through the encouragement of agro-based industrial raw materials in the region and providing employment opportunities through the development of intermediate and capital goods. The plan envisions the establishment of an industrial estate in the Tiwi-Tabaco-Bacacay area in Albay, an area chosen because of the Tiwi Geothermal Project and the international port in Tabaco. Planned for location in the Tabaco estate are agro- and resource-based industries, export processing and medium and large-scale industries. Other industrial zones chosen are in Naga, Legazpi, Iriga, Daet, Sorsogon and Virac (the cities and capital towns).

Bicol, indeed, has high expectations. Will the various programs be able to raise Bicol's level of development?

It is obvious that Bicol's efforts alone will not do. Our earlier study on governmental aspects of development in Bicol revealed the following: Politically, Bicol is run by family dynasties who have long entrenched themselves in power. Financially, local government units in Bicol have inadequate funds, and have been spending scarce resources on misplaced priorities. Projections on Bicol's income in the light of new tax measures and sharing schemes, however, point to a brighter picture for Bicol. Failure of regional planning in Bicol earlier was due to lack of development-oriented leadership, lack of technical expertise,

and lack of funds.

Present organizational arrangements in Bicol planning bodies militate against efficient administration of planning in the region. The NEDA's leadership leaves much to be desired, and the coordination of programs, which falls on its shoulders, may be imperilled in the wake of its weak leadership. The PROD, for his part, lacks the dynamism to monitor programs, and to implement the plan as envisioned. The BRBP is only existent in an area, and has nothing whatsoever to do with the implementation of the *Complan* for other areas. The *Complan*, left to the region only for implementation, will fail, because of the absence of a single agency to implement it and the lack of dynamic leadership to undertake it, not to mention the funds that resources in the area cannot meet.

But the *Complan* is a plan of action for the region or for the local government units alone but for the national government to support actively. Already, the national government is doing its share in support of development efforts for the region.

In 1975, the NEDA had a total of P 232.1 million worth of projects in Bicol, of which 1.6% is undertaken through local government funding; 0.4% through foreign financing, and a full 98% being contributed by the national government. Of these, 86.6% are in infrastructures, totalling P 200.9 million. Food production projects account for 62.5% of the P 3.8 million allotted for agriculture.

Financing and leadership will not depend on Bicol's resources alone. The national government will contribute a lot to carry the plans into fruition. The industrial estates program, for instance, will entail a lot of initiative and support on the part of the national government, and the national government is ready to give it. Moreover, projects encompassing the BRBP will be undertaken by and in collaboration with it.

The program of development for the region will most likely face less difficulties, with national government support seeing to it that ambitious development programs do not work in circular causation against themselves.

The government has extended its programs to other regions, deemphasizing the support

to the core city in Manila. The table below shows the regional distribution of major pipeline projects of the national government in foreign exchange and local currency.

TABLE V
SUMMARY OF MAJOR PIPELINE
PROJECTS BY REGION*
(December 31, 1974)

Region	Percent Distribution of Foreign Exchange	Percent Distribution of Local Currency
I	.90	5.40
II	4.29	7.93
III	11.81	20.00
IV	12.95	5.88
V	10.58	7.75
VI	6.48	4.89
VII	11.25	10.48
VIII	5.44	3.07
IX	3.31	2.33
X	9.14	12.77
XI	1.71	1.75
Mindanao	14.16	16.85
Nationwide	13.30	8.06
Luzonwide	8.84	9.69
Total Philippines	100.0	100.00

* Source: NEDA Development Digest.

As can be seen from the table, less emphasis is given now to the Metro Manila area and its environs (Region IV), which has a percent share of foreign exchange projects of only 12.95%, and of locally funded projects of 5.88%. Bicol (Region V), has 10.58% and 7.75%, while Mindanao as a whole has 14.16% and 16.85%, respectively, of foreign currency and local currency funded projects.

However, national support alone will not suffice. In Bicol, as in other regions, the problem of coordination of planning activities will keep on cropping up. There is need for the creation of a single structure that will undertake the task of coordinating plans and programs at all levels of government. There seems to be wisdom in the proposal for a regional Administrator appointed by and responsible directly to the President who will perform the task of coordination for sectoral projects of the National Government and multi-level local and regional projects, in

the integrated plan.

What is needed as a boost to the Philippines' regional development strategy is sustained national support to the administrative apparatus at the local and regional levels in terms of technical and financial assistance and active tutelage for the local and regional personnel. Without these, regional development will remain merely a concept, and implementation will lag behind given its usual slow pace.

With active national support, the regional development strategy will be an instrument to develop the depressed regions, not working in circular causation to keep them depressed and underdeveloped, but to spur the regions to contribute larger shares to the GNP.

*... there is a need
for a sustained national
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trative apparatus at the
local and regional levels
in terms of technical and
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local and regional personnel...*

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LEVELS OF REGIONAL DEVELOPMENT AND LABOR MOBILITY

Donna Elinor Dequifia

TERMS OF REFERENCE

For purposes of the study, the country has been divided into twelve regions:

- REGION I : Ilocos
- REGION II : Cagayan
- REGION III : Central Luzon
- REGION IV : Southern Tagalog
- REGION V : Bicol
- REGION VI : Western Visayas
- REGION VII : Central Visayas
- REGION VIII : Eastern Visayas
- REGION IX : Western Mindanao
- REGION X : Northern Mindanao
- REGION XI : Southern Mindanao
- REGION XII : Metro Manila

I. INTRODUCTION

The allocation of human resources to meet the demands of the developing regions is a growing concern among national and regional development planners. It is widely held that the current pattern of unequal regional development perpetuates the present pattern of labor mobility. These prevailing patterns of internal migration in turn are responsible for the growth imbalance among regions. It is logical to suspect that regional development and labor mobility are directly related. More often however, it is the logical that poses a great challenge to empirical verification.

OBJECTIVE

This study aims to:

1. construct an index of regional development so that the twelve regions in the country may be ranked and categorized by level of development;
2. assess the extent, distribution and magnitude of the most recent migrant labor flows for the twelve regions; and
3. establish the relationship between levels of regional development and patterns of migration.

The Metro Manila region covers the cities of Manila, Caloocan, Pasay, Quezon and the suburban municipalities of Makati, Mandaluyong, Navotas, San Juan, Marikina, Malabon, Parañaque, Pasig, Taguig, and Valenzuela.

METHODOLOGY

The basic data used in the study is derived from unpublished results of the National Demographic Survey (NDS) jointly conducted by the UP Population Institute and the National Census and Statistics Office in 1973. The survey covered a sample size

of 22,513,942 comprised of members of the population 15 years old and over. Of this, 34.9% were recorded migrants.

SCOPE

The paper will cover both the national and regional levels but focus will be on the latter as the main areas of study are levels of regional development and interregional labor mobility. However, as regional interrelationships cannot be comprehensively discussed outside the framework of national development, the wider national framework is drawn into the discussion.

*"... the prevailing patterns
of internal migration are also
responsible for the imbalances
in regional growth..."*

II. ANALYSIS AND FINDINGS

A. Measures of the Levels of Regional Development

To determine the levels of development of the country's twelve regions, a composite index based on seven demographic and socio-economic indicators was developed. The need for a composite index was dictated by the inherent inadequacies of basing judgments of levels of regional development on only one dimension of the development concept: demographic, social or economic. If one were to measure levels of development for instance purely in terms of the population size, one would get a distorted perspective of development efforts.

The construction of such an index was further made necessary because of the recognition of the interrelationship among the multi-dimensional variables indicative of the level of regional development. Not to take cognizance of this interdependence would

make inconclusive the results of the study.

The indicators tested for correlation with the level of regional development are:

1. level of urbanization (URBAN): urban population — total population
2. percent employed in manufacturing (MANUF):
employment in manufacturing
total employment
3. salary and wage earners as a percent of the economically active population (WAGE): salary and wage earners
labor force
4. percent employed in the non-agricultural sector (NONAGR):
employment in the non-agricultural sector
labor force
5. professionally skilled workers as a percent of the economically active population (PTKEAP):
skilled workers
labor force
6. non-manual workers as a percent of the economically active population (NMANUAL):
non-manual workers
labor force
7. average family income, 1971 (INCOME):
total income
total number of families

The choice of indicators was predicated on the assumptions that:

1. the urban population of a region grows as development occurs;
2. as a region develops, a bigger percentage of its labor force is employed in the non-agricultural sector, particularly in the manufacturing industries;
3. because of the nature of manufacturing activities, professionals and non-manual workers make up a bigger portion of those employed;
4. because the manufacturing sector is monetized in contrast to the agricultural sector where a significant percentage of income is earned and consumed in kind, the rise in industrial employment leads to a shift in patterns of remuneration — from farm income in kind to wage and salary income from industry;

5. with higher levels of productivity and profitability in the manufacturing sector contributed by advances in technology and trained manpower, industrial incomes exceed farm incomes. Because a large part of the labor force is employed in comparatively higher paying jobs in industry, the average family income increases as development is pursued by a region.

Table A presents the relative values for each of these indicators.

"a composite index to determine the levels of development recognizes the interrelationship of multi-dimensional variables—demographic, social or economic"

**TABLE A
INDICATORS FOR LEVEL OF REGIONAL DEVELOPMENT**

REGION	Level of Urbanization	% employed in mftg.	Wage earners as a % of the labor force	% employed in the non-agricultural sector	Skilled workers as a % of the labor force	Non-manual workers as a % of the labor force	Average family income
1. Ilocos	20.6%	8.1%	29.9%	30.1%	5.4%	12.9%	2931.56
2. Cagayan	14.3	4.9	21.9	22.2	3.7	8.7	2505.16
3. Central Luzon	31.0	14.3	49.3	58.8	5.0	19.3	4770.16
4. Southern Tagalog	32.0	15.4	42.7	50.6	5.3	17.3	4287.16
5. Bicol	21.0	11.2	32.3	37.5	4.4	12.7	2783.93
6. Western Visayas	27.6	11.5	54.4	42.4	5.1	14.8	3114.22
7. Central Visayas	20.5	11.4	37.2	42.6	4.8	15.2	2772.49
8. Eastern Visayas	19.0	7.7	27.1	29.0	3.7	9.7	2261.30
9. Western Mindanao	16.2	6.0	21.4	26.0	4.3	10.5	2943.34
10. Northern Mindanao	18.7	10.0	29.6	35.6	4.9	13.1	3063.17
11. Southern Mindanao	21.5	6.4	28.1	28.5	4.3	11.5	3971.15
12. Metro Manila	100.0	22.5	83.1	97.3	12.3	39.4	7425.44

Note: These data are drawn from unpublished sources. Among the sources consulted are Ernesto Pernia, "Indicators of Philippine Urbanization in the Twentieth Century," Research Note No. 47. (UP-Population Institute, Table 3, March 19, 1975); Imelda A. Zosa, "Some National and Regional Dimensions of the Philippine Labor Force in 1970,"

Research Note, No. 57 (UP-Population Institute Tables 3a, 4a, 5a); and Task Force on Human Settlements, Development Academy of the Philippines, "Social Equity Study in the Philippines: Technical Report" (March 1976), Table VI.

To construct the composite index which will measure the level of regional development in terms of all these seven indicators, factor analysis is used.¹ Table B shows that only one factor was extracted, i.e., the indicators chosen all measured only one significant variable which in this case is the level of re-

gional development. The choice of indicators has been appropriate as all seven account for more than 93% of total and common variances. Hence, any change in the level of regional development may be explained by changes in these indicators.²

TABLE B
FACTOR ANALYSIS OF REGIONAL DEVELOPMENT INDICATORS

Indicators	Factor Matrix
	Factor 1
URBAN	.98
MANUF	.94
WAGE	.96
NONAGR	.99
PTKEAP	.96
NMANUAL	.99
INCOME	.94
PTV	93.3%
PCV	93.3%

Note: Rotation was not necessary because only one factor was derived. Legend: PTV – percent of total variance; and PCV – percent of common variance.

Applying the relative weights assigned each indicator (Table B) to their percentage and peso shares (Table A) by region, index scores for each region (Table C) are developed. The index scores indicate the level of development of each region when measured in terms of all the seven indicators. Given this composite

measure, the regions are then ranked from the most developed to the least.

The three highest ranking regions and hence the most developed are Metro Manila, Central Luzon and Southern Tagalog; while the least developed are Eastern Visayas and Cagayan.

To further systematize the ranking of the twelve regions, three broad categorizations

¹Factor analysis is one way of testing the possibility of deriving a composite measure from a set of interrelated variables or indicators. As the seven indicators were found to be highly inter-correlated, the use of factor analysis is justified. The technique was applied on the data using a recommended procedure, principal factoring without iteration.

²Except for a minimal 6.71 which has to be accounted for by other measures. A 93.3% PTV and PCV level is however considered conclusive for correlation purposes.

TABLE C
THE REGIONAL DEVELOPMENT INDEX
SCORES AND THEIR CORRESPONDING
RANKS

REGION	INDEX SCORE	RANK
1. Ilocos	438	7
2. Cagayan	371	11
3. Central Luzon	714	2
4. Southern Tagalog	642	3
5. Bicol	418	9.5
6. Western Visayas	471	5
7. Central Visayas	418	9.5
8. Eastern Visayas	339	12
9. Western Mindanao	436	8
10. Northern Mindanao	457	6
11. Southern Mindanao	587	4
12. Metro Manila	1124	1

were used: high, moderate and low levels of regional development. Category A is composed of the four most developed regions. Category C includes the four least developed. Category B consists of the remaining four which are neither the most nor least developed.

Table D shows that the most developed regions are Metro Manila, Central Luzon, Southern Tagalog and Southern Mindanao. Those which are moderately developed are Western Visayas, Northern Mindanao, Ilocos and Western Mindanao.

TABLE D
REGIONS CLASSIFIED ACCORDING
TO THE THREE CATEGORIES OF
REGIONAL DEVELOPMENT

CATEGORY	REGION	RANK
A	<i>High Level of Regional Development</i>	
	Metro Manila	1
	Central Luzon	2
	Southern Tagalog	3
	Southern Mindanao	4
B	<i>Moderate Level of Regional Development</i>	
	Western Visayas	5
	Northern Mindanao	6
	Ilocos	7
	Western Mindanao	8
C	<i>Low Level of Regional Development</i>	
	Bicol	9.5
	Central Visayas	9.5
	Cagayan	11
	Eastern Visayas	12

The least developed regions are Bicol, Central Visayas, Cagayan and Eastern Visayas.

B. Measures of Labor Mobility

To assess the extent, distribution and magnitude of recent migrant labor flows for each of the twelve regions, six measures have been derived. These are:

1. percent distribution of migrant labor in the twelve regions:
migrant labor in region Z
migrant labor in all regions
2. migrant labor as a percent of regional workers:
migrant labor in region Z
labor force of region Z

3. migrant labor as a percent of migrants in the region:
migrant labor in region Z
migrant in region Z
4. migrant labor inflow between 1970-73 and 1965-70: number of migrant workers who moved out of the regions during the two periods
5. migrant labor outflow between 1970-73 and 1965-70: number of migrant workers who have moved into the regions during these two periods.
6. migrant labor net flow between 1970-73 and 1965-70: the difference between migrant labor inflow and outflow.

TABLE E
REGIONAL DISTRIBUTION OF MIGRANT WORKERS, WORKERS
AND MIGRANTS

REGIONS	Migrant Workers	All Workers	All migrants	Migrant workers as a % of all workers	Migrant workers as a % of all migrants	% Distribution of mig. workers
1. Ilocos	119,170	574,100	241,983	20.8%	49.3	3.2%
2. Cagayan	106,138	556,543	212,848	19.1	50.0	2.8
3. Central Luzon	286,685	1,493,069	716,412	19.2	40.0	7.5
4. Southern Tagalog	377,640	1,534,938	800,567	24.6	47.2	9.9
5. Bicol	198,913	836,654	461,104	23.8	43.1	5.2
6. Western Visayas	227,661	1,129,489	478,623	20.2	48.6	6.0
7. Central Visayas	244,055	991,115	532,412	24.6	45.8	6.4
8. Eastern Visayas	143,724	760,349	325,583	18.9	44.1	3.8
9. Western Visayas	202,920	481,876	390,586	42.1	52.0	5.3
10. Northern Mindanao	395,374	882,292	758,348	44.8	52.1	10.4
11. Southern Mindanao	624,843	1,075,758	1,235,319	58.1	50.6	16.4
12. Metro Manila	884,025	1,245,160	1,703,341	71.0	51.9	23.2
TOTAL	3,810,947	11,561,343	7,857,126	33.0%	48.5%	100.00%

Table E shows where migrant workers are found, how they are distributed and to what extent they constitute workers and migrants in each of the regions.

Of the close to four million migrants between 1970-73, almost one-fourth went to Metro Manila and about one-sixth transferred to Southern Mindanao. Cagayan and Eastern Visayas proved to be the most unpopular areas for migratory settlement with less than one-thirtieth of migrants settling in Cagayan and only one-twenty-fifth migrating to Eastern Visayas.

Migrant workers constitute 71% of Metro Manila's labor force and more than 58% of Southern Mindanao's; while they account for less than 19% of the Eastern Visayas labor force

and only a little more than 19% of Cagayan's. Compared to the national average, Metro Manila and Southern Mindanao employ about twice the number of migrants absorbed elsewhere in the country while Eastern Visayas and Cagayan provide fewer than two-thirds the employment opportunities available in the average region.

These patterns of migration tend to support the observation that migrants and migrant labor are more prevalent in the developed regions rather than in the underdeveloped ones.

Correlation analysis was applied to evaluate the relationship between the index of regional development and the two measures; the number of migrants and the percentage

of migrant labor in a region's labor force. A high positive correlation³ was found indicating a substantial correspondence among these variables.

Interregional labor mobility should be assessed not only as a stock variable but more importantly as a flow variable — one that can only be properly understood when viewed within relatively long time periods. Two recent time frames — 1970-1973 and 1965-1970 — have then been selected to measure the magnitude of labor flows among regions.

Table F shows that Metro Manila and

Northern Mindanao, regions considered fairly well developed, experienced the highest net gains of migrants during these two periods. Central and Eastern Visayas, among the least developed regions, sustained high net losses.

Correlation analysis has revealed that high positive correlations are found between regional development and migrant labor net flows.⁴ Hence, interregional labor mobility has substantial influence on the level of development of a region. In turn, regions of higher levels of development are more likely to attract bigger magnitudes of migrant labor.

TABLE F
MIGRANT LABOR FLOWS IN THE TWELVE REGIONS FOR 1970- 1973
and 1965-1970

REGIONS	1970 - 1973			1965 - 1970		
	In-Flow	Out-Flow	Net Flow	In-Flow	Out-Flow	Net Flow
1. Ilocos	10,803	9,346	1,437	14,580	27,706	-13,126
2. Cagayan	3,779	1,881	1,898	12,910	7,883	5,018
3. Central Luzon	10,002	34,466	-24,444	36,849	48,847	-11,998
4. Southern Tagalog	24,261	49,507	-25,246	47,649	35,918	11,731
5. Bicol	8,450	18,442	-9,992	13,636	20,762	-7,126
6. Western Visayas	10,563	12,321	-1,758	10,468	33,370	-22,882
7. Central Visayas	10,434	21,596	-11,162	22,297	68,830	-46,533
8. Eastern Visayas	8,433	23,427	-14,994	19,756	32,341	-12,585
9. Western Mindanao	10,181	5,527	4,654	15,200	12,996	2,204
10. Northern Mindanao	27,577	20,448	7,129	56,245	35,572	20,673
11. Southern Mindanao	19,694	22,015	-3,321	64,474	26,577	37,897
12. Metro Manila	114,088	39,289	74,799	125,591	88,873	36,318

SUMMARY

The regional distribution of migrant workers tends to favor those regions considered highly developed by the criteria adopted in the study. The extent of migrant labor among regional workers varies directly with the level of regional development. Net gains of recent migrant workers are characteristic of highly developed regions. Among these regions are Metro Manila and Southern Mindanao. Regions

experiencing heavy net losses of migrant labor are Central and Eastern Visayas. These regions are ranked among the lowest in the regional development profile.

CONCLUSIONS AND POLICY RECOMMENDATIONS

The volume and directional pattern of interregional migration point to two processes involving socio-economic changes. First is the

³ $r = .658$ at $t = .05$

⁴ For the 1970-1973, $r = .663$ while for the 1965-1970 period, $r = .538$. Both are significant at $t = .05$.

development of pioneering types of flows in areas of frontier settlement as evidenced by the continued exodus to the Mindanao area.⁵

Second is the emergence of a new system of metropolitan-to-suburb flow accompanied by an accentuated tempo of urbanization as seen in the rapid development of the areas peripheral to Manila.

The observed patterns seem to strengthen the view that the current patterns of inter-regional migration, if unregulated, will result in unbalanced regional growth with the trained manpower migrating to regions of significant levels of development. Although there have been remedial measures to control the inflow of surplus labor from depressed regions to the industrial metropolitan regions, these have not been adequate.⁶ To reverse such a trend, the government must re-examine its migration policies and use these as more direct policy tools for gradually eliminating the prevailing growth imbalance among regions.

⁵ Lately, however, although there remains a positive migratory net flow to both Western and Central Mindanao, Southern Mindanao has experienced a negative migratory net flow. This was caused largely by the current peace and order situation in the region.

⁶ Some of these policies are:

1. the 50-kilometer radius criteria for the establishment of new industries which ultimately locate such entities outside the apparently "overcrowded" metropolitan center;

Such policies on migration should help determine priorities favoring those regions which lack the manpower required for development. They should furthermore sensitize planners and decision-makers into promoting programs which will attract or discourage migrant labor to specified regions.

These findings would encourage intensification of the regional development efforts. Increased development on the regional level, particularly in less developed regions can result in the redistribution of migrant labor by increasing options for migrant workers. If more areas were developed, these could become centers for attracting migrant labor. The potential inputs of migrant labor in the less developed regions should not be understressed. Because the migrant labor force is skilled, educated and stable⁷ regional development efforts and the increased inflow of migrant labor can be complementary and productive.

2. the agrarian land reform program which may encourage the rural farmer to stay in the farm and avail of the credit facilities and other privileges provided by the program; and

3. the establishment of regional centers of government administration in an effort to decentralize the government service delivery system.

The migrant labor force is middle-aged and predominantly married so that the chances of their being highly mobile are reduced.

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THE PSYCHOLOGICAL DIMENSIONS OF DEVELOPMENT: IMPLICATIONS FOR POLICY

• Olivia C. Caoull

Approaches to Development

Development has become associated in social science literature with a variety of social, economic, and political changes experienced by nation-states. It is often linked with such phenomena as rapid urbanization, increase in literacy levels, higher rates of economic growth, development of rational political organizations and others.

Various theories have been advanced to explain causes of these social, political and economic changes in the hope of providing nation-states with possible choice in their pattern of development. Economists have tended to emphasize the importance of material resources and the necessity of changing relationships among the factors of production, such as the rate of savings and capital accumulations, to accelerate economic growth. Other social scientists have focused on the need to adapt modern institutions — e.g., schools, national organizations, etc. — to facilitate social change.

Some writers have shown an increasing interest in the role of psychological factors in development, particularly as these influence the emergence of entrepreneurs and modernizing elites in nation-states. They have tried to investigate relevant aspects of the socialization and personality formation processes that shape individual motives and values which encourage or inhibit widespread innovation and creativity in a given society.

Personality and Social Change

One of the influential writers on the psychological dimensions of development is Erik H. Erikson. His psychoanalytic case studies

suggest important aspects of personality formation that may be relevant in the explanation of social change. He points out that the interactions between the individual's physical, emotional and group experiences, in his search for personal identity from childhood, largely shape his ultimate perceptions and responses to fears and anxieties in adulthood. The search for individual identity becomes especially critical during the period of adolescence. The individual's response to this crisis of adolescence may have profound consequences for social change. This can be seen in Martin Luther's life as a reformer.¹

Erikson suggests that a reformer is an individual who during his childhood learned a pattern of solution to a personal problem that caused him severe anxiety. When faced with a social force in his adult life which was very similar to the trouble-some force of his childhood, his anxiety was aroused. Thus he reacted to this stimulus as he had learned to react in his childhood. In the case of Luther, the trouble-some force in his childhood was the tyranny of an arbitrary father and in his adult life it took the form of authority (the Church) which abused its power. If enough members of the society share the perception of evil by such an individual who had become sensitized in his childhood, they follow his lead. He may then initiate a great social change and become a historic figure as Martin Luther. Erikson points out that the seriousness of the identity crisis will vary among individuals according to the interplay of social and historical circumstances during their life cycle. Some individuals, like Luther, are able to resolve this crisis through participation in ideological movements of a religious or political nature. Others succumb to this crisis and develop

neurotic, psychotic or delinquent behavior. Such variations in behavioral responses to the identity crisis can be seen in Erikson's clinical case studies of childhood experiences and psychopathology. In his psychoanalysis of these cases, he stresses the impact of childhood on society:

Every society consists of men in the process of developing from children into parents. To assure continuity of tradition, society must early prepare for parenthood in its children; and it must take care of the unavoidable remnants of infantility in its adults. This is a large order especially since a society needs many beings who can follow, a few who can lead, and some who can do both, alternately or in different areas of life.²

In Gandhi's biography, Erikson shows that personality crisis may also occur late in a man's life.³ Gandhi's response to this crisis may have influenced the behavior of many of his young followers who may have joined him while still experiencing their own identity crises. Such social-psychological interactions help to explain the effectiveness of militant non-violence as an instrument of the Indian nationalist movement.

Personality and Politics

Somewhat influenced by Erikson's findings, Lucian W. Pye tried to examine the link between the search for personal and collective identities of the Burmese and their problems in politics and development.⁴ He juxtaposed the historical and social background of Burmese government and politics with case studies of the lives of selected administrators and politicians in order to obtain more insights into the problems faced by a transitional society.

Pye noted the existence of certain contradictions in Burmese politics. At one level politics is characterized by gentleness, religiosity, a concern for the qualities of virtue, and the need for controlling hostile emotions. At another level it is linked with violence, malicious scheming and devious thinking.⁵ These contradictions are rooted in the conflict between traditional social values and

ways of doing things and the requisite attitudes and modes of action for a modern, democratic society.

The ambivalent, relatively unpredictable emotion basis of mother-child relationship in the traditional Burmese family tended to have important psychological consequences for personality development of individuals as participants in the political processes. In the context of their British colonial experience, these aspects of Burmese culture have led to identity crises on both the personal and societal levels. These crises can be seen from opinions of Burmese administrators and politicians interviewed by Pye. They also tend to be manifested in the failure of Burmese politicians and administrators to relate effectively to one another and to view their acts and decisions in terms of their society. This has been observed as a major obstacle to Burmese political development.

Pye concludes that the development of transitional societies involves a search for new collective as well as individual identities. A combination of two approaches would be needed to achieve these goals. First, there is a need for a charismatic leader, an "ideological innovator." Modelled after Erikson's concept of a reformer in Martin Luther, such an "ideological innovator" may be able to find in his ideology his own personal sense of identity as well as provide an instrument for people to find their collective sense of identity. The second, perhaps more practical approach, would be geared towards breaking the latent psychological barriers to effective development. This could be achieved by assisting individuals to find their sense of personal identity through the mastery of professional and technical skills necessary for modernization.⁶

Psychological Theories of Development

More comprehensive studies of the psychological aspects of development have been made by scholars investigating the origins of entrepreneurship. They have focused on individual values and motivations conducive to the emergence of an entrepreneurial class. Prominent among these writers is Max Weber who wrote an essay on the *Protestant Ethic*

*and the Spirit of Capitalism.*⁷ He presented evidence which tended to show that the Protestants, particularly the Calvinists, seemed to be more energetic and successful in Western European economic activity.

Weber searched for an explanation in the theoretical writings of the Protestant Reformation. He noted that the Calvinist doctrine of blessed predestination motivated believers to work hard in profitable economic activity while at the same time leading disciplined, ascetic lives. Profit was viewed as a measure of a person's diligence and was morally acceptable as long as it did not lead to idleness and indulgence. Success in economic activity was considered proof of an individual's salvation, i.e., he was among the chosen or predestined.

Although Weber's theory had limited validity as an explanation of the causes of economic change, it paved the way for more systematic studies of relevant social or religious values, how these are internalized by individuals and have become motivations for entrepreneurship.

A Theory of Social Change. A more recent theory on economic and social change has been formulated by Everett E. Hagen.⁸ Drawing ideas from historical data, economic theories of growth, studies on socialization, psychoanalysis and personality formation, Hagen attempts to explain the relationship between personality change, social change and the beginnings of economic growth.

Hagen believes that the requirements for transition to economic growth are: a fairly widespread creativity — problem-solving ability and the tendency to use it; and attitudes towards manual, technical labor and the physical world which contribute to the channeling of creative energies into innovation in the technology of production. The key factor in economic development, therefore, would be the presence of a considerable number of individuals who possess a creative or innovational personality. A creative personality is defined as an individual with a high need for autonomy or confidence in his own judgment, a lack of anxiety about others' appraisals of himself and a need to find or produce order. The in-

dividual also views the world as open to orderly analysis and as valuing him provided he achieved effectively. Thus, his need to receive assurances of being valued becomes the source of a deep sense of duty to achieve.⁹

The lack of innovation in traditional societies is attributed to the absence of creative personalities. This may be traced to the nature of their social structure which, through the socializing process tends to produce generation after generation of authoritarian personalities. The authoritarian individual is characterized as being dominated by suppressed rage and aggressive needs, perceiving the world as not capable of logical analysis and not valuing him highly. Moreover, he sees power as residing in position rather than resulting from accomplishment. He also tends to have little concern for the welfare of others outside of his group and has little need for achievement.

Hagen suggests that an important factor initiating social change was some historical shift which deprived some group of the status respect they once enjoyed. This might have been brought about by displacement of the traditional elite by conquest, denigration of traditional value symbols, inconsistency of value systems, etc. Since status respect is associated with respect for the values and the purposes of life, its withdrawal may have caused anxiety, alienation from traditional values and other changes in personality.

Using Erikson's psychoanalytic case studies on childhood, adolescence and personality formation as his model, Hagen discusses how this historical shift eventually leads to the development of creative personalities. The initial reaction of members of these deprived groups who happen to be fathers of families is increased aggressiveness and authoritarianism at home. Their sons internalize their (father's) anxieties, dissatisfaction with society as well as authoritarian behavior. The process is cumulative and in the course of about two or three generations, repression of values occurs. Men who are retreatist will appear but the women will develop maternal attitudes conducive to the development of high need for autonomy and achievement among their children. Thus, a generation of innovational personalities arise ". . . who will guide institutional reforms

in favorable directions and economic growth will gain momentum."¹⁰

Hagen's principal support for his theory consist of historical case studies of the transition of economic development in England, Japan, Colombia, two Indonesian towns, the colonial impact on Burma and the Sioux Indians in the reservations. Interestingly, his data on England tends to support Weber's earlier observations on the predominance of Protestant leadership in economic activity.¹¹

Hagen's theory seems quite a plausible explanation of historical cases of social change. However, its utility for predicting contemporary socio-economic change is quite problematic. One reason for this is its neglect of the salience of other factors, such as social structure, stratification and mobility in explaining social and economic change. Social action in his theoretical framework is treated as completely determined by psychological factors, i.e., related to predominant personality types within the structure, rather than by an interaction of psychological and socio-cultural factors. Moreover, the explanation of social change, in terms of some historical shift which resulted in relative status deprivation for some group in a society, carries negative implications for planned social change and economic development.

The theory is also difficult to operationalize for methodological reasons. It seems that this had caused Hagen some difficulties in explaining the case of the Catholic minority in England during the 18th and 19th centuries.¹²

Achievement Motive and Economic Development. A more systematic and methodologically rigorous study of the origins of entrepreneurship is presented by David C. McClelland in *The Achieving Society*.¹³ The work is an attempt to explain economic development by drawing from results of psychological studies of motivation. Findings in studies of fantasy life indicates that individuals differ significantly in the extent to which their fantasy life appears to concern with "doing well" relative to some objective standard of excellence. Those whose fantasies reflect this need actually tend to perform

better than others do in situations in which their performance can be measured against such standard.¹⁴ McClelland calls this the need for achievement (*n* Achievement). He hypothesizes that a society with a generally high level of *n* Achievement will produce more energetic entrepreneurs who in turn, will produce greater economic development. Furthermore, he argues that the character of the society affects motivational levels primarily as they affect the family, or more specifically, the values and child-bearing practices of the parents.

To support this hypothesis, McClelland conducted three general types of empirical research. One of these was a content analysis of folk tales and children's stories at different time periods in various societies to obtain group measures of *n* Achievement. Achievement scores were then correlated with overall rates of economic growth, e.g., electricity produced per capita, gains in national income per capita, level of technology, etc. This type of analysis was used in comparing levels of *n* Achievement among 45 preliterate tribes and the presence or absence of full-time entrepreneurial activity in their respective cultures.

A similar analysis was made on samples of children's stories in 30 selected countries for two different periods — around 1925 and 1950. The *n* Achievement scores obtained for these countries were then correlated with estimates of their national economic development for the same period. Positive correlations between *n* Achievement levels and levels of economic development were found among both the preliterate tribes studied and the 30 countries. Very similar results were obtained from the analysis of *n* Achievement imagery in the imaginative literature, pottery designs, etc., in relation to periods of growth, apex and decline of economic growth in Ancient Greece, Pre-Incan Peru, Spain in the late Middle Ages, and England from the later Middle Ages to the Industrial Revolution.

The second type of empirical research was on the motives and behavior of actual business entrepreneurs already established in their careers in the United States, Turkey, Italy and Poland. It was designed to test the

hypothesis that men with high *n* Achievement tend to prefer the entrepreneurial role. Except in Turkey, findings showed that managers had significantly higher *n* Achievement scores than their professional peers (as lawyers, physicians). The explanation offered for these data is that men with high *n* Achievement, in their concern for doing well, prefer tasks involving moderate risk-taking, novel instrumental activity, individual responsibility and providing some direct measure of the results of their action (like profit and firm expansion). Entrepreneurship tends to fulfill these task requirements.

A third type of empirical survey was done on individual motives, interests, values and performance in a sample of mothers and sons in Japan, Germany, India and Brazil. This provided some data on child-bearing practices which are conducive to the development of high *n* Achievement. Several factors were found to be important sources of *n* Achievement among boys: parents who had a high *n* Achievement, who set relatively high standards of excellence and emphasized self-reliance and early mastery training; and warmth and encouragement in the family and a father who is not dominating or authoritarian.

Public Policies for Accelerating Development

McClelland's findings tend to show that economic progress involves not so much a question of abundance or lack of natural resources as man's response to the challenges posed by his environment. This in turn is shaped by the degree of concern for achievement possessed by individuals. His evidence in support of the sources of *n* Achievement in a given society is, however, much more tenuous and not as convincing as those adduced for his central hypothesis. Perhaps for this reason, the policy proposals offered are very general and tentative.

To accelerate economic growth, policy makers should seek to attain three goals: (1) to break orientation towards tradition and increase other-directedness; (2) to increase *n* Achievement levels in their societies; and (3) to provide for a more optimal use of existing *n* Achievement resources.¹⁶

Breaking Away from Traditional Ori-

tation — McClelland discusses the role of modern means of communication and transportation in facilitating the spread of new norms and ways of doing things in a traditional society. The government could hasten the break with tradition through an achievement-oriented ideology which could be disseminated through the mass media. Such an ideological program would have an additional psychological function of providing a source of emotional security for people who have been uprooted from their traditional ties and values.

To increase other-directedness or market morality, there is need for an informed public opinion, policies to emancipate women, and the use of group play among children. Modern communications media and political guarantees of freedom of expression would help to create an informed public opinion. Emancipating women would accelerate the break from tradition and spread of new norms since women are highly instrumental in shaping the values of the next generation. Comparing the national character and economic development in Turkey and Iran, McClelland observed that such fundamental changes in Turkey as a new government, abolition of the fez, more rights for women and disestablishment of Islam as a state religion contributed to the break from tradition and increase in *n* Achievement levels and other-directedness in the society. As a result, Turkey has experienced more rapid economic growth than Iran, in spite of their very similar social, cultural, and economic characteristics.¹⁷

Other directedness or responsiveness to peer group norms could also be developed among children by means of group play. In his visit to Russia, a noted psychologist observed how the Soviet government had effectively incorporated this strategy of personality development in their educational system. This would have important long run implications for socio-economic change.¹⁸

Increasing n Achievement — Policies to increase *n* Achievement levels seem to be more difficult to formulate and implement. They involve basic changes in child-rearing practices, decrease in father dominance and strong ideological commitments to achieve.

The effects of these methods tend to be uncertain and slow. It might take at least a generation before such changes can be felt. Moreover, such methods require decisions which may be morally or politically unacceptable in a given society.

In most of the examples cited, increases in the levels of *n* Achievement seemed to have been unintentional, i.e., a by-product of social and historical circumstances. In Germany and France, increase in *n* Achievement levels was observed between 1925 and 1950. This was traced to a decrease in father dominance, as a consequence of military conscript during the First World War. Children who grew up during these years, therefore, tended to find a more independent home atmosphere conducive to the development of self-reliance.

A similar situation arose with the change of government in Turkey. Some of the institutional policies adopted by Ataturk such as the emancipation of women, recruitment of adult males into the army and sending bright boys away from their villages to attend government teacher training colleges, greatly weakened the authoritarian power of fathers. Together with these policies, there was also a general shift in ideology which sought to transfer individual loyalties from one's father to larger institutions such as the state. This is noticeable in the themes of children's stories of the period. All of these factors contributed to a general increase in the *n* Achievement levels among the Turks.¹⁹

Ideology, whether of the religious or secular variety, is considered a potent source of high *n* Achievement. This may be inferred from Max Weber's study of the Protestant ethic and entrepreneurship in Western Europe. McClelland cites similar links between religious reform or conversion and a general increase in *n* Achievement levels in some contemporary states. Studies done in some of the new nations provide further evidence of the role of ideology in increasing the levels of popular aspirations and mobilizing support for government economic policies: David E. Apter calls this type of ideology, which he observed among newly independent African states, "political religion."²⁰

Communist states seem to be relatively

more successful in using ideology to increase *n* Achievement levels in their societies and accelerate economic growth. For example, McClelland found that China had greatly increased in *n* Achievement since 1949 compared with Taiwan. This is despite their common cultural and historical origins.²¹ This can be seen in the emphasis on specific problem solving, initiative, perseverance, achievement for one's country and the use of local heroes in children's stories in China. In Taiwan, children's stories are less specific in achievement orientation and use Western heroes, e.g., Washington, Magellan, etc.

A recent work on China's economic development by an economist, Barry Richman, provides some empirical data on how Communist-Maoist ideology has been used to foster rapid economic and social development.²² Richman spent three months in the People's Republic of China to study the role of industrial managers or entrepreneurs under the present regime. Using questionnaires, interviews and observations, he noted how ideology has been used to inculcate a strong sense of national pride, prestige, and power among the general populace and for individuals, the virtues of self-respect, dignity, self-confidence and innovation. Achievement has been stressed as both individual and collective on national responsibility. Traditional familial loyalties have been projected on to the larger collective or the state.

The educational system has been instrumental in further inculcating Communist-Maoist ideology and providing added incentives for creativity, innovation and achievement. Moreover, educational priorities have been planned to match industrial requirements and manpower utilization. Richman believes that China has been able to make optimal use of its managerial resources in this manner which explains why it has been able to develop economically at a faster rate than India.²³ He observed, however, that whenever ideological extremism prevailed over rational managerial considerations as in the late 1950's during the Great Leap Forward, much time, effort and resources were often wasted. Thus too much pre-occupation with ideological purification tended to slow down China's rate of economic development.

Optimal Use of n Achievement Resources –

The third policy proposal of McClelland is for government to provide for a better allocation of existing *n* Achievement, i.e., entrepreneurial resources. This would involve efforts to locate high *n* achievers in a society and preparing them professionally and psychologically for entrepreneurial jobs. Russia is given as an example of a state which has attained this goal through the centralized economic planning and state operation of key enterprises. Thus the government has directly intervened in the allocation of entrepreneurial resources. In some countries, the government simply provides attractive incentives – credits, co-operatives, tax exemptions, to attract *n* achievers to assume entrepreneurial roles. For purposes of planning foreign aid programs, this implies that guarantees of political freedom and material aid to underdeveloped countries may not be sufficient to promote economic development.

Testing the Theory: Motivating Economic Achievement

Although the data on *n* Achievement and economic development were very interesting and highly persuasive, *The Achieving Society* has very little to offer policy-makers in solving some immediate problems of development. The evidence showed that *n* Achievement could be inculcated only during childhood – the individual's formative years. It would take at least a generation for policy-makers to determine the effectiveness of their actions to stimulate *n* Achievement in their societies, a prospect few of them would be willing to face. Aware of these limitations of his theory, McClelland has recently come out with an empirical test of his original hypothesis.²⁴

From 1963 to 1964, McClelland and Winter conducted a series of experiments in selected cities in India to find out whether the achievement motive could be inculcated among adults. Specifically, they tested whether businessmen, through some form of psychological training programs in small groups, would have an increase in their *n* Achievement levels. This increase would be manifested in inten-

sified entrepreneurial activity after undergoing such training.

The experiments were carried out with the cooperation of the Small Industries Extension Training Institute (SIET) at Hyderabad. The basic inputs in the achievement training courses were organized around four main themes: the achievement syndrome, self-study, goal-setting and interpersonal support. Course participants were taught, for example, how to organize, produce and score achievement-related fantasies. The training also involved quasi-group therapeutic attempts at providing "insight," teaching participants how to develop time-bound individual, specific business activity plans, etc. Participants were encouraged to form a new reference group through mutual friendship bonds with other participants, entrepreneurial associations and informal co-operatives.

The behavioral effects of the training inputs were measured, within a period of two years after the courses were conducted, in terms of whether participants had undertaken improvement of their existing businesses, established a new firm or industry or collaborated with one another to form new joint enterprises. A comparison of the pre-and post-training measures was then undertaken and showed that business activity increased significantly. Personality changes among participants were also found to be significant. Similar measures were made on a control group, i.e., a sample businessmen from the same areas who did not undergo any psychological training. Findings from the control group tended to confirm the results of the experiments.

The experimental evidence in support of the theory is quite impressive. For several reasons, however, the results of this study seem more tentative than conclusive. The omission of certain information makes the validity of the findings somewhat doubtful. The authors failed to account for other variables which, along with the training inputs, may have co-determined the expected personality changes among the participants. For example, no information was presented on the characteristics of the entrepreneurial group in the towns where the participants came from –

caste, status and other socio-economic background of individuals making up the present group of entrepreneurs in each town, changes in the composition of the entrepreneurial group over time, etc. The relative strength of such influences on individual motivations can not be ruled out or taken for granted.

Setting aside the question of validity, the significance of the experimental findings, that individual motivations and personality changes can still take place among adults, need hardly be stressed. Psychological education becomes a promising tool for policy-makers to accelerate economic growth in the short run. Indeed, as Richman points out in his research, this is what the authorities in China have been trying to accomplish at all levels of their educational system and ideology.²⁵

Turning Out Modern Men: Some Corroborating Evidence

Research findings of Alex Inkeles, in connection with the Project on Social and Cultural Aspects of Economic Development at Harvard's Center for International Affairs, provide additional evidence that significant attitudinal, normative and behavioral changes can, under appropriate circumstances, still be made on adults despite their traditional upbringing.²⁶ The study aimed to assess the impact on the individual of his exposure to and participation in the process of modernization. A total of 6,000 men in various occupational groupings from six developing countries (Argentina, Chile, India, Israel, Nigeria and then East Pakistan) were interviewed. The survey items covered four major questions: (1) whether there is a set of personal qualities that would empirically identify the concept of a modern man; (2) what influences operate to make a man modern and whether any significant changes in attitudes and behavior can be brought about among adults who grew up with relatively traditional characteristics, (3) whether changes in attitudes are followed by corresponding changes in behavior, i.e., modern ways of acting; and (4) whether individual modernization inevitably leads to personal disorganization and psychic strain.

A modern man was defined as mani-

testing certain personal qualities that coherently formed a syndrome of attitudes, values and ways of acting. These include such characteristics as openness to new experience both with people and new ways of doing things; the assertion of independence from traditional authority figures and a shift of allegiance to secondary organizations; belief in the efficacy of science and medicine; ambition for oneself and one's children to achieve high occupational goals. Individuals with these characteristics prefer people who are punctual; are interested in advance planning of personal affairs; are involved or active in community affairs and local politics; and strive to keep up with news, preferring national and international items over those on sports, religion or purely local affairs.²⁷

A very substantial number of those interviewed in all six countries were found to exhibit this syndrome of values and attitudes. Moreover, these qualities of modernity did not seem to vary significantly across occupational or cultural groupings. Education was found to be the single, most powerful variable influencing the change from traditionalism to modernity among individuals surveyed. Occupational experience, such as working in large-scale organization in urban setting, e.g., the factory, was found to have as much influence in schooling individuals in modern technical skills, attitudes, values and behavior such as rationality, punctuality, ambition or the need to achieve, and interest in current events. The factory or work organization is thus an effective means for late socialization towards modern life for many individuals who grew up in the rural areas with traditional norms and values.²⁸ Those found to have modern attitudes also showed modern behavior — more likely to have joined voluntary organizations; to keep abreast with daily news; to have written or talked to an official about a public issue; and to have discussed politics with their wives.

Inkeles concludes that modernizing institutions, by themselves, do not necessarily lead to greater psychic stress among individuals. The question of whether the process of societal modernization generally increases social disorganization and then increases psychic tensions

for individuals experiencing such disorganization was left open.

Concluding Remarks

The question may now be asked: Of what value are all these psychological theories and research findings for nation-states struggling to develop into modern societies? First, they offer an added perspective and some analytical tools for a more comprehensive and systematic study of development problems. They draw attention to factors that have been largely overlooked or taken for granted by other scholars as relevant to socio-economic change. They focus on aspects of personality, ideology and leadership in developing countries which may be crucial in stimulating or hindering progress towards the attainment of development goals.

It may be argued that the practical application of Erikson's, Pye's and Hagen's findings is limited as they are merely descriptions and explanations of historical events. Policy-makers could hardly be expected, for example, to induce withdrawal of status respect towards certain groups in order to develop creative personalities in the long run. They do, however, point to areas needing further investigation if we are to understand better the complex process of development.

McClelland's theory and empirical evidence tend to be more convincing from the policy point of view. Development planners could perhaps borrow his measurement technique for determining their respective society's *n* Achievement level. They may discover that the problem lies not with their economic plans but with the low level of individual motivation prevailing in their societies. In such case, they could incorporate in their revised plans various programs designed to stimulate higher *n* Achievement which has been discussed in McClelland's works, Richman's observations on China and India, and Inkeles' survey.

It is interesting to note that in his research, McClelland found that poor or underdeveloped countries tended to be higher in *n* Achievement than the more developed ones.²⁹ This suggests that the problem in these areas is not a lack of motivation or that of further raising the level of aspirations in their societies.

Rather, it seems to be a lack of opportunities in the social, economic or political system through which these *n* Achievement could be channeled for innovation and creativity in the attainment of development goals. Policy-makers should, therefore, be more concerned in providing such opportunities for individuals with high *n* Achievement to direct their ingenuity. Moreover, because of the problem of scarce resources and desire for rapid national progress, governments should inculcate the need for collective development efforts rather than simply the satisfaction of individual need for achievement.

Japan's experience in rapid transformation from a feudal to an industrial society provides an interesting example of how individual *n* Achievement(s) were successfully fused with societal goals. De Vos' studies on Japanese personality formation and culture tend to show that this was made possible by the interplay of psychological structure and socialization which result in the development of individuals' strong need for self-realization through work and a sense of accomplishment defined in social terms.³⁰ The genius of the Meiji emperors may have been in their ability to capitalize on the psychological, social and cultural characteristics of Japan to mobilize available entrepreneurial talent and sense of social sacrifice to foster rapid modernization.³¹

The Japanese experience in modernization would tend to show that McClelland's concept of a highly individualist *n* Achievement would be more suitable for the American, Western type than for other cultures. The contrast between the successful immigrant Chinese entrepreneurs in Southeast Asia and their counterparts in China before 1949, offers another illustration of this conceptual limitation. It seems that although the Chinese have generally high *n* Achievement level, social, cultural and historical constraints, e.g., narrow familial concerns, made them victims of colonial exploitation by Western powers.³² The Chinese who migrated to other parts of Asia were able to get away from the socio-cultural constraints in their need for achievement. What these examples tend to show is that high *n* Achievement level in a society may not necessarily produce high economic development for the

society and that increasing *n* Achievement levels of the highly individualistic type in a developing society could lead to intense competition that would be disruptive of overall economic development.

The fusion of individual need for achievement and sense of social accomplishment in the internalized values of the Japanese has not only produced rapid modernization in Japan but has also minimized disruptive and costly industrial strikes commonly found among developed nations in the West. It has been observed that Japanese workers tend to have great interest in the objectives of the firms that employ them, paying little attention to specific jobs. Because of their desire to work, they are satisfied to do what is asked of them at the places to which they are assigned.³³

In contrast to Japan, high *n* Achievement in the Philippines has been effectively directed towards a collective sense of development. The early exposure to Western entrepreneurial activities, urban residence, an American-type school system (with *n* Achievement themes represented by Horatio Alger success stories in the textbooks) combined to stimulate higher levels of economic aspirations and entrepreneurial activity in the Philippines.³⁴ However, the need for achievement has been highly individualistic and family centered.³⁵ Consequently, while there has been an overall increase in the rate of economic development, the benefits have not been as widespread as in Japan. This may be seen, for example, in the existing pattern of distribution of the country's family income. Approximately 80-90 per cent of the aggregate income is concentrated in about 10 per cent of the population. Many private enterprises tend to be family-controlled, with the husband as corporation president, the wife as treasurer and other kinsmen occupying key positions in the organization. This would have conservative influences on decisions involving expansion of investments or additional risk-taking. Government economic policies have been largely based on a free enterprise philosophy. Nevertheless, family and political connections have been a significant aspect of post-war entrepreneurial role in the Philippines.³⁶ The deleterious effects of these socio-economic forces on

governmental policy-making and administration, such as nepotism, graft and corruption, unrealistic economic plans, have been openly acknowledged.

A second, more immediate use of the psychological approaches to development is the planning and implementation of government programs for socio-economic change. The long-run implications of inculcating the need for achievement in children's textbooks, in national ideology and educational planning have already been discussed. The recent findings that significant changes in motivation and personality can still be made among adults may be applied in improving the quality of public administration in developing countries. Given the scarcity of resources and increasing demand for more public services in these areas, administrators who are innovative and achievement-oriented are badly needed. Aside from educational and technical qualifications, psychological measures of *n* Achievement could be made part of the recruitment, placement and promotion policies in the public service.

Moreover, psychological training courses, similar to McClelland and Winter's experiments, could be incorporated as basic features of in-service training and management development programs in the public service. These reforms would seem especially relevant for administrators of government enterprises. The effectiveness of these enterprises depends a great deal on the systematic use of existing managerial resources. Such psychological measures of *n* Achievement and training courses would also help to overcome whatever personal, social, or professional prejudices, inimical to rational decision-making, may have been developed by bureaucrats during their formative years of training.³⁷

Whatever goals and priorities may be chosen by developing states, it is readily apparent that the successful attainment of these objectives hinges on certain necessary changes in the individual psychology, cultural and social values of their respective populations. That these changes, to some extent, can be consciously effected has been shown by some of the studies discussed in this paper.

NOTES

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⁴Lucian W. Pye, *Politics, Personality and Nation Building: Burma's Search for Identity*, (New Haven and London: Yale University Press, 1962).

⁵*Ibid.*, Chapter 10.

⁶*Ibid.*, pp. 288-289.

⁷Translated by Talcott Parsons, (New York: Charles Scribner and Sons, 1958).

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⁹*Ibid.*, pp. 86-119

¹⁰*Ibid.*, p. 236.

¹¹*Ibid.*, Chapter 13.

¹²David C. McClelland, "Motivational Patterns in Southeast Asia with Special Reference to the Chinese Case," *The Journal of Social Issues*, Vol. XIX, No. 1 (January 1963), p. 8.

¹³(Princeton, N.J.: D. van Nostrand Co., 1961).

¹⁴*Ibid.*, pp. 39-46.

¹⁵*Ibid.*, p. 205.

¹⁶*Ibid.*, pp. 393-394.

¹⁷David C. McClelland, "National Character and Economic Growth in Turkey and Iran," in Lucian W. Pye, ed., *Communications and Political Development*, (Princeton, N.J.: Princeton University Press, 1963), pp. 152-181.

¹⁸Urie Bronfenbrenner, "The Making of the Soviet Man," Lecture delivered at Cornell University, July 1964.

¹⁹McClelland, "National Character and Economic Growth in Turkey and Iran," *op. cit.*

²⁰David E. Apter, *Some Conceptual Approaches to the Study of Modernization*, (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1968), pp. 193-232.

²¹McClelland, "Motivational Patterns in Southeast Asia with Special Reference to the Chinese Case," *op. cit.*, pp. 6-19.

²²Barry M. Richman, *Industrial Society in Communist China*, (New York: Random House, 1969), especially chapters 3-4.

²³Barry M. Richman, "Economic Development in China and India: Some Conditioning Factors," *Pacific Affairs*, Vol. 45, No. 1 (Spring 1972), pp. 75-91.

²⁴David C. McClelland and David G. Winter, *Motivating Economic Achievement*, (New York: The Free Press, 1969).

²⁵Richman, *Industrial Society in Communist China*, *op. cit.*

²⁶Alex Inkales, "Making Men Modern: On the Causes and Consequences of Individual Change in Six Developing Countries," in David E. Apter and Charles

F. Andrain, eds.; *Contemporary Analytical Theory*, (Englewood Cliffs, N.J.: Prentice-Hall, Inc.), pp. 634-651.

²⁷*Ibid.*, p. 636.

²⁸On the other hand, work experience in a large-scale, modern organization could also create personal insecurity among individuals, such insecurity could in turn lead to what Victor Thompson calls *Bureaupathic* behaviors which could be dysfunctional from the organization's point of view. See *Modern Organization*, (New York: Alfred A. Knopf, 1963), Chapter 8.

²⁹McClelland, *The Achieving Society*, *op. cit.*, p. 102.

³⁰George De Vos, "Achievement Orientation, Social Self-Identity and Japanese Economic Development," *Asian Survey*, Vol. V, No. 12 (December 1965), pp. 575-589; in another work, de Vos shows how guilt feelings towards parents become a strong motivation for the individual Japanese to work hard and succeed in life. See "The Relation of Guilt Toward Parents to Achievement and Arranged Marriage among the Japanese," in Niel J. Smelser and William T. Smelser, eds., *Personality and Social Systems*, second ed., (New York: John Wiley and Sons, Inc., 1970), pp. 154-171).

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FINANCING LOCAL DEVELOPMENT THROUGH SPECIAL ASSESSMENTS

• Ernesto M. Serote

Introduction

Of late, the national government has taken an active interest in popularizing the concept and institutionalizing the practice of development planning. At this writing massive national resources in the form of technical and financial assistance are being mobilized to help certain key cities and municipalities evolve their town plans, housing schemes and zoning regulations. Part of this assistance program involves the upgrading of management capabilities of local government personnel. In two years time hundreds of development plans will have been completed covering major urban settlements and growth centers throughout the archipelago.

But given a development plan and an increased management capability of their personnel, the most serious problem of local governments — lack of funds — will become even more acute. To implement a development plan requires huge capital investments by both government and private sectors, with the former usually taking the initiative. Where will local units get the funds to implement their town plans?

Certainly there is a limit to national assistance. The national government cannot continually pour investments into each town and city without spreading resources too thinly. There are other priorities that require greater concentration of resources. Local governments cannot always hope to receive national funds in excess of the regular contributions that they now receive. They cannot remain dependent as they have always been¹ on the national share to finance the implementation of their development programs.

There is therefore a need to develop self-reliance among local governments. To this

end, they must be made aware of the various alternative and potential sources of funds for development projects.

It is encouraging to note that since the ratification of the New Constitution in 1973 there have been a number of Presidential Decrees which grant more revenue-raising powers to local governments.² These decrees seek to strengthen the financial and fiscal position of local governments to give substance to the latter's enhanced status as contemplated by the framers of the New Constitution.

The effect of these decrees on the financial resources of local governments remains to be empirically evaluated. But it may be safe to assume this early that these laws have relieved to some extent the financial pressures of provinces, cities, municipalities and barangays.

An absolute increase in local revenues from traditional sources however, does not guarantee that the local units will automatically acquire the needed resources to finance local development. For the increase in collections may just be sufficient to offset the effects of inflation. To be meaningful, these revenue-raising powers should enable the financially hard-pressed local governments to set aside a considerable portion of their receipts for capital investments and revenue-generating projects.

Among those decrees, this article focuses on Presidential Decree 464 otherwise known as the Real Property Tax Code which embodies provisions that have tremendous potentials for generating, as it were, local revenues to fuel local development.

Reference is made to Sections 47-55, inclusive, under Chapter V on "Special Assessments." The said portion of the decree empowers local governments (and even the

national government) to levy special assessments,³ on properties in the immediate vicinity of a proposed public improvement project as a means of raising funds to finance the proposed work.

An Untapped Oil Mine

This provision of law is a veritable oil mine in the backyard that has remained untapped despite its existence for decades now. It is a mere carry-over of an old provision in the Assessment Law (Commonwealth Act 470 dated June 16, 1939), yet this power has not been exercised by most local governments.⁴

This article looks into the reasons for the reluctance of local governments to tap this potential resource, to clarify issues relative to this seemingly alien concept, to point out the weaknesses of the law in its present form, and to suggest measures to make the law easier to implement. Initially, this article seeks to create public awareness of the potentials and possibilities of such a revenue source so that eventually, more and more local governments will exercise this special taxing power with less resistance from private property owners.

Reasons for Local Government Reluctance

In a sample survey of local governments conducted by this writer in early 1976, only one municipality out of the 25 that sent in their responses was found to have availed of its power to impose special levy to partly finance the improvements on its public plaza and park, that is, the town of Siquijor in the sub-province of Siquijor. The writer believes that a smaller percentage would result if a census were taken of all towns and cities since the samples in the said survey were selected from the more highly urbanized towns and cities.

The same survey was able to elicit some reasons for the reluctance of local governments to exercise this special taxing power, the more important of which are as follows:

1. There is a prevailing pessimism among local governments that a proposed ordinance imposing special assessments will prosper because of the expected opposition by affected landowners who constitute the social and political elite of the town. These landowners exert a considerable influence on

the municipal leadership. In some cases, the municipal leaders are the landowners themselves and are therefore less inclined to prejudice their own interests.

2. Local governments believe the law on special assessments involves highly technical procedures which are too complicated and tedious for their limited resources and expertise to undertake.

3. Some local governments are not aware of successful precedents in the country. They would much rather wait than be the first to adopt this obscure idea.

4. Other local governments think the people are already overtaxed and an additional imposition would therefore antagonize them. A piece of tax legislation is usually politically disastrous especially when enacted during an election year.

5. A few local leaders confessed to being totally unaware of the existence of this provision of the law.

To appreciate the foregoing attitudes of local governments toward special assessments one has to read the law himself. The salient features of the law are highlighted in the following sections of this paper to provide reference for further discussion.

But first, a brief backgrounder on special assessment.

Definition

A special assessment is a "local imposition upon property for the payment of the cost of public improvements in its vicinity and levied with reference to the property assessed."⁵ It is the equivalent of the betterment levy in British planning legislation wherein property owners specially benefited by government projects are made to share in the cost of the projects. In a way, it is an application of the benefit principle of taxation which postulates that taxes should be levied upon individual taxpayers in proportion to the benefits they receive from the state. It is also consistent with the social objective of real property taxation namely, to transfer to the public the unearned increment in private land values as a result of general improvements in the community.

What is the nature of special assessments?

Special Assessment vs. Real Property Tax

Commonwealth Act 470 calls the special assessment a tax. Presidential Decree 464 simply calls it "special levy." In Mexico City and in Colombia where this kind of imposition is successfully administered, it is called planning tax (*impuesto de planificacion*) and valorization tax, respectively. According to Jose N. Nollado, the special assessment is, strictly speaking, *not* a tax.⁶ His opinion may have been based on a Supreme Court decision in the case of "Apostolic Prefect of Mt. Province v. the City Treasurer of Baguio" dated April 18, 1941.⁷

On the strength of a provision in the Administrative Code, the City of Baguio imposed special assessments on lots abutting a drainage and sewerage project. Among the properties affected was the church land belonging to the Apostolic Prefect of Mt. Province. The latter filed a case with the Court of First Instance of Baguio City seeking exemption from the special levy, invoking the exemption granted it by law from the real property tax, it being a property used exclusively for religious purposes.

The CFI ruled that since the special assessment is *not* a tax, it can be imposed upon properties normally exempted from the realty tax. The decision of the CFI was upheld by the Supreme Court.

From the Court decision we find the following features of the special assessment which distinguish it from the real property tax:

1. Special assessment can be levied only on land.
2. Special assessments cannot be made a personal liability of the person assessed.
3. Special assessments are based entirely on benefits.
4. Special assessments are exceptional both as to time and locality.

Another distinction between the realty tax and the special levy is the base of computation. The base of the real property tax (in the Philippines, at least) is the assessed value (*ad valorem*) while that of the special levy is the estimated cost of the proposed project. The assessed value is used only to determine

the relative share of each affected landowner to the total amount due.

It is interesting to note that the Baguio City ordinance referred to above used the *ad valorem* as a base just like the real property tax. Equally worth noting, on the other hand, is the provision of PD 464 which exempts from the special levy all properties ordinarily exempted from the real property tax. Thus, in its present form, the special assessment is a hybrid version.

Issues Relative to Special Assessments

At this point certain issues relative to special assessments need to be clarified in order to gain a better understanding of the nature, rationale and advantages that can be derived from this special imposition.

The first of these issues has something to do with the relationship or distinction between the special assessment and the regular real property tax. Is the special assessment a better source of development funds than the real property tax? Rather than levying an additional imposition, is it not more practical to intensify the collection of the realty tax? Can the taxpayers who are believed to be already overtaxed afford this additional tax?

It is claimed by many that there is inefficient collection of the realty tax which accounts for the low income of local governments. But such a claim is belied by the survey⁸ made by the Joint Legislative-Executive Tax Commissions in 1960 and 1968. Intended to measure the tax consciousness of Filipinos with particular emphasis on the property tax, the surveys arrived at the following findings: In 1960, 86.8 percent of property owners paid real property tax. The 1968 survey yielded a slightly lower figure of 82.2 percent. By any standard, a collection rate of over 80 percent is not too bad a performance in real property tax collection. Perhaps this level is already optimal.

The reason, it seems, for the generally low collections in the real property tax lies not in the alleged inefficiency of tax collectors but in the rampant underdeclaration of the true value of the property by their owners. Presidential Decree 76 issued on December 6, 1972, which requires all property owners to file sworn statement of true value of their property, notes that real property and improvements

thereon are "usually underdeclared obviously for the purpose of evading payment of higher and correct taxes due the government." This is evidenced by the fact that when a property is sold to the government for public purposes the government has had to pay the market value which is "usually ten (10) to twenty (20) times more than the value declared by the owners for purposes of taxation."

But even granting a 100 percent collection efficiency and a reasonable amount of honesty on the part of landowners in declaring the true value of their property, still the realty tax cannot be relied upon as a substantial source of development funds for the municipality. A close scrutiny of the sharing system of the realty tax among local government levels reveals that the municipal government, on whose hands lies the greater bulk of administering the tax is put at a disadvantage. Here's how: For every peso collected in real property tax, ten centavos is retained by the barangays where the real property subject to tax is situated and the remaining 90 centavos is shared equally between the municipal and the provincial governments. Then out of the allotment of 45 centavos the municipal government remits to the provincial government 23 centavos representing the former's statutory obligation (which goes into the Provincial Agriculture Fund, Provincial Health Fund, and the Provincial Hospitals Fund). This leaves only 22 centavos net share of the municipal government. Again, this meager sum accrues to the General Fund most, if not all, of which is allocated for operational expenses. An infinitesimal amount is therefore left for capital outlays to finance development projects.

On the other hand, the proceeds of special assessment is used exclusively to finance the cost of specific public improvements. This makes the latter a more desirable source of development funds than the regular real property tax.

Desirable as it may seem however, can the people afford to pay an additional imposition?

With perhaps very few exceptions, property owners are not as financially handicapped as they may claim to be. Land acquisition or ownership is generally regarded for its prestige value or for its investment potentials. The former explains the existence of tracts of land that are idle or under-utilized which belong to absentee owners doing business elsewhere

and living on sources other than the proceeds of their properties. But rare is this type of landowners who derive gratification in mere ownership or in the enhanced social status that ownership entails. Most probably the lands that are kept idle are put up as collaterals for loans with banks that the owners use to capitalize their business elsewhere. Most likely, too, the idle lands are being kept for speculation purposes. In any case, real property is held for its investment potentials. Furthermore, to devote a piece of land to intensive use requires considerable inputs in terms of capital and labor.

The above observations support the view that no landowner is really illiquid. No low-income wage earner could afford to acquire and keep land whether for the prestige attached to ownership or for the material returns on his investment.

The more real obstacle is the fact that in some cases the affected landowners are more likely the local elite who are close to, or are themselves the municipal leaders. They are not inclined, naturally, to prejudice their own personal or family interests. However, this is not an insurmountable problem. The people, properly motivated, can and will subordinate selfish interests to the common interest and the common welfare. One likes to believe that the Filipino is not morally bankrupt nor is he totally bereft of civic consciousness.

Another important issue has something to do with identifying the beneficiaries of the proposed project. Does the project benefit a particular neighborhood or the entire community? If its benefits accrue to a specific sector of the population then it is only fair that that sector assume a greater part in putting up the project. If, on the other hand, the project is to benefit the entire community, then the cost must be borne out of general taxation.

In operational terms, it is extremely difficult to determine whether a given project benefits one sector or the other. Most likely, any given project tends to benefit the entire community. The difference perhaps lies in the degree in which one particular sector benefits from the project over other sectors. Therefore each sector must be made to shoulder the project cost to the extent proportionate to the benefits it stands to receive as a result of the project. Theoretically, a new public facility or improvements made on existing ones will bene-

fit the public at large but the owners of abutting properties will stand to benefit more than the rest of the population. An example here will help clarify the point.

Suppose that a town decides to open a new road connecting the Poblacion to a yet unreached barrio. The benefits of easier access and more efficient circulation of people and products which the new road is expected to generate will be enjoyed by practically all the townspeople. But a certain benefit uniquely accrues to abutting property owners: that of enhanced land values due to increased accessibility and increased potential of the lots for intensification of their current uses or for conversion into urban uses. This is the *special benefit* such sectors enjoy by virtue of their unique situation relative to others.

How much advantage they have over the public at large is a related issue. This is very difficult to determine since a great deal of benefits accruing from a public facility cannot be quantified nor assigned pecuniary value. A faint indication of the comparative advantage special beneficiaries have over other property owners can only be inferred from the provision of PD 464 that the portion of the project cost to be financed out of the proceeds of special assessment must not exceed sixty (60) percent; the rest to be funded by general revenues. Going by the benefit principle, one can assume that the special beneficiaries enjoy this much benefit over that of the general public. Perhaps the ceiling set by law is arbitrary. But the absence of a lower limit points to the fact that the extent of benefits has not been empirically established. The law therefore allows a wide range of freedom for concerned parties to arrive at a fair and reasonable basis for sharing costs reflective of benefits derived.

Highlights of the Special Assessments Provision in P.D. 464

1. Who may exercise the power to impose special assessments?

The authority to impose and collect special levy is vested in the provincial, city or municipal council or board through an ordinance enacted for the purpose. The decree extends the same power to the national government through the mechanism of a department order issued by the Secretary of Finance.

2. What types of works are eligible for financing through the proceeds of special assessment?

Section 47 enumerates the different types of projects that may be financed out of special assessment as follows: laying out, opening, constructing, straightening, widening, grading, paving, curbing, walling, deepening, or otherwise establishing, repairing, enlarging, or improving public avenues, roads, streets, alleys, sidewalks, parks, plazas, bridges, landing places, wharves, piers, docks, levees, reservoirs, waterworks, water courses, esteros, canals, drains and sewers. Earlier, CA 470 only used the vague all-embracing term "public improvements" which is difficult to operationalize or implement.

3. How may a municipal council proceed in imposing and collecting the special assessment?

- a. *Plan preparation.* Before the Municipal Council enacts the ordinance, it may commission the municipal engineer to prepare the plans, specifications and cost estimates of the proposed project.
- b. *Enactment of ordinance.* The Council passes the ordinance which contains a description with reasonable accuracy of the nature, extent and location of the work to be undertaken; the probable cost of the proposed work so established, the limits whereof to be indicated by monuments and lines; and the number of annual installments, ranging from five to ten, in which the levy shall be payable.
- c. *Publication of the ordinance.* The proposed special levy ordinance is then published, with the list of affected landowners, once a week for four consecutive weeks in English and in the local dialect, in any newspaper of general circulation. The ordinance in English and in the local dialect is also posted in the municipality and in the locality affected and is announced once a week for four consecutive weeks by a public crier. The Municipal Secretary likewise furnishes a copy of the proposed ordinance upon request to each landowner affected or his agent, and if possible sends to all concerned a copy of the ordinance by mail or messenger.

- d. *Protest against special assessment.* A protest may be filed with the Council not later than thirty days after the last publication of the proposed ordinance. The protest must be signed by a majority of the landowners affected, setting forth their names and addresses and enumerating their arguments against the proposed improvements or against the special levy.

If at the end of the prescribed period no such protest is filed, the ordinance becomes final and effective in all points after its approval by the Council. If a protest is filed, the disposition of the protest proceeds as follows:

1. *Hearing the protest.* The Council designates a place and date of the hearing in accordance with the procedures prescribed. A reasonable time is given to all protestants. Notice of the hearing is published for two consecutive weeks and posted at the affected localities.

After the hearing, the Council renders its final decision confirming, modifying, or revoking the ordinance, and sends copies of its decision to all parties concerned and causes its publication three times weekly for two consecutive weeks. The decision published again contains a list of parcels affected by the special levy.

2. *Appeal of the Council decision.* The decision of the Council becomes final if, before the expiration of thirty days from the date of its last publication no appeal is filed with the Provincial board against the proposed improvement or against the special assessment.

An appeal must be signed by at least a majority of the landowners affected. The landowners-appellants must furnish a written copy of the appeal to the municipal council immediately upon filing.

3. *Hearing of the decision on appeal.* Within ten days after the receipt of the notice of the appeal, the Municipal Council must furnish the Provincial Board excerpts from the minutes of the said council meeting and all documents relevant to the case. The provincial board then designates a place and sets the date of the hearing which must be within thirty days

following receipt of the minutes and documents from the Municipal Council, giving notice to both parties. During the hearing, the Municipal Council is represented and heard, and the provincial board examines *de novo* all points involved in the protest filed, and the decision becomes final at this level.

- e. *Fixing the amount of the special levy.* Upon the approval of the ordinance, the Provincial Assessor proceeds to determine the annual amount of special levy against each affected parcel of land. Written notices are sent by mail. The amount of special levy is apportioned, computed and assessed according to the assessed valuation of such lands as shown in the books of the assessor, or its current assessed value as fixed by the said officer in the first instance if the property does not appear of record in his books.
- f. *Payment of special levy.* The special levy is payable to the Provincial Treasurer or his Deputy, in the same manner as the ordinary real property tax is paid; is enforced by the same means; and is subject to the same penalties for delinquency. All said sums, together with penalties if any, constitute special liens on said lands and have preference over all other liens with the sole exception of the lien for non-payment of the ordinary real property tax.
- g. *Adjustment of costs.* If, upon completion of the work, it should appear that the cost of the project is greater or smaller than the estimated cost, the Provincial Assessor must, without delay, proceed to correct the assessment by increasing or decreasing, as the case may be, the special levy on each parcel of land affected, for the balance of the unpaid installments. If all installments have already been paid, the Provincial Treasurer fixes the amount of credit to be allowed to, or the additional special levy to be collected from the landowners, as the case may be. In any case, notice of said rectification must be furnished all parties concerned.

Criticism of the Special Assessment Provision of P.D. 464

In its present form, the special assessments provision of P.D. 464 is very voluble on the aspect of protests and appeals but pays scant attention to the critical aspect of procedure to be followed in determining the "district benefited" or the assessment zone, and in computing and apportioning the amount to be levied against the landowners concerned. The law leaves the matter of delimiting the assessment zone entirely to the discretion of the Council or Board that prepares the ordinance, and the task of apportioning the amount of levy among the affected property owners in the hands of the Provincial Assessor.

In the context of a culturally diverse country like the Philippines, the principle of procedural flexibility appears to be a desirable set-up. However, the shortage of technically competent local administrators may pose a barrier since the success of this arrangement hinges heavily on the competence of the local administrators. There is therefore a need for more uniform standards and more detailed procedure to guide local governments which can hardly afford the services of technical personnel.

The experience of Mexico City is instructive in this regard. Mexico City successfully administers the "impuesto de planificacion" by applying rigid formulas set forth in the Mexican planning law.⁹ The enabling act spells out the procedural details so that the technical and administrative difficulties of implementation are drastically minimized. For instance, the extent of the assessment zone is unequivocally delimited in the law as follows:

- 1) For properties along a public way, the zone must be that comprised within a line drawn parallel to the limit of the work at a distance equal to 12 times the average width of the street.
- 2) For parks and plazas, the zone extends to 144 meters from the limit of the park.

Using the fraction or multiple of 12 as a basis, the rates to be contributed by property owners can easily be computed depending on their respective lots' distance from the proposed work.

Details like these lend themselves to easier implementation by local governments given their common constraint of shortage

in technical expertise. As we gain experience in administrative techniques we may eventually shift to greater flexibility and autonomy to allow for our cultural diversities. Indeed in more advanced localities where technical expertise is available, the Colombia model¹⁰ may well be worth adopting.

In the city of Medellin in Colombia, a separate department in the city government administers all aspects of the "valorization tax" with complete autonomy and procedural flexibility. Unlike in Mexico City, Medellin uses no pre-set formulas. Rather it operates on the basis of consensus, which is arrived at through consultations with real estate brokers, the property owners affected, and government officials. So successful is the administration of the tax that no less than one-third of the city's revenues accrue from special assessments, thus enabling the city to embark on large scale public improvements projects.

Another criticism that may be leveled against the law on special assessment in its present form is that it contains built-in roadblocks that render the implementation excruciatingly slow and frustratingly difficult. These built-in roadblocks take the form of excessively long periods of publication of notices and the overly protective stance of the law in favor of property owners as can be gleaned from the detailed procedure it outlines for the filing and disposition of protests and appeals.

Under the present provision, a special levy ordinance can take effect after two months from its enactment; no less than six months if protest is filed and the original decision by the Municipal Council is appealed before the Provincial Board. The greater part of this period is allotted for the information campaign to reach the parties concerned and the general public. The law specifies the media of communication to be used which include newspapers, billboards, mail and messenger service, and through the antiquated mode of public crier.

The estimated six months that it takes a special levy ordinance to get implemented is too optimistic indeed. It assumes that protests and appealed are filed, heard and decided upon with mechanical precision and prompt attention by parties concerned as though these were the only business they had in hand. This simply is not true. And even if it is, the fact that litigations invariably are long winding and require voluminous paper work supports

the concession of additional few months or a year at least. But the legal tussle can drag on for years and the contemplated public improvement project may never get off the ground.

What Can be Done

It is generally felt that the law, to be more implementable, can stand improvements along the following lines:

1. Introduce amendments incorporating:
 - a. A clear, definite and systematic procedure for delimiting the assessment zone;
 - b. A standard and equitable basis for computing the rates to be contributed by affected landowners similar to the Mexican model;
 - c. A shorter period of publication considering that this is already an era of fast communications media; and
 - d. A stronger power to the Municipal Council by making its decision on protests final. The law extends this power to the city and provincial governments. It will do no harm if the same authority is given to municipal governments.
2. Provide for the organization of an administrative machinery similar to the Colombian model which will have sufficient autonomy and authority to administer the special assessment in all its aspects. Perhaps the existing Municipal Development Council can serve the purpose. Consistent with its special nature, the special assessment must also be handled by a special body. To involve other offices in this task like those of the Provincial Assessor and Provincial Treasurer is to saddle them with additional and unfamiliar burden which they may not readily welcome.
3. Promulgate a separate decree expressly on the subject of special assessment. The fact that special assessment at present constitutes a minor provision of the Real Property Tax Code diminishes its importance particularly at this time when local governments should be in constant search for sources of development funds. After all, if special assessment is not, strictly speaking, a tax, then it should not form part of the Real Property Tax Code but should be the subject of a separate decree.

FOOTNOTES

¹"Survey Shows Increasing Dependence of Local Governments on the National Government," *The Tax Monthly*, Vol. XII, No. 4 (January 1972) pp. 14-15.

² Refer to Presidential Decrees 144, 231 as amended, 464, 477, 752, 1002, among others.

³ Actually, there are three subjects covered under the chapter on Special Assessments in P.D. 464: The Special Education Fund, the Tax on Idle Lands, and the present subject. For purposes of convenience, this article shall use the terms "special assessments," "special levy," or "benefit taxation" to refer to "special benefit assessment" which should be the proper name for this particular imposition.

⁴ In an article by Luz Dullin that appeared in the October 15, 1970 issue of the defunct *Congressional Economic Bulletin*, citing reports from the then General Auditing Office (now Commission on Audit), the highest recorded receipts from special assessments reached ₱ 886,000 in 1966. The following year, city and municipal governments collected only ₱ 8,000 and ₱ 3,000 respectively.

⁵ Federico B. Moreno, *Philippine Law Dictionary*, 1972 Edition, Quezon City: Filipino Publishing Co., Inc.

⁶ Jose N. Nollado, *Handbook on Taxation*, 4th Revised Edition, Caloocan City, Philippines: Philippine Graphic Arts, Inc., 1971.

⁷ Philippine Reports, Vol. 71.

⁸ Philippines (Rep.) Joint Legislative-Executive Tax Commission, *First Survey on Tax Consciousness in the Philippines*, Manila, 1962, pp. 10-11; and *Second Survey on Tax Consciousness in the Philippines*, Manila, 1969, p. 11.

⁹ Oliver Oldman, et. al., *Financing Development in Mexico City*, Cambridge: Harvard University Press, 1967, pp. 108-126.

¹⁰ William G. Rhodes and Richard M. Bird, "Financing Urbanization in Developing Countries by Benefit Taxation: Case Study of Colombia," *Land Economics*, Vol. XLIII No. 4, November 1967, pp. 403-412.

MAN AND THE LAND: LAND UTILIZATION IN ANTIQUE

• Meliton B. Juanico

A cursory examination of the topography of the Philippines shows the landscape of the islands to be dominated by generally north-south trending and centrally located mountain ranges, with only limited portions of level land along the coasts. Despite the fact that close to a third of the national land area is already planted to crops,¹ there is still everywhere a tendency to increase the cultivated hectarage as the population increases. With the rise of population pressure on the land, however, farm areas decrease in size, the sloping foothill and mountainous areas are tilled and, as a whole, farmers forcibly utilize different types of land beyond the latter's capability and limitations. Without conservation measures, therefore, the misuse of the limited soil resource results in the ubiquitous phenomena of soil impoverishment, erosion, floods and, consequently, low productivity.

Focus On Antique

Antique's topography, like that of the whole country, is also characterized by a rugged terrain, broken only by narrow coastal strips of level land west of anticlinal mountains that run meridionally along the west coast of Panay Island. In such conditions, the land resource problems of the province are no different from those of the country, varying only in details in relation to other provinces.

¹ Of the Philippines' total land area of 29,9404 million has., the area planted to food and commercial crops in 1971, 1972 and 1973 were: 9,0968, 9,3818 and 9,2129 million has., respectively. See Efen Yambot, et al. (eds.), *Philippine Agriculture Fact Book and Buyers' Guide* (Quezon City: Philippine Almanac Printers, Inc., 1976), p. 16

This paper shows how amidst a growing population and a restrictive physical environment Filipino farmers in Antique utilize their land in relation to its different capability classes and the corresponding uses for which these land classes have been recommended. Also taking into account the government's present thrust in agricultural production, the local prospects for agricultural development are assessed and some recommendations are put forth.

Physical Geographic Aspects

Antique is a comparatively long and narrow stretch of land running along the entire west coast of Panay Island. The province is isolated from the more prosperous central plain of Panay in Iloilo Province by a mountain range that runs from north to south, with peaks ranging from 900 to about 2,100 meters in elevation, including the more well-known Mt. Baloy. The overall topographic configuration of the province is mountainous, with land almost everywhere sloping in an east-west direction towards the sea (Fig. 1).

Between the narrow coastal plains and the foot of the mountain ranges is a rolling hilly terrain trenched by narrow valleys of streams originating from the uplands. The coastal plains, which have been formed from sand and silt, are narrow and many parts consist of sterile beach sand and swampland. Such plains make up only approximately 19 percent² of

² Francisco Calimbas, et. al., *Soil Survey of Antique Province*, Bureau of Soils, Department of Agriculture and Natural Resources (Department of Agriculture) (Manila: Bureau of Printing, 1963), p. 31.

HYSOMETRIC MAP OF ANTIQUE

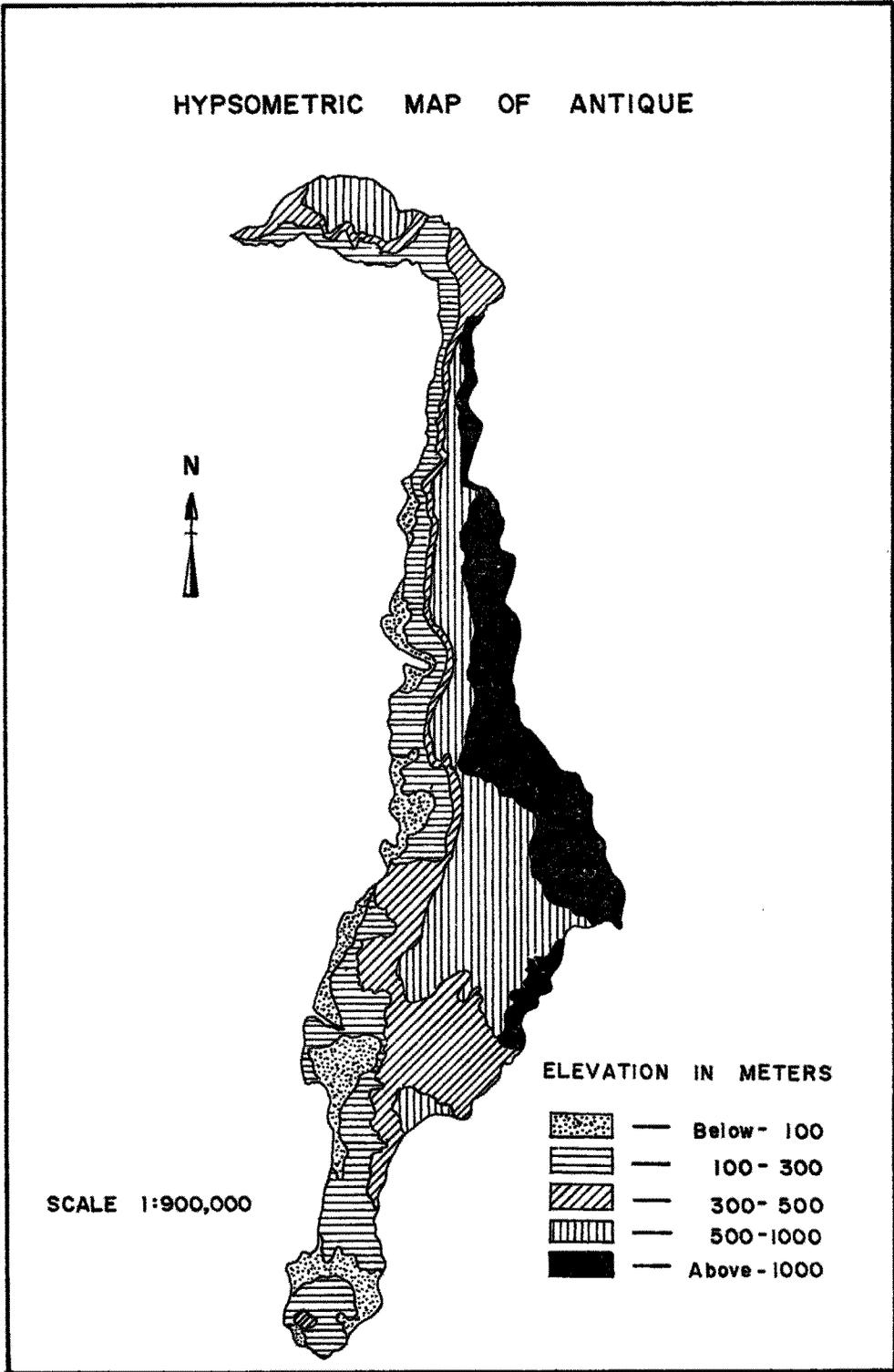


FIG. 1

the total provincial area. Deltaic plains are small and very few. The only fairly wide plain in the province is the San Jose-Sibalom Plain in the south. There are strips of level land in the municipalities of Dao, Patnongon-Bugasong, Barbaza, Tibiao and Culasi.

There is adequate drainage in the area, with most rivers discharging into the west coast. The largest river of Antique is the Sibalom River while the other large streams are the Cangaraan, Paliwan, Dalanas, Tibiao and Hantik. The larger streams are perennial but many small tributaries dry up during summer.

The climate of Antique is the first type, in which there are two pronounced seasons — dry from November to April and wet during the rest of the year, especially from June to September when rainfall is greatest.³ It is this uneven rainfall distribution that accounts for the variability of the water supply most necessary for irrigation and other purposes. Also, the relatively high average annual rainfall of 364.36 cm.⁴ is not evenly distributed areally over the province. It is the northern portion of the province around Culasi which has the highest precipitation but, ironically, much of this area is uneven upland. The central part near Bugasong and the comparatively wide southern plain in Sibalom and San Jose have relatively lower rainfalls. Luckily for the province, typhoons are infrequent and they occur mostly in the predominantly rugged northern portion where the southwest winds are more frequent from June to October.⁵

Man-Land Relationships

The population of Antique has been steadily increasing since the census taken in 1939. In 1948, it had a population of 233,506 which rose to 238,405 in 1960 and finally to 289,172 in 1970.⁶ The percent changes for the periods 1948-60 and 1960-70 were 2.1 and 21.3, respectively. These small incre-

ments in population, albeit slower compared to the national percent changes of 40.8 and 35.4 for the same inclusive periods, are a reflection of the net population changes which have been diminished by steady migration. For instance, of the natural population change of 72,600 for the period 1960-70 the net population change was 50,767 net migration accounting for the difference of 21,833.⁷

Examining more closely the man-land ratio, Antique shows increasing population densities of 92.6, 94.5 and 114.7 persons per sq. km. for 1948, 1960 and 1970, respectively.⁸ The densities for 1948 and 1960 are higher than the corresponding national figures of 64.1 and 90.3 respectively, while the 1970 density is not far behind the national density of 122.3 for the same year.⁹ The picture somewhat changes when the ratio of inhabitants to cultivated land is examined. This ratio is termed the nutritional density, which is a better indicator of the real pressure on the land than the gross density. With a cultivated area (as of 1974 or thereabouts) of approximately 1253.89 sq. kms., (Table 1) out of a total provincial area of 2522.00 sq. kms., the nutritional density of the province is about 231 persons per sq. km. of cultivated land. This is lower than the density for the whole Philippines, which is about 342. Or in terms of cultivated land per person, the ratio is 0.434 ha. to a person for Antique while that for the whole country is 0.292 ha. to a person.

The present ratio for the province is even higher than that in 1946 when it was only 0.197 ha. per person at an estimated population of 221,700 and a tilled area of 43,721 has. (See Table 1).

Antique's seemingly favorable nutritional density cited above is deceptive, however, for it does not fully reflect a healthy man-land relationship. Actually, the present nutritional density has gone lower owing to the increase in cultivated hectarage from 43,721 in 1946 to 125,389 has. in 1974 (See Table 1) as well

³ Climatological Division, Philippine Atmospheric, Geophysical and Astronomical Administration Department of National Defense.

⁴ *Ibid.*, The national average annual rainfall is 253.34 cm.

⁵ Calimbas, et al. *op. cit.*, pp. 13-18.

⁶ Efren Yambot (ed.), *Philippine Almanac and Handbook of Facts* (Quezon City: Philippine Almanac Printers, Inc., 1975), p. 4.

⁷ *Ibid.*, p. 15

⁸ *Ibid.*, p. 4

⁹ In terms of hectares of land per person, the estimates for Antique for different years are: 1903 — 1.9 has.; 1939 — 1.3 has.; 1970—0.9 ha.; and 2000— 0.4 ha. (National Census and Statistics Office high population projection). See *Provincial Profile of Antique*, Prepared by the Provincial Government of Antique, November, 1975, p. 46c.

TABLE 1
VEGETATIVE COVER OF ANTIQUE

Kind of Cover	1946* Area (has) (%)	1974** Area (Has.) (%)
Cultivated land	43,721 (16.3)	125,389 (49.7)
Open land	115,929 (43.3)	67,160 (26.6)
Brush land		10,442 (4.2)
Marsh or swamp	200 (0.1)	177 (0.1)
Non-commercial forest	64,547 (24.1)	34,495 (13.7)
Commercial forest	43,530 (16.2)	14,537 (5.8)
TOTAL	267,927 (100.0)	252,200 (100.0)

* Source: Bureau of the Census and Statistics (National Census and Statistics Office), *Yearbook of Philippine Statistics: 1946* (Manila: Bureau of Printing, 1947), p. 32; Bureau of the Census and Statistics, *Summary and General Report on the 1948 Census of Population and Agriculture*, Vol. III (Manila: Bureau of Printing, 1954), p. 2334.

** Source: Quoting the Bureau of Lands Branch Office, San Jose, Antique in Rosenda Tagamolilla, *Economic Survey of Antique* (Quezon City: U.P. Institute for Small-Scale Industries, 1974), p. 5.

as to the accompanying small net population change resulting from migration. The increase in cultivated hectareage, however, has been characterized by improper use of the land — a cause for concern in the present effort towards increased crop production.

The dependence of the Antiquenos on the land is reflected in the predominantly rural character of the population (85 percent)¹⁰ of the province and in the high proportion (65 percent) of farmers and farm workers among the employed workers.¹¹ Insufficiency of produce as well as employment opportunities have also led to the migration of farm laborers, particularly the 15-34 years age group, to Negros Occidental, Iloilo and Capiz during the lean dry months to work usually as underpaid *secada* in the sugar cane plantations.

Land Capability

Despite the low population growth rate (1.91 vs. 3.01 for the Philippines for 1960-70)¹² of Antique, the man-nature balance is presently endangered by unsound land use and agricultural practices. Before the population pressure on the land becomes unmanage-

able then, a closer look at the land capability of the province and how the land is utilized becomes necessary. It is important that the different kinds of land should be utilized according to their capability and limitations, otherwise their management will have to be changed to prevent the soil from further deterioration. The grouping of land that requires related uses and types of management is termed land capability classification.¹³

A majority of the lands under food-crop cultivation in Antique are classified under land capability classes A and B (Fig. 2).¹⁴ Together, these make up approximately 17 percent of the total area of the province and they more or less represent the plains and valleys. Much of the class M lands have also been cultivated.

Class A land makes up only about 1.4 percent of the provincial area. This could be

¹³ The source for the description of the land capability classes include: Calimbas, et. al., *op. cit.*, pp. 54-60; *Philippine Journal of Soil Conservation*, Vol. II, No. 3 (Manila: Bureau of Soils, 1960), pp. 34-41; *The Philippines Recommends for Soil Conservation*, 1977, A Joint Project of the Bureau of Soils and the Philippine Council for Agriculture Resources Research, pp. 5-7.

¹⁴ The land capability map (Fig. 2) constructed for Antique was based on the soil map of the province which was obtained from the Soil Survey Division of the Bureau of Soils. Construction of the land capability map involved delineating the land capability classes of the different soil series and soil types in Antique as described by Calimbas, et. al. in their soil survey report.

The corresponding hectareage of the land capability classes was also obtained from the Bureau of Soils.

¹⁰ National Census and Statistics Office, *Census of Population and Housing: 1970*, Vol. 1 p. 7.

¹¹ *Ibid.*, p. 184.

¹² Bureau of the Census and Statistics. *The Population of the Philippines: Its Growth and Development*, Technical Paper Number 3 (Manila: Bureau of Printing), pp. 20-21.

LAND CAPABILITY MAP OF ANTIQUE

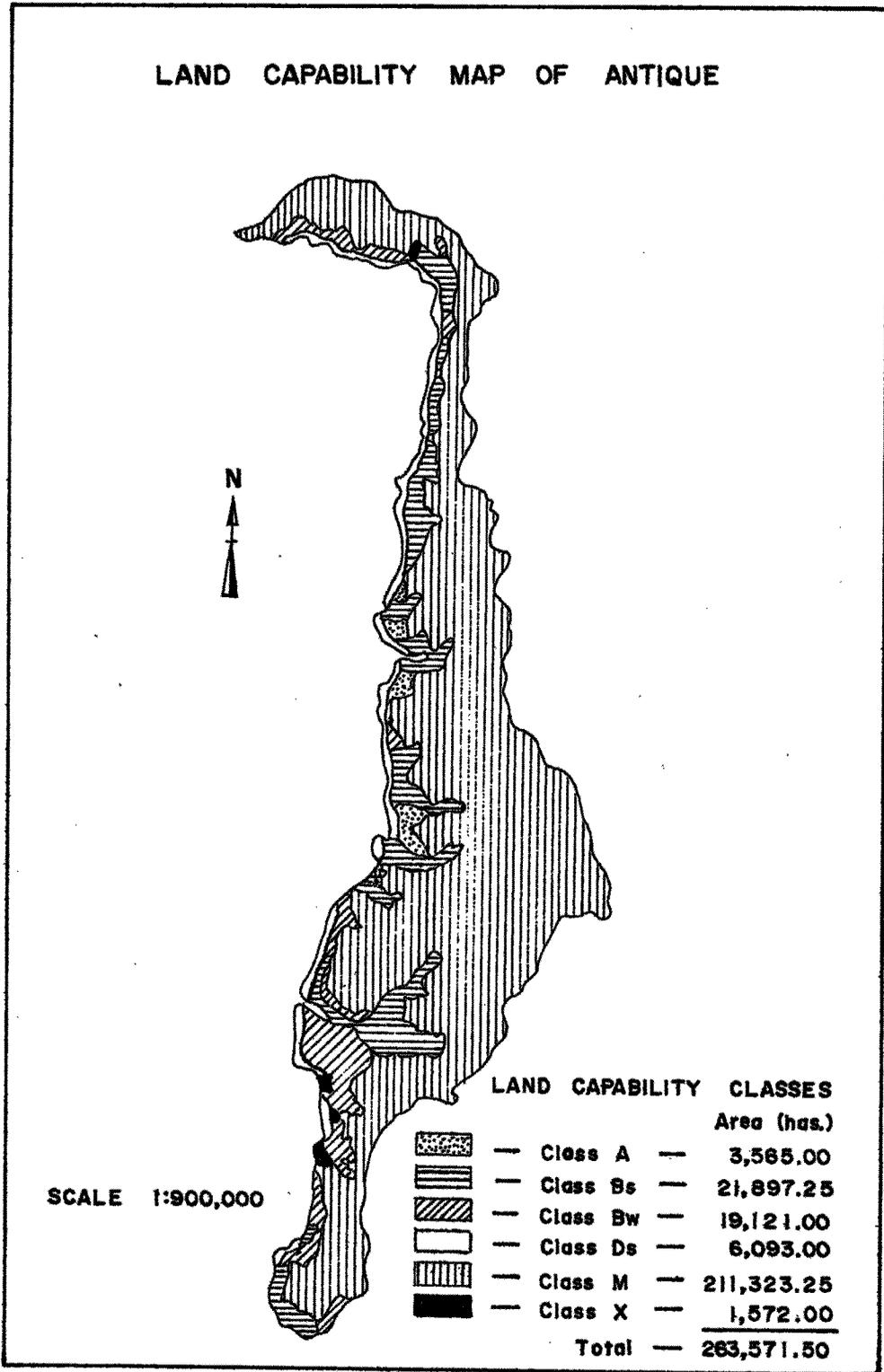


FIG. 2

an ideal land for intensive diversified cultivation of corn, mungo, vegetables, legumes, peanuts and other row crops. It is nearly level, with slopes ranging from 0 to 5 percent and with soil that is deep dark and usually fertile, having been formed from alluvial parent materials. This type of soil is less prone to erosion and flooding. Nor does it need drainage and other special practices, except those that maintain soil productivity such as green manuring and fertilizing. Since soils belonging to this type have good permeability, they are better suited for crops other than rice.

Class B land, especially sub-classes Bs and Bw, occurs more extensively in the province (16 percent) than class A land. Class B land, which is only on moderate slopes (6 to 8 percent), is also good cropland that can be safely cultivated using easily applied conservation practices. Class Bs land is sandy and will require the application of organic matter for better soil structure. This is the type usually found near the river drainage areas and is well adapted to diversified farming like class A land. Class Bw land is slightly wet and will need simple drainage systems. Lowland rice is particularly adapted to this type of land with the construction of paddies. For the class B type in general, the farming practices recommended are erosion control, water conservation, simple drainage and irrigation, as well as the addition of fertilizers.

Class Ds land is beach sand, occupying about 2 percent of the total provincial land area. It is nearly level to sloping. The soil may be deep but the topsoil is usually thin and light. The subsoil has rapid permeability and low available moisture. It is easily eroded during heavy intermittent rainfall or when there is an excess application of irrigation water. Organic matter is recommended to increase the fertility as well as the water-absorbing capacity of the soil. This land is well-suited for vegetables or truck farming as well as for coconuts.

Class M land, which occupies approximately 80 percent of the total provincial area, is usually found on steep slopes ranging from 26 to 35 percent. This class of land is generally not ideal for the cultivation of food and commercial crops and would be better adapted to grazing or forestry. This is because the soil is generally shallow or highly eroded, where stones or gravel predominate. The steeper portion of this class of land can also be classi-

fied as class A (36-60 percent slope), which is characterized as rugged and broken by many gullies.

Class X land, which consists of hydrosol, occupies an insignificant portion of the province. This class is suitable only for wildlife and recreation purposes as the level or depressed areas are occupied by mangrove swamps and fresh water marshes. It may, however, be converted to salt beds or fishponds.

Land Utilization

A recommended land-use map¹⁵ (Fig. 3) may be constructed based on the characteristics of the different land capability classes just discussed. Comparing Figs. 2 and 3, the recommended uses for the different land capability classes in Antique are: Classes A and Bs — diversified farming; Class Bw — paddy rice; class Ds — coconut; Class M — coconut fruit trees and coffee for the lower moderately inclining portions of this land class, and commercial and non-commercial forest for the higher areas.

Comparing Table 1 and Fig. 3, it can be seen that the present cultivated area of 125,389 has.¹⁶ nearly approximates the recommended area for crops (Classes A, Bs, Bw, M [half] and Ds) totalling 156,668.25 has. Taking out of the recommended area portions made non-agricultural by man and by nature,¹⁷ one can hazard the sad conclusion that, overall, man in Antique has reached the limits of the area allowable for profitable crop cultivation, a state of affairs that if coupled with farm

¹⁵ This was adapted from a Bureau of Soils recommended land-use map.

¹⁶ These are planted to rice, coconut, corn, mungo, sugar cane, banana, vegetables and root crops.

¹⁷ Natural impediments to farming are swamps, rock out-crops, thin or eroded soils and surface irregularities. Huke, in his land classification study of Mindanao, estimated the portion made non-agricultural by nature at about 50 percent and that by man at about 5 percent of the island's area. This is of course applicable only to Mindanao. He further computed that, based on 12 has. as the mean farm size for theoretical apportionment to farmers and on the rate Mindanao was being occupied in the early 60's, in 1970 or 1975, there should have been no more land available for agricultural settlement in the place. See Robert E. Huke, *Shadows on the Land: An Economic Geography of the Philippines* (Manila: Bookmark, Inc., 1963), p. 151. It may be noted that the land reform decree (Presidential Decree 27) allows a maximum ownership of 7 has. of rice or corn farmland per farmer.

RECOMMENDED LAND-USE MAP FOR ANTIQUE

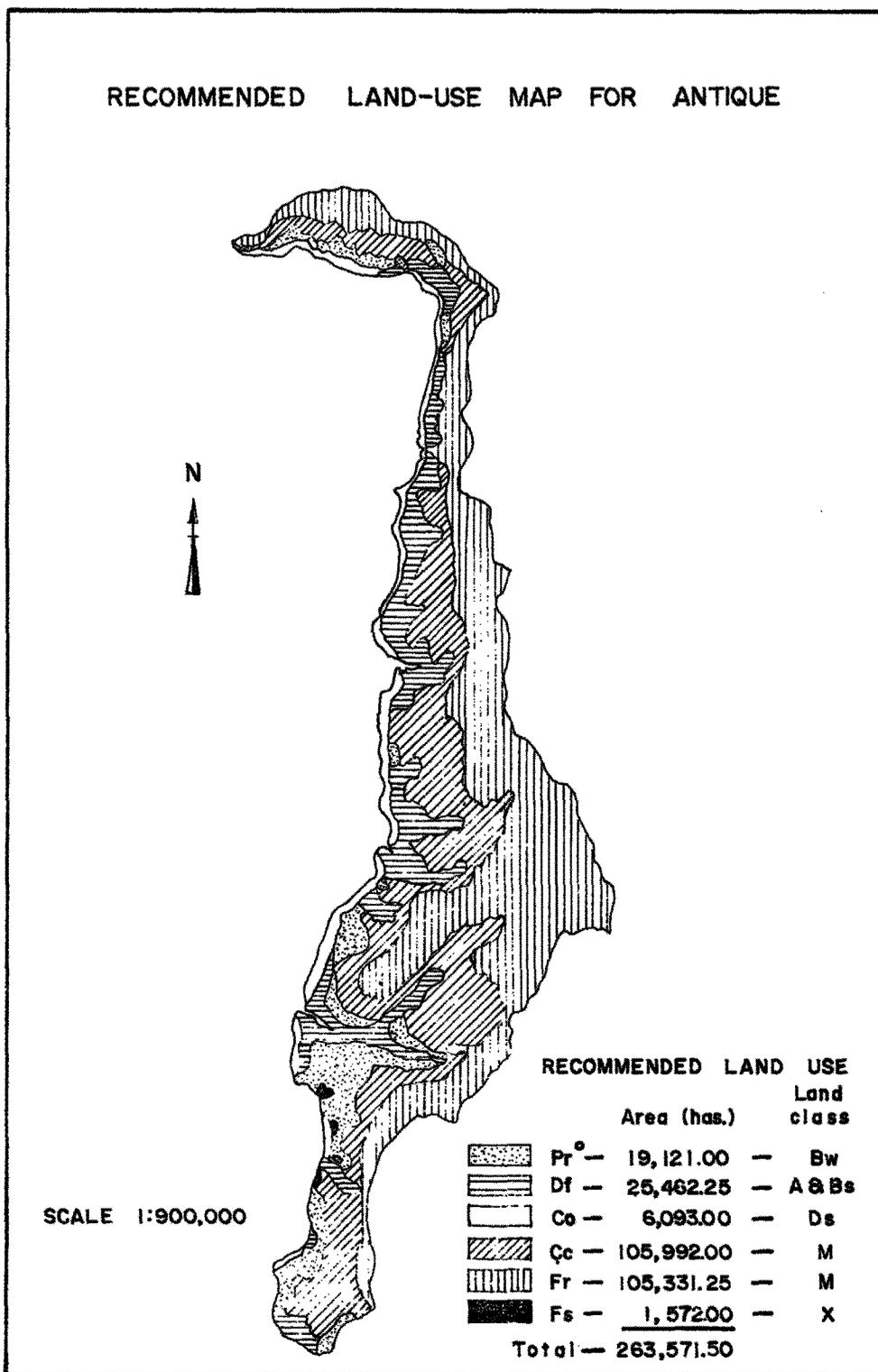


FIG. 3

^oPr—Paddy rice; Df—Diversified farming; Co—Coconut; Cc—Coconut, Fruit trees, Coffee; Fr—Forest or Woodland; Fs—Fishpond and/or Saltbed

malpractice poses danger to stable ecological relationships in the area.

Taking a closer look, the main provincial agricultural activity of rice production presents a good case of land over-cultivation and the ecologically undesirable practice of monoculture. Compared to the class Bw area (19,121 has.) recommended for rice by the Bureau of Soils, approximately 49,376 has. had already been planted with the crop for crop year 1972-73¹⁸ — a marked increase from the 1971 rice hectareage has been done at the expense of corn production, most probably due to the present campaign of the government aimed at increasing the production of rice, profitable vegetables and legumes. Corn hectareage went down from 9,725 has. in 1969 to 4,993 has. in 1974.²⁰

The above figures mean that rice is raised even when the conditions are not ideal for its growth. Thus aside from being raised on the recommended class Bw land, it is also grown on class A and Bs lands, which are more suited for diversified farming. Class A land has high permeability and would therefore not be able to hold much water which is essential to growing rice. Class Bs land, which is sandy, would need a great amount of organic matter to increase its nutrient-ion content and water-holding capacity. Further, class Bs soil (and even class Bw), which is represented by the most extensive Alimodian sandy clay soil type, has strong acidic soil reactions and would therefore require addition of large amounts of lime. Added to these negative soil factors is, of course, the predominantly sloping conditions of the class Bs land (as well as class Bw), which would thereby require erosion measures.

There is still everywhere a tendency to increase the rice hectareage.²¹ However, despite the claim of self-sufficiency for the province,²² misuse of the land has resulted

¹⁸ Rosenda Tagamolila, *Economic Survey of Antique* (Quezon City: U.P. Institute for Small-Scale Industries, 1974), p. 10.

¹⁹ National Census and Statistics Office, *1971 Census of Agriculture, Antique*, p. 3.

²⁰ Provincial Profile of Antique, 1975, op. cit., p. 79.

²¹ *Ibid.*

²² According to the report prepared by the Antique provincial government, Antique's rice production (Masagana 99 Program and non-programmed) in 1974 was 1,969,869 cavs. Considering the 1974

in low yields. An indication perhaps of this improper land utilization lies in the low yields even of irrigated fields in 1973, averaging only 51.6 and 44.5 cavs. per ha.²³ for the first and second cropping periods, respectively. These yields are lower than the Region VI (Western Visayas) averages of 58 and 56 cavs. for the two cropping periods in crop year 1972-73.²⁴

The production of rice as well as other crops could be increased, albeit in a limited manner, if Antique farmers will observe sound land use and soil conservation practices. From the beginning, farming methods in the province were not conducive to the retention of the soil. Leaving the soil bare of vegetation throughout the dry season, is rampant practice. After the first rains at the start of the rainy season, the land is overly stirred preparatory to planting rice, corn and other crops. Corn and other crops are planted in rows running up and down the slopes, promoting disastrous erosion.²⁵

Another practice that is hardly known to promote or maintain fertility of the soil is one-crop farming. Rice is planted yearly or corn may follow rice, a rotation that is detrimental to the soil. If ever restorative crops like legumes are planted, it is not done as part of a planned rotation.²⁶ Crop rotation, however, may be difficult to carry out with the small sizes of farms in Antique, i.e., with about 85 percent of all farms being less than five has. in size.²⁷ A farmer with a small tilled area of one or two infertile hectares of land and a big family of six²⁸ to support, is forced

population projection of 312,200 for the province and a per capita consumption of 5 cavs. annually, Antique had a surplus of 408,869 cavs. See *Provincial Profile of Antique, 1975, loc. cit.* The per capita consumption estimate is of course arbitrary and whether or not the surplus is equitably shared by the low-income population of the province is a different question.

²³ Tagamolila, *loc. cit.*

²⁴ Yambot, *Philippine Almanac and Handbook of Facts, op. cit.*, p. 205. The FAO Production Yearbook, 1973 cites even higher yields in Japan (133 cavs.), Taiwan (70 cavs.) and West Malaysia (66 cavs.)

²⁵ Calimbas, et al., *op. cit.*, p. 73.

²⁶ *Ibid.*

²⁷ Yambot, *op. cit.*, p. 204. It is further acknowledged generally that small farms are economically inefficient.

²⁸ The average household size in Antique is 5.6 persons while the average family nucleus consists of 5.5 persons. See *Census of Population and Housing: 1970, op. cit.*, p. 6. Forty-four percent of Antique's population is below 15 years of age. *Ibid.*, p. 7

to cultivate every inch of soil the whole year round for his acute food requirements.

Plowing up and down the hill and mountain sides and laying furrows in the same manner facilitates erosion. So that after a heavy rain it is common to see hillsides planted with rice and corn severely eroded due to run-off.²⁹

Kaingin or shifting cultivation contributes greatly to erosion problems in the province. On the slopes of hills and mountains it has been the custom for farmers to indiscriminately cut the trees and burn all the thick vegetation thereafter. The land is then planted with upland varieties of rice and corn. With the land bare of its covering, the surface soil easily gets eroded with the coming of the torrential rains in July, lasting until September. With time, some of the rills formed eventually become gullies, especially after the kaingin areas are abandoned for more fertile soils.³⁰

Because of the above practices, erosion in Antique ranges from slight to severe, with tons of surface soil already lost.³¹ The only areas with no apparent and normal erosion are the rice fields, hydrosol areas and mountains with virgin forests.

There is a need to realize the significance of the failure to minimize erosion in Antique where 45.6 percent of the total land area is subject to erosion.³² Soil is formed very slowly at a rate of about 2.5 cms. per century.³³ Lack of erosion control can cause the loss of this much soil in just one of those torrential rains that occur in the province from June to September.

Recommendations

While it may be difficult to convert rice lands already found on land classes A and Bs to diversified farming due to the growing population's need for rice, what may be done temporarily is to stop the encroachment on sloping areas in the desire to increase the rice hectarage. Instead, farmers should turn to more intensive farming using irrigation and the improved farm practices which are being disseminated by the government through its Masagana 99 and Palayan ng Bayan programs.³⁴

With land capability classes A, Bw and Bs already devoted mostly to rice, apparently diversified farming in terms of food crops like corn, mungo, vegetables, upland rice, peanuts, etc. and commercial crop production in terms of coconut, coffee and fruit trees (Fig. 3) could still be practiced on the lower (100-1,000 meters), less steep portions of class M land totalling 105,992 has. Much of the cultivation, however, can only be on an intensive basis since this portion of class M land is already part of the cultivated area of 125,389 has. (See Table 1). The predominantly loamy soils³⁵ close to the mountain ranges are best suited for diversified cropping; however, much of this land is eroded from years of farming malpractices and would, therefore require expensive and laborious amendments of the soil which has been leached of its nutrients under tropical conditions of heavy rainfall and high temperature. Land class Ds (6,093 has.) along the

²⁹ Calimbas, et. al., *op. cit.*, p. 74.

³⁰ Tagamolila, *op. cit.*, p. 23; Calimbas, et. al., p. 73.

³¹ *Ibid.*, p. 75; Yambot, *op. cit.*, p. 196. Forty-four percent of Antique's land area has serious sheet erosion (3/4 of original surface soil to 1/4 subsoil eroded), while 32 percent has severe sheet erosion (all surface soil and 1/4 to 3/4 of subsoil eroded). See Calimbas, et. al., *op. cit.*, p. 75 for characteristics of other degrees of erosion.

³² For the whole Philippines, the portion subject to erosion is only 29.9 percent. Quoting J.P. Mamisao in: Frederick L. Wernstedt and Joseph E. Spencer, *The Philippine Island World, A Physical, Cultural and Regional Geography* (Berkeley and Los Angeles: University of California Press, 1967), p. 619.

³³ *The Philippines Recommends for Soil Conservation, 1977, op. cit.*, p. 26.

³⁴ Antique made up only 0.78 percent (4,500 has.) of the Masagana 99 Program phase from November 1974 to April 1975. See "Rice Situation Progress Report No. 21, "Management Information System Masagana 99, Dept. of Agriculture, February 28, 1975, p. 3.

For the Palayan ng Bayan program, which requires that the land to be included for tillage should be vacant or as yet not released as alienable and disposable, Antique has project sites in only four barrios with a comparatively small combined area of 1,569 has. See *Grains Industry Profile, Province of Antique, A Reprt Prepared by the Provincial Office of the National Grains Authority, Antique and the Corporate Planning Group, National Grains Authority, 1976, p. 13.*

³⁵ These soils are the San Manuel loam, Umingan sandy loam, Umingan clay loam and Magcalom sandy loam. Bureau of Soils, "Recommended Land Use for Antique." (Typewritten)

shore is already saturated with coconuts.³⁶ Land class X (1,572 has.), which is a very limited area of hydrosol, has been utilized for fishponds.³⁷ Thus only very limited portions of the class M land of Antique present the last frontier for more food and cash crop production.

Cash crops like coconut, coffee and fruit trees (like mangoes) that promise foreign exchange earnings could also be propagated in the lower portions of class M land, much of which could be salvaged or developed with erosion control, soil amendment and other measures. Coconut, which is presently a more stable source of foreign exchange than sugar cane, can be grown up to an elevation of about 600 meters (See Fig. 1) inland, although its fruit-bearing capacity is drastically reduced when cultivated on very steep slopes.³⁸ Old (over 15 years) and diseased coconuts should be replaced with the recommended new varieties that produce between 100 to 120 nuts per year (vis-a-vis 35 to 50 nuts for old trees) and are resistant to typhoons.³⁹

Coffee, another promising commercial crop, can be grown in the lower land class M soils, for the berry grows well on well-drained soils and in cool places with elevations reaching even 1,800 meters.⁴⁰ In the lower class M lands grazing can also be practiced below the coconuts and fruit trees, although this should be limited to the carrying capacity of the pasture.⁴¹ Much of the reported 87,725 has., of cogon grass — hardly the best forage plant with its coarse leaves — may then be replaced substantially with sown grass and legumes. Under coconut for instance, legumes like

Centro and Kudzu and grasses such as Para grass, Guinea grass and Alabang X may be planted as forage crops.⁴²

It must be mentioned, however, that the inaccessibility of the hills and mountain lands of Antique may put a strain on food and commercial crop activities.⁴³ As in the rugged terrain of Batangas and similar places, the transport of produce may have to be either by foot or on horseback.

The higher portions of land class M, especially those above 1,000 meters in elevation (See Fig. 1) are better left under grass or forest cover. The present forest area of 49,032 has. Should be maintained or even increased to help preserve the precarious fertility of the lowlands. In this instance, the forest cover may be extended to the open (bare or cogonal) and brush lands presently comprising 77,602 has., which together with the forest area make up about half of the total area of the province. In reforestation, permanent vegetation such as the aforementioned fruits, coconuts and coffee may be planted. The molave forest type can also be propagated as it is suited to Antique's distinct wet and dry climate and steep slopes.⁴⁴

A negative factor in the agricultural development of the province is the problem of low water supply and the concomitant phenomenon of rapid evaporation during the dry season. These have caused lower rice yields particularly during the second cropping period. With adequate moisture, second cropping yields should be higher because of the longer and more intense sunshine available for the photosynthetic process. That water is at a premium is shown by the 1973-74 average yields of only 46 and 39 cavans for the respective first and second cropping periods in

³⁶In 1970, a total of 17,340 has. had already been planted to coconut trees in the province, 75 percent of which contained mature and productive trees. See *Provincial Profile of Antique*, 1975, *op. cit.*, p. 79.

³⁷As of December 31, 1973, 310 has. of fishponds had been constructed in the hydrosol areas. See Tagamolila, *op. cit.*, p. 10.

³⁸Ooi Jin-Bee, *Land, People and Economy of Malaya* (London: Longmans, Green and Co. Ltd., 1963), p. 251.

³⁹Tagamolila, *op. cit.*, p. 72.

⁴⁰*Selected Technical Information on Agricultural Crops, Fishery and Forestry*, Prepared by the Agricultural Staff, National Economic and Development Authority, 1975, p. 68.

⁴¹Yambot, *op. cit.*, p. 108.

⁴²*The Philippines Recommends for Pastures and Forage*, 1976. A Joint Project of the Bureau of Plant Industry, University of the Philippines at Los Baños, and Philippine Council for Agriculture Research (Philippine Council for Agriculture Resources Research). p. 44

⁴³The recent completion of 22 bailey bridges over the many streams and rivers cutting Antique's national highway can spur the development of crop production in the province. See *Bulletin Today*, Vol. 51, No. 2 (February 12, 1977), p. 32.

⁴⁴Quoting Florencio Tamesis in Huke, *op. cit.*, p. 76. The Bureau of Forest Development has actually started reforestation with pine trees the upper reaches of the highlands of Pandan and Libertad in the north and of Valderrama in the central portion of the province. See Tagamolila, *op. cit.*, p. 23.

the area serviced by the only national gravity irrigation system in the province — Sibalom-San Jose Irrigation System. These averages are way behind the country's highest averages of 93 and 92 cavs. among NIA-serviced friar lands for the same cropping periods in the service area of the Kabacan River Irrigation System in Cotabato.⁴⁵ The functioning of both the gravity and communal irrigation systems in Antique has been impaired further by siltation, again an outcome of rapid erosion in the uplands.

More use of fertilizers is strongly recommended both for rice and secondary crops. Organic fertilizers such as animal and green manures improve soil structure and thereby its cation-exchange and moisture-holding capacities. They also minimize surface run-off in sloping soils. A judicious use of commercial fertilizers and soil amendments can always redound to reasonable yield increases. Liming is necessary to counteract the toxic effects of the predominantly acidic soils of Antique; it further helps in erosion control.

Crop rotation should be introduced, whenever possible, as part of the farm program. Aside from minimizing erosion, crop rotation is a practical way of utilizing green manure; it also counteracts the possible formation of toxic substances and, of course, it increases yields. The increasing tendency in the province to grow more mungo⁴⁶ and other legumes as rotation crops according to some provincial farm technicians and published reports is a practice in the right direction. The growing of such restorative crops on sandy and sloping soils will go far towards enhancing soil tilth and productivity.

In the thrust towards crop diversification using corn, upland rice, vegetables and root crops in the lower portions of class M land, much effort should be spent on erosion control since here cultivation of more than 30 percent slopes cannot be avoided. Vegetative measures as well as mechanical means may be used in managing the Alimodian sandy clay

soil type found in the hills and mountains.⁴⁷ Vegetative measures, which are less costly and easier to apply, may be used on level and gently rolling land. Such control measures as cover cropping, contour strip cropping, buffer strip cropping or grassed waterways should be used. Mechanical measures, which may require more capital and manpower inputs, may be used on rolling and undulating lands. On steep slopes where vegetative cover may be ineffective, contour tillage, terracing or interception and diversion ditches may be practiced or constructed. Both vegetative and mechanical erosion measures may be used also for the recommended commercial crops (coconuts, coffee and fruit trees).

Although there is as yet no logging industry in the province, the present efforts at reforestation should be matched by strict enforcement of the existing laws on forests and forestry, particularly those that expressly forbid illegal kaingin and wood cutting. The impunity with which people break the law especially in out-of-the-way places can also be checked by increasing the number of forest rangers in the area.

Concluding Statements

From the facts considered, it can be said that, overall, man in Antique has taxed the land beyond its studied capability and further impoverished it through improper farming practices. This is particularly true with regard to rice and other food crop production which can only be increased now through intensive cultivation. There is somewhat more room for commercial crop production, but this, together with intensive food crop cultivation, can only be done profitably at great cost and effort to the farmer and the government.

Among the immediate measures that have to be taken to overcome the continued deterioration of the negative physical geographic features are: intensified reforestation and development of pastures, provision of more irrigation facilities for water supply and flood control, and observance of the many afore-

⁴⁵ National Irrigation Administration, "National Friar Lands Irrigation System: Potential Service Irrigated and Benefited Areas with Average Yield, Agricultural Year 1973-74." (Mimeographed).

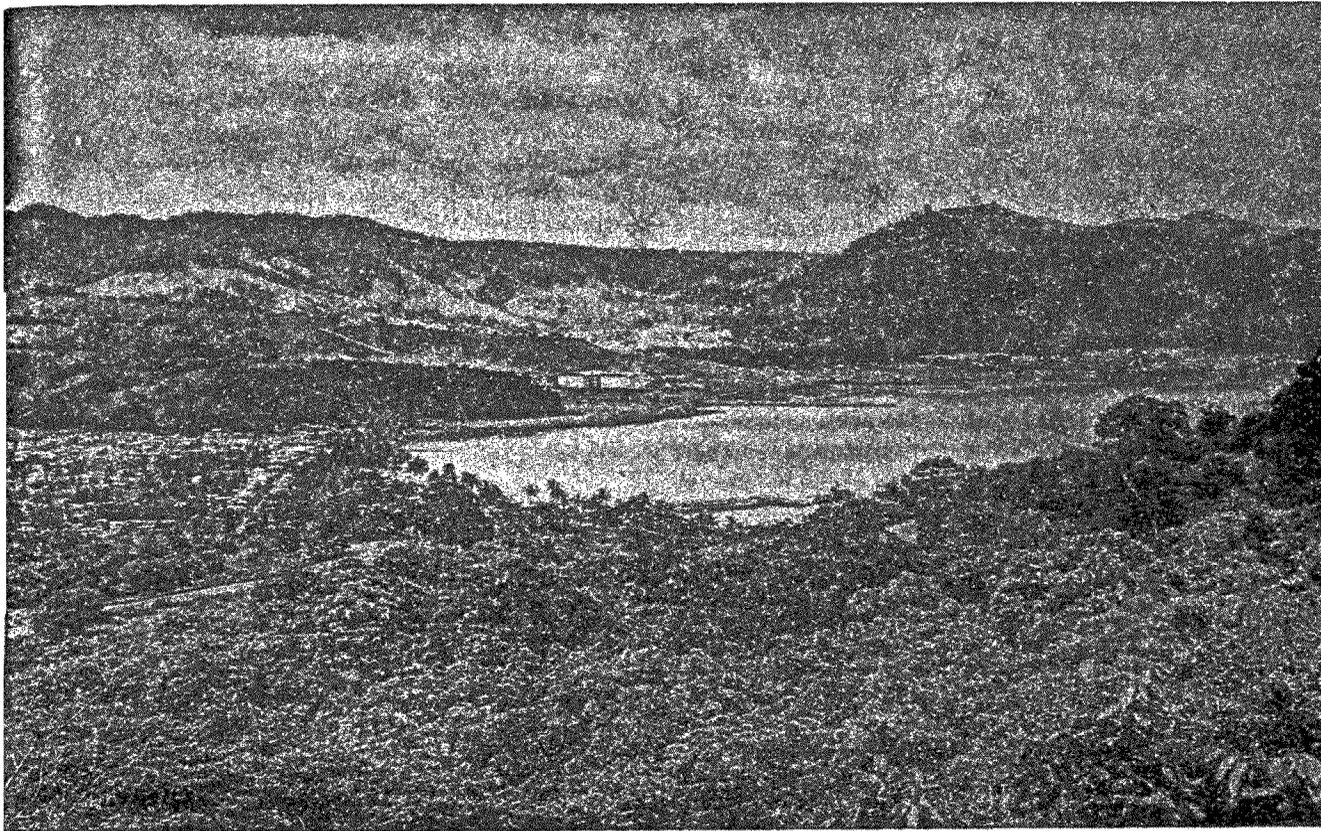
⁴⁶ Along with rice, coconut, corn and sugar cane, mungo is a major crop in Antique, occupying about 2,675 has. See *Provincial Profile of Antique, 1975, op. cit.*, p. 80.

⁴⁷ Caiimbas, et al., *op. cit.*, pp. 79-81; Harry O. Buckman and Nyle C. Brady, *The Nature and Properties of Soils*, (sixth edition; New York: The Macmillan, 1960), pp. 234-237.

mentioned improved farm practices that will particularly prevent soil erosion as well as soil impoverishment. Ownership of land under the land reform decree should help motivate the farmers to make permanent improvements on their lands and not to "mine" such resource. It behooves the Antique farmers to take advantage of the technical and liberal credit services that are being extended in connection with the government's rural development program.

On the socio-demographic side, the yearly population increase must be slowed down. That there is already a man-land imbalance in the province is indicated by the predominance

of relatively small farms and seasonal migration of sacada workers to nearby provinces as well as the permanent migration of families to Mindanao prior to the occurrence of the conflict in that island. To accommodate this superfluous labor, the government would also do well to develop Antique's fishing industry potential and at the same time invest in small industries and in social and economic overhead capital. However, until the basic agricultural measures mentioned above are taken, the "agricultural revolution" and subsequent accelerated economic development that the provincial government hopes to bring about would be long in coming.



Seminar-Workshop on Urban Problems Metro-Manila

Seventeen metropolitan mayors and several urban experts gathered at the Philippine Village Hotel on February 12 and 13 this year to discuss the major problems besetting Metro-Manila. The problems discussed primarily relate to housing, public safety, health and sanitation, infrastructure, and traffic and transportation.

Pointing unanimously to the problem of irrational land utilization as the root cause of all the existing problems in the metropolitan area, the conferees agreed that a metropolitan plan be designed for the 17 member units of the metropolitan area. The metropolitan plan should integrate all the plans of the individual units and should cover, in addition to land utilization, various aspects including population characteristics, economic growth and development, housing, health and public safety, infrastructure, transportation, industry, education, sanitation, recreation, among others.

In the two-day seminar workshop, the groundwork for the following subsequent activities was firmed up: (1) the formalization of development planning functions within each local government unit; (2) the formation of an inter-agency body to lay down the guidelines for land-use planning; (3) the organization of land-use planning assistance teams.

National Conference on Housing, Town Planning and Zoning

A three day conference on town planning, housing and zoning was held at the Philippine International Convention Center on February 14-17. The conference sought, among other things, to formulate a national action plan which would provide overall directions on housing, zoning and town planning; and to evolve a viable nation-wide low-cost housing scheme for the next 23 years.

The keynote address was delivered by the First Lady and Metro-Manila governor, Mrs. Imelda R. Marcos. In her speech, she summarized the current programs designed to make the metropolitan region a "city of man." Reiterating her interest in the formulation of a unified national plan, she offered the expertise of the MMC technical personnel to assist in such an effort.

The main bulk of the conference activities was tackled by the regional workshops wherein participants were grouped according to their respective regions. In these group workshops, the issues and problems relative to town planning, housing and zoning were threshed out. Corresponding action programs for the various regions were then formulated. These regional action programs were then incorporated into the National Action Plan which was adopted during the final plenary session.

In the closing ceremonies, President Marcos signed a letter of instruction ordering the establishment of "Pambansang Bagong Nayon" which provided for the construction of low-cost community housing units amounting to P 700 million. These housing units will come in three schemes: (1) 14,000 families at P 20,000 per unit with a cost of P 280 M; (2) 13 individual housing projects for 6,500 families to cost P 160 M; and (3) separate housing projects for 13,000 families with a total cost of P 260 M. The LOI further provided for the creation of an *ad hoc* coordinating council chaired by the First Lady to supervise and direct the formulation of local plans. On the same occasion, a new National Building Code superseding R.A. 6541 was enacted to upgrade the structural standards of the country.

EIA Seminar

To promote a greater appreciation of the Environmental Impact Assessment System, a seminar was held in summer of 1977 at the Philippine Women's University auditorium.

Top priority in the agenda was to find out how the EIA system can contribute to the betterment of environmental quality. At the same time the seminar sought to provide participants with an increased knowledge of the system so as to enable them to formulate an EIA approach to environmental planning. Another purpose of the seminar was to stimulate inter-disciplinary dialogue to pave the way for cooperative and collaborative undertaking that will lead to an eventual widespread use of the EIA system.

Representing the UP-IEP faculty in the seminar were Professors Adrienne Agpalza, Cynthia Turingan and R.D. Jimenez.

The Human Settlements Commission was the principal sponsor of the seminar.

New PIEP President

The Philippine Institute of Environmental Planners recently elected a new set of officers. Elected as the new PIEP president was Leandro A. Viloría, dean of the UP-IEP. Other officers-elect include Jesus M. Bondoc, vice-president; Jose Valdecanas as secretary; and Josefina Ramos, the only female in the group, treasurer.

The new set of officers replaces Cesar Concio, Leandro Viloría and Manuel Manosa, president, vice-president and treasurer, respectively, for the past year.

At the same time six PIEP members were inducted, namely, Bienvenido S. Padilla, Saviniano M. Perez, Jr., Emanuel I. Astillero, Romulo del Rosario, Benjamin Carandang, and Federico Barrera, Jr..

DEAN OFF FOR KUALA LUMPUR

Dean Leandro A. Viloría left for Kuala Lumpur last May 8 to attend the Seminar on the "Development of Management Consultancy Capability in the Public Sector." This five-day seminar (May 9-14, 1977) was organized

by the Asian Centre for Development Administration (ACDA).

Dean Viloría read a paper on the "Development of Management Consultancy Capability in the Public Sector in the Philippines."

END OF TOUR—OF—DUTY

A despedida party was tendered recently for Prof. William Paterson by the faculty members of the Institute of Environmental Planning where he served as a visiting professor from December 21, 1974 to April 28, 1977. For his services to the university a certificate of appreciation was presented last April 26, 1977 by Executive Vice-President Emmanuel Soriano on behalf of President O.D. Corpuz and the University of the Philippines.

Prior to his appointment as Project Manager of the UNDP-Assisted Project, Prof. Paterson was assigned as Project Manager of the Mindanao Regional Development Study.

As a visiting professor in the IEP, he handled courses in Regional Planning and Land Use Planning.

His next assignment will find him in Lagos, Nigeria.

TO SYDNEY

Ms. Yolanda M. Exconde, a faculty member of the Institute left for Sydney recently to pursue a graduate course in Town and Country Planning. She is on a Colombo Plan fellowship.

THE NEW GRADUATES

The University of the Philippines' Institute of Environmental Planning recently graduated eleven students under the Master in Urban and Regional Planning Program.

The new planners are Alex O. Cabanilla, Joaquin C. Cortez III, Leonardo G. Galang, Lawrence J. Gordon, Jr., Jose Macario de Leon, Marilyn G. Marquez, Fabian Mbanefo,

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Ma. Rosario B. Pablo, Josefino A. Rito, Alberto R. Salanga, and Cletus Aloysius N. Umerie.

Three of the new batch of graduates — the third under the MURP program — are foreigners, namely, Gordon (American), Mbanefo and Umerie (both Nigerians).

Cletus Aloysius Umerie is the lone graduate under the Plan A (Thesis) Program. He successfully defended his thesis entitled "Comparative Case Studies of Two Housing Cooperatives in the Philippines" on April 4, 1977.

THE FIRST SCURP GRADUATES

Twenty-three participants successfully finished the Ten-Month Special Course in Urban and Regional Planning, conducted by the UP-IEP. They comprised the first batch of trainees under this new program.

This special course which focused on the planning of services was evolved in response to the "demand for more employees and officers of government agencies who are equipped with expertise in the planning of services."

The successful trainees are Thelma Z. Almario (Mayor, Mati, Davao Oriental), Jesus Bandonnill (DPH), Avelino M. Buenafe (PPDO-DPWTC), Teodora M. Casapao (Planning Officer, DLGCD), Rodrigo P. Cendana (Municipal Secretary, San Fabian, Pangasinan), Bienvenido A. Cobarrubias, Jr. (Agric. Ext. Spec., BAE), Billy E. Emphasis (Region X, NEDA), Hiramabiff C. Garcia (DPH Region IV-A), Tala Elizabeth Gascon (DPH), Belinda G. Ignacio (PPDO-DPWTC), Virginia G. Jamias (DLGCD), Ben Morales (DEC), Emilio L. Nadal (CPDS, Iriga City), Florencio F. Padernal (BPW-DPWTC), Ismaela O. Peneyra (City Engineer's Office, Pasay City), Benilda Planas (RP Trading), Edilberto R. Ramirez (NEDA, Region IV), Pedro R. Reside (DLGCD), Edison C. Rosales (AFP), Teresita P. Roxas (DLGCD), Linda M. Templo (DPH), Miguel G. Villegas (NEDA, Region VIII), and Zaida L. Vitor (DPH).

The special course is under the supervision of Prof. Tito Firmalino, the Director of Training of the Institute.

About the Contributors

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“Urbanism and the City”

From David Harvey's Social Justice and the City*

By David Harvey

• Gil Ramos

Conventional urban theory has resorted to atomistic association of cause-and-effect relationships as well as a structuralist view wherein descriptive laws are abstracted from evolutionary schema in the attempt to explain the rise of urbanism as a human phenomenon. While these approaches lead us to a partial understanding of urbanism they do not make possible a full comprehension of the core dimensions of the process. An operational structuralist approach as proposed by Piaget therefore becomes necessary which coincidentally jibes with the dialectical materialist approach in the study of societies as practised by Karl Marx. Quoting Piaget, we see that:

Over and beyond schemes of atomistic association on the one hand and emergent totalities on the other, there is a third, that of operational structuralism. It adopts from the start a relational perspective according to which it is neither the elements nor a whole that comes about in a manner one knows not how, but the relations among elements that count. In other words the logical procedures or natural processes by which the whole is formed are primary, not the whole, which is consequent on the systems laws of composition, or the elements.”

* A well researched book with 248 bibliographical entries which include among others eight books by Marx, three books by Marx and Engels, one book by Hegel, one book by Kant and even one book by Mao-Tse-Tung.

Marx in his studies likewise directs our attention to the processes of inner transformation in society. Dialectical Materialism is in essence a method that seeks to identify the transformation rules through which society is restructured. The confluence of method in Marx and in Piaget is not a resultant of a preceding influence but rather a product of convergence. It is nevertheless in effect a recognition of the Marxist dialectic.

Urbanism may be regarded as a particular form of patterning of the social process. This process unfolds in a spatially structured environment — an environment which is a social product.

The main protagonists in the social process are of course the members of a society which, according to Fried, is a group of human beings sharing a self-sufficient system of action which is capable of existing longer than the life span of the individual. Members of this group are recruited at least in part by the sexual reproduction of its members.

The conditions of self-sufficiency and survival dictate that the group possess a mode of production and a mode of social organization which are successful in obtaining, producing and distributing sufficient quantities of material goods and services. The mode of production combined with the mode of social organization makes for the economic integration mechanism of a society. A solid grasp of these two concepts is therefore necessary if we are to understand the coordinative mechanism of society which led to the rise of urbanism and the formation of cities.

In discussing the concept of the mode of production, the author adopts what Marx (Karl Marx) calls 'his guiding principle' in all his studies. According to Marx, in order to guarantee the survival of society, men are forced, "independent of their will," to enter into social relationships with each other. The form of these relationships reflects the particular stage in the development of productive capacity of that society. The totality of these relationships of production constitute the economic structure of a society which becomes the foundation from which arises a legal and political superstructure with corresponding forms of social conscious-

ness. The mode of production of material life conditions the general process of social, political, and intellectual life. We see here the economic determinant approach to an explanation as to how society is organized both socially and spatially.

From the way Marx used the phrase "mode of production" we could infer that he meant those elements that are indispensable components of the mode of production as Marx used the phrase. They are:

1. The object of labor (the raw materials existing in nature).
2. The means of labor (the tools, equipment, fixed capital, built upon by past labor).
3. Labor power (current labor force).

These three elements must be brought together into an activity pattern that fashions the products and services necessary to produce and reproduce real life in society. The activity patterns can vary immensely, depending upon the technological arrangements for production, the division of labor, the products needed as means for future production, the consumer needs of societies in different environments, and so on.

Combining the elements of the mode of production with the fine mesh of social relationships which effects cooperation among otherwise warring elements in a society of scarcity, we arrive at the concept of the mode of economic integration.

Cities are therefore formed through the geographic concentration of a social surplus product which the mode of economic integration must be capable of producing and concentrating. Herein lies the crucial relationship between urbanism and the mode of economic integration.

To be able to understand this relationship, we should first know what is meant by a social surplus product. We should at the same time also be familiar with the types of economic integration which could lead to the geographic concentration of the social surplus product and thus, to the rise of cities.

Karl Polanyi distinguishes between three

distinctive modes of economic integration or coordinating mechanisms. *First*, he mentions reciprocity which roughly corresponds with an egalitarian society. *Second*, he mentions redistribution which corresponds with a rank society; and *lastly*, he mentions the market exchange mode which parallels a stratified society.

Reciprocity involves the transfer of goods, labor and services among individuals in a given group according to certain well-defined social customs. Redistribution involves a flow of goods (or in some cases, the establishment of rights over production) to support the activities of an elite. The market exchange mode occurs when price-fixing markets operate to coordinate activities.

The social surplus product is usually taken to represent that quantity of material resources over and above subsistence requirements of the society in question. It also refers to the amount of material product (over and above that which is necessary to reproduce society in its existing state) that is set aside to promote improvements in human welfare. It appears also as a quantity of material resources that is appropriated for the benefit of one segment of society at the expense of another.

There are always and everywhere potential surpluses available. What counts is the institutional means for bringing them to life. And the means for calling forth the special effort, setting aside the extra amount, devising the surplus, are as wide and varied as the organization of the economic process itself. The extraction of surplus value from labor power does not necessarily give rise to urbanism. Urbanism (the rise of cities) relies upon the concentration of a significant quantity of the social surplus product of one point in space. To get to the roots of the urbanism phenomenon, we therefore would have to answer the question "How is surplus value extracted and what gives rise to their eventual concentration in significant quantities at one point in space?"

To answer the question, we have first to understand the concept of alienated surplus value. This concept, alienated surplus value, refers to surplus value whose ownership is divorced from the individual who produced

it. For instance, a slave would be working to feed himself as well as his master with the exertion of his labor power. The portion of his production which goes to his master is his alienated surplus value.

Reciprocity as a mode of economic integration is not conducive to the accumulation of surplus value since it is a mode based on an egalitarian society. Whatever is produced in excess of subsistence in that society goes just to the maintenance of the weak and the old and also to certain contingencies like catastrophe and famine. A redistributive mode of economic integration does imply an ability to concentrate the product of surplus labor, though whether the concentration is on a permanent or large enough basis to give rise to urbanism is another matter. The market exchange mode is the one that most typically leads to permanent concentration of surplus value which is then put into circulation once more to reap further surplus value. Why is this so?

The underlying reason for this phenomenon lies with two notions of value: value in use and value in exchange. The first expresses the utility of some particular objects while the latter refers to the power of purchasing other goods which the possession of that object conveys.

It is worthy to note that the predominant notion of value in the mode of reciprocity and that of redistribution was just value in use. It was only with the rise of the market mode of economic integration that the value of exchange began to predominate. In the egalitarian and rank societies, there was no compelling factor to produce more than what was necessary in use to the members of the society. With the rise of markets, value of exchange became of utility to that particular class which Marx called "bourgeoisie." More and more commodities were produced since they could be sold in the marketplace. Thus, more social surplus was produced and their consequent concentration gave rise to cities. At the same time the means of production became more alienated from the masses of workers called the "proletariat." On a societal scale, with the rise of markets there was also a burgeoning of alienated surplus value.

Rosa Luxemburg in tracing the connection between alienated surplus value and the rise of cities, pointed out the following:

1. Part of the alienated surplus has to be used to create new means of production. In so far as this investment assumes a fixed form, it may contribute to the built form of a city.
2. Primitive accumulation (the historical process of divorcing the producer from the means of production — a process of expropriation, pillaging and enslavement) requires the concomitant growth of an effective demand for the surplus product produced. Cities, since they function as loci for disposing surplus product, provided this effective demand.
3. The expansionary mode of capitalism (market exchange) resulting in the economic imperialism of the country-side and the new

territories gave further impetus to the rise and growth of cities.

Thus, we see that the emergence of urbanism and the appropriation of a social surplus product are inextricably related. It is then thru the process of urbanism and market exchange that the social surplus is expropriated from the working classes and released to circulate spatially and create more social surplus.

It is not therefore far-fetched to state that cities — “those workshops of civilization” — are founded upon the exploitation of the many by the few. An urbanism founded upon exploitation has been the legacy of history. A genuinely humanizing urbanism has yet to be brought into being.

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