

EDITORIAL SECTION

PHILIPPINE INDUSTRIALIZATION: TO BE OR NOT TO BE

by

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This section publishes invited papers by Statisticians and Non-Statisticians on issues relevant to the statistical profession in the Philippines. Comments and reactions from our readers are welcome and will be published in the next issue. We hope that these articles will stimulate discussion on the role of Statistical Science and statisticians in the formulation of national policy and the solution to our myriad problems from the ailing economy to the devastation of our environment (eds).

With Hongkong, Singapore, South Korea and Taiwan becoming industrialized and Indonesia, Malaysia and Thailand moving up to join them, new possibilities considered remote in the past have been opened up. As a result, countries at the bottom of the pack, including the Philippines, are taking a fresh look at their situation and rethinking old strategies with respect to industrial development.

There is general agreement that industrialization cannot take off unless feudal structures are broken up. One of the cardinal principles guiding the progressive movement in the Philippines is the assertion that feudalism is the social base of U.S. imperialism. The implication is that the U.S. will keep feudalism at all costs and, therefore short of liberation from U.S. stranglehold, Philippine industrialization is next to impossible.

The experience of the NICs has caused reassessment of basic principles upheld by the Philippine progressive movement especially since those countries share similar historical experiences: All of them are neocolonies of industrialized nations and some were, until recently, also feudal. But the Philippines stands apart in terms of its level of development.

No one will seriously doubt that the Philippines is underdeveloped. No matter what set of criteria one uses, the label underdeveloped is quite appropriate and will stick with us for quite sometime. Even the debate on the mode of production, though still emotionally charged, is fast becoming academic. The capitalist mode is here with us, the wage relation shapes our political and economic life, and the working class, not the share tenants, is now the majority.

While underdevelopment has many facets, the material base for it is the low level of development of the productive forces. The productive forces are the means of production and the working class. The level of development of the productive forces refers to the scientific, technological and cultural skills of the working class as well as the level of technology employed in production. A gauge of underdevelopment is our disadvantaged position in the global economy -- supplier of cheap raw materials and labor and importer of expensive finished goods. The effect is the continual drain on our resources (outflow of capital and huge foreign indebtedness).

What still causes a stir in the progressive movement is not the assessment that the Philippines is an underdeveloped capitalist country but rather its implications: the need to reexamine the movement's program and strategy. For a movement that did not have much of a challenge within the opposition in the past, that, previously, did not have to contend with a popular Cory in the public consciousness and now finds itself contending with another opposition that would gravitate to a Gringo or a Johnny, that prospect is difficult to confront.

Though capitalist, the Philippines suffers from the backwardness of its productive forces. This dismal situation has pricked the consciousness of our people, especially the science community which feels that it has a role to play in altering the situation.

The progressive movement, which is the catalyst of and agent for change, is also clear on the state of our backwardness. But it is apprehensive about industrial development or at least ambivalent about it. This stems from the conviction that Philippine industrialization is impossible short of liberation from U.S. control -- a view now challenged by the experience of the NICs. As a result of such traditional but now shaky assumption, the progressive movement is also trapped in a scheme the U.S. has applauded: a policy on the part of government of investing almost all its resources on projects that yield immediate results while keeping away from long-term industrial development. Consequently, we are also trapped in this vicious cycle of scientific, technological and industrial backwardness.

PROGRESSIVES' AMBIVALENCE

The ambivalence of the progressive movement towards industrial development is often expressed by some of its theoreticians in terms of opposition to the investment of resources on industrial development. Among the arguments raised against it are the following:

1. History has shown that industrial development occurs only when agriculture produces surplus to support industry.
2. In a capitalist setting only the bourgeoisie benefits from industrial development.
3. Industrial development destroys the environment.
4. Industrial development presupposes advanced or high fallutin science which is bourgeois and not science for the people.
5. Science is not neutral; it has been perverted and used by the bourgeoisie against the people.

These points are heavily influenced by two sources: imperialism and Maoism. It is an odd combination but not quite surprising. There have been several occasions where these two were on the same cozy side fo the political barricade: China's recognition of the Pinochet's regime, China's support for the CIA-backed UNITAS of Angola, China's attack on Vietnam, China's support for the Mujahedeen of Afghanistan and China's support for the U.S. military bases in the Philippines.

Point (1) which is often projected by the progressive movement is not even true. But it serves to divert attention from industrialization. The historical fact is, agricultural productivity always folows industrial development. The reason is obvious: Industry provides the technology to raise agricultural surplus that generates capital. Modern agriculture today utilizes the most advanced technology based on advanced science such as microelectronics, lasers, genetic engineering and nuclear technology. Some second wave technologies such as tractors and chemicals are stil useful in present-day agriculture.

There were even cases in the past where temporary retreat from agriculture was necessary to reach the threshold for industrialization. An example was the enclosure movement in England.

Where this historical distortion embodied in Point (1) comes from is not difficult to figure out. Every administration, from the colonial past to the present, has been guided by that outlook. The developed dominant countries, notably the U.S., have decreed a long time ago that as long as we are under their sway we will continue to aspire for agricultural abundance and they would chip in to keep that aspiration alive without really getting there. That is why Ford and Rockefeller established the International Rice Research Institute, the U.S. Agency for International Development poured substantial resources for agricultural research and development and the IMF and World Bank funded the agrarian reforms under Marcos.

TEARS FOR A NIC

While the U.S. has an interest in breaking up the feudal relations in the countryside, being sluggish, a fetter to capitalist penetration and operation and which only add fuel to agrarian unrest and the insurgency, it played every trick to divert us from industrialization. The transnationals broke our fledgling industries when it was time to do so. Look what happened to PhilOil and Iligan Steel. That orientation is not peculiar in the Philippines alone. It was also evident in Korea. To become a NIC that country had to defy opposition from the World Bank and IMF in its efforts to build the steel industry. Since then the U.S. has shed tears for every country that became a NIC.

It is true that certain structures have to be broken up to raise productivity in agriculture or, more precisely, to transform the countryside from subsistence agriculture to productive capitalist agriculture. For example, share tenancy, a hold out from the Asiatic mode of production, is sluggish and conservative because the rate of exploitation is constant -- fixed by the sharing arrangement. This leaves neither the landlord nor the tenant the initiative to upgrade technology and raise productivity. In contrast European feudalism has a progressive aspect. The imposition of fixed tribute by the feudal lord or the provision of a separate parcel of land for the free use of the serf provided the proper condition for the serf to bring down the rate of exploitation by increasing the productivity of that particular parcel of land for the free use of the serf provided the proper condition for the serf to bring down the rate of exploitation increasing the productivity of that particular parcel of land and to accumulate surplus. It was this kind of relationship that allowed full play for the initiative and creativity of the serf not only to accumulate surplus but also to engage in manufacture. That was why part of the nascent

bourgeoisie in Europe come from the class of serfs called burghers. (Mercantile capitalism nurtured the rest of the nascent bourgeoisie). In due time the whole of Europe, without exception, became capitalist. In Asia, however, most of the economies were frozen in time with all the features of pre-capitalist societies merged together, until they were drawn into the orbit of the developed countries. The developed countries, especially, the U.S. had no interest in preserving pre-capitalist societies even if, in the case of the U.S., it was willing to form temporary alliances with the landlord class for political stability in the course of establishing its rule. But the U.S. was unequivocal in its intention to mold the country in its own image without altering to mold the country in its own image without altering its role in the global economy. Quite early, the U.S. set up the encouraged the establishment of agribusiness. In the 1950s it supported the Import Substitution scheme towards limited industrialization. This was revitalized under Marcos through Ford's regionally integrated motor vehicle manufacturing. The regional character of this scheme made it difficult to attain self-reliance in this particular area of manufacture. Also, under Marcos, the U.S. supported agrarian reforms that effectively broke the power of the landlord class. (Owners of agribusiness are not feudal lords even if we persist in calling them so. They are capitalists and their workers are tied to their enterprises by the wage relations. That is why they are called farm workers, not tenants).

According to data available from the publications of the Third World Studies Center and the Institute for Alternative Studies, share tenancy in rice and corn represents less than 20% of agricultural lands and it has certainly lost significance as a political and economic force. This alteration in the political economy of the countryside is further highlighted and confirmed by the current demands of the leading peasant organizations, notably the Kapisanan ng Magbubukid ng Pilipinas (KMP). Its clearest and most emphatic demands are directed at the capitalists -- those in control of material inputs, the middlemen and the rural financiers.

PRODUCTION AND DISTRIBUTION

This brief update on the political economy of the countryside points to the need for another reexamination of the kind of agrarian reforms that ought to be supported by the progressive movement. Such a program must be anchored on the most precise assessment of the Philippine political economy, certainly not on the semifeudal, semicolonial analysis.

On Point (2), who really profits from industrialization? Certainly, the bourgeoisie in a capitalist setting. Even in the most developed capitalist countries such as the U.S. a large proportion of the population is under the poverty line. Such inequity is magnified in underdeveloped countries which face two fundamental problems: the low level of development of the productive forces and the problem of distribution. Under capitalism, the former is a question of reform: it is achievable. In fact, the industrial revolution in a number of countries of the past occurred only after the transformation from feudalism to capitalism had been effected. A society that has undergone such transformation acquires the capability to advance production through science and technology. For it is capitalism which possesses the most powerful motive force is sometimes called the profit motive, although this is not a very precise description of the dynamics of capitalist development. Nevertheless, there is some truth to the statement that, because of the nature of capitalist production, "the historical mission of capitalism is to advance science and technology." That is the progressive aspect of capitalism in the whole evolution of society.

The tragedy of dominated capitalism, which happen to be also underdeveloped, is that it cannot even perform its historical task. It is fettered by its own position in the global economy and politics.

Since our productive forces are undeveloped, the value added on commodities is insignificant. In economic terms this means that we mainly export our raw materials for fabrication abroad only to be imported back as expensive finished goods. This aggravates our trade imbalance and pushes us further into the quagmire of foreign indebtedness. Since the bulk of the production process is done abroad, our labor power is under utilized. This means both local unemployment and brain drain since some of our skilled workers simply find employment abroad.

When a revolutionary situation is not around the corner yet, which means that the problem of distribution of society's resources is not yet resolvable, resolving the problem of production takes priority because society has to survive. Now capitalism, no matter how undeveloped, in relation to previous social systems, has the most capacity to advance production. Even socialism, when the possibility of its establishment comes around, would require a longer transitional phase when the productive forces are underdeveloped. Thus industrial development does not resolve the problem of distribution, i.e., the problem of inequality under capitalism, it does set the foundation for it and makes easier the difficult task of socialist construction.

Much of the hesitation to support industrial development stems from the belief that it could de-politize the masses, that is, it could coopt and divert them from the revolutionary path. That is not a valid concern. Industrial development does not resolve the question of distribution. It is in the nature of Capitalism that makes it incapable of doing that. Private ownership of the means of production rules out any possibility of political and economic democracy. That is why developed countries have the same problem: the proportion of the population below the poverty line is not significantly different from that in underdeveloped countries. In fact, industrial development directly aggravates the problem of exploitation and unemployment, and therefore, makes more urgent the demand for socialist transformation and economic democracy. In developed capitalist countries this heightened inequality takes the form of job dislocation which capitalism tried to mitigate through retraining of the working class and "re-industrialization" on a new technological basis.

For the progressive movement the implication of sitting out industrialization, worse, opposing it, is disastrous especially when it becomes a reality despite lack of support or contribution from the progressive movement. It is a sure formula for the marginalization of the latter. This was what happened in Hongkong, Singapore, South Korea and Taiwan. In fact, when something dramatic, progressive and popularly supported happens and the progressives are nowhere to be found at that moment, there is bound to be a backlash against the latter. All sorts of backward political and ideological trends are bound to take root. The progressives can learn their lessons from the EDSA phenomenon on this point.

To summarize this matter of industrial development, it is progressive to support it not only because of the disastrous implications of doing otherwise but also because it is an investment for the future -- for the period of construction upon a new social foundation. Opposing industrial development to create a crisis or revolutionary situation is dangerous. A revolutionary situation cannot be contrived. It is the result of an objective development. Also, a political or economic crisis does not necessarily provide a haven for the progressive. The fascists are also likely beneficiary. In fact, most right-wing coups occur at such periods. Only when the progressive movement takes the correct stance in the course of development of a society and carefully builds its base can it benefit from the guide a revolutionary situation towards liberation. Of course, in the Philippine setting, efforts at genuine industrialization will, a lot of times, be at odds with the World Bank and IMF as well as with the translationals.

On the question of the environment, it is true that unregulated industrial development could have adverse effects on it. It could even deplete our natural resources. In fact, we should consider not only the protection of the environment but also the conservation of natural resources such as forest and mineral resources. Since the aim of industrialization is to increase the local value added to commodities, there has to be a planned phase-out in the export of raw materials. They are not only cheap they are also exhaustible. And we need them for our own use. As industrialization takes off, these raw materials will be replaced by our industrial output as real dollar earners, not losers in the balance of trade.

Undoubtedly, there will be industrial waste and pollution. Aside from careful planning to avoid run-away pollution, present technology must be utilized and is capable of dealing with it to minimize pollution and destruction of the environment. Part of R & D must be devoted to environmental research and pollution control.

CAVALIER VIEW

The rest of the points listed above are rooted in Maoism. It is only in the last two decades that Maoism has been subjected to close scrutiny. The Great Leap Forward and the Great Proletarian Cultural Revolution, which had tremendous impact, mainly negative, on international politics revealed the nature of Maoism and raised questions that, until now, the progressives are still trying to analyze. The Great Leap Forward was a practical expression of Moïst political economy. It was also a great disaster for China. The GPCR revealed, among others, the Maoist attitude towards science, the intellectuals and development. It plunged the country into turmoil, shut down the universities and set back science in China and socialism for at least a decade. It is only recently that signs of rectification have become evident in terms of efforts to turn to Marxism. Undoubtedly, there are difficult problems that have to be overcome as shown by the recent student unrest in Beijing. The character of the rectification is not yet clear at this time.

Maoism has a built-in bias against intellectual pursuits, theoretical advancement and advanced science. "Politics is everything" translates into: "never let academics interfere with your political work." In other words, training and intellectual pursuits are important. It is true that science today is controlled by the bourgeoisie. But whether we like it or not science is both useful and destructive. Therefore, the working class must learn, master and control it so that it

can serve the people. Science must never be a monopoly of the bourgeoisie. That is why the Vietnamese took particular attention to the integration of their scientists in the liberation war. They were given all the support needed to carry on scientific activities during the war. They grasped the importance of science and the scientific community in the period of reconstruction.

This bias can be seen in both the theory and practice of Maoism. The main clues to the theoretical flaw of Maoism can be found in two works of Mao: "On Practice" and "On Contradictions." At the practical level there are behests, labels, and slogans that are typically Maoist: "serve the people," "small is beautiful," "the five golden rays," "ten relationships between town and country," "the nuclear bomb is a paper tiger," "the world is in disarray and it is good," "politics is everything," etc.

FLAWED THEORY OF KNOWLEDGE

A characteristic feature of Maoism is the very strong tendency to reduce complex reality into a set of simple formulas. On the surface there is nothing wrong with the above behests, slogans, etc, but because of this tendency their essence is lost and they get applied dogmatically.

Take the statement that the nuclear bomb or U.S. imperialism is a paper tiger. The effect is to take a cavalier attitude towards the danger posed by nuclear weapons. Mao even said something to the effect that should there be nuclear war against China some 300 million of its billion population would survive to rout the enemy. Obviously this does not reflect a scientific assessment of the situation. Compare this with the approach taken by the Soviet Union which upgraded her scientific and technological capability to break the U.S. nuclear monopoly and achieve nuclear parity. That parity has meant a lot for the whole world: It set the foundation for the reversal of the arms race. The fact that the U.S. is now negotiating with the Soviets on arms control, reduction of nuclear and conventional weapons, and peaceful uses of science and technology is a vindication of that policy.

Let us take a look at the two works of Mao to find the theoretical roots of that practice. "On Practice" reveals Mao's theory of knowledge and, therefore, his scientific outlook. He gives the following example of a scientific abstraction from empirical data.

A visitor observes the activities of the troops, cadre and peasants of Mao's base in Yen-an; meetings, group discussions, military training, cultivation of the field, and group and individual study. The scientific abstraction or generalization made by the visitor is: The Communist Party of China will win.

There are many things wrong with this example. It is too simplistic. Such an abstraction has a lot of missing ingredients including a thorough analysis of both the domestic and international situation, an assessment of the capabilities of the domestic revolutionaries and possible international alliances. But this is the specific feature of Maoist science: it is empirical. It recognizes as legitimate only a one-level abstraction from raw data. Any thing beyond that is "high fallutin," bourgeois, irrelevant, useless. Thus Maoist science does not recognize higher levels of abstraction; it has a strong bias against intellectual pursuits, theory and science itself. This explains why acupuncture and herbal medicine, backed by a wealth of empirical data and whose effectiveness is unquestioned, have not been raised to the status of theoretical science from which new knowledge and broader applications could be drawn.

But the implications in politics are even more serious. "Serve the people" and "Science for the People," though sounding very humanitarian, are actually buzz words against activities that have long-term positive effects. Taking Maoist science to heart is to deny relevance and usefulness to theoretical science, basic research, graduate studies and, ultimately, industrial development. That is why during the GPCR, the universities in China were shut down, some progressive scientists and medical doctors in the U.S. who were so influenced by it abandoned their posts to work in factories even it, in the case of the doctors, they were already serving community clinics.

UNSCIENTIFIC

Maoism never imbibed the scientific traditions of earlier revolutionaries. Marx and Engels were natural and social scientists and they used their scientific skills to pioneer social science. Marx was a mathematician economist, Engels a biologist. Lenin was a lawyer but he thoroughly studied the law of motion of society. They were all philosophers. Mao, in his attempt to reduce revolution to simple formulas, wrote a wealth of materials for practical use but unwittingly alienated the Chinese revolutionaries and the international progressives he had influence on from the Marxist (therefore, scientific) traditions.

One of the Marxist philosophical foundations that Mao rewrote is Dialectics, a method of analyzing reality. Mao discarded altogether what are called the negation of the negation and spiral development. As a result he adopted a view of the struggle between capitalism and socialism or, what amounts to the same, the struggle between the bourgeoisie and the working class, in which neither side really wins. It is, in Mao's view, a continual see-saw where one day one wins only to lose the next day. In this view the resolution of the contradictions between the two social systems or two antagonistic classes is a simple change in position, from the ruled to the ruler (and vice versa), rather than a qualitative, spiral development. This view was responsible for Mao's contention that the USSR had become capitalist simply because some bourgeois personality had risen to a position of authority there.

What has this to do with Philippine industrialization? It tends to underplay the achievements of science in socialist countries and label as bourgeois or capitalist advanced science that does not have direct beneficial impact on the people. It fails to draw attention to the wealth of experiences in socialist construction that the Soviet Union and its fraternal countries such as Cuba and Vietnam have contributed.

In conclusion, to bring the progressive back into the mainstream of political life, they have to take a decisive stance towards industrial development. For, there is a popular aspiration in the Philippines to elevate ourselves from the depth and hopelessness of underdevelopment. The first major step in this direction is for the progressives to discard the Maoist orientation in science and industrial development. The next decisive step is to make a clear distinction between the problem of industrial development and equity or distribution and to grasp that the former is achievable and a matter of reforms while the latter is not achievable under capitalism. It is socialism that provides the best condition for equitable distribution but even this presupposes industrial development. Only when these are grasped by the progressive movement would it be possible for it to come up with a coherent and realistic strategy for Philippine industrial development.