

News and Notes

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International Developments

IMF Starts Program Review

A five-man delegation from the International Monetary Fund (IMF) headed by Asian Department Deputy Director Hubert Neiss is reviewing the Philippine government's management of its economy as well as its compliance with the terms it stipulated in a letter of intent submitted to the IMF last year. The second tranche of the \$610 million standby credit facility approved in December will only be available if the IMF is satisfied with the results of the review. If the government fails to make its second drawdown within 45 days after March 31, all financial agreements with foreign creditors will be terminated.

ASEAN, Pacific Nations Approve HRD Program Plans

In a two-day meeting held in February 1985 in Jakarta, senior officials of the Association of Southeast Asian Nations (ASEAN) and five developed Pacific countries, namely, the US, Japan, Australia, New Zealand and Canada, have agreed on recommendations for guidelines, rules and principles for a human resources development cooperation program. Indonesian Director-General for Political Affairs Nan Sutresna told the reporters that the recommendations will be submitted to the ASEAN foreign ministers' annual meeting next July, in Kuala Lumpur.

The officials made recommendations to avoid the proliferation of new institutions and upgrade existing institutions for managerial and vocational training in ASEAN countries. Its areas of concentration are: management and entrepreneurship, science and technology, agriculture, forestry and fisheries, industry, transport and communications, trade and services, research and planning. Opportunities for training are to be extended to young people from the South countries according to the officials.

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Japanese Mission Arrives

The Japan Federation of Economic Organizations (Keidanren), an association of big business, arrived in Manila on February 11 on its first top-level ASEAN mission. The delegation is negotiating for investment guarantees and national treatment with both Philippine government officials and private leaders. They are also observing the political and economic climate in the country.

Masaya Kiyoshi, the federation's executive director, will meet with Prime Minister Cesar Virata, Foreign Minister Arturo Tolentino and Trade and Industry Minister Roberto Ongpin to discuss major policy issues, ASEAN regional cooperation and Japan-ASEAN relations. The team will submit their impressions to Prime Minister Yasuhiro Nakasone.

World Bank Education Projects

The World Bank (WB) has allotted ₱ 1.3 billion to 38 education projects in Malaysia, Indonesia, Singapore, Thailand and the Philippines. Five projects costing US\$189 million are currently financed by the Bank in the Philippines, namely: Program for Decentralized Education (PRODED), \$100 million; Fisheries Training Project, \$38 million; Textbook Production, \$25 million; Agricultural Education Project, \$25 million; and Education, Radio and Technical Assistance, \$1.15 million.

Sven Burmester, chief of WB's education division of East Asian and Pacific Regional Education Council announced that some \$60 million has already been released for 1985. Textbook production and training in public administration and accountancy are new additions to the scope of WB assistance.

The WB is also planning to shift to sector lending, instead of the current practice of direct project assistance. This means taking the focus away from direct achievement of physical objectives to "institutional support." The PRODED approach of the Philippines exemplifies the sector lending approach which is currently being implemented at the elementary level. The Secondary School Curriculum will be implemented in 1989 in time for the graduation of the first batch of students under PRODED-1.

National Developments

Public Service is Riskier than Ever

With more local government officials losing life and limb because of violence and other causes, the current clamor for bigger insurance benefits

is not surprising. A bill increasing the benefits of these public servants and their dependents through an expanded life insurance coverage has been filed at the Batasang Pambansa.

There are two big group insurance programs existing, one for barangay officials and Sangguniang Bayan (SB) members and another for mayors. The first, popularly called the Barangay Officials Insurance Fund (BOIF), which was established in 1976, covers over 400,000 barangay officials and some 6,000 SB members throughout the country. This program is financed by the Ministry of Local Government through the National Barangay Operations Office and administered by the GSIS. In case of death and permanent loss of sight, limbs and sanity incurred in line of duty, all barangay captains and SB members will receive ₱ 5,000 and all other barangay council members are entitled to ₱ 3,000.

The MLG has allocated from ₱ 5-10 million annually for payment of the premiums of 40,000 barangay captains, 40,000 Kabataang Barangay chairmen and 6,000 Sangguniang Bayan members at the rate of ₱ 15 per annum and for some 360,000 other barangay council members at ₱ 10 per annum. Republic Act No. 4898, as amended, calls for the increase of insurance benefits for barangay officials and for some members of the SB's under P.D. 1147.

The bill also proposes that the National Government shall appropriate the total annual premiums as determined by the GSIS in accordance with its rules and regulations based on actual number of local officials, as certified by the MLG.

A separate group insurance for mayors was established following the growing number of assassinations of local executives. Under the law, a mayor can carry firearms only within his jurisdiction and cannot hire as body-guard any member of the Armed Forces of the Philippines (AFP) and the Integrated National Police (INP).

Whatever the insurance scheme, it is evident that local administrators and barangay officials feel physically threatened by the increasing incidence of assassinations and criminality in the countryside. They therefore feel that for their peace of mind, bigger compensatory benefits should be given to their dependents in case they are killed on or off their jobs.

Batasan as the Busiest Assembly on Record

The main problem of the assembly now is how to preserve its dignity, integrity and credibility and regain the people's trust and confidence in the

legislature. Despite a few shortcomings, the regular Batasan is the busiest assembly on record. In five months, its members mostly from the opposition, filed a total of 3,651 parliamentary bills, 607 of which are of national import and the rest of local application. This number represents almost one-half of the total number of bills filed in the Batasan in six years. Among the urgent measures, the Omnibus Election Code is expected to be passed before October this year because of the proximity of the January 30, 1986 local polls.

Another thing that has to be settled is the proposed succession law on temporary disability. This controversial provision was proposed by the opposition following reports that the President is seriously ill and may not be able to discharge the duties and functions of his office. Also expected to be solved is the proposed synchronization of elections. If the elections are not synchronized, there will be a presidential election in 1987, a year after the 1986 local polls, and a barangay election in 1990. Since each election costs some ₱180 million, the holding of frequent elections puts a very expensive toll on the taxpayers.

The criticism of political observers is centered on the merger of the executive and legislative branches of government under the present system which, according to them, is not parliamentary but presidential. What has actually emerged under the system is a party or caucus government which is designed to gag the people's representatives, especially those in the minority, from exposing venalities in government and to limit their participation in the lawmaking processes and in the formulation of national policies.

Critics at times refer to the present Batasan, which has a ₱180 million budget this year, as an expensive "debating club" because it passed only a few bills and wasted its time in "unnecessary" and "useless" debates during its first five months of existence and as a "rubber stamp" of the administration because of the KBL's overwhelming majority in the assembly. The interim body's prototype was the short-lived, experimental Batasang Bayan (1976) whose members were all appointed by the President.

Agricultural Reform

To increase agricultural productivity and to attract new investments, Prime Minister Cesar Virata filed the "Agricultural Development and Incentives Act of 1985" at the Batasang Pambansa. The bill proposes the following incentives: (1) 20-30 percent tax allowance on net taxable income for seven years; (2) three to seven percent tax credit on gross sales for five years; (3) carry-over of net operating loss incurred in the first ten years of opera-

tion; (4) 100 percent exemption from tariff duties of imported equipment for five years; (5) tax credit on local equipment and on materials used for the production of exported items, (6) priority in credit allocation and preferential interest rates; (7) technical and marketing assistance; and (8) simplified system of registration for small and medium-scale producers. The bill further proposes the creation of an interagency committee, composed of representatives from selected government offices, to revise the investment priorities plan for agriculture.

The Philippine National Railways

Railways remain the cheapest means of mass transportation because of their low fuel consumption and capacity to accommodate more passengers and freight than other motor vehicles. Railways are also cheaper to construct than highways. Railway services, however, continue to deteriorate due to prohibitive operational costs and the destruction of railway lines and bridges by flood.

The Philippine National Railways (PNR) incurred a ₱ 37.69 million net loss in 1984, which is 21.2 percent lower than the previous year's net loss of ₱ 47.86 million. This reduction in net loss is attributed to the trimming of the labor force which started in 1983 to its current total size of approximately 5,000 to 6,000 employees, thus, reducing the operational expenses by about 40 percent. If the government will only increase its subsidy of ₱ 10 million in 1985 for the rehabilitation of the South line (Manila to Albay), the PNR can be a competitive means of transportation. In 1984, PNR registered ₱ 134.19 million total revenue or an increase of 39.4 percent from last year's ₱ 96.27 million.

BOT-BLT Merger

In an effort to increase the efficiency of the land transportation system in the country, President Marcos issued on March 20, 1985 Executive Order No. 1011 establishing the Land Transportation Commission (LTC) through the merger of the Bureau of Land Transportation and the Board of Transportation. LTC was empowered to: (1) identify, establish, prescribe and regulate routes of service, economically viable capacities, and zone/areas of operation of public land transportation services; (2) issue, amend, revise, suspend or cancel certificates of public convenience; (3) determine, prescribe, approve and periodically review and adjust reasonable fares, rates and other related charges; (4) register all motorized vehicles and issue licenses to drivers of motorized vehicles and seek, impose, collect and periodically review and adjust fees and charges; and (5) implement and

enforce laws and policies on land transportation as well as the decision of the commission.

Qualified officers and employees of the abolished agencies (BOT and BLT) who will be retained will be issued appropriate appointments, while those who are not appointed or who refuse appointment are deemed separated from the service and will be paid their gratuities and other benefits.

Tolentino Fired

Foreign Affairs Minister Arturo Tolentino was relieved from his post by President Marcos on March 4, 1985. Marcos noted in his letter to Tolentino that a speech made by the Minister at the Foreign Service Institute on March 3 was critical of Marcos' practice of reappointing retirable foreign service officers who have political ties to the President. Tolentino has also criticized often Marcos' actions and policies such as Amendment No. 6, the issuance of presidential detention action (PDA) orders, and presidential immunity from suits. In a related development, Labor Minister Blas F. Ople, received a letter from the president asking him to explain his controversial statements made in Bacolod City and Cavite. In his speeches, Ople criticized the Marcos regime for its heavy reliance on patronage.

Philsucom and Nasutra Reorganization

On February 21, 1985 President Ferdinand E. Marcos signed P.D. No. 1971 reorganizing the Philippine Sugar Commission (Philsucom) and converting the National Sugar Trading Corp. (Nasutra) into a private corporation to be called the Philippine Sugar Marketing Corp. (Philsuma). The decree stipulates the following: (1) official creation of Philsuma by December 31 which will be 100 percent owned by planters and millers; (2) allocation of domestic sugar by the Philsuma to sugar producers in accordance with the rules and regulations it will promulgate; (3) hiring of a professional manager to be responsible for managing the everyday affairs and operation of the commission; (4) full cooperation of all other government agencies to insure the successful implementation of the sugar rationalization program; and (5) the power of Philsucom to determine the composite liquidation of price to insure a fair return to sugar planters, millers, traders, wholesalers and retailers.

According to President Marcos, the reorganization of Philsucom and Nasutra was necessary to make the agencies more responsive to the present requirements of the sugar industry which is vital to the economic stability of the country.

College Developments

Professorial Chairholders

Four faculty members of the College of Public Administration received professorial grants for their respective researches. From the Commission on Audit, Dr. Victoria A. Bautista and Prof. Alejandro B. Ibay were awarded the grant for their researches on "A Critical Look Into the Role of Public Enterprises" and "The Structure and Process of Funding Foreign-Assisted Projects: Innovation or Status Quo in Fiscal Management of Development Projects," respectively. On the other hand, the Don Andres Soriano Professorial Chair went to two recipients, namely, Dr. Manuel A. Caoili, who is doing a study on "Quezon and His Business Friends: Notes on the Origins of Philippine National Capitalism," and Dr. Ma. Aurora C. Catilo for her research on "The Development of Underdevelopment in Philippine Agriculture."

Book on Nutrition Released

A three-volume book entitled *A Policy Review: Malnutrition of Filipino Pre-School Children*, which was written and edited by Dr. Gabriel U. Iglesias, Dr. Arturo G. Pacho, Ms. Fe Villamejor and Associates, came off the press in March 1985. Copies of the book will be distributed in July in time for the nutrition month. Produced under the auspices of the United Nations Children's Fund, the book made use of the results and background materials utilized in a policy review project of the Program on malnutrition and pre-school children conducted by the Policy Studies Program in 1982.

Conferences

Prof. Perfecto Padilla presented a paper and served as a resource person in the Workshop on "Decentralization, Local Government Institutions and Resource Mobilization" in Comilla, Bangladesh on January 20-23, 1985.

An international conference on "Local Governments and Community Development in Asia: Participation and Performance in the Local Political System" which was held in Kuala Lumpur, Malaysia on February 10-15, 1985 was attended by Profs. Romeo Ocampo and Elena Panganiiban, both from the Local Government Center.

An expert group meeting held in New Delhi, India on March 24-31, 1985 was attended by Dr. Gabriel Iglesias. This meeting was sponsored by the International Center for Public Enterprises.