

Abstract of "Notes on Economic Dependence with Reference to the Philippines"

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This discussion first raises the question whether the Philippines is economically dependent upon some countries with which it has economic relations or not. It also attempts to provide general answers, concluding that there are bases for believing that the Philippines is an economically dependent country.

Social scientists are not in agreement with the conceptual and practical meaning and implication of the phenomenon of dependence. Radical scientists, who derive their intellectual inspiration from Karl Marx and Lenin, argue that dependence is created by world capitalism; that it leads to underdevelopment; and, that it must be eliminated by currently dependent countries if they are to develop in a self-propelling, autonomous manner.

Conventional scientists, on the other hand, argue that the state of dependence among less developed countries is a transitory phenomenon and that it will be overcome by these countries the moment they attain a certain level of development. The majority of conventional writers trace the cause of underdevelopment to internal deficiencies in resources and inadequacies of institutions of less developed countries. By placing the onus of underdevelopment upon internal "vicious circles," these writers, in effect, shun the reality of "dependence."

A young economist by the name of Antonios Karam has recently tried to "quantify" the concept of dependence, interdependence,

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and independence. (i) Country A is economically dependent upon country B, and country B is economically dominant upon country A, if decisions and actions taken in country A have no critical effect upon country B, while similar decisions and decisions taken in country B have a critical impact upon country A. Country B, in this context, possesses "deterrent power" upon country A, whereas country A does not possess such power over country B. (ii) Country A and B are economically interdependent if actions and decisions taken in each country have, more or less, the same effect upon the other country. (iii) Finally, country A and country B are independent of each other if the actions and decisions taken in each of them have no impact upon the other.

With the help of these finitions, one can try to assess the status of the Philippines in the framework of the world capitalist economy. The Philippines is certainly not "independent," only countries which have little if any international economic relations are.

There are grounds for believing that the Philippines is economically dependent upon, rather than is economically interdependent with, the United States and, lately, Japan.

The Philippines' commodity export concentration coefficients and geographic concentration coefficients have been declining in the last two decades, suggesting that the Philippines has been diversifying exports and markets and, therefore, has been reducing its dependence upon a few trading "partners". But these coefficients seem unable to reflect, on the one hand, the severity of the impact upon the Philippines of economic changes in the developed countries and, on the other hand, the almost total lack of influence abroad of Philippine developments. Efforts of the Philippine government and of domestic private enterprise to promote exports have been ineffectual, simply because the industrialized capitalist countries, particularly the United States and Japan, are not buying, resulting in severe unemployment and capacity underutilization in many Philippine export industries.

In the field of investments in the Philippines, foreign investments as a proportion of total investments have been increasing so that, today, they constitute something like 70 per cent of total investments. Foreign loans have become a major source of "development" funds so that any delay, not to say any stoppage, in the grant of these loans can only severely set back the Philippine "development" program. (Incidentally, the repayment of these loans will surely entail the intensification of the exploitation of Filipino workers.)

