

OPEN FORUM

Moderator: As an opening salvo, may I address the question to Dr. Ventura. In effect, you seem to have said that while there is decentralization of local government units, yet the main incharge can only move when he meets the approval of whoever is at the top. Am I correct?

Dr. Ventura: It is not so much the top per se. But as we know in the hierarchical structure of government and administration, the regional units are still the branches of the national government. And therefore if we look at, for example, the implementation of plans, it is true that the demands come from the bottom. Some of them ultimately reach the top, and in each level there is a weeding-out process. That is what I mean. That the next higher level may weed-out, approve or disapprove the plans and proposals. Whatever reaches to the top, will still have to get the approval of whoever is in the position. But it is that hierarchical relationship that I am talking about. Under the present regime, the ultimate decision is really and can be traced to the President and Prime Minister. He doesn't have to approve everything, but the thing is whatever reaches up to him will naturally require his decision, whether approval or disapproval.

Moderator: Okay, thank you. Now let me entertain questions from the audience. Mr. Ledesma.

Mr. Teodoro Ledesma: What is the relation or the difference between local autonomy and regionalization?

Dr. Ventura: I'm very glad you asked that question because this is really quite a problem of clarification. There are two aspects, actually. One is the development of local autonomy. When we speak of local autonomy . . . I'll adopt this parody of "Render unto Caesar what is Caesar's and to God what is God's." I adopt it to render unto the local government what are purely local, and to the national government what are national in terms of affairs and needs. However, this is where the dilemma comes in. Many times what may be purely local in orientation is widespread and common to other parts of the polity and therefore, a local issue can become a national issue. Local autonomy therefore, would imply that there is a decision to be

made and the decision-makers are given the extent of their powers and functions over the making of such decision. And it does not stop there. To what extent are they going to support and implement and provide the resources for such decision? This is in a sense, local autonomy, primarily connected with self decision and implementation.

When we speak of regionalization, as it is envisioned right now, what we mean is actually in terms of decentralization of functions in an administrative procedural manner, not the substantive decision-making: the provision of services, the decision in terms of the extent as to how and which one of implementation, and where to get the resources. Regionalization is more administrative than political autonomy in that sense. But this is only the first part of the program, as they say in reorganization. Regionalization can be in terms of services, in terms of implementation of national policies, and meeting the needs that are supposedly peculiar to the specific territorial entity or area.

The next step is what is envisioned in fact by the Sanggunians—that from the lowest level you have a hierarchical structure which will not be administrative but politically-based. Each level decision can be made only in so far as they want to make use of their resources and their abilities and to meet of course the demands of their own local problems. Solution or implementation, policy or program-making will all have to be in that particular level. This is decentralization in the substantive manner. So with the various assemblies, and the various Sanggunians or councils, the political needs are supposed to be the focus of the creation of this councils. And then with the institution of the various administrative hierarchical structures or offices, the partnership principle will be applied. Even in the local units the administrative officers are really officers of the national departments, yet the focus of their functions will be in the local units. They should not be looking up all the way to the top all the time. The responsibility must be basically towards the performance of their services in the local units. These are the two complementary elements of the structures that are being built. Again we say that the pictures have been pointed for us. The lines have been drawn. It is for each locality to provide the color and background, the interest, the warmth or the coldness and background, the interest, the warmth or the coldness of the picture. This is where we make the difference. Regionalization as of now is procedural in nature, the procedural aspect of decentralization.

Moderator: All right, Professor Aguilar.

Prof. Aguilar: I would like to address my question to Atty. Umadhay. It seems that the goals of development had been concretized into nine areas, nine goals of development. But I'm just wondering. . . considering that Panay is an agricultural area, how can the goals of integrated development such as homogeneity be effectively implemented or achieved?

Atty. Umadhay: I guess you are referring to the proposed integrated area development scheme. Under the integrated area development scheme, we will study each municipality of Region VI, Panay, and Negros Occidental. This study will involve an analysis of the slope category of each municipality. We will determine how many hectares belong from zero to three, three to eight, eight to sixteen degrees; because the slope will influence the kind of crops that can be grown in that municipality. So we map this to determine the area for each municipality. Then, we tie this up with the soil analysis for each municipality. Again, we tie this up with the climate and rainfall types of each municipality. After we have done this, we place this in the maps. Later, we will inject the existing cropping patterns of each municipality by its area, by slope, by soil, by climate. Against this analysis, we inject the analysis of the economic function of that municipality in relation to other municipalities. After we have done that, we then inject another variable and that is the transportation and trade patterns of that municipality in relation to all the municipalities of the entire region. By doing that for each municipality we could trace the linkage of that municipality to the surrounding municipalities. That is where we establish the homogeneity of one, of two or more municipalities with each other. If they are homogenous with respect to trade patterns, agricultural cropping patterns, climate, soil, then we could place a group of municipalities into one area. Meaning, they have more or less similar economic functions. In one area, we will determine the central place. What is the town that provides the services, the recreation facilities, the education, the social services. Under this approach, we could avoid too much duplication of efforts within a group of municipalities and establish integration in that particular area or group of municipalities. Now if we have eighteen or nineteen of this area in the entire region, then the same process will be done in integrating the homogeneity of a group of areas again. Through this process we could determine at the same time whether an area, a particular area would need roads rather than ports, school-buildings and hospitals

rather than other kinds of projects. Ultimately we will go down to these areas and organize them, and have just one staff for that area. Integration in that area could easily be done. This would involve, of course, the participation of the local governments of the area, and this is where we could pinpoint the needs of a particular barangay, depending on its resources, its present situation, and what the people perceive to be their needs. We have to consider the fact that we are living in a world of scarce and limited resources and that the resources of both local, provincial, regional and national governments are good only for a certain level. The need, therefore, for prioritization becomes important. But how do we prioritize? The need for prioritization, therefore, envisions that we consult that particular area. The exchange of information with respect to analysis becomes important against their perceived needs with the needs of the entire area. We know fully well that if we ask people of one barangay what their needs are depending on how they feel in a particular situation, then they will articulate these. These are the needs that demand immediate assistance. But they are also needs for long term development growth. It is a question of should we have bread now, or bread later? Bread now and machineries now? Or, bread now, machineries later? Or machineries now, bread later? And in between, how do we adopt a mixture which will be acceptable for both the short term and long term growth?

Prof. Aguilar: After the integration and homogeneity is achieved, how does the center operate within the context of the cooperative system? I mean, does the cooperative system function within the center that you are referring to?

Atty. Umadhay: Yes, the cooperative system could very well function. Because we have this area marketing scheme which is being initiated in the case of rice. Now, the success of the cooperative—an area cooperative for example, depends on location. And if the central cooperative for that area will be located in a municipality whose function does not take into consideration the linkage of the surrounding areas, chances are, that the functions of that cooperative, especially if its a marketing cooperative will prove very difficult.

Prof. Aguilar: I'm wondering if there will ever be conflict of function and authority in the implementation of the Office of the Cooperative or the COPE and the NEDA operation in this context of the center and the cooperative structure?

Atty. Umadhay: The center envisioned in one area, let us say, is a poblacion. For instance, three municipalities compose one area, A, B, and C. The poblacion of Municipality B after analysis happens to be a growth center. So that would be the central place for this area. The poblacion in municipality B will be utilized as the center for higher education, for commercial and other activities. I wonder whether we are speaking of the same cooperative. If the cooperative movement in these three municipalities, therefore, designates this place as the area marketing cooperatives, it will be better for them to locate their warehouse, their marketing outlet in the poblacion of municipality B, because that is where the action is; where the transport facilities would be established. There is no conflict between the cooperative movement and the NEDA, because the cooperative movement is one of the components of the national plan which NEDA helped in formulating. Essentially the NEDA is a staff coordinating office, and the cooperative movement under DLGCD (MLGCD) is actually engaged in line function.

Mr. Guinoma: I'd like to ask this question to either or both of the speakers this afternoon. There has been a criticism raised against the RDC's in that they are said to be mainly a planning body, not clothed with the power to implement what plans they draw up. I'd like to link this up with the paper of Dr. Ventura on the matter of decentralization, either substantive or procedural, which we might be referring to as devolution of power or deconcentration of power. This is very critical because there are people who would like to argue that planning should not be as neatly delineated from implementation. And that is precisely the weakness of RDC's. They merely plan but are not empowered to implement the things they plan. And so when it comes to the brass tacks of implementation, those who are stronger with the central authorities invariably gets what Dr. Ventura calls the "goodies." Another thing is, there seems to be a uniformity of the RDC setup throughout the Philippines the 12 regions. Some would like to have variations where a region, for instance, may have more resources than the others; where the degree of decentralization should be less for a region that is not as rich or that is not possessed with the necessary resources to implement the plans. I wonder what the reactions are of our speakers this afternoon on that score.

Atty. Umadhay: By agreement with Dr. Ventura I will answer the question first because they deal with the RDC's. The first question is, please correct me if I state it wrong, that the RDC

appears to be only a planning body with no authority to implement. This is contrary to some concepts that we could not divorce implementation from planning or there should be no dichotomy between planning and implementation. That observation is true under LOI 22. Under LOI 22, basically the RDC was policy formulating body for the region and at the same time a coordinating monitoring, and collating body. But that function was expanded by PD 447, which required regional offices of line departments of the national government in the regions, to prepare their regional budgets. And under Presidential Decree No. 447, the regional offices of line agencies of the national government should prepare their budget in accordance with the priorities set by the RDC and the Regional Development Plan. This was further bolstered or strengthened by LOI No. 542 which established the functions of the Chairman of the RDC. One of his functions is the authority to direct the implementation of programs and projects in the region, and to submit reports to the President on the status of the implementation. Another power granted to the Chairman under LOI 542, is the authority to administer the share of the Region in the Regional Development Fund. Meaning, that once the Region is granted a share from the Regional Development Fund, the Chairman of the RDC administers this share. We know in Public Administration that the power to direct is practically within the power to control, isn't it? I might be wrong but it is one of the management functions which is potent in influencing the implementation of the regional plan through the annual budget of the regional offices of line agencies. Now, in actual implementation therefore, every year, and we started this year, the RDC through a regional budgeting workshop is now in a position to influence the course of the budget of its regional office through budget preparation workshops, and the review of the budget of each regional office in the Region. These PD 447 and 542 came later, that is why under LOI 22 for the past two years, the RDC was engaged only in preparing the plan. But midway in 1977, PD 447 was issued which now links the planning to the programming and budgeting. In essence, what we are trying to evolve now is the establishment of the PPBS—planning—programming, and budgeting system. While actually the RDC as a body does not implement as an entity the programs and projects in the region, yet the members of the RDC who are regional directors of the line agencies, implement their individual agency programs in the region. The direction of what

kind of programs and projects will be implemented is done in the Regional Budgeting System. So that comment is true while LOI 22 was still standing alone, but recently that has been modified. We are gradually evolving some system of regionalization. With respect to the last question on the extent of regionalization . . . could I have your last question please.

Mr. Guinomla: Regarding the question of structures, we seem to have a uniform structural scheme in all the administrative regions of the country. There are some people who would like to see a more diverse set up in which a region—probably like Southern Tagalog, may be in a posture to assume more autonomy than a region like Cagayan Valley for instance, or Bicol for that matter, which are less possessed of the resources that would make them stand in an autonomous stature. And so the degree of autonomy in short would depend so much on the resources a region may be able to generate, the reason being that, autonomy for autonomy's sake, may be meaningless if you are not able to come out with viable programs because you don't have the means to execute those programs in the first place. So it is a question of aspiring for that autonomy but not prepared to implement the programs for sheer lack of resources to implement them. So much dependence may still have to be made upon the central government. So, rather than have a uniform structure from Region I to XII, it may be a more viable scheme to come up with a varied kind of plan in which the richer regions can stand to be more autonomous than the others, simply because they are richer in resources.

Atty. Umadhay: May I clarify whether you are referring to RDC structure as a regional structure or another kind of regional government.

Mr. Guinomla: The regional government. You know, in Cotabato, we discuss about decentralization and autonomy, devolution and all that. As you know, Dr. Ventura mentioned only the case of the Metropolitan Manila Commission. Down South we have Commission 9 and 12 as new forms of regional government but similar to Metro Manila in the sense that they are all headed by the Commissioners—a one-man Commission. In Metro-Manila, we have only the First Lady. In Region 9, we have Admiral Espaldon and in Region 12 we have Commissioner Datu Manong . . . I remember Dr. Iglesias coming up with some draft of a paper projecting that in the year 2000 the Philippines might be able to come up with regional autonomous

governments that operate on that level, between central and provincial governments. In each case we should have constituted by that time, he says, a full regional assembly and executive council, which will operate as regional government by themselves which is borrowing a lot from the Federal concept.

Atty. Umadhay: The only regional structures that are existing now are the RDC's for most of the Visayas Region, the commission type of government in Metro Manila which is considered to be a special region; the commission type also in Region 9, under Admiral Espaldon and Region 12 under Datu Manong. Now, there are variations actually between the Commission type in Mindanao, the RDC type in the Visayas and the commission type in Metro Manila. They have their own set of powers and more financial resources compared to the RDC's in Visayas. But I suppose you are referring to the RDC of Region IV which has more resources to mobilize and therefore, needs more autonomy. Actually the RDC is not a governmental unit. It is more of a coordinated side of the organization; more on the coalition type of organization for coordination.

Mr. Guinomla: May I shift the question to be more complete to Dr. Ventura? The question of Sangguniang Pampook for instance, which is being evolved into probably the pioneering type of Regional Assembly. But I have yet to see a Sangguniang Pampook operate on a region. They can legislate measures that concerns purely and mainly the interest of regional constituency. Well, the President in one of the Batasang Bayan sessions came up with this, especially when he was commenting on the demand for more regional autonomy in Southern Philippines. I was just wondering whether this will materialize in keeping with that pronouncement of the national leadership.

Dr. Ventura: Actually for a while I was confused because you were talking about the RDC which you pointed out as really primarily a staff as in Region IX, Region XII and Metro Manila. All these are supposed to be experimental in nature. These are primarily special regions according to the needs and background of the community. I'm sorry I did not mention anymore the Regions 9 and 12, they escaped my mind actually because I was concentrating on Metro Manila. But it is true that these are commissions intended to be political bodies.

_____: Good afternoon Sir. This question is directed to Atty. Umadhay. Sir, as you have mentioned earlier, there is a great gap

between the rich and the poor. Ten percent of the population is holding the wealth of the country while the rest, 90 percent are poor. One of the remedies, as you have said, to bridge the gap between the rich and the poor is by job generation. Now, job generation is the establishment of factories and other establishments so as to give employment to the 90 percent poor. However, in the creation of the establishment, for example, these big hotels in Metro Manila and other job placements, there are large foreign borrowings. Of course these people—the poor—will be employed; but then at the expense of these foreign borrowings. However, by giving these people employment, in return, they will be paying high taxes to cope with these large foreign borrowings. The alternative would be to choose the lesser evil. The question is: which of these evils is the lesser one?

Atty. Umadhay: I would like to clarify some of the points you raised. I don't think that there is 90 percent of the population belonging to the poor class—did I say that? But let us say in the case of constructions of hotels in Manila in accordance with what you stated as the trend of my thinking that we have to generate more jobs by initiating economic activities like construction of hotels. But these are, according to you, financed from foreign borrowings, and therefore the workers, engineers, the masons, the drivers and so forth, will also have to pay these foreign borrowings. Well, our taxation policy is based on the ability pay. Unless we examine the tax returns of these workers who were employed actually in the construction of these hotels, we could not say that they have borne the payment of the foreign borrowings, because most of them might be exempted. But anyway the tax policy of the government is based on capacity or ability to pay. Meaning, over and above, we are engaged in progressive taxation—the higher you earn, the more taxes you pay. This is shared by everybody throughout the country. Chances are, those who were employed in the construction business, if ever they would share at all, would share a very small proportion of what they earn compared to others who were not even engaged in the hotel business but have earned more. So your next question will be: is there a need for foreign borrowings? Are we not selling the future of our children by engaging in foreign borrowing now? Those of you who have kept track of economic concepts, especially for developing countries you will notice that most underdeveloped or developing countries are scrambling to borrow funds from the World Bank. The Philippines is not alone in this. Why? Because it is a characteristic of developing or underdeveloped country that capital mobilization is

very low. And if we want to create more jobs, we want to increase the income, we want to improve the quality of life for the people, there must be income, earnings. There must be economic opportunities to trigger economic activities. You need investments; you need roads, ports, harbors, airports, ships, schools, hospitals, teachers, doctors, medicine. You have to buy raw materials which we could not produce locally. But since the income structure of a developing country or underdeveloped country is skewed in favor of the minority; since the labor productivity of that country is generally low, capital mobilization is also very low. When we have started on the cycle of poverty, it is quite difficult to break that cycle unless we do it deliberately. One way of breaking the cycle deliberately is to engage in investment. For those of you who have studied economics, if you reduce your investments rate, that means you are preferring bread now at the expense of less bread later. If we have to invest them, we must have to mobilize capital. But since underdeveloped countries are low in capital mobilization we have to borrow elsewhere. That is why the World Bank was established—because of that concept and principle. The World Bank or any international lending institution for that matter will not lend us money unless they know our economic structure is in a position to pay, or our amortization to service the loan 10 or 20 years from now, because these are long term loans. I hope that answers your questions.

Moderator: Now Dr. Ventura would like to comment on your question.

Dr. Ventura: I am not going to comment on foreign borrowings because that has been amply commented on by Atty. Umadhay. But I would like to bring your attention to the concept of taxation. Because in our own experience, we have felt that taxation is an unnecessary burden. Our own observation of the people around us who happen to decide on what to use and where to use our tax money. We have seen conspicuous consumptions of the officials and their wives and sometimes the children, are such that these government officials, to avoid constant nagging, have to look for some resources and the nearest resource is the government funds. Therefore we connect taxation with supporting the vices and caprices of certain officials. We have looked at this as a cause for the suppression of the rights and comforts of the masses. We have looked at it in terms of the abuses and corruption connected with government officials and agencies. The kickbacks that occur in purchasing con-

tracts, the ten percent. Taxes do not flow back to the people in terms of services. We have viewed how the colonial Spaniards taxed us. We have viewed this as some American adventurers became administrators in the Philippines in spite of the fiction of benevolent assimilation. We have seen all of those in the past and we still see them now, although there is an attempt, at puritanism, at morality, the development of public service and selflessness. Yet, we have not gone to the extent of our expectations. There must be some form of resources that must be contributed by the members of the community in order that they can in turn finance such need and services that they crave for.

One foreigner commented that we seem to be so preoccupied by a sudden upsurge of requirement for taxation. But it is because we have developed into a society that is not taxpaying. Actually, only those who are in the government payroll cannot receive their salary without those tax deductions. The government employees are the ones that are really the most faithful taxpayers at least in terms of income. How about the others? Many of the farmers, very well to do, are griping that they are being made to pay taxes when all along they should have paid, actually. One Southeast Asian for example, commented that we are paying one of the lowest taxes in proportion to income. In Singapore, 15 per cent flat, beyond a particular overall income. Where do we start? We start with 3 percent go up to 6 percent and up to 8 percent in the graduated system of tax payment. And one Swiss who is very proud of his country's modernity in spite of mountainous areas said that they have very beautiful roads, enough income, enough industries to support them. They say that beyond a certain income they would rather not get an increase in salary, because by the time they get such income they pay 50 percent. But they don't gripe because by paying taxes they finance progress. I don't know whether this is in line with our concept of introducing taxation as part of the graduation requirement in college. But I believe this is one of the objectives—to make us tax-conscious—to the point that if we really like to have improvement, we shall be willing to finance it. It is a very small scale if need be. But if we are able, one will not mind paying 90 percent of one's income. After all, probably you will not need that much, anyway.