

REGIONAL THRUST AND NATIONAL GROWTH

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The objective of this paper is to relate our current regional development efforts to national growth. The main tasks here are to rationalize regional development and planning in the light of the goals and policies of our national plan, and then to discuss the actual regional planning efforts of the government.

Definitions

Let me start by defining some relevant terms. In the context of our discussion, when I speak of a *region*, or of how the country was subdivided into a system of regions, I am referring to the present administrative regions adopted by the government. While one may say that for purposes of effective planning, such delineations may be knotty groupings plagued with ambiguities, still such a framework appears to be most practical, since data are available for these units and a number of institutions essential for area development already exist in these regions. Besides, contiguity of areas for purposes of homogeneity and the programming of development has been, in principle, reflected in our regional classification.

The term *national growth* has many interpretations. Here, however, I will define it as development contributing to both quantitative increase and qualitative change of economic, social, cultural, as well as institutional factors affecting the country's productivity and welfare. It will be noted that I am using the terms growth and development as synonymous. Hence, national growth may be viewed as development in terms of national objectives which can be achieved only through effective utilization of scarce resources (including human resources) and improvement of welfare to include all relevant aspects of social development.

The means of guiding development toward national objectives implies *planning*. Thus when I speak of *regional thrust* and national growth I am speaking of the emphasis given to planning with respect to the national economic objectives of economic growth, full employment, social equity, and spatial diffusion of these activities.

The Concept of Regional Development

Let me now discuss a concept of regional development which may facilitate an appreciation of the present government's emphasis on regional planning. One may easily observe that there is inequality in the development of regions. There are regions that are dynamic, modern, and fast developing, and there are those which are stagnating, very traditional, and even declining. In its extreme form, this dichotomy may seriously affect the growth of a country's economy. Nevertheless, regional inequality is regarded as endemic to the development process. It is attributed to the fact that wealthier regions, where wages and return to investments are higher, where infrastructure facilities are more developed, and where government development efforts are more concentrated, attract the educated and skilled segment of the population and capital migration. In this region, the "spread effects" of innovations and income multipliers will be rapid, thereby inducing further growth. At a certain point in the development process, agglomeration economies will tend to be created which, with appropriate government development policies, will cause benefits of growth to "trickle down" from the more developed regions to the less developed regions, thereby reducing regional inequalities and, at the same time, enhancing national development.

It is widely held that within a region, or among regions, the extent of development is affected by the location in space of economic activities. Both theoretically and empirically, the indications are that development occurs from a growth center, usually an urban-industrial core which attracts resources from its periphery or surrounding rural hinterlands. With conscious intervention, such a concentration of economic activities will create external economies and linkages resulting in more income and employment and, eventually, in the development of the urban center and its rural periphery.

With an integrated approach to regional development, therefore, we can effect equity of opportunity for each region to exploit its full potential with respect to its demographic, economic, social, and environmental resources. That is to say, we can achieve a regional balance, not in the sense of making poorer regions grow faster than wealthier ones, so that income levels will tend to equalize, but in the sense of making regions start to converge in order to lessen inequalities. Hence, a systems development of urban and rural areas within and among regions, and the integration of regions with the national economy, will serve the goals of increasing the rate of national growth, raising per-capita income, and effecting a more equitable distribution of the fruits of development.

The National Economy

Using this concept as a point of departure, let me briefly review the trends of our national economy and the efforts at development made in the recent past and in the present. Although our economy has substantially expanded and diversified in recent years, aggregate output in relation to population is still low compared with other more highly developed nations. Moreover, both income and real wealth are very unevenly distributed among income groups and among regions. Generally, infrastructure facilities and social services of all kinds are inadequate, particularly in rural areas and in remote regions. In direct human terms, the most serious manifestation of the present situa-

tion is the inability of the economy to provide productive and remunerative employment to a substantial segment of the population. It is estimated that about 7.0 percent of the labor force is unemployed, with another 16.0 percent subject to underemployment, and it is known that young people have the greatest difficulty in finding jobs. Furthermore, the rapid introduction of technological innovations, such as those associated with high-yielding seed varieties, and some types of mechanization, have tended to be disproportionately favorable to the more privileged minority of the population, with relatively little benefit accruing to the low-income majority. All these problems are rendered especially intractable by rapid population growth, currently estimated at 3.01 percent annually, and by an even more rapid rural-to-urban migration. These phenomena, coupled with a high dependency ratio and an extremely youthful age structure, impose enormous added demands on the employment market, the social services, the infrastructure network, the administrative system, and the natural environment at the regional as well as at the national levels.

The Four-Year Development Plan FY 1974-77

The interaction of these difficulties, combined with rising prices and a deterioration of the country's balance-of-payments situation, has led to growing unrest and social dislocation factors with which existing institutions proved incapable of dealing during that period. As a result, the Government has launched, and is now implementing, a coordinated set of basic socioeconomic reforms which aim at creating a dynamic and purposeful climate for development. These measures, which cover peace and order, agrarian reform, government reorganization, constitutional reform, employment, education, industrial policy, population policy, taxation, investment, monetary and fiscal policy, and related measures, also provide the foundation and frame of reference for the current national Four-Year Development Plan.

The main objectives of our development plan, which was prepared and coordinated by

the National Economic and Development Authority (NEDA), are to attain a more equitable distribution of income and wealth, expand employment opportunities, stabilize prices at reasonable levels, accelerate economic growth, and promote regional development and industrialization. These objectives are all closely interrelated, and they are collectively focused on social development, in the sense of substantially improving conditions of life for the mass of the population. The Plan is thus essentially social in its direction and its priorities, and is governed by the need to combine growth and equity on a mutually-supportive basis. Maximum emphasis has been placed therefore by the Government on achieving close coordination in the planning of all development efforts, and on the need to integrate sectoral activities giving spatial dimension into a strategic frame of reference oriented for full-scale implementation.

Our experience has shown that aggregative planning, while it provides an indispensable framework for overall management of the national economy, is by itself inadequate for the purpose of translating gross increases in production into real improvements in the material living conditions of the population, particularly the very large marginal low-income groups in rural and urban areas. Our experience has also shown that the infrastructure and other long-range development programs will not likely realize their full welfare potential (and may in fact have certain negative welfare effects) unless they are planned and executed in full cognizance of their social environment.

The government fully recognizes these problems and the consequent need to combine macroplanning with a complementary approach based on thorough analysis of the social, economic, and locational circumstances of the different population groups within the society. In fact, its present intention is to bring the definition of national development objectives into direct relationship with the human, natural, and physical variables which condition the development process. The real improvement in levels of living of people, however, is seen by

the Government as not only a fundamental end in itself but also as essential to the success of efforts to curb the population growth rate, to enhance the capacity for objective planning and self-improvement at the community level, and to mobilize massive public participation in the tasks of nation-building. Consequently, in this setting, regional planning and development clearly emerge as the major conceptual and organizational elements of the government for the rapid acceleration of national growth and as the principal vehicle both for economic growth and the conversion of that growth rate into tangible improvements in the living conditions of the masses.

Government Regional Development Efforts

The idea of regionalization is not something new in the Philippines. As far back as the 1950s, the country was already divided into geographical regions. There were various regional development authorities created. For example, we had the Central Luzon-Cagayan Valley Development Authority, the Mountain Province Development Authority, the Laguna Lake Development Authority, the Bicol Development Planning Board, the Bicol Development Company, the Panay Development Authority, and the Mindanao Development Authority. Among other functions, these Authorities were supposed to translate national goals into regional objectives, undertake regional studies, and coordinate the various activities of the government corporations and agencies and the private sector in the region. At that time, however, many of these regional bodies existed only on paper, and many of those organized did not effectively function, as they were saddled with numerous problems ranging from a lack of qualified technical personnel to a lack of funds. Nevertheless, it would be unfair to say that the regional authorities were a total failure. There were some concrete achievements, particularly in the area of regional studies and research.

During that time, policy on regional development as a strategy for national growth was vague and seemed unimportant. Allocation of public funds for the provinces and regions were

abetted by the then existing political structure. There was no system of priorities nor were there criteria by which the allocation of public funds could be properly evaluated.

The present regional thrust is a departure from these inept practices of the past. Regional planning and development are now viewed by the government both as goals of development and as major instruments by which other objectives of the current Four-Year Development Plan are being implemented and harmonized. In general terms, this means that the extensive preparatory work already done at the level of infrastructure and other programs of development is now being greatly reinforced in the socioeconomic dimension, most particularly in all aspects that relate to the changing size, distribution, occupational characteristics, and quality of the national population and to related social needs, potentials, and dynamics.

It will be observed that the activities in regional development at present include extensive efforts to provide basic information regarding the nature and magnitude of regional resources, and the formulation of policies to exploit effectively the existing and potential resources of each region. Mining, agriculture, fishing, forestry, manufacturing, and related sectoral activities are being developed and expanded in various regions of the country.

Particular emphasis is now being given to the effective exploitation of human resources. Priority is given to programs and projects that will employ more labor in the rural areas. Development of the export sector in each region is being encouraged by greater incentives, and substantial government efforts are being directed towards the further expansion and improvement of exports.

It will also be noted that in the present attempt towards regional growth, integration of planning and development activities between urban and rural areas is being effected. This integration of development activities is being undertaken for growth centers and their peripheries within a region and among regions. In this connection, I would like to mention the continuing efforts being made to identify and develop more growth poles in the regions. The

government's provision of urban facilities and services, including housing, infrastructure, public services, financial institutions, and marketing resources in areas away from Greater Manila and other cities are intended to generate growth impulses in the surrounding geographical areas. Apparently, investments of this kind are productive and highly essential for future national development.

The basic approach in our current regional thrust is to develop all regions by providing guidelines and programs that will give each region the opportunity to effectively utilize its own resources relative to the resources of the other regions. For purposes of planning, economic activities were classified into nine sectors, i.e., agriculture, industry, health, education, infrastructure/utilities, housing, tourism, social welfare and community development, and exports. This is done for the national, regional, and local plans. The procedure is to regionalize the national plan, and this is achieved by putting spatial dimensions to all the national sectoral plans so that we can identify national projects in each region. At the same time, local sectoral plans are aggregated at the regional level. With proper analysis for consistency, a comprehensive regional development plan can then be evolved.

The Regional Development Council

In this connection, a planning machinery for regional development has been instituted. In keeping with the recommendations of the Integrated Government Reorganization Plan, the country was divided into 11 regions for purposes of regional development, and provisions made for the establishment of 11 corresponding Regional Development Councils (RDC). At present an RDC has been activated in each of the 11 regions.

The RDC is the extension of NEDA in the region. As stipulated in the President's Letter of Implementation No. 22, the RDC is composed of the governors of the provinces, mayors of chartered cities, regional directors of most national government agencies in the region, the General Managers of the regional and/or sub-

regional development authorities in each region, and a representative of NEDA.

The principal functions of the Councils are (a) to prepare long-range and annual socio-economic plans for their respective regions; (b) to conduct surveys, studies, and researches required for planning purposes; (c) to provide technical assistance in planning and relevant matters to local governments, private entities, and regional offices of national sectoral agencies; and (d) to coordinate all planning activities of national and local government bodies functioning within the regions.

An Executive Committee for each RDC has been created, made up of specified members of the Council with the representative of NEDA acting as chairman. The Committee is charged specifically with the preparation, review, and recommendation of plans, programs, policies guidelines, studies, and related activities for regional development. A group of technical personnel provides support to the Council and the Executive Committee. The technical staff is also headed by the NEDA representative and manned by NEDA personnel.

The implementation of the regional plan will be left mainly to the regional government sectoral agencies, local governments, development authorities in the region, and the private sector. The NEDA in the region will coordinate and monitor plan implementation.

Conclusion

In conclusion let me summarize the premises which underlie our present regional thrust, I think the key points to remember are these: (a) development of a region depends upon the nature of its resources, and how these resources are being exploited; (2) regional development may be externally induced, depending upon the economic, social, political, and cultural struc-

tures of the region; (3) regional development requires the mobilization of the public and private sectors, through formulation of effective plans, policies, and programs by the government, and the participation of the private individual taking advantage of development opportunities as they arise in the region; (4) regional development requires integration of space economy within and among regions; (5) national growth takes place within an integrated regional development framework.

It is interesting to note that the widely recognized propositions on regional development tend to dovetail with the government's regional thrust to enhance national growth. This is not to presume, however, that the present approach is the infallible solution to the problems of regional disparity and income inequality, problems which seriously clamor for attention. Nevertheless, the government has opted to emphasize regional development as a strategy for accelerating economic growth and maximizing the distribution of development benefits to all. Besides, as an eminent development economist stated,

. . . there is likely to be little that national governments can do to stop a trend which arises from a worldwide political and social awakening. Given the force of subnational regional aspirations, it appears prudent for government to accept the thrust toward regionalization as a fact and formulate policies and institutional arrangements for dealing constructively with it.

Note

At the time he read this paper, Jose Mercado Lawas was director of the Regional Development Staff, National Economic and Development Authority.

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