

DISCUSSION 10

MR. TONCO: How long will the Filipino peasants remain as "sawyers of wood and drawers of water" only?

MR. DAVID SYCIP: You know, that is a popular cliché. And the implications of that are dangerous.

You think that if one can just get one step—from being a user of wood as fuel to one who operates as a power source, or from being a carrier of water to one who runs water pumps—then one has already achieved development? I think you have to look much beyond that thinking!

Until we are able to build and manufacture our own power source, we will merely have gone one short step forward.

However, as far as your question is concerned—how far will this continue?—I think we are moving out of that state. And we need to be more self-reliant; we need to recognize what our resources are.

TONCO: What do you think will happen if our dependence on multinational powers were suddenly cut off?

DR. GONZALO JURADO: The Philippines possesses enough trained manpower at the managerial, technical, and scientific levels. In addition, we have numerous natural resources. Then we also have finance capital hidden abroad. If all these resources can be mobilized, then we can develop this country as rapidly as we can.

We do not need any investments. The earlier we get rid of them, the better. Until the foreign investments are really gotten rid off, this country will not have development of a genuine kind, and it will remain as dependent as before.

MR. TONCO: I have this different point of view: If our dependency on foreign powers were suddenly cut off, then what will happen to us is that from dependency we will move to self-sufficiency. We proved this during the Japanese occupation; we survived using our own resources and capabilities.

MR. QUIBUYAN: This is a follow up to the comments made previously by Mr. Sycip and Dr. Jurado.

I was impressed by the answer of Dr. Jurado, although it seems to me that he has only shown it is logically possible to achieve a position of self-reliance.

Now what bothers me is the fact that if we were to examine the whole thing carefully, it boils down to the question of politics. For instance, you mentioned President Marcos talking highly about the case of China. But we do not know whether he is talking as a nationalist or as a pro-American! In terms of reality, of course, we know that he has not only been allowing foreign investments—he has also been encouraging them!

So the whole thing goes down to this: How can we go about our proposal when the government, as we know today, is following a different development program? Or how can we achieve self-reliance when all these foreign capital and foreign investments are heavily pouring in? It goes down to the question, of course, of revolution. And that is what I like to raise.

DR. ESPIRITU: It is calling for a program of action!

MR. SYCIP: I think some points have been brought up which we need to face basically. To start with, I think, as far as foreign investments are concerned, we have a whole spectrum of thinking in our country.

There are those who like Dr. Jurado, feel that we do not need foreign investments. There are those who believe in the most liberal admission terms.

However, it would be unfair to say that our government simply welcomes foreign investments because the policy is actually one of selective admission.

Now you may quarrel with the government's standard of admission. But we have several laws—most notably Republic Act 5455—restrictive of foreign investments.

The dilemma, I think, our government planners face today is that they are trying to work out social development objectives within the framework of private enterprise. And there is a great deal of contradiction in this. The more development is planned, the greater the power of the bureaucrat becomes. Yet in a private enterprise system such as we have, the profit opportunity belongs legitimately to the private sector. So you have a basic picture here of ones who have the opportunity but not the power.

This logically and almost inevitably results in corruption. And this is the reason why, despite the discipline we supposedly have today, graft and corruption is still a nagging problem, and the President himself acknowledges this on several occasions.

Now the question is: Can we succeed in planning or development—and can we achieve such development—in the context of a private enterprise system?

We have two examples nearby. And we are somewhat in-between both examples in the geometric scale.

There is Singapore which has worked out a formula of development planning by the government within a private enterprise system and they are apparently moving ahead. Their population is only 1/20th of ours. There is also the People's Republic of China whose population is twenty times ours. This country has given up the private enterprise system and is also moving ahead with its planned development.

DR. ESPIRITU: May I make some comments on that?

You have on the one extreme comprehensive and detailed planning of the Soviet type. On the other extreme, you have almost little planning. The point is, there is always planning, in some ways, now.

You can have just sporadic planning of certain sectors—a kind of cylindrical program which will answer certain needs. You can also have the case of the mixed-economies. In fact, most of the mixed-economies in Europe today are still private enterprise economies.

MR. SYCIP: My point is that the contradiction that we have in our society is that power resides in one group while opportunity resides in another group.

DR. ESPIRITU: I understand your point. I am trying to say that there does not really need to be a contradiction; and it is possible—it has been, in some West European countries—that the two can exist without their becoming a great contradiction.

Sweden is one example—and I think it is the most egalitarian country in the whole world—of a highly government-planned economy in a private enterprise setting. The Swedish society, in fact, is even more rigid than the British society. But, in terms of welfare orientation, it is the embodiment of a true welfare estate.

In terms of income, a study of one of Dr. Jurado's colleagues, Mahar Mangahas, showed that the income inequality in Sweden is at a maximum ratio of 3—meaning, the lowest possible income in Sweden is only one-third of the highest possible income!

In the case of England, on the other hand, income inequality is at a maximum ratio of 10. It is 15 in the US. And, in the case of the Philippines, it's "far, far more".

Of course, Mahar talked only of income, not of assets or ownership of goods.

DR. JURADO: I think Mahar said that the so-called Gini coefficient is a measure of inequality. If the coefficient approached zero, the society approached complete equality. And since, in his study, the Scandinavian countries have smaller ratios, he concludes income inequality is lesser there.

However, Mahar jumped into conclusion, *non sequitur*, when he said that his findings should "lay to rest the criticism of some radical writers"—that market economies are incapable of achieving a measure of equality in their societies.