

THE NATIONAL POWER CORPORATION: DEVELOPMENT FOR WHOM?

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Introduction

The energy crisis brought about by the steady increase of all prices beginning in the early 1970's has compelled the Philippine government to develop and utilize the country's untapped water resources as an alternative to the expensive economic dependence on imported oil.

The Philippine government feels it is its moral obligation to the people to improve the country's dwindling economic situation caused, among others, by the steady increase in oil prices. Consequently, it has committed itself to exploit and at the same time protect its natural (water) resources for the sake of national development. According to Delbert Rice, this national development "seems to mean any kind of change which tends to produce some economic benefit." One of the pre-requisites he said for national development is "for a particular project or change to be considered as making a contribution to national development, the benefits of that project must be equitably distributed." An increase in GNP may be important but it is not really development if the benefits accrue to one family and the majority of the population are left poorer than before.

One of the government agencies mandated to carry out the national development programs of the country is the National Power Corporation. Established in 1936 under Commonwealth Act 120, the NPC was assigned the tasks to undertake the "development of hydraulic power and the production of power from other sources. . . ." In 1951, Executive Order No. 399 was issued authorizing the Corporation "to undertake the development of industries that are the heavy consumers of power." In other words, it is given the task to improve the "economy through industrial development".

Republic Act No. 2641 (1960) authorized the Corporation with a capitalization of ₱100 million and Republic Act No. 4897 (1967) increased that amount to ₱300 million. In 1971, Republic Act No. 6395 revised the NPC. Charter and subsequent amendments

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were made, namely: 1) Under PD No. 380, the capital stock of the Corporation was raised from ₱300 million to ₱2,000 million and the ceiling of the Corporation's total peso indebtedness was raised from ₱500 million to ₱3 billion and that on foreign debt from US\$200 million to US\$1 billion; 2) PD No. 395 decreed that there 'should be no restriction to the sale of bulk power to industries registered with the Board of Investment,' and 3) Under PD No. 40, the NPC is the "primary agency of the power and the production of electricity from nuclear, geothermal and other sources, as well as the transmission of electric power on a nationwide basis."

There are three basic NPC policy guidelines in the planning and implementation of its power expansion program: 1) Republic Act No. 6395 as amended; 2) PD No. 269; and 3) PD No. 40. These three guidelines can be boiled down to the same primary objectives of the country; 1) to comprehensively develop, utilize, and conserve the country's water resources for all beneficial uses, including power generation, and 2) to develop power from all sources for total electrification" and "to meet the needs of industrial development and dispersal and the needs for rural electrification."

The NPC Development Projects

Armed with all those government proclamations, the National Power Corporation embarks on a massive construction of hydroelectric power dams/projects in Mindanao. At least forty major dams throughout the country are being planned for construction within the next twenty years. Thirty-one of these have been scheduled for construction under the Ten-Year Energy Program (1979-1988); fifteen in Mindanao, five in the Visayas, and eleven in Luzon. The construction of those hydroelectric power dams are in line with the objective of the government in its 1978 economic development plan through its electrification program which is to achieve "equity in energy distribution within the country, aligned with areas identified as priority for social and economic reasons."

As a symbol of progress, development and nation-building, the NPC through its hydroelectric projects may be seen as one of the important keys toward a "long-term prosperity, and hence peace" in Mindanao. As Lindy Washburn points out: "The hydroelectric projects . . . is the centerpiece of the Philippine government's plans for the development of Mindanao and essential to its goals of energy self-sufficiency."

With this long-term development plans, the government sees Mindanao as having "the capability to spark desirable agricultural and industrial changes by harnessing the potential of water resources for energy. Power development is the key that will unlock the mystery of economic growth . . . throughout Mindanao." The seven

series of dams along the Lake Lanao-Agus River system alone when completed will be expected to produce at full swing cheap hydroelectric power of 1,150 MW — more than enough to meet both the industrial and non-industrial needs of the entire Mindanao. This means that the government will save 29 million barrels of oil imported annually and a corresponding foreign exchange savings of about \$620 million. As one engineer from NPC says, for every KWH generated this means a saving of 0.22 liter of oil or about P0.48.

The NPC started the development of hydroelectric power in Mindanao way back in 1950 when it first constructed and completed in 1953 Agus No. 6. Since then, hydroelectric power development has stood as "a symbol of the nation's big stride towards electrification and industrialization of Mindanao." It has triggered economic boom due to business establishments, offered job opportunities and created an improved standard of living. In trial short, it is going "to meet the needs of agricultural development, industrial dispersal, and improved quality of life." Hamoy tells us that with proper exploitation, development and utilization of all its power potentials, the benefits to be derived from Mindanao would be considerable because:

People will continue to enjoy cheap electricity which will provide them opportunities to venture into income-generating home industries which will promote greater community transformation and improvement. This will enable the barrio folks to participate in the mainstream of national development.

Finally, the improved reliability of electricity supply and reduction in the price of electricity in the areas that were reached provided one of the necessary conditions for additional investments in the region. Therefore, the delivery of power will pave the way for further development in Mindanao.

Who and How Many Benefit from the NPC Projects?

Against those promised advantages are real disadvantages. The projects will cause some mass dislocation of people and communities estimated from 50,000 to 60,000 people (some say, 1.5 million) and the destruction by both submersion and drying up of more than 600,000 hectares of agricultural lands. Unfortunately, (or fortunately), these lands happen to belong to the ethnic minorities which in most cases predate the establishment of our government. In fact, PD No. 410 recognizes the rights of these cultural communities to their respective ancestral lands. In addition, the projects also lead to the heavy/massive militarization of the area. We are told that 60% of the Philippine Army is in Mindanao and Sulu and 80% of this is in the Muslim area. Almost one-third of the Philippine

naval force is in Mindanao and Sulu, one-half of the Muslim force and one-third of the Philippine coast-guard. From January 1978 to April 1980, the Philippine Air Force (with more than 6,000 forces including 200 pilots) made 500 airstrike missions in 666 flying sorties in the Muslim province. There are 12,184 PC soldiers, some 1,400 Composite Military Police Battalions, some 11,947 Integrated National Police, some 64,000 ICHDF, and some 30,000 Special Para-Military Forces.

Aside from the ecological disturbances and environmental effects the projects may produce, the government incurs heavy loans. Just like other giant infrastructure projects, the multi-million peso dams rank high among other government priorities. They are all expected to materialize because of borrowed money. We are told that our foreign debt more than doubled from \$3.1 billion in 1974 to \$7.8 billion at the end of 1978 (not to mention the interest). It is also reported that 70% of an estimated \$9 billion to be channeled into electrification investment will be spent on equipment imported from the developed countries. An estimate of ₱7 billion was invested in the construction of Agus No. II alone, for Pulangi IV, ₱1.8 billion and Pulangi III, ₱4,930 million, to mention only few of them.

It appears that the disadvantages outweigh the advantages. The weight for the disadvantages becomes heavier when we add the role of the TNCs in our economy.

Studies show that there appears to be some sort of division of area operation between international lending institutions in power financing. Generally, Eximbank invest in nuclear power plant, the World Bank (WB) and the Asian Development Bank (ADB) in hydroelectric power plants (WB concentrates in Luzon and the Visayas and ADB takes care of Mindanao), and the USAID specializes in rural distribution facilities and electric cooperatives. The funding for all these hydroelectric projects are all in the forms of loans which may significantly imply that these funding institutions dictate the terms and therefore "hold the (Philippine) government's neck; it cannot but obey their wishes.". And their most cherished wish? That they be allowed to come and exploit the country's wealth; it is in the condition *sine qua non* for those billions and billions of dollars in loans. In connection with the above comment, three of the conditions the WB requires are: 1) the dismantling of protective tariffs to allow the products of Western business to flood domestic markets; 2) the expansion of export promotion schemes to assure the same markets cheap raw and intermediate materials; and 3) the establishment of free trade zones to guarantee low-cost production for transnational corporations' subsidiaries.

Arguing for the energy program of the country, the World Bank says that the hydroelectric power projects could guarantee a much cheaper supply of electricity, "as an incentive to attract foreign investors and transnational corporations." As some sources commented: "The energy programme is conceived as an additional service to the urban industrialized enclaves dominated by foreign firms. . . "

Industries consume a vast amount of power. In Mindanao, the Philippine Sinter Corporation is the single major consumer of electricity. It pays a monthly electric bill of P1.5 million. The Maria Cristina Chemical Industries pays more or less the same amount, and the Ferro Alloy Plant makes a monthly consumption of P1 million. This confirms that the hydroelectric projects are "intended primarily to supply" industries in Mindanao and that the dams "will mostly benefit the new industries moving into the area."

In partnership with the TNCs (to use a leftist term) are the bureaucratic capitalists; meaning the elite, the oligarchs (including the military oligarchs) and the dummies. These people are either the owners/proprietors, chairmen, stockholders, or members of the boards of the different industries, corporations, and other establishments.

The use of the military proves only the age-old saying that "might is right" or the law of the jungle. In fact, Pericles (d. 429 B.C.) was right when he said: "The big fish in the sea have a right to swallow the little fish." The same is true of the Sulu proverb: "Fishes live in the sea, as men do on land; the great ones eat up the little ones." All these very well apply in the case of the NPC vs. the people.

The giant dams have been thought to mean some instant progress and the Third World countries could easily be made to believe that "there was one thing like a big dam for a fast economic take-off." With expected million pesos in economic returns to be derived from the hydroelectric projects, the government gives the NPC additional powers. These include the power "to restrict or prohibit farming within the water (redefined as 'critical watershed') of a proposed dam"; the power "to enforce the relocation of residents to areas outside the watershed as and when they deem necessary" and the power to exercise the right of eminent domain.

With these powers and other government proclamations as earlier mentioned, the NPC moves forward with the military behind it for the construction of those hydroelectric projects. Being a government agency, the NPC has "entertained the belief that there is no need to convince the people about the necessity for

the undertaking as there would hardly be any opposition to it." This is probably the reason why some people say that "electric power must prevail over people." In fact, construction sites and the surrounding areas have become virtual military camps. Resistance in the Chico Dam led to the issuance of LOI 220 which threatens to arrest anyone who "interferes, prevents, obstructs or hinders" the activities of the NPC.

The LOI 220 cited above is similar to the issuance of PD 42 for the Saguiaran case. Under this decree, "the Corporation was compelled to wait for neither the Court's decision nor actual payment to the landowners of compensation." As Lindy Wasburn points out: "That they were rendered powerless — first by PD 42 authorizing their eviction before payment or a court ruling, and second, by the use of the Philippine Army as an agent of the National Power Corporation in securing their eviction — seemed a deliberate and highly effective government strategy." This probably prompted some to state that in Lanao, "the close relationship between the NPC and the Army has become symbolic of the social relationship between dictatorship and technocratic development."

Conclusion

With hidden motive in mind to serve the TNCs and under the disguise to achieve total electrification and "equality in energy distribution within the country, aligned with areas identified as priority for social and economic reasons" in the name of development in Mindanao, the NPC appears to be just doing the opposite. First, ecological and environmental factors are assigned low priority as can be seen in the lowering of the Lake Lanao surface level to seven meters. Second, as constructions of the projects being delayed and as our foreign debt increases and inflation rate soars, the more we are economically strangulated at the mercy of international lending institutions. Third, the use of force as articulated in government proclamations and manifested in the presence of the military implies that the projects must be pushed through at probably any cost. Fourth, in legal cases as in the NPC vs. the people, the NPC generally favored in terms of time, money and government support. Fifth, there seems to be no proper relocation programs of the government to resettle the displaced people. Sixth, policy research tends to ignore the people or avoids the real issue at stake. And seventh, government response to the people's resistance and reactions to government projects tends to be repressive; severe or decisive.

In reality, the NPC functions as a TNCs tool to generate riches at the expense of the people. The benefits to be derived from the

hydroelectric power projects accrue to only some bureaucratic capitalists and their partners. The areas and the people affected are left out as they always are. And as far as our operational definition of development is concerned, there is really no development.

To ecologists, environmentalists, and other social scientists, the lowering of lake level, the creation of lakes and submersion of agricultural lands and communities are sociologically alarming, ecologically frightening, and agriculturally destructive; to the development planners, technocrats, businessmen, and politicians, these are perceived to ameliorate the socio-economic conditions of the people concerned, to the government, these would save for the Philippines millions and millions of dollars annually; but to the international lending institutions the TNCs/MNCs, and the like, they would not only save but also earn more than they expect and get far richer.