philippine studies

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The Political Economy of Growth, by Boyce

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Philippine Studies vol. 42, no. 3 (1994): 406–407

The Political Economy of Growth and Impoverishment in the Marcos Era. By James K. Boyce. Quezon City: Ateneo de Manila University Press, 1993. 405 pages.

The Philippine economy is one of few modern economies where there continues to be polarization of incomes: where growth in the national product makes the rich richer and the poor poorer. Our economic performance in the last few years tells us we have reached that point where deepening poverty has stopped growth in its tracks.

The comparative national accounts figures show the extent of this anomaly. In 1962, per-capita income in the Philippines was comparable to Taiwan's and was a quarter of Japan's. By 1986, our per-capita income was only a seventh of Taiwan's and 3 percent of Japan's. We have continued to fall further behind.

In 1986, too, infant mortality in the Philippines was equal to Vietnam's, a country just emerging from forty years of war and receiving virtually no development assistance. We also bore the heaviest debt burden (measured as a ratio of national income) in East and Southeast Asia.

James K. Boyce shows these comparisons in the opening chapter of *The Political Economy of Growth and Impoverishment in the Marcos Era.* It entices us to explore the damning evidence about a pattern of development the author calls "immiserizing growth."

This book is the outcome of a comprehensive study commissioned by the Development Centre of the Organization for Economic Cooperation and Development (OECD). It is part of a broader research program on "Economic Choices Before the Developing Countries."

The scholarship of the book is impressive; the analysis, deeply disturbing; the conclusion, provocative.

Boyce begins by looking at the growth and distribution patterns in our country. There are five ways to divide the national income pie: 1) unchanged distribution (all slices grow at the same rate); 2) mild equalization (all slices grow, but those of the poor increase more rapidly than those of the rich); 3) strong equalization (where the slices of the poor grow while those of the rich shrink); 4) mild polarization (all slices grow but those of the rich increase more rapidly than those of the poor; and, 5) strong polarization (the slices of the rich grow, those of the poor shrink).

In the first four patterns, the absolute incomes of the poor increase (marginally or rapidly). In the fifth pattern, absolute incomes of the poor decline. The growth and distribution patterns in the Philippines from 1962 to 1986, Boyce concludes from the evidence, indicates *strong polarization*.

The consequence is, of course, widening poverty. Social welfare declines even as there is growth in average incomes. For three decades, we have pursued a pattern of development aptly described, in the language of activists, as "antipeople."

What happened?

Boyce departs from the mainstream tendency of the literature on Philippine industrialization to look at patterns of international trade for an explanation. He examines the Philippine experience from the framework of political economy. This framework directs analysis to the interaction between the way power is organized in a society and the way production systems evolve.

From the evidence, Boyce notes that our country's "development strategy under President Marcos did not challenge the country's inegalitarian economic and political order. On the contrary, that order provided the fulcrum for [the technocrats'] pursuit of development 'from above.'"

The study focuses on what Boyce calls the "three pillars of Philippine development strategy" that "epitomized the technocratic approach." These are the Green Revolution, export agriculture and forestry, and foreign borrowing.

The Green Revolution succeeded in the narrow objective of raising food production by altering crop varieties and adding agricultural inputs, especially fertilizer. But this ultimately proved to be mere palliative. The new varieties depended on inputs. The basic inequality in land ownership was only marginally changed by the existing land-reform program.

Moreover, the breathing space provided by the sharp increase in food production during the seventies was not used to address the basic infrastructural problem of our agriculture: the underdevelopment of water control. The basic structural problem of uneven access to land was also left unaddressed. Thus, the oligarchy remained, and poverty deepened.

One glaring irony that afflicts Philippine agriculture is that while technological innovation makes increased farm output possible, demand remained relatively constant even as population size grew. This is not because Filipinos began to consume less. It is because the many who are poor could not afford to buy more. As a consequence of stagnant demand and high costs of agricultural inputs, the Green Revolution failed to lift rural incomes.

Furthermore, the size of land devoted to subsistence crops remained nearly constant. The new lands that were opened up to agricultural production were devoted to export crops.

Agricultural exportation, in turn, preserved plantation structures that were "economical" (from the point of view of the plantation owners resisting land reform), but represented as well the unproductive use of rural labor. Farming families, trapped in single-crop plantation systems, could not take advantage of opportunities for a more intensive use of their labor to plant more crops. The consequence is widening poverty in the rural areas and the displacement of impoverished rural populations by increasing mechanization.

The "external costs" of forestry exports are by now familiar. Timber products were sold to foreign markets based on the costs of extracting the timber from the forests. The prices, therefore, did not include "external costs" such as potential income robbed from future generations, the costs of reforestation, and the costs of flooding and climate changes resulting from intensive logging. Today, we are beginning to pay for the "external costs" of logging activities that benefitted only a few.

Using econometric models, Boyce also discovers a correlation between foreign borrowing and capital flight. Capital flight was most severe during the period when we borrowed most. The suggestion is fairly obvious: the extensive foreign borrowing during the Marcos years only marginally benefitted economic growth. It enriched a few powerful individuals who expressed their utter lack of patriotism by salting the dollars away in private accounts abroad.

The conclusion of Boyce's book comes inevitably: we cannot achieve sustainable growth unless we solve the problem of maldistribution. The old paradigm of development produced growth that was not only unsustainable but also illusory. Unless the base of development is quickly and substantially widened, all our efforts will prove futile and poverty shall continue to afflict us.

This book is by no means happy reading. It gives us sleepless nights wondering *what could have been* if we did things a little more correctly. It gives us mightmares about the possibility that present opportunities could be squandered in the same way past opportunities had been. But this book must be read by those who shape policy, those who participate in the emerging debate about the oligarchy, and those who intend to give flesh and life to the vision of "popular empowerment."

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Jesuit Missionary Letters from Mindanao. Volume One: **The Rio Grande Mission.** Volume Two: **The Zamboanga-Basilan-Jolo Mission.** Edited, Translated, and Annotated by Jose S. Arcilla, S.J. Quezon City: Philippine Province Archives, 1990-1993. 487 + 564 pages.

Almost immediately after the Second Vatican Council, dialogue with the followers of other religions began to be regarded as a useful help to those proclaiming the Gospel. Today, missionaries have come to see a dialogical attitude not only as a help but also as an absolute necessity.

In particular, the Catholic bishops of Asia are increasingly optimistic about a dialogue with Islam. Two important meetings have convinced them of its feasibility—the first in 1979 at Kuala Lumpur, Malaysia, and the second in 1983 in Varanesi, India. They now believe that its starting point is the so-called dialogue of life, that is, the peaceful living and working together of Christians and Muslims while sharing their own human and religious values. Such sharing has a long history in Asia.