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Sicat: Economic Policy and Philippine Development

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Book Reviews

ECONOMIC POLICY AND PHILIPPINE DEVELOPMENT. By Gerardo P. Sicat. Quezon City: University of the Philippines Press, 1972. xviii, 461 pages.

The author, currently Chairman of the National Economic Council, wrote the papers assembled in this volume over a period of three-and-a-half years prior to mid-1971, while Professor of Economics at the University of the Philippines. He describes them as "part of my contribution to the discussion of policy."

Sicat is one economist who has never been afraid of drawing policy-conclusions from his economic reasoning. His recommendations are eminently sound and consistent. These are his principal conclusions:

(1) The industrial growth of a country like the Philippines should not depend upon the growth of the home market alone. Yet, this country has fallen into the import-substitution trap. Its industries were built up to serve the very limited domestic world market, as have the industries of Taiwan or South Korea. Consequently, they quickly ran out of room for healthy growth.

(2) Import-dependent import-substitution does less for development than does the processing of indigenous raw materials. Yet many of our prime industries—textiles, flour milling, paper—have depended upon raw inputs, while exports have continued to be quite unprocessed: copra and coconut oil, logs, mineral ores, and even unrefined sugar.

(3) Anti-usury laws have kept interest rates well below the rates which free markets would have set. As consequences, less is saved and capital, a scarce factor of production, is made cheap relative to labor, an embarrassingly abundant factor.

(4) A plethora of policies has been pursued which tend to make capital cheap relative to labor; or labor dear relative to capital. The overvalued peso and artificially low rates of interest have been mentioned. Add to these the forgiveness of customs duties on imported capital goods and premature welfare policies. These include the succession of minimum wage laws, the eight-hour day law, the 40-hour

five-day work week and the Magna Carta of labor. All these have contributed to chronic, high-level unemployment and continuing poverty.

(5) Foreign direct investment can help in job-creation. Yet foreigners find the "climate" of investment less hospitable in the Philippines than in a number of neighboring countries.

(6) An overvalued peso is a marked deterrent to exporters.

(7) Affiliates of foreign firms engaged in manufacturing here have in some cases not been permitted by their parent companies to seek foreign markets. It is taken for granted that they would have been encouraged to export their products, if exporting promised to be profitable. Moreover, the export incentives act of 1970 excluded foreign producers.

(8) The gross inequality in the sharing of income is not peculiar to the Philippines. Historically, it appears to be an inevitable concomitant of economic advance that in the early phases of development, inequality grows. Only after economies have reached European—and now Japanese—levels of prosperity do inequalities grow narrower.

The volume is welcome because it makes Sicat's essays accessible to a wide public. Obviously, some of his views are unpopular, especially with chauvinists and with labor organizers. But he is doing what he was trained professionally to do; his balance, common sense, and moderation are characteristic of the economists—his erstwhile colleagues—who staff the School of Economics at the University of the Philippines.

MICHAEL MCPHELIN

A DICTIONARY OF CEBUANO VISAYAN. By John U. Wolff. Manila: Linguistic Society of the Philippines, 1972. xx, 1164 pages in double columns.

When the Spanish Catholic missionaries first came to the Philippines, they were confronted with the problem of language. They had to preach the Gospel in a language which they did not know, to people whose thought patterns were different from theirs. They had therefore to apply themselves, first of all, to the task of learning the local tongue. They then set about printing three sets of books: first, a catechism for the use of the native converts; second, a grammar for the use of other missionaries who were to come after them; and finally, the crowning work, a dictionary—or, as they termed it more accurately, a vocabulary of the native language. Again, this was for the use mainly of other missionaries who were to continue their priestly work.

In Tagalog, the first dictionary was that by the Franciscan Pedro de San Buenaventura, printed in Pila, Laguna, in 1613. Another was by Jerónimo del Monte, also a Franciscan, printed at the Jesuit college in Manila in 1648. A third Franciscan dictionary was that by Do-