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Technocracy and the Politics of Economic Decision Making during the Pre–Martial Law Period (1965–1972)

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Philippine technocracy during the martial law period (1972–1986) has been depicted in most of the literature as "apolitical." This article argues that this depiction was not applicable to the pre–martial law period (1965–1972) when the Marcos administration's technocrats, who went on to become the chief economic planners during the martial law period, exhibited "political sensitiveness" in economic policy making. This sensitivity helped pave the way for them to become part of the policy-making elite in the country and the Marcos leadership's appendage in confronting intraelite squabbles.

KEYWORDS: TECHNOCRACY · POLICY MAKING · MARCOS PRESIDENCY · CESAR VIRATA · PLACIDO MAPA JR.

The technocrats' role in authoritarian regimes in developing societies in Latin America and Southeast Asia has been the focus of most studies on technocracy (Huneeus 2000; Centeno 2010; Shiraishi and Abinales 2005; Amir 2007; Shiraishi 2014; Pasuk and Baker 2014; Khalid and Abidin 2014). Of no exception is the Philippines, where discussion on technocracy is generally highlighted during the country's martial law period (1972–1986) (Bello et al. 1982; Hawes 1987; Dubksy 1993, 34–35; Javate-de Dios et al. 1988). This emphasis is understandable because at that time Philippine technocrats became part of the "elite" who were key players in the country's economic policy making. It is, however, also important to look into the politics of technocratic decision making during the period prior to martial law, in particular, under the administration of Pres. Ferdinand E. Marcos from 1965 to 1972, because this period laid the foundation for their entry as members of the country's policy-making elite. My earlier study has looked into Philippine technocracy and the politics of economic decision making based on a comparison of the martial and post–martial law periods, focusing on the factors that facilitated as well as hindered such a process (Tadem 2014). However, that study does not cover the pre–martial law period, which is taken up in this present article.

This article focuses on the 1965–1972 period and examines in particular the technocracy's ascendancy in Philippine politics by discussing the following factors: (1) the supporting role that the technocrats played on behalf of the president in coordinating with his allies in Congress; (2) the president's liaison with influential members of the business community; and (3) the technocrats' willingness to compromise on policies in order to push for liberalization, a stance that was meant to assuage the powerful politico-economic elites and get them to abide by government policy. To understand these factors, the first part of this article contextualizes the emergence of technocracy in the Philippines amid global, regional, and local realities, while the second part discusses the foundations of the source of power of the pre–martial law technocrats, i.e., their academic backgrounds and the tasks and responsibilities assigned them. The third part highlights the nature of their relationship with elites in Congress concerning the passage of key economic policies. The fourth part examines their relationship with the president in policy making. And, lastly, the article discusses the manner in which the technocrats dealt with the business community. In all of these aspects the article stresses that the pre–martial law technocrats were not "stereotypically apolitical" but "politically sensitive" amid the challenges they confronted as the appendage of the Philippine president in the country's intraelite conflicts.

This article draws mainly from interviews conducted with Cesar E. A. Virata and Placido Mapa, Jr., two pre–martial law technocrats under the Marcos administration who went on to join his martial law regime. These interviews were made under the three-year research project (2007–2010) on the "Economic Policymaking and the Philippine Development Experience, 1960–1985: An Oral History Project," sponsored by the Japan Society for the Promotion of Science (JSPS). Thirteen interviews were conducted during the years 2007, 2008, and 2013 with Virata and three interviews were conducted in 2009 with Mapa. All the interviews were recorded.

Contextualizing the Emergence of Technocracy in 1965

Technocracy, in classical political terms, refers "to a system of governance in which technically trained experts rule by virtue of their specialized knowledge and position in dominant political and economic institutions" (Meynaud 1980 cited in Fischer 1990, 17). Technocrats comprise those with expertise in the sciences such as physicists, mathematicians, and chemists; as well as in technology, including boilers, engineers, computer programmers; and others who work in varying degrees of applied or pure research (Glassman 1997, 84). But technocracy is more than expertise per se:

> Expertise can be organized to serve a variety of social functions and interests. Technocracy, in this respect, refers to the adaptation of expertise to the tasks of governance. It gives rise to a theory of governmental decision making designed to promote technical solutions to political problems. The theory, in turn, supports a political project that advocates experts as the dominant basis for organizing political power. (Fischer 1990, 18)

Historically "the theory and practice of technocracy have been political and ideological responses to industrialization and technological progress" (ibid., 17). Furthermore, "technocracy have become the key class in the development of applied technology in the new automated, robotized, computerized industrial production processes" (Glassman 1995, 310–11).

In the Southeast Asian context the emergence of technocracy is related to US strategic and economic interests in the region in the 1950s and 1960s, i.e., in the post–Second World War era. Takashi Shiraishi (2005, 2) points out that during this period

> US hegemony in the region was based on the creation of an East Asian security system controlled by the United States in alliance with Japan and other East Asian developmental states; the promotion of a politics of development and productivity in Southeast Asia through a triangular trade system between the US, Japan and Southeast Asia; and the nurturing of a technocracy manned by US-trained economists.

The main reason for this security system was that Southeast Asia had no means to resist the "threat" posed by communist and domestic revolutionary forces except through social change. In turn, governments could attain social change to nurture capitalism through development from above. This approach often entailed

> violently suppressing resistance from below. To support these government efforts, the US launched what has been termed the developmentalist project. One element of this project was a program of Americanization in which the US invested in education and training to foster 'experts' who 'spoke the same language' and thought the same way as Americans. (ibid., 6)

The development paradigm during this period was also exemplified by the writings of the neoclassical economists who hailed the benefits of reliance on the workings of free markets, both domestic and foreign (Deyo 1987, 11). In the 1960s, however, it was observed that, despite US development assistance and growing levels of foreign investment by multinational corporations,

> the economic gap between industrial and Third World countries continued to widen. Growth sectors in Third World countries did not stimulate more general development, democracy failed to take root, and growing economic and political income inequalities worsened over time, and growing economic and political crisis betrayed earlier hopes for social stability. (ibid., 12)

The focus was thus placed on the economic growth of Taiwan, South Korea, and Singapore, which in the 1970s were dubbed as newly industrializing countries (NICs), which pursued export-oriented industrialization (EOI) strategies with high levels of trade reliance (Barrett and Soomi 1987, 23). This structural change entailed a shift from the export of raw materials or agricultural products to manufactured goods as seen in the NICs' experience.

This global and regional context nurtured the rise of technocracy in the Philippines. As Dubsky (1993, 1) pointed out, "technocratic influence, which can be traced to the post–World War II years, spread first in advanced industrialized countries, but later developing countries followed suit." This economic situation was facilitated in the country in the 1950s, which led to the emergence of "technocracy" as a spin-off of the Keynesian revolution, placing emphasis on the role of government intervention in the economy. "The technocracy was looked upon as a select few who had the expertise in economics management and thus could take on the lead in this endeavor on behalf of the government" (Bello et al. 1982, 28). As developed further by the International Monetary Fund (IMF) and the World Bank in the 1960s, the technocracy was made to look at itself as an elite corps of experts who have the last say on development planning (ibid., 8).

Consequently, the emergence of technocracy came hand in hand with national development planning as the country was one of those

> late developing countries . . . that sought to restructure their economy in order to industrialize under conditions of increased global competition. In the 1950s and 1960s, with the international community moving into post-war reconstruction work and the decolonization process already begun, medium-term national planning became a state of the art development technology. (Raquiza 2012, 10)

This global economic situation was aided by US strategic interest in the establishment of military bases in the Philippines to help ward off communism in the region. Foremost of these bases were the Clark Airbase in Angeles, Pampanga, and the Subic Naval Base in Olongapo, Zambales. These military bases facilitated US aid, investment, and counterinsurgency support to the country (Hutchcroft 1988, 22).

The global and regional trend was reflected in the appointment of technocrats in key government agencies, which became most apparent in the 1960s. During this period, the administration of Pres. Diosdado Macapagal (1961–1965) chose Filipino graduates from the best foreign universities and assigned them to government agencies, such as the National Economic Council (NEC), in order to solve the country's mounting economic problems. During this period a debate among technocrats emerged, i.e., the ones who favored the perpetuation of the export of agricultural commodities through export-oriented industrialization (EOI) versus those who preferred import substitution industrialization (ISI). The latter stance was exemplified by the large sugar planters who diversified into manufacturing, particularly in protected import substitution industries, as well as those who favored nationalist industrialization and protectionism. Reflecting on the economic problems of Third World countries, advocates of EOI argued however that ISI did not bring about development. As an offshoot of the debate between ISI and EOI, there emerged a debate among technocrats centered on the further liberalization of the economy to allow the entry of more foreign capital, which would be beneficial for EOI. A key issue was trade liberalization aided by the devaluation of the Philippine peso, which would benefit exports but not imports. Such a debate intensified under the Marcos pre–martial law administration (1965–1972) (Sicat 2014; Balisacan and Hill 2003).

Recruitment of Technocrats in the Marcos Administration

Under the Marcos administration, the recruitment of technocrats deepened as it sought to create new agencies that would provide the executive branch with expertise in government planning in public policy (Stauffer 1989, 189). Marcos's pre–martial law technocrats were generally recruited to government posts based on their academic and business credentials and connections, as well as the development perspective they shared with Marcos.

The academic degrees of these technocrats were generally in engineering, economics, and business administration. Moreover, most of them were American educated. Virata, for example, graduated from the University of the Philippines (UP) in 1952 with two undergraduate degrees, Mechanical Engineering and Business Administration. In 1953 he completed his Master of Business Administration, major in Industrial Management, from the University of Pennsylvania. He joined the UP College of Business Administration upon graduation and went on to become its dean before being recruited into government in 1967. He also did consultancies for the private sector and joined the accounting firm Sycip, Gorres, and Velayo (SGV) as a fulltime employee from 1956 to 1957. Mapa obtained an AB degree from the Ateneo de Manila University in 1951. He completed his MA in Economics at St. Louis University in Missouri in 1957 and his PhD in Economics at Harvard University in 1962. After graduation he joined Citibank, New York, from 1962 to 1963 as an Official Assistant (Sicat 2014; Mapa 2009a). For his part, Gerardo Sicat earned his BS degree in Foreign Service in 1957 and MA in Economics in 1958 from UP, and PhD in Economics from the Massachusetts Institute of Technology in 1963. Armand Fabella completed his AB Economics at Harvard College in 1951. Vicente Paterno pursued BS Mechanical Engineering in UP, finishing in 1948, and a Masters' degree in Business Administration from Harvard University, which he obtained in 1963. Manuel Alba earned his BS in Business Administration, major in accounting, from UP in 1957; his Master's degree in Business Administration, major in marketing and transportation, from University of Minnesota in 1961; and his PhD in Management Science and Business Administration from Northwestern University in 1967. On the whole, these technocrats obtained their undergraduate degrees from a Philippine institution in 1948 to 1957, their Master's degrees and their PhD degrees from a US university in 1953 to 1961 and in 1962 to 1967, respectively.

The government positions they occupied pointed to the pertinent economic agencies that Marcos needed for the country's development. In the case of Virata (2007a), the first formal position he held was that of deputy director general of the Presidential Economic Staff (PES) for investments in March 1967.[1] The PES was formerly the Program Implementation Agency (PIA), the economic agency under the Macapagal administration (Mapa 2009b). Virata (2007a) also became acting chairman of the Philippine National Bank (PNB). Marcos also appointed him concurrently as chairman of the Board of Investments (BOI). When martial law was declared, Virata continued to be secretary/minister[2] of finance and later on prime minister in 1981.

Mapa had previously served in the Macapagal administration (1962–1965) as the deputy director general of the PIA before serving the Marcos administration during the pre–martial law period in the following capacities: undersecretary of finance (1965–1966); director general, Presidential

Economic Staff (1966–1970); alternate executive director, World Bank (1970–1974); chairman, National Economic Council (1970);[3] and executive director of the IMF (1972). Aside from continuing to represent the Philippines in the World Bank and the IMF during the martial law period, Mapa also became the chairman of the Development Bank of the Philippines (1976–1979), director general of the National Economic and Development Authority (NEDA),[4] socioeconomic planning and development minister (1981–1983), and president of the PNB (1983–1986).

Like Mapa, Fabella started his government career in the Macapagal administration as director of the PIA in 1962. In the Marcos administration he was a Central Bank consultant from 1969 to 1989. He was also the chairman of the Presidential Commission on Reorganization in the martial law period. Sicat headed the National Economic Council in 1970 and was the first director general of the NEDA and secretary of economic planning during martial law. Paterno served as chairman of the BOI from June to July 1970 and was also appointed minister of industry from June 1974 to July 1979. He later on became the minister of public highways in July 1979 but resigned from this position in November 1980.

Among the technocrats, Manuel Alba held a first position in government that was not in the area of trade and finance but in education. From 1971 to 1973 he was the executive director of the Presidential Commission to Survey Philippine Education and founding director of training in the Development Academy of the Philippines. For both positions, he was under the direction of Onofre D. Corpuz, secretary of the Department of Education, Culture and Sports (DECS) during the martial law period. Alba, under the martial law regime, became NEDA deputy director general for planning and policy from 1975 to 1981 and deputy minister of budget from 1979 to 1981. He became budget minister from 1981 to 1986.

Based on their positions, the expertise of the pre–martial law technocrats lay in the areas of economics and finance, as they were recruited because Marcos wanted to open the country to foreign investments. This pattern was unlike what prevailed during the Macapagal administration, when the technocrats, as embodied by Hilarion Henares, then head of the NEC, were described as "protectionists" and "nationalists." The US and the IMF/World Bank supported Marcos's technocrats' stance because it fitted perfectly into their development paradigm of liberalization and increasing foreign

investments in the country to ward off communism. Thus, in Virata's (2007a) case, Marcos specifically told him that the government needed to have an investment law passed. Virata (ibid.) thus spearheaded the preparation of an Investment Priorities Plan,[5] as required by law for approval by the president.

Sicat, for his part, was recruited by Virata to head the NEC to replace Filemon Rodriguez, whose protectionist views Virata did not share. As Virata (2008b) observed, Rodriguez wrote an industrialization and development plan that favored heavy industries for the core program, which would require some degree of protectionism, whereas Virata felt that what the country needed were export industries. Virata learned of Sicat's position on this issue in an article by the latter in which he expressed support for trade and export liberalization. Because he shared the same development perspectives as Sicat's, Virata invited him to join the government in 1970, and in that year he became Chairman of the NEC. Sicat (2014, 290) was about to leave the country to accept a position at the Yale University Economic Growth Center when Virata made this offer.[6]

For the new NEC head, EOI was the solution to the country's economic problems during this period. As Sicat pointed out in a draft manuscript for a book he coauthored with John H. Power, *The Philippines: Industrialization and Trade Policies*, which was completed several months before he assumed a government post, these problems included balance of payments difficulties, lagging industrial growth, and political disenchantment, leading to widespread student and labor unrest in the late 1960s and early 1970s and the demand for political and social reforms (Power and Sicat 1971, 9–10). Power and Sicat (ibid., 28) questioned whether the protection-induced import substitution was "an effective vehicle for achieving self-sustaining growth," given the sluggish growth of the manufacturing sector in the 1950s.

The Marcos technocrats also became the bearers of the international economic development ideology that embraced the gospel of trade liberalization. Their recruitment to influential positions during the Marcos period was intended to generate this particular form of capitalist development (Pinches 1995, 122), which marked the triumph of the new development orthodoxy. Their mandate and positions reflected a development thrust inclined toward increasing investments in the country and dealing with international financial institutions like the IMF and the World Bank. The Philippines turned to the IMF and the World Bank to help facilitate the influx of more foreign investments into the country. With the state assuming an increasingly interventionist role in the economy, there was no better way to attain this development goal but through the recruitment of American-educated Filipino technocrats. These technocrats carried this particular development perspective that was advocated by a technocratic global alliance to which the likes of Virata and Sicat belonged (Bello et al. 1982; Dubsky 1993; Glassman 1995).

The formalization of the technocrats' relationship with the IMF/World Bank further reinforced such an alliance (Bello et al. 1982; Tiglao1988). Virata's relationship with the IMF/World Bank became formal when he was appointed finance secretary, a position that automatically made him governor of the Philippines for the World Bank, the Asian Development Bank (ADB), and the International Fund for Agricultural Development (IFAD). For the IMF, he was the alternate governor to the Central Bank governor, who served as the country's official representative to the IMF.

When Virata assumed the post of secretary of finance around 1970, his predecessor, Eduardo Romualdez, suggested that he form a consultative group for the Philippines, to which he agreed.[7] This led Virata to approach the IMF, the International Bank for Reconstruction and Development (IBRD), the ADB, and the US government, among others. A preparatory meeting was held in the Philippines to decide on this matter. The Consultative Group for the Philippines, an international consortium of official development assistance donors chaired by the World Bank, met for the first time in April 1971 (Wellons 1977, cited in Boyce 1993).

Marcos's Executive Secretary Alejandro Melchor facilitated Fabella's relationship with the IMF and the World Bank by inviting him to attend the IMF/World Bank annual meetings in Washington, DC. Fabella became close to one of the IMF/World Bank officials, a South Asian with whom he would negotiate. Observing Fabella's personal rapport, Central Bank governor Gregorio Licaros asked him to help the bank as he saw Fabella was "well connected" with the IMF. In particular, Licaros asked him to share his experiences with the joint Central Bank–IMF Banking Survey Commission (Fabella 2008).

Before Mapa (2009a) assumed his post in the World Bank during the Marcos pre–martial law administration, he went to the libraries of the World Bank and the IMF and talked to some people there because he was writing his dissertation then. Virata, as finance secretary, nominated Mapa to a seat in the Executive Board of the World Bank. This experience exposed Mapa (ibid.) to numerous contacts and enabled him to watch how Washington operated, particularly the tug-of-war between the executive and legislative bodies. Mapa (ibid.) believed that, because of the Philippines's direct representation in the World Bank, the latter's higher ups listened to the former's concerns. As he put it, the moment he sat in the board, bigger loans began to be granted by the World Bank to Philippine projects (ibid.). As noted by de Dios (1988, 84), loans of multilateral agencies, except the IMF, to the Philippines increased from 10.4 percent in 1976 of the bank's total loans to 19.0 percent in 1982. De Dios (ibid., 116) also noted that, from 1971 to 1982, the World Bank and the International Development Association "approved a total of eighty seven project loans and credits amounting to some US$3.4 billion—an average of almost US$390 million annually" (cf. Bello et al. 1982, 207).

In Philippine political realities, however, academic and business credentials, a shared vision with the leadership, and relationships with multilateral agencies were not enough for a technocrat to gain a government post. Seemingly of equal importance were their connections to individuals who were close to the leadership and could help them get positions. In Virata's appointment, Rafael "Paeng" Salas, who was Marcos's 1965 election campaign manager and who became the president's executive secretary, was instrumental. Virata (2007a) noted that Salas was related to Roberto Benedicto, the sugar baron who, together with Eduardo C. Cojuangco, was considered one of Marcos's "chief cronies" during martial law. Salas and Virata were also fraternity brothers at the UP Pan Xenia, and both served in UP, with Salas as vice president and Virata as faculty and later on Dean of the UP College of Business Administration (CBA).

Unlike Virata, Mapa was well connected politically as he belonged to the landed sugar elite of the Ledesma–Lizares–Mapa clan of Iloilo and Negros. His grandfather was a member of the first National Assembly during the time of Pres. Manuel Quezon. Mapa's father served in the cabinets of Pres. Manuel Roxas (1946–1947) and Pres. Elpidio Quirino (1948–1953). He was the first secretary of commerce and industry in Roxas's administration, and in Quirino's administration he was secretary of agriculture and natural resources, secretary of economic coordination, and acting secretary of finance (Mapa 2009a, 2009b).

Salas, who also hailed from the sugar elite of Negros, recommended Mapa to Marcos, a recommendation supported by another sugar baron, Eugenio Lopez Sr., who headed one of the most powerful sugar blocs in the country. Given his influential political and economic background, Mapa (2009a) was also well connected with people, including his own relatives, in Congress who spoke on his behalf. Mapa's background information highlights the importance of social and cultural ties in the rise of technocracy in the country.[8]

Dealing with Elites in the Philippine Congress[9]

An important challenge to the technocrats was bringing the government's vision of development to the politico-economic elites in Congress in order to produce the needed legislation. As noted in a World Bank (1993, 160) Policy Research Report, a cadre of economic technocrats insulated from narrow political pressures was the major institutional mechanism that facilitated the rise of high-performing Asian economies (HPAEs), led by Japan in the mid-1960s; the NICs (Korea, Taiwan, Hong Kong, and Singapore), with their authoritarian regimes, in the 1970s; and the new Asian tigers of Indonesia, Malaysia, and Thailand in the 1980s. Technocratic insulation generally meant "the ability of economic technocrats to formulate and implement policies in keeping with politically formulated national goals with a minimum of lobbying for special favors from politicians and interest groups" (ibid., 167). Pushing for their desired legislation was certainly an arduous task for the technocrats during the pre–martial law period given that members of the Philippine Congress had generally come from the country's political dynasties, which emerged from the practice of many politicians "to transform their electoral offices into lasting family assets" (McCoy 1994, 21). Within this context Philippine political dynasties provided the backbone of the country's oligarchy. The "oligarchy" is described as a subset of the "political family." "They consist of a small group who are a very powerful and a prestigious element of the political families and, as such, are the upper echelons of the ruling class" (Park 2008, 124). During the pre–martial law period, around fifty to sixty families were regarded as the "oligarchy" who constituted the core of the Philippine ruling class (ibid.).

What characterized this oligarchy was its penchant for rent-seeking opportunities, with access to the state apparatus viewed as a major avenue to private accumulation (Hutchcroft 1998, 11). As Paul Hutchcroft (ibid.) noted, the state apparatus is repeatedly choked by an anarchy of particularistic demands from, and particularistic actions on behalf of, those oligarchs and cronies who are currently most favored by its top officials. The goal could take the form of obtaining a highly coveted loan or import license or a stake in a cartelized industry protected by highly discretionary state regulations (ibid., 13–14). An example whereby oligarchs and cronies depleted the resources of the state was through the national treasury, which killed the Central Bank as it handed out "extraordinarily generous gifts to public and private financial institutions, including the allocation of large quantities of foreign loans, the assumption of foreign exchange risk on certain types of financial operations, and the disbursement of a wide array of other instruments of selective credit" (ibid., 11).

The existence of such a predatory oligarchy, however, did not seem to deter the technocrats from pursuing their policies in Congress, perhaps because the technocrats themselves were also considered part of the elite, i.e., a new power elite. What they shared in common with the "old elites" in Philippine politics was their antidemocratic bias. In technocratic politics, "majority rule is replaced by the idea of policy formulation by specialized experts" (Glassman 1995, 78–79). This tendency, however, did not surface during the pre–martial law period because, unlike under an authoritarian regime where power was centralized in the executive, the pre–martial law technocrats had to spend much of their time dealing with the people in Congress to get the legislation they wanted.

It is thus pertinent to identify the technocrats who are referred to as the *tecnico* and consider their relationship with the *politico* and the political process. The politico are those who "monopolize political skills as a foundation of their power positions while tecnico derive their influence from their control over technical information" (Grindle 1977, 402). The technocracy's pre–martial law experience, however, reveals that the tecnico also have the capabilities of a politico. They have "specialized knowledge but in addition they also demonstrate important political skills which enable them to rise to positions of influence and to maintain themselves there" (ibid., 419).

Mapa (2009b), for example, noted that when he was with the PES he spent most of his time outside the office meeting with congressmen. As a member of the politico-economic elite, Mapa felt he had no problems dealing with his fellow elites in Congress given his family's political connections. However, he also watched how Marcos operated and followed suit. Instead of sending a message to Congress and telling them to facilitate urgent government policies, he looked for the more important politicians and approached them one by one. Mapa (ibid.) said he had an advantage because his late father personally knew many of the politicians.

Investment Incentives Act

Unlike Mapa, Virata (2007a) did not have political connections with members of Congress, but he developed good relations with its key people and found it relatively easy to talk to them. For Virata the chief players then were Cong. Lorenzo Sarmiento,[10] who was chairman of the Economic Affairs Committee in the House of Representatives, and Sen. Jose Diokno,[11] chairman of the Committee on Economic Affairs in the Senate. Virata worked with both Diokno and Sarmiento on the Investment Bill, which they reviewed and managed to get passed in Congress.

The technocrats' pursuit of economic reform through Congress therefore can be viewed as an intrinsically political process because "any given set of economic strategies needs to be underpinned by a coherent dominant coalition of interests, a set of institutional structures, and a set of dominant ideas" (Jayasuriya and Rosser 2001, 237). In relation to the elite dynamics in Congress the technocrats found it easy to work with this dominant coalition, which carried their views as well as that of the president's.

Virata (2007a) pointed out that Diokno and Sarmiento were very effective in convincing their colleagues to accept the new investment bill. With their allies in Congress the technocrats embarked on an intensified drive toward Philippine transnationalization. Some of the bill's more salient features were tariff reduction and the elimination of restriction on the importation of non-essential consumer goods in order to open up the economy (Hawes 1984, 263). Mapa also recalled how he and Virata worked very closely with Diokno in drafting the Investment Incentives Act and the creation of the Board of Industries. He said Diokno would argue, get their points through, or convince the technocrats (Mapa 2009a). In this sense Diokno was also a "technocrat."

As Mapa (2009c) pointed out, Diokno, despite being a lawyer, did not deal with the legal issues of the bill but with the economic ones. To further attract foreign capital through foreign investments, the administration also appended investment incentives to the Investment Incentives Act of 1967. One major result of the passage of the Act was the reversal of laws against foreign participation in the country's vital industries, such as the rice and

corn industry and other forms of agribusiness. This law also enticed foreign oil companies to enter into "service contracts" to explore and develop Philippine oil fields (Hawes 1984, 263).

Basic Industries Act

The technocrats also had to work with members of Congress in amending or replacing the Basic Industries Act of 1961 (Republic Act 3127) of 17 June 1961. This law was the only one at that time that helped lay out "various industrial projects for government or the private sector to undertake" (Raquiza 2012, 100). Virata (2008a) recalled that various congressmen sponsored about eleven bills amending the Basic Industries Act in the House. After some hearings and explanations, they agreed that the bill was desirable. Sarmiento as committee chairman sponsored the bill, which incorporated a number of the provisions of the numerous bills filed in the House. The bill originated from the House of Representatives because it involved taxation. In the Senate Virata worked with Diokno in replacing the Basic Industries Act.[12] Diokno coursed its various amendments through his Senate colleagues. He also farmed out sponsorship assignments, i.e., the amendments to be proposed, to his fellow senators, turning the bill into a cooperative venture to ensure its passage (Virata 2007a). Amending the bill also required the technocrats to work with the influential players in the business community. Virata recalled that he had to conduct hearings with officials and members of the Philippine Chamber of Industries (PCI), then headed by David SyCip. Still existing at that time was the Chamber of Commerce of the Philippines (CCP), which was composed mostly of merchants, importers, distributors, and retailers, with whom Virata (2008a) met to discuss government policies.[13]

Virata (2007a) tried to sell the idea of export incentives to Congress, pointing out that the Philippines was dependent on the US market and should diversify to other markets and be more competitive. Diokno said that the inclusion of export incentives in the Investment Bill would be too much; he preferred to focus on and finalize the Investment Bill of 1967. Diokno said that they should work on the Export Incentives Bill[14] later as it was complicated, and they expected to run into difficulties with members of the Senate and the House of Representatives. As a result, Virata managed to include only a few provisions on export incentives in the Investment Bill. This experience resonated with the Thai experience whereby "calls for the promotion of export manufacturing were made in the late 1960s, but these were mainly from technocrats, and there was no great business pressure for change while growth continued and profits were maintained" (Hewison 2001, 83). However, Virata (2007e) said that, with their allies in Congress, they tackled export incentives in the following year (1968) due to the peso devaluation and in the succeeding period passed the Export Incentives Act of 1970.[15]

Further incentives were also appended to the Exports Incentives Act of 1970 for foreign-owned firms that exported 70 percent of their manufactured goods. Export processing zones were also established to provide the necessary infrastructure for multinational corporations and foreign firms, which also enjoyed the privileges that were given to them in export processing zones (Bello and Rivera 1977, 115). EOI, therefore, stressed the production of export goods and commodities for the world market and, together with the Investments Incentives Act of 1967, paved the way for the integration of the local economy within the world capitalist market (Bello et al. 1982).

Entry into the GATT

The experience of the technocrats with Congress also brings to light the importance of understanding economic policy making in the general context of the political system. That is, there is a need to examine the composition of the elite that promotes such economic measures (Huneeus 2000, 467). For one, in the Philippine Congress "nationalist" politicians have been hostile to multinational corporations. Examples include Sen. Lorenzo Tañada and Sen. Alejandro D. Almendras, who filed a case against the American multinational company Dole Corporation, which had a major investment in agriculture. Tañada declared this investment unconstitutional.[16] Tañada and Almendras also blocked a banana project of the American multinational corporation United Fruit in Davao from entering into a joint venture with the Florendo family (Virata 2008a; Sicat 2014, 70).

Virata said that, to a certain extent, Marcos relied on him to find out the sentiments of the members of Congress concerning the government's economic policies. He would also inform Marcos whether or not they could push for a particular policy. As Virata noted, he told the president that in order to promote foreign investments he recommended that the country enter the General Agreement on Tariffs and Trade (GATT).[17] Virata (2007a) said the technocrats wanted to tap the president's power to negotiate

trade treaties as contained in the Tariff Code, which had to be renewed by Congress. Under the Tariff Code, "the authority to negotiate and enter into new treaties of commerce had already expired and the restoration of such authority required Senate approval in its role as the treaty-ratifying organ" (Sicat 2014, 164).

The tremendous backlog in legislation hampered the technocrats' desire for a revised tariff code and tax law. Virata (2008a) said they could not even have the law amended, i.e., renew the president's trade-negotiating powers that expired right after Macapagal's term. Because Marcos did not have the authority to enter into negotiations for any trade agreement, he instructed Virata to find out from the Senate whether the Philippines would be allowed to enter into the GATT. Because it occurred prior to the termination of the Kennedy Round of GATT negotiations, Marcos's instruction was for Virata to see Senate Pres. Gil Puyat,[18] who told him, "Cesar, I don't think we can have this approved." Puyat was then head of the National Economic Protectionism Association (NEPA).[19] Because of Puyat's response, the country missed the Kennedy Round of GATT negotiations.

The nationalists in Congress found support for their economic policies from the growing wave of nationalism among students, which escalated in the 1970s as seen in organized demonstrations and street marches (Daroy 1988, 4). This ferment was initially fueled by the anti–Vietnam War sentiment of the 1960s and intensified "in the stagnation of both agriculture and industry resulting into widespread unemployment which widened the gap between the rich and the poor" (ibid., 8). The intensifying conflict among the different political factions in the country aggravated it (ibid.). Nationalist issues that became prominent were the pernicious effects of the Parity Rights, the US military bases, the multinationals, and the dictates of the World Bank and the IMF on the country (ibid., 13). In this context, "policy choices, technocratic interventions, and market processes must be analyzed in political terms because they embody the conflictual nature of economic development and the importance of the state as an arena for this" (Robison et al. 1997, 15). In the case of the pre–martial law technocrats, their political methods were very much in sync with the politicians in Congress who favored liberalization and foreign trade.

The Pivotal Role of President Marcos

For Virata Marcos's support for the technocrats' economic policies was always there. He said that the technocrats generally had good impressions of Marcos because he was senate president before being elected president. Virata (2007a) noted that, when Marcos was still a congressman, he was known as a good debater and floor leader. Through personal observation, Mapa (2009a) deemed Marcos a better communicator with the politicians than his predecessor, Macapagal, in terms of ensuring passage of his programs. Virata (2007c) said that during the pre–martial law period Marcos always consulted political and congressional leaders.

Virata (2007a) said that to seek his guidance the technocrats would tell Marcos, "Mr. President, you know, we don't know politics." He would reply, "Do your best in your own field and you let me know whether we could implement it politically. I will help you in that aspect." As Mapa (2009a) recalled, when he had to work with a senator who put up a tough stance and he did not have a personal connection with that senator, i.e., the senator did not know Mapa's father, he would inform Marcos, who would then talk to the senator concerned. In this way the technocrats ensured the passage of difficult economic policies like tax measures.

Peso Devaluation

For Virata the government's devaluation of the peso displayed the president's strength. The country's shift to ISI caused division between protected manufacturers, on the one hand, and members of the oligarchy engaged in export agriculture, on the other hand, over import and currency-exchange controls. As explained by Hutchison (2001, 52). "This conflict has been framed in economic nationalism terms: protectionism being justified, not simply to particular industries, but as a defense against the dependency of the national economy as a whole." Virata said that when he became secretary of finance, two years after his stint with the BOI, the Philippines had to devalue or float the exchange rate in February 1970. At that time there were already street demonstrations as devaluation brought about inflation of prices of basic goods and commodities (Virata 2007a). Virata (ibid.) told Marcos that devaluation would adversely affect some people: it would favor exporters but not importers. Some of the latter had influence in Congress or were themselves congressmen or senators. Virata said that Marcos understood the problem when asked, "How can we go on like this?" He asked Marcos if the latter could handle it. Ultimately it was Marcos who decided, recalled Virata. The peso was floated and stabilized from P3.90 to US$1 to P6.45 to US$1, which resulted in a de facto devaluation of 65 percent.

Because the devaluation gave exporters, especially those in extractive industries, a windfall, the government had to recapture the windfall through a new tax. This measure was meant to lower inflation and provide revenue to government (Virata 2007e). Virata said they had to talk to exporters of logs, sugar, and coconut about capturing windfall profits, but he could not handle them. Virata (2007b) told Marcos he had to do it himself. The president then summoned the leaders of these industries to Malacañang and told them that the government needed the additional revenue to cope with additional expenses and mitigate inflation. The group agreed to a 20 percent export tax on their windfall profit and to a lesser rate for exports that were unprocessed (Virata 2008e). The measure had to be enacted in Congress, and Virata (2007b, 2008c) had to follow up Congress regarding the passage of the export tax bill. Virata attained his goal through the enactment of the Export Incentives Act of 1970, following the floating of the Philippine peso earlier in February 1970, "which . . . signaled a policy shift toward a more outward-looking industrial development strategy" (Bautista and Tecson 2003, 138).

Dealing with Powerful Economic Blocs

Concerning the peso devaluation, Virata (2007b) said that the government received criticisms because "whatever you do some sectors were bound to be affected adversely." As he expounded, "there were importers who had their debts in dollars. There were groups that controlled newspapers and were used as another form of insurance against competitors in government."

Aside from the tax exemptions and other fiscal incentives provided by the BOI, for example, "the government offered export producers, on a selective basis—which turned out to favor large capital-intensive enterprises—various forms of financial and infrastructure support" (Bautista and Tecson 2003, 138). As for the importers, Virata noted that the devaluation of the peso did not work for them as they held their debts in US dollars.

Virata told Marcos that he could not handle these people. In Virata's view, Marcos could deal with them since Marcos knew how to handle the powerful sugar bloc in Congress, which had been there since the prewar legislature (Raquiza 2012, 66). Virata (2007e) noted that members of the sugar bloc were basically using government resources for their expansion. As such if they did not cooperate with Marcos, the president could make access to financing difficult.[20] In the case of loggers, Virata said Marcos could reduce or revoke their temporary timber licenses if they did not toe the line. This situation illustrates that governing elites, foremost of which is the Philippine president, "create and distribute rents and the structure of economic growth will greatly depend on the economic sector (agriculture, manufacturing, services) most favored by those rents" (Raquiza 2012, 31).

The technocrats thus needed Marcos to help them "rationalize" rent seeking among competing economic elite interests. Rents, defined as "market privileges in the form of government regulation and subsidies to business groups" (Mitchell and Munger 1991, cited in Raquiza 2012, 30), are generally viewed as wasteful. "For one, rent-seeking diverts scarce resources to political activities, if not private pockets" (Raquiza 2012, 30). Some government policies are viewed to enhance rent seeking. An example is the imposition of tariff rates, which "is part of the bigger perspective of the role of government restrictions in market economies. Such restrictions are viewed as giving rise to rents of a variety of forms, and people often compete for the rents" (Krueger 1974, 291).

Leverage of the Technocrats on the President

For Mapa (2009a) the technocrats to a certain extent had some leverage on the president, as seen in his experience in dealing with the powerful tobacco bloc. Mapa said that as economic planners they wanted to ensure the efficient allocation of tobacco imports and his technical staff devised a formula for this purpose. Some politicians and cronies wanted to change their allocation, but Mapa said he stood his ground. One time in the late 1960s, however, in his absence Marcos decided not to abide by this formula. Thus when Mapa returned he tendered his resignation, but Marcos refused to accept it and reverted to Mapa's order. Mapa (2009a) and his staff did not have to change the politicians' import allocation based on their formula. Mapa said that his colleagues who saw Marcos's response were encouraged to do their job well. Mapa said that it was not known, but people like Virata, Alejandro Melchor (who became Marcos's executive secretary), and himself submitted their resignations quietly when they disagreed with the position of the president. Mapa said that from 1967 to 1970 he did so thrice, which the president never accepted. The president would quietly say, "No, no. You take back your resignation. I will reverse my order. I want you to stay" (ibid.).

The Politics of Dealing with the Business Community

A major challenge the technocrats confronted was dealing with the business community, which was dominated by the Philippine oligarchy. Such a challenge was made more difficult by the country's industrialization in the 1950s and 1960s, which did not unseat the oligarchy but instead "brought new opportunities for investment and rent-seeking in the finance, real estate and other services sector, in construction and in manufacturing of individuals with different social and economic backgrounds and interests" (Hutchison 2001, 52). As noted by a World Bank (1993, 160) Policy Research Report, another important institutional mechanism to achieve the goals of the HPAEs was the pursuit of institutions and mechanism "to share information and win the support of the business elites."

Virata stated that during the pre–martial law period he had no problems dealing with the business community because he had allies there and in the Philippine Congress who helped him deal with their issues. He pointed out that there were two major contending factions: the CCP, which favored trade liberalization, and the PCI, which favored the protection of industries (Virata 2008a). On the one hand, the CCP represented older commercial interests emanating from the prewar Philippine economy and possessing a small industrial sector. On the other hand, the PCI represented the new, largely import-substitution industries, protected by the NEPA. Virata (2007b) referred to the latter group as those who believed in autarkic economies, with Russia or China as their model, whereby state enterprises produced steel, petrochemical, and heavy machinery. This situation resonated with the experience in Thailand, where a small dominant capitalist group, buttressed by its relationships with powerful political figures, promoted ISI (Hewison 2001, 88–89). In the Philippines, no less than Senate President Puyat and his allies protected ISI interests. Puyat was president of the NEPA, which "reorganized after the Second World War with some of the leading Filipino manufacturers in the import-substitution industries among its members" and "campaigned actively to promote local industries and enhance the demand for locally-manufactured products" (Rivera 1994, 7).

The technocrats also had to deal with taxation cautiously, as seen in one incident in 1967 when Sen. Jose Roy,[21] who headed the committee on finance, laid down a tax policy and informed Virata and Diokno that "there will be no income tax holiday." Virata found that policy ideal as he believed that once companies make money they should pay income tax. However, to pass the Senate bill without the income tax holiday, Virata said they had to come up with positive counterpart measures to assuage members of the business community, such as accelerated depreciation, net-loss carry over, and double deduction for training and research, among others. They also provided incentives for buying local manufactured equipment. They instituted these positive actions in order to afford the businessmen additional deductions rather than income tax holidays (Virata 2007a).

Technocrats thus "tended to have control of economic policy-making, but this did not amount to independence" (Hewison 2001, 88–89). As Virata pointed out, the government could not referee all the time, and for this reason it encouraged business people to consolidate their interests for the industrial and commercial development of the Philippines. He wanted them to argue privately instead of publicly. He also encouraged them to present their program for business development to the government so that they could work together.

Issues between industry and labor also surfaced, with the government as the go-between (Virata 2008a). In this sense the pre–martial law technocrats behaved as tecnico whereby, rather than shaping policy alternatives for their political superiors or initiating policy when backed by political support, they were presented with a broad policy question and were expected to achieve some solution for refining and implementing the policy. It suggested that real power was not based on expertise alone and was denied to technical specialists who had no other basis of influence (Grindle 1977, 416).

Policy of Measured Capacity

Virata also worked with the PCI's David SyCip,[22] who introduced the concept of measured capacity[23] for industry in order to avoid overinvestment that led to the waste of scarce capital resources. Measured capacity referred to both the national market and the export market. Virata (2007a) explained that in the Philippines one had to deal with different families wanting to invest on the same item, such as a flourmill, a cement plant, home appliances, or a galvanizing plant. With the measured capacity concept, according to Virata (ibid.), the BOI had to study market demand, including the external demand. The BOI would only approve of capacities with some allowance for a particular industry, so that the economy would not waste resources. Virata nonetheless admitted that this concept went against the principles of the free market economy (ibid.).

On this issue he came into disagreement with Sicat, who was a hardcore advocate of liberalization. For Sicat the policy of measured capacity went against the mantra of free competition, but Virata prevailed on him (ibid.). As Sicat (2014, 166) expounded, he felt that putting the idea of measured capacity into practice "would force business families to go into specialization. But if the optimum economic capacity for a new large industrial facility was large, there would be pressure from competing families to split it up so that each would have a share. Such a split would eliminate the scale advantage." But for Sicat (ibid.), "Virata felt that the idea of measured capacity as a planning tool was worth a try." In this sense Virata could be viewed as a tecnico as he depended not only on objective ability to achieve the goals assigned to his agency but also on "the ability to make correct guesses and calculations about influential supporters, cliques and power contenders within the broader context of national politics" (Grindle 1977, 420). On this point, the Marcos pre–martial law technocrats could be placed on a spectrum, with Virata on one end and Sicat on the other end. Mapa, Fabella, and Paterno found themselves agreeing with Virata on the need to forge compromises with the elites.

Policy on Pioneer and Nonpioneer Investments

Virata, however, was also aware that all of these policies were not enough to appease the powerful families in the business community. This situation was similar to the Indonesian experience whereby powerful corporate conglomerates and politico-business families emerged under the "umbrella of nationalist policies of protection and subsidy, and within monopolies of structures of political favor bestowed by patrons with their hands on the levers of state power" (Robison 2001, 111). Virata (2008a) felt that there was some space to maneuver in this kind of situation because, as he pointed out, he shared with Diokno the view that Filipinos were really ambivalent about foreign investment: they both liked and disliked it.

Virata pointed to the case of Lone Star of Texas, a cement company that wanted to put up a huge cement plant in the Philippines. However, the Philippines had many families who had small cement plants with an aggregate capacity of 10,000 tons. When the Filipino cement factory owners learned about the planned Lone Star venture, they all turned hostile as Lone Star was eyeing the local market as well as the export market (Virata 2008a). In relation to this case, Sicat (2014, 163) observed that "Diokno believed that the 60–40 rule prevented the entry of Lone Star, the large US cement producer, to the country."

As a result, Virata (2008a) said, the BOI had to identify the industries where foreign investors could freely venture into and which ones were preserved solely for Filipinos—giving rise to the concept of pioneer and nonpioneer industries. Industries that had not been in operation or established in the Philippines would be categorized as pioneer, and it could be 100 percent foreign owned. However, industries in which Filipinos were operating—for example, cement—would be classified as nonpioneer. In the latter case, the voting stocks of the corporation must be up to 60 percent Filipino controlled. That rule was one way to clear the path for both foreign and domestic investments. After ten years a pioneer industry would become nonpioneer because of changes in technology and other developments (ibid.).

The government's practical approach was a noncompetitive policy. Virata was concerned that if foreigners started going into nonpioneer areas and dislodged many Filipinos, the latter might develop a negative attitude toward foreign investment, which would not induce development. Foreigners could invest in a pioneer industry and own it 100 percent, but after ten years it would be classified as nonpioneer and would become a joint venture between foreign and domestic investors. Virata said that it was their way of approaching ownership issues. The question of what was essential and nonessential was part of the investment evaluation (Virata 2007e).

Virata said that Sicat did not agree with him on this matter as the latter saw the law as too restrictive and did not appreciate the political necessity of differentiating pioneer and nonpioneer industries and why the pioneer status had to last for ten years only. Virata (2008a) said he had to correct Sicat's view and explain to him that the purpose was to avoid the conflict between foreign and domestic investments. In this sense Virata exhibited another trait of a tecnico, who made decisions not only on the basis of technical criteria but also in accordance with political criteria (Grindle 1977, 420). Such criteria, however, were limited to curbing rent-seeking behavior in the arena of trade policy. However, as noted earlier, there were also other crucial venues in which this rent seeking was not addressed, such as credit allocation, access to public natural resources (forestry and mining concessions), and public procurement contracts. As a result, during the martial law years, others would consider rent seeking as worse than trade protection from the standpoint of both growth and equity.

Conclusion

This article has sought to identify the factors that helped facilitate the entry of technocrats into the policy-making elite of the Philippines. Providing a good foundation for this entry were their academic and business credentials, which provided them "credibility" as well as "expertise" to formulate economic policies. In a country ruled by personalistic politics, the social networks of technocrats with the politico-economic elites in the country in general and in the Philippine Congress in particular served them well. These networks were formed through family ties, as in the case of Mapa, as well as through academic institutions, such as UP, specifically its College of Business Administration, in the case of Virata.

But what solidified the technocrats' bargaining leverage in Philippine pre–martial law politics was the vision they shared with Marcos regarding liberalization, foreign investments, and EOI. The new strategy, which was supported by the country's major lender, the IMF, went against the then prevailing thrust of ISI and protectionism, which the majority of elites at that time favored but had put a drag on the economy.

What gave further impetus to the technocrats' policies were members in Congress who shared their views, particularly the chair of the economic committees in the Senate and House of Representatives, Diokno and Sarmiento, respectively. Marcos played a pivotal role in ably aiding the technocrats in his use of political leverage to push his administration's preferred economic policies. For instance, in devaluing the peso, which created conflict between exporters and importers, Marcos used political and economic leverage to obtain the ascent of these two contentious and influential factions in Philippine society.

At the same time, the technocrats were also politically sensitive as to what policies they could and could not pursue—aided generally by the advice of their allies in Congress as well as their perception of the strength of opposition against their policies. Their push for the country's entry into the GATT, for example, was opposed by no less than the Senate president.

Faced with such resistance, the technocrats exhibited their traits as tecnico or politically savvy technicians. Through the technocrats Marcos was able to gauge the sentiments of the members of Congress and act accordingly.

The technocrats did not only have to work with members of Congress but also with potent players in the business community. Technocrats had to referee between the conflicting interests represented by the liberal importers found in the CCP and the protectionists who constituted the PCI. The technocrats also had to deal with the powerful politico-economic families competing in the same industry, such as through the formulation of the policy on measured capacity. As for the local business community's hostility toward foreign investors, the solution, which the technocrats reached together with business leaders, was the policy on pioneer and nonpioneer industries, which initially restricted foreign investment in nonpioneer industries in order to insulate local industry owners from foreign competition. The technocrats had to compromise their policy positions to appease Philippine business elites. They could not be ideologically dogmatic, although debates also ensued among them concerning liberalization versus protectionism.

The challenge the technocrats confronted was to find ways and means by which rent seeking could be made competitive (Krueger 1974, 291). The pre–martial law period generally showed that technocrats had political leverage in dealing with the Philippine elite, and in this maneuver they were supported by no less than the president and his allies in Congress and in the business community. In this way the technocrats laid their foundation as a crucial appendage to the leadership's development thrust, especially because in the formulation of the Philippine development strategy under Marcos they "did not challenge the country's inegalitarian economic and political order" (Boyce 1993, 8). They did not address the third important institutional mechanism for the success of the HPAEs, that is, "wealth-sharing to include non-elites in economic growth" (World Bank 1993, 167), the adverse consequences of which would manifest beyond the pre–martial law period.

Abbreviations Used

ADB	Asian Development Bank
BOI	Board of Investments
CCP	Chamber of Commerce of the Philippines
DECS	Department of Education, Culture, and Sports
EOI	export-oriented industrialization
GATT	General Agreement on Tariffs and Trade
HPAE	high-performing Asian economy
IBRD	International Bank for Reconstruction and Development
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
ISI	import-substitution industrialization
JSPS	Japan Society for the Promotion of Science
NEC	National Economic Council
NEDA	National Economic and Development Authority
NEPA	National Economic Protectionism Association
NIC	newly industrializing country
OECF	Overseas Economic Cooperation Fund
PCI	Philippine Chamber of Industries
PCCI	Philippine Chamber of Commerce and Industry
PES	Presidential Economic Staff
PIA	Program Implementation Agency
PNB	Philippine National Bank

Notes

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1 The PES was established when President Marcos dissolved the PIA on 1 Feb. 1966 through Executive Order no. 8 (Philippine President 1966, 14). In addition to socioeconomic planning, policymaking, and programming, the body was tasked to establish ties with international financial institutions. Placido Mapa and Apolinario Orosa headed the PES. It was eventually absorbed into the NEDA (Presidential Economic Staff n.d.).

2 When the Philippines shifted to a presidential-parliamentary system in 1981, the cabinet title of "secretary" was changed to "minister."

3 The NEC is the forerunner of the NEDA (Sicat 2014, 17).

4 The NEDA was the fusion of the PES and the NEC, and was looked upon as a more powerful planning body that its two predecessors (Sicat 2014, 171). "The NEDA was the major organizational innovation of the 1973 Constitution . . . . The president was the chairman of the NEDA Board. The board itself was composed of the major departments of the national government dealing with the management of reforms and the implementation of economic policies" (ibid., 262).

5 The Investments Priorities Plan was prepared by the BOI and approved by the president upon the recommendation of the NEC. This plan contained the analysis, synthesis, and projections of data collected by the BOI (Philippine Congress 1967).

6 The objective of the Economic Growth Center of Yale University (2008) is to study and promote understanding of the economic development process in low-income countries and how development is affected by trade and financial relations between these countries and those that developed earlier.

7 A first cousin of Imelda Marcos, Eduardo Romualdez joined the Marcos government in 1965 as finance secretary and Philippine ambassador to the US. He was the chairman of the Rehabilitation Finance Company during the Magsaysay administration, which later became the DBP (*Philippine Daily Inquirer* 2001, 4).

8 For further details, see Tadem 2013.

9 For further details, see Tadem 2012.

10 Sarmiento's "fortunes grew in Mindanao, principally originating in logging and wood processing. As these ventures became successful, he was able to diversify into agricultural feeds and real estate development. Success in business propelled him into politics" (Sicat 2014, 155).

11 Jose Diokno was secretary of justice in 1962 and a senator from 1967 to 1970. He was a revered nationalist, human rights advocate, and lawyer (Diokno Foundation n.d.).

12 The Basic Industries Act or Republic Act 3127 was passed to encourage the establishment of basic industries through tax exemptions (Philippine Congress 1961).

13 The CCP advocated economic nationalism. Members of the CCP, which included a group of Filipino traders, manufacturers, and entrepreneurs, founded NEPA in 1934 (Rivera 1994, 7).

14 Republic Act 5186 was passed to encourage Filipino and foreign investments.

15 The Export Incentives Act or Republic Act 6135 was passed on 31 Aug. 1970 and complemented the Investment Incentives Act (Tolentino 1993, 199).

16 The case reached the Supreme Court, which favored Dole Corporation (Virata 2008a; cf. Bello et al. 1982, 28).

17 The GATT started on 10 Apr. 1947 in Geneva, Switzerland. It sought to create an open world trading system (Irwin 2007). The World Trade Organization, established in 1995, has served as the multilateral body that oversees the implementation of GATT and other trade-related agreements. Virata (2007a) mentions the Kennedy Round of the GATT trade negotiations as occurring in 1968; however the Kennedy Round opened in 1964 and concluded in 1967.

18 Gil J. Puyat was dean of the UP College of Business Administration and was senator from 1951 until 1973 (Philippine Senate n.d.).

19 On the NEPA, see note 13.

20 Mapa (2009a) considered lack of unity as a weakness of the sugar bloc. Rather than over policy, he saw their differences as due to power, such as linking up with opposing presidential candidates.

21 Sen. Jose J. Roy was a longtime senator who became chair of the finance committee (Sicat 2014, 158).

22 In the mid-1970s, Virata said that they worked for the merger of the PCI and the CCP into the PCCI as the "single voice" of Philippine business (PCCI n.d.).

23 Measured capacity is the volume of additional capacity that the economy can absorb efficiently. It is determined for each listed productive activity. Proposed projects that fell within it were entitled to incentives (Romero 2010).

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