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Comment on: "Let My People Lead" by Franch Lynch, S.J., Jeanne F.I. Illo and Jose V. Barrameda, Jr., SSRU, IPC, Ateneo de Manila University, Aug. 1976.

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This document reports some interesting research and analysis. It contains much information, social and cultural insights, and policy suggestions of value to those of us involved in Bicol River Basin development planning and policy formulation. There are three major areas, however, where comments and qualifications seem to be in order.

1. Comparisons of BRBDP Program with SSRU Survey Results

The reader is left with the impression there are some important areas of divergence between the expressed needs and perceived problems of the Bicol Basin residents as determined through survey analysis and the elements of the official Bicol River Basin Development Program, as outlined in their Comprehensive Development Plan 1975-2000 and other documents. A closer reading, however, suggests this supposed divergence is perhaps more imaginary than real, based more on semantics and interpretation than on design and substance.

Of the first ten "Community problems freely mentioned by Household Heads as most important," listed on page 33 in Table 4, eight are problems directly attacked by specific BRBDP or other GOP on-going or proposed projects, with considerable investment being allocated or proposed to help solve or alleviate them. Of the only two left out, not even the authors could define or explain what their respondents meant by listing "Peace and Order" as a number one problem or what the government should do about it other than what they are doing. Perhaps Martial Law has alleviated this problem to some extent. (It should be noted, however, that although "Peace and Order" was given rank order number one in the analysis, only 9.6% of those interviewed mentioned it as most important, 104 out of 1080.) The other one, "high prices," was an international and national phenomenon in 1974, not purely regional.

The six major areas of unhappiness discussed on page 36 can be conceptually reduced to three:

1) employment and income (job, income , travel, and housing, to the extent housing is rented);

2) wealth (housing, furniture, and household possessions, to the extent they are owned); and
3) health.

Employment and income are so closely related as to be inseparable, especially when talking about the poor. Travel costs money, as does rented housing, and both are related to income. The accumulation of wealth results from saving out of current income, and the procurement of better housing, furniture and other household durables is a form of saving out of current income--choosing to consume less today, in order to enjoy a higher level of consumption in the future. (These items are not "consumed" the year they are purchased, but slowly over their entire lifespan.) So wealth must also be thought of as closely related to household income over a longer time span. It accumulates out of current income and results in higher "real income" in the future.

Increases in Bicol employment and real income and an improvement in income distribution,which will permit more rapid wealth accumulation, and better nutrition and health status are all explicitly listed as major goals of the BRBDP and projects are in process or are being designed to address them.

Finally, Table 7 on page 45 lists three problems identified by household heads alone (not the experts): Peace and order, housing, and household possessions. Then it lists 12 problems identified by the experts alone (not household heads), leaving the impression of a divergence between the "people" and the "experts." The first three have been discussed above and no real divergence can be claimed. Of the 12 expert-identified problems, however, all of them are either component parts or are directly related to the more general problem statements of the survey respondents. Differences, here seem to be purely semantic and interpretive. Where an economist speaks of unequal income distribution a poor farmer would complain of low income and under-or unemployment. Where the analyst calculates a low rate of savings and investment (which are identical for the whole society) the household head will note poor housing, few durable possessions and few productive tools or farm implements. Numbers 3 through 9 and 12 are all component parts of the Basin's employment and income problem. There would appear to be little divergence between the people's concern for better community organization, cooperation and leadership and BRBDP's basic raison d' etre: earlier breakdowns in coordination among line agencies (Number 10). Number 11 on the experts' list, "little participation of the local and private sector in development efforts," is an expression of concern about the lack of local and private initiative and productive investment in mini-infrastructure projects or small-scale economic endeavors that would provide jobs, increase incomes, clean up dirty or unsanitary surroundings, provide drinking water, and a number of other things mentioned as household head concerns. There seems to be no substantive divergence between household heads and the experts on the whole table.

2. Social Problems that May Seriously Impede Project Performance

In an attempt to analyze the socio-cultural feasibility of the BRBDP program, the paper raises two main issues: 1) "the grinding poverty of most Bicolanos" and 2) "the likely unevenness in both design and performance of existing organizations and programs".

The authors seem to feel that the poverty of the farmers, for example, will not enable them to pay for the costly high-yield seed, fertilizer and other inputs required by a more productive agriculture. This is really a question of economic feasibility, not a socio-cultural one, and it is certainly recognized as an important problem in any agricultural development program. The answer is, obviously, agricultural credit--and not necessarily soft credit, as the paper suggests. The farmer himself--yes, even a poor one--will be able to pay back any loan sufficient to pay for his inputs, with interest, from his harvested crop and still have enough left over to be significantly better off (in terms of income) than before, or the whole development effort is a waste of time. This is barring any natural calamity which destroys his crop, and any such credit program should of course be designed so that the society at large shares some of the risks of modern farming in the case of real crop failures.

Agricultural credit programs are organized on a nationwide basis, and this is not something the BRBDP can do much about by itself. It should be noted, however, that the BRBDP is funding two major studies into agriculture credit this year in an effort to assist national planners come to grips with this problem, and it is really not correct to portray this as a problem area the BRBDP is not aware of.

The poverty issue itself, as stated in the paper, is not a feasibility issue ("Who will pay the bill for these inputs?"). The chief socio-cultural feasibility issue which can be constructively addressed is how to design institutionalized agricultural credit programs in such a way that the farmers will pay back their loans, when it is clear their harvest is good enough to do so, so they won't deplete the revolving loan fund before the next year's crop. How to change the reportedly ingrained attitude of Philippine farmers that, even while it is a matter of high honor to repay private debts, "government loans are not for repayment."

The second feasibility issue discussed is the "likely unevenness in design and performance of existing organizations and programs". The paper takes BRBDP to task for taking existing organizations and programs for granted as a point of departure and

planning only to build on and improve them, instead of suspecting, as the authors apparently do, that there may be basic flaws in the old ones requiring complete overhauls and replacements.

The authors' bias against existing organizations and their leadership seems to arise out of their explicit assumptions that 1) the people's presently recognized "representatives", local leadership in various fields, are unrepresentative and "should be presumed guilty of (conscious or unconscious) misrepresentation, until proven otherwise", and 2) "no institution, association, or program works half as well as its official spokesmen say it does". They take strong issue with BRBDP plans to organize Area Development Councils composed of existing local political and private organizational leadership in the municipalities, since they consider even local leadership to be hopelessly biased by an upper-class, elitist background and unable to faithfully represent the general public's needs and interests. The authors recommend "a search for improved new or basically altered organizations and programs" and the placing of increased participation by the little people in community affairs as a major goal of the program.

While increased participation in community affairs and in the development process is an important goal most BRBDP and USAID planners accept, the authors offer no clear suggestions as to how this should be accomplished. Many of us believe, as the paper suggested at one point, that simply increasing household incomes--a central goal of all development planning nowdays--will give the poor the wherewithal to travel and the social dignity and status and the self-confidence to encourage more participation (speaking-out) on his own part, to say nothing of the better ability to afford an occasional hour or half-day away from work in order to attend meetings and the like.

The authors fail to apply the same feasibility test of abject poverty to their call for new organizations and a higher rate of participation by the poor that they tried to apply (I believe incorrectly) to plans for agricultural development. It would appear to be more of a real constraint here. Social engineering can be expensive when dealing with large numbers of people, and someone must bear the real cost in terms of travel and time lost from economically productive activities.

The disenchantment with existing organizations and local leadership seems a bit premature, since serious attempts to improve the former and to utilize the latter in the Area Development Councils (ADC) for planning, implementation and evaluation of locally-oriented projects have only recently begun. It is

normally recognized as more efficient and less socially disruptive to build on existing social structures and mobilize the energies, knowledge, experience and capabilities of local leadership and managerial talent whenever possible, especially since such talent is valuable and usually in exceedingly short supply. The authors have not presented a sufficient case against this approach. Their assumptions are stated without supporting evidence. The current effort is new and innovative enough that it should not be prejudged if it offers a reasonable expectation of success, and I have seen no evidence otherwise.

Through the ADC approach, local, municipality-based leaders are being asked to help identify community needs and plan development projects to improve the economic environment, raise productivity and real incomes and improve the general quality of life of all the people, but especially the poor (80%), of their own communities. No one has yet produced any evidence they will not wholeheartedly and sincerely perform that task; and it is indeed difficult to accept an "assumption" to the contrary, particularly in this religiously-oriented society. We're no longer talking about a static economic "constant-pie" situation, where the only way one person gains is for another to lose. We're talking about modern economic development where everyone can gain and, moreover, one man's low productivity at his job reduces everyone else's real income, not just his own.

3. <u>The Suggested Additional Goals and Project</u>

The authors recommend the addition of two additional goals, 1) increased participation in community decision-making and 2) the actual payment of higher wages, and a subproject on 3) the improvement of women's status. The first goal has already been discussed at length above. Both BRBDP and USAID are in complete agreement with the authors on the desireability of doing something to improve the status of women, to reduce the daily drudgery most of them suffer, and to make their efforts more efficient in contributing to the welfare of their families, whether they be in the home or earning a wage elsewhere. Except for the on-going nutrition programs, however, no one has yet come up with a suitable project strategy or design. The IPC/SSRU is currently undertaking a study to define the current status of women (to be completed 3/77).

With respect to higher wages, however, this cannot really be presented as an "added" goal, since the <u>only way</u> to increase real wages of 80% of the labor force is to increase 1) productivity per worker, 2) employment, and thereby 3) real income per capita, and then to make sure 4) income distribution is improved and more broadly based. These are precisely the primary thrusts of the

BRBDP strategy. No non-socialist government can legislate higher minimum wages. Such laws are either massively avoided or they result in more unemployment until inflation reduces the real wage back down to its competitive level. Even a socialist government would have to weigh the desire for slightly higher real wages (and consumption) now against a slower economic growth rate and a substantially lower real wage (and consumption) in the future than would otherwise be possible, although they do have considerably less difficulty redistributing income out of current production. A simple redistribution of current Philippine national income (and especially of Bicol Regional income), however, would simply make everyone poor. The key to development is to increase total production and income for everyone and to see that the increment is more fairly distributed.