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ANTONIO J. LEDESMA, S.J.

Where were you when the prices went up?

This question will likely be raised by Philippine economics students a generation hence—presumably when our present economic crisis will have been resolved.

But that question carries with it a host of corollary “value” questions *now*, such as: Why did prices rise in the first place? Who were responsible? Who were adversely affected by the price increases? Who benefited? How should this situation be resolved for the good of our society today?

ECONOMIC PARADOXES

Social values, therefore, are at the heart of economic changes. For economics is not only about commodities and concepts and consumer prices. Both as a science and as an art, economics deals with people or, or more precisely, with their interrelationships in the production, distribution, and consumption of goods and services as reflected through prices. In a free-market economy, these prices are said to be regulated by the somewhat mysterious interplay of supply and demand—mysterious to those who find themselves at the losing end, but not so mysterious to those who have the resources (like our big agribusiness concern).

Capitalist Economics has often been characterized as the science of efficiency—how to get the most out of scarce resources. Ironic-

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ally it also enables one to get the most out of abundant labor resources! Economics has also sometimes been described as the "dismal science"—perhaps because it not only explains poverty but in the process explains it away. Thus for instance, a theory of supply-and-demand equilibrium can explain why unemployment is "inevitable" or why wages must remain low. It can also give a justification for rice prices (as well as tuition fees) to rise.

But the socially concerned economist must quickly add that there is a world of difference between the low-level equilibrium of poverty and the high-level equilibrium of prosperity. The paradigm becomes all the more paradoxical when both poverty and prosperity are found intertwined within the same economy—i.e., starvation wages vis-a-vis high profits in the same factory or field; export-oriented plantations vis-a-vis subsistence farming in the same region; labor-intensive versus capital-intensive technologies being promoted within the same country.

In the relationships between First World and Third World countries, a free flow of capital is highly recommended, but a reverse free flow of labor is denied. The comparative advantage of cheap labor is thus restricted to the creation of export processing zones within the Third World country—a means for technologically-advanced countries to penetrate regional common markets. At its worst, transnational corporations are invited with open arms to invest in the Philippines with incentives that are best quoted from a Central Bank advertisement in the early eighties:

Let your business take root in this promising side of the world.

Look to the fast-rising financial capital of Asia. The Philippines.

Consider its huge potential. Highly literate. English-speaking manpower. *Cheap labor rates*. Abundant managerial expertise. For expatriates, low maintenance and living costs—the lowest in the region.

Consider significant tax incentives. Clear-cut ground rules for foreign investors. *Guaranteed repatriation of profits*. . . all amidst a proven and bubbling economic climate.

Consider the Philippines. Bring your business over. And till some of the most fertile investment grounds this side of the globe. (*Italics added.*)

These words are made more striking by the picture of an outstretched hand offering in its palm the entire Philippine archipelago to the interested foreign investor!

Are we thus selling our products, or have we rather sold ourselves (i.e., our natural and labor resources, and together with

these our own capacity for self-development) —all in the name of free enterprise economics?

SOCIAL VALUES

Social values, I submit, can help unravel these paradoxes. Values as goals provide a focus and direction to the teaching and practice of economics. As first principles, these values underpin the very meaning and validity of economics as a *social* science. If the present economic crisis has taught us anything, it is the realization that the espousal of traditional economic concepts devoid of social values can lull us into a false sense of progress and security, only to be rudely awakened later with a staggering foreign debt—a classic instance of “the development of underdevelopment.”

A listing of some social values may exemplify how teaching the “science” of economics cannot be divorced from the “art” of economics in a real-world setting:

1. In a people-oriented economics, the fulfillment of basic needs becomes the starting-point for genuine human development.

The most important resource of a country is its people. When a significant number of these are denied their basic needs for food, shelter, education and the like, impact projects such as high-rise buildings and cultural centers and even grandiose dams simply become signs of cosmetic development.

A worker's marginal productivity may have become zero but his family's basic needs are never zero. It is thus the responsibility of government and policy-makers to ensure gainful employment opportunities for all, or at least, a majority of job-seekers.

2. Equity (in addition to increased productivity) is a crucial dimension for over-all economic development.

As an area of concern, equity indicators answer the questions: Who benefits? Who bears the costs? Efforts at a more equitable distribution of income as well as of assets, progressive taxation schemes, equality of economic opportunities, land reform, etc. are all part of the structural reforms needed by underdeveloped countries.

Indeed, growth without equity can only prove to be cancerous to society. With equity, growth becomes self-sustaining and beneficial to wider sectors of society.

3. A preferential option for the poor in one's development strategy requires a careful identification of subclasses among the rural and urban poor.

Micro studies at the village level have highlighted the hidden economic potentials of marginalized groups such as landless workers, urban squatters, etc. Mobilizing these various groups around income-generating activities as well as common issues can provide a counter point to the "trickle-down" theory of some economic theorists.

Barangay-level statistics also enable local people to plan and evaluate their own development efforts. Ways of measuring for instance the "Gross Barangay Product" may prove more relevant and reliable than macro figures on Gross National Product. A micro theory of the firm has to be complemented by a micro theory of the barangay.

4. People's participation brings about net economic returns not only for the groups involved but also for the larger society.

In the recent past, the experiences of community organizers working among irrigators' associations, of nongovernment organizations working among grassroots communities, and of church-related bodies like the Basic Christian Communities all attest to the close links between participation and the economic viability of community-based activities.

Millions of pesos have been spent by the Philippine government on nationwide programs ranging from credit schemes to production activities. If these have ultimately failed, it is due in no small part to a disregard for people's participation as a "noneconomic" variable. Though much more demanding, a "bottom-up" approach to livelihood activities may prove in the long run to be more economically sound.

5. Economic nationalism is simply another way for saying that the country's natural resources should be conserved for Filipinos and exploited by them.

The opposite is selling one's birthright— for a relatively cheap market price.

The very notion of "economics" connotes the management of one's own household—or country. Indeed, few countries in the world have progressed without a conscious policy of economic nationalism particularly during their initial stages of development.

That we are forced once more to rely on our own resources is perhaps the disguised blessing of our current economic crisis. As a social value, economic nationalism thus assumes a double urgency—as a matter of survival, and as the road to development.

Whether we are conscious of it, or not, therefore, the shaping of social values is very much part and parcel of the science and art of economics. Teaching a value-neutral economics course cannot adequately grapple with the many socioeconomic problems we confront today—which ultimately stem from a crisis of values. Neither can the school itself remain unaffected by the current economic crisis.

Shaping social values in teaching economics is a hallmark of a college of liberal arts; it becomes more so when those liberal arts are also viewed as *liberating* arts vis-a-vis the many structural problems rooted in our world today.

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