

philippine studies

Ateneo de Manila University • Loyola Heights, Quezon City • 1108 Philippines

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Philippine Studies vol. 21, no. 4 (1973): 443–449

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Fri June 30 13:30:20 2008

Economics in Human Development

VICENTE B. VALDEPEÑAS, JR.

The economic element in human development is something that is at once so terribly real and visible that it is so often exaggerated or clumsily taken for granted, with the result that it is frequently misunderstood or altogether misrepresented. The importance of the economic element stems from two objective realities. One is man's appetite for any kind of lifestyle whatsoever. That appetite gets increasingly immense as he discovers possibilities of different lifestyles in the course of time and in community with other men. The other reality is the ever present scarcity of the means or resources to support a particular lifestyle at a given moment of time over some definable space.

The means or resources are limited usually in two important senses. First, they may not be enough in quantity. Secondly, they may not be good enough in quality. Either limitation is crucial in characterizing the particular tone or ambit of man's lifestyle in its practical circumstances. If by human development we mean the unfolding of such a lifestyle, it is obvious that the economic element becomes a perennial factor in that process of unfoldment for as long as man's appetites ever expand in search of a richer lifestyle, the resources for which are frequently beyond his reach at least within any specified range of time and space. And the role of the economist in all this process is to explain how man, for all his vast cupidity and the chronic modesty of his means, has been able to develop the sort of lifestyle he has so far managed to live and expand up to this point.

For any group of men, this process must have emerged at one point in time within the environment of a definite place. Man,

time, and space are therefore the fundamental ingredients in the constitution of the economic dimension of human development. They at once represent the basis for a certain commonality in all human development as well as characterize the particular phenomenon that it takes, say, in the case of an American, a Filipino, or a Japanese process of development. The element of physical space is probably the most invariable of the three ingredients. It is true, of course, that its limits can be extended, as in man's attempts to reclaim parts of the sea for settlement or farming. However, this can be done only up to a certain point because it is frequently possible only when man has had time to react positively both to the pressures of limited physical space and to his restless strivings for a larger life which often includes relief from the pressures of space. The time element, on the other hand, is as fluid as the human element. That is, his imaginative-ness, his creativity and the sheer compulsions of his living modify the time frame available to man for work on the soil, the waters, the forests, and the climate whence the economic fabric of his life gets generated.

It would seem, therefore, that one can talk meaningfully of man's production and the distribution of that production only in the context of a given group of men working over a definite period of time on resources made available to them from a given physical space. In short, there does not seem to be any other sensible point of reference for the economist but the national economy.

If this is frequently not the case, either the human, the time, or the space dimension of a particular economy has been slurred over. One slurs over something either knowingly or inadvertently. In either case, the effect is the same. There is a tendency to think of man as a genus, a fuzzy sort, stripped of those idiosyncrasies that clarify an existence, a particular mode of life. In short, man is taken out of the context of his time and place, the two principal circumstances that determine his idiosyncrasies. He is thought of as being of all time and every place, some kind of a universal man, rather faceless, without roots and without character, a grand absurdity. An economics founded on this

notion of man can only lead to a lot of mischief and unrealism. It is so universal that it has little meaning, say, to an African economy, an American economy, or to an Asian economy.

To disabuse oneself from such a notion of man requires seeing man as growing out of his own time and place. This is to understand a particular group of men in all their idiosyncrasies. This is to see them as Africans, Americans, or Asians, and to understand their economies the way they have emerged from their own initiatives, imaginings, and zest for life.

In relation to understanding the Philippine economy in particular, what all this seems to imply is to have a clear idea of the origins of the Philippine economic society since pre-history, and how these have been effectively modified in the course of the colonial interventions of Spain and the United States of America. This is all a terribly laborious effort, which probably explains in part the hesitancy of many capably trained economists in the Philippines to undertake its logical extensions. But, its continued neglect results in the pretension that there is little difference between the institutional parameters of a Japanese or an American economy and those of the Philippine economy. There is a blurring of images, and the blurring intensifies and eventually calcifies into a distortion of reality as relationships among them get quantified by some spurious correlation. Soon the distortion becomes reality itself and Filipinos by way of some grand affectation begin to see their economy much like the Japanese or Americans see their individual economies. The situation becomes a case of mistaken identities and tends to remain so to the extent that little or no effort is applied to rectify the distortion.

The distortion can only be cleared by a process of distilling the historic origins of the Philippine economic society. The distillation will identify its indigenous institutional parameters. From these one can construct a more realistic system of economic relationships that Filipinos can feel confident about and pursue with a special sense of purpose and achievement.

The first step in this effort is to go back into Philippine prehistory. This is necessary in order to identify the baseline

social system around which economic production and distribution operated. The environment of work and effort is identified in relation to its components of indigenous geography, beliefs, values, motivations and institutions. Some further effort will have to be made at inferring the logical and natural development of the baseline social organization, given its prehistoric institutional parameters.

The intervention of colonialism is an extraneous factor that has presumably modified or diverted the natural expansion path of the indigenous baseline social system. Spain has contributed to this diversion, so has the United States. Their unique contributions to the system will also have to be identified. They have to be reviewed subsequently with the idea of determining whether they enhance or inhibit the natural growth of the baseline economic organization. It should be clear, however, that the central effort is to preserve the pristine integrity and historical unity of the social system in spite of its modification in the course of the colonial experiences. In short, there is neither a simple-minded effort to pursue indigenization for its own sake, nor to expunge all extraneous elements merely because of their coincidence with colonialism.

Which ones to preserve and which others to expel will depend partly on our notion of whither the Philippines is going, an issue that can be determined once we have clarified where it is today, and partly on the natural process of development that could be expected given its characteristic institutional foundations. But, it should be clear that some selectivity becomes necessary if the baseline social organization, which is really the accumulation of its prehistoric propensities and those added by colonialism, is to grow with its own idiosyncratic visibility. Obviously, the exercise of this selectivity is fraught with a lot of difficulties, and probably even with a lot of errors. However, the perils and the mistakes can be reduced as Filipinos periodically sharpen their perceptions of their origins and the natural expansion of these irreducible birthmarks of social identification. In reality, of course, it is no more perilous nor foolhardy a process than the alternative of simply opening

oneself recklessly to all manner and forms of social exposure and losing one's individuality or ability to see oneself differently from the rest of a faceless humanity. Such an alternative would soon lead to some annihilation of self-respect, and a nation without self-respect eventually deserves to be colonized probably to the point of obliteration from the face of the earth.

The perception of one's origins and their natural extension over time and space gets sharpened in the course of renewed introspection and immersion in the practical realities of one's life, especially its economic circumstances. This is even more true in the current situation of the Philippine economy, where the problems of jobs, inflation, foreign exchange, and equity in the distribution of personal incomes and wealth assume a visibility that is difficult to ignore. Jobs have become increasingly scarce as Filipino families are generating far more additions to the manpower stock than the national economy can absorb in productive employment at any given point in time. Inflation follows as a matter of course, since total requirements tend to increase in greater proportion than total availabilities of the necessities and amenities to support human living. With inflation, the peso outlays for a given amount of foreign exchange with which to buy the machinery from abroad to generate more domestic industrialism get increasingly larger and in the process, the total foreign exchange that can be made available shrinks to the demise of further industrialism. The growth process that is implicit in all this drive toward increasing industrialism decelerates, cutting back on the expansion of opportunities for generating more personal incomes and the ability to save parts of them toward the creation of a wealth base, either in the form of a house, an insurance policy, a bank deposit, or shares in corporate equities. In effect, the dispersion of incomes and wealth tends to remain largely the way it has been for centuries of massive poverty and stagnation.

It is rather clear from the interdependence of these problems that an effective approach to their relief in some permanent fashion would have to be equally unified. That is, nothing less than a systems approach will do. The objectives of the social

situation or system must be identified, so that its performance can be measured. Its environment in the sense of its geography, its values, beliefs, and institutions must be specified since frequently these qualify or modify the particular responses evoked by the system. The resources available to it in the way of time, manpower, and space must be assessed because they determine directly its reactions and because they are things within its immediate control. Its components of particular programs of action must be articulated at a workable level of detail so that specific tasks get done according to predetermined activity goals and measures of performance. Finally, efforts at the management of the entire system will have to be anticipated in a plan that integrates at every stage of the social situation the achievement of its overall objectives through the application of its resources in the different component activities within the context of its unique environment, and that controls its unified performance.

Obviously, the overriding objective is the growth of the social situation, and the principal component of this growth is economic because it has been so slow in coming and because it can easily open up the other dimensions of growth once it has come to a country with some permanence.

It remains for the Filipino economist to indicate the most probable frontiers for such an economic expansion to take. Since it will have to be supported for the most part by the resources of the Philippines, there are real limits to how far it can go because these resources, whether man-made or not, are eventually limited. The demand for economic growth inevitably comes to terms with the ability of a given social situation or system to supply the wherewithal to support that growth. Both the frontiers of demand and supply of growth must be competently determined. However, because these are not the same as those for Japan and the United States, it must follow that the scope and dimensions of that growth can never reach Japanese or American proportions. Therefore, there is little point to an economic plan or program of action that, in effect, will make the Philippines some miniature of the Japanese or American eco-

nomies where the level, pace and pattern of economic growth are their very own, reflecting their unique national circumstances and predispositions.

Our growth terms of reference can only be our own intrinsic capabilities to support it. In short, we can grow only one way, the Filipino or the Philippine way. Thus, it is somewhat silly for one in the Philippines to look for exactly the same contours of economic growth as those he sees in Japan or in the United States. We have to define our growth in our own terms, appreciate its intrinsic tendencies, and manage their culmination in a new social situation where every Filipino relishes in the consumption of goods and services that his own imagination, energies, and geography can amply produce. They need not be the same as those which Japanese or Americans consume. But, they are nonetheless his own, and he is happy in the thought that they are the products of his own origins and genius. This will have been the precise moment when economics has made sense to the whole process of human development in the Philippines.