Iniquitous Growth

The Philippine economy has performed strangely through 1988.

By the best measures, the economy grew at a rate of 6.8%. This contrasts rather remarkably with the contraction of the mid-eighties. Investments are pouring in and consumer demand is strong. A construction boom is altering the face of the metropolis and there is heady speculation in urban real estate. There is every indication that the economy will maintain the present rate of growth through 1989.

But a recent poll showed that a full 70% feel that their lives have not substantially improved.

The unemployment situation has been only slightly relieved. Productivity is outpaced by demand. The existing production infrastructure shall soon be pushed to its limits. Inflationary pressures are building up, and by the third quarter of 1989 price increases shall begin to take their toll on real wages.

The urban/rural gap has remained basically unchanged. Much of the new wealth created by recent economic expansion has flowed to the upper income sectors. Much of the new investments has gone to the urban areas, to the service and mercantile sectors and into real estate speculation: threatening to further widen the gap between basic productive capacity and consumer demand.

Government policies have deepened rather than alleviated the iniquitous disposition of the Philippine economy. The tax structure is regressive. The policy of privatization has benefitted holders of big capital while disabling the state from effectively exercising distributive and public welfare functions. A conservative strategy on the debt question eroded consumption across the board and prevented the allotment of the budget for social and infrastructural investments.

Government has, in sum, failed to play the reformist role expected by the greater number at the onset of its tenure. It did not nationalize enterprises confiscated from the cronies of the deposed regime. It did not dramatically raise state subsidies for public welfare. It kept basic wages depressed. It failed to radically transform the land ownership structure. It did not repudiate the most onerous debt obligations incurred by the past government.

The package of economic policies pursued by this government has been favorable to capital and inimical to labor. It has abetted rather than reversed the transnationalization of the economy. It has preserved rather than altered an economic structure that created wide disparities in wealth.

But then, this government, in the most pragmatic sense, had very little choice.

It lacked the effective political consensus to explore an alternative path to development. It was under great pressure to produce growth, regardless of the structural composition of that growth. It had very little insulation against the international finance monopolies who dictated the content of domestic policies. It was hostage to traditional political factions, military adventurers and big businessmen. Given the basic weakness of the economy it inherited, and the fluid character of the political coalition it led, this government was not in a position to experiment with alternatives. The forces of restoration held its revolutionary potential at bay.

For its general conservatism, this government won stability.

It is, unfortunately, a stability that can be kept only by holding back on reform. Its intrinsic ironies have yet to come in sharper relief.