



The Labor View: A Response to the Medium-Term Development Plan

Trade Union Congress of the Philippines (TUCP)

Development in Whole and in Parts

A development plan is not only about economic development. It must also address the interdependent development of the nation's politics and society.

It has come to be a popular observation that, in the case of the Philippines, economic development has been stifled by underdeveloped political and social institutions.

Economic development planning is essentially a process of allocating resources toward complementary as well as competing objectives. Economic *resources* are limited. Society's *needs* are limitless. National ideology, sociocultural values, and a common set of goals should prioritize such needs.

Development is primarily about people. It is measured in terms of improvement in the well-being of people — their access to resources; their capabilities at managing and augmenting these resources; and, their achievement of equitable growth.

Development rarely proceeds from the sudden collaboration of growth-inducing economic and non-economic factors. It is a process that

must be stimulated on a phase-by-phase basis. There are stages that must be passed. Preconditions for economic take-off must be installed. Certain standards of economic performance must be attained.

An economy is composed of sectors, industries, and regions at the macrolevel. At the microlevel, it is composed of households and other consuming units, as well as firms and other producing units, at the microlevel. These economic units experience structural changes throughout the process of economic development. A development plan is a blueprint of desired structural changes.

What the Plan Says

The Medium-Term Philippine Development Plan (MTPDP) presents the following basic plot of development.

The End Newly-Industrialized Country (NIC) status by the turn of the century, i.e., US\$1,200 per capita income by the year 2000.

The Means A.) *World competitiveness* which is interpreted to mean the achievement of cost and quality advantages in production, relative political stability, adequate physical infrastructure, and a consistent policy environment.

B.) *People empowerment* which assigns the achievement of development targets upon the unencumbered workings of economic markets and vast initiatives coming from communities, households, firms, cooperatives, and non-government organizations.

The Plan does not elaborate on its general framework. But the following elements may be derived.

Ideology Free-market-based economy, popular democracy.

Core Values *Human dignity* is underscored in reference to the alleviation of poverty and the provision of basic social services.

Equity is consistently partnered with dignity and aspirations and is mentioned in terms of "improving income distribution" and "directly addressing the plight of the weakest sectors."

Family solidarity, which is a recurring theme in the Plan.

The Plan defines the context of development by diagnosing major problems and proposing corresponding solutions.

Economic Development

Problems

- High unemployment
- Low growth
- High inflation
- Inadequate infrastructure
- Lack of development financing resources

Solutions

- Higher investments
- Outward-looking orientation
- Debt reduction
- Foreign exchange market liberalization
- Agro-Industrial development
- Infrastructure development

Social Development

Problems

- High poverty incidence
- Rapid population growth
- Social and moral degeneration
- Lack of social services

Solutions

- Safety nets for the poor
- Decline in population growth
- Moral regeneration
- Provision of basic services

Political Development

Problems

- Inefficient and bloated bureaucracy
- Peace and order
- Ineffective decision-making

Solutions

- Devolution toward local government units
- Privatization
- Reforms in police system

The Labor View

The Plan intends to 'pole-vault' the economy to NIC-status by the year 2000. Two questions must be asked at this point:

- 1.) Is the economy ready?
- 2.) Are the 'launch poles' sturdy?

The objective audience of Asian 'development athletics' would ponder such serious concern over the Philippine economy: Has it achieved the fundamental preconditions that predispose any economy to significant take-off? Is the country physically, emotionally, and mentally prepared for such an undertaking? Both questions can help clarify the issue of economic readiness.

The preconditions for take-off are highlighted by stage-oriented development models. These basically include varying combinations of the following elements:

- Socio-political stability
- A largely educated and skilled population
- Basic socioeconomic infrastructure
- A steady supply of domestic savings
- A productivity-conscious culture
- A dynamic entrepreneurial class

A brief rundown of these elements is presented in Table 1. The general picture yields a cautious assessment: No, not yet.

Politicians and political institutions are perceived to be sources of instability and inefficiency. The tension between freedom and discipline remains taut, with law and order being continually undermined. Corruption prevails in both the public and private sectors. The government is perceived to be soft and ineffective. National unity and national identity are underdeveloped concepts.

While the country claims a high literacy rate (90%), and a high college enrolment level of the 17-20 age group population (20%), these are not sufficient to ensure significant employment generation. Unemployment among college graduates is high (close to 20%). Self-management skills among workers is generally low, as the informal sector continues to show prominent cracks in the following: lack of scientific orientation; low emphasis on development of critical thinking skills; lack of career planning; and, declining quality of graduates. Vocational training institutions do not produce a sufficient stream of highly skilled workers for industrial requirements.

Table 1
Are We Ready for Take-Off

Preconditions for Take-Off	General Assessment
<input type="checkbox"/> <i>Sociopolitical stability</i>	Inequalities remain blatant. Criminal groups still threaten peace. Government is ineffective. Justice system is weak and corrupt.
<input type="checkbox"/> <i>Educated/skilled population</i>	Weak critical thinking skills. Brain drain saps away better talents. Engineers and scientists are lacking.
<input type="checkbox"/> <i>Basic socioeconomic infrastructure</i>	Poor communications and transport facilities. Housing conditions are generally substandard.
<input type="checkbox"/> <i>Steady domestic savings</i>	Low domestic savings effort. High foreign debt.
<input type="checkbox"/> <i>Productivity conscious-culture</i>	Doubtful culture of poverty remains strong. Low self-management skills among workers.
<input type="checkbox"/> <i>Dynamic entrepreneurial class</i>	Thin base of entrepreneurs. Consumerist orientation is deeply rooted.

In general, the basic business infrastructure are rated 'below average.' Telephone service is unreliable and relatively expensive. Getting new telephone connections within the premier business district of Makati could take from six months to one year. The high cost and inefficiency of transportation across the islands also solicit serious concern.

The country's effective savings rate is comparatively low (19 percent of Gross Domestic Product or GDP). The public sector's tax effort remains reluctant (below 15 percent), inhibiting its capital spending activities and predisposing the sector toward significant annual deficits. The country's debt burden (over US \$200 million annually) continues to distort resource allocation patterns. The cost of domestic capital resources remains high (loan rates exceed 18 percent per annum).

On balance, productivity awareness and preparedness can be judged at the household level. Much remains to be done to reorient workers toward productivity consciousness at home and at work. Hence, 'industrial habits' have not really taken root. The quality and volume of local entrepreneurship also remains low. This is perhaps the country's scarcest economic resource, much more so than the supply of capital.

Apart from these preconditions, we have to address the background of conditioning that the economy has gone through.

- In the physical sense, the economy should have some necessary attributes: 1.) a certain size; 2.) a demonstrated capacity for high growth; 3.) resources or muscle; 4.) a certain toughness about it; and, 5.) the skills of high performers.
- In the psychological sense, the economy would be considered fit both emotionally and mentally if: 1.) its society has achieved a certain level of maturity; 2.) it has demonstrated collective intelligence; 3.) it is whole and directed; and, 4.) it has uncommon leadership.

Size-wise, the Philippine economy produced only US\$805 per person in 1992. To be a certified NIC in the year 2000, it must produce at least US\$1,000 per person in real terms. That means an annual targetted growth of six percent volume-wise. The economy in 1993 is just expected to recover lost ground — the per capita production in real terms was higher in 1980 than in 1992!

The Philippine economy has not demonstrated sufficient momentum. Coming as it does from a decade of sloppy performance, negative inertia remains strong. It needs a period for warming up, and the period 1994-1999 may just provide that period of recovery. Recovery before take-off. Preparation before world-class performance.

Table 2

What Have We Really Got?

<input type="checkbox"/> <i>Markets?</i>	What segments of the domestic market are growing fast and profitably?
<input type="checkbox"/> <i>Products?</i>	What can be produced domestically at competitive prices? What will be our 'lead industries'?
<input type="checkbox"/> <i>Technology?</i>	What technology lines will propel us to high growth? What special technology can anoint us to fame?
<input type="checkbox"/> <i>Superior talent?</i>	In what aspects are we comparatively superior in? Do we have 'special people' in certain industries?
<input type="checkbox"/> <i>Leadership?</i>	Do we have hard-driving, intensely competitive, immensely competent, and profoundly inspiring leaders?
<input type="checkbox"/> <i>Unique advantage?</i>	In what areas are we tremendously competitive in?
<input type="checkbox"/> <i>Unusual strength?</i>	What power do we have over others? Do we have nearly monopolistic power in some industries?

After recovering its lost momentum, the economy must be reconditioned toward some ambitious growth targets that are required by a self-propelled development. This phase would need tremendous discipline, policy guidance, and exemplary efficiency. It would need leadership, purposefulness, and toughness at all levels. Scaling the curve of performance cannot be prescribed. It must be based upon demonstrated capacity. Planning would be prefabrication without the benefit of capacity testing.

Another issue that must be taken up is instrumentation. If the economy is ready, with what shall it perform the high growth feat? What shall be its key advantages? Who and what shall ensure its success? What has it really got? What will lead it to irreversible victory? What is extraordinary about it?

It is apparent that we must assign a certain chronology to our planning: preparation before competition, practice before actual performance, 'taxi-ing' before take-off. Hence, more order into our priorities could prevail if the following time frames would be drawn, for example:

- 1993-1998: *Getting ready/Recovering lost ground*
- 1999-2004: *Restructuring/Reconditioning*
- 2005-2010: *Launch-off/New momentum*

An economic take-off should be situated within a longer horizon. As the MTPDP demonstrates, the medium-term may be too confining. A medium-term plan must be set within a long-term plan. The MTPDP needs a long-term framework. This is one of the apparent weaknesses of the MTPDP. It tries to provide a vision that is only good for the next 7 years. And then what?

A vision is not as medium-term as that. It should be a long term view -- a powerful picture. What sort of society -- or economy -- do we really want to build? The MTPDP does not really provide a vision. This is why the 'end' as described by the Plan hangs itself on its own noose.

With respect to the 'means,' the Plan mentions competitiveness and people empowerment. These must be evaluated against the Plan's core values and definition of reality (context).

Two other sources of weakness readily surface: 1.) the Plan's house of core values has not been clearly constructed; and, 2.) the Plan's concept of reality is generally tired and unimaginative.

Every ambitious understanding must be premised upon a system of values that clearly designates the boundaries of strategy and final human action, whether individual or collective. By the nature of our intended mission, we look forward to sacrifice, the spirit of service, unity, discipline, loyalty, perhaps flexibility. Above all, we must agree to pursue excellence at all cost. These are some 'atmospheric guidelines' that are not accorded adequate attention in the document.

On the whole, the Plan does not provide refreshing new insights into the economy, society, or politics of the country. Its views expose old lines of analysis, highlighting the standard range of problems that are addressed by traditional sets of solutions that have been proven to be generally ineffective. This approach to the challenges of development conveys a tired, lukewarm, and unimaginative outlook that pervades the document.

An uninspired diagnosis of the situation signals a lack of energy that defeats the MTPDP before it even lifts itself away from the printed word.

The problem of poverty, for example, is not analyzed in depth. Hence, the platoon of strategies organized to combat it are weary. These are many-decade approaches that have not achieved significant results. There are no provisions for a more fruitful anti-poverty battles in the coming years.

The problem of unemployment appears to be similarly subject to the knee-jerk enumeration of solutions. Somewhere at the heart of the MTPDP is a bureaucratic doll which is probably the child of in-bred public sector economists. You wind it up and it keeps saying "foreign investors will solve the unemployment problem..." "inaugurate more special investment zones..." "pursue more livelihood problems..." etc.

In sum, the MTPDP is not about structural change; it is primarily about tactical change. It does not propose evolutionary changes within the social, economic, or political environment. It proposes a garden of potted flowers, or a gathering of numerous flower pots: no deeply rooted plants, no unfamiliar modern varieties.

Development Vision and Sense of Purpose

Any development plan is not only crafted by ideals but also grounded in reality. It must both recognize the present context and design an

achievable alternative reality -- the latter is understood to be the national vision. More rigorous attention must attend the formulation of the national vision. It should be treated as the 'guiding star' of the Plan, not as an empty slogan.

Some institution, symbolic leader, or implementing team must 'own up' to that vision to sustain it. This vision 'guide' may be perceived as the author, the sharing mechanism, or the signalling center of the vision. The center of development leadership must be designated.

Because of that leadership center, the Plan would have greater chances of not just becoming a cold document. It would be clothed with:

- *Energy/Passion/Commitment.* The Plan would radiate powerful energy that could catalyze committed action among the agencies of government, private enterprises, and community-based organizations. There would be no lukewarmness toward it.
- *Hope/Optimism/Idealism.* The Plan would inspire people at all levels to look up, formulate earnest ambitions, and gather strength toward higher goals.
- *Action/Movement/Initiative.* The Plan would provoke individuals, families, and communities into action based upon program agenda that are consistent with the national vision. They would be goaded into 'operationalizing' the Plan's aspirations and guidelines.

What the Plan Says

The MTPDP refers to 'People Empowerment' as its vision. Alternatively, its vision has been referred to and presented to the public as 'NIC 2000.' Its 'strategies' are:

- International Competitiveness
- Human Resource Development
- Sustainable Development
- Agro-Industrial Development

However, the organization of the document into the following major chapters does not reflect this framework.

- Chapter 1. Macroeconomy and Development Financing
- Chapter 2. Agro-Industrial Development
- Chapter 3. Total Human Development
- Chapter 4. Infrastructure Development
- Chapter 5. Development Administration

Under each chapter, it highlights "Policies and Strategies." The standard components under each chapter are:

- 1.) Assessment of Performance, 1987-1991
- 2.) Goals and Objectives
- 3.) Key Measureable Targets
- 4.) Policies and Strategies
- 5.) Priority Subsector Activities

Each chapter is referred to as discussing "each of complex issues under a sectoral heading." Chapter 1 is intended to discuss the "macroeconomic framework" for stability, growth, and equity. Chapter 2 is supposed to present "the framework for the development of agriculture, industry, and services." Chapter 3 is meant to outline "the strategy for human development." Chapter 4 is written to focus on infrastructure development, or socioeconomic capital expenditures. Chapter 5 is supposed to report on "the framework for development administration" or the bureaucratic imperatives for the implementation of the Plan.

The Plan structures its discussion of "Policies and Strategies" under each sub-sector by placing 'policies' above 'strategies.' In other cases, 'policies' and 'strategies' are treated as interchangeable concepts.

It is understood that the guiding and coordinating agency of the Plan is the National Economic Development Authority (NEDA). The composition of this agency and the need for continuous review by various sectors are not explained in the context of the Plan. People empowerment is the primary spirit behind the Plan, but the development leadership in accordance with that overall guideline is not provided for.

What We Say

The MTPDP appears to be basically confused over the terms 'vision,' 'mission,' 'goals,' and 'objectives.' This is another pervasive weakness of the Plan. It appears to be deeply unfamiliar with the Planning Pyramid, a management science tool (Figure 1).

Leadership literature proposes the introduction of vision at the apex of the pyramid. For nations, private businesses, government offices, and any human organization for that matter, vision is an all-important ingredient. Because this is so, it must be understood adequately as the provider of that sense of purpose to the nation.

What is a 'Vision'?

It is a contraposed reality to a current definition of reality. It is the source of energy and motivation of a serious body of leadership in any nation. It is the *raison d'etre* for any plan.



Figure 1

The Planning Pyramid

What are the requirements of a formulated vision? What is a 'good,' 'acceptable,' or 'viable' vision? There are three major requirements:

- 1.) It must be realistically grounded in truth. It must not fantasize nor play with words. It must be a serious aspiration that, based on demonstrated capacities of the organization, can be achieved within the specified period. For example, the desired growth rates should be proximate to past record, or there must be adequate foundations for expecting higher growth from a new growth path;
- 2.) It must be needs-oriented. It must directly address the basic aspirations of the citizens -- their shared goals. It must respond to their most important problems or to their most fervent wishes; and,
- 3.) It must be powerful. It must move people, inspire them, elevate their hopes, and make them exceed their previous capabilities. It must be something they can identify with and own up to -- it is theirs, not the Plan writer's.

The MTPDP falls short of designing such a vision. What visions should have been considered? Circumspect leaders would probably choose from this tentative list of visions, expressed briefly as follows:

- A Confident, Achieving Nation
- Maturity for Individuals, Dignity for Families, Productivity for the Economy
- A Nation Without Squatters
- An Intelligent, Excelling Citizenry
- New Pride, New Confidence, New Wealth
- A Respectable Country in the World Community
- A Great People, A Bright Future
- A Society of High Growth and Total Justice

Plain consistency mandates that the basis for filling up the planning pyramid would be the prescribed vision. Everything must arch back toward that vision. It must connect all elements in the Plan.

"The people element is not adequately addressed. Who shall be empowered? How can they be prepared for empowerment? What ladders of empowerment should they ascend?"

There are two fundamental cracks in the Plan's vision. First, people empowerment is better considered as a strategy. Second, it fails to satisfy the three qualities of a good vision. If people empowerment were the focus of the Plan, where are the people, and where are the instruments of empowerment?

The people element is not adequately addressed. Who shall be empowered? How can they be prepared for empowerment? What ladders of empowerment should they ascend? Even the chapter on Human Resource Development does not reflect generously upon the development of different groups in society — the unemployed, the marginal fishermen, the urban squatters, etc. How can they be organized? What types of leadership structures can be developed?

The Plan could be better structured if there was reference to specific sectors as groups of people within society and the economy. Who are the 'stakeholders' in a nation's growth and development?

Three possible categories may be used in accordance with this paradigm:

- *Owners of Factors of Production.* They include landowners and lessees, capitalist/savers, and entrepreneurs. Public resources

can be traced to local government units and national government (the latter is an extremely useful distinction, given the thrust into 'devolution'). The 'outside world' may also be recognized.

- *Users of Factors of Production.* They would encompass farmers, fishermen, business owners/investors/entrepreneurs, government, and the 'outside world.'
- *Economic Intermediaries.* They are identified as bankers, other financial entities, commodity and equipment traders, employment placement professionals, and brokers.
- *Consumers of Final Goods and Services.* They would fall under the categories of local consumers (by income class), government, business owners/investors, and the 'outside world.'

Another development paradigm that would spotlight on the human side of development would identify groups of people as development players. Who are these actors on the development stage who need a script (i.e., the Plan!), direction, and an audience?

- *Family units,* which may be categorized into high-income, middle-income, and low-income groups.
- *Business units,* which may be classified into micro, cottage, small, medium, large, and mega scales.
- *Government,* which may be disaggregated into local, judiciary, legislative, and executive units.
- *The Outside World,* which may be distinguished as suppliers (exporters) or consumers (importers).

These approaches may present clearer pictures of how resources are owned or allocated; how benefits from growth are shared; how the major costs or sacrifices of growth are allocated; who should get what; who should negotiate; and, who should be empowered.

The inadequacies of the Plan are understandable. Indeed, there is, substantial confusion at the middle levels of the planning pyramid between strategies, policies, and rules/regulations as the arrangement of chapters readily reveals.

In dimensioning the Plan's chapters, the sections on "Policies and Strategies" are actually enumerations of rules/laws/regulations or operational guidelines for agencies implementing various aspects of the Plan. The lack of writing and editorial competence weighs down further on the Plan's handicaps.

The listing of rules may have been better treated along two corridors: a list of necessary legislations and mandates for institutional action.

There is a need for the Plan to start with vision — not with programs/activities and budgets. 'Planning from the bottom' is not literally interpreted to mean producing a list of projects that could satisfy political and economic interest groups. All elements of society must first address the philosophical moorings of the Plan, especially those at the bottom.

What is our sense of purpose? What society do we want to have? What principles should be agreed on before we jump into the Plan documentation? These are questions that appear to have been glossed over in the consultative mechanisms. The tendency to compile different 'wish lists' from various groups, and interpret this as 'empowerment' would always be strong. The rigorous discussions of purpose and vision could always be tedious and drawn-out, and the level of avoidance is often high.

The questions of development leadership cannot be neglected. Who articulates the vision? Through what means and how often? Who sends out clear signals about directions in the Plan? Who shall orchestrate these signals?

The President, for example, has not given an energetic presentation of the Plan. He appears to be unmoved. He does not seem to own up to the directions of the Plan. How can the people be moved? How can they in turn claim the vision and the Plan as theirs?

Other national leaders must refer to the Plan. Are they able to give consistent signals? Are they able to inspire people with the Plan?

The Plan should be 'administered' but it should also be 'led.' An example in which a Plan is being both administered and actively led is in the case of Secretary Flavio of the Department of Health. He demonstrates that somebody must actively promote the Plan at various levels. There must be a spokesman, symbol, 'pusher,' an embodiment of the spirit of the Plan.

The National Economic and Development Authority (NEDA) cannot provide that leadership. It performs a staff role. The President may not be the appropriate personality either. Why not people or groups at the bottom? Why not the typical bureau employee?

This concern is not about promotions. It cannot be solved by advertising people, nor can it be satisfied by sloganeering or musical jingles on the radio. This is about leadership and the practice of leadership

skills. A development plan is not just a technical paper. It is an agenda for leadership. Without the leadership's recognition of the Plan as an important tool for exercising its mandates, then the Plan will merely serve as another bureaucratic production — devoid of meaning and without the power to compel action.

An important chapter of the Plan that could go beyond 'development administration' should have been organized under the heading of Plan Management and Leadership: Operationalizing the Vision. Under this chapter, the following could be discussed: How we should organize ourselves to meet our targets (and not accept current organization structures); how we should recruit or develop key people at all points of the structure; how we should institute control mechanisms, performance standards, and rewards and penalties. These are the concerns of management.

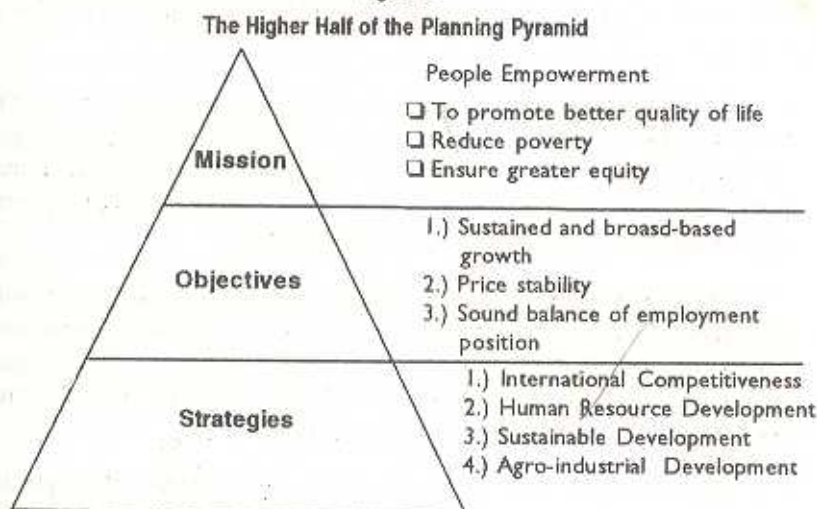
On the other hand, the following should also be clarified: how we should shape our shared culture; how we could develop teamwork at all levels; how we should grow our assets; how we should generate and shape energy and ambition; and, how we should develop leaders at all levels. These are the concerns of leadership.

Mission, Objectives, and Strategies

A development plan must translate its long-term vision into a realistic statement of mission. The mission must then be expressed in terms of clear objectives and measurable targets of performance. Each objective will require a specific set of strategies. The mission of a development plan articulates the operational intent and how the organization means to pursue its vision. The objectives of a plan convey, over a specific time frame, certain achievable targets, both quantitative and qualitative. Each objective must be broken down into specific strategies. Often, general statements of strategy may not link up to specific objectives, hence, the objectives end up unmet. A vertical enumeration of strategies is a result-oriented practice.

Other principles of prudent planning must be observed: the more palpable the objective, the better. Strategies must be confined to a few well-selected ones from a field of well-analyzed options. Just as objectives must be ranked and chosen, strategies must be prioritized. Strategies must be consistent and mutually reinforcing at the plan level. Statements of strategy must stand on their own as vivid, self-explanatory statements.

Figure 2



What the Plan Says

The Plan's scheme of development is summarized in Figure 2. The Plan identifies poverty alleviation and improved income and wealth distribution as its 'goals.'

At the level of objectives, the Plan designates three major targets: 1.) sustained and broad-based growth of output and employment; 2.) price stability; and, 3.) sound balance of payments position.

Then it identifies its major strategies on 1.) international competitiveness; 2.) human resource development; and, 3.) sustainable development.

What We Say

The first question is: Do the Plan's elements flow into each other? In other words, are these elements rational? Then we ask: Is there internal consistency? Is the Plan cohesive?

Between vision and mission — how does people empowerment translate into mission? With lower poverty rates and better incomes/wealth distribution, will the people be sufficiently empowered? Or is the mission as stated deserving of another vision?

How is the mission statement translated into objectives? Poverty alleviation should be articulated in terms of what objectives? With

respect to equity, how should it be brought down to the level of credible objectives? Are the previously stated objectives reasonably related to the mission?

If the mission were to reduce poverty, the objectives could have been stated as "keep unemployment rates below 8%," "increase wages," "generate close to full employment," "increase incomes of the bottom poor," or "improve basic services to the poor." Hence, two of the stated objectives are found consistent with this mission.

What about the mission of attaining better distribution of incomes and wealth? This can be achieved by targetting the following objectives: "keep inflation under control," "progressive taxation," "more asset-based taxation," "serious land reform," "increase real wages," "meet basic needs," and, "improve food production."

Hence improvement of the Balance of Payments (BOP) position does not appear to be directly related to the mission. An objective like this would be more rationally connected to a higher goal or mission of generating more external resources, keeping the foreign exchange rate stable, stabilizing prices, or reducing foreign debt obligations.

Perhaps the objective of "sustained and broadly based growth" could have been rephrased to "sustained high growth with equitable results." To this, the appropriate objectives would be: "maximum employment creation" (to be quantified for the covered period), "control of inflation," and, the "reduction of foreign exchange limits to growth."

What about the flow from objectives to strategies? For the objective of "sustained and broadly based growth," what are the strategies? The following could provide the range of strategy options: 1.) employment creation for the long-term unemployed; 2.) skills training and retooling for the unemployed; 3.) support services for the unemployed; 4.) maximum promotion of foreign investments; 5.) greater off-farm rural employment opportunities; 6.) massive entrepreneurship-for-the-poor; and, 7.) more rapid industrialization.

To ensure price stability, the following strategies can be adopted: 1.) stable foreign exchange or better foreign exchange management; 2.) higher food production; 3.) elimination of structural causes of inflation like inefficient services (traceable to the bad state of infrastructure); 4.) control of money supply; and, 5.) reduction of fiscal deficits.

To maintain a stable BOP, the following measures may be considered: 1.) higher export growth; 2.) control of imports or prudent

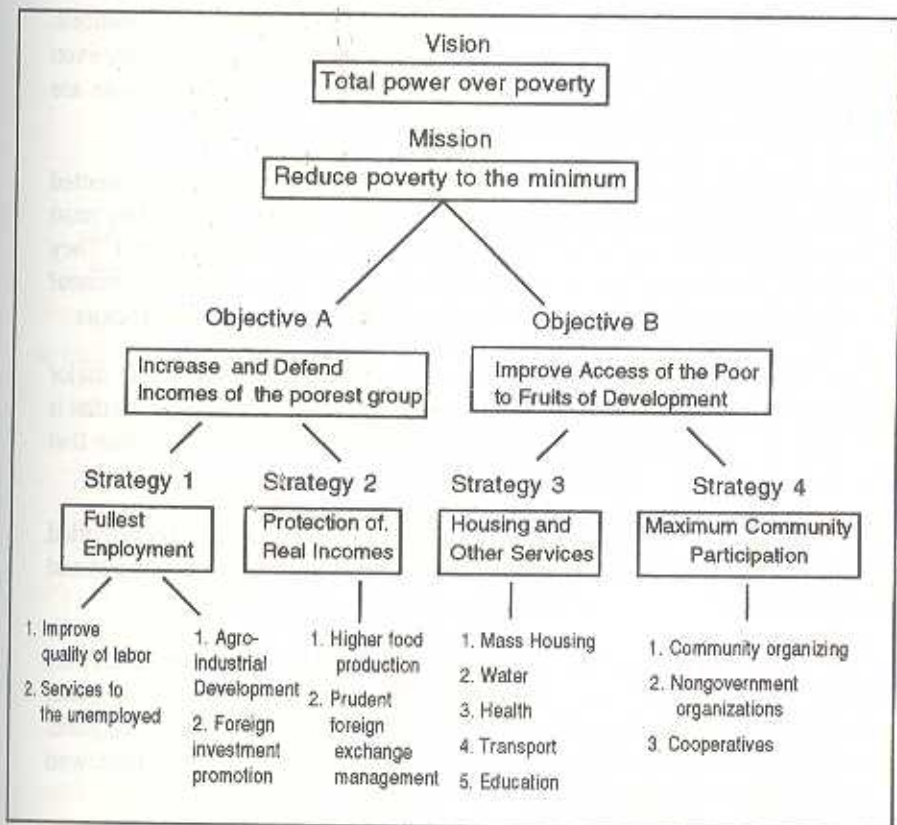
management of foreign exchange expenditures; 3.) higher foreign investments; 4.) export of manpower; and, 5.) debt reduction.

For this listing, what are the priority strategic directions that we should take? One major option is better foreign exchange management. Another is promotion of foreign investments. To sustain growth, the major strategies are support for the unemployed (improving the supply side) and employment creation (improving demand). To maintain price stability, the major strategies are control of external inflation (forex management) and improve domestic food production. To ensure BOP stability, the priority strategies are foreign exchange management and higher export growth.

Another major strategy is aggressive employment creation, possibly through more rapid agro-industrialization. Support for the unemployed

Figure 3

An Alternative Pyramid for the MTPDP



— especially training, counselling, and job placement — can be categorized as human resource development.

Sustainable development does not come out as a major strategic direction. It should, perhaps, be better placed as a policy component. As a result of this exercise, 'people empowerment' suggests itself as a policy, neither as a vision nor even a strategy.

A restructuring of the higher half of the planning pyramid is attempted in Figure 3. Here, the vision is proposed to be "Total Power over Poverty" which is a little more modest than "Triumph Over Poverty." This is presented to illustrate how more cohesive the Plan could be at this level — where it matters the most.

Policy Framework, Laws, Rules, and Guidelines

Policies bring strategies down to operating realities. Policies are general statements of intent. These set down the overall guidelines governing the actions that can be taken by persons, groups, or institutions. Policy making involves expanded care and penetrating prudence, even some shrewdness. The allegiance of policies is established; these are clearly designed pursuant to the vision.

Policies cannot hang in the air. These have to be tightly connected to the Plan's objectives and strategies. Policies need not clash. They must establish consistency and interdependence. They must be rational. They must be assessed in terms of possible impact. They possess potential costs and benefits from the standpoint of affected groups and sectors.

The general climate must be analyzed as an entirety. The major concern of government in development is to create an atmosphere that is conducive to the operation of free market forces. It is in this sense that government's role is primarily summarized as 'environmental.'

Policies must be further detailed. Some may have to be provided with the power of law. Others can stand as official statements of rules and regulations.

Legislation in support of any development plan must be clearly set out. These can become permanent regulations. On the other hand, institution-specific or problem-specific regulations must also be designed. These are less permanent and more flexible, as they may be reviewed regularly and accordingly revised.

What the Plan Says

The Plan outlines major components of policies according to major economic resources as follows:

- Natural Resource Policy*
- Adhere to sustainable development standards
 - Full scale land reform
 - Regeneration of depleted resources

- Labor Policy*
- Provide basic needs and safety nets
 - Put emphasis on vocational and technical education
 - Expand rural manufacturing
 - Promote family welfare
 - Promote family planning
 - Continue overseas placement
 - Improve the working conditions of workers

- Capital Policy*
- Mobilize more local savings
 - Promote foreign investments
 - Infrastructure development, especially power, transportation, and communication

- Entrepreneurship Policy*
- Support systems in product development

Other categories of policy formulation may be identified according to traditional policy lines.

- Credit Policy*
- Institutional reforms in Central Bank
 - Seek efficiency in financial system
 - Development of capital markets
 - Liberalization of market rules

- Fiscal Policy*
- Reduce fiscal deficits
 - Tax reform / Increase of overall tax effort
 - Prioritization of expenditures

- External Policy*
- Vigorous export expansion
 - Trade liberalization
 - Debt service burden reduction
 - Continued overseas placement of workers

- | | |
|--------------------------|--|
| <i>Production Policy</i> | <ul style="list-style-type: none">● Rural industrialization● Regional dispersal of industries● Backward and forward linkage strengthening● Labor intensive manufacturing |
| <i>Investment Policy</i> | <ul style="list-style-type: none">● Promotion of small-scale industries● Upgrade technology and science● Develop regional growth centers● Promote selected 29 goods and services● Promote tourism as a priority sector |

A separate set of policies may be considered collectively as Price Policy because these refer to prices of the factors of production. These can be teamed up with overall Incomes Policy.

- | | |
|-----------------------------|--|
| <i>Rent Policy</i> | <ul style="list-style-type: none">● None |
| <i>Wage Rate Policy</i> | <ul style="list-style-type: none">● Regional wage boards as wagefixers |
| <i>Interest Rate Policy</i> | <ul style="list-style-type: none">● Market determined and positive real rates |
| <i>Forex Rate Policy</i> | <ul style="list-style-type: none">● Deregulation of forex markets● Flexible rates |
| <i>Profit Policy</i> | <ul style="list-style-type: none">● None |
| <i>Inflation Policy</i> | <ul style="list-style-type: none">● Control of money supply |
| <i>Incomes Policy</i> | <ul style="list-style-type: none">● Not clearly articulated |

The Plan mentions the following needs in terms of legislation. These are scattered under various sectoral headings, and the list hereunder is by no means a complete inventory.

- Amendments to banking laws allowing entry of foreign banks
- Tax reforms
- General Act on Drugs and Medicines
- Urban Development and Housing Act

What We Say

From the policy framework that has been organized out of the verbose listing of sectoral directions, the following weaknesses of the Plan become evident (Table 3).

Table 3
Policy Gaps

Area	Possible Policy Directions
❑ <i>Labor Policy</i>	Adopt industrial Relations/trade unionism outlook. Formulate long term policies on the unemployed. Develop a quality educational system that focuses not just on improving the rate of literacy but also in upgrading the knowledge and skills of the graduates.
❑ <i>Entrepreneurship Policy</i>	Define official attitude toward informal sector enterprises.
❑ <i>Rent Policy</i>	Provide general guidelines on land use and lease of real properties.
❑ <i>Wage Policy</i>	Provide basis for and nature of adjustments.
❑ <i>Profit Policy</i>	What is the concept of 'reasonable returns' especially in wage goods industries? What share should be allocated for labor wage increases?
❑ <i>Inflation Policy</i>	Provide a package of control mechanisms.
❑ <i>Incomes Policy</i>	Provide for a more progressive taxation system.
❑ <i>Production Policy</i>	Formulate land use policy and promote development of technology.

- *Labor Policy* is silent on trade union groups, as it is silent on the issue of industrial relations as a whole. Policies on various types of unemployed persons are not clear (e.g. those who have been unemployed for a long time). The policy on employment creation is not very coherent.
- *Entrepreneurship Policy* is a highly critical area which is not specifically addressed. A policy for the underground economy, for example, is needed. Financial and non-financial support mechanisms for the informal sector are not sufficiently covered. An overall policy on "livelihood programs" would also be important.
- *Rent Policy* to cover leaseholds, urban housing, lease of public domains, etc. is not discussed.
- *Wage Rate Policy* is scant, except for the mention of regional wage boards. An official policy statement on the basis for wage adjustments is wanting.

- *Profit Policy* has been traditionally overlooked. Profit, being a price for the enterprise resource, should be provided with a general outlook. This is an issue that is extremely important in relation to, and in intimate dependence on, the wage policy.
- *Inflation Policy*, surprisingly, is unclear. It is not analyzed and is not provided a useful context. Again, this is very relevant to wage policy.
- *Incomes Policy*, on the whole, is not articulated. This is one area where neglect is rather unacceptable.
- *Production Policy* does not focus on actual land use policy.

On the other hand, the policy framework for natural resources appears to be extensive except for the lack of an official position on the lease of lands of public domain with rich natural resources. The other set of policies where substantive presentation is available concerns monetary (credit, fiscal, external) policies.

In terms of rules/laws/regulations that should translate basic policy statements into operational standards, it is suggested that these be classified as departmental agenda among various government departments (Table 4).

There are substantial redundancies in the presentation of these rules. A major editing effort should be exerted to narrow down the list to the more important points.

Table 4
Legislative Agenda

What's in

- Banking Reforms
- Tax Reforms
- Drugs and Medicines Act

What can be added

- Unemployment Service Systems
- Stiffer Anti-Corruption Laws
- Corporate Performance Reporting/Stricter Business
- Recording/Accounting Laws
- Urban Land Reform

The Legislative Agenda for Congress, as well as possible support legislation at the level of local governments, should be separately organized.

Development Programs and Structural Changes

Development programs are designed in pursuit of specific policies and strategies. These are not random provisions to satisfy the wishes of various target groups. An arbitrary listing of projects can always be made. But to make them coherent and vision-directed entails going back to the 'intervening processes' of strategy formulation and policy detailing.

Besides the temptation to do short cuts, there is always the danger of going for volume, rather than quality, in planning and implementing programs and projects. In building a national development plan, it would be prudent to concentrate on a shorter list of 10 to 20 flagship programs. Projects at the departmental level can be prepared.

In the interest of resource allocation, funds can be provided according to general program contours. Final project details will normally divert away from initial design indications, just as budgets at the national level can only indicate final project expenditure patterns.

Sectoral budgetary allocations may start with percentage shares in total expenditures, and then provide for the breakdown of expenses in a three to four-step process until tentative program selection is determined.

Program allocations must support quantitative changes that are being 'brokered' by the Plan. What major, irreversible changes are supposed to be targeted by the Plan? The numbers are quite clear — but then again, are they realistic?

What the Plan Says

The Plan submits ambitious targets in terms of structural adjustments in the economy. Table 5 summarizes these desired movements in certain key variables.

The Plan targets for other key variables in the economy are shown in Table 6.

Growth-wise, the MTPDP aims at reaching the levels summarized in Table 7.

The Plan proposes several major programs that are enumerated in Table 8. The list is culled from all over the Plan since these are not presented in this form.

Table 5
Major Targetted Structural Changes

<input type="checkbox"/> <i>Economic Variable</i>	Quantifiable Targets Over 1993-1998
<input type="checkbox"/> <i>Investments</i>	From 22.7 to 30.4 percent of the GDP
<input type="checkbox"/> <i>Agricultural Output</i>	Share in production from 22.4 to 18.4 percent
<input type="checkbox"/> <i>Manufacturing Output</i>	Share in production from 25.6 to 27.7 percent
<input type="checkbox"/> <i>Agricultural Employment</i>	Share from 43.6 percent in total to 38.7 percent
<input type="checkbox"/> <i>Industry Employment</i>	Share from 16 to 20 percent
<input type="checkbox"/> <i>Savings</i>	As percent of the Gross National Product (GNP), from 20.9 to 27.1 percent
<input type="checkbox"/> <i>Exports</i>	From 19.9 percent of the GNP to 25.9 percent

Table 6
Major Targets for Key Variables

	1993	1998
Poverty rate (%)	40.7	30.0
Population level (million)	65.6	72.5
Unemployment level (%)	10.3	6.6
GNP per capita (in 1985 pesos)	P11,600.00	P15,493.00
Jobs generated (million)	0.7	1.7
Debt service (% of exports)	20.7	15.6
Foreign exchange rate	?	?
Minimum wage	?	?

Table 7
Targetted Growth Rates
(1993-1998)

	Average Annual Growth (1993-1998)
Population	2.0
Real GDP	7.5
Inflation	
Real Per Capita GDP	5.4
Exports	15.3
Tax Revenues	14.9
Agricultural Production	4.0
Manufacturing Industry	9.0
Total employment	4.6
Industrial employment	8.6

Table 8
Major MTPDP Programs/Activities

<i>Policy Areas</i>	<i>Activities</i>
<input type="checkbox"/> <i>Population Policy</i>	Family Planning
<input type="checkbox"/> <i>Employment Policy</i>	Manpower Training/Skills upgrading program
<input type="checkbox"/> <i>Credit Policy</i>	Banking Reforms Program
<input type="checkbox"/> <i>Fiscal Policy</i>	Tax Reforms Program
	Privatization of Government Corporations
<input type="checkbox"/> <i>External Policy</i>	Export Promotions and Diversification program
<input type="checkbox"/> <i>Agricultural Production</i>	Rural Industrialization
<input type="checkbox"/> <i>Natural Resources</i>	Land Use Rationalization
<input type="checkbox"/> <i>Science/Technology</i>	Research and Development Program
<input type="checkbox"/> <i>Industrialization</i>	Industrial Zones Development Program
<input type="checkbox"/> <i>Investments</i>	Foreign Investments Promotion Program
<input type="checkbox"/> <i>Basic Services</i>	Mass Housing
	National Health Program
<input type="checkbox"/> <i>Infrastructure</i>	Power Development
	Telecommunications Modernization Program

What We Say

An unusually remarkable phrase that finds itself in many parts of the MTPDP is "formulate a master plan for..." A master plan for every sector and everything? The various folds of 'master plans' would seem endless. In many cases, strategies can be worked on better by starting projects on a limited scale focused on the solution of specific problems, and then moving up and on.

The listing of activities also includes such phrases as "formulate appropriate measures...", "define standards...", "undertake research..." "strengthen existing methods..." and, "encourage the establishment of..." which are all expressions of standard operating activities. The Plan could be reduced to half of its present thickness if it were shorn of these weak statements and replaced by carefully selected program descriptions.

It is difficult to derive the priority programs from the 'leavening' program statements.

A list of 20 major strategic programs could be organized. This would involve a thorough review of the listed activities under each chapter. Many items could be better classified as components of 'higher' programs. In many cases, programs should be differentiated from projects. Others can be categorized as operating tasks and responsibilities among various government departments.

A truncated list of possible critical programs is presented in Table 9.

Table 9 Possible List of Critical Programs	
<i>Program</i>	<i>Sub-Programs</i>
<input type="checkbox"/> <i>Employment Creation</i>	Unemployment Support System Rural Industrialization
<input type="checkbox"/> <i>Poverty Alleviation</i>	Mass Housing/Urban Land Reform Micro-Enterprise Development
<input type="checkbox"/> <i>Industrialization</i>	Backward Linkage Development Special Industrial Zones Rural Factories Development
<input type="checkbox"/> <i>Exports Take-off</i>	Product and Market Development
<input type="checkbox"/> <i>Sustainable Development</i>	New Resources Development
<input type="checkbox"/> <i>Savings Mobilization</i>	Banking System Reforms
<input type="checkbox"/> <i>Technology Acceleration</i>	Frontier Technology Institution Building

Table 10
How Do the Figures Stand?

Category of Numbers	Comments
<input type="checkbox"/> <i>Structural Changes</i>	<p>Investment targets are too high; strategies are not very convincing.</p> <p>Industry employment share means substantial job generation increasing at over 8 percent annually which is too high.</p>
<input type="checkbox"/> <i>Levels of key variables</i>	<p>'Prices' of foreign exchange and labor are unspecified; these are strategic assumptions.</p> <p>Reduction in the number of family below poverty line is too drastic, given the weak strategies/programs in this area.</p> <p>Job generation targets are on high level.</p>
<input type="checkbox"/> <i>Growth rates</i>	<p>Population growth rate targets may be low.</p> <p>Inflation assumption on the low side; 8-10 percent would be more realistic.</p> <p>Manufacturing growth would be more achievable at 6-7 percent only.</p> <p>Given unclear employment strategies, employment growth is on the high side.</p> <p>Real GDP target should be at 5-6 percent.</p>

In terms of targeted structural changes, Table 10 lists down major comments on the figures presented by the Plan.

In general, the quantitative framework of the Plan is weighed down by unrealistic targets — growth rates that seem too high and structural changes that are too abrupt given the relatively short time frame.

The figures that are most perplexing are those that pertain to the labor market. Assumptions on wage scales and wage increases on an annual basis are not provided. Assumptions on prices of other factors of production — interest rates, foreign exchange rate, rent, profits — are not set. Similarly, markets for these factors of production are not discussed and, therefore, are only haphazardly covered by policy guidelines

Employment generation is assigned with heroically assumed figures: 0.7 million more jobs in 1993 and almost 1.7 million jobs in 1998! Which

industries will assure these numbers? On account of what favorable developments? It would also be useful to determine the employment generation potential of every P100,000 of investments over the Plan period.

The system for assisting the unemployed is not in place. Whatever mechanisms are available are spotty and detached from each other. 'Systems' is a key word in this regard.

Even the program of skills upgrading needs a system for soliciting participation, pre-training, counselling and aptitude-testing, as well as actual opportunities-matching.

In effect, the Plan does not allocate enough space for labor — a serious failing that comes from the document's clutter.

Planning As If Poverty Alleviation and Equity Really Mattered

A development plan for any developing country ritually grants special emphasis to two major goals: poverty alleviation and equitable distribution of resources and income. The MTPDP does the same.

A development plan can be kept compact, or it can be allowed to wander into many statements of grandeur and ambition. The MTPDP has elected the latter style of creative freedom. It has distributed its attention and resources more equitably among prioritized objectives, strategies, or policies. It is short on vision.

A plan that focuses on justice for the people would situate poverty and inequity high in the totem pole of socioeconomic problems. These would serve as raw materials for 'manufacturing' the development vision.

Several other economic concepts relate significantly to the theme of justice. The new paradigm of sustainable development, for example, is based on justice: future generations need adequate resources to meet their own needs, so we are to manage our ecology well today.

Another concept that is strongly promoted in the Plan is people empowerment. It is based on the value of justice. It proposes that those at the bottom of the socio-political-economic spectrum should participate in decision making and must be harnessed toward development goals.

Basic needs provision is also a concept that is based on justice. It requires that those who are considered low-income families,

underprivileged, assetless, and, out of the mainstream be, at least, provided with certain social safety nets that assure their dignity.

These concepts relate as well to poverty alleviation and equity promotion.

Our 'Should List'

The Plan should create a development vision that is situated within a vivid framework of societal values. This framework should help us answer this question: What type of society should we build? Figure 4 presents a 'should be' list. It is further detailed at the Rules/ Regulations and Programmatic level in Tables 11 and 12.

The vision should embrace the following values:

- Excellence/Intelligence/Rationality
- Justice/Equality
- Efficiency/Productivity
- Morality/Discipline in Spirit
- Dignity/Honor
- Service to Society/Loyalty to Country

There should be a more penetrating analysis of current reality. This process of context setting must be candid, informed, and profound.

Our society must be seen as it really is, just as the economy should be appreciated with its strengths and weaknesses. The scenario would include:

- There is substantial imbalance in the distribution of income and wealth.
- The government is not doing its job in terms of providing the most basic services. NGOs should not do this for the government.
- The educational system is no longer seen as a source of change and redemption, its decline in quality must be reversed.
- Trickle-down economics is not the appropriate development approach. Substantial changes must be made to start development at the bottom.
- The basic family unit must be efficiently managed. This is where change can take root and flourish.
- People must develop self-management and problem solving skills which depend on thinking skills. They must be promoted to redress weakness in the educational system.
- Technology can then move in and empower people.

A SHOULD-BE DEVELOPMENT PLAN

Figure 4.

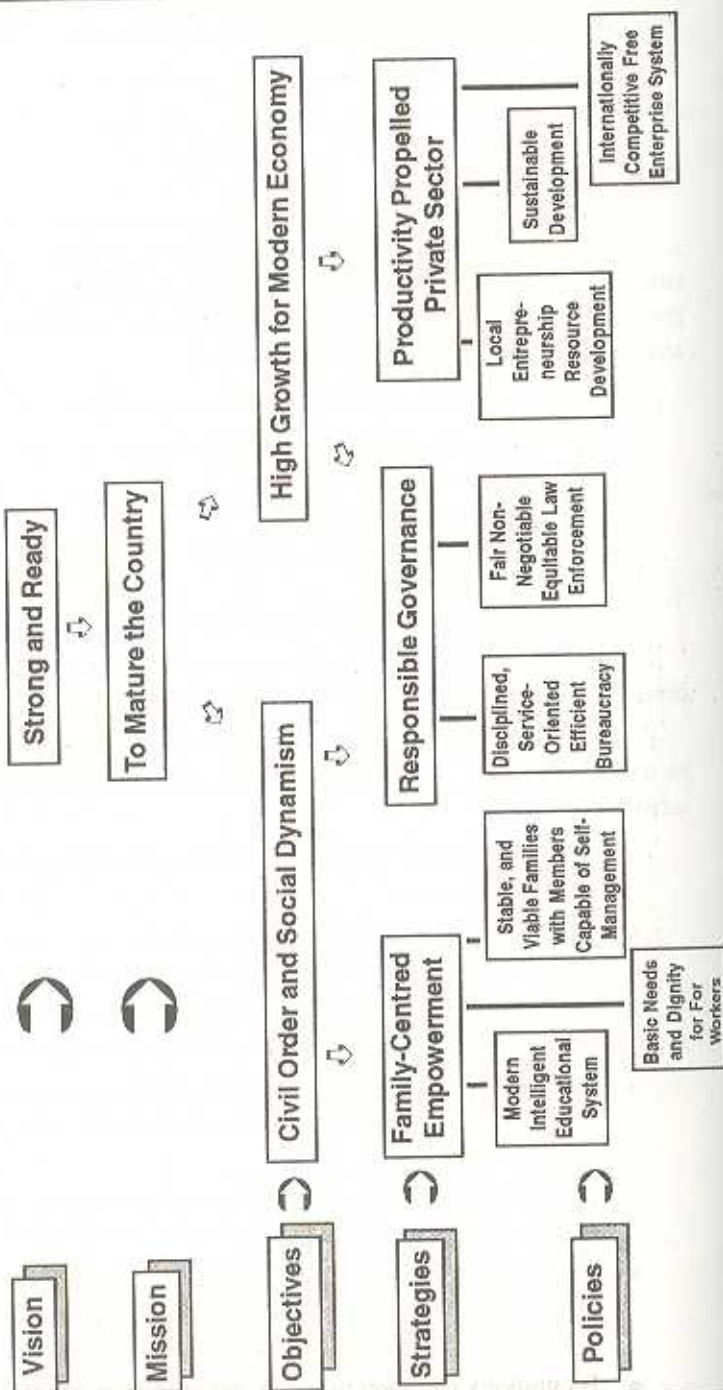


Table 11
Policies Translated into Rules/Regulations

<i>Basic Policy</i>	<i>Laws/Rules/Regulations</i>
<input type="checkbox"/> <i>Modern Intelligent Educational System</i>	Reform education process to emphasize problem-solving skills (especially critical thinking), scientific inquiry and self-management. The aim should be to increase intelligence not just literacy/ numeracy. Make public school system up to high school level superior. Vocational system should be linked up to counselling services, employment placement, and entrepreneurial development. Bigger government educational budget should be devoted to upgrade facilities and develop better teachers.
<input type="checkbox"/> <i>Basic Needs and Dignity for Workers</i>	Minimum wage setting should be based on living wage. Housing, water and health services should be priority concerns of government. Budgetary allocations should rank next to education. Install an unemployment assistance service system. Corrupt-free and determined implementation of labor laws and mechanisms.
<input type="checkbox"/> <i>Stable, Viable Families with Self-managed Members</i>	Training for responsible parenthood should be the focus of government communication programs Skills development in family leadership and financial literacy should be the core concerns of the informal education system
<input type="checkbox"/> <i>Disciplined, Service-Oriented and Efficient Bureaucracy</i>	Change Civil Service laws, emphasizing performance. Reinvent bureaucratic service systems. Match job descriptions with qualifications -- more management professionals, less lawyers in key agencies. Target corruption-free system by 1998.
<input type="checkbox"/> <i>Fair, Nonnegotiable Equitable Law Enforcement</i>	Install new professional police institutions. Zero corruption in courts.
<input type="checkbox"/> <i>Local Entrepreneurship/ Resource Development</i>	Special concessional loan facilities for small-scale entrepreneurs should be provided. Modernize livelihood programs Investment incentives for small businesses parallel to BOI type incentives for giant corporations should be established (e.g. special zones for small factories)
<input type="checkbox"/> <i>Sustainable development</i>	Environment should be protected at all costs. Quantify environmental costs and benefits of all projects and programs. Special fund for environmental programs should be created.
<input type="checkbox"/> <i>Internationally competitive Free Enterprise System</i>	Encourage or subsidize firms which are efficient. Technology development should be promoted through local institutional research. Encourage export takeoff.

Table 12
List of 'Should Do' Programs

<i>Basic Policy</i>	<i>Possible Programs</i>
<input type="checkbox"/> <i>Modern, Intelligent Educational System</i>	Science and Critical Thinking Development Program Modern Teaching Program Innovations in Vocational Educational Program
<input type="checkbox"/> <i>Basic Needs and Dignity</i>	Unemployment Support Systems Program Human Settlement for Workers Program Labor Laws Implementation Program
<input type="checkbox"/> <i>Stable, Viable Families with Self-Managed Members</i>	Family Management Program Financial Literacy and Entrepreneurship Program
<input type="checkbox"/> <i>Disciplined, Service-Oriented and Efficient Bureaucracy</i>	One Sweep Bureaucratic Revolution Service Excellence Program
<input type="checkbox"/> <i>Fair, Non-Negotiable, and Equitable Law Enforcement</i>	Quick Case Processing Program Zero Court Corruption Program
<input type="checkbox"/> <i>Local Entrepreneurship/Resource Development Program</i>	Marshall Plan for Poor Entrepreneurs Special Zones for Small Factories
<input type="checkbox"/> <i>Sustainable Development</i>	Ecology Fund Program
<input type="checkbox"/> <i>Internationally Competitive</i>	Exports Takeoff Program

Given this genuine view of society, there should then be an earnest quest for alternative models. Again, what sort of society do we really mean to create? What alternative reality do we aspire for?

If we must arrive at a rational concept of vision based upon our current realities, we should give emphasis to the following principles:

- Neither literacy, nor technical skill, is enough. People must possess higher intelligence and be capable of self-management.
- Equal opportunities for all, equal social responsibility at all levels.
- Quality from all, quality for all.
- The highest standards of thought and action; the government we deserve.
- Dignity for workers and decent lifestyles for all.

- Nation building and teamwork at all levels of the economy.
- Hard work and merit, not family ties and politics.
- Discipline, discipline, discipline.

Should we decide to elect a vision, the following options should be in our list: in our list:

- Republic of Quality
- Dignity in Unity
- A New Disciplined Nation
- Maturity for Our Future
- Strong and Ready

Perhaps the most meaningful vision that we should consider is 'strong and ready.'

Then we should translate vision into mission which should be 'to mature the country.' This maturity should involve:

- Responsibility
- Concern for others
- Discipline
- Community spirit/service
- Self-knowledge
- Dignity/Standing for beliefs
- Realism

How should we then design our objectives? What would attaining a certain level of maturity mean for our economy?

Our objectives should be:

- Civic Order and Social Dynamism
- High-Growth Path for a Modern Economy

Our strategies should be:

- Responsible Governance
- Productivity-Propelled Private Sector
- Family-Centered Empowerment

Finally, our basic policies should provide for:

- A disciplined, service-oriented, efficient bureaucracy at all cost;
- Fair, non-negotiable, and equitable law enforcement mechanisms;
- Sustainable development;
- Internationally competitive economic system;
- Modern, intelligent educational system at the heart of development;
- Basic needs and dignity for workers;
- Family stability and viability because of self-managed members; and,
- Development of local entrepreneurial resources.