"Rural development work will have to be perceived not so much in terms of mobilizing rural communities to produce more rice, vegetables, pigs, goats and chickens as in terms of mobilizing them to establish machine-based enterprises..."

An Interpretation of the Rural Problem: Towards a New Approach to Rural Development*

by
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Introduction

It has been 28 years since the rural development movement was formally launched by the government, and the creation of conditions to improve life in the rural areas made an object of organized national pursuit. Since President Magsaysay issued, in 1954, Presidential Executive Order No. 57 establishing the Community Development Planning Council (CDPC), rural development has become a fixed and permanent element in the government's economic plans.

Concern over the condition of our rural areas, moreover, has not been confined to government. Since the 1950s, the private sector, and private foreign agencies, as well as international institutions, have progressively deepened their presence in our rural areas, and it should be instructive to know the amount of money, resources, time and effort which have already been invested, and continue to be invested, on projects and activities addressed to the rural problem.

Notwithstanding all these, however, the rural problem persists, and it has proved a stubborn, implacable phenomenon. Vast areas of the country remain rural, now deemed synonymous with underdeveloped, plagued by poverty, and the constellation of dehumanizing afflictions that come with poverty. The rural problem in fact seems to have assumed a deeper dimension and more pressing urgency than it did 30 years ago. Rural discontent in the 1950s was confined principally to Central Luzon, and, to a less extent, in the Southern Tagalog areas, but today it has metastasized from the Ilocos down to Bicol, Visayas and Mindanao.

The conclusion is irresistible that the intractability of the problem must be rooted in a basic flaw, not only in the channels, systems and mechanisms by which development programmes are conceived and brought to the barrios, but also in the very way that the rural problem itself has been perceived. This, in fact, is the thesis of this paper. The thesis is, that for the past thirty years, we have misread the rural problem; that we have mistaken the consequences and by-product of the problem for the problem itself.

This theme is addressed to the sixth question of the invitational letter which seeks to elicit from the seminar participants an explanation for the persistence of rural underdevelopment in a country abundantly endowed with natural resources and which has not been wanting in rural development programmes.

While this paper will address all seven questions posed by the invitational, the sequence of discussion will start with an effort to explain the durability of the rural problem in terms of a theory of development and underdevelopment.

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The Rural Problem Defined, Development and Underdevelopment

In viewing the situation of our rural areas, it is easy enough to be moved and overwhelmed by the poverty, backwardness, illiteracy, malnutrition and lethargy that have become the distinguishing features of rural life. It would be a mistake, however, to confuse these for the problem itself. They merely constitute the sum and complex of the dehumanizing repercussions generated by centuries of economic underdevelopment.

At the root of the rural problem, and constituting the very essence of it, is the archaic structure of the rural economy. Land continues to be the primary and, in many cases, the only basis of its productivity, and it remains a virtual stranger to machines, and machine technology, as instruments of production – as sources of wealth, and generators of employment opportunities. The rural problem, at bottom, is a problem of underdevelopment. It is not a problem of poverty, or backwardness, illiteracy and malnutrition; much less of over-population. To attack the problem, rationally and efficaciously, one must attack its very essence, and not only its manifestations and consequences. One must first understand what underdevelopment is all about.

A community, whether it be a nation-state or a village, is economically underdeveloped if it has not learned or succeeded to integrate machines into its production process. What sets off rural communities from the modern sectors, say Metro Manila, is the virtual absence of technology and machine-using industries in the former, while the latter literally hum with them. By the same token, that is what sets off the national economy of Third World nations from the developed. Machines, and the organizing discipline and technologies that come with their use, play a comparatively negligible role in the economy of underdeveloped countries, in stark contrast to their pervasive role in developed nations. The Philippines is a rural economy relative to Japan; a barrio to the United States.

The enormous vitality and productivity associated with developed economies, and the consequent prosperity and abundance that come with that vitality and productivity, spring not so much from the productivity of land, as from the extensive utilization of machines as instruments of production. Indeed, the notion has fast gained ground that the real productivity of land can come only when the rural structure shall have been transformed into an industrial one.

The labor of a man who works with a machine is infinitely more productive than one who works only with hand tools; and the man who labors with hand tools is considerably more productive than one who simply works with his hands. As with individuals, so with communities.

The whole point and purpose of economic development is not so much to diversify livelihood activities based on traditional and already pre-existing sources, (such as land) as it is to create new sources and new bases of production. Only in this way can livelihood opportunities really diversify, not only quantitatively but also more important, qualitatively. *The central objective of rural development is to build up the technical and productive apparatus of our rural communities.* Hence, rural development work will have to be perceived, not so much in terms of mobilizing rural communities to produce more rice and vegetables, to raise more pigs, goats and chickens, plant trees and make handicrafts, as in terms of mobilizing them to establish processing and canning plants, machine and fabricating shops, metal works, and other *machine-based* enterprises, whether in a small, medium or large scale.

To be sure, this is not an easy or comfortable challenge. But nothing less than that can possibly confront the inexorable onslaught of mass poverty, and the human degradation that comes with it. For only when to land is added machines as a basis of production can the rural economy move to a qualitatively different and higher level of efficiency, diversity and productivity as to enable it, effectively and meaningfully, to confront the increasing demand of a massive, and ever increasing, population for work and other means of livelihood. The central demands of the rural population are for *land, justice, work* and *other means of*

livelihood. Opportunities for the latter must be generated in amounts sufficient to meet current as well as future demands, and this can be done only by transporting the rural areas to the machine age.

The durability and intransigence of rural underdevelopment, notwithstanding nearly three decades of conscious striving to improve life in the barrios, stem largely from the fact that it has virtually *ignored* the essence of the development problem: the need to modernize the rural structure through enterprises based on machine-use and the machine process. This is only too evident in the *genre* or *category* of rural development. These are projects where the use of machines and technology is hardly required, projects designed primarily, if not exclusively, simply to upgrade *agro-based,* as distinguished from *machine-based,* activities.

For instance, the program of the Bureau of Public Schools for Community Development in 1954 listed the following types of projects: *poultry-raising, piggery, goat and sheep-raising, vegetable gardens, fruit tree growing, household industries, fish culture and cooperatives.*

Projects of the BAE (Bureau of Agricultural Extension)-sponsored Barrio Councils fell into the same pattern. The 1955 Annual Report of the Bureau of Agricultural Extension enumerates the projects accomplished by the Barrio Councils as follows: *vegetable gardens, fruit trees, fence building, tilapia fishponds, sanitary privies, safe water supply, piggery, poultry, cottage industries, compost heap making, drainage.*

The Social Welfare Administration, in its annual report for 1955 summarized its "self-help livelihood" projects into the following categories: *cottage industries, livestock raising, truck gardening, fish culture, fruit tree planting, cooperative stores.*

Today, more than 25 years after, we remain captive of that pattern. For instance, the projects which command the priorities of the KKK have a familiar ring: *brick making, broiler production, fish culture, swine breeding, peanut production, kropeck making, fish processing, cattle fattening, goat raising, ipil-ipil growing, mango production, loom weaving, wood processing, feed mill and shark-production.* (see *Daily Express,* Jan. 8, 1982, story titled *1687 Projects to get Government Funds. KKK generates 25,411 jobs).* When the KKK program was nationally advertised, it announced 7 "different program prototypes", reflecting the program's priorities. These were *agro-forestry, agro-livestock, aqua-marine, waste utilization, cottage and light industries* (meaning, as specified, leathercraft, bamboo furniture manufacturing, rattancraft, assorted garment manufacturing, soft toy manufacturing, food processing), *shelter and services.*

In the case of the premier province of Rizal, the officer-in-charge of its Economic Development Commission has reported that projects being considered by the province under its KKK program are: fruit orchards for calamansi, cashew, avocado, mango and jackfruit, vegetable and cassava production, and processing. (see *Financial Times,* December 28, 1981)

The Example and Lesson of Rizal Province

What the Economic Development Commission of Rizal seems to have overlooked is that if the province has evolved from the rustic area that it was 30 years ago into the premiere province that it is now, it is because of the cement plants, the flour mills, the machine shops, the foundries, the textile mills, the chemical, food processing and metal fabricating plants and the host of other industries, small-scale, medium-scale, large-scale, but all machine-based, that populate its landscape. Rizal is one of the new dynamic and progressive areas of the nation today, and it owes its progress and development to the industrialization of its once rural economy.

Indeed that province is a living illustration of how rustic economics can be developed, and the absurdity of basing a "development" strategy on a rice, vegetable, livestock and handicraft revolution.

The rural development strategy, however, is precisely premised on the theory that rural life can be improved simply by intensifying and developing the agricultural nature of its economy, promoting the petty trades and small business, bringing government service to the barrios, and, lately, largely through efforts of the Population Commission and the World Bank, instructing the rural folks in contraceptives and persuading them to regulate their urge to procreate.

The question is, how did such a philosophy or strategy come to evolve?

To understand how, we must look back to the rural problem as it was originally perceived and stated by those who, in the 1950s, launched the rural development movement. And we must look also to the analysis of that problem as formulated by the forces who today constitute the decisive factor in our rural development programs.

A review of the way the rural problem was perceived in the 1950s, and the way it is perceived today, will show that the rural problem, from the beginning and up to now, has been identified primarily with poverty, unemployment and its related ills, but *never* with the essence of economic underdevelopment that breeds these. The symptoms and consequences of the disease have always been taken for the disease itself. Consequently, rural development efforts have addressed themselves largely to the effects and symptoms of underdevelopment, and not of its essence and nature. The attack of the rural problem has, for that reason, been basically of a palliative nature.

This will be evident as we trace and assess the role of the foreign component in the rural development movement.

The Role of the Foreign Component in Philippine Rural Development

From its birth, the rural development movement has been marked by the heavy, if not decisive, participation of the foreign component. In narrating the antecedent circumstances which led to Presidential Executive Order No. 57, creating the Community Development Planning Council (CDPC), which in 1954, formally launched the national government into rural development, Professor Jose Abueva recalls that –

> "Thus civic leaders and government officials, including local representatives of the U.S. Foreign Operations Administration and of the United Nations, made at least five separate proposals to create a national planning and coordinating machinery for rural development. Eventually, these proposals took the form of a presidential executive order, Executive Order No. 57, creating a Cabinet-level inter-Departmental body (with three non-governmental members) called the Community Development Planning Council (CDPC). One of the main sources of the theory underlying the CDPC was provided by the United Nations through a U.N. Community Development Expert advising the Philippine Government and through the holding in Manila of the U.N. Regional Community Development Conference for South and Southeast Asia." (Abueva: *Focus on the Barrio: The Story Behind the Birth of the Philippine Community Development Program,* p. 5; Institute of Public Administration, UP).

The CDPC would eventually be replaced by the Presidential Assistant on Community Development (PACD), an agency governed by a single administrator directly under the Office of the President. The PACD was created through Executive Order No. 156, and, recalling further the antecedents which led to that executive order, as well as the Philippine Community Development Program that ensued, Professor Abueva narrates:

> "He (President Magsaysay) issued Executive Order No. 156 replacing the CDPC with a single administrator directly under the PRESIDENT. Both his administrator and the agency he headed are called the Presidential Assistant on Community Development (PACD). The President appointed Ramon P. Binamira to the post. The PACD was then accepted by the USOM/ICA and by the Government Survey and Reorganization Commission."

"The program to be implemented by the PACD was based on the proposal of the USOM/ICA and the Philippine Government to the U.S. International Cooperation Administration as modified by Executive Order No. 156 which abolished the CDPC and created PACD. This is what we call the Philippine Community Development Program." (Abueva, *op. cit.*, p. 9).

From the foregoing account, one sees that, from the start, the foreign component was involved not only with planning the organization mechanism through which the government's rural development program would be carried out, but also with the very program itself.

Here it becomes pertinent to inquire how the original planners and conceptualizers of that program viewed and stated the rural problem. This is important because the perception of the problem would determine the nature of the solutions prescribed.

In his cited work, Professor Abueva reproduces what is described as the "Summarized Statement" of the rural problem as it appeared in a final document that, in his words, "formed an official basis of the Philippine Community Development Program." (*op. cit.*, 29). Further, according to him, "that statement may be considered the Program Planners' synthesis of the most compelling dimensions of the rural problem." (*op. cit.*, 29)

What are these "compelling dimensions"?

That "Summarized Statement" is reproduced from Abueva's book in full as follows:

1. *General Problems*
   a. The lack of formal government in barrios prevents rural citizens from raising funds through taxation to provide needed barrio facilities. Furthermore, the rural population has few effective means of expressing its needs and of having these met through democratic processes.
   b. Many remote barrios receive few regular government services from agencies other than the Bureau of Public Schools.
   c. The lack of year-round passable roads connecting more than one-half of the barrios with principal highways seriously impedes the movement of products from farms and home industries to markets, the sale of processed goods, the effectiveness of government services, and other activities which determine the level of living of a large proportion of barrio citizens.
   d. A great majority of rural citizens have no safe and dependable supply of water for home use. Irrigation facilities are needed in many rural areas.
   e. Large numbers of barrio citizens scarcely have any access to medical services, though this condition is gradually being remedied through the establishment, each year, of additional rural health units.
   f. With rapid annual increase of the school population and with the prevalent use of temporary or semi-permanent buildings, the problem of constructing and equipping barrio schools imposes an increasing financial burden on both citizens and Government.
   g. One-third or more of the rural labor force, male and female is unemployed and without adequate opportunities to gain an economic foothold and better living conditions. This condition poses a continuous threat to the economic and political stability of the Republic.
   h. Low productivity and consequent low purchasing power greatly limit the ability of barrio citizens to finance their own community improvements. The shortage of wealth and income in barrios is aggravated further by large annual withdrawals in the form of high rents and usurious interest charges and by low prices for products of farms and home industries.

i. Over a long period, barrio citizens have been economically, politically, and emotionally dependent upon paternalistic landholders, politicians, and others who generally reside in the poblacions (principal centers of municipalities).

j. Because the rural people of the Philippines are characterized by limited schooling or illiteracy, possess limited skills, live by old customs and traditions, resist innovations, are handicapped by inertia and lack of initiative, and have limited experience in undertaking effective group action for the solution of their problems, it is believed essential that trained technicians must live and work with the people in barrios to implement a more effective program of economic development and social betterment.

2. *Inability of Government Agencies to Meet Barrio Needs*

The need for channeling more direct and effective economic support for local improvements in barrios is justified by these facts:

a. Shortage of funds

(1) Barrios have no taxing powers.
(2) Barrios receive no specified part of the real property taxes collected.
(3) In smaller municipalities, from 60 to 80 percent of the municipal funds is spent for salaries, leaving extremely inadequate amounts for construction and repair of public improvements.
(4) In many barrios, the estimated value of benefits received annually from the government for roads, agriculture, health and other items, excluding schools and military, probably does not exceed ₱1.00 (about US$.05) per capita.

b. Weaknesses of Administration

(1) Requests for economic assistance to barrios are sent to municipal, provincial and national government through repeated petitions, resolutions, and verbal demands, most of which receive no action due to limited funds.

(2) Funds which are expanded for local improvements, principally from public works appropriations, are generally allocated on a discretionary basis.

(3) If and when a barrio's request for assistance receives favorable action, the action is usually taken only after unnecessarily long delays.

(4) Efforts to obtain inter-departmental coordination and cooperation in planning and implementing rural improvement projects have been largely ineffective, especially at the national level.

(5) Government officials frequently are unable or adverse to furnishing services in barrios due to shortage of funds for travel, limited transportation facilities, and other reasons.

(6) In general, Barrio Council (Bureau of Agricultural Extension) and puroks (Bureau of Public Schools) suffer in effectiveness due to inability to fulfill many barrio needs without more adequate technical guidance and material support.

c. Low Morale

(a) Barrio Citizens tend to have little faith in, and respect for, the Government, due possibly to past inadequacies of the Government in meeting essential community needs.

(b) The loyalty of barrio citizens is reduced by ineffective enforcement of tenancy, labor, and usury laws. (A substantial portion of the wealth

and income is believed to be drained away from barrios usually through violation of these laws.)

(c) Barrio citizens are unable to attain dignity, self-reliance, self-respect due to lack of effective means of solving their problems through collective action with support of the Government when needed.

From the "Summarized Statement", one notes that the "compelling dimensions of the problem which attracted the attention of the program planners embraced virtually every factor that touches and affects rural life – from low productivity to government neglect – except the flawed character of the rural economy. The analysis focused on low productivity, poverty, backwardness, malnutrition, government apathy, but no mention whatsoever, even if only in passing, was made of the obsolete basis of economic life in the rural areas. Government received a good share of the blame for the lamentable conditions in the barrios, and from that analysis would emerge the "community development" program. It was a program characterized by (1) agro-based and agro-related projects; (2) social services, symbolized by the artesian well; (3) infrastructure; and (4) cooperative and community organizations. (Population control would come eventually with the World Bank and the Population Commission.)

Cadres of community organizers, and community development specialists, would rise and march to the barrios, armed with techniques designed to inculcate a "sense of community" among the rural people, and mobilize them into groups that would facilitate the implementation of projects that lend themselves easily to self-help and community efforts, such as piggeries, poultry, handicrafts, communal fences, irrigation systems, and the like.

In completely ignoring the need to restructure the production process by making machines at least as much a basis of that process as agriculture, the analysis of the rural problem lent itself, logically and naturally, to a strategy that called simply for intensifying the agricultural and agrarian basis of the rural economy by enhancing livelihood activities derivable largely from the land, without reorganizing and changing that very basis at all.

Recto's Criticism of the Rural Development Movement

In 1956, three years after the rural movement was launched, its premises and assumptions were assailed openly by the late Senator Claro M. Recto. Recto saw in the rural movement a philosophy of, and approach to, development that only serves to entrench the archaic basis of the national economy. He argued that, as population increases, the continued retention of an agro-based economy will aggravate the problem of mass poverty. He accordingly sought to redirect the development thrust towards industrialization and away from the agro-bias of the community or rural development program.

As he said:

"All things considered, what should then be our economic policy?

It must be industrialization in its fullest sense. The aim is an economy of prosperity, that is, an ever growing national production.

It is an economy where the major economic activities and efforts of the people are increasingly directed towards non-rural pursuits. That has been the way of all industrial nations. That is what I envision for our people. We should, therefore, oppose the maintenance here of a rural economy and the adoption of any policy or program that tends to perpetuate it. I do not mean that our agriculture should be abandoned altogether or that we should not improve on present methods. What I do mean is that, if we want to prosper, we should concentrate less on agriculture and not regard it as the main basis of our national economy. It is an error – a grievous error – to identify or equate economic development with rural development.

It is for this reason that I view the foreign inspired rural development program in this country with deep concern and suspicion. As a positive program, it was conceived in

1950, found expression in the Bell Mission Report and the Quirino-Foster Agreement, later dramatized in the Hardie Reports and the MacMillan Report. The word "rural" has found its way into every length and breath of the land being fed with rural propaganda. Foreign-financed organizations mushroomed all around: PRRM (Philippine Rural Reconstruction Movement), PRUCIS (Philippine Rural Improvement Service), 4-H Club (Heart, Hands, Head and Health). The movement has not spared even the schools. Agricultural schools have been expanded and have become pet projects of the government although you cannot find a job in any government office for a Los Baños graduate. Community schools, according to our representatives at the World Assembly of Teachers and Educators held here recently, should help check the drift of our people from the land. *All I can say is that, if they do, they shall have succeeded in pegging our economy to its present agricultural structure, that is to poverty. From the experience of all industrial countries we have learned that economic progress requires the shifting of the major part of the people from the land to industrial pursuits.*

The demagogue may paint the rural development program as attractively as he can. He may raise high hopes among the people in the rural areas, which is an effective vote-getting technique. But whatever might be his intentions in foisting the rural development program on the people, he does a disservice to them. The increase in agricultural productivity and in agricultural production can never hope to keep up with the growth of the population. For their own benefit they should turn to industry for it is there that they will find deliverance from an occupation which according to the UN Report I have already cited, for the greatest efforts gives the least returns to the worker outside of domestic servants. It is disheartening to note that this is not yet fully understood amongst our people. It is only fair that they know the truth, and it is for this reason that I have decided to expose the defects of an agricultural economy and the evils of a program designed to tie us down to such an economy." (Recto, A Realistic Economic Policy for the Philippines, speech delivered at the Philippine Columbian Association, September 26, 1956. Underscoring supplied)

Significantly, however, six years after Recto propounded his thesis, in 1962, the World Bank, in a report on the Philippine economy, endorsed the community development program and recommended it for international funding.

Said the Bank, ignoring Recto's thesis:

"The Community Development Program of the Philippines has had considerable success in organizing "self-help" projects in rural areas. It has also helped greatly to stimulate more active participation of village people in their own political affairs and marks a first step in the direction of creating badly needed, responsible local government. In view of these benefits expansion of this program seems desirable and we have allowed ₱30 million for the next 5 years, compared to ₱20 million in the past five." (Preliminary Report prepared by the staff of the World Bank, January 4, 1962).

Since then, the World Bank has assumed an expanding role in the rural development program, and today that institution is cognizably a major factor, if not the major factor in it.

It is, therefore, relevant to inquire just how the World Bank perceives the rural problem today.

The World Bank and the Rural Problem Today

If, when the rural development movement was launched 30 years ago, the rural problem was diagnosed without reference *whatsoever* to the underdeveloped and unbalanced structure of the rural economy, the diagnosis of that same problem today by the World Bank likewise ignores completely this critical factor. The Bank explicitly equates the development of our rural areas with agricultural development.

Consider, for example, the following comment by the Bank on: "Agricultural and Rural Development", a subtopic in its now famous report on the poverty situation in the Philippines:

Agricultural and Rural Development

> Since nearly three-fourths of the poor live in rural areas and are largely dependent on farming, the pace and pattern of agricultural development is one of the most important elements of the poverty reduction strategy in the medium term. Even non-farm activities in the rural areas depend to a great extent on agricultural performance. Therefore, priority needs to be given to increase farm production especially on the small and remote farms, by providing necessary infrastructure, improved technology, extension services, proper price incentives, and better distribution of land. Maintaining a high agricultural growth rate would be a prerequisite, but the focus should be on channeling greater benefits of this dependent on rainfed agriculture." (*Aspects of Poverty in the Philippines*, Vol. 1, p. 16, December 1, 1980)

How the World Bank perceives the rural problem is extremely relevant for us today because that institution now constitutes the real force and directing agency behind the financial and economic life of this country. Our development policies are determined by it.

Its total *silence* over the need to restructure the rural economy, and to direct it along industrial paths is perhaps the most meaningful aspect of its afore-quoted analysis. The message which the World Bank in effect was conveying is that we need not concern ourselves with changing the basis of the rural economy, and that we should merely continue to focus on the agricultural nature of that basis. It was precisely against this philosophy that Recto directed his economic arguments in 1956.

Like its predecessor analysis of 30 years ago, the World Bank report views the rural problem as one of poverty, and not of underdevelopment, to be attacked, not by rural industrialization, but by the further development of agriculture and livelihood sources from the land.

The World Bank report itself is a study on how an analysis of a disease identifies the manifestations and consequence for the disease itself. It is marked by an excessive and morbid pre-occupation with poverty, which is reflected in a detailed systematic discussion of what it called the *"aspects"* of the problem. Thus, subtopics such as: "correlates of poverty", "dynamics of poverty", "resources endowment and regional character of poverty", and "dimension of poverty".

Parenthetically, one can almost visualize elaborate research programs springing up to develop expertise on each of these separate "aspects" of Philippine poverty, with our schools, rural development researches, in government and the private sector, following the Bank's lead by producing extensive treatises on such esoteric topics as the "Dynamics of poverty", on the "Correlates of poverty", the "Trends in poverty", and poverty ad infinitum.

The massive immersion by the World Bank in the poverty problem contrasts only too sharply with the resounding silence it maintains over the intrinsically defective structure of the rural economy, to which Recto had called attention in 1956, which generates and perpetuates that poverty. It was as if a physician, attending to a patient agonizing with cancer, were to analyze and discuss the "extent", "dynamics" and other "aspects" of the pain while maintaining silence over the nature of its source.

One sees that, from the time the rural problem was defined and stated in the 1950s by those who figured in the launching of the rural development movement, to the latest formulation and restatement in 1980 of the problem by the World Bank, the participation of the foreign component in our rural development programmes has been counterproductive. It has been responsible for the institutionalization of an outlook, reflected in its theoretical

analysis as well as in theory character of our rural projects, that rivets national concern merely to the repercussions of underdevelopment, but not to underdevelopment itself. The role of the foreign component has been distinguished and pre-eminent in its failure to assist the national consciousness understand the nature and essence of the rural problem, whether viewed from the ground floor of a rural community, or from the heights of the National Economic Development Authority. Its analysis of the problem has consistently ignored underdevelopment altogether as the causative factor in the poverty situation, and focuses national attention only on the various "aspects" of poverty.

Its analysis misleads rather than instructs.

But poverty will remain, and its "aspects" will multiply, as long as underdevelopment is ignored.

The World Bank Approach Seen for What It Is

The World Bank approach to rural development should be seen for what it is, an elaborate, sophisticated extension of the historic colonial strategy to preserve the agricultural basis of the economy of former colonies and to limit the scale of their development to elementary manufactures. Forced to accept the need and compulsion for industrialization, the Bank's strategy is to own this compulsion towards what it called "export-oriented and labor-intensive" type – which, in essence, means, *industries which would still depend primarily on human labor, and not on machines, as the basis of productivity:* and geared to service, not internal basic needs, but the needs of affluent foreign economies. Applied to the rural areas, this means converting our countrysides into a gigantic sweatshop of labor intensive, rudimentary industries, garments, shoes, handicrafts, furnitures and tourist souvenirs, along with planting rice, raising hogs, and growing trees; and, to blunt the impact of an inexorable growth in population, a population program of mass sterilization and birth control techniques.

It is revealing that in the Bank's analysis of poverty, it should, while remaining completely silent about the defective structure and over-agriculturalized nature of the rural economy, devote time to the matter of "population pressure". In its own words, it considers the family planning program as "one of the most important programs" that "can be devised to help the poor."

One wonders why, being so explicit about birth control, the Bank should be completely quiet about the lop-sided nature of the rural economy and the real nature of rural underdevelopment.

As for its "labor-intensive and export-oriented" industrialization philosophy, suffice it to mention that *no less than the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) has already warned developing nations against labor-intensive export-oriented manufacturing programs, reporting that serious weaknesses have been discovered in such a strategy and that it "is more harmful in the long run to the developing Asian nation whose government has adopted such a policy."* (see "Business Today," *Sunday Express, May 4, 1980).*

One of the arguments adduced by the UN agency against the labor-intensive, export-oriented manufacturing being assiduously promoted by the Bank is that this genre of enterprises "creates few linkages with the domestic market," and "*the result is limited job creation.*"

This paper holds nothing against labor-intensive types of industries. They should be promoted where needed, but they should not be regarded as the principal elements of an industrial policy. The fatal flaw in World Bank's philosophy is that it insists on the promotion of labor-intensive industries as the "main priority" in an "industrial program."

Viewed as a package, the Bank's development program for the Philippines is a composite of intensive agriculture, rudimentary industrialization, and birth control. It is no wonder that we continue to import hand tools, agricultural implements, rice mills and processed agricultural products. Unless and until our rural areas become basically self-sufficient in these, they will exactly remain just that. Rural, the very symbol of underdevelopment, and the quintessence of the problem.

Towards a New Approach to Rural Development: Some Recommendatory Comments

For a More Precise Definition of Rural Development

If one accepts the preceding analysis in its essentials, then it is clear that a new approach to rural development must begin with an appropriate definition of the task. Rural development must be defined in terms far more precise than has been done so far.

Reflective, for example, of contemporary definitions is the following text statement of the:

"Goals and Objectives of Rural Development"

> Improving the well-being – a better quality of life – of families and individuals in the rural areas has been indicated as the aim of rural development. To many people, that may mean a lot of things: increase in the level of productivity, higher incomes, better housing, improved health and nutrition, more adequate utilities, better social services, etc. In general, however, rural development has two main goals: accelerated growth in the available services, resources and opportunities; and equitable distribution in the access to, and in the use of such services, resources and opportunities." (Librero, Approaching Rural Development; see Gomez and Juliano, Rural Development; The Philippine Experience. The Philippine Training Centers for Rural Development, UP at Los Baños)

The definition is so broad and all encompassing that it does not guide effectively to any system of priorities, much less pinpoint and specify the particular process, and the genre of development projects, by which the rural economy will basically be transformed as to provide an enduring basis for improving the well being of the rural population.

One must add that rural development should be concerned not as much with "accelerated *growth* in the available services, resources and opportunities", as it should be in creating new patterns of livelihood opportunities, and this can come only when the existing economic structure of the rural economy is placed on a higher plane. To be concerned only with growth in available service, resources and opportunities is, basically to tie the rural situation to the existing basis of its impoverished and backward condition.

The definition of rural development should focus immediately on the two objectives of social development: increased productivity, essentially and specifically through the process of industrializing the rural economic structure; and a system of property relations, by which the fruits of development are to be shared widely and equitably.

Rural development must be perceived largely, if not essentially, as a (1) process by which machines and machine technology are incorporated into the production structure of the rural economy; and, (2) under such social and ownership arrangements that would insure the broad and equitable distribution of the fruits of production. *For unless the technological and economic development of our rural areas is accompanied by a change in the pattern by which the means of production are traditionally owned, machine and machine-technology – while they might enhance the productive capacity of rural communities as such – merely become engines of human exploitation.*

What a Re-definition Should Lead To

Once rural development is thus perceived, it will provide the myriad activities of the numerous agencies and countless individuals engaged in rural work with an organizing and

directing influence. The very definition should at least lead and compel both the government and the private sector to upgrade, if not overhaul, the system of priorities that has so far governed the choice and nature of their projects and research programmes orienting these towards machine-used activities. It should also result in upgrading the perceptions of our rural development force. After all, if the emphasis of rural development work would no longer lie in mobilizing rural communities to merely produce more crops, livestock and handicrafts, but in mobilizing them to acquire, operate, and manage canning and processing plants (no matter how small), produce their own hand tools, put up repair and machine shops, acquire and operate rice mills, produce as much of their basic needs through the processing of agricultural products, then the character of rural development work will radically alter, and it will move on to a realistic, relevant and more challenging level. If our countrysides have stagnated, it is because, among other reasons, the national vision has been nailed for the last three decades to a category of development projects, and to a development outlook that does not represent, much less call for, the overhaul of the basis on which the rural economy has traditionally rested. There has, consequently, been no perceptible, qualitative accumulation of the store of technical knowledge, and of the productive apparatus, of our rural communities. The productive forces in these communities remain, basically, as in the feudal age. Our definition of the task has defined the limits of our achievements.

Consolidation of Rural Development and National Economic Development Efforts

What the foregoing also point to is that rural development, either as a process, or as a national objective, cannot be viewed as something detached, or detachable from, the larger process and objective of national development. There is symbiotic relationship between these two. To develop the rural economy is, in effect, to develop the national economy; the development of the national economy, in turn, will depend on the development of the rural economy. This symbiotic relationship may be illustrated concretely by the case of the 12 major, heavy industrial projects. These projects are unquestionably necessary to national economic development. But the viability of these 12 national industries (national in the sense that they are intended to supply the requirements of the nation and not only a particular locale) will ultimately depend on the way the rural economy is structured. These 12 industries cannot be viable if they were to rest on a rural economic system based on agriculture, handicrafts, and livestock. There must be a large and dynamic domestic market for the products of these 12 heavy industries, and that market can be supplied only by a qualitatively transforming rural economy, whose production process progressively increases its demand for steel, aluminum, copper and other metal producers, machine and spare parts, chemicals, and so on. On the other hand, the rural economic system cannot be transformed as long as the nation depends on foreign manufacturers for supply of steel and metal products, engines, chemicals and machine parts, which the 12 major industrial projects are designed to supply.

Even the development of science and technology in this country will depend on the process of such a symbiosis. Unless the industrialization of the economy is effected, science and technology will stagnate because these cannot operate in a vacuum, or in the abstract. It is only when the process of industrialization is set pervasively in motion that practical, concrete demands on science and technology will surface, and it is these demands that will provide the principal stimulus for scientific and technological development. And when we talk of industrializing the economy, we really mean our rural areas, which constitute the overwhelming portion of it.

Having made, correctly, the decision to establish heavy industries, government rural development strategy must now be so designed as to transform our rural communities into a vast, effective market for the products of these industries, and this can come only with the industrialization of the rural economy itself. The 12 major industries constitute, as it were, the major pillars of the national economy. The countryside constitutes its base. For the pillars to hold, they must be constructed on solid base, and we cannot have such a base as long as our countrysides operate on an economy based on rice, fish, vegetables, goats, chickens and piggeries. We can have a strong base only if the economy of our rural areas is founded on machine-using enterprises.

It is imperative to make this observation because the latest thrust at rural development, embodied by the program of the KKK, essentially continues the pattern and tradition of livelihood projects established by the community development program of the 1950s. So, we shall have 12 heavy industrial projects resting on a frail economy of farmers, sari-sari store owners, buy and sell business, and cottage craftsmen. We are constructing these heavy ambitious projects on a foundation of sand.

Implications for Rural Development Workers

For our rural development workers, the challenge of rural development should now mean that they must be aware of, and concerned with the larger issues involved in the age-long struggle for national development; or, to phrase it in its dialectical opposite, in the age-long struggle against the forces of under-development which have frustrated the advance of our rural economy into the machine-age. For these forces are very real, and very powerful. And they must be understood, if they are to be overcome, as they should be overcome. They are forces that have an entrenched interest in seeing, preserved in its essentials, the traditional condition of the rural economic structure. One must understand the elaborate, complex maze of their tactics and strategies to perpetuate in this country, through the government, the academe, and private sector, the outlook that the development of our rural areas lies, basically in the further development of our agriculture, (supplemented by small and medium business, mainly of a trading nature, and enterprises based on the intensive use of human labor such as garments, footwear and handicrafts, rather than of machines) and population control.

Rural Development Research

There should also begin a thorough re-examination and scrutiny of the genre of subjects which has traditionally preoccupied the interest of our rural developmental scholars and researchers, whether it be for purposes of a thesis, a book, or a paper for an international conference. The character of research and training programs should be restudied, and hard efforts made to direct and focus these on real, pertinent requirements of development, as development should be perceived, and pursued.

An Institute of Rural Industries

Specifically, it is time that the country's huge and elaborate research and training network, built and evolved over the last 30 years, focus and concentrate its programmes on the cultivation of those skills and techniques needed to identify, discover and create the factors that would facilitate the incorporation of machine-based enterprises into the production process of our rural communities, under conditions that spread the benefits of these enterprises broadly and equitably. Useful to this, in fact essential, would be an agency, or string of agencies, that would specialize in identifying the types of machine-based projects that can be introduced and viably sustained in rural areas. An Institute of Rural Industries, for example, utilizing the methods and process of action research, could pioneer in models that would test, on the field, the feasibility of projects identified by studies conducted from desks and libraries, and from these field models derive practical lessons that otherwise could not have been learned.

An entire network of such institutes can be strategically located throughout the country, both by the government and the private sector, although steps should be taken to insure their coordination, and efforts made to collate the results of their respective action research activities for purposes of formulating needed national policies.

Only in this way can we really discover, confront and overcome, at the grassroots, the factors that obstruct the development process, for there are factors that cannot be identified except through the struggle that comes with actual trying, through trial and error. These institutes should symbolize and represent a new thrust in the rural development effort, and galvanize the myriad aspects of this effort towards the real objective and essence of development, and its real requirements. It is time that academe, government and private

agencies move away from esoteric items of research inquiries, and dedicate themselves to the concrete, practical questions posed by an organized, systematic and conscious effort at rural industrialization. For here lies real development.

The Proposed Institute/s of Industries and the Experience of Assisi Development Foundation, Inc.

The need for an institute of rural industries proposed above has been borne by the experience of Assisi Development Foundation (Assisi) in attempting to establish projects of machine-based nature in the rural areas. In mid-1977, Assisi made the decision to get involved in rural work by creating work and livelihood centers based on machine-using enterprises, preferably machine and technology manufactured and invented by Filipinos. In view of Assisi's inexperience, it was immediately confronted by a number of preliminary questions. Among these were: (1) just what local machines and/or technologies should be used; (2) where would the projects be established; (3) through what channels or organizations should the projects be coursed; (4) who will introduce the projects; (5) how will these projects be managed, supervised and monitored; (6) what financing arrangements should be adopted, e.g., grant or loan, and others.

Inasmuch as Assisi was convinced beforehand that projects established by it would not be coursed through single individuals, families or proprietors because this would only entrench existing patterns of ownership conducive to wealth concentration and social exploitation, the problem, to that extent, became more complex.

The projects would, to a large extent, be experimental in nature, not only with respect to the machines and technology on which the projects would be based, but also the mode of social and property relations that would be tried.

The above-mentioned questions were eventually resolved through a series of linkages which Assisi fortunately was able to establish with a government economic agency (the Development Academy of the Philippines, or DAP), a private foundation (SPES Institute), a local inventor, and a department in academe (Department of Social Laboratory of the University of the Philippines at Los Baños).

Through these linkages, four barrios' projects were installed, all through farmers cooperatives/associations, but the process was a lengthy one, studded with both technical and organizational difficulties.

Three of the projects were designed to test (a) whether an indigeneous rice milling technology, composed of two locally manufactured machines which would be operated simultaneously as a complex, is technically feasible; and (b) whether small farmers, currently at the mercy of private rice mill operators can be organized as a group to acquire this technology, and manage their own rice mill viably as a collective. The project design, as well as the social investigative work that identified two of the sites, was done by a technical team from the DAP, and the supervision and monitoring functions have been shared between Assisi, SPES Institute and the Department of Social Lab of UP at Los Baños. The installation was made by the inventor of one of the machines being tested.*

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* Assisi funded the cost of the machines installed in one of the project sites (Bo. Gatiawin, Arayat, Pampanga) and the cost of supervising and monitoring the project, a function done jointly with SPES Institute. The cost of the machines installed in the two other project sites was funded by the Canadian Embassy through an arrangement secured by the team from DAP, although Assisi, under that arrangement, assumed the cost of the project design, as well as the field and social investigative work performed by the DAP team. Supervision of one of the projects located in Bo. Pansol, Pila, Laguna, was assumed by the Social Lab Department of UPLB, and has become a joint action research project with Assisi.

The project also pinpointed the deficiencies in one of the machines under test, and resulted in identifying an alternative machine, also locally manufactured, that is suitable to the project, and which the farmer can effectively operate.

The fourth project was designed to (a) test the viability of a barrio enterprise based on a process that would produce certain basic consumer items derived from coconut (coconut oil, coconut flour, sweets, bread and liquid soap) through the wet coco method, and (b) determine whether a farmers barrio cooperative (*samahang nayon*) would have the capacity to run the project on a business basis. The process is covered by a patent issued to a local inventor, Mr. Sofronio Sian. This project remains under test, and its initial viability can well depend on the project being able to establish a linkage with Kadiwa. This is a joint project of Assisi, the Social Lab Department of UPLB and the Samahang Nayon of Pansol.

Of the three rice mills established, one remains inoperative because of inadequate electrical installation in the area. But the other two, now in their second year of operations, have established that, done on a barrio scale, rice milling can be undertaken by small farmers on a collective basis, and that such a social form of enterprise can bring down the cost of milling for the members considerably, in addition to providing them with an important means of production through which capital accumulation can take place.

Assisi, SPES Institute and the Social Lab of UP Los Baños are now in the process of planning and replication of these projects in other areas in Laguna, for further verification.

The point of this discussion is that the task of bringing machine-based livelihood activities to the rural areas, and mobilizing rural groups around such activities, is a multi-disciplinary function obviously requiring strategies qualitatively different from organizing farmers groups around, say, a communal piggery, or getting them to plant ipil-ipil, or organizing a women's club around sewing projects, while instructing them in techniques for birth control.

An entirely new strategem will have to be devised and institutionalized, centering on the planned search for, discovery and creation of these conditions that would implant as many machine-based social livelihood projects as possible into the socio-economic structure of our rural communities. This is a massive task that requires nothing less than the renovation of the entire social development apparatus that has grown out of the community development program of the 1950s.

What Assisi, the technical team from DAP, SPES Institute, the local inventor, the staff of the department of Social Lab at UP Los Baños, and the farmers groups that were organized for, and accepted the projects, attempted to do, modestly and through trial and error, jointly and collaboratively at various stages, was to represent the type of collective function which an institute of rural industries can, and should be able to carry out under more time-saving systematic, and integrated conditions, *and on a national scale.*

If, in mid-1977, Assisi started with the preconceived notion that real developmental work should stress on the creation in the rural areas of livelihood centers based on machine-using projects, owned preferably on a cooperative or collective basis in order to insure the broadest possible distribution of the fruits of technology, that notion has been entrenched and confirmed by Assisi's experience in field. It can be done, and Assisi and its partners are witnesses to the transforming impact of these projects on the lives of individuals and communities. The very process of struggle to master machines, organizing a livelihood around them on a social basis, identifying the technical, organizational and economic problems that impede the viability of the projects, and attempting to overcome these, cannot help but elevate the rural mind, and extricate it from the morass of lethargy that characterize the ambience of rural mental life. Development begins with this. And where the projects succeed, no matter how modestly, a community's store of technical and productive apparatus is raised to a higher level which becomes the basis of further advance.

The principal impediments encountered by Assisi and its associates in the prosecution of their projects spring from the general inefficiencies of a non-industrial system, ranging from non-availability of technicians to correct these shortcomings, and difficulties of monitoring a project if the monitoring personnel reside a considerable distance from the project site.

The very process of identifying the machine-based enterprises that should be tested for their technical and commercial viability in the rural areas is itself fought with roadblocks precisely because there has been no cumulation of expertise on it. A program to promote machine-based enterprises in the rural areas is actually a pioneering one, having been left out entirely in the structure and experience of community development strategy and research activities pursued in the last 30 years. Expertise remains to be developed along with a general system of bringing that process about systematically and efficiently. Again, this only points to the need of formalizing and, methodically pursuing this function through the appropriate institutions created for the purpose.

Concluding Remarks

In the rural areas, one encounters not only the face but also the very soul of underdevelopment. It is the essence and processes of the latter that we must understand, not its shadow and reflections. The struggle for rural development constitutes the very core of a people's and a nation's struggle to free themselves from the prison of a dehumanizing condition, to which colonialism, and an untenable social order, have committed them, in order that they may live as humans should live, and realize the potential that inheres in the very nature of their being.

In this struggle, what they need first and foremost is to understand the nature and essence of a remorseless adversary, and of the forces and factors from which that adversary draws its nourishment and its strength. Underdevelopment is not a natural condition. It does not constitute the natural destiny of man. Men and nations were not created to languish in backwardness, poverty and, as economists have, in cruel terms, phrased it, "the idiocy of rural life." And, as shown by the experience of many nations, who emerged from the depths of underdevelopment to the ranks of prosperous modern states, underdevelopment can be overcome, provided one grapples with its essence.

The rural areas provide us with the opportunity to forge the formulae and strategem that would establish a society that is truly new. They constitute, in this sense, a vast and immense social laboratory from whose desolation could eventually emerge a society that approximates one's ideals.