

# SEARCH FOR A FILIPINO DEVELOPMENT MODEL

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In early 1980 I proposed a social experiment to former President Marcos. The salient concepts of the proposal were:

... (1) to mobilize the government, the private sector, and foreign investors to engage in priority development projects where (2) the productive forces so developed should eventually be owned by the community through a cooperative, where (3) the investors, after a reasonable period, shall have paid their obligations and realized reasonable returns on their investments. ...

The singular social contribution of this proposal is the deliberate intention of the prospective investors to be embodied in appropriate contract with the government — to eventually sell to the community the productive enterprises they developed through a cooperative [or corporation] which the investors will also organize, train and develop prior to the sale of such enterprise to the community. ...

The concept appeared feasible. A number of benefits for all concerned — the private and foreign investors, the employees, the government and the nation — may be anticipated, among which are:

- (1) no significant labor problem, or harmonious labor-management relations;
- (2) motivated and therefore effective and efficient labor;
- (3) in view of its superior moral/ideological position, it is almost impervious to ethical and ideological agitations and therefore can operate even in troubled and frontier areas;
- (4) accelerated development of entrepreneurs, widening of the base of ownership of productive forces without jeopardizing the essence of free enterprise, and more equitable distribution of income;
- (5) substantive involvement of private and foreign investors in the agro-industrial development of the nation;
- (6) potentially large multiplier and demonstration effects; and
- (7) assisting towards the establishment of the infrastructure for the democratization of wealth as the basis of a democratized politics

The hope was also expressed in that proposal that the project can attract leaders from developed countries to help in the development of the nation, where they are given an opportunity to reverse the traditional and onerous North-South economic relations. If the project succeeds, it was also hoped that the approach may help other Third World countries in their search for development models, and for the elusive formula for true freedom and nationhood. Additionally, if the project succeeds, the foreign investors would have developed and tested a powerful strategy for widening their markets in the Third World, a strategy that is at once politically acceptable to many host governments and welcomed by many host communities.

The nature of the project, and the possible scope of its political and social repercussions, required political support from the highest levels. By all calculations, I knew it could or would go against the grain of Malacañang's policy of crony capitalism and its other face, the cronies' dummy ownership, sectoral fiefdom and proxy control of an increasing number of sectors of the national economy. Therefore, for it to succeed, that support must be sought from the very beginning. From one standpoint, the project was a way of asking the former president whether he is ready and willing to initiate this people-oriented and God-centered type of project and thus to accept all the possible repercussions it may have vis-a-vis the evolving policy of crony capitalism.

The People's Agro-Industrial Corporation or PAIC, an agro-industrial complex with an autonomous sugar-cane based anhydrous alcohol plant as the core and integrating productive activity, was to be located in a 10,000-hectare site in Barrio Sta. Lucia, Capas, Tarlac, part of the land reverted by the U.S. to the Philippines from the Clark Air Base reservation. The core industrial component as envisioned was to consist of a 2000 tons per day sugar cane processing plant producing 100 kiloliters of anhydrous alcohol per day, with dry ice and yeast by-products. The agricultural component was to have consisted of cattle, piggery, poultry and goat farms; appropriate technologies employing cane tops, distillery slops, and bagasse to achieve near-zero pollution; and production of rice, corn, fruits, and vegetables.

PAIC was also a test of a non-violent transition strategy from the present problematic economic order towards true economic democracy characterized by self-reliant productive rural communities, dispersed technical and managerial know-how, and wide ownership and entrepreneurial base. The social end point was not exactly clear and certain to us, but the vision is generally towards greater control by the people over their own lives and fates, and thereby greater organicity of economic interests horizontally and vertically across Philippine society.

The concept appeared meritorious indeed. The concepts are morally valid. However, because the livelihoods and fates of hundreds of Filipino families would be at stake in this proposed project, we have to be virtually certain that the approach will work. At that time we could not claim any certainty that the approach, no matter how noble in intentions, will work. The technology of

alcohol production is a proven off-the-shelf technology. There were experienced Filipino technicians and engineers in this area of specialization who assured me that the agricultural and industrial components can be made to work with reliability. However, we felt that we do not know enough — of the Filipino work ethic, of rural culture, of Filipino values — to say the same thing for the social and human components of this new type of enterprise.

The idea behind this book was born from these doubts and questions. Professor Serafin Talisayon, Adela Beringuela, Susanah Lily Mendoza, and Milagros Dumlao — who knew of the PAIC proposal from the start — shared these concerns. A corresponding research project at the U.P. Asian Center was thereafter conceived and implemented, with the full support of Dean Josefa M. Saniel.

The idea was to undertake a search and study of innovative development projects which have been operating successfully for many years in the Philippines, and to ask how and why they were successful. Success is a judgment that properly belongs to the people — the participants and beneficiaries of development processes. The last say as to what is or is not an appropriate technology belongs to the people. The last say as to what is or is not a successful development project belongs to the people. We adopted this definition of success.

Innovativeness and success became the two standards for selection of the case studies reported in this book. A third selection criterion, staying power, was adopted whereby we eliminated a project less than five years old unless it was exceptionally innovative and successful.

Implicit in this approach is the assumption that a truly Filipino development model cannot be designed from theories — certainly not from foreign models. It can only be inferred from a study of projects which have been successfully operating within the Philippine socio-cultural and economic milieu. This approach requires a conscious and deliberate suspension of the researcher's own normative beliefs about development and how it should take place. It requires a study of the leaders behind a project, learning their views and leadership styles, and finding out how these contributed to the continuing success of the project. This type of study requires humility on the part of the researcher or member of academe. It requires a temporary suspension by the government planner of his cherished notions about how development should be brought about. There must be a willingness to recognize that the real experts in development are not authors of books about development or development planners in government offices, but those local leaders and innovators who have been able to launch and nurture a project to the satisfaction of the Filipino people.

The publication envisioned would therefore be mainly written by the leaders and innovators themselves, the "doers" as we call them. This is not easy. "Doers" are so engrossed in their work that often many do not have time and inclination to write and document their work. In this sense, this book makes the rare achievement of convincing these people to pause awhile and share their valuable experiences and insights with all of us.



Thus, the U. P. Asian Center began a research project on "Innovative Development Processes in the Philippines". Justifying the research was easy; the research was to gather materials that will enrich the teaching of a course in the Philippine Studies Program of the Center, namely, Philippine Studies 229 on "Innovative Processes in the Philippines".

I was certain of one thing about Filipinos. Their love of God and devotion to family, and their *pakikipag-kapwa-tao* (one's actions based on his recognition of his 'shared humanity' with others), are redeeming values which will have to be the ultimate basis for any success to be attained in PAIC. The success of PAIC will have to arise from both *gawa* (work) and *diwa* (core idea, soul, or spirit); in other words, it will have to be defined in both material and spiritual terms. Agro-industrial production and community service will have to be wedded closely together. Shares of earned credits, which will be the basis of an employee's future ownership of the enterprise, will have to be calculated from both. The enterprise must also approximate the organicity that binds the Filipino family — from the investor who, like a parent, will prepare the employees in management and entrepreneurship, to the employees who, like children, will strive to learn and work knowing that they are doing so primarily for themselves and their loved ones. PAIC was to demonstrate a more Christianized version of the Western concept of corporation, thereby reversing the historical and damaging polarization between labor and capital largely created by that concept. It was to demonstrate also the Islamic concept of *amanah* (mundane possessions as temporary stewardships from God).

These beliefs do not require research. Instead, while research was under way, the following *PAIC Credo* was formulated, prepared, and submitted to then President Marcos:

### The PAIC Credo

Man is God's temporary steward of the earth,  
of his personal endowments, and of the fruits  
and wealth he derives therefrom by his labor.

The privilege of stewardship is earned  
from day to day.

It is earned through productive and fruitful labor  
and through the enhancement of the welfare  
of others served by those fruits.

It is earned through a man's labor and his alone;  
another man's labor is another man's rewards.

It is earned through the transformation of trying  
conditions into pathways to discipline and  
character building.

It is earned through the conquest of self.

**Work dignifies man; fruitful work and authentic service to others exalt him.**

**The creation of opportunities for others to attain dignity and exaltation as God's stewards makes a man God's instrument: a pencil in the hand of God.**

**The love-inspired will that moves him; the patience, sincerity, and goodwill he shares; the creativity, learning and wisdom he evokes — these shall transform others similarly.**

**Together they work to help transform a Philippines with One Mission, One Spirit.  
Together they hope to contribute their modest share to the noble impulse of men and nations to build  
a World Without Borders.**

The former president expressed interest and informally assured the proponents, both foreign and local, that he will support the establishment and implementation of the project. But for some reasons, he delayed the implementation of the project until it was overtaken by events starting August 1983.

The feasibility study submitted in 1980 was prepared with the technical assistance of a Japanese multinational company, Ube-Nichimen, and private funds from a number of Filipino investors who were attracted to the opportunities as well as the nobility behind the project. The study took several months and more than a million dollars to produce. The completed feasibility study was submitted to Malacañang before Christmas of 1980. The project was approved by the Board of Investments (BOI) and the Philippine National Alcohol Commission (PNAC). The Department of National Defense approved in principle the lease to PAIC of over 10,000 hectares of reverted base lands. Some Filipino investors, showing keen interest in the idea, committed funds for the project.

After the escalation of oil prices in 1979-1980, which provided one of the strong rationales for the government's alcogas program, oil prices started to dip as worldwide demand decreased. A re-examination of the alcogas program was undertaken by the national government. The financial viability of the PAIC enterprise rests on the fact that under the alcogas program, the government will commit itself to buy anhydrous alcohol from participating companies at prices to be fixed by the Philippine National Alcohol Commission. However, in order to reduce vulnerabilities arising from the softening of oil prices in the international market, a review and redesign of the project concept was undertaken, this time with the assistance of a German multinational company, Agro-Faber. The German government has expressed interest in the project, including financing or investments.

Project modifications had to be made by 1981. The social concepts, which were not dependent on the nature of the product or technology to be adopted, were retained and further amplified. Amplifications were as follows:

- (1) Instead of alcogas production, the core activity was meat and dairy livestock production.
- (2) A scheme of contract fattening and contract farming was drawn up that will link PAIC to a network of neighboring small-scale producers through several PAIC marketing/training centers in Pampanga and Tarlac provinces. PAIC would contribute technical training and financial inputs, and contract farmers contribute feed and labor. This scheme aims to spread the social benefits to outlying areas, so that PAIC would not turn into an isolated enclave of development within the underdeveloped and socially-unstable Central Luzon heartland.
- (3) Linkages between PAIC and contract farmers were individual. There was no plan to immediately organize them into a marketing cooperative. However, if the network operates as planned, it was anticipated that development will mature to a point when the farmers themselves would eventually feel the need or demand to so organize themselves. It was felt that a cooperative organized at the initiative of the farmers would have superior social and therefore economic viability to a cooperative imposed on them from above.

The revised proposal was resubmitted to Malacañang. All components of the project were ready — land, technology, foreign and domestic investors, BOI approval, managerial personnel. For some reasons known only to the former president, Malacañang kept delaying the implementation of the project.

However, President Marcos did implement a project similar to PAIC in social orientation — KKK or *Kilusang Kabuhayan at Kaunlaran* (or Movement for Livelihood and Progress). But KKK became a political tool, wasted billions of public funds, and failed. KKK was used for strengthening local political machineries. Instead of making the people earn for themselves project ownership and the self-respect that it brings, the KKK beneficiaries were made further grateful to the political bestowers of loans for their very livelihoods. Implementation was done in much hurry. As a result, the self-enculturation and social preparation aspects of the PAIC idea were lost along the way. The spiritual vision behind the PAIC Credo was completely lost.

Judged from the billions of pesos of public funds he gave to KKK, President Marcos must have liked some aspects, but not the totality, of the PAIC idea. He took only those which suited his purposes, and ignored or temporized on those which did not.

Meanwhile, publication of the proceedings of the U.P. conference suffered reverses. I was informed that the prospective publisher overspent and run out of publication funds. The University, too, could not fully support the production of the book for some time.

The waiting for approval of the PAIC project was overtaken by the assassination of Ninoy Aquino and subsequent events. The moral bankruptcy of the regime was becoming transparent to many Filipinos. Convinced of his "answer", I laid aside pursuit of the PAIC proposal. The time was not ripe for the political conditions were hostile to the PAIC idea. I went into another "project". That project, thanks to God and the heroism of the Filipino people, was successful.

I feel the time is getting ripe to publish this book. National concerns have now shifted from the political to the economic. The Comprehensive Agrarian Reform Program (CARP) have been signed into law amidst a national debate about its ends and means.

The innovators/leaders of the successful innovative development projects — the "doers" who attended the April 1983 Conference on Innovative Development Processes in the Philippines, held at the Asian Center, University of the Philippines — have also been waiting long for the publication of this book. The U.P. Asian Center, cognizant of the responsibility of the University to them and their ideas, decided that the book must now be published and that all efforts must be exerted to seek funds from all available sources for the purpose. Other innovative successful projects have been identified and studied for inclusion in the publication.

This book is the belated result. It is an offering by these people of their experiences and sincere hopes towards evolving a development model that the Filipino can truly accept as their own. It is, after all, a development model which was derived from the Filipino's own experiences, mistakes and successes.