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A BRIEF VIEW AND APPRAISAL OF THE ECONOMIC SITUATION IN SOUTHERN PHILIPPINES AND THE ROLE OF THE PRIVATE SECTOR IN THE SOCIO-ECONOMIC CHANGES THEREAT*

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At such short notice and with the unavailability of necessary statistics, it is quite difficult to make an accurate assessment of the prevailing economic situation in our area. Without the backdrop of figures, any appraisal appears as mere sketches and has to be expressed in less than technical terms.

To serve as a background, I would first like to give you an overall view of Mindanao, then and now. Mindanao has long been neglected by the national leadership. It took many painful years and only after thousands of lives have been lost that the national government realized the enormity of the problems in Mindanao. Economically, Mindanao has long been deprived of serious attention by the national leadership. In spite of the wide areas of agricultural lands that waited long to be serviced by such needed linkages such as roads and bridges — lands that could have yielded more rice and other cereals. Politically, Mindanao has yet to see and feel the pride of being represented in the official family of the national leadership. For a long time we have cried for this. But it seems that our tears have been destined to the laboratories of politics for analysis.

However, we cannot help but be thankful that our national leaders have finally realized their obligations to the people of Mindanao. The national government has now focused its attention in bringing development and progress in the hinterlands of Mindanao. As seen by the national leadership the problems are a many-sided monster. They range from social, economic and political and to other sensitive problems. The government has to contend with the traditional social problems brought about by different tribal customs and lifestyles of the people, especially their mental outlook and relations with each other. The basic solution to this problem is the elimination of illiteracy among the people in the rural areas. Alongside this solution is to educate and to change the attitude of the people in their tribal totality. This solution should erase the divisive social mentality and make the people feel and think that they are Filipinos.

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At this point, allow me to shift to the subject matter I was asked to talk about — A brief view and appraisal of the economic situation in southern Philippines and the role of the private sector in the socio-economic changes now taking place there. To discerning observers, the economic picture is clearly defined and the trends are unmistakable. I do not profess to be an authority on economics so allow me then not to make any heavy dissertation. Rather permit me to present some observations to help you come to a conclusion.

Hence, let us not talk of the energy crunch and the consequent effects of spiralling inflation. Somehow, there is little we can do about it. We have to live with it and make the most of the situation.

Let us not also dwell on the other negative factors such as the excessive red tape and bureaucratic slow pace encountered in securing many clearances, permits and licenses that discourage the entrepreneurs. Let us focus on what is significant and progressive.

Let us bypass consideration of the traditional "giants" in agriculture and industry such as sugar, tobacco, coconut, timber products, gold and copper mining, textiles, cement, and steel products. Instead let us consider other activities in our economic world that has greater impact on the socio-economic future of the majority of our people — the low and the middle income groups.

It is a general opinion that the rapid rise of our non-traditional exports both in volume and value are significant. The widening range of products involved (such as electronics, embroidery, garments, handicrafts, furnitures, canned and other processed foods, gift items, seashells and coral products) bring about an increase in income and employment.

At this point, I would like to mention that there should be a more stringent ban on the export of raw materials such as timber, rattan and seashells. This will give impetus to the growth of cottage industries and small businesses.

With that set aside, let us have a brief view of the situation obtaining in southern Philippines, more particularly Western Mindanao.

AGRICULTURE

Most of our people are engaged in agricultural pursuits. Coconut, rubber, rice and corn are the main crops. The prices of coconut products and rubber subject to international trade will not be discussed. The ups and downs is reported daily in the papers.

As for rice, the region is more than self-sufficient. Current

retail price for commercial variety in this city is ₱ 2.30 per kilo as compared to NGA's controlled price at ₱ 2.60.

On the other hand, corn, although extensively grown, is in short supply. Often, we bring corn grits from Cotabato to cover the shortage. Because of this, we do not have a poultry business to speak of. While we have plenty of fish-meal, there is not enough corn, sorghum and other ingredients to support a poultry feed mill.

Vegetables of most varieties are abundant, but cabbages, beans, tomatoes, garlic and onions come from other places. There is an abundance of fruits including the exotic durian, mangosteen and marang, but ripe mangoes come from Iloilo and Cebu and pineapples from South Cotabato.

LIVESTOCKS

No large cattle ranch exists in Western Mindanao. The grazing area there was doomed by the invasion of a weed commonly called agonoy, which is poisonous to cattle. The death knell came with the disruption of peace and order.

Sponsored by the government, a program for backyard raising of cattle and goats is gaining ground, but seed animals of the desired qualities are few. The attitude of the recipient, also, has to be changed. Often rather than being seed for propagation, the animals end at a fiesta table.

No piggery worthwhile talking about exists in the area. The main drawback is lack of low cost grain and green fodder.

FISHERIES

This is the brightest star in the horizon. It has been a major occupation of coastal inhabitants of the Zamboanga peninsula, Basilan, and the Sulu archipelago since time immemorial. It is the principal source of protein in the people's diet.

The lobsters, prawns, shrimps and "curachas" are vanishing from the local markets, for those now grace the tables of the many-starred hotels in Metro Manila. In size and delicacy of flavor, these are unequalled in the country. The ordinary salted and dried fish also reach the huts of even the hill peoples of Mindanao, while frozen tunafish are exported to Japan and as far as Puerto Rico.

Today the government has embarked on a program placing fish production and marketing in the forefront in an effort to hold back inflation. Government resources are now being concentrated on acti-

vities aimed at sustaining purchasing power, containing the prices of essential commodities, particularly, the basic protein sources.

The Biyayang Dagat program was formally launched with the formalization of an agreement between the Fishery Industry Development Council (FIDC) and the Central Bank of the Philippines for a credit program for small and medium scale fisheries which adopts certain features of the Masagana 99 rice program. The agreement calls for the release of an initial amount of P 5 million by the rural banks for specific credit packages developed by the FIDC Credit Committee.

With the entry of modern fishing vessels and canneries, the picture is fast changing. Operations started at the Ministry of Aquatic Resources (MAR) Fishing Corporation at Recodo. This city, when fully operational, will be the biggest tuna cannery in the whole of South East Asia.

There are other canneries in operation and under construction also for sardines and mackerels. Slated at Sangali, this city, when constructed will be one of the six government authorized fishports in the country.

TOURISM

A major thrust to get a share of the mushrooming tourist trade which has been underway for some years now is the existence of tourist hotels. In actual operation one is by the sea, another in the hub of the city, and one at the Pasonanca hills with a spacious casino. Also under construction is an international tournament rated golf course at Calarian.

We all know that the tourist trade has a multiplier effect on the cash turn-over of a community. Aside from earning dollars for the country, it provides countless jobs in the service and entertaining fields, and increases trade in souvenir and gift items.

When peace and order gets to be normal soon, tourism will surely rise. For Zamboanga is still an exotic name bringing to mind visions of coconut palms by the beach, colorful sails at sunset, moonlight and maidens, romance and adventure. It has a wealth of natural attractions, and a mixture of people and cultures.

BUILDING CONSTRUCTION AND INFRASTRUCTURE

While the construction of government buildings has stopped, commercial buildings are steadily going up. So much so that at

present, first rate carpenters and masons are in short supply. Trade in construction materials including sand and gravel is brisk.

The building boom may not necessarily decline in the next few years since there will be a shift to housing. There is a big shortage for dwellings both for low cost housing and apartments for middle income families.

In infrastructure, the notable accomplishment is the PADAP, or Philippine Australian Development Assistance Program, in Zamboanga del Sur. The extension of the program is very good news for more vast areas in the hinterland will be connected to coastal ports. In Zamboanga City, the port area will be enlarged and modernized with a loan from the World Bank.

TRANSPORTATION

In the cities there is an over supply of vehicles often causing traffic chaos, while in rural areas the carabao and sled is still the rule in the movement of farm products.

Inter-provincial transit is improving with the introduction of large diesel-run units in selected routes. Most areas, however, still are not being served. The biggest drawback to operators is the poor condition of the roads.

Water transportation is also fast improving with the introduction of faster steel-hulled vessels. Many coastal towns are not yet served due to lack of piers and access roads.

Air transportation is available within the peninsula and to all major islands, except Basilan.

BANKING

A clear indication of optimism in the economic future of the region is the increasing number of banks being established. Commercial credit is generally obtainable. So is medium term lending for commercial buildings.

Quite hard-pressed to meet the demands of farmers and small borrowers are the rural banks. Their resources are not sufficient unless the Central Bank extends more support. What makes private capital shy away from investing more in rural banks is the slow turnover of loanable funds. The borrower's attitude in the repayment of loan has to be changed if more private capital is to be attracted.

As an example, a bank in this city extended credit facilities for small and medium scale fisheries upon instructions from higher

authorities and suffered a loss of P24 million because of its inability to enforce the repayment of the loans. Not because the bank was wanting in its credit policies or was negligent but because of the improper attitude of the borrowers toward the repayment of the loans extended to them. Earlier I mentioned the program launched by the government, known as the *Biyayang Dagat*, in an effort to work out a more viable and manageable credit program for municipal fisheries which can increase and facilitate the adoption of credit in the rural countryside. This program is noteworthy, but will it succeed? Banks, especially rural banks, are wary and shy away from lending operations of this sort, even under a supervised credit financing scheme, because of the difficulty involved in collection. Small farmer-borrowers usually believe that borrowing is a privilege without attaching any importance to their corresponding obligation to repay. This attitude can wreak havoc on the financing and credit system of a small community. Unless we can educate our farmers on the proper use of credit facilities, unless we can mold credit consciousness among agricultural producers, this problem will continue to face us.

ELECTRIC POWER

I have reserved this for last because a lot of the projections for growth depends on the early arrival of the NPC hydro-electric power from Maria Cristina — at least as far as Zamboanga City is concerned. Except for some portions of Zamboanga del Norte and Zamboanga del Sur, other areas are being served by costly oil-fired generators. The difference in cost is very large — NPC power at less than P0.40 compared to the present average of P1.30 per kilowatt hour.

Hopefully by the middle of 1982 NPC power will be on tap in Zamboanga City. Awaiting its installation are the Zambales Base Metal mines, plywood and log processors, oil mills, canneries and refrigeration plants, and numerous small and medium-size enterprises where power cost is a big item. To the hotel business, for one, it will spell the difference between profit and loss.

CONCLUSION

I have tried to present to you a brief view of the economic picture of Western Mindanao. While a lot has been accomplished and more is being done to develop the resources of the region, much more capital and efforts have to be poured in to harness its full

potentials.

So many opportunities exist for the private sector to participate and share in the development of the area. The intrepid entrepreneur who can overcome the difficulties brought about by the energy crunch and other negative factors will undoubtedly be well rewarded. The time to get involved is now, for soon, the field will be crowded.