

Transforming Ideals (National Success Depends on Human Behavior) - MabuhayRadio

Written by Ben Sanchez, Jr.

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In my long career as economist in the private business sector, as a government official and with the UN system worldwide, I have always stressed that economic success for the individual and the country at large does not depend on resources or funds but on the values people live by.

For example, Japan had meager natural resources to start with but its economy is the second largest in the world, next only to the United States. Take the case of Israel too. Its hard-working people made the desert bloom.

It is an undisputed fact that economic success is due not to bountiful natural resources and capital that can be harnessed. A nation's success depends on human behavior.

Let me give you an example. While attending a UNIDO meeting in Vienna, past Board of Investment Chairman and ex-Senator Vicente Paterno was approached by an economist, a European, who said: "I don't understand you Filipinos. Man for man, a Filipino is just as good as the Japanese. But when three Japanese are put together, they have the strength of ten men. However, when you place ten Filipinos together, they have the strength of less than one!" The man was obviously referring to our talangka (crab) mentality – the lack of a spirit of cooperativeness.

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It is being bruited about that in the 1950's, the Philippines was next only to Japan in terms of economic performance. This is somewhat of an overstatement, but even so, why is our country among Asia's tail-enders? Let's do a bit of comparative analysis.

In terms of the UN's Human Development Index – a global comparative measure of national life expectancy, literacy, education and standard of living – Indonesia has already surpassed the Philippines. Vietnam is positioned just below the Philippines and will likely overtake us in just two or three years. Why?

For one, foreign direct investments into Vietnam were maintained at a high level of \$10 billion in 2005 and 2006. Our local papers happily reported that foreign investment inflows into the Philippines rose to \$2.35 billion in 2006, nearly double the 2005 level. Vietnam's economy is surging while the Philippines has slowed down to a crawl. It is useful to compare the Philippines with Vietnam because these two countries have about the same population and land area.

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Isn't it ironic that the Philippines – the so-called showcase of democracy in Asia – attracts less than a quarter of the foreign investment flows into authoritarian, Communist-led Vietnam? Is it because laws are more strictly enforced in Vietnam?

Ratio of Land to Population

Speaking of population, in 1975, both the Philippines and Thailand had a population of around 42 million. Between 1975 to the present Philippine population more than doubled to 88 million.

In addition to its robust agricultural and industrial programs, Thailand was able to hold down its population growth. Currently, its inhabitants number 65 million. It surprises no one that per capita income in Thailand (in current US dollars) grew eleven fold between 1975 and 2006. Per capita income in the Philippines increased a mere quadruple.

In terms of per capita income, Thailand ranks as No. 86 among 187 countries surveyed by the World Bank. The Philippines is No. 117 in the list. According to the WB, Thailand earned a per capita income of \$2,750 while the Philippines recorded less than half of that – \$1,300. Although both are still classified as lower middle-income countries, we can probably say that an average Thai enjoys a standard of living twice that of a Filipino.

Since 80 per cent of wealth in the Philippines is owned by affluent Filipinos, it can be said that our country is best described as one where the rich get richer and the poor have children.

A final word on population: The World Bank predicted that by the year 2050, the Philippine population will exceed 150 million. By 2050, our population will top the number of people in Japan and even Russia! At present, Japan's population is at a standstill (Zero Population Growth); in Russia, population is declining because, it is said, the Russians are drinking too much vodka.

Now, Russia has a total land area of 17 million square kilometers. If the map of Russia were superimposed over the map of the United States, it would cover half of it. The total land area of the Philippines is only 300,000 square kilometers. If all 150 million were to live here in 2050, we shall have a population density of 500 per square kilometer. Russia has a population density of only 8 and declining. This led a friend of mine to quip: "Why, the Philippine economy must run very fast merely to stand still!" My friend is also an economist.

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Why are we lagging behind our ASEAN neighbors? Maybe we should examine ourselves and ask: Is it simply because they are more industrious than we are?

Modernizing Ideals

By building houses – nay, wholesome communities – for the poor, Gawad Kalinga is paving the way to make Filipinos bind themselves together more strongly through cooperative effort. That is why I hail its work. But a cooperative spirit is but one of at least a dozen "modernizing" values that will spur a healthy future for an individual and – if practiced widely– advance the nation as a whole.

I call these values "Modernizing Ideals" because we need to get rid of long-standing habits and attitudes that have proven inimical to our society. From five decades of study and observation, I summarize in the following these Modernizing Ideals, the value premises which are preconditions for growth of the individual and the nation as a whole:

- Frugality
- Diligence
- Efficiency
- Punctuality
- Orderliness
- Innovativeness
- Scrupulous honesty
- Taking the long view
- Alertness to opportunities
- Rationality in decision-making
- Organic, step-by-step development
- COMPASSION

Our Economics mentors label this set of ideals “Industrial Disciplines” more commonly practiced in modern, industrialized societies. If there is one valid saying Ferdinand Marcos proclaimed nationwide it was his martial-law slogan: “Sa ikauunlad ng bayan, disiplina ang kailangan”. (For our country to progress, discipline is needed.) If only Marcos practiced what he preached, the people would be solidly behind him and Filipinos would be enjoying the same standard of living the Thais have today.

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Chile has the healthiest economy in Latin America today and do you know why? It was ruled by a dictator starting in 1973, about the time martial law was proclaimed here. Marcos invited him to come to the Philippines but his Cabinet nixed the idea.

Anyway, President Augusto Pinochet encouraged free enterprise but discouraged foreign loans. By contrast, Ferdinand Marcos encouraged (actually, invented) crony capitalism and allowed our foreign debt to balloon from \$100 million at the beginning of his term in 1965 to \$25 billion at the time he was kicked out of the country in 1986. Though both countries were governed by dictators, Chile chose a dramatically different economic direction than Marcos wanted for the Philippines.

Why do Filipinos – especially bright and brainy professionals – migrate to the United States? Many say because America is a land of opportunity. Why do Filipinos – especially bright and brainy professionals – migrate to the United States? Many say because America is a land of opportunity. That may be correct because forward-looking Filipinos are alert to opportunities. I feel that is not the whole explanation. Basically, Filipinos migrate there because in the U.S. “rules” (read: industrial disciplines) are kept and the meritorious earn high marks. Given this meritocracy Filipinos, as an ethnic group, achieve a higher standard of living than most of the others.

In the Philippines, mediocrity rules. Think of the number of politicians who are unqualified to become honest and effective lawmakers. This breeds patronage politics. Very few civil servants reach the higher ranks without a padrino (patron) backing them up.

This practice appears less and less in the private sector. However, many private firms practice the “loophole theory of business management” because “rules” are not strictly followed in this land. This pulls the whole economy down because, for one, tax revenues are not properly remitted to the government. The motives behind this are: “the government wastes tax money anyway” or at the very least “because I can get away with it”.

Others may want to call the Modernizing Ideals “middle-class values” and why not? Most of us became members of the middle class by dint of our own personal efforts and by honest, diligent work. And a principled and growing middle-class is to a democratic society as leaven works on bread.

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Ultimately, shouldn't we all seek to transform leadership in our country from a hierarchy based on the accidents of birth or wealth into a hierarchy based on productive ability?

Pero unang-una, kailangang palitan ang pananaw ng ating kapwa Pilipino! (But first we need to transform the mindset of our fellow-Filipinos.) And reforming our negative attitudes and bad habits is the basic job of all parents, our schools, the Church and, quite importantly, ... our government leaders. # # #

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