Editor's Note: 1985 will always be remembered as a year of intense debate and discussion on the subject of public enterprises. Whether they are called public enterprises or government corporations, this type of organization has become one of the most controversial topics among researchers, policymakers, legislators, and the general public. In answer to the call of the times, the Philippine Institute for Development Studies devotes this issue of the Development Research News to studies and findings concerning public enterprises, majority of which are sponsored by the Institute. The guest writer for this issue is Prof. Leonor M. Briones who is currently the Executive Secretary to the Commission on Audit. She calls together the ideas presented in each of the studies reviewed and towards the end of the text, suggests some options for the future of public enterprises in the Philippines.

Two basic criteria are being considered which will determine areas of economic activities in which the government may validly participate in the corporate form, namely: (1) that the goods or services provided by the government firm cannot be extended by regular government agencies, and (2) that the firm should be "financially viable." The organizational, managerial and financial aspects of the government corporations thus have to be standardized. [Virata added that] all government firms must enjoy the "same advantages and be subjected to the same limitations."

-Taken from Business Day, June 18, 1985, page 3.

Introduction

The issue of public enterprises has only recently emerged as one of the most crucial issues of the 80s, confronting policymakers, politicians, international lending institutions, and even the general public. Public attention was earlier focused on the workings of the national government. This was due to the prevailing impression that state activity in public enterprises is not extensive due to frequent pronouncements affirming the dominant ideology of private enterprise and the policy minimizing government involvement in "business". However, soon after public admission of the balance-of-payments (BOP) crisis in 1983, the problems of state enterprises surfaced to public view. Questions were raised about their share of the foreign external debt, the impact of "rescue operations" on the financial viability and cash position of the national government, their combined deficit, and other related issues.

The Philippine Institute for Development Studies (PIDS) was among the...
few government institutions which anticipated the need to study the public enterprise sector. This survey covers seven studies sponsored by the PIDS. Five of these PIDS studies were conducted by the Public Enterprise Team (PET), a study group of public enterprise researchers sponsored by the Commission on Audit and the University of the Philippines. A few other studies sponsored by other institutions are also included. All these studies are very current—the earliest being published in 1983. The rest were finished in 1984-1985. The papers covered in this survey reflect the latest available data and current thinking on the various problems and issues confronting the sector.

To the consternation of the policymakers, they realized that the Dr. Jekyll that they had created could turn into a Mr. Hyde. For one thing, the public enterprise sector was growing much faster than planned. From 31 mother corporations in 1972, the number had grown to 94 by December 1984, excluding 149 subsidiaries (Briones, 1985b). The list does not even include corporations which were acquired as a result of massive rescue operations of private corporations heavily indebted to the government.

Second, available figures confirmed suspicions that the size of the sector was actually larger than the national and local government sectors. As of 1982, the Commission on Audit reported public enterprise assets totalling P379.6 billion, more than double the P167.6 billion and P10.8 billion assets of the national government and local government, respectively. At the same time, a study on the public debt revealed the fact that 73 percent of the total outstanding foreign public debt is accounted for by the public enterprise sector, as against the national government share of 27 percent.

Third, its large size notwithstanding, the public enterprise sector was heavily dependent on the national government for resources. Amatong’s study on “Explicit Budgetary Contributions to Public Enterprises” (1985) revealed that the national government extended a total of P50.4 billion in direct budgetary contributions from 1975-84. Total equity transfers amounted to P46 billion for the same period. Fourth, the public enterprise sector was not adequately monitored in spite of an elaborate formal system of supervising, coordinating and controlling public enterprise. Data on the full magnitude of the sector’s uncontrolled growth, enormous external debt, demand for resources and assistance from the national government, and heavy deficits were compiled only when the economic problems of the country had already escalated to crisis proportions. Finally, policymakers were faced with the fact that although public enterprises had been proliferating “like rabbits” especially during the past ten years, official policy on the sector had not gone beyond broad policy declarations and pronouncements extolling the private enterprise system.

Rationale for Public Enterprises

Why does the Philippine government create public enterprises, and why so many of them? In a recent paper, “The Relationship of Public Enterprise with the National Government in the Philippines”, Briones (1985b) raises this basic question. A look at the declared policy of the state does not seem to give the answer. Article XIV, Section 6 of the 1973 Constitution sets the general policy framework as follows:

“Sec. 6. The State may, in the interest of national welfare or defense, establish and operate industries and means of transportation and communication, and, upon payment of just compensation, transfer to public ownership utilities and other private enterprises to be operated by the Government.”

Philippine presidents, from Manuel Quezon to President Marcos, have consistently espoused the primacy of the private enterprise system. Apparently, public enterprises were created not necessarily for ideological reasons but primarily for pragmatic considerations, e.g., officially for economic development, enhancement and protection of the national interest, and institutional response to specific problems.

Briones notes that these policy declarations, while consistent, have not gone beyond generalities. Specific activities which are considered to be appropriate for the corporate form “in the interest of national welfare” have not been fully clarified. Thus, any enterprise can be set up, for any or all purposes, ranging from banks, nuclear plant, real estate, racehorses and gamecocks, gambling casinos and lottery houses, poultry farms, and tomato paste to a dizzying array of Centers concerned with culture, music, science, health, artists and all known fields of human endeavor including the meaning of life.

Furthermore, the breadth of the policy framework tolerates covert reasons for setting up public enterprises. The much vaunted “flexibility and autonomy” granted to the public enterprise sector is one reason why government agencies prefer to be converted into corporations. Another reason is the desire to escape government audit, control or scrutiny. Differential treatment with regards to the budget, relaxation of civil service rules and regulations, higher compensation and generous allowances lure government agencies performing regular functions to the corporate form.

An important covert reason is related to the political economy of the country. This is described as “the use of political influence to transfer income from the public to various special interest groups, be it unemployed brothers-in-law, retired generals, politically potent unions, constituents back home, or industrialists who want the public output at a low price.”

Thus, instead of becoming instrumentality for the “national interest”, these public enterprises can become mechanisms for the transfer of public wealth to a few private individuals, whether foreign or local.

Bautista confirms this reason in her paper, “Public Enterprises in the Philippines” (June 1985). The paper shows how “public enterprises have facilitated the furtherance of monopolistic capitalist interests of local and foreign investors.” Bautista cites the cases of public enterprises in the coconut industry and the power industry to show how “state bureaucrats operate in unison with local and foreign capitalists by formulating policies that protect the latter’s interests.” She concludes by stating that public enterprises instead of being promoters and instrumentalities of dependence on foreign entrepreneurs “should be encouraged to engage in ventures that foster self-reliance and reduce the vulnerability so characteristic of developing countries like the Philippines.”

On the proliferation of public enter-
prizes in the Philippines, Briones says that this is not due to ideological predilection but officially for economic development and the national welfare. Nevertheless, she points out covert reasons like the desire to take advantage of the privileges accorded to public enterprises and to escape strict control and scrutiny. Thus, many “public enterprises” can not really be considered public enterprises in the generally accepted sense of the term but are regular government agencies assuming the corporate form.

The paper by Amatong (1985) examines a hitherto unnoticed aspect of the national government-public enterprise relationship: explicit budgetary contributions to public enterprise. Her study concentrates on current transfer (subsidies) and capital transfer (equity contributions) to public enterprises and does not include loans, outlay, and cash advances. (In 1984, the national government transferred massive cash advances to public enterprises for their debt obligations.) Inspite of this limitation, the data of the paper reveal startling findings. Of the P50.4 billion in budgetary contributions to public enterprises from 1975-84, about half went to only 5 public enterprises, namely the Philippine National Oil Corporation (PNOC), Fertilizer and Pesticide Authority (FPA), National Food Authority (NFA), National Irrigation Administration (NIA) and Philippine Coconut Authority (PCA). Of the P46 billion in equity transferred for the same period, 70 percent or P31 billion went to only 6 public enterprises, namely, National Power Corporation (NPC), National Irrigation Administration (NIA), National Electrification Administration (NEA), and Philippine National Bank (PNB.)

During the period 1975-1983, public enterprises earned rates of return far below the 15 percent opportunity cost of capital as NEDA’s standard for all projects. Estimated rates of return on capital were 2.9 percent for financial corporations and negative 6.3 percent for non-financial corporations.

Regression analysis showed no correlation between government contributions and profitability, and no correlation between contributions and investment requirements. Positive correlation was indicated for contribution and higher levels of borrowing. This meant that higher government contributions to public enter-

prises expand rather than reduce the need for borrowings and vice-versa.

The Amatong study indicates a need to examine further government practice on budgetary contributions and equities to the public enterprise sector. Apparently, there is a policy gap in this area since her findings do not indicate otherwise.

Another important aspect of national government relations with public enterprises is coordination and control. The Iglesias study on “Policy Issues in the Coordination and Control of Public Enterprises in the Philippines” (1985) examines this area in great detail. Eight public enterprises were selected for the study: Southern Philippines Development Authority (SPDA), Laguna Lake Development Authority (LLDA), National Food Authority (NFA), Philippine Coconut Authority (PCA), Metropolitan Waterworks and Sewerage System (MWSS), National Power Corporation (NPC), Philippine National Oil Company (PNOC), and Export Processing Zone Authority (EPZA). The study examined the ministries who were supervising the enterprises under the Ministry concept and the public enterprises themselves.

While Iglesias examines the external aspects of coordination and control, Ancog looks into the internal aspects “as (imperative) means of assuring effective use and management of resources”. Her study, “A Survey of Internal Coordination and Control Systems in Selected Public Enterprises” (1984) examines the internal coordination and control systems of the Local Waterworks and Utility Administration (LWUA), Home Financing Corporation (HFC), Farm Systems Development Corporation (FSDC), and Philippine Virginia Tobacco Administration (PRTVA).

Ancog recommends the creation of internal audit units in public enterprises as she urges greater emphasis on monitoring and performance evaluation. At the same time, she recommends stronger linkages between internal audit units and the Commission on Audit (COA). An earlier study by Silva, “Towards a Closer Supervision and Control of Government-Owned and Controlled Corporations” (1983), likewise examines this area. Silva observed that irrespective of whether they are performing governmental or proprietary functions, government-owned and controlled corporations are subject to regulatory processes, namely; policy integration where central policy direction and coordination are set; budgeting policy where resources are allocated and monitored; and finally, accounting and auditing where accountability and evaluation are undertaken. These three levels of control are operationalized by different government agencies, like the NEDA for policy integration, and the Civil Service Commission for personnel classification. Notably, the Office of Budget and Management (OBM) administers the government budgetary support to supplement corporate budgets and undertakes periodic monitoring and analysis of corporate performance. The Bureau of Treasury effects the release of funds to the corporations. The COA audits and evaluates corporate operations and performance according to certain rules and standards. The “Ministry attachment” concept establishes the supervision, coordination and review mechanism of corporate policies and programs. It turned out, however, that the set-up “does not bind the corporations to supervision and control, but reconcile and eventually synchronize the power of corporate autonomy/flexibility with government policies, rules and regulations . . . .” (Silva, 1983). In effect, the autonomy/flexibility of the enterprises permitted loose coordination and supervision.

Briones echoes the same observation made by Silva. She notes that the present system is characterized by a formal system of centralized supervision and control even as informal arrangements actually resulted in minimal supervision. Under the Ministry concept, public enterprises performing related functions are attached to ministries and are placed under the supervision of a minister. However, in some cases, the very concept which was intended to ensure supervision and control has resulted in the opposite. Ministers are normally appointed as board chairmen, and if a minister has immediate access to the President, non-adherence to existing formal arrangements were sought and oftentimes obtained. Thus, the effect of the ministry concept was not to tighten supervision but to loosen it, and at times, dispensed with.

For better supervision and effective control of government corporations, Silva
proposes the following:

1. a uniform charter applied accordingly to corporations performing proprietary and governmental functions;
2. policies to strengthen the attachment concept and rationalize organizational structure and program strategies;
3. standard budgetary policies/criteria in the review and approval of corporate budget and in the utilization of government and corporate resources;
4. uniform accounting systems and procedures for enhanced public accountability; and
5. a workable monitoring network and a more proper and meaningful analysis, evaluation and reporting on corporate operations.

The Briones study also points out another hotly debated issue: multiple memberships of Ministers in the boards of public enterprises. Aside from the sheer physical impossibility of managing as many as 30 enterprises and just as many subsidiaries, a minister is supposed to have a "national perspective." He is supposed to consider the welfare of the country, and not merely his enterprises. There is the danger that this perspective will suffer, if a Minister spends most of his time sitting in board meetings. Obviously, a Minister cannot supervise himself. Likewise, he cannot review his own decisions as Chairman. We have situations where a Minister is both regulator and competitor in a specific industry. In other instances, he sits in boards of enterprises which have debtor-creditor and supplier-client relationships.

The issue of multiple memberships in boards of enterprises has to be resolved. The Philippines is perhaps the only country where the minister sits as board chairman of the corporation he is supervising.

The issues raised in the studies indicate a need for a continuing assessment of the relationship of national government with public enterprises and how an optimal mix of "supervision and control can be attained." While emphasis is placed on the private sector aspects of these enterprises, it must not be forgotten that they are public agencies, or instrumentalities of the state. As such, they are fully accountable, and must answer to higher authority.

Management of Public Enterprises: Some Asian Experiences

Tan's paper entitled "Development Finance and State Banking: A Survey of Experience" (1984), examines state bank policies and compares the experiences of Korea, Pakistan, Thailand and the Philippines. Selective credit control (SCC) is a policy platform by which developing countries carry out development finance, specifically applied to chosen investment activities with high social rates of return, (e.g., agriculture, export promotion, etc.). SCC is implemented primarily through government financial institutions of state banks in the form of interest rate ceilings and floors, preferential loan rates and rediscounting facilities to priority investment sectors.

Tan observes that the implementation of SCC in Korea succeeded at financial intermediation. Due to the relatively high loan and deposit structure, savings was encouraged and sourcing loanable funds from the central bank was discouraged. This was primarily attributed to the extension of the central bank's rediscounting facility to only a limited number of specific sectors. Although the inflation rate was high and the state owned all financial institutions, credit was closely monitored and financial institutions were efficiently managed. Pakistan's government control of its financial institutions was less successful. Its credit policy weakened intermediation and distorted the allocative and pricing decisions of financial asset holders. This was caused by high deposit rates but low ceiling and rediscounting rates to a broad classification of priority sectors. In effect, the portfolio of its GFIs was geared towards the short-term. However, it did manage to attract savings. On the other hand, Thailand's non-interventionist stance exercised the least control on its FIs. Very few investment activities were granted favorable credit terms through rediscounting, while the implementation of ceiling loan and deposit rates was lax. Moreover, its rediscounting rate for non-prefered sectors was nearly equal to the deposit rates such that the FIs' main sources of funds were the intermediated savings from surplus units. For the case of the Philippines, the deposit and loan rates were depressed until 1981. Low rediscounting rates for certain loan categories coupled with a complex interest and credit structure exerted pressure for more cheap central bank credit. This resulted into meager savings mobilization, inefficient loan decisions and relatively higher inflation rates. Excess loan demand gave reason for direct political intervention. Among the countries surveyed, the default rate of the Philippines' GFIs remain the highest.

In particular, Mario Lamberte's study on "The Development Bank of the Philippines and the Financial Crisis: A Descriptive Analysis" (1984) shows that the "present economic crises merely exposes DBP's weakness," and that a return to normal economic conditions will not guarantee an automatic improvement of DBP's financial status unless the weaknesses are first corrected. Lamberte traces its financial difficulties to the poor quality of its loan portfolio exacerbated by its inability to obtain additional funds either from domestic or foreign sources, in view of the country's balance of payments crises.

Lamberte mentions the issue of "political consideration" weighing more heavily in determining which projects to initiate other than its viability. He thus suggests, among others, that "budgetary support be minimized so as not to compromise its operation with the wishes of the party in power.

Briones looks at another group of public enterprises in her PIDS study, "Financial Management in Selected Public Utility/Infrastructure Corporations" (1985a). The study covers five of the largest public utility corporations: National Power Corporation (NPC), Metropolitan Waterworks and Sewerage System (MWSS), National Irrigation Administration (NIA), Philippine Ports Authority (PPA), and Philippine National Railways (PNR). In addition to examining financial management systems and identifying common problems, financial performance for 1981-83 is likewise evaluated. Non-liquidity appeared to be a major problem faced by three of the five corporations. NPC is particularly problematic because of its sheer size and has affected not only government financial operations but the whole economy as well. PNR had the lowest liquidity ratio of 1.31:1.00. Heavy debt-servicing requirements is a related problem. NPC had the largest external debt with ₱57 billion as of end-1984. The five enterprises are likewise plagued
with huge uncollected accounts receivables. Other related problems include deficiencies in the internal control systems, unverified and unconfirmed inventories, deficient equipment management and unreconciled accounts.

The study raises interesting issues on public utility/infrastructure corporations. One of them is on the matter of profits and losses. Profits of public utility corporations are limited to a ceiling of 12 percent rate of return. However, the trend at present is to register alarming negative returns. Perhaps, a policy is needed to establish a floor on losses so the enterprises will be pressured into minimizing them. Another issue is the clear dependency of these corporations on the national government for subsidies, equities, cash advances and loans. Again, this dependency must be regulated. A third issue is a seeming lack of systematic monitoring of these enterprises.

The impact of the environment is likewise examined in the study since the magnitude of the problem faced by these corporations cannot be directly correlated with faulty internal systems alone. With perhaps one exception (PNR), the enterprises under study had efficient financial management systems. What was clear, however, was that the events in the external environment, both local and international, were not taken into consideration by these enterprises. At the time that the financial and economic problems of the country were building up to crisis proportions, these enterprises embarked on extensive expansion projects entailing massive external borrowing. Finally, the problem of performance standards of public utility corporations is also raised.

Evaluation of public enterprises is an area of concern for policymakers in most countries. In the Philippines, the problem is more acute because the sector has yet to be rationalized, and hard decisions have to be made whether to retain, abolish or "privatize" these enterprises. In the process, each and every enterprise has to be evaluated. Decisions have to be made on equity and subsidy contributions, extent of supervision and control, and accountability. Such decisions have to be based on a thorough evaluation of the performance of these enterprises and the objectives for creating them. Ironically, very few studies have been made along this line and the few agencies overseeing public enterprises are all searching for effective evaluation methodologies. The COA conducts its audits using the criteria of economy, efficiency and effectiveness.

In addition, performance criteria have to be developed which can be used as a framework for auditing. On the other hand, the Ministry of the Budget, the Ministry of Finance and the National Economic and Development Authority need a firm basis for decisions on budgetary contributions, equities, cash advances and loans.

Two recent papers delve into the performance evaluation of public enterprises. Diokno's "Some Considerations in the Performance Evaluation of State-Operated Enterprises" (1984a) describes a framework for evaluating the financial performance of state-operated enterprises. A distinction is made between commercial enterprises and service-oriented enterprises. In the first case, the sponsoring government is assumed to be concerned with the financial profitability of the enterprise; in the second case, the concern is with the provision of service at reasonable cost-recovery levels. It is argued that the financial performance of the enterprise may be attributable to both exogenous market factors and constraints that are controllable through public policy, and that one of the objectives of any performance appraisal should be to identify these barriers to profitability or cost-recovery.

Diokno identifies the basic factors affecting the financial viability of public enterprises and reconsiders them in the light of certain firm behavior assumptions and government policy objectives. His framework captures the effects of implicit as well as explicit subsidies, as he discusses the basic factors underlying enterprise efficiency.

The Diokno framework is applied in a case study on the Metropolitan Waterworks and Sewerage System (MWSS) sponsored by the Commission on Audit (1984b). The framework allowed a more rigorous examination of the enterprise's financial performance and takes into consideration other factors not considered in usual analyses, like explicit and implicit subsidies and the impact of government policy on performance.

Carolina delos Santos-Guina likewise examines the performance evaluation of public enterprises in her study, "A Framework for Evaluating the Performance of Public Enterprises" (1985). While Diokno's paper focuses on service-oriented enterprises, Guina's study focuses on non-financial enterprises with a commercial orientation operating in competition with private firms. The study views the application of the evaluation system to government corporations by showing the "advantage of interpreting the results of quantitative methods within the context of a dynamic environment for public enterprises."

**Future of Public Enterprises**

Now that so much attention and concern is focused on public enterprises, what should be done about them? Clearly, there is a need to clarify government policy on the sector. At present, the Office of the Prime Minister is heading a Cabinet Working Group which is formulating this policy. Hopefully, it will clarify the definition of a public enterprise, or as stated in the Constitution, a "government-owned or controlled corporation" (GOCC). The policy is expected to identify the specific areas of economic activity where the corporate form may be used, the various levels of supervision and monitoring, and the accountability of public enterprises.

While the results of the group study is expected to make difficult the creation of new government corporations, the Ministry of Natural Resources has already created its Wood Industry Development Authority, while the Philippine Retirement Park System was created as a government regulatory body, notwithstanding.

**Accountability versus Autonomy**

The issue of accountability versus autonomy is a favorite subject whenever public enterprises are discussed, and in the Philippines, the issue is also much debated. These two concepts are perceived to be conflicting since it is generally believed that if accountability is pursued to its logical conclusion, the autonomy of the public enterprise will suffer. Likewise, if full autonomy is granted to an enterprise, such will lead to a diminution of accountability. The dilemma, therefore, is how to balance these two supposedly opposing "principles."

However, these two concepts need not be antagonistic. Autonomy should not
diminish accountability or relieve public enterprises from this obligation. Perhaps, this dilemma can be resolved if the accountability of various types of enterprises will be clarified and specific applications to real-world public enterprises are made.

Another popular issue related to accountability is Aharoni's “agent without a principal” concept. The problem is not that the enterprise has no principal; in fact, it has far too many principals with varying interpretations of what should be the “national interest.” Thus, its accountability is not clear. Again, a clear policy delineating the various goals and objectives of specific public enterprises might help solve the problem.

In the Philippines, a more serious problem with regards to accountability is the refusal of certain enterprises to be accountable, on one extreme, and the perceived insistence of regulators to subject all public enterprises to uniform norms of accountability, on the other.

Until recently, very little was publicly known about the operations and activities of public enterprises, and their existence was not officially known by regulatory agencies in the national government.

Periodic reports and other information concerning government corporations particularly on their performance must be made available to the general public. This lack of public information is one of the factors which led to the untrammelled growth of the government corporate sector and the corresponding problems it contributed to the present economic crisis. Government corporations were created without prior consultation with appropriate offices in the government, much less with the public. Little was publicly known about the existence or the activities of certain government corporations. Not surprisingly, when the problem of some of the government corporations came to public knowledge, the general reaction was highly critical.

There are several existing mechanisms in the government system for promoting the public accountability of the government corporate sector. These must be enforced with vigor and without exception. Nevertheless, one of the most effective means is for the citizenry to exact accountability from public enterprises. This can be possible only in a free and open system where information on the operations of government is accessible to them. The people have the right to be informed about the performance of the government corporations, for in the final analysis, they are the ultimate stakeholders.

ENDNOTES


2. Article XIV, Sec. 6, New Philippine Constitution.


LIST OF PAPERS REVIEWED


UPDATE: SEMINARS

SEMINAR ON “THE WORLD DEVELOPMENT REPORT ’85”

A joint Philippine Economic Society (PES)-PIDS seminar was held at the Metro Club in the early part of July to highlight the findings of the World Development Report for 1985. The topics tackled by Dr. Costas Michalopoulos included aid, capital flows, trade and foreign debt. Dr. Michalopoulos is currently the Director of Economic Policy Analysis and Coordination of the World Bank.

SEMINAR ON “AN ANALYSIS OF THE INSTITUTIONAL FRAMEWORK OF THE PHILIPPINE SHORT-TERM FINANCIAL MARKETS”

A seminar was conducted recently to discuss Victoria C. Licuanan’s paper on the “Analysis of the Institutional Framework of the Philippine Short-Term Financial Markets.” The paper explores the financial practices, instruments and institutions in the short-term financial market, and is part of a larger study sponsored by the Philippine Institute for
SEMERN ON "THE FIFTY-YEAR FORESTRY DEVELOPMENT PROGRAM"

The Forestry Development Center of the U.P. Los Baños College of Forestry and the Philippine Institute for Development Studies co-sponsored a seminar on the “Fifty-Year Forestry Development Program.” Dr. Adolfo V. Revilla, Jr., Director of the Forestry Development Center, was the presenter during the seminar. Among the participants of the seminar were government representatives, private individuals in the industry, and members of the media.

COMPLETED PROJECTS

The Rural Banking System: Need for Reform
by: Mario B. Lamberte
Research Fellow, PIDS

The study reviews monetary and credit policies affecting the performance of rural banks and examines the possible roles of rural banks under an entirely different policy environment.

The study argues strongly for rehabilitation of the rural banking system as it presents convincing short-run and long-run gains derived from doing so. At the end, specific measures are cited in order to achieve effective rehabilitation.

The study was also presented at the 6th National Agricultural Credit Workshop held on June 20-22, 1985.

A Short-run Money Market Model
by: Baldomero V. Regidor
Research Fellow, PIDS

The study attempts to develop a short-run model to provide insights into the short-run behavior of the money market and forecast various monetary aggregates and monetary base. Two models have been developed to determine money stock. These are the “demand approach” and the “supply approach”, and a lot of detail is put into the discussion of these models. Validity and stability tests of the models have been performed and these reflected satisfactory performance. The two models have also been tested using ex-ante forecasts for the first two months of 1985 on the different monetary aggregates and monetary base in order to test forecasting ability.

Enhancing the Effective Delivery of Social Services through Community – National and Local Government Partnership – Phase II
by: Ma. Aurora C. Catilo
Director, Research and Publications Program
College of Public Administration
University of the Philippines

The study examines the role of several socio-economic and political factors in the delivery of social services at the municipal level. The team that explored the topic identified the problems encountered in the delivery of services by the field offices of national agencies, and focused on the mayor, in his capacity as the recognized local leader. His resources and constraints were also determined.

The political slant is provided by existing observations. An affluent town proper commands a greater leverage than a community which has not developed political consciousness. This, plus the tendency of offices to locate in the more affluent areas, skews services in favor of the town proper.

The Sectoral Incidence of the Coconut Levy on the Market Participants in the Philippine Coconut Industry – Phase I
by: Armando C. Almas, Jr.

The project attempts a theoretical analysis on the economic incidence of the coconut levy by focusing on the market participants, both local and foreign, on the Philippine coconut industry. The study involves regional and sectoral analysis of levy impact on farmers, farm workers, traders, millers and foreign buyers.

Since the subject mainly deals with the theoretical analysis of the incidence of the coconut levy, there is a great reliance on the theories of taxation and market structures. In particular, the levy issues are covered in a perfect-competition market model.

NEW PUBLICATIONS


This volume contains articles concerning monetary aggregates, offshore banking and foreign investments. Articles on poverty measurement, as it relates to food security policy, and an economic analysis of import smuggling are also contained in this issue.

A REVIEW OF WELFARE ISSUES IN THE COCONUT INDUSTRY
by: Sylvia H. Guerrero
Dean, Institute of Social Work and Community Development
University of the Philippines

Working Paper Series No. 85-01

Focusing on welfare-related issues in the Philippine coconut industry, this study provides fresh insights on how existing practices and realities in the industry affect the well-being of coconut farmers and laborers. In this regard, the various policies and welfare programs launched by important institutions in the industry are discussed. Current research gaps that need further investigation are also brought up in the study.

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    Price: ₱35.00 per copy

16. JOURNAL OF PHILIPPINE DEVELOPMENT
    Price: ₱60.00 annual subscription

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