

Philippines - Excerpts from “Development and Distress in Mindanao A Political Economy Overview”

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It is widely believed that economic growth and development have bypassed the southern regions of the Philippines. This is seen as the cause of the serious political problems that now plague Mindanao. A closer look at Mindanao’s economic development, however, reveals that far from being isolated from the mainstream of the national economy, the island has been a major performer and a primary contributor to the country’s productive capacities.

Lured by vast reserves of natural resources, business concerns have invested capital and technology and established ventures that have generated enormous profits for their owners and executives. Large scale infrastructure projects by government facilitated these investments. But the resulting wealth and incomes have not benefited the greater majority of its people. Poverty and other social indicators point to a more distressed condition for Mindanao residents than for the nation as a whole.

Development Strategies. Mindanao development strategies are driven essentially by the Philippine state’s objective of integrating the southern economy into the national mainstream. The focus is on large-scale infrastructure development to attract investments in export-led and market-driven growth industries. The aim is to open up more of Mindanao’s natural resources to exploitation and extraction with the private sector as the prime mover. Scarce attention, however, is paid to the actual needs of Mindanao’s peoples such as directly addressing poverty and inequality which are the principal causes of social unrest and rebellion.

Mindanao’s Contribution to the National Economy. Mindanao contributes significantly to the country’s economic growth.

Forestry: 56 percent of Philippine commercial forest land; 73 percent of the national value added in the forestry sector; over 90 percent of the country’s total production of wood products come from Mindanao.

Agriculture: 43 percent of the Philippines’ agricultural output; 40 percent of the country’s food requirements and 30 percent of the national food trade.

Agribusiness: 100 percent of export fruits industry (bananas and pineapples)

Coconut industry: More than 60 percent of Philippine copra and coconut oil exports; hosts most of the country’s coconut oil mills.

Fisheries: 32 percent of the country’s total fishery products and more than half of the country’s total commercial fish catch; Mindanao fishing firms export about 80 percent of the country’s tuna.

Agriculture, fishery and forestry production in Mindanao combine for 36 percent of the total value

added in the country.

Mindanao accounts for 100 percent of rubber production, 75 percent of coffee and one-third of livestock products.

Mining and mineral products: 25% of minerals production in gold and copper; the world's largest nickel reserves and southern Mindanao; the biggest and modern cement manufacturer is in Davao City.

Export receipts: one-fourth of the country's total export receipts; In 2012, 60 percent of the country's agricultural exports originated in Mindanao. Ninety percent of export fruits come from Mindanao.

Infrastructure Development: Trillions of pesos have been poured into Mindanao by the Manila government comprising of bridges, power plants, ports, airports, road networks, and integrated development projects. The biggest of these was the Cotabato-Agusan River Basin Development Project (CARBDP) which covered 11 provinces or one-third of Mindanao's land area. For 2013 and 2014, the DPWH has allocated Php382 billion for Mindanao infrastructure projects.

Human Development Pitfalls. Despite the decades-long economic growth thrusts in Mindanao and apart from the economic disparities engendered by the unequal economic relations within the island and between Mindanao and the rest of the country, basic human development indicators reveal that economic growth has not benefited Mindanao's peoples.

Using the human development index (HDI) developed by the UNDP, Mindanao's average HDI was 15 percent lower than the national HDI. In the per capita income, Mindanao had an average of only 41 percent of the national average. Its average poverty incidence is 40 percent higher than the national average. All of Mindanao's regions registered lower capacities to satisfy food requirements. This is an ironic situation given Mindanao's reputation as the Philippines' food basket, supplying 40 percent of the country's food requirements and 30 percent of the national food trade.

Development Issues. Massive infrastructure projects in Mindanao generate social costs. Large-scale irrigation projects cause small farmers to lose substantial areas of their already small holdings aside from being major sources of pollution. Huge dams also reduce soil fertility.

Furthermore, tribal communities lose their ancestral lands and their cultural heritage. More often than not, compensation for the loss of lands is not given. But how does one compensate for the loss of cultural heritage? Disruptions of cultural and religious practices by hydroelectric projects have been denounced by Islamic communities around Lake Lanao.

The major industries in Mindanao are of the extractive type in the forestry, fishing, and mining industries which exploit and deplete natural resources. The rate of depletion of forests and fishing grounds is alarming. Dislocation and displacement has often accompanied the entry and expansion of corporate operations in Mindanao. Scores of tribal Filipinos and settler communities have also been dislocated by logging operations in northern and southern Mindanao.

The extensive monocropping patterns of agribusiness corporations dependent on high levels of chemical applications cause depletion of soil nutrients. Cultivation patterns erode the soil, adversely affecting neighboring farmlands.

Depletion of resources without adequate replenishment measures ultimately damages the environment and periodic flooding in logged-over areas in Northern Mindanao causes deaths and render thousands homeless. Extensive use of agricultural chemicals by agribusiness operations

disturbs the ecological balance in the area. They also poses health hazards especially to workers and their families with thousands of victims of pesticide poisoning in the plantations.

Plantations encroach into watershed areas "causing substantial damage due to floods," and small farmers complain about "the massive land destruction caused by floods from plantation areas during the rainy season." Northern Mindanao's coastal industrial belt, which includes cement factories, chemical plants, mineral processing factories and coconut processing plants, has been a major source of pollution.

Most industries in Mindanao are export-oriented, dependent on the vagaries of international trade over which local producers have no control. Price instability and uncertainty thus affect Mindanao products such as coconuts, wood products, bananas, pineapples, minerals and fish. In the pursuit of the volatile export market, local needs are sacrificed.

Despite the expansion of economic activities in Mindanao, the southern economy has remained largely underdeveloped with features characteristic of a dependent type of capitalism. The emphasis on exports and TNC dominance has stunted local initiatives for developing an economic base with a higher level and quality of processing and manufacturing.

Wealth Transfers and Internal Colonialism. There is no doubt that large amounts of wealth have been created from Mindanao's abundant resources. Where all this wealth goes can be traced to the pattern of income distribution among different social classes and regions in Mindanao, the uneven development of the country's regions and the relations of dependency between countries of different states of development.

In the first place, in Mindanao's industries, the owners of the means of production capture a disproportionately larger share of the surplus than the workers while granting the latter less than a living wage. Second, within Mindanao itself, the more affluent regions, i.e., Davao and Northern Mindanao, take in a greater share of the income. Thirdly, the Mindanao regions are being drained of incomes by more developed northern regions. Fourthly, on the international plane, and as a result of the dominant role of transnational corporations in virtually every aspect of the various industries in Mindanao, wealth and resource transfers also occur in the direction of the developed economies of the world.

Internal colonialism theory describes and analyzes "the distribution of power and advantage within states" between a center and a periphery ...where economic resources and power are concentrated at the center, to the advantage of which the periphery is subordinated."

This situation is clearly evident in the Mindanao case. (The data show how large volumes of copra from Mindanao farms are shipped to Cebu and Manila and fish products caught in Mindanao waters are unloaded in Manila and Iloilo ports. Corporations operating in Mindanao usually have their main offices in Metro Manila, where they pay their taxes, thus depriving local governments of revenue.) Internal colonialism would explain why, despite the presence of massive government projects and highly profitable industries, the Mindanao regions remain poor and deprived.

Conclusion. For over 100 years, Mindanao has been the object of relentless economic exploitation. This process has produced immeasurable wealth and riches for a few mostly non-Mindanaoans. But it has also generated poverty and social marginalization for its working population, whether Moro, Lumad, or working class Christian settlers. Furthermore, its natural resources are being depleted at an uncontrollable pace stoking fears of an ecological backlash.

In the meantime, the Manila government is bent on accelerating the same age-old patterns of

inequitable growth that have long deprived Mindanaoans of their just share of the economic surplus. The country's leaders must initiate a process of constructing a new development paradigm for Mindanao that will finally render social and economic justice for Mindanao's peoples. The grim alternative will be the continuation of the cycle of violence and warfare that have long characterized the southern Philippines.

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* The Forum - May-June 2010 - (Vol 11 Issue 3).

<https://angmasa.com/issue-3/25-excerpts-from-development-and-distress-in-mindanao-a-political-economy-overview>

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