

Revolution and The Rand Corporation

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H.A. Averch, F.H. Denton, and J.E. Koeler, *A Crisis of Ambiguity: Political and Economic Development in the Philippines*, Rand Corporation for the Agency for International Development, R-473-AID, January 1970, 314 pp.

When the latest sophisticated social science methodology is added to American counter-revolutionary propaganda, the result is still counter-revolutionary propaganda. This is well illustrated by the RAND Corporation's recent attempt to examine the state of Philippine society by use of survey research, regression equations, and a host of other sophisticated techniques. One obviously appreciates any attempt to increase the rigor or precision of political analysis, but RAND employs these methods primarily to impress and intimidate us. As Herman Kahn once said, while he was at RAND: "Even sensible people sometimes are reluctant to argue with a high-speed computer."

Every competent observer of the Philippines has seen a country on the brink of disaster--a society with so many deeply rooted problems that only drastic change can forestall an explosion. RAND recognizes, however, that "fundamental structural reform is not a live option" under the leadership of

the present pro-American ruling elite. And since the United States is unwilling to withdraw support from this elite, there would seem to be a serious dilemma for American policy--for it would hardly serve the interests of the American empire for its "showcase of democracy" to be heading towards revolution.¹ RAND tries to resolve this difficulty and their method has at least the virtue of imaginativeness. They declare that the chronic problems afflicting the Philippines--so visible to the naked eye--disappear when subjected to the tools of modern social science. Thus the impossible fundamental reform becomes unnecessary and the American empire can rest securely.

The disorders that RAND asserts are grossly exaggerated include crime, uneven and/or negligible economic growth, unemployment, an unresponsive political system, and "dissidence." RAND presents no discussion, however, of the overriding problems facing the contemporary Philippines: the tremendous and growing inequality in the distribution of wealth and income, the continuing increase in the percentage of farmers who do not own their own land, and the lack of improvement in the living standards of the great mass of the population. This fundamental reality of the Philippines is shown in the tables below, none of them provided by RAND:

TABLE 1: INCOME DISTRIBUTION IN THE PHILIPPINES, 1948, '56, & '61

<u>1948^a</u>		<u>1956^b</u>		<u>1961^b</u>	
<u>Portion of total pop-ulation</u>	<u>Income share</u>	<u>Portion of total pop-ulation</u>	<u>Income share</u>	<u>Portion of total pop-ulation</u>	<u>Income share</u>
top 10.6%	32.0%	top 5%	27.0%	top 5%	28.9%
bottom 72.3%	42.4%	top 10%	39.3%	top 10%	40.7%
		bottom 70%	33.9%	bottom 70%	33.1%

a. By income recipient. William I. Abraham, *The National Income of the Philippines and its Distribution*, Manila: May 1952, provisional text, p. 24.

b. By household. Peregrino S. Reyes and Teresita L. Chan, "Family Income Distribution in the Philippines," *The Statistical Reporter*, (Philippines), Vol. IX, No. 2, April-June 1965, pp. 30-36.

Note: For this and the following tables it should be kept in mind that Philippine data is fairly unreliable. Nevertheless, it is useful for ascertaining broad trends.

TABLE 2: FARM OWNERSHIP IN THE PHILIPPINES: CENSUS YEARS 1939, 1948, and 1960

<u>Year</u>	<u>Number of Farms</u>	<u>Number of Farms Operated by Tenants</u>	<u>Percent</u>
1939	1,634,726	573,716	35.1
1948	1,638,624	611,971	37.3
1960	2,166,216	864,538	39.9

Source: Calculated from Republic of the Philippines, Dept. of Commerce and Industry, Bureau of the Census and Statistics, *Yearbook of Philippines Statistics, 1966*, Manila, 1966, p. 193.

All reports indicate that the trends indicated in tables 1 and 2 have continued unabated through the sixties.

TABLE 3A: INDEX OF REAL EARNINGS OF SALARIED EMPLOYEES AND WAGE EARNERS IN SELECTED NON-AGRICULTURAL INDUSTRIES IN THE PHILIPPINES, 1957-1969 (1957=100.0)

<u>Year</u>	<u>Salaried Employees^a</u>	<u>Wage Earners</u>
1957	100.0	100.0
1958	102.8	98.5
1959	109.6	104.6
1960	110.4	105.5
1961	108.0	101.3
1962	108.2	99.9
1963	103.7	93.5
1964	97.2	89.7
1965	95.4	92.1
1966	95.4	96.8
1967	91.7	96.8
1968	95.5	96.6
1969	98.4	98.9

a. Includes executives and supervisors.

Source: Calculated from Central Bank of the Philippines, *Statistical Bulletin*, Vol. XXI, No. 4, December 1969, Tables 124 and 127.

Note A: The Central Bank arrived at its figures by questioning private firms. It is common knowledge that many firms have two sets of books: one for the government that shows compliance with minimum wage laws, and one from which actual wages are paid.

Note B: These figures refer to monthly earnings, which probably overstate the hourly earnings since the average work week in manufacturing has increased from 43 hours in 1957 to 46.7 hours ten years later. See *U.N. Statistical Yearbook*, 1969.

TABLE 3B: INDEX OF REAL WAGES OF LABORERS IN INDUSTRIAL ESTABLISHMENTS IN MANILA AND SUBURBS, 1955-1969 (1955=100.0)

<u>Year</u>	<u>Skilled Laborers</u>	<u>Unskilled Laborers</u>
1955	100.0	100.0
1956	97.7	98.8
1957	95.7	96.1
1958	95.8	93.5
1959	98.4	95.1
1960	94.3	91.4
1961	92.6	92.2
1962	88.6	89.7
1963	86.4	89.6
1964	81.2	83.6
1965	81.5	87.3
1966	80.6	88.2
1967	79.8	87.3
1968	86.0	96.9
1969	89.2	100.0

Source: Central Bank of the Philippines, *Statistical Bulletin*, Vol. XXI, No. 4, December 1969, Table 128.

See notes on previous table.

The Consumer Price Index in Manila and Suburbs in May 1970 showed an increase of 8.6% from the December 1969 figure, and an increase of 14.8% from the average 1969 figure.

There is another aspect of Philippine society that RAND chooses not to discuss: the role of the United States. How can one hope to understand, for example, why just a year ago unarmed demonstrators were killed storming the American Embassy in Manila without considering the fact that in 1946 the U.S. made it a precondition of rehabilitation aid that the war-torn Philippines amend its constitution to allow Americans special investment rights; or that from 1952 to 1968, 1.75 times as much capital was taken out of the Philippines in the form of profits as new

private American capital flowed into the islands; or that eight of the top ten and twenty-seven of the top fifty non-financial corporations in the Philippines are American owned; or that the U.S. Government--primarily the military--is the largest employer in the Philippines after the Philippine Government. The continuing poverty and the role of the United States is the Philippine reality that RAND ignores. Thus, even if all the other socio-economic problems that RAND examines were in fact non-existent, the roots of revolution would remain. But not even these

other problems can be made to disappear.

RAND reluctantly concedes that the crime rate in the Philippines is high and the murder rate astronomical. What they intend to show, however, is that contrary to most reports the rate has not been increasing over time. They first point out that figures compiled before 1966 understate the crime rate due to a systematic error in reporting. Nevertheless, the corrected figures they present still indicate a significant upward trend, especially from 1966 to 1967. RAND then resorts to a little hocus-pocus. The increase in the homicide rate, they claim, "is accounted for by a large upsurge of reported homicides first in Manila and then in Rizal province"--so large, they continue, that the statistics must be exaggerated. But RAND's figures show a *decline* of 819 homicides in Manila from 1966-1967, and, though no 1966 figure is given, the increase in Rizal from 1965-1967 is less than half this amount.² As for the increase in the robbery and theft rates from 1966-67, RAND declares that four provinces (about a tenth of the total population) should be dropped from the calculation because they are "deviant cases." But they do this only for 1967, causing the robbery rate to fall below the 1966 figure, though the theft rate still remains above the previous year. Had the calculation been done in any rational way, such as excluding the four provinces in both years, or even using the 1966 figures for these provinces for both years, the upward trend would remain.

RAND's survey data shows that 22 percent of the Philippine people feel that there is a moderate to high probability of their being murdered--not a particularly encouraging statistic. However, RAND, with great indignation, draws attention to the fact that the fear of getting killed is predominantly found in the Greater Manila area. But this would tend to show that the problem is understated, for if, as RAND

would hope, the Philippines is becoming modernized, then the rest of the country will increasingly resemble present-day Manila. Indeed, for a number of variables that RAND discounts in this way--perceptions of crime, graft, and corruption, and political cynicism--the fact that these characteristics are concentrated in the one modernized area of the islands cannot but indicate a tendency to increase should the country develop.

Another problem that RAND tries to dismiss is that of unemployment. The official unemployment rate has fluctuated between six and ten percent during the last decade, and underemployment--that is, those who have at least some work but want more--has ranged between one fifth and one quarter of the labor force. RAND points out that most of the unemployed are young--with twelve percent under the age of fifteen, and asks, ever so innocently, "Should we view unemployed children as a social problem? Does society really want to put them to work?" Society should want children--and everyone else for that matter--to eat and live decently, which most Filipinos have never done. That people under fifteen feel that they have to work in order to get the means for making their lives more bearable, only to find that there are no jobs, seems to indicate a problem of serious dimensions and not, as RAND would have it, an enlightened child-labor practice.³ RAND next points out that "nearly half of the unemployed are women." (Forty-seven percent compared to 46% in the United States in 1967) So? Should women living in poverty who need jobs be any less a concern than unemployed poor men?

RAND uses similar nonsense to deal with underemployment. "The typical 'underemployed' Filipino," RAND states, "is already working 40 or more hours per week." This though their own figures (p. 128) show only 11.9% of the labor force underemployed and working 40 hours and over, and 12.6% underemployed and working under 40 hours. But, again, the main issue is that these people want more work for a reason, namely that

working even forty hours a week they still go hungry.

Dealing with the issue of Gross National Product, the RAND team remarks --quite correctly--that national income statistics are highly unreliable, especially for the less developed countries. They can be off more than ten percent in either direction. Thus, the actual Philippine GNP might be higher than the official figures. Even if this direction is correct--and RAND's evidence is paltry--it must be kept in mind that GNP says next to nothing about the well-being of most of the people. Indeed, the fact that wealth is growing beside poverty makes the burden of the poverty all the heavier, though it raises the GNP. And when a society spends as much as the Philippines to advertise products that the mass of the people cannot afford, the poverty becomes even more unbearable.⁴

It is an often made observation that every two years in the Philippines there is a deficit in the government's operating funds, and the RAND study shows quite convincingly that these occur during election campaigns. They result from what is probably the highest per-capita direct vote buying in the world plus simply fantastic sums spent on pork-barrel.⁵ With characteristic aplomb RAND asserts that this is "not evidence of fundamental disequilibrium" because it "is rooted in the functioning of the political system"--a strange line of reasoning to say the least.

The RAND discussion of the Philippine political system is primarily based on a survey of frankly staggering ineptness. The sample was of people 21 to 65 (though 30% of the labor force is under 25) chosen on the basis of language, except that additionally 1) if the interviewer did not feel that three out of twenty-two respondents' homes looked as if they were upper-income--for this was the means for measuring socio-economic status --then the interviewer had to go and

find three higher income houses in which to interview people, and 2) the interviewer was to alternate polling men and women. No comparison between the characteristics of the sample and the total population is provided, but there is a strong suggestion that one bears no relation to the other. Consider, for example, sex--a variable specifically controlled to be 50%--yet one finds (p. 133) that at least seventy percent of the sample is male.

To check the validity (reproducibility) of the responses, RAND partially re-interviewed some of the same subjects a month later. Most of the questions were not of the sort to which one's answer would vary from day to day. That is, they were of the form "do you think politicians are corrupt?" rather than "do you support the present policies of the president?" Nevertheless, only 55% of the answers corresponded exactly. The Filipinos are to be commended for knowing not to take a RAND interview too seriously. Armed with this powerful weapon, RAND attempted to ascertain people's political attitudes. RAND claims that the Philippine political system is working splendidly because politicians do not run on issues but on pork-barrel, and voters indicate that in selecting candidates pork-barrel ranks above issues. In RAND's words, "the desires of these actors [this is political science jargon--it does not refer to the two-facedness of politicians] complement each other and perceived needs are satisfied." However, every single observer of the islands agrees that, aside from violence and corruption, elections are characterized by a complete lack of issues--and hence it seems quite reasonable for voters to take the only rewards the political system offers, just as some twenty percent of all voters take money from candidates. If one is poor and hungry and the candidates indistinguishable, one might as well get something out of the election. Needless to say, this is hardly evidence of a well functioning political system. If RAND were concerned with more than apologet-

ics, they would have asked, rather than "how do you presently decide how to vote?", "would you vote for a candidate that would really end tenancy, inequalities of wealth and income?" It makes little sense to assume, as RAND does, that the political system is harmonious when, by their own figures,⁶ fifty-seven percent of those with an opinion feel that the government has no effect on their lives and six percent feel it makes things worse.

Probably the most interesting part of the whole study is that relating to the Filipino's attempts to attain better lives. RAND calls this topic "dissidence." When the RAND interviewers began asking questions about the Huks--the radical peasant guerrilla group that almost conquered the country in the early fifties and that has revived in the late 1960's--the number of people responding declined significantly. About three quarters of the highest socio-economic group answered, but only a bit more than half of the middle and lower groups; and the proportion of respondents from Central Luzon--where most Huk sympathizers live--was lower than elsewhere. It seems plain common sense not to divulge your opinions and sympathies regarding radical groups to the RAND Corporation.

The other social science technique RAND employed to study the Huks was the regression equation. Essentially it is a means of determining which variables are best related to each other. An earlier RAND study by Edward J. Mitchell⁷ did the same thing and found that the existence of a municipality with Huk-controlled barrios⁸ was correlated with the existence of contiguous municipalities with Huk barrios. This much was done mathematically, but the interpretation that followed came straight out of Mitchell's counter-revolutionary head: he declared that the regression equations showed that Huk support was a result of coercion. That peasants might decide to support the Huks

after seeing nearby examples of altered social arrangements or after talking with other Huk supporters was beyond Mitchell's imagination.

The present RAND study finds contiguity to be an insignificant variable. Instead they find the number of reported "incidents" to correlate best with Huk control. And their interpretation too is that the Huks rule by coercion. What are "incidents"? RAND does not say. They could refer to encounters between Huks and the Philippine Constabulary--it would hardly be surprising if these occurred in Huk areas. Or they could refer to killed or robbed landlords or government officials, which could indicate that the Huks freed the people from coercion at least as easily as it could indicate coercion against the people. (On the other hand, Mitchell had asserted--without evidence--that "the correlation between effective coercion and observed incidents of violence is probably quite weak.") It is remarkable how two investigators can come up with conflicting mathematical conclusions and yet the same interpretive results, which just happen to coincide with their counter-revolutionary ideologies. In fact, very little is known about how the Huks operate; but these regression equations increase our knowledge not a bit.

RAND also mentions an area of the Philippines not covered by their regression equation in which some one hundred barrios are officially listed as Huk controlled or influenced though there have been few reported "incidents." But RAND is skeptical because "the reported scale of activities seems inconsistent with the reported size" of the Huks and their "logistics capability"--and RAND drops the subject. With admirable eclecticism, thoroughly modern RAND has borrowed an ancient technique--ignoring evidence that conflicts with one's conclusions.

Is there going to be a revolution

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in the Philippines? The Huks control large areas of Central Luzon and have been continually expanding their base; the student movement is volatile; and working class radicalism is growing. Nevertheless, there are too many factors operating for one to predict what will happen with any certainty. But about this there can be no doubt: if there should be a revolution in the Philippines, one will surely find some men rushing about RAND headquarters screaming: "We forgot to divide by two..."

FOOTNOTES

1. Not its first. In the early 1950's, the Huk rebellion was suppressed with--among other things--American arms and the CIA.

2. The possibility that some of these RAND figures might be typographical errors must not be ignored, for there are many in the study, indicating perhaps RAND's view that once one has mastered complex statistical analysis one can dispense with proofreading. But in any case there would have to be more than one typo for the data to correspond with RAND's statement that the reported rates doubled in one year.

3. This also provides an interesting commentary upon the much heralded Philippine educational system: there is a chronic early drop-out rate which great effort has not been able to diminish.

4. There are other reasons that GNP is a deficient measure of quality of life besides the distribution problem. These are discussed in a surprisingly useful paper published by the Hudson Institute: Lewis C. Bohn, GNP and the Quality of Life in the Third World, HI-1142/2-RR, December 30, 1968.

5. Political scientists have devised objective terms for these practices. RAND speaks of Philippine election campaigns "becoming increasingly capital-intensive," and Asia scholar Lucian Pye refers to the "spirit of pragmatic politics that permeates the Philippine system."

6. Not actually. These figures should come from Table 14, p. 50, which is trivially calculated from Tables 13 and 14, pp. 47 and 48. But RAND botched the calculation.

7. The Huk Rebellion in the Philippines: An Economic Study, RAND Corporation for the Advanced Research Projects Agency of the Department of Defense, RM-5757-ARPA, January 1969. Both studies used 1968 Philippine government figures on Huk control.

8. "A barrio usually contains 1,000-2,000 people; a municipality is generally composed of 15-40 barrios." Ibid., p. 2.

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