

The Early Years of the Philippine Economic Society^[1]

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Few know that the Philippine Economic Society is just a little more than a decade old. Now, while the Society is young, is probably the time to take note of its origins and short history.

Involved in its early beginnings and still active participants of the Society, any one of the elders of the Philippine Economic Society is more qualified than I am to prepare and present to you this history. But perhaps I have an advantage over any of them in one respect— that being a non-participant to history-in-the-making, I have neither any axes to grind nor any viewpoints to defend. Such a possible advantage turned out to be pure fiction as I discovered that those who participated in the early beginnings of the Society form a singularly cohesive group.

To reconstruct the history of the Society, I brought together our Society elders to recount their memories. This allowed me to share the honor of authorship with them, at the same time absolving me from the errors that may have arisen from their lapses of memory.

In two meetings, memories and impressions were recorded, with the help of cassette-tape technology. The first was in Los Baños about two weeks ago where Amado Castro, Jose Encarnacion, Jr., Agustin Kintanar, Jr., the incumbent president Jose Romero, Jr., and I engaged in a full hours of exchanges on the background of the Society. In the second meeting held at last week in Manila, Benito Legarda, Jr., Armand Fabella, and I had lunch and listened to the tapes of the first session, principally the part related by Amado Castro. Further thoughts and memories were then recounted.

From what might be called a hodge-podge of impressions obtained during these two sittings, let me relate the history of the Philippine Economic Society – bringing out the points which I not only important but interesting and relevant as well.

The Precursors of the Philippine Economic Society

In the prewar period, the only association that had presumably the temperament of an economic association” was the so-called Philippine Economic Association. Organized in 1933, its first president was Elpidio Quirino Jr. and its secretary was

Cornelio Balmaceda. The organization was concerned with the problems of the independence movement. Consequently, it came up with a document entitled “Economic Problems of the Philippines,” describing the transitional changes the Philippine economy had to initiate as it approached independence.

Illustrious men were affiliated with this association, men who played important roles in the destiny of our country such as Elpidio Quirino, who was later to become the president of the Republic; Cornelio Balmaceda, who held various positions in the cabinets of many presidents; and Miguel Cuaderno, who became the first governor of the Central Bank. Other prominent personalities were Bienvenido M. Gonzales, Salvador Araneta, Andres V. castillo, Vicente Fabella, and Conrado Benitez.

After the war, most of the associations that sprang up were associations not of professional but of interest groups. We are told, from transcriptions of our discussions with the Society elders, that the Philippine Economic Association apparently died a natural death in the early postwar period.

The Early Beginnings

The postwar years saw the influx of new professionals returning to the country after years of schooling abroad. These personalities were young social scientists and business graduates who had just received degrees in economics and other fields, including business and sociology, from various schools in the United States. A small but influential group, composed notably of Amado Castro, Benito Legarda Jr., Quirico Camus Jr., Jose G. Fernandez Jr., and Armand Fabella, came from the confines of an ancient university in Cambridge, Massachusetts, U.S.A.

During the mid-'50s, this small group of like-minded people including one or two stray foreign scholars formed an informal association which they called the “Social Economy Association.” Its

members took turns in hosting dinner parties during which various issues affecting the economy and society were discussed. These were really informal discussion groups. The participants, aside from those already mentioned, were Joachim Ahrensdorf, Thomas McHale, Sixto K. Roxas, Fr. Michael McPhelin of the Ateneo, Oscar Lopez, and Felix de la Costa. Other noneconomists like Onofre Corpuz and Juan Ponce Enrile (Harvard graduates in other disciplines) also took part in some social economy discussions.

The Manila Jaycee Economic Affairs column in the *Manila Times* probably provided steam to the discussions of the social economy group, as some of the members belonged to this civic organization. While the Jaycee column was significant to the formation of this professional economic association, it was not organically linked to the Society. The Jaycee forum was influenced by personalities from the social economy group and, sometime later, by Cesar Virata and much later by Jose Romero. Businessmen like Francisco V. del Rosario, Teodoro Kalaw, and Aurelio Montinola, Jr. among others were also members of the forum.

Were it not for certain incidents that occurred during this period, such informal discussion sessions would not have led to the organization of an economic association, or at least its organization would have been further postponed. Two events catalyzed the immediate organization of the Philippine Economic Society: The Columbia Research Project in 1958 and the visit by a group from the International Economic Association.

The Columbia Research Project on Foreign Investment

In the late '50s, Wolfgang G. Friedmann, Director of the Legal Research Center at Columbia University's School of Law, undertook a study on international joint ventures which included the Philippine case. The results of the study are contained in a book entitled "Joint International Business Ventures" published in 1961 by the Columbia University Press.

Through Sixto K. Roxas, Prof. Friedmann contracted the Social Economy Association with dollar support to undertake the research and to write the portion on the Philippine case. Joachim Ahrens Dorf, the original research director, was replaced by Armand Fabella when the former left the country and to join the International Monetary Fund. The Philippine case study was completed and submitted by September 1958.

The Columbia project and the monetary compensation that went with it cemented what was an informal discussion group into a core of professionals involved in a common and immediate objective.

Hence, the germ of the Philippine Economic Society was born. And like the original sin of Adam and Eve, this came about in response to temptation, or, more correctly, like *homo economicus*, as a reaction to reasonable incentives.

The Visit of the International Economic Association

In 1960, a conference on development problems attended by academicians and government officials from the Philippines was held at the University of the Philippines. A group from the International Economic Association came to participate in this meeting. In this group were Howard Ellis, E.A.G. Robinson, economic historian Kenneth Berrill, Luc Fauvel, and a graceful senior lady, Madame Helene Berger Lieser, who was in charge of the secretariat of the International Economic Association. They were the personalities who influenced the immediate organization of the Society.

At the dinner in honor of the International Economic Association group held at chez Amado Castro, core members including Armand Fabella, Benito Legarda Jr. and a few others were present. There it was suggested that the time had come to form an economic association and that something immediate had to be done to establish it.

An important incentive was the accession of this local economic association to the International Economic Association with which all other prestigious country economic associations were affiliated. This was the most important if somewhat pedestrian reason. Concomitant to this accession was the free trip to the IEA world conferences.

To prevent the scramble among officers and members for the travel opportunity, the rule was set down by the Executive Committee that only the secretary-treasurer could avail of this travel facility. This laid the basis for “compensation or reward” of what might be called the important symbol of continuity of the organization in the office of the secretary-treasurer.

The Philippine Economic Society is Born

In August 1962, the Philippine Economic Society was organized. Names such as “Philippine Economic Association” or “Economic Association of the Philippines” were considered; in fact, letterheads with the name “Economic Association of the Philippines” had been printed. But upon checking with the Securities and Exchange Commission’s registry of associations, it was discovered that similar names were already registered. Finally, the charter members opted for “Philippine Economic Society.” With the birth of this organization, the professional economist was given due recognition.

From the social economy group emerged a core of eight like-minded people who are principally concerned with “economics.” They considered themselves interested in the problems of the economy. The core was dominated by economists and a few had training in business.

Any of the first three presidents of the Society – Armand Fabella, Amado Castro, and Benito Legarda, Jr. in the order of actual succession – could have been the first president. Armand Fabella hosted the first Philippine Economic Society dinner meeting where he was elected the first president of the Society. Apparently, the presidency was the cost (or reward) of the dinner. Fabella’s main task was to set up the Society’s by-laws and constitution. It was decided that the vice-president was to succeed the president in the next term. Amado Castro was elected vice-president, Sixto K. Roxas, secretary-treasurer, and Benito Legarda Jr., the editor of the *Philippine Economic Journal*. The members of the Executive Committee were Benito Legarda Jr., Fr. Michael McPhelin and Quirico Camus Jr. All these gentlemen signed the incorporation papers of the Society registered with the Securities and Exchange Commission in August 1962.

In the first issue of the *Philippine Economic Journal* (First Semester 1962), a foreword by editor Benito Legarda Jr. explained in part the origin of the Society. There was also a message written by Howard Ellis (who, in the words of Legarda, is the Godfather of the Philippine Economic Society) from which we quote the following:

It was my privilege to be an academic visitor at the University of the Philippines in April 1960; and it has also been my privilege more recently, as an officer of the International Economic Association, to help to welcome the Philippine Economic Society as the latest accretion to the

list of thirty-odd member organizations. It is a still greater honor to participate in the introduction of this new economic journal to the fellowship of economists throughout the world.

The Early Problems

Funds had to be generated and members selected to keep the Society functional and alive. Thus, during its early years, the PES was confronted with two major problems, namely, (1) where to solicit the necessary funds to finance its major project, i.e., the publication of the *Philippine Economic Journal*; and (2) how to establish a standard for membership.

The PES Membership

In the beginning, standards for membership were subjective. Numerous discussions on the qualifications of applicants and members were conducted. Members of the executive committee disagreed on who should be members and the question of who was an economist often came up. It was thought that appropriate control of membership was necessary in order that the PES could be recognized as a society of professionals. It was also held that the extension of membership to many people would in itself be an invitation to selfish interest groups.

Eventually, the elders of the Association resolved the issue and a criterion for membership was established. Let me quote Armand Fabella's own comments on this matter:

I was against the idea of denying anyone membership on the basis of individual cases. If anyone was to be denied, the rejection should be founded on some ruling that could serve as an operational guideline. This was how we decided on setting a Bachelor's degree in economics as the minimum requirement for membership. This criterion was applied across the-board. Now, I do not recall anyone whose membership application has been declined since then.

Meanwhile, new personalities were coming into the picture. At the very first instance, recently turned Doctors of Economics came in, notably Jose Encarnacion, Jr., Agustin Kintanar Jr. and a year or so later, Placido Mapa, Jr. The early sixties saw the gradual expansion of the core group and the growth of membership.

The Membership Tripod

The membership of the Society, one might say, was a tripod. One leg consisted of technocrats in economics within planning agencies in government; this group was exemplified in the past by those congregating at the Program Implementation Agency, where Sixto K. Roxas and Armand Fabella played important roles, and at the Central Bank where Benito Legarda Jr. worked. The second leg was made up of those in the business sector and the third was composed of those in the universities, particularly the University of the Philippines and the Ateneo University. Such a tripod has strengthened over the Years.

Foreign Members of the PES

Visiting foreigners interested in problems concerning the Philippine economy and who are professional economists were welcome to the Society. Distinguished visiting professors at the University of the Philippines' School of Economics have all become active members of the association. This is also true of those who have gone to the International Rice Research Institute, other foreigners associated with foreign missions also became members. In periodic seminars hosted by the Society, visiting foreign economists were given the opportunity to speak before members of the Society.

The Secretary-Treasurer of the PES

The beginnings of an association cannot be divorced from its officers. It would be worthwhile to point out the role of the secretary-treasurer. Basically, he performs the key functions of

keeping the coffers and the records and of providing the continuity needed by the Society.

It was Sixto Roxas who first held the post of secretary-treasurer for a short while. For some reason no one remembers. Quirico Camus succeeded him and stayed on for a whole decade. The Society owes a lot to Camus, not only for keeping records but also for overseeing the Society's coffers. It was for him a tedious and costly job in view of the fact that during many occasions he had to tender luncheons at his own expense. The recent appointment of his successor, Cesar Macuja, is a well-deserved relief for Mr. Camus who has done a fine job all through his years in office.

The Philippine Economic Journal

The *Philippine Economic Journal* is the major achievement of the Philippine Economic Society. The Journal has had two editors. Legarda saw it through during its first three years. I entered the scene sometime in 1963 after my return from studies abroad. A year later, after editing a book, I found myself appointed to the editorship of the Journal — a job Legarda was just too happy to pass on to someone else, as he had acquired new responsibilities.

I took over for the first semester 1965 issue and am still editor to this day. Like Benito Legarda, Jr. when he resigned from the editorship of the Journal, I feel I have

contributed my share and I look forward to my replacement in the near future. For a year now, Mahar Mangahas has been broken in for the job of editor; the editorship should suit him.

The Journal is the major project of the PES and funds of the Society are for the sole purpose of backing up the PEJ, a tradition that I hope will be upheld in the future.

Financing the PEJ

The Journal had a modest beginning and a modest budget; its publication depended so much on the financial fortunes of the Society. In the early years, the PEJ, in fact, drained the Society's finances. At one time, the delay in the release of two issues from the press was prolonged simply because there was not enough money in the treasury to pay for them.

Initially, a round-robin approach to soliciting contributions was undertaken whereby institutions and companies were asked to finance parts of an issue every time an issue was due. And to acknowledge the contributions, the back pages of the first issues listed various institutions such as the Development Bank, the Central Bank, many commercial banks, oil refineries, and an anonymous member of the Manila Stock Exchange as "Friends" of the Society.

The first issues of the journal were made possible only by various contributions. In time, these resources were exhausted as the requirements of more issues, the increasing cost of printing and sundry led to what might be called a financial crisis of the *Philippine Economic Journal* and of the Society in the mid-'60s.

Being the editor of the Journal, my demands on the Society's coffers were great and I was the most exposed to the gravity of our financial problems. Realizing I had to do something about this, I began my fund-raising entrepreneurship for the Society. And when later I became president of the society, certain financial techniques were introduced to put the Society on a firm financial footing.

Through the Asia Foundation, the National Planning Association financed the publication of the special issue on "Economic Planning in Southeast Asia." I must give due credit to Professor Douglas Paauw, then visiting professor at U.P., who helped me on this score. The economic planning issue was a thick volume whose circulation helped immeasurably in enhancing the prestige of the Journal internationally.

A precursor of the financing technique adopted for the journal was the funding of a special issue on “Savings and Capital Accumulation in Philippine Agriculture” by the International Rice Research Institute during the last term of Legarda’s editorship. The arrangement was encouraged by Dr. Vernon W. Ruttan, then IRRI economist and U.P. visiting professor. While the IRRI absorbed most of the issues for a small sum of money, we derived extra finances for the Society from the economic planning issue. Several institutions have helped to finance succeeding issues.

To finance the Journal on a more permanent basis, we came up with a set of tricks. First, during my editorship, negotiations for funding were firmed up. I was able to arrange for a P25,000 donation from the United States Agency for International Development and the National Economic Council to assist the Journal. Then a breakthrough in funding from the Ford Foundation led to a grant of about PhP19,000.

In addition, a system was formed whereby persons or institutions may become “Friends of the Society” with a donation of not less than P1,000. A lifetime membership to the Society, acquired by paying a specified sum just once, was also initiated. The roster of life members of the Society today is a veritable “Who’s Who” list in economics, finance, and government in this country.

Our financial efforts would not have paid off without the active support of the Executive Committee and other well-known members of the Society. I recall especially the encouragement of the elders of M. Salas (who as Executive Secretary gave his assistance), Placido Mapa, Jr., and a few others.

Efforts to provide a financial backbone for the Society’s journal continue to this day. The finance committee composed of Cesar Zalamea and Sixto Roxas under the keen and able guidance of secretary-treasurer Quirico Camus, has contributed greatly to the financial effort. During the term of Edgardo Zialcita, who succeeded me as President, the Society gained more “Friends of the Society.” More senior members of the society lent their expertise and devoted their time to lecture at the Economic Development Foundation. The proceeds from the lectures were all turned over to the Society’s coffers.

All the Presidents of the Society faced up to the challenge of keeping the association solidly on its feet, with each one carrying on further the work of his predecessor. Thus, the financial condition of the Society is more sound today than at any time in the past. Furthermore, its funds have grown, as well as its membership. Subscriptions to the Journal have also increased.

Where Goes the Society?

Now that I have reviewed the origins of the early years of our Society, the question may be posed: *quo vadis?* On this I can only offer a few general remarks.

The Society is an association of professionals and shall continue to function as such. While there is room for PES members to speak out as professionals, the Society itself must never be directly immersed in partisan views. This position has been maintained in the past. Many members have been known to have spoken on various issues on both sides of an argument. But they have spoken on their own as professionals. This, to my mind, is the sustaining spirit of any professional association, lest it fall to the common end of self-serving groups: disintegration.

Viewed in relation to the growth of our economy, the increase in the Society's membership is itself an evidence of a widening and deepening commitment to economics. The ranks of PhDs and Master's degree holders in economics and related fields have more than tripled in the last decade. Institutions of learning have intensified their programs of "quality import-substitution" in teaching. Today, the U.P. School of Economics is at the forefront of this movement. We can likewise be proud of the growth of economics at the Ateneo, La Salle and other schools and, lately, at the Center for Research and Communication.

In the government, one can say that economics has been enriched. PES members have rendered their services in the public sector, sometimes with distinction. In the business world, PES members likewise are among the prominent personalities.

The age of the technocrats began in the sixties, and since then the country has never been the same. The professor at the university has gained respectability in government, best exemplified by Armand Fabella and Amado Castro in the sixties and today by Cesar Virata. Through the participation of its members in government and in business, the Society exerts some influence in the country.

How much has the Society influenced the course of economic thinking in the country? More specifically, how do we rate the performance of the Society in disseminating economics through the venue of the *Philippine Economic Journal*? Some feel that the impact of the Journal on the economics teaching profession is not as widespread as it should be. But this may very well be a reflection of the state of the teaching profession in economics. A wider circulation of the Journal, however, would go a long way towards disseminating economics and improving the quality of teaching economics in the country.

A number of Filipino economists have written scholarly articles published in the Philippine Economic Journal. But there are only a few textbooks in economics written by our members. The Society has yet to stimulate and provide the necessary incentives to its members to offset the dearth of textbooks and improve teaching methods in economics. In these times, relatively few are in the field of research. Real academic research output has been very substantial in the last five years or so but there are still so many areas and problems that want scholarly investigation.

Some of the points I have raised indicate the path along which the economics profession in our country can progress. I believe that the next decade offers vast opportunities for the advancement of the profession and, along with it, of the Philippine Economic Society.

[1] Delivered before the 10th Annual Meeting of the Philippine Economic Society held at the Social Hall, Philippine Columbian Association Building, Manila on October 28, 1972.

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