Development and Distress in Mindanao[1]
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, businesses have invested capital and technology and established ventures that have generated enormous profits for their owners and executives. But the resulting wealth and incomes have not benefited the greater majority. Poverty and other social indicators point to a more distressed condition for Mindanao than for the nation as a whole.

This paradox of high growth rates and the simultaneous existence of an impoverished population have challenged scholars and development planners for many years. In the Mindanao case, this enigma is exacerbated by the effects of internal colonialism - the transfer of wealth from the southern regions to the nucleus of economic and political power in the north.

Demography

Mindanao, together with the Sulu Archipelago, occupies a land area of 10.2 million hectares or one-third of the country's area of 30 million hectares. The historian Rudy Rodil classifies Mindanao's population of 18.13 million as of 2000 into two major categories – the indigenous peoples and the migrant settlers.

The indigenous population can be further classified into three groups. The first are the Islamized peoples (a.k.a. Moros) who number 3.63 million or 20 percent.

The second indigenous category is composed of the Lumad population who number 907,000 (6 percent). Some of these are the Manobo, Bagobo, B'laan, Higaunon, Mamanwa, Mansaka, Manuvu, Subanen, T'boli, and Teduray peoples.

The third indigenous category number around 900,000 (5 percent) and is composed of the Visayan-speaking, Christianized population of Northern and Eastern Mindanao and the Chavacano speakers of Zamboanga and Basilan, who were already in Mindanao when the Spanish arrived in the 17th century.

Approximately 70 percent of the Mindanao population is composed of settlers who arrived in the 20th century from Luzon and the Visayas as part of government resettlement programs. Predominantly Christian, they also included Chinese settlers and those belonging to the third indigenous category. Together with the third indigenous category, this group constitutes about 13.6 million people (75 percent).

There are, at the moment, six politico-administrative regions: Region IX (Zamboanga Peninsula), Region X (Northern Mindanao), Region XI (Davao Region), Region XII (SoCCSKSarGen), Caraga Region, and the Autonomous Region in Muslim Mindanao (ARMM). A total of twenty-eight (28) provinces and nine (9) chartered cities belong to the six Mindanao regions.

Mindanao's Contribution to the National Economy

Mindanao's large productive base enables it to contribute significantly to the country's economic growth. Its forest area comprises 41 percent of the country's vegetative cover and 56 percent of Philippine commercial forest land. It produces 73 percent of the national value added in the forestry sector. Fifty-six percent of total Philippine commercial forest land is in Mindanao. More than half of timber licenses issued in the country are granted for Mindanao operations. Mindanao wood products such as plywood, veneer, and lumber comprise over 90 percent of the country's total production. Mindanao's exports account for 70 percent of logs, 52 percent of lumber, over 90 percent of plywood, and 92 percent of veneer.

Its agricultural area of 3.73 million hectares comprises 38 percent of the country's total farm area. The island produces 43 percent of the Philippines' agricultural output. Mindanao rice lands account for 26 percent of the national total while corn lands occupy a 47 percent share. In terms of production, Mindanao *palay* (unhusked rice) harvests are 23 percent of the Philippine total, while corn production is almost 60 percent. Mindanao is a palay-surplus producing area with Region XII (SoCCSKSarGen) considered the traditional "rice bowl" and one of the top two rice-producing regions in the country. Overall, Mindanao supplies 40 percent of the country's food requirements and 30 percent of the national food trade.[2]

Commercial and export crops are planted in about 51 percent of farm areas, and include coconut, tobacco, rubber, sugar, export bananas, palm oil, coffee, abaca, and fruits. Commercialized agriculture has been on the rise with land utilization and growth exceeding that of food crops.

The waters around Mindanao and Sulu contribute 32 percent of the country's total fishery products and more than half of the country's total commercial fish catch. Tuna fishing has become the country's number one fishery sector with major export markets in Japan and the US. Thirteen Mindanao fishing firms based in the cities of General Santos and Zamboanga export about 80 percent of the country's tuna.

The Philippines is the world's leading producer of coconut and coconut products and more than half of the country's coconut area is in Mindanao. Compared to the national average of 86 percent, almost 90 percent of nuts gathered in Mindanao are processed into copra. This implies that Mindanao's coconut industry is more commercialized than that of the country as a whole.

More than 60 percent of Philippine copra and coconut oil exports come from Mindanao, which houses most of the country's coconut oil mills. Agriculture, fishery and forestry production in Mindanao combine for 36 percent of value added for these three sectors of the country.

Rubber plantations in the Philippines are exclusive to Mindanao with some 60,000 hectares planted. Sugarlands in Mindanao total 56,000 hectares with three large sugar mills in Bukidnon, North Cotabato and Davao del Sur. The Bukidnon-based BUSCO has an ultra-modern mill funded by the Japan Import-Export Bank. Mindanao is also the main producer for coffee (75 percent) and for one-third of the country's livestock products.

In the minerals sector, Mindanao's share of the national total is about 25 percent. Gold, copper, nickel, chromite and coal are the major mining products of Mindanao, as are silver, zinc, and lead. The world's largest nickel reserves are in northeastern and southern Mindanao. In February 2010, Sumitomo Metal Mining Company announced plans to invest $2.11 billion over a three-year period to expand its nickel operations in Surigao del Norte.[3] Gold and copper are extensively mined in Agusan and Davao provinces. Five companies in Mindanao produce Portland cement. These include the country's biggest and modern cement manufacturer, Bacnotan Consolidated Industries in Davao City.

Mindanao's export sector plays a significant role in the country's total external trade, with one-fourth of the country's total export receipts. Its coconut products account for 43 percent of the country's coconut exports, while wood products corner 60 percent of the national total. The country's fruit exports are composed almost entirely of bananas and pineapples, 90 percent of which come from Mindanao.

In terms of gross domestic product (GDP), however, Mindanao's contribution appears less significant. In 2003, the island's GDP of P192 billion was only 18 percent of the national total. The same year, Luzon's share was 66 percent. Northern Mindanao had the highest GDP share of 27.1 percent of Mindanao's total. The Davao Region was next with 25.4 percent while Soccskargen was in third with 20.1 percent. The Zamboanga region was fourth with 14.8 percent, Caraga fifth with 7.6 percent while ARMM was last with only 5.2 percent.

Mindanao's growth rate, though less than the national rate and behind that of Luzon, is not that far behind. Between 1990 and 2000, Mindanao grew by 22.7 percent compared to the national rate of 24.4 percent. Between 1995 and 2000, Mindanao's average GDP growth rate of 3.69 percent was only slightly less than the national average rate of 3.76 percent and of Luzon's 3.97 percent. From 2003 to 2007, Mindanao's average growth rate rose to 5.02 percent, with the 2007 growth rate alone standing at 6.91 percent.

Despite lagging behind the rest of the country in several economic indicators, Mindanao enjoyed a positive trade balance in 2003, with US$707 million compared to the country's negative trade balance of US$1.7 billion. Despite this overall positive note trend, interregional disparities still characterize Mindanao trading patterns, with the Davao and the Soccskargen regions having the highest surpluses. In 2007, Mindanao exports totaled $2.6 billion while imports amounted to $1.2 billion, or a trade surplus of $1.44 billion.

Capital Formation

The Securities and Exchange Commission (SEC) lists a total of 3,954 corporations in Mindanao that registered between 2002 and 2008. All had a total paid-up capital of P2.81 billion. Measured against the national figures, Mindanao's new firms accounted for only 3.46 percent of the Philippines' total and 2.61 percent of paid-up capital.

The Mindanao Economic Development Council (MEDCO) announced that, in 2008, 40 investment projects valued P13.7 billion were registered with the Board of Investments (BOI). This constituted a 72 percent growth from the 2007 figure. MEDCO further reported that local investments almost doubled in value from P6.124 billion in 2007 to P12.004 billion in 2008 or a 96 percent increase. This surpassed the record set in 1998 of P9.5 billion.

Foreign Investments

According to the MEDCO, direct foreign investments registered for 2008 in Mindanao had a total value of P1.704 billion. Sixty percent of these were Japanese investments in the power generation sector, and in marine and petroleum products. Second were the Canadians with a 21 percent share, mainly in the mining business. The British and South Koreans had shared 4 each and were engaged in the export of Cavendish bananas and petroleum products. They also took part in the coco peat/coco fiber business.

Foreign and foreign-affiliated firms (FFCs) in Mindanao operate in 21 categories of product and industry lines. The wood products industry had the most number of participating FFC firms, with 16; followed by manufacturing with 13; fishing and fish products, 12; banana production, 9; mining, 7; and coconut products, coffee, and cacao (cocoa) with 6 firms each.[4]

American TNCs lead all other nationalities with exclusive affiliation with 41 corporations and 21 others in joint affiliation with other foreign firms. The Japanese have 22 corporations as exclusive partners and ten others in joint affiliations. The British are a poor third with six exclusive affiliates and eight others in joint affiliations.

In terms of regional and provincial distribution, the FFCs operate in 119 locations in Mindanao. Many firms are present in several provinces and even several towns in one province. The Davao region is the major host of FFC operations with 50 locations (42 percent) followed by Northern Mindanao with 30 locations (25 percent) while the Zamboanga region has 28 (24 percent).

Infrastructure Development

In her 2009 State of the Nation Report, President Gloria Macapagal-Arroyo announced the completion of several major infrastructure projects in Mindanao, including the P2.1 billion 882-meter Diosdado Macapagal Bridge in Butuan City, the 210 MW Clean Coal-Fired Power Plant, the 1-megawatt Solar Power Plant in Cagayan de Oro City, the P572.87-million Cagayan de Oro Port, and the P420.22-million Davao Port.

Still under construction are the P8.01-billion Abaga-Kirahon-Maramag-Bunawan 230 kV Transmission Line, the P688-million Iligan City Circumferential Road, the P2.24-billion Lebak–Maguindanao Road, the P3.94-billion Zamboanga West Coast Road, the P500-million Dinagat Island Road, the Hawilian–Salug–Sinakungan Barangay Road, the Dapitan–Dakak Road, and the Surigao–Davao Coastal Road.

Airport projects include the P700-million Butuan Airport Upgrading Project; the P600-million Cotabato Airport Rehabilitation Project; the P478-million Dipolog Airport Improvement Project; the P215-million Ozamis Airport Development Project; the P545-million Pagadian Airport Development Project; and the P423.50-million Zamboanga Airport Improvement Project.

A major undertaking is the Cotabato-Agusan River Basin Development Project (CARBDP), which was implemented from 1975 to 2000 with an initial cost of P15.7 billion. Covering 11 provinces or one-third of Mindanao's land area, it was funded mainly by foreign loans from the Asian Development Bank, the World Bank, and Japan. The project budget has since ballooned such that for 1998 and 1999 alone, total allotments for the project reached P173 billion. Total project assets reached P331 billion by 1999. The Lower Agusan Development Project is the newest component of the CARBDP and consists of two phases with a total project cost of P2.18 billion.

Official Development Assistance (ODA)

Since the September 11, 2001 attacks in the US mainland, Mindanao has been given increased attention by foreign donors under the assumption that the Moro separatist movement is somehow linked to a global Islamic militant movement. This is not to say that donors have not paid attention to Mindanao in the past. The World Bank had, in 1998, committed US$10 million for the Special Zone of Peace and Development (SZOPAD) Social Fund Project following the signing of a peace agreement between the Philippine government and the Moro National Liberation Front (MNLF) in 1996.

The US Agency for International Development (USAID) has, since 1996, also provided grants under various programs in Mindanao that, as of 2006, totaled US$292 million. Following the post 9/11 pattern, USAID assistance almost tripled after 2001 from US$90.6 million in 1996-2001 to US$242 million in 2002-2006.

As of September 2006, there were 21 active ODA loan projects in Mindanao totaling US$917.75 million. Ten of these were Japan-funded projects, with loan amounts amounting to US$473.04 million, or 52 percent of the total for the area. All these projects, plus the grants program of USAID, are ostensibly meant to advance the peace-building process in Mindanao. Japan had earlier launched, in December 2002, a "Support Package for Peace and Security in Mindanao."

In April 2003, President Macapagal-Arroyo launched what has been dubbed a "Mini-Marshall Plan" called "Mindanao Natin," which is worth P5.5 billion in government funds and US$1.3 billion in ODA funds for the next three to five years. The program targeted 5,000 Muslim villages in Mindanao's regions, but the figures as of December 2006 show that not all of the announced projects got off the ground. For example, the World Bank's commitment of US$279 million for four projects was eventually pared down to one project worth only US$34 million.

Aside from the "Mindanao Natin" initiative, a multi-donor Mindanao Trust Fund – Reconstruction and Development Program (MTF-RDP) has been established with the World Bank as the lead donor and Secretariat Coordinator. Other donors are the European Commission, Canada, New Zealand, Sweden, Australia, and UNDP. Also known as the Peace Fund, MTF-RDP identified the rehabilitation needs of MILF combatants, MILF communities and indigenous peoples (IPs), which are to cost US$400 million.

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. Poverty and inequality, which are the principal causes of unrest and rebellion, are not directly addressed.

During Ferdinand Marcos' authoritarian rule (1972-1986), strategies were formulated in the midst of increasing social tensions, the depletion of the land frontier, land concentration and agrarian conflicts, and marginalization and impoverishment, especially of the Moro and Lumad peoples. Post-Marcos development strategies did not differ. Whether these be Corazon Aquino's regional industrial centers, Fidel Ramos' Mindanao Investment Development Authority (MIDA) and Brunei-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA), or Gloria Macapagal-Arroyo's "Mindanao National Initiatives" (Mindanao Natin), the basic premises, principles, and thrusts have remained unchanged.

In 2006, President Macapagal-Arroyo launched what she called the Super Regional Development Strategy, which is meant to "harness the common competitive advantages of a cluster of regions and provinces." The country was then divided into five Super Regions with "Agribusiness Mindanao" being one of them. As the name implies, Mindanao is to focus on agribusiness as its "competitive edge," particularly in the cultivation of "high value crops."

In January 2010, Congress passed a bill creating a Mindanao Development Authority (MinDA), which seeks to accelerate growth and development by setting up a central planning agency for Southern Philippines. MinDA is to replace and strengthen MedCo and provide the strategic direction for Mindanao by formulating an integrated regional development framework.[5]

Echoing Macapagal-Arroyo's initiative, MinDA would focus on agribusiness as a major area for economic development. It is doubtful, however, whether Mindanao's hope lies in agribusiness, which, at the moment, already occupies a central place in the island's economy. Agribusiness activities have caused more problems than solutions for Mindanao's people, including environmental degradation, human rights violations, corruption, health problems, and wealth transfers.

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 United Nations Development Program (UNDP), one can see that Mindanao provinces fared badly compared with other Philippine provinces. Mindanao's average HDI was only 0.635 in 2003, or 15 percent lower than the national HDI of 0.747. Seventeen out of 24 Mindanao provinces were situated in the bottom half of the national list. Worse, nine of the bottom ten provinces were all located in Mindanao. No Mindanao province placed in the upper fifteen percent. The highest-ranked province, Misamis Oriental, was situated in the bottom 20 percent. The bottom four provinces were all from Muslim-dominated provinces. The only bright spot in this otherwise dismal picture was Lanao del Sur, which was cited as among the top ten nationwide gainers in human development even though it was still ranked a lowly 70th.

In the per capita income category, Mindanao has an average of only US$1,546, which is a mere 41 percent of the national per capita income of US$2,609. Furthermore, eight Mindanao provinces occupy the last eight places among the 77 provinces of the country and twelve of the last 14 places. Four of the twelve low-ranked provinces are Muslim-dominated and are part of the ARMM. The highest nationally ranked Mindanao provinces, South Cotabato at 17th with US$2,223, Davao del Sur at 18th with US$2,158, Camiguin at 20th with US$2,110, and Misamis

Oriental at 25th with US$2,045, all still had per capita incomes that were lower than the national average.

Poverty incidence in Mindanao is consistent with the island's low standing in the national human development index. Its average poverty incidence of 42.4 percent in 2003 was 40 percent higher than the national average of 25.7 percent. Four Mindanao provinces, however, had poverty incidences that were lower than the national average of 25.7 percent. These were South Cotabato, North Cotabato, Davao del Sur, and Davao del Norte. On the other hand, six Mindanao provinces had exceedingly high poverty incidences that were greater than 50 percent. These were Sulu (88.8%), Tawi Tawi (69.9%), Basilan (65.6%), Zamboanga del Norte (63.2%), Maguindanao (55.8%), and Siquijor (51.9%). Another seven provinces had poverty rates between 40 percent and 47 percent in 2003.

Between 2000 and 2003, the poverty situation deteriorated in thirteen Mindanao provinces. Large increases in poverty were registered for Maguindanao (by 19.6%), Surigao del Sur (by 14.4%), Davao Oriental (by 13.4%), Zamboanga del Norte (by 11.3%), and Surigao del Norte (by 8.2%). Nationwide, five Mindanao provinces were cited as among the ten top losers in poverty reduction incidence between 2000 and 2003. These were Maguindanao, Surigao del Sur, Davao Oriental, Zamboanga del Norte, and Surigao del Norte.

Inequality measures for Mindanao reflect wide disparities in income distribution and consumption patterns among the population. Its 2003 average Gini index of 40.8, however, although better than the Philippines national index of 43.9, represented a decline from the 2000 index of 36.4 points. On a province-by-province assessment, 21 out of 24 Mindanao provinces suffered declines in their inequality measures between 2000 and 2003.

Another measure of poverty is the subsistence incidence or the capacity to satisfy food requirements. For the country as a whole, 13.8 percent of the population was living below the subsistence food threshold and was thus unable to meet their food requirements in 2003. For Mindanao, however, all its regions registered lower capacities than the national average. The Zamboanga and Caraga regions had the worst record as the two landed at the bottom of the list of 17 Philippine regions (32.8, 17th and 31.8, 16th respectively). Taking all six Mindanao regions, the subsistence incidence was 24.88, or 11.1 points higher than the national figure. This is an ironic situation given Mindanao's reputation as the Philippines' food basket; the region supplies 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 when large-scale irrigation projects cause small farmers to lose substantial areas of their already small holdings. Site selection takes place often without the participation of the affected population and, sometimes, the selected sites are wrongly identified as uninhabited lands.

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

Large-scale projects entail high construction and maintenance costs, unlike small irrigation systems and scaled-down hydroelectric units, which can do the job just as well with lower costs and less social displacements. Large irrigation projects are also major pollutants as several irrigation systems discharge their return flows to only one major river, thus depriving families living on river banks of a safe water supply. In addition, huge dams also reduce soil fertility.

The major industries in Mindanao are of the extractive type, which exploits and depletes natural resources. The rate of depletion of forests and fishing grounds is alarming and unfortunate because these are, after all, renewable resources. On the other hand, industries dependent on nonrenewable riches such as minerals pose long-term risks for their dependent workforce once total depletion occurs. In the tuna fish sector, lack of supply sometimes forces canneries to import fish.

Dislocation and displacement have 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 expansion of pineapple production by Del Monte in Bukidnon has pushed local communities off their lands. Also in Bukidnon, ancestral lands belonging to Manobo communities have been grabbed by cattle ranchers who then sold the lands to the Bukidnon Sugar Corporation.

The extensive monocropping patterns of agribusiness corporations dependent on high levels of chemical applications deplete soil nutrients. In the case of the banana and pineapple industries, it is feared that once their operations cease, the badly damaged soil would not be able to sustain any other crop for many years. The cultivation patterns of pineapple plantations erode the soil, adversely affecting neighboring farmlands.

Depletion of resources without adequate replenishment measures ultimately damages the environment. Periodic flooding in logged-over areas in Northern Mindanao causes deaths and render thousands homeless. Extensive use of chemicals in farms disturbs the ecological balance in the area. Pineapple plantations encroach into watershed areas "causing substantial damage due to floods" while 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.

Extensive use of agricultural chemicals by agribusiness operations also poses health hazards. Banana workers are endangered by exposure to harmful chemicals as plantation owners often do not institute health and safety measures, and doctors and nurses at these farms are not trained in occupational safety methods. Thousands have been victims of pesticide poisoning in the plantations. Aerial spraying of pesticides by banana companies has become a major issue in the area.

Most industries in Mindanao are export-oriented and are dependent on the vagaries of international trade over which local producers have no control, since the products they export are of low value added and do not fetch premium prices. 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. In the case of the fishing industry, the growth of an export sector has raised the prices of fish in the local market and put it beyond the reach of poor families.

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. Indigenous research is practically absent as selectively introduced foreign technology is exclusively utilized.

Processing activities have not gone beyond preliminary manufacturing stages and center on export-oriented goods. The wood industry, one of the oldest sectors, remains dependent on the intermediate processing of logs and lumber into plywood and veneer. Import dependence also characterizes a large number of these industries. The export fruit sector depends on the import of expensive chemical inputs to maintain high production levels. The Kawasaki sintered-ore plant imports almost all of its raw materials of iron ore and coke. The exceptions are agricultural and fish processing, but being food products, their net value added is relatively low. The economic underdevelopment of Mindanao explains its low share of the country's gross domestic product.

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. Third, the Mindanao regions are being drained of incomes by more developed northern regions. Fourth, 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.

The theory on internal colonialism 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."[6]

This situation is clearly evident in the Mindanao case. The data shows 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

Mindanao has been the object of relentless economic exploitation since the turn of the 20th century. This process has produced immeasurable wealth and riches for a few mostly non-Mindanaoan firms and individuals. 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.

Notes

1 This essay is based on a presentation made at the UP Academic Congress, Malcolm Hall, University of the Philippines Diliman, 2 February 2010. It is a shorter version of a paper revised and updated from two previous studies by the author: "The Political Economy of Mindanao: An Overview" in Mark Turner, et al (eds), Mindanao: Land of Unfulfilled Promise (Quezon City: New Day Publishers) 1992 and "Mindanao Briefing Paper" (2007) a research report submitted to the Consuelo Foundation. For the updated data, the research assistance of Sascha Gallardo is gratefully acknowledged. Eduardo Climaco Tadem, Ph.D., is Professor of Asian Studies, University of the Philippines Diliman.

2 Medium Term Philippine Development Plan 2004-2010, p. 34.

3 Riza T. Olchondra, "Sumitomo to invest $2.1B in Surigao mine project," Philippine Daily Inquirer, 16 February 2010, p. B5.

4 These data on TNCs in Mindanao are based on studies conducted in the 1980s and need to be updated for changes that have taken place, particularly in the plantations which have since been placed under the 1988 Comprehensive Agrarian Reform Program. The general picture, however, remains valid.

5 Bernard Allauigan, "New Mindanao development body gains ground," Business World, 19 January 2010 and Tina Arceo-Dumlao, "Fulfilling the promise of growth in Mindanao," Philippine Daily Inquirer, 24 January 2010.

6 Michael Hechter, Internal Colonialism (London, 1975). See also David Brown, The State and Ethnic Politics in South-East Asia (Routledge, 1994) pp. 158-205.