

- *Let us learn a lesson from China. By a decentralized production of vital war materials she has kept up an unflinching resistance against superior forces.*

# DECENTRALIZATION: KEY TO ECONOMIC DEFENSE

By HILARION G. HENARES

**T**HE leading theme of the day is War. The leading problem National Defense. But National Defense is itself reducible to military and economic preparedness. We are concerned, at the moment, with the economic phase of the problem.

In the light of present-day events, it seems to me that our industrial set-up needs revamping if we expect to survive the existing crisis. Not that industrialization, in its modern concept, is no good *per se*. Rather, its application here is inappropriate, or at least premature.

In the United States, mass production is both effective and necessary. By mass production I refer to the large-scale output of commodities by a big corporation utilizing automatic machines to supplant human labor. This method has been proved effective in every phase of economic activity, from automobiles to canned salmon, from tooth-brushes to electric bulbs. It was necessary to resort to mass production because human labor in America costs high. To cut down overhead, to reduce unit cost, manufacturers were practically forced to turn to precision machines.

The desired result was achieved, all right. Cost of labor per unit product was cut to a minimum. The

these demands or else close down their plants. By way of retaliation, however, engineers and inventors are hired by capitalists to create better automatic machines capable of reducing human labor to a minimum without curtailing production. These new machines will again bring increased profits for capitalists, inducing further demands from labor. And so on around the vicious circle till a breaking point is reached, or till there are left only a few privileged workers earning \$10.00 or more. Against this handful aristocrats of labor will be armies of unemployed.

I have watched breadlines in America—lawyers, doctors, engineers, line up with common hoboos to get their relief checks. It is a pathetic sight. It knocks the pride off any man. One night, I saw a husky man parading down Broadway with a placard on his back that read: I DON'T WANT GOVERNMENT HELP; I WANT WORK.

The experience of America and England should not be repeated here. They were forced into mass production because of high living standards and high cost of labor. But here in the Philippines, conditions are different. Our mode of living is simple. Labor is cheap. Moreover, agricultural masses periodically increase the supply of Philippine labor due to the seasonal nature of their crops. Still another reason why mass production is not essential to our economy is that unlike the United States and other highly industrialized countries, we are not out to compete in the world market. We strive primarily to produce locally what we ordinarily import from abroad.

To take a concrete example: say we want to produce coir sacks or sand-bags under the American industrial system. We put up a highly mechanized plant capable of turning out 10,000 bags a day. But this factory will require around 500 men who will have to be paid from P1.00 to P3.00 a day, all in all a total investment of at least two million pesos.

By harnessing home industries, and taking advantage of "in between" labor made idle by seasonal crops, the same production can be effected with an investment of half a million pesos and the labor of 30,000 men, women and children. Of course they will consume more time, and they will not earn as much as the 500 workers in the factory unit, but we shall have the consolation of knowing that more people are being kept busy, are given the chance to earn a livelihood, and that unnecessary exodus of labor to crowded industrial centers such as Manila is being prevented.

Moreover, in the event of war, a single bomb can wipe out an entire factory or industrial district. We know by now that the crippling of factories engaged



Engineer Henares with Mr. Van Der Jagt. Photo taken at a sack factory in Amiens, France.

public rejoiced at the flooding of the market with goods at low prices. But the nation had to pay for benefits derived. Mass production created the spectre of Technological Unemployment.

Why? Because mass production means bigger profits for capitalists. This in turn induces labor to demand high wages. Capitalists have to accede to

in producing war-supplies is as important an objective for air-raiders as strafing a battalion of infantrymen. Successful bombings of these objectives demoralize troops dependent upon them, interfere with planned strategies, and tip the scales of war in favor of the enemy.

Large factories, under the American system of mass production, are usually clustered together, concentrated in urban centers. They are not difficult to locate from the air. Tall chimney stacks, large buildings, rows of laborers' dwellings mark them out to the enemy's bombs.

Let us learn a lesson from China. For years, she has withstood invasion by Japan. Militarily, she uses guerilla warfare to advantage. Industrially, she has decentralized production of vital war materials, yet keeping up an unflinching resistance against superior forces.

Instead of concentrating her raw materials in large factories and making use of bulky, stationary machineries, she has organized small but well-coordinated cooperative factories in every village and town. Household factories are mobile units, with portable tools and equipment, whose output are assembled into finished arms or supplies "somewhere in China." Just where, Japanese bombers never can locate—for the simple reason that it has no permanent location.

When one, or two, or more household factories are blown up, others spring up elsewhere. There is no permanent concentration of either labor, raw mate-

rial, or finished products. Yet production is unceasing. This is what decentralization is doing for China. For a country like ours, scattered and far-flung geographically, decentralization can do no less.


Nor is this system good only during war-time. In the Philippines, it could be utilized to keep our idle man-power from unnecessarily crowding urban and industrial centers; it could solve seasonal unemployment; it could increase the earning capacity of laboring masses as well as inculcate in our people the spirit of industry. It is not a backward step. It is a corollary to economic progress.

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