

The Unalloyed Academic

JOSE Encarnación, Jr. (1928-1998) casts a huge shadow over the University of the Philippines School of Economics from which governments have recruited their economic planners and technocrats from the 1960s up until the current Administration.

Encarnación was acknowledged as the most distinguished Filipino economist when he died in 1998, commanding the respect of academics in this country and overseas. He won recognition and respect for his rigorous scholarship and his body of economic writings. His visible legacy is the UP School of Economics, which he helped found in 1965, when the country was in the throes of industrialization driven by the import substitution strategy, the conventional formula for industrial development at the time.

Encarnación was dean of the School of Economics from 1974 until his retirement in 1994, during which the school developed as the foremost teaching institution of economics in the country, producing minds that have led economic policy formulation in government in what is now the National Economic Development Authority (NEDA). A dedicated scholar who imposed a rigorous discipline on his

profession, as well as on his faculty and students, Encarnación is remembered by his students for his theory of 'lexicographic preferences', which posits that "human choices and behavior are better understood in terms of people behaving according to a hierarchy of goals rather than maximizing an amorphous 'utility'."

Encarnación's academic rigor is legend among his students and peers. He was, in the words of two of his students, the 'unalloyed academic'. This issue, consisting of essays written by his students and faculty of the UP School of Economics, is dedicated to Encarnación in recognition of his scholarship and the academic tradition which provided the milieu of his works.

The tribute is led by an essay, "Jose Encarnación: A Memorial", by Prof. Emmanuel S de Dios and UP School of Economics Dean Raul V Fabella. Their essay explores the demanding standards of Encarnación's scholarship as well as the fascinating human dimensions of the life of an academic that shunned the spotlight of public life.

Gerardo P Sicat, chief of the NEDA during the term of President Ferdinand Marcos, writes about the "Myths and Fallacies in Economic Policy Debates." Sicat examines the fallacies that framed

the debates on industrial policy, social amelioration and macroeconomics, and notes that some fallacies continue to hold sway.

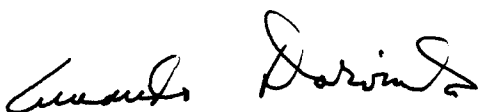
Emmanuel S de Dios's essay on corruption surveys the various pieces of economic theorizing about corruption, including the literature on rent-seeking, transaction costs and the industrial organization of corruption. The paper emphasizes the economic costs of corruption and argues that the poor are the losers in a regime of corruption.

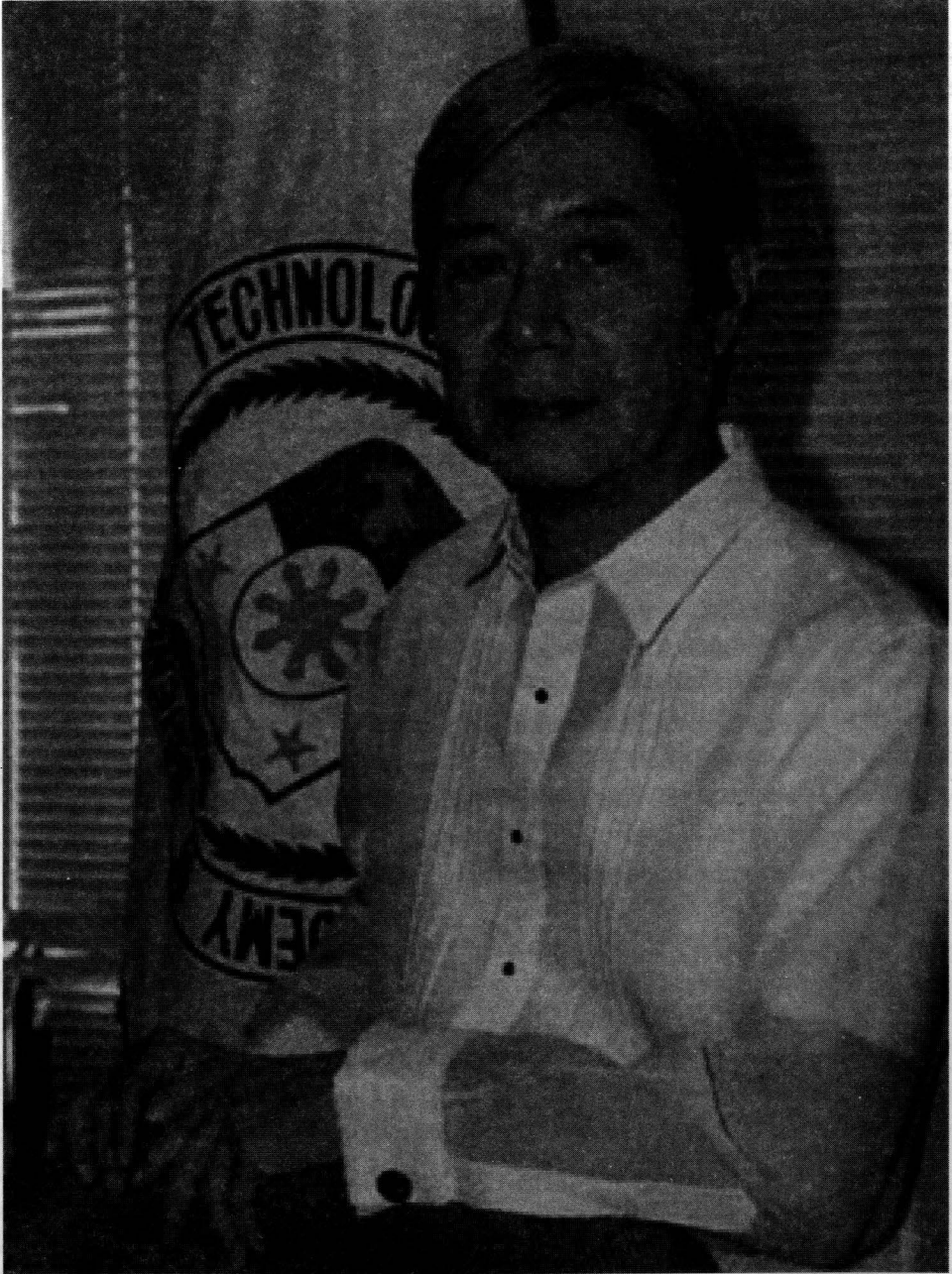
Raul V Fabella offers a new perspective on the stalemate at and the breakdown of the World Trade Organization Ministerial Conference in Seattle in November 1999 which was marred by violent demonstration of worldwide nongovernmental groups protesting against the downside of globalization. He argues that to make sense of Seattle, the clashes there have to be viewed through the prism of 20th century history, especially the end of the Cold War. This historic conjuncture, he

writes, unleashed previously suppressed distributional conflicts and institutional dogmatism combined with the growing affluence of some middle income economies.

Gwendolyn R Tecson's essay, "Where Are We in Tariff Reform?", traces tariff policy reform developments in the Philippines beginning in the 1980s and culminating in a uniform 5 percent tariff rate by 2004. She discusses how much distance has been covered toward achieving this goal and how serious are the attempts to derail the reform program.

Orville Solon and Eduardo Banzon examine the causes of the inequalities of drug prices across countries producing them and the inefficiencies of the Philippine drug industry. They discuss the utilization of competition policy as a way of addressing the situation.





Jose Encarnación
1928 - 1997