



# *The Doctor Is In*

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## *The Origins Of A Bad Economy*

**NEW YORK, N.Y., Dec. 06 (PinoyGlobal)** - The financial crisis in the world today is like a flu pandemic. The world is reeling under the weight of it and cannot believe what is happening. Unlike the possible ways to fight a flu pandemic, though, there is no vaccine for the economic chaos engulfing the planet, except to earnestly pray a great deal.

Economy is based on value. To get value of something you should produce something and then to create a value is like the advancement of a simple amoeba. The stages of the economy were to evolve from simple agriculture, to labor intensive industry, to light industry, to heavy industry, then to complex financial industry.

Agriculture is the earliest and simplest form of industry, just like an amoeba. When the first Europeans came to America, the first industry was agriculture. They learned from the Indians how to plant corn and vegetables. During the rise of Mao Tse Tong he started with an agricultural revolution, and so on.

The Philippines is mainly an agricultural country. America developed a strong agricultural sector of industry - starting in the late 19th century until the 60s. Hawaii started as a sugar cane and pineapple state using Filipino migrant workers, but because of the tightening of borders farm companies moved to South America. The Central plains of America that used to produce corn and soy are now

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having problems because those are no longer profitable. Brazil has replaced the US as the number one exporter of soy to China, and agriculture has slowly disappeared as part of the US economy.

The next stage of economization is what we call industrialization. We know that agriculture has a very limited capacity to create certain values. A hectare of land could only produce 90 cavans of rice, maybe once or twice a year. However, with industrialization, productivity is increased.

The first stage of industrialization is what we call labor intensive industry. America used to have factories utilizing lots of laborers for their textile and garment industries. Ridgewood, Queens has a lot of old buildings where textiles and garments were once produced. These buildings are now empty like dinosaur skeletons, and are only being used as storage for products from China to be distributed to 99-cent stores. Others were converted into loft apartments for wealthy yuppies who work in Manhattan.

This happened because the multinational corporations wanted cheaper labor for bigger profit. As a consequence, they moved their companies to Asia in the early 80s.

The next stage of industrialization is what we call light industries. This is more complex than labor intensive industries. The light industry includes production of electronic items like TVs, radios, sewing machines, etc. America once produced these products and exported

them all over the world. However, these industries were also moved to Asia because of cheaper labor and bigger profit. So this also disappeared as a part of US industry.

The next stage of development is what we call heavy industry. This heavy industry needs heavy investments and sophisticated technology. America used to have steel, aircraft and shipbuilding industries. Nonetheless, in the 90s these were lost to other countries.

Airbus from Europe competed with McDonnell-Douglas in making jumbo jets. The steel industry, which used to be a monopoly of New York, is now taken over by China's multibillion-dollar steel plants. They have steel plants the size of Disneyland complete with their own nuclear plants and port. There, iron ore from Brazil is converted to Ibeam for building constructions all over the world and into rolled metal plates for the production of cars.

China also has the biggest bus production plant in the world. The roads of the Philippines are now occupied by buses made in China like the King Long and Golden Dragon types. It costs about fifty thousand to buy such a tourist bus compared to one to two hundred thousand if the bus is US-made. These buses last only five years, though.

On the other hand, Amianan, made in the Philippines and handcrafted at that, would cost thirty thousand and last twenty to thirty years. But again, that sector of industry was lost to China five to ten years ago.

The last stage of economic development is the financial industry. During the last five years America was

able to stay afloat because of her financial district. All the earnings in the world were reinvested in America. The dollar was the world currency. China, Japan and the OPEC nations invested their money in the US.

However, because of greed banks used these monies irresponsibly when they loaned money for mortgages to families making \$40,000 a year on a half million dollar home, causing the collapse of the housing industry and the beginning of the economic crisis.

To summarize, the US has become a consumer instead of an exporter and our consumption has exceeded our ability to pay, causing a trade deficit which started about eight years ago. When Clinton was president we had a \$200 billion surplus, but later we incurred a \$500 billion deficit yearly, which accumulated to \$10 trillion creating a 300 percent debt income ratio. Ideally, it should never exceed 100 percent.

The Philippines today, in spite of its corrupt government, has only a debt income ratio of about 40 percent, partly because it has always relied on overseas workers' yearly remittances in the billions of dollars.

I was recently in the mall with my 7-year old son. He showed me his \$2. He said daddy, please buy me this airplane toy. I bought it and told him to keep his money and pay me when you grow up and have a job.

And I hoped that by the time he pays me back, America shall have already paid all her debts as well.

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