

RECORD OF THE SENATE

MONDAY, NOVEMBER 16, 1992

RESUMPTION OF THE SESSION

At 10:17 a.m., the session was resumed with the Honorable Neptali A. Gonzales, President of the Senate, presiding.

The President: The session of the Senate is hereby resumed.

The Majority Leader is recognized.

Senator Romulo: Mr. President, may we ask the Secretary to read the Second Additional Reference of Business.

The President: The Secretary of the Senate is directed to do so.

SECOND ADDITIONAL REFERENCE OF BUSINESS

BILL ON FIRST READING

The Secretary: Senate Bill No. 926, entitled

AN ACT PROVIDING FOR THE ESTABLISHMENT AND CREATION OF A POLYTECHNIC UNIVERSITY IN THE CITY OF QUEZON, TO BE KNOWN AS THE "POLYTECHNIC UNIVERSITY OF QUEZON CITY" GIVING IT CORPORATE EXISTENCE, PROVIDING FOR A BOARD OF REGENTS, DEFINING THE BOARD'S RESPONSIBILITIES AND DUTIES AND FOR OTHER PURPOSES.

Introduced by Senator Sotto III.

The President: Referred to the Committee on Education, Arts and Culture.

RESOLUTIONS

The Secretary: Proposed Senate Resolution No. 213, entitled

RESOLUTION INQUIRING INTO THE POLICIES, RULES AND REGULATIONS RELATING TO ADOPTION, ESPECIALLY THE ADOPTION OF FILIPINO CHILDREN BY NON-RESIDENT FOREIGNERS THRU THE INTER-AGENCY OR INTER-COUNTRY ADOPTION PROCESSES, FOR THE

PURPOSE OF DETERMINING WHETHER THE SAME ARE IN KEEPING WITH LAW AND ESTABLISHED POLICIES DESIGNED TO PROTECT CHILDREN AGAINST ABUSE AND EXPLOITATION, AND WHETHER OR NOT THERE IS NEED TO RELAX OR ADOPT NEW LEGISLATION TO PROMOTE AND PROTECT THE WELFARE OF HOMELESS OR ORPHANED CHILDREN AS PART OF A WHOLISTIC APPROACH TO SOLVE THE PROBLEMS OF CHILD ABUSE, POVERTY, CHILD DELINQUENCY AND MEN- DICANCY.

Introduced by Senator Shahani.

The President: Referred to the Committees on Women and Family Relations; and Social Justice, Welfare and Development.

The Secretary: Proposed Senate Resolution No. 214, entitled

RESOLUTION DIRECTING THE COMMITTEES ON JUSTICE AND HUMAN RIGHTS AND ON SOCIAL JUSTICE, WELFARE AND DEVELOPMENT TO LOOK INTO THE STATE OF IMPLEMENTATION OF REPUBLIC ACT NO. 7610 OTHERWISE KNOWN AS THE SPECIAL PROTECTION OF CHILDREN AGAINST CHILD ABUSE, EXPLOITATION AND DISCRIMINATION ACT.

Introduced by Senator Shahani.

The President: Referred to the Committees on Women and Family Relations; and Social Justice, Welfare and Development.

The Secretary: Proposed Senate Resolution No. 215, entitled

RESOLUTION URGING THE PRESIDENT OF THE PHILIPPINES TO APPOINT A FARMER'S REPRESENTATIVE AS MEMBER OF THE NATIONAL FOOD AUTHORITY COUNCIL.

Introduced by Senator Macapagal-Arroyo.

The President: Referred to the Committee on Agriculture and Food.

our copies, furnished to us by the Secretariat. The Senate Bill No. 176 that is in the Senate President's file is not the committee report. That is why, he was at a loss, and my Colleagues were at a loss, when they referred to the amendments as being introduced by the committee because they will not jibe with the original bill. The one in the folder is the original bill, as filed, Mr. President. But we already submitted the committee report, as submitted by the committee.

The President: At any rate, consideration of this bill has already been suspended, and we can take note of all of these manifestations when the bill is called again.

The Majority Leader is recognized.

BILL ON SECOND READING
Senate Bill No. 252 - Book Publishing Industry

Senator Romulo: Mr. President, I now move that we consider Senate Bill No. 252 under Committee Report No. 28, on the Book Publishing Industry.

Pursuant to Section 54 of the Rules, may I ask that the Secretary limit the Second Reading to the title of the bill, Mr. President.

The President: The Secretary will do so.

The Secretary: Senate Bill No. 252, entitled

**AN ACT PROVIDING FOR THE DEVELOPMENT
OF THE BOOK PUBLISHING INDUSTRY
THROUGH THE FORMULATION AND
IMPLEMENTATION OF A NATIONAL
BOOK POLICY AND A NATIONAL BOOK
DEVELOPMENT PLAN.**

The following is the full text of Senate Bill No. 252:

EXPLANATORY NOTE

The intellectual, technical and cultural development of the citizenry constitutes the required social foundation for the economic and social growth of a nation. All-important in this regard is the world of books that molds a people's thinking, outlook and values. In its task of nation-building, the Philippines cannot afford to be without, among others, those books "that record for the nation those significant landmarks -- in the form of great ideas, lives, events -- that illumine the development of the Filipino

nation."

Indeed, the book remains the most effective and economical tool for achieving enduring educational growth; for imparting knowledge and information; and for recording, preserving and disseminating the nation's cultural heritage. Moreover, the sustained reading of books, even outside the confines of formal schooling, efficiently combats illiteracy, an acknowledged major constraint in attaining socioeconomic progress.

Yet, the critical role of books in national development is not sufficiently acknowledged, and the present problem of an impoverished state of book development has not been addressed. The Philippines lags behind most Asian countries in book production, and worldwide, publishes the least number of books per capita.

The Philippine book publishing industry lives a deplorable existence. Government attitude towards its development is one of complete indifference. Hence, book publishing is not regarded as a priority nor an essential industry. The industry does not even merit mention in the NEDA development plan. Book publishing is literally allowed to fend for itself and survives precariously without government support nor assistance. The Philippine book industry is beset by the major problems presented below.

1. Since book publishing is a non-priority industry, and publishers have no access to liberal financing, the industry attracts very little investment. Proof of this is that only about 30 full-time companies engage in full-time book publishing.

2. While imported books are tax and duty-free, following the Florence Agreement on the Free Flow of Information, imported paper to be used in the production of the same books are heavily taxed. The country imports finished books tax-free. This is the reason that Philippine publishers are encouraged to print books outside the country and import the same as finished books.

3. The government policy of protecting local producers of paper and ink has contributed to the continuing poor quality, inadequate supply, and high cost of paper for books.

4. The lack of adequate marketing facilities

hampers the distribution of books even to a limited market. Outside of Metro Manila there is a dearth of bookstores. Furthermore, the cost of distributing books is exceedingly high, since transportation and postal facilities are inadequate and most unreliable. As a consequence, ninety-five percent (95%) of book sales are made in Metropolitan Manila.

5. A functioning nationwide public library system does not exist, and the present skeleton of a national library can barely survive with the meager resources allocated to it in the DECS budget. Consequently, for the vast majority of the Filipino people, there are no libraries -- the only feasible means in a Third World country through which the people can have access to books.

6. Local private book production has been practically stifled by the virtual monopoly in textbook production undertaken by the government. While this program has considerably eased the serious lack of textbooks in the public schools, it has resulted in curtailing initiatives of prospective authors and retarding the growth of the Philippine book publishing industry, the mainstay of which, as everywhere else in the world, is the production of elementary and secondary textbooks. About seventy percent (70%) of local book production consists of textbooks and general references, and of this production, the government textbook monopoly has left as market for private publishers only five percent (5%) of the elementary-pupil and forty-eight percent (48%) of the secondary-pupil population.

7. Copyright laws are so poorly enforced such that authors and publishers are not adequately protected from all forms of piracy. This rampant disregard for intellectual property rights serves to discourage creativity and legitimate entrepreneurship in the book publishing industry.

8. There is no coordinated, rationalized program to develop skilled manpower, as well as to upgrade the skills of present personnel of the book publishing industry -- an effort needed to provide competence in handling such highly technical aspects of book development and production as publishing management, marketing, editing, book design and printing.

9. No effective agency exists to coordinate book concerns and implement book policies; to compile,

provide data and information; and to generate research studies on books and the book industry.

Measures to solve the problems indicated above need to be formulated and implemented in order to make book publishing a more viable industry. The suggested measures here stipulated are oriented toward achieving a three-fold thrust: (1) Developing the industry through a provision for incentives and assistance; (2) Promoting readership and making books accessible to the greatest number of Filipinos; and (3) Providing better protection for the intellectual property rights of authors and publishers. For this purpose, there is a need to develop an integrated and interdisciplinary national book development plan for building a vigorous book industry that serves both formal and informal education and the formation of an informed, intelligent and skilled population.

For the foregoing considerations, the early passage of this bill is earnestly requested.

(Sgd.) EDGARDO J. ANGARA
Senator

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. *Title.* -- This Act shall be known as the "Book Publishing Industry Development Act".

SEC. 2. *Declaration of Policy.* -- It is recognized that the book publishing industry has a significant role in national development, considering that the books which are its products are instrumental in the citizenry's intellectual, technical and cultural development--the basic social foundation for the economic and social growth of the country. Books are the most effective and economical tools for achieving educational growth, for imparting information and for recording, preserving, and disseminating the nation's cultural heritage.

Accordingly, it is hereby declared a policy of the State to promote the continuing development of the book publishing industry, as a means for ensuring an adequate supply of books. For this purpose, the Government shall formulate, adopt, and implement a National Book Policy and a corresponding National Book Development Plan that will serve as the enduring basis for fostering the progressive growth

and viability of the book publishing industry.

SEC. 3. *Definition of Terms.* -- For purposes of this Act, the terms below shall be construed to mean, except where explicitly indicated or where the context clearly indicates otherwise, as follows:

(1) Book - as defined by UNESCO, a printed non-periodical publication of at least forty-eight (48) pages, exclusive of cover pages, published in the country and made available to the public.

(2) Textbook - a book which is an exposition of generally accepted principles in one (1) subject, intended primarily as a basis for instruction in classroom or pupil-book-teacher situation.

(3) Book Title - refers to a particular book of which a number of copies are printed.

(4) National Book Policy - a statement of the intention and philosophy of the State as a basis for the formulation and implementation of measures for the development, production and distribution of books.

(5) National Book Development Plan - refers to the integrated approach for fostering book development, consisting of the totality of the procedures and systems for attaining the balanced growth of the various components of book development and production, including preparation and distribution of books.

(6) National Development - is used in the most general sense to refer to the country's progress as well as to the processes or measures that contribute to such progress.

SEC. 4. *National Book Policy.* -- The National Book Policy shall conform to the policy provided for in Section 2 hereof and shall have the following basic purposes and objectives:

(1) To create conditions conducive to and ensure infrastructural facilities for development, production and distribution of books;

(2) To obtain priority status for the book publishing industry;

(3) To ensure an adequate and accessible supply of books for all segments of the population;

(4) To promote book readership especially among the young and neo-literates, through programs promoting literary and good reading habits, book fairs and exhibits, and through the establishment of an efficient nationwide system of libraries and reading centers especially in the rural areas;

(5) To promote the development of indigenous authorship and of translations among various language groups in the country;

(6) To promote the effective distribution of books nationwide through adequate, efficient and reliable postal and transport delivery services at concessional rates;

(7) To foster the development of the skills of personnel engaged in book publishing through in-service training programs and through establishing formal degree and non-degree book publishing courses in schools;

(8) To inculcate the concept of intellectual property ownership and to protect the rights of authors and publishers by strictly enforcing copyright laws and providing legal assistance to authors and publishers in suits related thereto; and

(9) To reaffirm and ensure the country's commitment to the United Nations Educational Scientific and Cultural principle of free flow information and other related provisions as embodied in the Florence Agreement and in other similar international agreements.

SEC. 5. *National Book Development Plan.* -- The National Development Plan shall include the specific measures needed to realize the purposes and objectives of the National Book Policy. The formulation of the plan shall involve: (1) The collection and tabulation of data on book production covering such areas as paper production, supply and consumption, publishing equipment and machinery and existing distribution networks; (2) A survey on the availability of adequate and proper manpower and supporting skills needed by the publishing industry such as authors, editors, designers and illustrators, marketing personnel and printers; (3) A survey of existing legislation affecting the book industry both at the national and international levels; (4) A survey of professional training capability as well as of reading habits and attitudes; and (5)

Consultations with all segments of the book industry concerned in planning for and preparing the book development plan on the basis of the results of the aforementioned surveys.

The book development plan shall have the following components and/or requisites:

(1) A human resource development program for book personnel;

(2) Guidelines for ethical practices in the book trade;

(3) Measures for attaining balanced attention and bridging the communication gap among people living in different parts of the country;

(4) Provisions for a strong and effective mechanisms for book development in the country;

(5) Provisions for producing books for such various categories of readers in the country as pre-school children and schoolchildren, school drop-outs, neo-literates, the handicapped, professionals, general readers and ethnic groups;

(6) Measures for addressing the needs and problems of the book industry as indicated in the surveys conducted; and

(7) The designation of an appropriate government authority to ensure effective implementation of the plan.

SEC. 6. National Book Development Board. -- There is hereby established a National Book Development Board, herein referred to as the Board, under the Office of the President, to be composed of the Secretary of Education, Culture and Sports and the Secretary of Finance as Ex-Officio Members, two (2) representatives selected and appointed from the nominees of organizations of private book publishers, and one (1) representative from the academic community.

The members of the Board shall elect a chairman from among themselves.

Appointive members of the Board shall serve a term of three (3) years: *Provided*, That no member shall serve for more than two (2) consecutive terms.

The Board shall have a permanent Secretariat under an Executive Officer who shall be appointed by the Board.

The Board shall both be an advisory and independent operating agency, with functions and powers as follows:

(1) Assume responsibility for carrying out and implementing the policies, purposes and objectives provided for in this Act;

(2) Formulate plans and programs as well as operational policies and guidelines for undertaking activities relative to promoting book development, production and distribution;

(3) Formulate policies, guidelines and mechanisms to ensure that editors, compilers and especially authors are paid justly and promptly royalties due them for reproduction of their works in any form and number and for whatever purpose;

(4) Conduct or contract research on the book publishing industry, including monitoring, compiling and providing data and information on book production;

(5) Provide a forum for interaction among private publishers, and shall, for the purpose, establish and maintain liaison with all the segments of the book publishing industry; and

(6) Promulgate rules and regulations for the implementation of this Act in consultation with other agencies concerned, except for Section 9 hereof on incentives to book development, which shall be the concern of appropriate agencies involved.

SEC. 7. Participation of the Government in the Public School Textbook Programs. -- Government shall confine itself to:

(1) Preparing the minimum learning competencies and/or prototypes and other specifications for the books and/or manuscripts called for;

(2) Testing, evaluating, selecting and approving the manuscripts or books to be submitted by publishers for multiple adoption;

(3) Distributing textbooks to the public school system; and

(4) Promulgating with the participation and assistance of the Book Development Plan rules and regulations for the private book publishers in the call, testing, evaluation, selection, approval, as well as production specification and acquisition of public school textbooks.

The Government shall undertake a gradual and systematic phase-out of its elementary and secondary school textbook publication and distribution functions and make every effort to support the phasing in of private publishers to assume these functions. For its part, the Board shall monitor and conduct an annual evaluation of the progress of this shift of functions from government to the private sector.

Government shall continue to develop, publish and distribute textbooks for use in public schools until such time that the Board, guided by the results of this annual evaluation, shall deem the private sector ready to meet the textbook requirements of public schools.

SEC. 8. *Participation of Private Publishers in the Public School Textbook Program.* --

(1) Guided by the minimum learning competencies, for the elementary level, the desired learning competencies for the secondary level, syllabi and/or prototypes and other specifications prepared by the government, publishers shall develop and submit to Government those manuscripts or books intended for use in the public schools for testing, evaluation, selection and approval.

(2) Upon approval of the manuscripts or books, publishers shall produce and supply the textbooks as ordered by the Government.

SEC. 9. *Incentives for Book Development.* -- Accredited *bona fide* publishers shall be given the following incentives subject to pertinent guidelines issued by the Board:

(1) Duty-free importation of paper for exclusive use in book publication; and

(2) Access to government credit facilities at such

preferential rates and with the same privileges as are accorded to industries registered under the Investment Incentives Act, whenever applicable.

SEC. 10. *Penalties.* -- The Board is hereby authorized to prescribe appropriate penalties for violations of the rules and regulations promulgated by the Board pursuant to this Act.

SEC. 11. *Appropriations.* -- For the initial operating expenses of the Board and Secretariat, it is hereby authorized to be appropriated the amount of One million pesos (P1,000,000.00). Thereafter, it shall submit to the Department of Budget and Management its proposed budget for inclusion in the General Appropriations Act.

SEC. 12. *Transitory Provisions.* -- Within a period of six (6) months after the approval of this Act, the Board shall be constituted to start its operation.

All other government offices having functions similar to those of the National Book Development Board shall then cease to perform such functions. These functions shall henceforth be deemed transferred to the Board.

SEC. 13. *Repealing Clause.* -- All laws, decrees, orders or proclamations or parts thereof inconsistent with the provisions of this Act are hereby deemed repealed or modified accordingly.

SEC. 14. *Effectivity.* -- This Act shall take effect after fifteen (15) days following its publication in the *Official Gazette* or in any newspaper of general circulation.

Senator Romulo: Mr. President, for the sponsorship speech, I ask that the distinguished Senator from Aurora and Quezon, Senator Edgardo Angara, be recognized.

Senator Maceda: Mr. President.

The President: The Senate President Pro Tempore, Senator Maceda is recognized.

**STATEMENT OF SENATOR MACEDA
(Tax Incentives Provisions of Senate Bill No. 252)**

Senator Maceda: Mr. President, before the Sponsor begins his speech, I notice that in this bill, as in similar other

bills in the past, the heart of the bill is really in the incentives. I think all of the provisions of the bill are really meant to culminate in a package of tax incentives.

I was wondering, Mr. President, whether it is not proper that bills like this, at least that portion of it, should be acted upon by the Committee on Ways and Means. I have no objection to the sponsorship, but if the distinguished Majority Leader and the Sponsor will agree, may I suggest that the matter of the tax incentives, I think Section 9, be taken cognizance of by the Committee on Ways and Means. Because without that, I am sure the proponents of this measure, as it was in the Cooperatives Law and other similar laws, would not be that interested in the bill.

I want to raise that point because I just noticed it today as I was going over it, preparatory to the sponsorship, that there is a major tax incentives section in the bill.

SUSPENSION OF THE SESSION

Senator Romulo: Mr. President, may I ask for a one-minute suspension of the session.

The President: The session is suspended, if there is no objection. [*There was none.*]

It was 10:39 a.m.

RESUMPTION OF THE SESSION

At 10:39 a.m., the session was resumed.

The President: The session is resumed.

Senator Romulo: Mr. President, we have a motion to ask for the sponsorship of this bill by the distinguished Senator from Aurora and Quezon. May I ask that he be recognized.

The President: Senator Angara, the distinguished Author of this bill, is recognized.

SPONSORSHIP SPEECH OF SENATOR ANGARA

Senator Angara: Thank you very much, Mr. President.

Before I give my sponsorship speech, may I acknowledge the agreement that regarding the portion of this bill which refers to the incentive, we will refer it to the Committee on Ways and Means and we will await its recommendation before we tackle the bill as a whole. In the meantime, I think it is also timely to present this bill for consideration.

I wish to thank our Majority Leader for calling this bill to plenary discussion.

The Committee on Education, Arts and Culture is proud to sponsor this morning an important and laudable proposal, Senate Bill No. 252, which seeks to develop the Book Publishing Industry, through the formulation and implementation of a National Book Policy and a National Book Development Plan. We consider the proposal important because it hopes to arrest the perennial shortage of books in the country by encouraging the private sector to take vigorous part in their production.

We believe that by promoting readership and making books accessible to the greatest number of Filipinos through private sector participation in their development, we can build a more informed, intelligent and skilled population.

Indeed, the book remains the most important, effective and economical tool for achieving an enduring educational growth, for imparting knowledge and information, and for preserving the nation's cultural heritage. The critical role of books in national development in our country is not sufficiently acknowledged, and the present state of book development has not been addressed.

To date, the Philippines lodged behind most Asian countries like Korea, Australia, India, especially Japan, in book production. Worldwide, the Philippines publishes the least number of books per capita.

Why does this sad state of affairs persist this long? Primarily because government attitude towards book development is one of complete indifference. It is not regarded as a priority nor an essential industry. The book industry has to fend for itself. The National Economic Development Authority (NEDA) has even excluded it in the National Development Plan.

Essentially, Senate Bill No. 252 provides for the privatization of the book publishing industry, particularly in the development and publication of textbooks for use in public schools. It should be noted that, at present, a government corporate entity, the so-called Instructional Materials Corporation or IMC, handles publication of all instructional materials for public school use.

In effect, there exists a government monopoly of the public textbook market. This monopoly was intended to alleviate the textbook shortage which immediately existed after the World War, but this monopoly has caused gross inefficiency and monumental loss to government.

We remember, Mr. President, that during the last Congress, our committee and the Blue Ribbon Committee of Senator Tañada looked into the loss of close to P300 million committed by the Instructional Materials Corporation.

To stop the unhealthy consequences of the IMC monopoly, we spelled out in Sections 7 and 8 of Senate Bill No. 252 the respective roles of government and of the private publishers.

Under Section 7, the government shall undertake a gradual and systematic phaseout of its elementary and secondary textbook publication and distribution functions. Private publishers have the common perception that the continued existence of the IMC is unwholesome.

The other day, we heard the budget request of these corporations. We discovered that they have close to P200 million in cash and in securities. They have close to P300 million in paper inventory, and they have so many textbooks finished and printed lying idle in so many of their warehouses. This is the kind of gross and inefficient fiscal management that we want to avoid when the Government gets into a situation like this. The government business is not to manage business.

To date, there are 30 legitimate professional publishing corporations in the country. The government, however, controls 95 percent of textbook production in public elementary and 6 percent in the high school textbook industry.

A comparative study on the performance of the IMC and the private publishers, however, showed that the private publishers are far more efficient in the production and distribution of textbooks. The IMC production is beset by so much bureaucratic red tape, delay, and sometimes corruption.

In addition to the IMC monopoly, there are other factors which have stifled local book production. There is the poor enforcement of copyright laws, the lack of an effective agency to ventilate book concerns, the lack of a program to develop skilled manpower and the non-access of publishers to reasonable financing.

The book industry is also clamoring for the review of tax on imported paper, the improvement of marketing facilities, and the construction of additional public libraries nationwide.

Through Senate Bill No. 252, we hope to address all these concerns and pave the way for the development of the book publishing industry and molding the Filipino as a truly literate Filipino.

Senate Bill No. 252 provides for a national book development plan that shall include data on book production, survey on available manpower and supporting skills needed by the publishing industry, such as authors, editors, designers, illustrators, and marketing personnel. The plan will also provide guidelines for ethical practices in the book trade and a human resources development program for book personnel. To carry out this measure, a National Development Board is to be created.

Mr. President, and Colleagues, we have again the spectacle of the Philippines having so many creative people within its means--authors, creative writers, illustrators, cartoonists--and yet these people are not challenged enough. It is much better to import books than to print books in this country because imported books do not attract any duty or tax at all. On the other hand, the paper needed to produce good quality books in this country are taxed so high that local authors find it necessary to print their books in Hong Kong or Singapore and import them as finished products rather than print them in this country to give employment to our authors, illustrators, and printing personnel. Again, this is one instance where the Philippines used to, again, hold the competitive edge in all of Asia. We used to be the leading publisher of books in Asia. But we lost this competitive edge because of shortsighted policy climate in this country.

This bill does not simply provide duty and all the fiscal incentives to the book publishing industry. It is more than that because the industry needs more than fiscal incentives. While that is important, the industry also needs the policy support, the climate of public support towards the printing of books or towards the printed word. And this bill hopes to create that policy climate, that policy environment which, once again, will catapult the Philippines into the forefront as a leading country that prints or publishes books not only for the domestic market but also for the export market.

India, with its large English speaking population, has one of the largest book exporting industries in the world because they have created the fiscal and the policy environment that will encourage their writers and other creative people to re-store into book publishing. We want to emulate India's example in this country, and we hope, through the support of this Body, we will again make the Filipino a literate citizen, a highly informed voter, a highly active and enlightened member of a democratic society.

Thank you very much, Mr. President.

The President: All right. For the interpellation, so far we have the following order of interpellators: Senators Guin-

gon, Shahani, Tatad, Roco, Aquino and Mercado.

The Minority Leader is recognized.

Senator Angara: Before the interpellation, Mr. President, may I add that Senator Shahani and Senator Guingona are coauthors of this bill.

The President: Let that be noted.

Senator Guingona: Mr. President, will the distinguished Gentleman yield for a few questions?

Senator Angara: With pleasure, Mr. President.

Senator Guingona: Under the definition of what constitutes a book, 48 pages of non-periodical materials, would comics fit into that description?

Senator Angara: It does not fall within that definition, Mr. President.

Senator Guingona: Even if the comic book is more than 48 pages?

Senator Angara: If a periodical runs that long, Mr. President, for both economy and marketability, I think they would not make it into comic form. They will probably publish it as a book.

Senator Guingona: I am asking this because most of the reading materials of our youth today seem to have shifted from books to comics.

Senator Angara: That is true, Mr. President. We have in the committee's possession a survey of reading habits in this country, and we found that the predominant reading materials among the youth now are the comics.

One of the reasons we thought contributed to that sad spectacle is that books in this country have become so expensive. It is beyond the average means of a student.

I remember when I was in college, even with my limited monthly allowance, I can afford to buy at least one pocket book. But that is almost beyond the means of the average student in this country. As I said, it is uneconomic and discouraging for us to print our own books here because the tax and incentive policies of government would favor more the importation of printed books rather than the publication of books by local writers in the country.

Senator Guingona: How about pictorials in book form, would that be under the definition and covered by the incentives?

Senator Angara: Yes, Mr. President, the coffee table-type that we see. But, again, that illustrates the seeming elitism of our book publishing industry.

Because books in the country are so expensive, then there is a very high demand for coffee table-books. But coffee table-books are priced so high that only the moneyed or the affluent can afford to buy them.

If we have a book policy and program that will make the coffee book-type available to the masses, imagine the contribution to knowledge that we will have. For instance, if the work of our Colleague, Senator Nikki Coseteng, on the *Filipina Dress* is priced popularly, imagine the impact it will have on the consciousness of our youth with regard to the distinctive culture of the Filipino dress.

Senator Guingona: Was that particular book published abroad?

Senator Angara: It was published abroad, Mr. President. If we published it here, the cost of production would be higher, probably double the cost abroad, because of our very inimical fiscal and tax policy towards books.

Senator Guingona: The speech of the distinguished Gentleman points out the defects of our present book policy. It says that the importation of books are tax-free and duty-free. May we know why the imported foreign books are still priced very high, relatively high?

Senator Angara: Because, Mr. President, there is no competition. But if there are more books domestically published that can compete with imported books, then I think the price would be driven down. But as it is, since there is very little, almost minimal, domestic publishing, then the imported books have a near monopoly. Thus, they can command the high prices that they are commanding now.

Senator Guingona: I recall that Taiwan adopted a policy of copying the books regardless of any copyright laws and regardless of whether they are foreign or domestic books, thereby making all books cheap and available to the young, to the students, to the nation. Would the distinguished Gentleman consider adopting that practice here in the Philippines?

Senator Angara: Yes, subject to a qualification, Mr.

President. I think it is already obtaining in the country that one can print almost any foreign book or any technical book in the Philippines, provided that he pays the author a certain percentage, which is much lower than the commercial rate.

I believe that we should not simply pirate, but we should also acknowledge the work of the creator because it cuts both ways. We also want to protect our authors or creative writers in the same manner that foreign creators and authors also want their work protected.

Senator Guingona: What would be the royalty to be paid if the printer...

Senator Angara: Yes, Mr. President, that is why I think even under existing laws, there is a law that authorizes local publishers to reprint foreign books provided he sets aside a certain percentage for the author and the publisher.

Senator Guingona: As I understand it, the royalties demanded from the copyright would be unreasonably high, and therefore it would defeat the purpose of making available cheap books to the readers.

Senator Angara: That is why under the existing law, Mr. President, the rate imposed under that decree--if I remember correctly--is much lower than the commercial rate.

Senator Guingona: Would the distinguished Sponsor know, more or less, how much, for example, a textbook would entail for royalties, and ordinary book and novel?

Senator Angara: Mr. President, a technical book, for instance in engineering or in medicine, can cost up to P3000, and a novel or a current bestseller can cost up to P500.

Senator Guingona: What I meant was: Would the Sponsor know the amount of royalty?

Senator Angara: I see. I do not know the exact figure, Mr. President, but I know that the rate required to be paid under this decree is much lower than the commercial rate.

Senator Guingona: As I understand it in Taiwan, they pirated it and adopted it as a policy, and the original publishers of the book tried to make arrangements with the local publishers to get as much royalty as possible because they could not prevent the duplication of the books to achieve the purpose of making the books cheaper and they could not take counter-measures because the authors here would not publish books in their country so that there was no retaliation.

Senator Angara: Mr. President, we can take the Taiwan route or the Thailand route, though it is probably late in the day. Anyway, I am for managing the royalty that should be paid to foreign authors. But what we are discussing here is more than just the foreign publication. What we are trying to encourage here is the publication by local writers and creative people of books in the Philippines--written, printed and published by Filipino authors. That is the kind of development we want to create under this bill.

Senator Guingona: Yes. One of the recommendations by the distinguished Sponsor is to allow import duty-free of printing materials. Is that correct?

Senator Angara: Yes, Mr. President, because the book paper right now is taxed so high that it is almost prohibitive. And we know that the quality of paper also determines to a reader the quality of the book and the printing. Thus, we want to develop a quality-publishing industry.

Now, there are certain books and periodicals where we do not need quality book paper. We hope that in the end, we will be able to upgrade the quality of book paper in the country. But there are certain publications and periodicals that can use locally produced paper, though that is still insufficient for the industry.

The other area I want to touch is the textbook publishing area because that is the single biggest market for book publishing--the textbook market, the school market, the public school market.

As I mentioned in my main presentation, it is time that the government relinquish its monopoly over its exclusive printing, publication, and distribution. Because after almost over a decade of doing this--and to be fair, it is a pioneer in this area--it is time for the government to step out and give this to the private sector so that money and resources of the private sector can be tapped to enlarge the textbook industry.

Senator Guingona: Yes, the Instructional Materials Corporation is a controlled monopoly, in a sense, because they determine what textbooks to publish after the Education Board has spelled out the needs. They do this through bidding, but the bidding process is many times manipulated. Is that correct?

Senator Angara: That is correct, Mr. President, and worse, I think the financial management of the public money we give to this publishing monopoly is not well spent as we have discovered during the last Congress when we investi-

gated the finances of the IMC. They had invested close to P300 million in the money market.

Right now, they are sitting on close to P300 million worth of paper. They are running an inventory of paper of close to P300 million. I cannot imagine any sensible corporate management that sits on so large an inventory. That means they are tying up their money in inventory costs, and they are tying up warehouses and keeping that inventory. For what purpose?

Secondly, They said that they have printed so many textbooks for the elementary, but many of these are still lying idle in their warehouses. The distribution scheme is so poor and inefficient.

I was talking to the Australian Ambassador who is helping us provide textbooks to about 30 vocational institutions in the country. He told me that within one week, upon arrival of their books, those books get to their places of destination as far as Agusan. Just within one week. Why? Because they let the private sector distribute these books.

It takes almost a year, if at all, for the IMC to get a book distributed in Prosperidad, Agusan del Sur, or maybe even in Ipil, Zamboanga del Sur.

Senator Guingona: Does the distinguished Sponsor propose that we do away gradually with these instructional materials?

Senator Angara: We must now begin phasing out the IMC, Mr. President, and turn over much of its printing and distribution activities to the private sector.

The Department of Education can still continue to do the development aspect such as deciding what kind of textbooks should be written for Grade I and Grade II or what kind of contents should go into social science books for Grade II. This sort of things, Mr. President. That is essentially a matter for the Department of Education of any country to continue doing.

But the commercial matter of printing, publishing and distribution must now be given to the private sector rather than for us to pour so many million into this government monopoly that does not know how to take care of those millions.

Senator Guingona: They say that one of the reasons they are sticking to this kind of corporation is that they want to ensure adequate supply. Can that be had if the printing, the publishing and the distribution were left to the private sector?

Senator Angara: For example, Mr. President, providing one textbook to every elementary pupil will be achieved faster if we now ask and tap the private sector to help in the printing and the distribution.

We remember that as early as 1988, the former Secretary of Education, Lourdes Quisumbing, assured us that the one-to-one provision of textbook--one textbook for every pupil in the elementary schools in this country--would be achieved within the Aquino Administration.

Today, unfortunately, that is still the promise or pledge we are hearing from the new Secretary of Education.

So after this poor track record, it is time that we stop this hemorrhaging of public funds, especially in an area, like textbook, which influences very strongly the minds of every child in this country.

Senator Guingona: My last two questions, Mr. President. I understand that due to import liberalization, the duty for textbook paper has really come down to a negligible amount.

Would the distinguished Sponsor still insist on duty-free in the face of import liberalization? And would this not prejudice the local industry?

Senator Angara: What we are proposing, Mr. President, is that with regard to the key component to bookmaking, like book paper, while the local industries are not prepared to supply them quality paper, the tariff on that should be lowered.

Senator Guingona: It has been lowered, because--

Senator Angara: It is just on paper, Mr. President, and until such time that the local industry can come up with quality paper that will make us proud of the books we publish and print in the country. It is not going to be a prolonged tariff protection to them.

That is only one element in the creation of a policy environment that will foster the growth and development of the book publishing industry of the country.

Senator Guingona: The Gentleman would not advocate, in the meantime, newsprint to be used for the books.

Senator Angara: Yes. Newsprint, right now, Mr. President, is being used for book publishing.

But as the Gentleman knows, Mr. President, newsprints

are sometimes scarce. They are not even sufficient. Newsprint has a very short life span, three years, according to my information. So it is not really suitable to bookmaking.

Then, there are certain ingredients in printing that are so highly taxed, the tax of which should be lowered.

In other words, we are saying: "All right, from now on, the government will make a commitment, say five years or 10 years, to give that much fiscal policy and incentive to the book publishing industry. You take off on your own. We want the private sector to develop. After having given you this break, at the end of five or 10 years, we want to see the book publishing industry truly on its feet."

Senator Guingona: I would like to thank the distinguished Sponsor.

Thank you, Mr. President.

Senator Angara: Thank you, Minority Leader.

Senator Shahani: Mr. President.

The President: The Lady Senator from Pangasinan, Senator Shahani, is recognized.

Senator Shahani: Thank you, Mr. President.

Mr. President, I wonder whether the distinguished Author and Sponsor of this important piece of legislation would entertain a few preliminary questions from this Representation.

Senator Angara: Gladly, Mr. President.

Senator Shahani: Mr. President, I think this is a very welcome bill. And for this reason, I have requested to be considered one of the Sponsors. But I would like, all the same, to ask some questions.

I am glad this bill is now under discussion, and I hope that this Chamber will be able to alleviate the very difficult situation which teachers and students find themselves in not only trying to meet the shortage of the supply of books, but also the shortage of titles available in our country.

I wonder whether the Author is aware of the fact that the xeroxing of books has become a major expense for students today. If the books are not available, our students and even our professors, are obliged to xerox large volumes of books, medical books, legal books, novels and this a very enormous

expense, almost a hidden expense on the part of the students. I wonder whether the Author is aware of this, I would say, very sad and regrettable phenomenon.

Senator Angara: Yes, Mr. President, I am aware of that practice sadly resorted to by our students which precisely highlights the scarcity of books such that they have to xerox the pages from limited copies.

Senator Shahani: Yes.

In other words, they are spending money on copies of books which really are not real books, but it constitutes a big drain.

Senator Angara: A big drain on their very limited allowance, Mr. President. But also, there is a subtle loss in the process, if I may add a personal note. I want to buy a book in the hope that I will be able to keep it, put it in my small library and hope that someday my kids will look at it and say, "This is what my father has been reading."

In this xerox culture that we are developing as a result of the scarcity of books, we are sacrificing the psychological lift that owning a book and book reading create in the mind of the young and the impressionable.

Senator Shahani: I believe that this is a danger in our culture now where, as the author says, the owning of books and building a library is really now denied so many of our people who are inclined towards these activities.

I wonder, Mr. President, whether our Colleague from Aurora could not tell us more about the Indian experience as far as the observance of intellectual property is concerned. Because I believe the Indian model provides the reprinting of, let us say, books published by the Oxford University press at a much lower rate, at an affordable price to their people. And I think an arrangement like this prevents us from going into the Taipei model which has been condemned by the western world.

Senator Angara: As I understand it, Mr. President--that is why I cited India as a model in book publishing for us--the government in India negotiates with major publishing houses in the world, such as Oxford or Random House, and they negotiate reprinting or printing rights to the books. Then, the Indian Government makes these books available at effectively lower cost to its population. That is one aspect regarding foreign books.

But the other important aspect which we want to copy

from India is the support that the government provides to domestic book publishing itself in terms of support to the people in the printing business, the ones who operate the printing presses, run the presses, et cetera, and the support they give to the creative people, the authors, the illustrators, and others.

Thus, given their large population, they have made book publishing a highly productive domestic industry and one of the biggest exporters of India, exporting books to the world.

Senator Shahani: I am also wondering, Mr. President, whether at a certain point when we come to the portion for submitting amendments, that something on the translation of scientific books, also world classics in literature, should be one of the decisions which will be taken by this Body. Because I think our Colleague will remember that in Japan, for instance, practically all of the classics of world literature are translated into Japanese. All of the latest scientific works are translated into Japanese.

The same thing, I think, is true for the Soviet Union. Practically all of the US classic writings in literature were translated, even at the height of the Cold War. I think this is an indication of the universality of the thinking of many of these countries even at the popular level.

Senator Angara: I cannot agree more strongly with what our Colleague has said. We are going to accept that kind of amendment in this bill because it will strengthen it. And I agree that we must give extra impetus and support to the translation of world classics so that they will be made available and accessible to the Filipino students.

Senator Shahani: Mr. President, the point was made that it is really the private sector which would do the publication of elementary and secondary textbooks and that this National Book Development Board is there in terms of a policy-making body.

Mr. President, I am glad to see this because would we not agree that the decision of what titles to publish and the actual publishing itself by government of elementary and high school textbooks has been a source of graft and corruption in government which really should be removed and which has so far resisted so many investigations, exposés, et cetera?

Senator Angara: That is absolutely true, Mr. President. Thus, we hope that this bill will make a modest attempt in trying to provide a solution to that problem that has not only given a bad name to educators but has also, in effect, confused and disillusioned the minds of our students and our youth.

Senator Shahani: Mr. President, could we not include a kind of a penalty clause here for those who would be involved in cases where they distort or they make money out of the publication policy which this Board is set out to enforce?

Senator Angara: We will consider that suggestion, Mr. President.

Senator Shahani: Mr. President, there is reference here on page 5, line 10, to producing books for such categories as school drop-outs, neo-literates, the handicapped, professionals, et cetera.

Now, one of the techniques which information agencies in this country now undertake is the printing of comics. As someone who is now in politics, I realize that in wanting to spread complex ideas to the masses, like the Autonomous Region of the Cordillera, maybe the printing of comics there would have helped.

I wonder what would be the attitude of, let us say, this National Book Development Authority, insofar as reaching out to the neo-literates or to those people who can hardly read. Would comics be included here in this special material?

Senator Angara: Mr. President, I am happy that the distinguished Senator brought this out because we have limited subparagraph 4 to books and, by definition, books are 47 pages long. We would welcome an amendment to expand this to include the use of periodicals like comics as a teaching-learning material.

Senator Shahani: But I still would not underestimate the power of the written word. In other words, I think our people will still have to learn how to read. Maybe this is what I am trying to say, Mr. President. I am in favor of comics, but not to the extent that our people lose that sense of the printed word. Of course, there is a big debate here. People say the medium is the message, television is going to take over, print has a limited outreach, and yet reading is a much more intellectual exercise than looking at the tube, looking at the TV.

I think if our people are taught to read, that also is an exercise in the intellectual powers. Although I see the value of the comics, I think, in regard to the educational process, I would not neglect the printed word.

Senator Angara: Yes, Mr. President. I do not want to be misunderstood. I just meant that comics, as an instructional periodical, should not be excluded in this provision, because the provision the Gentle Lady pointed to, Section 5, subparagraph 4, limits the production of books for instruction only to

books and, by definition, it will exclude the use of comics in certain areas as an instructional tool.

Senator Shahani: Thank you, Mr. President. One final question. The National Book Development Plan, as outlined in Section 5, refers to the formulation of a Book Development Plan and this would include a survey of professional training capability as well as of reading habits and attitudes. I think this is important. Do Filipinos like to read as a rule? Are we really a reading people?

Senator Angara: It is a vanishing breed, Mr. President. I have seen a survey made that the reading habits of Filipinos are declining rapidly, and it is the aim of this bill to raise it once again, not just to channel that reading inclination to comics, but, as the Gentle Lady said, to the printed word. We want that tradition returned to the country.

But certainly this bill alone will not do that. We still have to take care of the other cultural components to a literate society, such as libraries. I am glad that the Majority Leader and Senator Rasul have a companion bill that will strengthen a network of barangay reading centers as well as municipal libraries. Those two bills would strongly complement this effort at developing a book publishing industry.

Senator Shahani: In other words, the basic skills of reading, writing and arithmetic, I think, should still be the foundation of the education of our children.

Senator Angara: They should still remain basic and essential, Mr. President.

Senator Shahani: Thank you, Mr. President.

Senator Angara: Thank you.

The President: Senator Tatad is recognized.

Senator Tatad: Thank you very much, Mr. President.

Will the distinguished Sponsor yield for a few questions?

Senator Angara: Gladly, Mr. President, but before he continues, may I add that Senator Tatad is a coauthor of this bill.

Senator Tatad: Thank you very much, Mr. President.

First of all, I should like to congratulate the distinguished Sponsor for this much needed bill.

Senator Angara: Thank you, Mr. President.

Senator Tatad: I believe this is one measure that will help focus the energies of the nation in trying to arrest our cultural decline, because in the last few years we have seen not only a decline of the economy, we have seen not only a deterioration and decay of the environment, we have also seen a very rapid decline of our culture, and I think this measure will help us arrest this decline.

Senator Angara: Thank you, Mr. President.

Senator Tatad: Now, in trying to provide for the development of the book publishing industry, the distinguished Sponsor obviously wants to promote publishing of all types of books, not only for the school system, but also for the public outside the school system. Is this a correct interpretation?

Senator Angara: That is correct, Mr. President.

Senator Tatad: Now, I have just heard the distinguished Sponsor say that there has been a decline in the reading habits of Filipinos, and I believe this is reflected in almost every sector of the society. For instance, in public office, would the distinguished Sponsor be aware of what kinds of books are read by the highest officials of the land?

Senator Angara: I would be interested myself, Mr. President, to know what President Ramos has on his shelf in his night reading. Perhaps, our Colleague, Senator Shahani, can enlighten us because I cannot think of a better example or *huwaran* in the local language, an example to the youth if they know what type or kind of books our President has.

Senator Tatad: I understand that the previous President used to read Sidney Sheldon, and some detective stuff. I wonder if the reading material of the presidency has improved.

In any case, for instance, what types of books should the average citizen find in the library of a Senator of the Republic?

Senator Angara: I believe, Mr. President, that a student-visitor, for instance, to a Senator's office should be able to find books on politics, economics, biography and history. More importantly, they should be current books.

Senator Tatad: Would the average public official today, a high public official today, have a small personal library, for instance, as a sign that he has some addiction to reading, or

would he be limited to reading the newspapers, listening to the radio, and watching television?

Senator Angara: At the very least, Mr. President, a Senator should have a library no matter how modest it may be just to indicate the breadth and scope of his interests, and perhaps knowledge of, not only, contemporary events but also of history.

Senator Tatad: I asked the question, Mr. President, because I feel that there is a role to be played by the leaders of the political community in trying to regenerate the spirit of culture in the society, and I believe there is an equivalent role to be played by the intellectual community. Would my very distinguished friend tell us whether there is an active intellectual community in this country?

Senator Angara: That is a very ticklish question, Mr. President. I believe there are pockets of intellectual community in the country. On the other hand, I cannot truthfully say that the intellectual vigor or the level of intellectual exchange in the country is high. Thus, like my distinguished Colleague, one of the most literate Members of this Senate, I am sometimes also at a loss on how to describe the intellectual life of the Filipinos.

Senator Tatad: Is there any sign at all that some standards are being set by our friends in the intellectual or academic community, for instance, with respect to upgrading the quality or standards of reading in this country?

Senator Angara: None that I see, Mr. President. I do not see any deliberate effort made by intellectuals to intellectualize the community. What I see--and this is particularly shocking to me during the campaign--is that even the level of radio commentary does not seem to be high because when one appears in a radio station early in the morning, one realizes that the bases of radio commentaries are the tabloids.

Thus, one wonders whether the information and opinion one hears early in the morning from some of our radio commentators are really well-informed or they, like most tabloids, amply ponder to the baser instincts of people.

Senator Tatad: Would the distinguished Sponsor say that the habit of reading is threatened, if it has not, in fact, been replaced, by the habit of listening to radio or watching television, or reading less strenuous material like comics, like the gossip columns?

Senator Angara: There is a possibility, Mr. President, that the electronic media has taken command of every child's

mind, but that is also a phenomenon abroad. In the case of the Philippines, it is specially sad because there is no alternative. Even if a child wants to read, books are beyond his family means or are not available. And so he is relegated to the alternative of reading comics. It is a very sad option indeed.

In other countries, while electronic media has invaded even the bedroom, at least, if the youth are minded to read, then they have a whole universe of books available to them.

Senator Tatad: I am interested in that phrase "if the youth are minded to read" Mr. President, because my next question is: Does not the distinguished Sponsor feel that the impact of electronic communication has, in fact, displaced the written word, especially the more difficult forms of the written word, and that we probably need a special program to make our people read again?

Senator Angara: The distinguished Gentleman may be right, Mr. President, but I think, by and large, electronic communication has not really displaced the printed word in this country. In many places, in Mindanao, for instance, people may rely on the radio but they also rely for learning on the printed word.

I agree it is inevitable that electronic media will replace perhaps the printed word in terms of communication. But in terms of learning, there is no substitute to the printed word or for the child reading, absorbing, reflecting, and contemplating the printed word.

Senator Tatad: Mr. President, in developing the book publishing industry, we will have to rely a lot on the output of our writers. Now, do we have enough writers, writers who believe that there is still a need for their craft?

Being a writer myself, I have the feeling that the audience has disappeared, that there is a very little need for serious literary work. There is a lot of need for political propaganda for, well, a lot of stuffs that pass for light reading, but there is very little need, it seems, for a serious writer trying to produce serious work.

Will the bill be in a position to accommodate some incentives for writers so that they will be encouraged to produce?

Senator Angara: Yes, Mr. President. If we fail to act on the book publishing industry, even that increasingly vanishing breed of writers and creative people in this country will disappear.

Right now, we are still fortunate that we have many of

these creative writers within our midst. But, precisely, they get frustrated because their talent has no way of expressing itself, except, as the distinguished Gentleman said, in writing some of these propaganda lines. Fortunately, some of them are appreciated by foreign publishers and even foreign countries. But we must now put a stop to this and take care of our artistic people. That is one gesture.

The other gesture, which I am very proud to be a part of too, is the creation of the National Commission on Culture where we specifically stated that our artistic people, including writers, should be given monetary incentives. We are now implementing that in the National Commission on Culture.

Senator Tatad: I would like to thank the distinguished Gentleman for that answer.

Will this bill be also in a position to encourage the establishment of public libraries aside from the libraries contemplated in separate measures? Because I notice, Mr. President, we do not really have one respectable public library to speak of in this country. We probably have the Thomas Jefferson Library, but that is about all. On our own, we do not have any. Not even the National Library is a public library comparable to, say, the New York City Public Library.

Senator Angara: I agree. It is sad that we have neglected even our National Library.

This bill will not establish libraries, Mr. President, but we hope that with the expected abundance of books in the future, this bill will spawn more libraries. And through the companion measures proposed by Senators Romulo and Rasul, we hope that we will establish a network of municipal libraries and a network of barangay reading centers in the country that will usher in a renaissance in book reading.

Senator Tatad: That will be all, Mr. President. Thank you very much, Gentleman from Quezon.

Senator Roco: Mr. President.

The President: Senator Roco is recognized.

Senator Roco: Mr. President, will the Gentleman yield for some questions?

Senator Angara: With pleasure, Mr. President.

Senator Roco: We share the perspective of the Gentleman in encouraging the publishing industry to become vigorous and to grow as a genuine publishing industry in the Philip-

pin. We only want to focus on some sections that, maybe, can be examined precisely to determine whether it pushes the publishing industry.

Mr. President, could the Gentleman tell us, while all the steps under Section 5 are being undertaken, what could be done in the meantime to encourage the publishing industry? Because Section 5 gives a whole lot of activities. But, in the meantime, while this is being implemented, what may we do to invigorate the publishing industry?

At this juncture, Senate President Neptali A. Gonzales relinquished the Chair to Senate President Pro Tempore Ernesto M. Maceda.

Senator Angara: Section 5 contemplates a National Development Plan. Since it is a plan, it will encompass a certain period of time.

In the meantime, this is what the government can do and what this Book Board can recommend very strongly:

1. In terms of textbook publication, we privatize the printing and distribution of textbooks. That is a very large segment of the textbook industry. We can do this simply by administrative action. So there ought to be a program of privatizing the textbook publication segment of the industry.

2. If this bill is passed and the Committee on Ways and Means thinks it wise to give some reduction on the import duty on book paper and other necessary ingredients to book-publishing, then we ought to move on that very concretely.

3. We can ask the NEDA to include book-publishing as one of the essential industries.

4. We can ask the BOI now to include book-publishing as a non-preferred area of investment, so that it can qualify for preferential credit availments.

These are some of the concrete programs we can implement immediately, if this bill is passed.

Senator Roco: Yes, Mr. President. That is very good, and we completely share the goal of acquiring privatization at the soonest possible time, and encouraging the market forces to help, precisely, the publishing industry. It is precisely because of that that we invite attention, maybe, to Section 6.

Would it be possible, if the Gentleman can examine Section 6, and may there not be a tendency of creating a central intellectual planning board since the board here will formu-

late plans and programs, and they will carry out various integrated activities to help presumably, later on, privatize a largely private publishing industry? But the way it is described, would the Gentleman be able to indicate how we can avoid the danger of having a central intellectual planning board?

Senator Angara: That is far from the planning or thinking of the committee, Mr. President. We are not trying to erect a central intellectual board. What this board simply will do is push the programs pursuant to the policy enunciated in this bill. It will not dictate, for instance, the content of a novel, or a textbook, or anything of that sort.

But on second thought, that the Gentleman brought it up, the composition of this board was thought of during the last Congress, and this was based on the presentation of the book industry, of the DECS, of the representatives of the NEDA, et cetera. Thus, we formulated this kind of composition, which is still heavily influenced by ex officio bureaucrats. For instance, a program of privatization will probably encounter much difficulty when we have on the board people who may not have the natural inclination, much less the interest to privatize.

So we will take a second look at this composition, Mr. President. And if the Gentleman has any idea on how to restructure and reorganize this kind of board, we will be grateful.

Senator Roco: Yes. I am sure we have common concerns, Mr. President. May I, for instance, call the attention of our distinguished Sponsor to page 7. Under Section 7, it says that the government shall confine itself to distributing textbooks. And one will find legitimate concern in asking who will select the textbooks to be distributed. Will it be the board, and how will the selection process be ascertained?

Senator Angara: Under our system, Mr. President, there is a textbook board within the DECS' bureaucracy. This textbook board determines the title, sends out tenders to all the textbook writers. Then they decide, I think based on an ad hoc jury, who to award the textbook, the title, or which author will write this book on Social Sciences or Mathematics. There is a textbook board in the DECS doing that at present. This board that we are going to establish will do nothing of that sort.

Senator Roco: Our concern, Mr. President, arises, again, in reference to the section on distributing textbooks. In the last portion of Section 7, it says that the government shall slowly phase out. But the experience of government phasing out activities and relinquishing powers does not give rise to

optimism because the government tends to maintain the bureaucracy--maybe not the government--tends to maintain power the moment it is with them.

So I invite the distinguished Sponsor's attention, when and what may we be able to do if the government does not, in fact, phase out from the publishing as required by the law. In other words, when can we determine whether the private sector is ready to meet the textbook requirements, so that the government shall then be forced to phase out?

Senator Angara: That point was raised during the public hearing, Mr. President. The book publishing industry wanted a more specific timetable for phasing out. But some resource persons pointed out that that might be too inflexible and rigid. So they said, "Leave that to the judgment of the board."

But I agree with the Gentleman that with an open-ended mandate like this, given the orientation of the bureaucracy, we probably cannot see this being implemented. Thus, we will consider a suitable amendment to this provision.

Senator Roco: May I now, Mr. President, ask a question that may involve some constitutional precepts. On page 8, Section 8--actually it is a very convenient bill, the pages coincide with the sections--on the participation of private publishers in public schools and textbook program, it says, and I do appreciate that under the present practice this may be done:

... publishers shall develop and submit to government manuscripts or books intended for use in the public schools...

May this not amount, first, to some kind of censorship? Second, will this not inhibit, precisely, private initiative on the part of the writers? Because, to my mind, one of the best ways of encouraging the publishing industry and the private sector is by allowing the writers to determine what the market can absorb in terms of what they write and the publishing industry will follow through on that basis. I know we have common beliefs in privatization and free enterprise. But in this particular case, under Section 8, will the submission of manuscripts either not infringe on the prohibition against censorship or will it not inhibit the development of private enterprise in the publishing industry?

Senator Angara: Mr. President, this provision absolutely does not impose any prior restriction. If I recall, the intent here is that the publisher will just submit the manuscript, and the Textbook Board will just evaluate it, not for its content since the main body of the manuscript has been previously pre-selected by a professional jury. What this

encompasses is that the publisher, when he is about to print the manuscript, must submit, as I understand, the format of printing, not so much a prior restraint on content.

Senator Roco: I see. Those are my questions, Mr. President. And the principal concern, which I am sure we all would share, is avoiding in the same way that in the Energy debate, we wanted to avoid the closet central planners or the effort to have centralized planning of the economy. Our concern is really to avoid also central intellectual planning because I doubt if there are very many who would qualify to do this.

I want to thank the Gentleman for the time and for the answers.

Thank you, Mr. President.

Senator Angara: Mr. President, we share the concern of the Gentleman, and as the Chair very well knows, we are one of those who are concerned about central planning, and we will be one of the last, I think, who would support a bill that will erect such a system whether in books, in energy or in any other...

The President Pro Tempore: We will call one more interpellator this morning. The others will have to wait until this afternoon.

Senator Aquino: Mr. President.

The President Pro Tempore: The Gentleman from Tarlac, Senator Aquino, is recognized.

Senator Aquino: I will limit myself to just one question, Mr. President. Senator Mercado can take the last three minutes.

Mr. President, may I be allowed to ask one question only?

Senator Angara: With pleasure to my seatmate, Mr. President.

Senator Aquino: Knowing that reading is not a habit of Filipinos, I do not think that many books would create a habit of reading. So, even in the surveys of the Gentleman, it was shown that they would rather read comics at this time.

Mr. President, how does the Gentleman intend to implement the good intentions of this bill, knowing that we have this bad habit of not reading? Probably, only legislators and college graduates enjoy reading, but the way I see it, the masses

have not developed the habit of reading.

Senator Angara: The hope that this bill embodies, Mr. President, is that with a wide choice of books for reading, the students--there is where the habit starts--will begin to regain the reading habit that we have gradually lost, precisely because of the lack of books.

Senator Aquino: May I recommend that speed reading become a course also in our educational curricula so that as people learn to adopt new techniques for reading, they might hopefully develop the habit of reading.

Senator Angara: That is a good skill, Mr. President. But first, we must provide enough textbooks for all our students to read, and that is one of the goals of this bill. Right now, the one-to-one ratio that we are all dreaming about, that we are boasting about, has not come true yet. So we want to ensure that every pupil in the elementary school in this country will have one textbook in every subject.

Senator Aquino: One last comment, Mr. President. I notice that whenever we create a new office and we are not sure where to put it, we put it under the Office of the President. That is why the Office of the President is burdened by more than 70 agencies already under its wing. Does the Gentleman not think that it is better to put this project under the Department of Education?

Senator Angara: We will consider that, Mr. President.

Senator Aquino: Thank you, Mr. President.

Senator Angara: Thank you.

The President Pro Tempore: The Majority Leader is recognized.

Senator Romulo: Mr. President, there are other interpellators, but the Sponsor has agreed that we will just continue the interpellations this afternoon. The interpellators this afternoon are Senator Mercado, Senator Ople, Senator Rasul, and Senator Osmeña.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 252

Mr. President, I move that we suspend consideration of Senate Bill No. 252 until this afternoon's session.

The President Pro Tempore: Is there any objection? [Silence] There being none, the motion is approved.

and Resettlement

The President: To the Calendar for Ordinary Business.

Senator Romulo: Mr. President.

he President: The Majority Leader is recognized.

SPECIAL ORDERS

Senator Romulo: Mr. President, I move that we transfer to the Calendar for Special Orders, Senate Bill No. 929 under Committee Report No. 34, the Extension of the Rentals Act.

The President: Is there any objection? [*Silence*] There being none, the motion is hereby approved.

Senator Romulo: Mr. President, may I manifest that additional coauthors for Senate Bill No. 35 are Senators Sotto, Biazon, and Lina.

The President: Is there any objection? [*Silence*] Hearing none, the motion is approved.

Let that be noted in the record.

BILL ON SECOND READING

Senate Bill No. 252 - Book Publishing Industry (Continuation)

Senator Romulo: Mr. President, I move that we resume consideration of Senate Bill No. 252 as reported out under Committee Report No. 28.

The President: Resumption of consideration of Senate Bill No. 252 is now in order.

Senator Romulo: We are still in the period of interpellations, Mr. President. When we adjourned this morning, the following Senators were waiting for their time to interpellate: Senators Mercado, Ople, Rasul, Osmeña, and Coseteng.

Mr. President, I ask that the distinguished Senator from Aurora and Quezon, Senator Angara, be recognized.

The President: Senator Mercado is hereby recognized for purposes of interpellation.

Senator Mercado: Mr. President, will the Sponsor of the measure yield for a few questions?

Senator Angara: With pleasure, Mr. President.

Senator Mercado: Mr. President, at the outset I would like to congratulate Senator Angara for sponsoring this much needed measure.

I would like to start by asking certain facts which could help me get a clearer picture of the publishing industry in the Philippines.

Could the good Sponsor tell us how many titles are being published on an annual basis? How many are published locally and what is the volume of importation of books annually? What is the volume of the same?

Senator Angara: Mr. President, we will get the up-to-date statistics on titles published locally as well as titles from abroad. But right now, may I just say in response that as a rule more titles are imported than domestically published.

Senator Mercado: Is it correct to say, Mr. President, that there are also books written by Filipino authors but are published or printed abroad and are imported to the country?

Senator Angara: Yes, Mr. President. In fact, that is one of the techniques being resorted to by our authors and publishers, to get locally authored books printed and published abroad and then import them as finished products, because one can import them into the country tax-free and duty-free. That way, the cost of printing and the quality of printing is even better. As I said this morning, the cost of book paper and the other materials for printing in the country are subject to heavy duty and tax that is almost prohibitive. It makes more economic sense to get books written by Filipino authors published and printed abroad and import them as a finished product.

Senator Mercado: Mr. President, there have been complaints about the quality of printing in the country.

Does the Sponsor know what the root causes of the low quality of printing are? In the past, the quality of printing in the Philippines was comparable to Hong Kong and Singapore.

Senator Angara: Yes, that is the irony of it all, Mr. President. In the past, the Philippines enjoys one of the best publishing centers in Asia.

No. 1, we have the creative people to author many of these books, whether textbooks or for general reading.

No. 2, we have able printing skills in the country; and,

No. 3, the quality of our printing equipment was more or less up to date and competitive with the other countries. But

over the years, because of the change of policy, the unfavorable tax and fiscal policy we gave to the publishing industry, and the bias we put in favor of imported books, the industry has lost all three advantages.

It has discouraged our creative people from writing books. We have lost many of our skilled people in the printing industry to the outside, or they have left printing for other occupations and vocations; and

No. 4, the reading market has shrunk to an extent that we have one of the smallest reading markets in the world and we are one of the countries with the least number of books published per capita. Thus, we want to correct this sad state by this measure.

Senator Mercado: Mr. President, I am a little apprehensive that a measure like this, no matter how good the intentions are, may not actually increase the market for books. We may provide the incentives and, as a consequence, possibly reduce the income of the government, but I am afraid that legislation cannot change the receptability of our people with regard to reading.

Earlier, it has been mentioned that the culprit is radio and television or the electronic media. Although I may appear to be defending the media where I come from, I would like to point out that in the United States where there is a very high usage of radio and television, the book publishing industry is one of the most vibrant, and authors of books are known to become celebrities overnight, aside from becoming very rich.

Is it not possible, Mr. President, that the problem is deeply rooted, among other things, in language? That there has been a change in the usage of language in this country? Less and less of our countrymen are speaking English and, I think, the *lingua franca* is still Filipino or a combination of English and Tagalog. As a consequence, many of the books that are being published, aside from the textbooks which require reading, are not purchased because they just do not have a particular market.

Is that not one area that should be looked into? Maybe, it will just give more incentives to the publishing industry but not increase the market for books.

Senator Angara: I agree completely with the statement and analysis of my distinguished Colleague that simply passing this bill will not enlarge the reading public. But we hope that together with the other measures that we have launched and relaunched in this Hall, like the building of a library system, the introduction in the school system again of reading

as a basic "R", and with the support of this bill that will hopefully assure an abundant supply of reading materials to the public, then we will again stimulate the reading habit.

I agree, too, that part of the erosion of the reading habit of the country is, perhaps, language. In creating the right climate for book publishing in this country, I am not thinking of any single language to be used. I am thinking of the use and the flourishing of the vernacular in printed words. I think there are enough materials in publishable forms: In Cebuano, in Hiligaynon, and in Filipino.

Also, we should not forget that we still have a large circle of English writers but, unfortunately, as the distinguished Gentleman has pointed out earlier, even a great writer like Sionil Jose—one of the few Filipinos with a chance to win a Nobel prize—still has to publish not in the Philippines, but abroad. That is the sad spectacle we are encountering now.

We do not want that situation to continue. We want to be hospitable to our creative people, to our authors, or writers. We want them to publish under Philippine skies and truly claim that this country is hospitable to their creative genius. That is the hope and plan of this measure.

Senator Mercado: Mr. President, I remember there was an era during which there was flowering of Filipino writers in English, during the time of N. V. M. Gonzales, Carlos Bulosan, and others whose works are relatively unknown to many of our young people.

Indeed, the reading habit is something that is vanishing as a consequence of the changes in communication modes. I remember how difficult it was to assign books or chapters thereof to our students. For them it was an excruciating experience to read. Very few really consider reading a pleasure.

If all of the activities during a day will be classified between work and play, the tendency will be to classify reading under work, and not in play. Radio and television, because they are entertainment media, will be classified in play.

People open their television sets and radios hopefully to be entertained, and when they read, it is perceived that they are reading because they have to. The joys of reading are becoming a thing of the past.

Will this particular program bring about a reversal of this trend?

Senator Angara: Mr. President, we hope that by bringing the private sector very strongly back to book publishing, by promoting reading, and by attracting good writers back to writing, then that kind of promotional atmosphere will be created. We would like to see the time when reading is not a chore. It is not that one must read because it is an assignment. We would like to see the day when reading is really part of our intellectual growth, part of the intellectual ferment in our society. It may be a far-off dream, but we hope that by a combination of the policy measures we are passing in this Hall, we could create that kind of atmosphere.

Senator Mercado: Mr. President, a lynchpin on this measure, I believe, would be the supply of materials, and the most important obviously would be paper.

Does the Sponsor of the measure know what are the data as regards importation of paper? How much recycled paper do we produce in this country? And is the Sponsor aware that in this country we import recycled paper? This particular aspect--the supply of the materials--is crucial. We are a nation that throws away so much paper but does not have a national policy for reusing the same paper. We just continue to import and drain our dollar reserves.

Is there a way of addressing this particular problem on a more permanent basis beyond just providing incentives to the publishers and those involved in the book industry?

Senator Angara: Mr. President, as the Gentleman will notice, under the plan of this bill, we will set up a National Book Policy Plan. As the Gentleman knows, I was quite struck by the fact that we have to import recycled paper. I thought that local paper industries are already able to recycle what we have here in this country.

But just to go back. The measure will set up a National Book Plan that will try to plan and institute a program of developing the supply of books, papers, and other materials so that the development of the national book publishing industry will be promoted. And one of those concerns will be how to use used paper in this country and recycle them for this purpose.

Senator Mercado: Mr. President, will this measure of Senator Angara help reduce the cost of textbooks in this country?

Senator Angara: That is one of the objectives of this bill, Mr. President. Right now, as I said, the distribution system of textbooks is so cumulative, so cumbersome, and so dilatory that textbooks hardly get to the destination in time for the

school opening because the government lacks the system and the efficiency to install a more effective distribution system. By turning over the distribution system to the private sector, we hope that the private sector will use their own distribution network to lower the cost of freight and distribution. Thus, in the end, the cost of that textbook will be much lower than what it is now when delivered to the pupil.

Senator Mercado: Mr. President, earlier there was some mention of the copyright issue, and I think it was the Minority Leader who first mentioned the experience in Taiwan. In the confirmation hearings of now Ambassador Lilia Bautista, the issue of intellectual property rights was raised. She said that although the experience of Taiwan proved to be an economic boom for them, it may be too late in the day for us to use that tactic because the industrialized countries where many of these books come from are already forewarned and forearmed.

What does the good Sponsor suggest we do by way of policy formulation?

Senator Angara: Mr. President, we can follow the India model. In India, the Government Textbook Board lists essential books that should be distributed to students in all fields, engineering, medicine, agriculture, social sciences, et cetera. If those books are published abroad, then the Textbook Board of India negotiates with that publisher, whether it is Oxford or Random House, and they negotiate a royalty arrangement that is much below the commercial rate. By that method, the essential textbooks needed by Indian universities, colleges, and schools are made for Indian students at a more affordable price. That is one model we can follow in this country.

Senator Mercado: Mr. President, in the United States, many authors of novels become celebrities and earn quite a lot of money from publications if they succeed. Not only that. When rights to these novels are bought and they become movies, they earn even more. The fact that they succeed as movies, after their success as a novel, indicates that people still want to watch a movie about a novel after they have read it. These are basically two different media and the experience is totally different.

In the words of Marshall McLuhan, "written word is a hot medium because it is a very participative medium." One's imagination is used, and one can really let go of his imagination and be transported to other worlds just by reading a book. It is different for the movies and for television.

Can we already prepare the groundwork for an environment wherein our authors will be encouraged to write books

and our people to read it?

Senator Angara: Yes, Mr. President, we hope that the same situation will grow in the country where a good book, whether novel, biography or history, will spill over to the other media and the author is compensated in terms of public appreciation of his creation. But in this country, we still have a long way to go because in terms of book-publishing, the great part of that sector is still textbook publication which is a government monopoly.

So as long as that remains a government monopoly, then there may be no economic sense for people, for the private publisher to go solely on the commercial market. They have to get some bread-and-butter source of income, like textbooks.

Thus, the contemplation of this measure is, in effect, to privatize the book-publishing so that the energy, the initiative, and the resources of private publishers will be brought to bear. And these things which we say are taking place in the United States can also happen in this country where the work of a creator, of a writer, of an artist will be appreciated in many media, not just the printed book.

Senator Mercado: Mr. President, has there been a quantification of how much taxes the publishing industry pays to the government? Do we have an estimate of how much we derive from the taxes of these publishing houses?

Senator Angara: Not yet, Mr. President, but we hope that the Ways and Means Committee to which we will refer that portion of the bill regarding incentives will be able to make a calculation.

Senator Mercado: It will be very important to be able to quantify the economic gains for such a loss of income for the government if we provide the said incentives.

Senator Angara: Yes, Mr. President, we will provide the Body.

Senator Mercado: Thank you very much, Mr. President.

Senator Angara: Thank you, Senator Mercado.

Senator Ople: Mr. President.

The President: Senator Ople is recognized.

Senator Ople: Thank you, Mr. President.

Will the distinguished Gentleman from Aurora and

Quezon yield for a question or two?

Senator Angara: With pleasure, Mr. President.

Senator Ople: The bill is somewhat overdue, but I am glad it has arrived to address a very important hiatus in the national life--the poverty of books and the very dismal situation where just a few Filipinos seem to read books.

Is it not correct, Mr. President, that the Philippines boasts of one of the highest literacy rates in Asia, a level now exceeding 90 percent? And not only that, one of the most impressive tertiary enrolments in the whole world, I think, encompassing 21 percent of the youth who are of college age? And now we are confronted with the finding that we lag behind other countries of Asia in the publication of books and, worldwide, we are publishing the fewest number of books on a per capita basis. Does the Gentleman confirm that?

Senator Angara: Yes, Mr. President, we confirm the statistics and statements of the distinguished Gentleman.

Senator Ople: Is the conclusion inescapable that this tremendous collegiate enrolment and this impressive literacy rate of 90 percent, compared with our neighboring countries in Asia, can actually be misleading and illusory, in the sense that most of this literacy turns out to be dysfunctional?

Senator Angara: That is correct, Mr. President. We boast of a very high literacy rate, and the latest pronouncement is that we are close to 98 percent literacy. But when we look at the functional literacy, which is what really counts, we are at the 76 percent level. Compared to our neighbors, that is a low literacy rate.

What does that mean? That means that while a Filipino is able to read and write simple sentences, he is not able to follow many instructions and many manuals. That means a failure of communication. As we very well know, we learn communication skills not just from hearing the teachers, but also from reading. I think the very poor communication skills of even our graduates could be traced to the lack of reading materials.

Senator Ople: Mr. President, would the Gentleman feel that the resulting intellectual impoverishment, because of the scarcity of books and as the Filipinos do not read, may have been a factor in the decline of the Philippine economy to a degree that today we are surrounded by economic miracles in Southeast Asia, and on the other hand, we are the object of scorn precisely because we have not kept abreast with them, but have been left behind, and at times are called very unchari-

tably "the economic basket case of Asia?"

Would the Gentleman perceive some correlation between dysfunctional literacy and intellectual impoverishment with our failure to take up with our neighbors economically?

Senator Angara: Definitely, Mr. President, there is a direct correlation between, on one hand, the level of education and training, and that is literacy, and on the other hand, with productivity. Even economists admit that unless we upgrade the level of literacy, training and skills in any society, then we will never attain a high level of productivity.

We are seeing that in a classic case in the Philippines. Because of poor functional literacy, we have very low productivity. Unless we correct that by several measures--not by just a single measure like this, but a series of measures--then we will never upgrade the quality of our manpower and thereby never improve productivity in this country.

Senator Ople: Mr. President, now that the Gentleman has acknowledged this to be such a critical and pivotal factor to our economic growth--I am speaking of the poverty in books in our country--then, it is probably fair to ask: What would have led to this dismal situation in our country? This cannot be just a matter of the book publishing industry lacking national priority. Does not the Gentleman suspect that there are deeper and more fundamental reasons why this has happened?

Senator Angara: I will be speculating, Mr. President, but my own feeling is that, this sad state of affairs of the book publishing sector in our country has been brought about by a stronger paper-and-ink lobby by some sectors in government wanting to monopolize the textbook sector of this industry. As in many social policy debates, there is not a strong enough voice to speak for the book publishing industry. A combination of these factors has contributed to the downgrading of the book publishing industry and has brought us to this sad state.

Senator Ople: The Gentleman speaks, Mr. President, of protecting local producers of paper-and-ink, and, at the same time, also the duty-free importation of finished books, although the importation of book paper is heavily taxed, according to the Explanatory Note.

Senator Angara: Yes, Mr. President, that is a fact.

Senator Ople: Therefore, the Gentleman proposed that the taxes on the importation of book paper for the use of the book publishing industry be eliminated. Is that a reasonable conclusion?

Senator Angara: Yes, Mr. President, as a starter, just to give a boost to the flowering of the book industry. But there is a series of measures that we can accomplish under this bill. Number one, to place book publishing as an essential industry under the NEDA category and classification. Number two, when we have done that, then even the Board of Investments will consider book publishing as a desirable and preferred investment. Then we can attract the private sector.

Senator Ople: The Gentleman actually proposes two incentives under Section 9 on page 8--

Senator Angara: That is true, Mr. President.

Senator Ople: --namely, "Duty-free importation of paper for exclusive use in book publication." That is number one.

May I know, Mr. President, if this is also tantamount to granting to the proposed National Book Development Board a licensing power over the importation of book paper to be allocated to bona fide members of the book publishing industry?

Senator Angara: No, Mr. President. We do not intend to confer that kind of authority to the board, because we do not want it to be involved in fiscal incentives. If the law is passed, then we would rather have the fiscal incentive granted by the regular agency of government. And under our system now, it is the Tax Incentives Board of the Department of Finance.

Senator Ople: When the Gentleman speaks here of accredited bona fide publishers, I presume that it is the National Book Development Board that will maintain an accreditation and registration system. That system will, in fact, be the basis used for determining whether a publisher qualifies or not for the tax-free importation of book paper.

Senator Angara: That is correct, Mr. President. The accreditation system will be under the guidelines promulgated by the National Book Board.

Senator Ople: Mr. President, does that not impart to the board the coloration of a regulatory authority with the consequence that they can determine who, among publishers, may or may not be eligible for the tax-free importation of book paper? That is a licensing power.

Senator Angara: That is one possible view, Mr. President. But the committee is seriously debating whether that accreditation system should pertain to the Tax Incentives

Board of the Department of Finance, or be given to the National Book Board where the representatives of the industry are represented. And the committee decided in favor of giving that accreditation system to the board because, presumably, they will be more knowledgeable, they know who are the fly-by-night publishers, et cetera. But we separated the actual grant of incentives. We are not willing to give the board the actual power of giving incentives. We leave it to the regular channel. The only authority we want is a registration system.

Senator Ople: Mr. President, I raise the same question with respect to incentive number two under Section 9, which is: "Access to government credit facilities at such preferential rates." I suppose that the answer is the same, that it is the National Book Development Board that will accredit those who will be eligible for preferential loans under the Investment Incentives Act.

Senator Angara: That is correct, Mr. President. That is why I mentioned earlier that we need the NEDA to classify book publishing as an essential industry and, accordingly, get the Board of Investments to accredit it as a preferred area of investment, so that this preferential access to credit can be extended to it.

Senator Ople: Finally, Mr. President, in Section 10, there is a penalty clause empowering the board to prescribe appropriate penalties for violations of its rules and regulations promulgated by the board pursuant to this Act. Does this not contemplate any penalties such as those enumerated or defined in the Penal Code?

Senator Angara: No, it will not preclude the penalties provided under the Penal Code, Mr. President. But for the information of the Gentleman, the committee has decided to submit an amendment to Section 10 so that the usual penalty provision is provided for and would be more specific than this general provision.

Senator Ople: I would be concerned that the National Book Development Board would have the power to discipline publishers, writers, editors, and even distributors in such a way that the State or the Government would be, in effect, asserting an unconstitutional power over the freedom of expression, Mr. President.

Senator Angara: We will see to it that that thought is preserved intact in this bill, Mr. President.

Senator Ople: Thank you, Mr. President.

Senator Angara: Thank you, Mr. President.

Senator Osmeña: Mr. President.

The President: Senator Osmeña is recognized.

Senator Osmeña: Mr. President, will the distinguished Sponsor yield for a few questions?

Senator Angara: With pleasure, Mr. President.

Senator Osmeña: Mr. President, I note from the Explanatory Note of this bill that 70 percent, I understand, of textbook production in this country is the production of elementary and secondary textbooks. Is that not correct, Mr. President?

Senator Angara: That is correct, Mr. President.

Senator Osmeña: Therefore, this particular undertaking is a monopoly of the IMC, the Instructional Materials Corporation, which is under the Department of Education, Culture and Sports.

Senator Angara: That is correct, Mr. President.

Senator Osmeña: Therefore, Mr. President, as the Gentleman noted in his Explanatory Note, any publishing effort in this country would need to have what we would call in industry as the economies of scale. One would have to have sufficient volume to be able to make that effort viable.

Mr. President, I note the Gentleman's statement earlier that this is the equivalent of deregulating the publishing industry. Would the Gentleman consider a repeal of Executive Order No. 806 creating the Textbook Council and the Instructional Materials Corporation so that we free for the entire industry the private preserve right now of the IMC?

Senator Angara: Yes, Mr. President. This bill tends to dismantle the textbook monopoly. In fact, during the hearing of the IMC budget, we already announced to the people in IMC that we are not prepared to provide additional subsidy to this corporation, firstly, because they are sitting on a pile of cash close to P200 million in both cash in bank and in government securities; secondly, they are sitting on a paper inventory of close to P300 million; and thirdly, as we discovered during the last Congress, they have so much cash in their hands that they do not know what to sensibly do with it. They invested it in the money market and we are still looking for close to P=200 million that is missing.

So we say to them, Mr. President: "You have performed your pioneering task in textbook publication in this country.

You are close to two decades old. It is time to wind up this business and dismantle this monopoly and turn it over to the private sector."

As I mentioned, in response to Senator Mercado, we need to have a base for the development of the book publishing industry. Since textbook is 70 percent of the market, the first thing we should do is open that up to the private sector.

Senator Osmeña: I think there is no disagreement on that, Mr. President. However, I would prefer to see a very clear and categorical step in this bill in the form of--if one wants to be radical--a categorical repeal and the dismantling of the IMC by repealing Executive Order No. 806. Or if one wants to be, shall we say, conservative, we may provide that the IMC, on a graduated basis, maybe, on the first year, shall not produce more than 80 percent of the market and allow private sector to take over 20 percent; in the second year, go down to 60, 40, 20, until in a five-year period, we shall have phased out the IMC.

Senator Angara: Yes, Mr. President. I agree completely with the Gentleman. We must now make a categorical statement, and I am prepared to incorporate an amendment expressly repealing the executive orders that created the IMC and provide for a five-year phase out of its textbook publication.

Senator Osmeña: Mr. President, thank you very much.

I think we have achieved a lot this afternoon when we do introduce that amendment.

The other concern, Mr. President, that remains is that there is going to be some overlapping between the Textbook Council created by Executive Order No. 806, and the council which we are creating, the National Book Development Board, both of which will be chaired by the Secretary of Education with the only difference being that in the Textbook Council, the Directors of the elementary and the secondary education are members of the Textbook Council.

So, what I am saying here, Mr. President, is that I do not know how we will reconcile that. Perhaps, we will again provide in the Gentleman's bill, Senate Bill No. 252, that the National Book Development Board will take over the functions of the Textbook Council created in Executive Order No. 806.

Senator Angara: The design is deliberate, Mr. President. We did not want the National Book Development Board to take over the function of the present Textbook Council, be-

cause we thought that the development, the selection of titles and subject content for textbooks in the public elementary and high school should be left to specialists in the Department of Education. We did not want to take that away and give it to the National Book Development Board.

We want the National Book Development Board to concentrate on the commercial aspect of book publishing. Thus, there is that line and demarcation.

Senator Osmeña: Thank you very much, Mr. President.

In the period of amendments, I think we can work out the amendment we spoke about.

Thank you.

Senator Angara: Thank you.

Senator Maceda: Mr. President.

The President: The President Pro Tempore is recognized.

Senator Maceda: Mr. President, will the distinguished Chairman of the Committees on Finance and Education answer a few questions?

Senator Angara: Gladly, Mr. President.

Senator Maceda: Mr. President, in the Explanatory Note, the distinguished Sponsor speaks of only 30 full-time companies engaged in full-time book publishing.

I would assume, and my impression is, that most, if not all of these companies, among them, National Book Store, for example, Goodwill, or their related publishing houses, are profitable and are making money. Would the committees have any financial figures as to the financial status of these publishing houses?

Senator Angara: We do not have the financial statements of these few possibly profitable publishing houses, like the National Bookstore and the others. But I think even if some in the industry are now profitable, we will see that many of these publishing houses are not concentrated in book publishing. They are engaged in school supplies distribution, and I suspect that the profit comes not from book publishing but from the sale and distribution of school supplies.

Senator Maceda: We accept that, Mr. President, but at any rate, I guess, as stated in the Explanatory Note, the prob-

lem is not really purely a financial one. I guess that is what comes across in the Explanatory Note. As a matter of fact, would it not be correct to say that this particular activity--and the former Undersecretary of Trade is here--has long been, even in the original formulations, a priority area in the Board of Investments Law or in the Investment Plan? Meaning to say, how many of these publishers really sought to take advantage of the incentives under existing law?

My feeling, Mr. President, is that there is no problem with the bigger ones. But the problem is always in the small ones who try to compete with so limited capital in this capital intensive industry, and in which case, the solution is not really tax incentives but really more of a financing portfolio that would encourage book publishers to go into an integrated economical book publishing operation.

Senator Angara: As a general proposition, I think the distinguished Gentleman is right, Mr. President. But some publishers are specialists. For instance, I know of one small publishing house that specializes in Philippine history books and encourages writers in history to write and they publish the manuscript. I think there are several of this type of small publishers not only in Manila but in other areas, and we want to help them. I do not think they would want to go into a big full-blown book publishing operation. They want to occupy that special niche in the market and be good at it. We want to encourage also that type.

As for the big ones, as the distinguished Gentleman said, Mr. President, we do not have to worry about them. We do not have to worry about the National Bookstore types because they can take care of themselves, both financially and otherwise. But we want to create a positive climate here for the small ones who need the most encouragement and protection to thrive.

Senator Maceda: Mr. President, I agree with that statement. I did take time out to go to the Book Fair at the Philcote, and it seems that Rex Bookstore is doing all right; Bookmark is doing all right; Ateneo Press is doing all right and all of these specialist type of publications.

Now, the other impression I get, especially from those who have tried to go into this business is not that it is not profitable from the viewpoint of production and marketing, especially when it comes to textbooks, but there is just too much overhead in terms of kickbacks and commissions that has to be paid; the Textbook Board, the Department of Education, the Department of Budget and Management, et cetera, to such an extent that people just do not want to go into the business of printing for the government.

Meaning to say, if my figures are correct, we have already brought down the tariff on paper to 10 percent. The tax exemptions here are not going really to help unless we somehow are able to clean up this problem. This has been one of the traditional sources of corruption in government. The selling and printing of textbooks and other books, reference books and the like, there is always a high cost of doing business along this line. *Basta hindi po natin inalis iyon, hindi rin talaga maso-solve ang problema.*

Senator Angara: That is why this proposal, Mr. President, will take away that government monopoly. We are not just simply talking of printing, we are talking of publishing. We want to take away that monopoly from government so that in the process, we hope that we will also sweep away the source of corruption in this field.

Senator Maceda: Provided, Mr. President, that the new National Book Development Board becomes an honest office, otherwise, it will just become another layer of corrupt officialdom in this business that will continue what has been the unpleasant experience in the past.

Senator Angara: We hope that it shall be a more honest-to-goodness board, Mr. President, because the representatives of the printing and publishing industry will be sitting on that board. I suppose that if they will commit some graft, they will be committing it against themselves.

Senator Maceda: The other impression that I have gotten-- and I do not remember the case, but I distinctly remember that somebody had reported to us problems of getting approvals by the National Library--I do not know what aspect of book publishing is controlled by that office. Also the charge that the book publishing industry, as the Gentleman said--there are only 30--is operating as a cartel. That is why, it is difficult for those who really want to enter the business and expand and to help to buck this cartel.

Does the distinguished Gentleman have any impression along this line in one way or the other?

Senator Angara: I doubt that, Mr. President. We have had extensive hearings on this. I do not see how in a market 90 percent dominated by government and where only 10 percent is left to the private sector, I do not see how the 30 in that 10 percent of the market can be considered a cartel. If there is a cartel, I think it is being operated by government. So this market is very narrow, and its very narrowness should be a source of concern; we want to open it up.

Senator Maceda: What is probably meant is in the

provision of the printing, *siguro*, for the 90 percent that is what is cartelized.

Senator Angara: No, even the printing, Mr. President, surprisingly is monopolized by government. They do not even farm it out. They farm out some printing jobs, but I suppose it is not large enough to provide enough employment to the private sector.

Senator Maceda: Mr. President, as is the case with most of similarly minded pieces of proposed legislation, there is an appeal to encourage local talents, so to speak, in really establishing a local or domestic industry, in this case, book publishing.

It would seem to me that in the area of education, of knowledge and of books, as the Gentleman said, in referral to the Florence Agreement on the free flow of information, there is really less of an argument on whether the books are imported or not. After all, there are really so many areas where the highly developed societies are way ahead of us in knowledge, and there should not be any objection. In fact, we should welcome the fact that imported books are probably cheaper, and I do not really fully subscribe to any objection to that particular fact.

Senator Angara: Neither do we, Mr. President. We have no objection to the free flow of imported books to the country. What we try to correct is the problem that local production or publishing of books is more economically and financially expensive than importing it, to the detriment of the local book publishing industry.

Senator Maceda: Mr. President, I just got the information from the Secretariat. Apparently, the problem was really caused by that infamous executive order which set new tariff rates. It used to be 10 percent, but in the 1992 tariff schedule on book paper, in the setting by President Aquino, it was increased to 35 percent. That is the explanation for the problem.

Besides PD No. 1177, Mr. President, it is time that we really remove that power of the President to increase tariffs during recesses. That was absolutely necessary when Congress was only meeting for 100 days.

At the present time, when Congress is already meeting year-round with very short recess or adjournment periods, there is really no absolute or mandatory need to continue to delegate to the President the power to increase tariff during the recess.

As it has been shown during the last three years of the Aquino Administration, it has just been used to circumvent policies that Congress wants to follow.

Senator Angara: I am sorry, Mr. President.

Senator Maceda: I was talking, as a related matter, about the fact that this happened because of the power given to the President to increase tariff during the recess. But with the year-round session schedule of Congress, besides PD No. 1177, we should take back that power delegated to the President by Congress.

Senator Angara: I agree, Mr. President.

Senator Maceda: Mr. President, I guess the last point--which will be covered by the earlier suggestion--is, we have to know the effect of this bill on paper and ink manufacturers. Because it seems to me that in proposed legislation here, we are hit one way or the other.

There are bills which seek to impose higher protection for local manufacturers, et cetera, and we get this kind of bills, on the other hand, where one part of the business sector is affected and they seek tax incentives or exemptions, but which goes against the policy of protecting local industry. I suppose the problem is always a matter of balancing this conflicting interest. But at the moment, in view of the lack of statistics or information, we are not really in a position to balance this interest, because we do not know the effect on paper-and-ink producers, which I suppose will be taken up by the Committee on Ways and Means.

Senator Angara: Yes, Mr. President. Just as a quick response to that. Yes, this really calls for a delicate balancing of the need on one hand, for developing our indigenous book publishing, and on the other hand, the protection now enjoyed by the paper-and-ink industry. We have to make up our minds whether book publishing, for our own sake, is a social goal that we want it cheap, without hurting an existing industry.

The balancing can be done, the weighing of interest on the scale of public interest can be done, and I hope this Body will be able to accomplish that.

Senator Maceda: The last point, if I may add, Mr. President, is: Besides the complaint about the high prices of textbooks, specifically, which is sought to be, in effect, "deregulated", I do not see anything in the bill which will assure that the deregulation of the government monopoly will reduce or result in the reduction of prices.

The other complaint of parents is: Specially in private schools, and this is an indication, that the constant changing of textbooks imposes an unnecessary hardship on parents, I just have a gut feel that if that is so with textbooks in private universities and colleges, and we come to a point in time, where in effect we deregulate this matter, and we have private publishing houses that in the nature of things have more connections whether business or personal, let us say, with private universities and colleges, what guarantee do we have that this bill will result not only in cheaper textbooks but in assuring that because it is the private sector now that is calling the shots, there will be not more but less changing of textbooks that are used?

Senator Angara: Ironically, Mr. President, it is the government that prescribes textbooks and requires its constant changing, and in effect, prescribes that pupils and students buy new textbooks every other year. So the extra burden this imposes on parents and students is really government-created. We hope that when we give textbook publication to the private sector, then the discipline of the market will tell them that they cannot unload too many books on a very limited market, because they are going to lose their shirt in the process.

We hope that discipline of the market will lower the cost and improve quality, and in the end, give a fair shake to our parents.

Senator Maceda: Just an off-the-cuff comment for the record, Mr. President. For all of us here who have run in national elections, or who have run election campaigns, I know, as a matter of fact that even in the last elections, all the big publishing houses which, of course, have their printing presses, could not accept any job for printing propaganda, because they said they were all full with printing books and textbooks.

So I get the impression that, really, business is good for the big publishing houses with their own printing presses. Usually we could only have our propaganda materials printed by the smaller ones because the bigger ones say that they are fully booked. Including some relatives of mine who are printing books, I could not even make *singit* because they said that whole year round they are printing textbooks.

Senator Angara: That is possible, Mr. President. But it is also possible that they do not want to get into the business of printing campaign materials.

SUSPENSION OF THE SESSION

Mr. President, may we have a one-minute break.

The President: The session is suspended for a couple of minutes, if there is no objection. [*There was none.*]

It was 5:40 p.m.

RESUMPTION OF THE SESSION

At 5:45 p.m., the session was resumed.

The President: The session is resumed.

Senator Romulo: Mr. President, there are still two Senators who wish to interpellate Senator Angara: Senators Coseteng and Rasul. But, with the permission of Senator Angara, I move that we suspend consideration of Senate Bill No. 252 under Committee Report No. 28.

The President: Is there any objection to the motion?

Senator Maceda: Mr. President.

The President: The President Pro Tempore is recognized.

MOTION OF SENATOR MACEDA (Referral of Senate Bill No. 252 to Ways and Means Committee)

Senator Maceda: Mr. President, before we suspend, I would like to reiterate the earlier suggestion we made which was agreed to by the Sponsor. I formally move that the matter of Section 9 on the tax exemptions be referred to the Committee on Ways and Means.

The President: Is there any objection to the motion for a referral of this bill to the Committee on Ways and Means for the revenue aspect of the same?

Senator Osmeña: Mr. President.

The President: Senator Osmeña is recognized.

Senator Osmeña: Mr. President, would that not be tantamount to returning this bill to committee since it has already been reported out and, in fact, sponsored on the Floor?

The President: I understand from Senator Angara himself this morning that he is amenable to referring this bill to the Committee on Ways and Means for purposes of the revenue aspect. In fact, that is something we failed to consider in the referral of this bill.

Senator Herrera: Mr. President.

The President: I understand Senator Herrera, the Chairman of the Committee on Ways and Means, is claiming the Floor; so the Chair recognizes him.

Senator Herrera: Mr. President, when the Committee Report was submitted for signature, I signed it with reservation because of that particular provision. However, if my recollection is correct, this is an old bill which was also discussed during the past Senate. This was referred to the Committee on Ways and Means, that is why I support the motion of Senator Maceda. I would like to sit down also later with the Chairman of the Committee on Education, Arts and Culture in order to look into the proceedings of the past Senate on this matter.

The President: Without necessarily referring it now to the Committee on Ways and Means?

Senator Herrera: If we can suspend this just to make sure whether in that hearing in the past Senate, there were no strong objections on this, or the data as requested by the Gentleman from Manila can be taken from that proceedings.

Senator Osmeña: Mr. President, with the permission of Senator Herrera. During the brief huddle here, I had suggested to Senator Maceda that we delete that provision granting duty-free importation because that is an administrative course of action. The President can amend the Tariff Code and remove the duty if the Executive so desires.

I have been told by Senator Maceda that Senator Angara has no objection. I am not going to be more popish than the Pope if the Sponsor has no objection. I was just looking at it from a strictly procedural point of view. It might help the case of Senator Maceda, if he will recall, that all franchise bills in the past Senate were always referred--because they also carried with them certain franchise tax provisions--to the Committee on Ways and Means. Perhaps from the beginning, this should have also been referred to the Ways and Means Committee.

But, anyway, Mr. President, I am just looking at it not from the policy point of view, whether or not it would be a violation of the rules, or rather, whether or not it should be done, but I was looking at it from the point of view of the fact that it can be removed and that can be addressed by administrative action.

Thank you, Mr. President.

The President: All right. At any rate, what does the President Pro Tempore say with respect to his motion?

Senator Maceda: Mr. President, really this should have been referred to the Ways and Means Committee in the first place. Apparently, there was an oversight, maybe, because this was one of the so many bills presented during the earlier days of the Senate where we were referring bills by the hundreds.

All I would suggest is, if we can request the Chairman of the Ways and Means Committee to act on this within two weeks after receipt of the referral, then I guess that will not derail the bill too much. After all, it is not a certified bill; it is not a matter of life and death.

Senator Herrera: I have no objection to that, Mr. President. In fact, I welcome it. But, on the other hand, if the author of the bill can agree to the proposal of Senator Osmeña, then that will abbreviate the delay. The reason for this is, it might take few hearings in order to get the data that we would like to have in order to enlighten us on this very important issue.

For instance, I would like to know whether the paper industry is really in a position to supply the volume required, the quantity required, the quality, and the same cost as the imported paper. This question will really take a lot of research and consultation because this is very important in order to resolve this particular issue, whether we will allow a tax-free importation, and we have to hear also the side of the paper manufacturers.

So if we can abbreviate it by deleting the entire provision, to me, that is the most advisable mode. However, if the author of the bill does not agree and he would like to have a hearing on this, I would appreciate to have a hearing on this so that we can have a full discussion on this particular issue.

The President: All right. Is there any objection to referring this bill to the Committee on Ways and Means as far as the revenue aspect is concerned? [*Silence*] The Chair hears none; the motion is approved.

SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 252

Senator Romulo: Mr. President, I have a previous motion to suspend consideration of Senate Bill No. 252 under Committee Report No. 28.

The President: Is there any objection to the motion to

suspend consideration of this bill? [Silence] There being none, the same is hereby approved.

BILL ON SECOND READING
Senate Bill No. 176--Hazing as a Crime
(Continuation)

Senator Romulo: Mr. President, I ask that we now resume consideration of Senate Bill No. 176 as reported out under Committee report No. 18, in consolidation with Senate Bill No. 667.

The President: Resumption of consideration of Senate Bill No. 176, in consolidation with Senate Bill No. 667, is now in order.

Senator Romulo: Mr. President, we are still in the period of amendments.

I ask that the distinguished Gentleman from Manila, Nueva Ecija and Laguna, Senator Joey Lina, be recognized.

The President: Senator Lina, Jr. is hereby recognized.

Senator Lina: Thank you, Mr. President.

We distributed copies of the proposed Committee amendments, and these Committee amendments are already inserted in the bill as prepared by the Bills and Index Division. We traced the discrepancy between the copies that were distributed much earlier to the Members of the Chamber and the amendments that we were trying to introduce this morning to the fact that the original copy of the Committee Report was retyped by the Bills and Index Division, and unfortunately, in the process of retyping the same, the numbering of the lines differed. So there was discrepancy as to the placements of the amendments that we were trying to introduce this morning as compared with the copy on file of each Senator. What we did was to use the Bills and Index Division's copy as the basis of the proposed amendments of the Committee.

May I begin introducing amendments, Mr. President.

The President: Just for the record, the Chair has been furnished with a new copy of Senate Bill No. 176, in consolidation with Senate Bill No. 667, with the notation at the top right-hand margin, which says: "With proposed Committee amendments as of November 16, 1992." Is the distinguished Sponsor referring to this bill?

Senator Lina: Yes, Mr. President.

The President: Therefore, we will use it hereafter as the basis of the proceedings as far as this bill is concerned.

Senator Lina: Yes, Mr. President.

The President: And were all the Members of the Senate furnished with a copy of this bill, together with the amendments?

Senator Lina: Yes, Mr. President.

The President: All right, the Gentleman may then proceed.

COMMITTEE AMENDMENTS

Senator Lina: On page 1, Mr. President, delete line 5 to line 17 with the exception of "ART. 252-A. HAZING", and add a new paragraph as on lines 17-A to the following page 17-J. It reads:

THE CRIME OF HAZING IS COMMITTED BY ANY PERSON OR GROUP OF PERSONS WHO, AS MEMBER OR LEADER OF A FRATERNITY, SORORITY OR SIMILAR ORGANIZATIONS, SHALL INFLICT PHYSICAL OR PSYCHOLOGICAL PAIN AND SUFFERING UPON ANOTHER WHO IS SEEKING MEMBERSHIP IN, OR IS BEING RECRUITED TO JOIN SAID FRATERNITY, SORORITY OR SIMILAR ORGANIZATIONS.

This is an additional paragraph, Mr. President:

THE TERM "SIMILAR ORGANIZATIONS" SHALL ALSO APPLY TO THE ARMED FORCES OF THE PHILIPPINES, PHILIPPINE NATIONAL POLICE, PHILIPPINE MILITARY ACADEMY, CITIZEN'S MILITARY TRAINING, OR CITIZEN'S ARMY TRAINING.

And if I may proceed:

THE CRIME OF HAZING AS HEREIN DEFINED SHALL BE PUNISHED AS FOLLOWS:

If my Colleagues will note it, Mr. President, the committee redrafted the definition of "hazing" from line 17-A to line 19 on page 1-A.

The President: Is there any objection to this amendment?

Senator Maceda: Mr. President.