



Privatizing PAGASA

Benson Te and Nonoy Oplas
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(Note: Three articles are featured here, one written by Benson Te, and two written by Nonoy Oplas, posted in their respective blogs.)

(1) Privatize Pag-Asa or Open Weather Forecasting To Competition

By Benson Te
July 21, 2010

<http://prudentinvestornewsletters.blogspot.com/2010/07/privatize-pag-asa-or-open-weather.html>

Weather forecasting personnel from the government institution are reportedly in mass exodus.

According to [the Inquirer](#),

The Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA) has lost 24 key personnel, most of them experienced weather forecasters, in the past 10 years to lucrative offers from abroad, the Inquirer has learned.

Brain drain is not the only disturbance beclouding the state agency, on whose forecasts depend the lives of countless Filipinos. The problem of outdated equipment has battered it for years.

According to PAGASA personnel who talked on condition of anonymity, most of the weather forecasters have accepted offers from the state weather agency in

Dubai, which is strengthening its forecasting system in its bid to attract investors and tourists.”

This is to be anticipated for the following reasons:

One, PAGASA is just one of the many tentacles of government agencies and thus becomes the object of concern only when political expediency calls for it.

Two, because PAGASA’s priority is based on political whims, thus, her financing is also subject to political priorities.

[I’d like to add that “brain drain” is a non-sequitur here, brain drain is the result of government or bureaucratic failure.]

Evidence from the same article,

After 1998, PAGASA decided to chuck the master plan.

But Nilo said the Arroyo administration was more supportive of PAGASA’s plan calling for much-needed equipment improvement.

In 2005, Nilo and PAGASA embarked on a new plan that included the upgrading of PAGASA’s existing Doppler radars.

Unfortunately, the Arroyo administration toward the end of its term slashed PAGASA’s budget for 2010.

The agency had submitted a P1.7-billion budget covering personnel and maintenance expenses and including capital outlay for the purchase of new equipment. But it was told by the Palace to stay within the ceiling of P614 million.

For 2009, PAGASA got a P757-million budget that included some amount for capital outlay.

Three, because government bureaus are likewise subject to public opinion, PAGASA serves as a favorite whipping boy or “passing the hot potato” (blame) for political leaders. In politics, which essentially is a zero sum game, someone has to take blame, hence if it is not greedy entrepreneurs it is the small fry (bureaucrats). Never will the blame fall on themselves or the bureaucracy or the legal system that supports it.

From the same article,

PAGASA has been under a microscope after failing to accurately track Typhoon “Basyang” (international codename: Conson) and its officials were publicly reprimanded by no less than President Benigno Aquino III.

The agency has upgraded the capability of two of its Doppler radars to improve storm tracking. Aside from that, the new radars can now provide information on wind speed, wind direction and rainfall amount.

The agency is set to upgrade five more radars in the coming months.

As shown above, government always are almost always reactive in approaching social problems, and that’s because the primary concern of politicians have been to generate favorable public opinion, since the essence of the preservation of their politically privileged status is in the substance of a popularity contest . Hence, since social issues are fungible or concerns which varies on a fleeting day to day affair, so goes with the political priorities.

Finally what people don’t see is that weather forecasting services could be better offered by the private sector.

In the US private companies are reportedly much better or more accurate in weather forecasting.

This [from the Fox](#),

Private companies with a lot at stake would often rather pay for private forecasts than rely on the “free” forecasts from the government. Hugh Connett, the president of Bridgeline, a gas pipeline company in Louisiana, claims that the government’s hurricane forecasts are too imprecise. He says that private companies such as AccuWeather do it better, because they give more accurate predictions and provide hour-by-hour forecasts of a storm’s path.

His position is not ideological – Connett’s firm monitors the past accuracy of hurricane forecasters to make sure paying extra for the private service is worth it.

It is not just for hurricanes that private forecasting comes out on top. A new study by Forecast Watch, a company that keeps track of past forecasts, found that from Oct. 1, 2006, through June 30, 2007, the government’s National Weather Service did very poorly in predicting the probability of rain or snow. Comparing the National Weather Service to The Weather Channel,

CustomWeather, and DTN Meteorlogix, Forecast Watch found that the government's next-day forecast had a 21 percent greater error rate between predicted probability of precipitation and the rate that precipitation actually occurred.

In looking at predicting snow fall from December 2006 through February 2007, the National Weather Service's average error was 24 percent greater.

"All private forecasting companies did much better than the National Weather Service," the report concludes.

The government doesn't do any better with forecasting temperature. For the largest 50 cities in the U.S. over the last year, ForecastAdvisor.com ranks the National Weather Service's overall predictions for high and low temperatures as well as precipitation as dead last among the six weather forecasting services they examined.

It has only been in the last several years that comparisons between government and private weather companies have been possible, as the National Weather Service has made its data more readily available. **But none of this should be very surprising. Incentives matter.** If the private companies don't do a good job, they go out of business. Government agencies never even shrink.

The key difference? Private sector is subject to profit or losses, thereby are incented to produce accurate or precise forecasting or risk losing capital, whereas the public sector's performance goes only on the spotlight, when problems emerges.

Thus, from motivational issues, the lack of incentive to serve consumers, scant funding to shifting public priorities by political leaders, the mass personnel exodus from the government agency should be expected. The alternate solution isn't for government to spend more but to open weather forecasting to competing private enterprises.

Ludwig von Mises laid out the premise why governments are no better in providing "public services" needed by the people (bold emphasis mine).

In public administration there is no connection between revenue and expenditure. The public services **are spending money only**; the insignificant income derived from special sources (for example, the sale of printed matter by the Government Printing Office) is more or less accidental. The revenue derived from customs

and taxes is not “produced” by the administrative apparatus. **Its source is the law, not the activities of customs officers and tax collectors. It is not the merit of a collector of internal revenue that the residents of his district are richer and pay higher taxes than those of another district.** The time and effort required for the administrative handling of an income tax return are not in proportion to the amount of the taxable income it concerns.

In public administration **there is no market price for achievements.** This makes it indispensable to operate public offices according to principles entirely different from those applied under the profit motive.

(2) Deregulate weather forecasting, privatize PAGASA

by Nonoy Oplas

July 26, 2010

<http://funwithgovernment.blogspot.com/2010/07/deregulate-weather-forecasting.html>

(This is my article for "People's Brigada News" weekend tabloid, <http://peoplesbrigadanews.com/wpress/index.php>, submitted July 23, 2010)



The Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA) is the monopoly weather forecasting body in this country. Among its catastrophic forecasts were those of super-typhoons “Ondoy” (international name “Ketsana”) and “Pepeng” (“Parma”) last year, and typhoon “Basyang” (“Conson”) middle of this month.

In other cases though, PAGASA would exaggerate its forecast, forcing the public and the local governments to make over-cautious preparations, like suspending inter-island shipping and plane flights, only to see mild rains and wind.

When I got married several years ago in Iloilo, my siblings and cousins from Negros Occidental were not able to attend. The Coast Guard did not allow inter-island travel between Bacolod and Iloilo (just one hour by boat) because PAGASA said storm signal no. 2 was up in that region, even when it was sunny and the wind has pacified.

Weather forecasting need not be an exclusive function of the government. The scientific and technical know-how to gather data and interpret them can be done by private enterprises. Private corporations now have capacities to send their own satellites into space to provide telecommunications and other services to the public.

Government weather forecasting bodies like PAGASA do not get penalized for their catastrophic failures in doing their job. No one was fired in PAGASA, its budget was never cut, and each failure in weather forecasting is even used as additional excuse to demand more tax money to further “improve” the agency.

Private weather forecasting enterprises though, will get heavy penalty if they make bad forecasts consistently. There is no tax money to put them up, no tax money to bail them out if they are constantly inefficient. They are under pressure to provide the most accurate, the most updated, hour by hour monitoring, of severe weather disturbances, for their clients.

Weather forecasting in the country should be deregulated and private companies should be allowed and encouraged to enter the market. PAGASA can either be privatized, or be subjected to certain penalties like firing its key officials and shrinking its budget the next year, if it remains a lousy agency. Persistent lousiness and persistent reduction of its budget should ultimately result in its abolition or privatization.

A friend wrote a good post in his blog, “Privatize PAGASA or open weather forecasting to competition”,

<http://prudentinvestornewsletters.blogspot.com/2010/07/privatize-pag-asa-or-open-weather.html>

(3) Privatize PAGASA, part 2

by Nonoy Oplas

July 26, 2010

<http://funwithgovernment.blogspot.com/2010/07/privatize-pagasa-part-2.html>

In the US, there are 5 (or more?) private weather forecasting companies which are somehow making money and getting lots of private subscribers. These are:

1. AccuWeather, www.accuweather.com
2. CustomWeather, www.customweather.com
3. The Weather Channel, www.weather.com
4. DTN Meteorlogix, www.telvent.com
5. Forecast Advisor, www.forecastadvisor.com

I do not know if there are other private forecasting companies there. The US government's forecasting agency is National Weather Service (under the NOAA), www.nws.noaa.gov.

In UK, I do not know how many private weather forecasting companies there are, on top of the UK government's Met Office (www.metoffice.gov.uk), but I know one, the Weather Action (www.weatheraction.com) headed by a British solar physicist, Piers Corbyn. Piers uses what he calls the Solar Weather Technique (SWT) in predicting both short- and long-term weather and climate patterns.

I'd like to see the presence of private forecasting companies in the Philippines. Someone who gives its subscribers -- airlines, shipping lines, bus lines, tv channels,

radio stations, resorts and hotels, agribusiness companies, various government agencies (Air Transportation Office, MARINA, Coast Guard, Department of Agriculture, etc.) -- hour by hour updates, not every 12 hours like what PAGASA is doing.

The business is very simple: if the subscribers are not happy with the kind of forecasts being given to them, they unsubscribe or stop paying for the services, the weather forecasting company loses clients, it goes bankrupt later. Zero tax money involved in setting it up, no tax money needed to bail it out. So the only guarantee that such company will survive and prosper, is to make its forecasts as accurate as possible. Or to inform its subscribers of changes in forecasts every hour, or every 30 minutes as extreme weather events like super-typhoons come.

Just today, PAGASA said people should bring an umbrella because of the rains in the afternoon due to the inter-tropical converging zone (ITCZ) and a low-pressure area (LPA) west of Ilocos Sur. It's almost 4pm now as I write this, no rains, it's cloudy, yes, but sunlight penetrates through the cloud.

Yesterday, PAGASA did not give advisory to "bring umbrella", and lots of major roads in Metro Manila was submerged with floods due to heavy rains.

Does PAGASA lose even a single peso in terms of budget cut when it gives consistent lousy forecasting? Not a bit.

The officials there always like to picture themselves as poor or "kawawa", that they have no modern equipment, that their good staff are being pirated elsewhere, etc. With the money thrown at PAGASA all those years, after all those heavy typhoons and numerous deaths to people and damage to properties, the important equipment are with them already. What they need are bright guys who can interpret those raw data more intelligently.

Or better, what they need are enough rewards and punishment. Say for every 50 typhoons and LPAs, a batting average of 60% or more of wrong forecasts, PAGASA director should go, no explanation to be accepted whatsoever. And for batting average of say, 60% or more of correct forecasts, the director and staff gets some incentive bonus.