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Routledge Handbook of the Contemporary Philippines

Edited by Mark R. Thompson and Eric Vincent C. Batalla

ROUTLEDGE HANDBOOK OF THE CONTEMPORARY PHILIPPINES

The Philippines is a fascinating example of a "poor country democracy" where issues of economic development and poverty, political participation and stability, as well as ethnicity and migration are crucial. The *Routledge Handbook of the Contemporary Philippines* provides a comprehensive overview of the current political, economic, social, and cultural issues of the country. The *Handbook* is divided into the following four sections concentrating on a different aspect of the Philippines:

- domestic politics;
- foreign relations;
- economics and social policy;
- cultures and movements.

In terms of domestic politics, chapters discuss clientelism, bossism, dynasties, pork barrel and corruption, as well as institutions – the presidency, congress, the judiciary, the civil service, political parties, and civilian-military relations. The Philippines is confronted with many overseas challenges, with the foreign relations section focused on the country's relationship with China, Japan, and the USA as well as assessing the impact of the Filipino diaspora community around the world. Regarding economics and social policy, authors examine industrial policy, capital flight, microfinance, technocracy, economic nationalism, poverty, social welfare programs, and livelihoods. The final section on Philippine cultures and movements highlights issues of customs, gender, religion, and nationalism while also examining various social and political forces – the peasantry, the middle class, indigenous peoples, NGOs, the left, trade unionism, the women's movement, and major insurgencies.

Written by leading experts in the field, the *Handbook* provides students, scholars, and policy-makers of Southeast Asia with an interdisciplinary resource on the evolving politics, society, and economics of the Philippines.

Mark R. Thompson is Professor and Head, Department of Asian and International Studies and Director of the Southeast Asia Research Centre at the City University of Hong Kong.

Eric Vincent C. Batalla is Professor and Chair of Political Science at De La Salle University, Philippines.



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CONTRIBUTORS

Carmel Veloso Abao is an instructor of political science at the Ateneo de Manila University and is currently completing a Ph.D. in Development Studies at the De La Salle University, Manila. Her research focuses on social movements and international political economy. Before joining the academe in 2009, she was involved in a number of social movements in the country – as a labor organizer for Workers' College (now defunct), as deputy director of the Institute for Popular Democracy (IPD), and as the founding national secretary general of Akbayan (Citizens' Action Party).

Patricio N. Abinales is a professor at the School of Pacific and Asian Studies, University of Hawaii-Manoa. The second and expanded edition of *State and Society in the Philippines*, which he co-authored with his late wife Donna J. Amoroso, has just been published by Rowman & Littlefield.

Bruce E. Barnes is an associate professor at the Matsunaga Institute for Peace and Conflict Resolution, University of Hawaii. His research focuses on conflict, culture, and mediation in the Asian Pacific. His recent publications include (with Fatahillah Apdul Syukur) "Mediating Contemporary, Severe Multicultural and Religious Conflicts in Indonesia, the Philippines, and Thailand" in Dale Bagshaw and Elisabeth Porter, eds., *Mediation in the Asia Pacific Region* (Routledge, 2009) and "Essays on Mediation: Dealing with Disputes in the 21st Century," in Ian Macduff, ed., *The Roles of Cultures* (Kluwer, 2016).

Coeli Barry teaches at the Institute of Human Rights and Peace Studies at Mahidol University, Thailand. She has published extensively on contemporary political and cultural life in both Thailand and the Philippines. She is currently writing about life as an educator through the prism of motherhood, race, and nationality in Southeast Asia.

Eric Vincent C. Batalla is professor in and chair of the Department of Political Science of De La Salle University, Manila. His research covers a variety of policy issues in governance and development in East Asia and the Philippines. He is a member of the Philippine government's reciprocal working committee for social and economic reforms in peace negotiations with the National Democratic Front of the Philippines. He has served as director of the Commission on

Higher Education Zonal Research Center based at De La Salle University and as dean of the School of Management and Information Technology at the De La Salle College of St. Benilde. He holds Ph.D. and M.A. degrees in Economics from Hiroshima University as well as an M.B.A and B.A. in History–Political Science at De La Salle University.

Edsel L. Beja Jr. is professor of economics at Ateneo de Manila University. His research areas are macroeconomics, political economy, and welfare and well-being. He was the recipient of the Outstanding Young Scientist Award (2008) and the Outstanding Book Award (2016) of the National Academy of Science and Technology, Philippines. Dr. Beja holds a Ph.D. in Economics from the University of Massachusetts Amherst.

Rizal G. Buendia, Ph.D., is an independent consultant and researcher in Southeast Asian politics and international development based in London. Former chair of the Political Science Department, De La Salle University, Manila, and teaching fellow in politics at the School of Oriental and African Studies (SOAS), University of London, he is the author of *Ethnicity and Sub-nationalist Independence Movements in the Philippines and Indonesia* (De La Salle University Press, 2002) and *The Politics of the Bangsamoro Basic Law* (De La Salle University Press, 2015), and is currently working on a new monograph, "The Prospect of the Bangsamoro Basic Law under Duterte and Beyond." He has been a consultant to the United Nations Development Programme, the World Bank, and USAID, among others.

Renato Cruz de Castro is a full professor in the International Studies Department, De La Salle University, Manila where he also holds the Charles Lui Chi Keung Professorial Chair in China Studies. He was the US–ASEAN Fulbright Initiative Researcher from the Philippines based at the East-West Center in Washington, D.C. from September to December 2016. He has written 85 articles on international relations and security published in scholarly journals and edited volumes.

Gerard Clarke is associate professor of politics and international development at Swansea University, Wales. He is the author of *The Politics of NGOs in South-East Asia: Participation and Protest in the Philippines* (Routledge, 1998) and *Civil Society in the Philippines: Theoretical, Methodological and Policy Debates* (Routledge, 2013). He has long-standing research interests in NGOs and civil society in the Philippines.

Joaquin Jay Gonzalez III, Ph.D., is Mayor George Christopher Professor of Government and Society and chair of the Public Administration Department at the Edward S. Ageno School of Business of Golden Gate University in San Francisco, California. For close to a decade, Dr. Gonzalez served as San Francisco Commissioner for Immigrant Rights.

Rosalie Arcala Hall is a professor of political science at the University of the Philippines Visayas. She has completed research projects on civil-military relations during counterinsurgency and disaster response, rebel and gender integration, and Philippines–US military relations. Her most recent work includes "Guardians Reinvented: The Philippine Army's Non-traditional Engagements in Panay Island, Philippines," *Philippine Political Science Journal* 37(2), 2016 and chapters in the edited volume *Local Security in the Contested Bangsamoro Zone* (The Asia Foundation, 2017).

Allen Hicken is the Ronald and Eileen Weiser Professor of Emerging Democracies and the Director of the Weiser Center for Emerging Democracies at the University of Michigan. He is

the author of *Building Party Systems in Developing Democracies* (Cambridge University Press, 2009) and the co-editor of *Party System Institutionalization in Asia: Democracies, Autocracies, and the Shadow of the Past* (Cambridge University Press, 2015).

Rupert Hodder is a professor and associate dean in the School of Economics and Management at the Harbin Institute of Technology (Shenzhen), China. He writes and teaches on economic development in Pacific Asia and Europe, with emphasis on the implications of social change for political, bureaucratic, and economic life. Recent publications include *High-Level Political Appointments in the Philippines* (Springer, 2014), and "Global South and North: Why Informality Matters," *New Global Studies* 10(2), 2016. He is currently working on a study of small businesses.

Ronald D. Holmes is an assistant professor in the Department of Political Science of De La Salle University, Manila. He is also president of the opinion research organization, Pulse Asia Research Inc. He is currently completing his dissertation on the political economy of pork barrel in the Philippines at the Department of Political and Social Change of the Coral Bell School of Asia Pacific Affairs, The Australian National University.

Masataka Kimura is professor of international relations at Ibaraki University, Japan. He has published a number of works on Philippine politics such as *Elections and Politics Philippine Style: A Case in Lipa* (De La Salle University Press, 1997) and "Toward a More Workable Philippine Party-List System: Addressing Problems of Sectoral and Proportional Representation," *Philippine Political Science Journal* 34(1), 2013. His current research interests include representation of social and demographic diversity and electoral systems.

Howard Loewen is visiting full professor at the Institute of Political Science, the University of Erlangen-Nürnberg, Germany and senior research fellow at the Institute for Peace Research and Security Policy, the University of Hamburg. His research focuses on the international relations and the international political economy of East Asia. Before joining the University of Erlangen-Nürnberg in 2013, Dr. Loewen was associate professor of international relations and director of research in the School of Politics, History, and International Relations at the University of Nottingham Malaysia Campus. He is the author of books on transregional cooperation (Dr. Kovac, 2003, in German) and on the political system of the Philippines (Springer VS, 2017, in German) as well as, with Anja Zorob, of *Initiatives of Regional Integration in Asia in Comparative Perspective* (Springer, 2017).

Diana J. Mendoza is assistant professor and chair of the Department of Political Science, Ateneo de Manila University. She had earlier served as associate chair of the department and concurrently as director of the Ateneo Southeast Asian Studies Program. She obtained her Ph.D. from the City University of Hong Kong. Her recent publications include "Corazon Aquino: The Reluctant First Female President of the Philippines," in *Women Presidents and Prime Ministers in Post-Transition Democracies* (Palgrave, 2017) and she was a contributor to *Asian Integration: History, Contemporary Integrative Efforts, Implications on State Formation, and Reconfiguration* (Ateneo Center for Asian Studies, 2017). She is a member of the Executive Board of the Philippine Political Science Association (2015–2017) and the Board of Directors of the Ateneo Center for Asian Studies (2015–2018).

B. Lynne Milgram is professor of anthropology at OCAD University, Toronto. Her research in the northern Philippines analyzes the cultural politics of social change regarding women's

work in crafts, the Hong Kong–Philippine secondhand clothing trade, and street and public market vending. Professor Milgram investigates urban public space transformations and issues of informality, governmentality, and extralegality regarding livelihood rights and food security. Milgram's recent co-edited book (with Karen Hansen and Walter Little) is *Street Economies of the Urban Global South* (SAR Press, 2013).

Oona Paredes is an assistant professor in the Department of Southeast Asian Studies at the National University of Singapore. Her current research focuses on traditions of authority and governmentality in the upland Philippines, with a focus on datuship among the Higaunon Lumads of northern Mindanao. She is the author of *A Mountain of Difference: The Lumad in Early Colonial Mindanao* (Cornell SEAP, 2013).

Jon S.T. Quah is a retired professor of political science at the National University of Singapore and an anti-corruption consultant based in Singapore. His recent books on corruption include *Curbing Corruption in Asian Countries: An Impossible Dream?* (Emerald, 2011) and *Hunting the Corrupt "Tigers" and "Flies" in China* (Carey School of Law, 2015).

Nathan Gilbert Quimpo is an associate professor in political science at the University of Tsukuba, Japan. He is the author of *Contested Democracy and the Left in the Philippines after Marcos* (Ateneo University Press, 2008) and the co-author of *Subversive Lives: A Family Memoir of the Marcos Years* (Ohio University Press, 2016). His research interests include democratic governance, conflict and peace, and political corruption.

Antoinette R. Raquiza is an associate professor at the Asian Center, University of the Philippines Diliman and does research on political economy of late development and comparative political institutions. She is the author of *State Formation and Economic Development in Southeast Asia: The Political Economy of the Philippines and Thailand* (Routledge, 2012).

Ma. Victoria R. Raquiza is an assistant professor at the National College of Public Administration and Governance, University of the Philippines, where she specializes in social policy, poverty eradication, and structural transformation. She is a co-convenor of Social Watch Philippines and is a member of the Social Watch International Working Group. Dr. Raquiza obtained her M.A. in Development Studies from the Institute of Social Studies (The Hague, Netherlands) and her Ph.D. from the City University of Hong Kong.

Ben Reid is currently a visiting researcher at RMIT University Melbourne, Australia. He has conducted extensive research and published widely on the political economy of development and the role of collective action and social movements in the Philippines. He is the author of *Philippine Left: Political Crisis and Social Change* (Journal of Contemporary Asia Publishers, 2000). His article "Securitising Participation in the Philippines: KALAHI and Community-driven Development" was runner-up paper of the year for 2011 in the *Journal of Contemporary Asia*.

Temario C. Rivera is a retired professor and former chair of the Department of Political Science of the University of the Philippines. His major works include *Landlords and Capitalists: Class, Family and State in Philippine Manufacturing* (University of the Philippines Press, 1994) and *Chasing the Wind: Assessing Philippine Democracy* (CHRP and UNDP, 2nd ed., 2016) as co-editor.

Paul A. Rodell is professor of history at Georgia Southern University where he teaches undergraduate and graduate courses on Southeast Asia. His interests include religion (indigenous or

adopted including both Christianity and Islam), historical and contemporary protest theater, revolutionary movements, Southeast Asian intra-regional relations, and the work of international voluntary organizations in the region. He is the author of *Culture and Customs of the Philippines* (Greenwood Press, 2002), edited a special issue of the *Journal of Commonwealth and Postcolonial Studies* on issues of identity in Southeast Asia, and has published a number of articles on these and other topics.

Karen Rodrigo is a lecturer at De La Salle University, Manila. She has a J.D. from the University of the City of Manila and also holds a Master of Human Rights from Malmo University, Sweden. She has research interests in democracy, constitutionalism, political law, and human rights.

Michelle Sta. Romana is a graduate student at the Political Science Department, De La Salle University, Manila. She has been involved in research and staff work at the De La Salle Institute of Governance, the Money Politics research project organized by the Australian National University, and a democracy assessment project sponsored by the USAID. Her research interests and pending publications cover topics on local electoral dynamics, transitional justice in Asia, and the role of politics in bureaucratic institutions.

Asuncion Sebastian, Ph.D., was an associate professor at De La Salle University, Manila, Political Science Department. Having devoted decades to both business and development research, she was a contributor to *Dynamics of International Business Asia-Pacific Business Cases* (Cambridge University Press in Australia, 2013) and presented her latest study "Non-Financial Services as Tools for Inclusive Development" at the Third International Forum on Innovative Collaborative Learning (Manila, 2017). Her research interests include microfinance, social enterprises and innovations, and business in development.

John T. Sidel is the Sir Patrick Gillam Professor of International and Comparative Politics at the London School of Economics and Political Science. He is the author of *Capital, Coercion, and Crime: Bossism in the Philippines* (Stanford University Press, 1999), (with Eva-Lotta Hedman) *Philippine Politics and Society in the Twentieth Century: Colonial Legacies, Postcolonial Trajectories* (Routledge, 2000), and *Riots, Pogroms, Jihad: Religious Violence in Indonesia* (Cornell University Press, 2006). He is currently finishing a book manuscript titled *Republicanism, Communism, Islam: Cosmopolitan Origins of Revolution in Southeast Asia*.

Eduardo C. Tadem, Ph.D., is a professorial lecturer of Asian Studies at the University of the Philippines Diliman and former editor-in-chief of *Asian Studies* (*Journal of Critical Perspectives on Asia*). He is president of the Freedom from Debt Coalition (FDC) and a member of the International Committee of the NGO Forum on the Asian Development Bank (ADB). His latest academic publications are: "Technocracy and the Peasantry: Martial Law Development Paradigms and Philippine Agrarian Reform," *Journal of Contemporary Asia* 45(3), 2015; "Political Dynasties in the Philippines: Persistent Patterns, Perennial Problems" (with Teresa S. Encarnacion Tadem), *Southeast Asia Research* 24(3), 2016; and *Living in Times of Social Unrest: Bart Pasion and the Philippine Revolution* (University of the Philippines Press, 2017).

Teresa S. Encarnacion Tadem, Ph.D. is professor of political science at the University of the Philippines Diliman. Her current research interests include the politics of technocracy and social movements and democratization. She is editor of *Localizing and Transnationalizing Contentious Politics: Global Civil Society Movements in the Philippines* (Lexington Press, 2009).

Yusuke Takagi is an assistant professor at the National Graduate Institute for Policy Studies (GRIPS), Tokyo. His publications include *Central Banking as State Building: Policymakers and Their Nationalism in the Philippines, 1933–1964* (Ateneo de Manila University, National University of Singapore Press, and Kyoto University Press, 2016).

Julio C. Teehankee is full professor of political science and international studies at De La Salle University, Manila where he also served as dean of the College of Liberal Arts from 2013 to 2017. He is president of the Philippine Political Science Association (PPSA) and is the executive secretary of the Asian Political and International Studies Association (APISA) – the regional professional organization of scholars in political science, international relations, and allied disciplines. He completed his postdoctoral studies at the Graduate Schools of Law and Politics at the University of Tokyo, Japan and obtained his Ph.D. in Development Studies from De La Salle University. He is co-authoring a book on the Philippine presidency with Mark R. Thompson.

Mark R. Thompson is professor at and head of the Department of Asian and International Studies, and director, Southeast Asia Research Centre (SEARC), both at the City University of Hong Kong. He was an exchange student at the University of the Philippines in 1984–1985 and a visiting fellow at the Institute of Philippine Culture, Ateneo de Manila University, 1986–1987. He was the Lee Kong Chian NUS–Stanford University Fellow on Contemporary Southeast Asia, 2008–2009. He is the author of *The Anti-Marcos Struggle* (Yale University Press, 1996), *Democratic Revolutions* (Routledge, 2004), co-editor of *Dynasties and Female Political Leaders in Asia* (LIT Verlag, 2013), and has written a number of journal articles, including several on Philippine politics, most recently as editor of a 2016 special issue on the early Duterte presidency in the open access *Journal of Current Southeast Asian Affairs*. He is currently completing a manuscript on the Philippine presidency with Julio C. Teehankee.

David G. Timberman (B.A. Tufts University, M.A. Columbia University) is an independent scholar and development practitioner with 30 years of experience analyzing and addressing political, governance, and conflict-related challenges in Southeast Asia, particularly the Philippines. Currently he is writing a book on key aspects of the Philippine political economy. He was the Lee Kong Chian NUS–Stanford University Fellow on Contemporary Southeast Asia, 2016–2017. In 2015–2016 he was a visiting professor of political science at De La Salle University, Manila. Over the course of his career he has held positions with Management Systems International, the U.S. Agency for International Development, the National Democratic Institute, the Asia Foundation, and the Asia Society. He has edited or co-edited multi-author volumes on the Philippines, Cambodia, and economic policy reform in Southeast Asia.

Dennis D. Trinidad (Ph.D., University of Tsukuba, Japan) is associate professor and coordinator for the Japanese Studies Program in the International Studies Department of De La Salle University, Manila. His research focuses on impacts of asymmetrical foreign aid relations on development and diplomacy, and on understanding the politics of economic reform.

FOREWORD

We would like to thank Lily Brown, Jillian Morrison, and Dorothea Schaefter from the Routledge team for "roping us" into and supporting this project. Although it took much longer than we expected, it has, we believe, yielded a useful overview of the contemporary Philippines in terms of its politics, foreign relations, economy, and social policies, as well as cultures and movements. Written by leading experts in the field, the aim of this *Handbook* is to provide students, scholars, and policymakers of Southeast Asia an interdisciplinary resource on a number of these issues.

Inevitably however much has much been left out, in part because of space considerations but also because many overburdened scholars we approached were too busy to contribute. Thus there is much room for future efforts to put together a volume which covers areas that could not be addressed here. That said, we are very grateful to the talented group of academics we were able to win over to write chapters based on their current research (and for their patience during the long process of completing the manuscript as chapters came in up to the deadline). In that sense this volume is not just a summary of key issues but also a collection of cutting edge scholarship in various aspects of the contemporary Philippines. We believe this helps compensate for some of the unevenness in terms of coverage and makes it a useful contribution to understanding of this Southeast Asian nation.

We would also like to express our thanks to our hardworking research assistants, Anthony Lawrence Borja, Michelle Sta. Romana, and Alyssa Claire Go Uy of the Department of Political Science, De La Salle University in Metro Manila, and to Kitty Chan, research assistant, and Wong Chi Man (Patrick), student assistant, in the Department of Asian and International Studies (AIS), the City University of Hong Kong. Without their invaluable editorial assistance this volume would have taken even longer to complete. Finally, Mark Thompson would like to acknowledge that his work for this *Handbook* was supported by the Hong Kong government Research Grants Council, General Research Grant numbers 9042600 and 9041939.

INTRODUCTION

The Philippines is a fascinating example of a "poor country democracy" where issues of economic development and poverty, political participation and stability, as well as ethnicity and migration are crucial. The *Routledge Handbook of the Contemporary Philippines* attempts to provide a comprehensive overview of the current political, economic, social, and cultural issues facing the country. It not only has a domestic focus but also offers analysis of the key aspects of the country's foreign relations. Written by leading experts in the field, the aim of this *Handbook* is to provide students, scholars, and policymakers of Southeast Asia with an interdisciplinary resource on the evolving politics, foreign relations, society, and economics of the Philippines.

The *Handbook* is divided into four sections concentrating on themes of domestic politics, foreign relations, economics and social policies, as well as cultures and movements. Individual chapters in the politics section of the *Handbook* discuss the major institutions of government (the presidency, Congress, the Supreme Court, the military, and the civil service) as well as political parties. Other chapters focus on informal (and often much criticized) arrangements in politics: clientelism, bossism, political dynasties, corruption, and congressional pork barrel. The second section concerns foreign policy with chapters on Philippine relations with the US, China, and Japan as well as "diaspora diplomacy." In terms of the economy and social policy, chapters discuss the nature of Philippine capitalism, (the lack of) industrialization, capital flight, efforts at poverty alleviation, informality in women's livelihood projects, microfinance, economic nationalism, and conditional cash transfers. The final part of the *Handbook* examines cultures (syncretic Philippine culture, the influence of Catholicism on local culture, indigenous cultures, and peasant culture) and movements (middle class, women's, labor, NGO, left, and Bangsamoro).

Domestic politics

"People Power" which overthrew the corrupt dictatorship of Ferdinand E. Marcos in the Philippines nearly 30 years ago put this Southeast Asian country in the international spotlight. Known in the Philippines as EDSA (named after the major avenue on which the largest crowds gathered), the February 1986 uprising influenced a number of other popular revolts against dictatorships in Asia and beyond: South Korean activists in 1987–1988, Burmese protesters in 1988, and Chinese student demonstrators in 1989. Even where the origins of the term "People

Power" were forgotten, commentators applied it to uprisings such as in Serbia in 2000, Georgia in 2003, Tunisia and Egypt in 2011, and the Ukraine in 2014. Yet for many Filipinos who remain poor and disillusioned with the post-Marcos order, this "heroic" transition to democracy appears to be little more than political folklore, as shown by the dwindling crowds at recent annual official celebrations of the uprising. In the Philippine case, as in many other countries after peaceful revolutions that brought down dictators, People Power has been followed by a troubled transition to democracy.

In the midst of a major economic crisis and the institutional decay of the late dictatorship period, Corazon (Cory) C. Aquino's government was nearly toppled by military rebels who turned against her administration after she opened negotiations with the communist insurgents who had grown in strength during martial rule. The economy sputtered as foreign, particularly Japanese investors skipped the country, preferring the Philippines' more stable Southeast Asian neighbors such as Malaysia and Thailand. Aquino's successor as Philippine president, former General Fidel V. Ramos, brought the military under civilian control, restored political stability, and undertook key reforms during his 1992–1998 presidency, leading to a return to economic growth. The populist president Joseph E. Estrada, a former movie star whose "proletarian potboilers" that portrayed him as a lonely fighter for the disadvantaged against malicious upper class villains had won him a mass fan base easily transformed into votes, triumphed in the 1998 presidential election by the largest margin in post-Marcos Philippines. Faced with corruption charges leveled by his elite enemies, Estrada was overthrown in what was known as "EDSA Dos" but which was actually more of a "People Power coup," driving Estrada from power in early 2001 despite his continued popularity among the poor. Discredited by a number of corruption scandals of her own, Estrada's elite-backed successor, Gloria Macapagal-Arroyo, proved to be the most unpopular post-Marcos president. Benigno S. "Noynoy" Aquino III revived calls for good governance (which he dubbed the "straight path"), using the unpopular Arroyo administration as a convenient foil. The son of Cory Aquino, Noynoy Aquino was a political "descendent" of People Power, with strong upper class backing. Rodrigo R. Duterte's presidency, which began in mid-2016, already represents a sea change in Philippine politics. Duterte moved quickly to replace the "liberal reformist" political order with its emphasis on civil liberties, if limited political participation, with an illiberal regime. A strongman committed to a bloody fight against the drug scourge, Duterte was long a local politician (as mayor of or the power-behind-the throne in Davao city) who then began implementing this policy nationally.

But for many scholars of Philippine politics, such personality-centered, macro descriptions of Philippine politics are secondary to underlying localized clientelist structures. In his chapter revisiting the clientelist paradigm of politics in the Philippines, Masataka Kimura, who has been studying Philippine politics for over three decades, shows the continued relevance of the "traditional" clientelist model of politics, "one involving an affective, diffuse pattern of exchange [typified by the] vertical dyad in the landlord-tenant relationship in traditional Philippine rural communities." But the breakdown of these traditional clientelist ties has seen the emergence of class-based politics (in the form of a communist insurgency and a moderate social reformism) as well "machine politics" based on more instrumental, short-term dyadic ties and "bossism" in which violence replaces voluntary ties.

In his chapter on local politics, John T. Sidel offers a more critical assessment of the clientelist model. The results of the 1987 congressional and 1988 local elections proved to be a "harsh reality check" as "entrenched 'provincial warlords' and local 'political dynasties' who had attracted such attention and condemnation for their wielding of 'guns, goons, and gold' in defence of the Marcos regime" managed to regain seats in Congress and local offices in large numbers. Sidel's study of "bossism" is an attempt to solve the puzzle of explaining the "enduring

entrenchment" of "subnational authoritarianism" even as a transition to electoral democracy was occurring nationally.

> Distrustful and dismissive of earlier accounts of "patron-client relations" as the underlying basis of local politics, scholars of the 1990s instead noted the accumulated advantages of incumbency, the dull compulsion of economic relations, the structural logic of monopoly, the ubiquity of vote-buying and electoral fraud, and, more broadly, the importance of coercion – rather than clientelism or consent – as the basis of local "guns, goons, and gold," or understood more subtly as embedded within the everyday fabric of social relations in localities across the archipelago.

In his chapter on Philippine political parties, Allen Hicken shows that the party system is relatively under-institutionalized. He argues that "the introduction of early elections in an environment rich in oligarchic elites but lacking a mobilized citizenry or mass organizations, hindered institutionalization" as did the "adoption of a particular set of electoral institutions [that] reinforced this tendency." Furthermore, there were key institutional changes that weakened the party system – the creation of the *Kilusang Bagong Lipunan* (New Society Movement) by Marcos during his martial law rule as a hegemonic party, the ban on presidential reelection in the post-Marcos era, and the idiosyncrasies of the party list system. Hicken suggests this low level of institutionalization adversely affects democratic governance because parties have "narrow constituencies and short time horizons – both of which are problematic for the provision of needed public goods" and it "undermines the ability of voters to hold politicians individually and collectively accountable. This can lead to voter disillusionment, providing opportunities for political outsiders with anti-party and sometimes anti-democratic sensibilities to rise to power," such as Marcos and Duterte.

In his chapter on political corruption, Jon S. T. Quah documents the pervasiveness of corruption in the Philippines, identifying chief causes as low salaries, lack of effective detection and punishment, the importance of family and cultural values, and the lack of political will. He documents the ineffectiveness of many anti-corruption agencies since independence in 1946 but acknowledges that public perceptions toward corruption have improved during the administrations of Fidel Ramos and Noynoy Aquino. Nevertheless, he argues that the country's anti-corruption model based on multiple anti-corruption agencies continues to be ineffective. Instead, Quah proposes the creation of a well-funded, adequately staffed single agency, which he dubs the Philippine Anti-Corruption Agency. Accordingly, a single anti-corruption agency for the Philippines would eliminate problems of coordination and overlapping functions as well as competition for resources that characterize the existing multiple agency model.

Writing about the Philippine civil service, Rupert Hodder offers a more optimistic take on Philippine bureaucratic performance. Despite the prevalence of models of "elite capture or patrimonialism" and "anarchic families," he found "constructive informal practice" to be widespread both among permanent civil servants or political appointees. There are often high quality appointments and using "their authority to overcome inertia and entrenched habits within a department is woefully inadequate, most especially given the short time they have to turn a department around and set it on a new course." Understanding the potential advantages of such informality "may even prove to be essential if the Philippine civil service is to be transformed thoughtfully and imaginatively, and its efficacy improved."

In his chapter on political dynasties, Julio C. Teehankee argues that through a process of adaptation they have been able to "maintain their dominance in Philippine congressional politics." He distinguishes between traditional, new, and emerging political dynasties with the

national legislature as the "nexus for national and local power dynamics, the mechanism by which political clans acquire, sustain, and reproduce power."

In his chapter on congressional "pork barrel," Ronald D. Holmes provides an overview of a hundred years of national patronage politics in the Philippines before analyzing this phenomenon in the post-Marcos era. In elections, pork barrel allows incumbent politicians to target voters by directing pork funds to their constituencies. But politicians also regularly siphon off funds for direct use in their campaign in order to "maintain a clientelistic network by dispensing various forms of assistance finance by such funds, or for personal enrichment." Finally the pressure for "pork" means that all post-Marcos presidents must yield to legislators' demands for particularistic projects in order to secure Congressional support for their preferred legislative programs.

In their chapter on the Philippine Congress, Diana J. Mendoza and Mark R. Thompson suggest that the national legislature is largely subordinated to the president due in part to its reliance on patronage distributed by the chief executive as well as the lack of programmatic political parties. The overwhelmingly elite character of representatives and senators contributes to its reactive character, aimed at protecting the oligarchy's interest rather than passing innovative legislation. Yet Congress does have some tools with which to challenge presidents: congressional oversight hearings, impeachment/conviction, and other powers. It also has occasionally passed landmark legislation, particularly in areas of gender equality thanks in part to the successful efforts of the women's movement.

The chapter on the presidency by Mark R. Thompson picks up on the debate about the role of clientelist politics and pork barrel in the post-Marcos Philippines. While recognizing its explanatory power, he warns against reducing "the presidency to its function as patronage dispenser." He points out that the winners of post-Marcos presidential elections are not necessarily the candidates with the best patronage machinery but rather those with the more compelling campaign narrative. Moreover, he points out that effective patronage distribution cannot guarantee a president's survival because extra-electoral elite strategic groups can oust them from office through a people-power coup such as against Joseph E. Estrada in 2001. Thompson also critiques a "presidential-style" approach which assumes personality characteristics are crucial, missing key constraints facing presidents. As a supplement to clientelist and presidential style approaches he offers the relational concept of presidential regimes, using a modified version adapted from U.S. political scientist Stephen Skowronek. This allows the evaluation of presidential performance not just in terms of personal and persuasive qualities, but also on the basis of sequencing the presidency within a political regime and analyzes the cycle of presidential challenges within the context of strategic moments that lie between regime structures and agents' choices.

The chapter on the Philippine judiciary by Eric Vincent C. Batalla, co-authored with Michelle Sta. Romana and Karen Rodrigo, locates the courts in the country's political system, noting that despite enhanced powers of judicial review and measures to strengthen its impartiality under the 1987 Philippine Constitution, the judiciary remains a politicized institution that is highly vulnerable to executive and legislative pressures. The chapter recounts the tension between the Noynoy Aquino government and the Supreme Court, leading to the impeachment and conviction of Chief Justice Renato Corona. Likewise, it traces problems of political vulnerability and judicial inefficiency to existing institutional practices and budget constraints.

In the chapter on civil-military relations in the Philippines, Rosalie Arcala Hall shows how they have evolved within the context of "the semi-democratic nature" of post-Marcos politics. Despite being based on a "Western template focused on a set of constitutional-legal civilian control mechanisms and a professional military, the elite-dominated and clientelistic nature of

Philippine politics" adversely affects the military's relations to civilian authority. The military has been used for internal security and election monitoring as much as it has for external defense making the military "the state's brokers to local power holders, and tying them inevitably into the murky civilian politics." Since Marcos' martial law rule the military has become increasingly politicized with factions emerging that have linked up to civilian groups trying to seize power.

Foreign relations

Philippine diplomacy in the post-Marcos period often seemed to revolve exclusively around the axis of its U.S. ties, but the chapters in this section show that the nature of Philippine foreign relations has been more complex. After supporting the Marcos dictatorship (only partially and tentatively pressuring it shortly before its fall), the U.S. provided support for the fledgling Philippine democracy (that culminated in indirect intervention to help the Philippine government fend off a major coup attempt in 1989). But this was soon overshadowed by the Philippine's Senate's decision not to renew the U.S. bases treaty, a legacy of the colonial era, forcing the Americans to withdraw from two of their largest military facilities abroad in 1992. Philippine relations warmed with China economically, particularly in the early 2000s during the presidency of Gloria Macapagal-Arroyo. But a series of corruption scandals linked to contracts with Chinese companies and China's increasingly aggressive stance toward the South China Sea (dubbed the "West Philippine Sea" by Filipinos), led her successor, Noynoy Aquino, to move back toward closer ties with the U.S. while growing increasingly hostile to China. This seems to have changed under Duterte, though it is still unclear whether policy will actually mirror his anti-U.S. and pro-China rhetoric given China's continued territorial claims in the South China Sea and the links built up over decades of close Philippines–U.S. ties. Throughout the post-Marcos period, the Philippines' links to Japan have been of great importance.

In his chapter on Philippines–U.S. relations, Howard Loewen argues that there has been much continuity and limited change in this bilateral linkage. These ties evolved from the colonial era and the fight against the Japanese occupation of the Philippines during World War II. The 1951 "Mutual Defense treaty" has long been the basis of the Philippines–U.S. link. Yet when the Philippines decided not to renew the U.S. bases treaty, the Philippines looked more to Southeast Asia to increase regional cooperation. But in 2001 after the 9/11 attacks cooperation with the U.S. again increased as part of the international anti-terror effort. Loewen argues that even the anti-US rhetoric of the current president Rodrigo Duterte is unlikely to lead to "structural change" in Philippines–U.S. relations. Close relations are based on a "normative consensus" in foreign policy, particularly in terms of military cooperation and geo-strategic considerations.

In his discussion of Philippines–China relations, Renato Cruz de Castro contends that efforts to improve relations between the two countries have been inhibited by the South China Sea dispute and the presence of the United States as a Pacific power. Philippine concerns about Chinese maritime expansion waned briefly in the early twenty-first century as Philippines–China economic relations improved dramatically during the Arroyo administration which hoped for major economic benefits brought about by closer ties with China. But this Chinese "charm offensive" was undermined by continued "suspicions of China's territorial ambitions in the South China Sea" which peaked during the presidency of the Noynoy Aquino administration.

Dennis Trinidad argues that in the twenty-first century the Philippines and Japan have worked towards deepening their strategic partnership. Domestically, Japan has seen the rise of hawks, particularly Abe Shinzo, at a time when the role of the prime minister in security

policymaking was growing. Both countries have been alarmed by China's more aggressive stance in both the East China Sea (particularly its dispute over the Senkaku islands with Japan) and South China Sea (with the Spratlys as a key point of contention with the Philippines) and this common threat has been a factor bringing the Philippines and Japan together. Both countries also (at least until the recent election of Rodrigo Duterte in the Philippines) have had close security ties with the U.S. But Filipino leaders, including Duterte, who as of this writing has both visited Japan and invited Abe to his home city of Davao, have pragmatically looked upon Japan as a source of overseas development assistance (ODA) and foreign direct investment (FDI) to assist in the country's economic development.

In an innovative chapter, Joaquin Jay Gonzalez III argues that Philippine foreign relations should no longer be seen as one based exclusively on security alliances, economic cooperation, and trade but also one which takes into account the influence of large Filipino diaspora communities around the world who far outnumber Philippine foreign service officers in diplomatic missions. The impact of the Filipino diaspora is significant in a number of ways, including through membership in churches and other religious organizations, professional associations, non-governmental organizations, interest and advocacy groups, and other civil society groups. Moreover, migrants from the Philippines influence occupational practices, products, and services in many international cities. Gonzalez contends that a global "Filipinization" process, parallel to earlier Americanization, has a growing impact through the Philippine diaspora diplomacy on many major urban centers around the world.

Economics and social policy

The Philippines has enjoyed strong economic growth (averaging over 6 percent for nearly a decade and a half). Noynoy Aquino's administration won plaudits not only from Philippine big business and civil society groups but also from international credit agencies and aid organizations, while its rating by Transparency International improved. But the former president's reformist platform – itself a legacy of the call for good governance that has dominated the post-Marcos era – was eroded by a major pork barrel scandal, rampant smuggling, selective justice, poor infrastructure, and a lack of systematic institutional reforms, as well as criminality and still festering insurgencies (communist and Muslim secessionist in the southern Philippines). Moreover, despite a huge increase in funding for a conditional cash transfer scheme (which critics say is often used for political patronage), poverty and unemployment remain stubbornly high in the Philippines. Agricultural productivity has stagnated and industrialization is very limited while the country has become heavily reliant on the service sector, a property boom, and, in particular, on remittances from an estimated ten million overseas foreign workers (about 10 percent of the country's population). Another growth engine has been the booming business process outsourcing sector, largely global call centers; although this boom may prove temporary as other developing countries with large English-speaking populations compete with lower labor costs.

After recovering from its worst economic crisis in recent history (1983–1987), setting the Philippines back decades and similar to the current Greek economic crisis in magnitude, there was only moderate recovery through to the Asian financial crisis (1988–2001) despite major economic reforms. But for the past 15 years the Philippines has been one of the high growth Asia economies and is now often touted as "new economic tiger." Yet despite a doubling of the size of the economy in the last decade and a half the distribution of wealth remains highly unequal.

In his chapter on the Philippine economy, Eric Vincent C. Batalla writes that the country's recent accelerated growth is mainly a product of various government reforms and initiatives

since the 1990s that stimulated the inflow of overseas remittances, the growth of the business process outsourcing and information technology (BPO-IT) industries, and the remarkable increase in government revenues. Huge foreign exchange earnings from overseas remittances and the BPO-IT industries have helped relieve the country of the foreign exchange and debt-service difficulties it experienced starting in the early 1980s. Despite its recent impressive growth record, serious economic challenges and weaknesses (e.g., poverty and economic inequality) remain. Given that the Philippines has bypassed the traditional route of industrialization for capital accumulation, the chapter reiterates the need to reconsider reviving the industrial sector as a national priority in order to sustain accelerated growth and absorb the still large and growing labor surplus.

While the economy has advanced in recent years, the chapter of Edsel Beja takes on the often ignored problem of capital flight. Using a new computational methodology, he shows that unreported foreign exchange flows amounted to more than US$600 million during the period 2000–2013. Beja traces this problem to the weakness of the existing regulatory framework, arguing that "there are now more opportunities for trade mis-invoicing and financial flight today." As such, he challenges government to rethink this framework and revisit its capital flow management techniques in order to reduce economic vulnerabilities.

Antoinette Raquiza examines how the Philippine big business exploited economic opportunities to gain dominance in the emerging service economy. The explosive growth of the service economy in the last two decades should also take account of the responses of the business sector to the changing economic and policy environments. Regardless of their sectoral origins, Philippine business groups established holding companies and used strategic partnerships, mergers, and acquisitions to gain entry and dominance in the services sector. These institutional arrangements, Raquiza contends, along with other business practices allow for a more nuanced study of the changing nature of Philippine capitalism.

The chapter on economic nationalism by Yusuke Takagi provides an alternative to the view that nationalist economic policies from the 1930s to the early decades of political independence reflected the influence of, or capture by, vested interests. He argues instead that the leading policymakers were influenced by policy ideas prevalent at the time. The framers of the 1935 Constitution decided on a strong executive branch of government and protectionist policies in reaction to the Great Depression and the rise of the Soviet Union. The 1950s adoption of import-substitution industrialization and retail trade nationalization reflected the leading and worldwide policy prescriptions and ethnic sentiments during this era. Furthermore, the autonomy of policymakers from the powerful economic interests was demonstrated when the government imposed foreign exchange controls which were opposed by the mighty sugar bloc. Takagi finds it relevant in this regard that most economic bureaucrats and economists did not come from the elite but from the middle class.

Teresa Tadem writes about the persistence of neo-liberal, technocratic policies but argues that elite class politics (i.e., inter-elite and intra-class conflicts) have impacted on technocratic policymaking in the post-Marcos era. This has produced mixed results, suggesting unpredictability caused by contention between the neo-liberal agenda and local vested interests. For instance, during the Cory Aquino administration, powerful technocrats sympathetic to the policies of the International Monetary Fund and the World Bank defeated a proposal made by other technocrats for selective debt repudiation. On the other hand, "crony capitalists" in Aquino's administration allowed the survival of monopolies such as the Philippine Long Distance Company (PLDT), which is controlled by her natal family, the Cojuancos. But the neo-liberal agenda has been significantly advanced since the Ramos presidency. Tadem sees class dynamics and populist politics still leading to the appointment of socially minded technocrats to

government whose interests are not necessarily aligned with those of the dominant neo-liberal technocrats.

The chapter of Ma. Victoria R. Raquiza questions the effectiveness of the conditional cash transfer (CCT) program, the flagship anti-poverty program of the Gloria Macapagal Arroyo and Noynoy Aquino administrations, and backed by the World Bank as well as the Asian Development Bank. She argues that technocrats have favored it because of its consistency with the neo-liberal project. Yet evaluations of the CCT program in the Philippines have not shown a reduction in poverty levels or a significant impact on health and education outcomes. Under the Duterte administration, although the CCT still forms part of the government's ten point socio-economic agenda, a faction of socially minded technocrats is seeking its phase-out in favor of implementing a more universal poverty alleviation strategy.

The chapter by Lynne Milgram probes the used clothing retail trade run by women in the streets of Baguio City. Milgram provides a picture of the blurred boundaries between formal and informal economies as well as between legal and illegal practices surrounding the livelihoods of the marginalized. Despite local ordinances against street vending, street vendors do not consider their means of earning their livelihood to be illegal but a right to make a living. Through location-based associations, they are able to secure concessions from the city government to sell in the streets and aisle locations in public markets so long as they pay the daily rent. Milgram argues that both government authorities and urban vendors are "complicit" in creating gray spaces of livelihood practice that serve both parties.

In his chapter on poverty alleviation, David Timberman argues that the root problem of poverty in the Philippines is principally one of politics/governance and less one of economics. Timberman notes the durability and power of a "hybrid elite" whose policies have disregarded and even damaged the interests of the poor, as reflected in their perennial unwillingness to support family planning, inclusive growth, and end armed conflicts. Government spending has been chronically inadequate and misused, and agriculture neglected, with a rice policy that raises the cost of this dietary mainstay for poor Filipinos. Accordingly, how to overcome elite and special interest dominated policymaking is a fundamental challenge, with the chapter offering some suggestions in this direction.

Financing plays a crucial role in poverty alleviation and in the development of the livelihoods of the entrepreneurial poor. The chapter by Asuncion Sebastian looks into microfinance as an alternative to government and other private sources of credit. Noting that microenterprises comprise more than 90 percent of the total number of enterprises in the Philippines, she argues that keeping the microfinance sector robust is critical to the economy. However, Sebastian makes a distinction between successful and less-successful microfinance institutions (MFI) based on loan repayment delinquency rates and MFI sustainability, arguing that success does not depend on lending methodology nor on social capital alone, as emphasized in the microfinance literature. Her research suggests that the more successful microfinance institutions combined social capital with efficient credit management systems.

Cultures and movements

As suggested by the chapters in the economy and social policy section, culture and ideas play an important role in the country's political, social, and economic development. The Philippines also has a wide variety of social movements that aim to bring significant change to Philippine culture and society.

Paul Rodell provides a short introduction to Philippine culture, which he labels as syncretic, as Filipinos have adapted various historical and external influences to produce their own

distinctive cultural adaptations. The chapter elaborates on fundamental values evident in everyday Filipino life – family and kinship, food, and music. The discussion of the latter two demonstrates Rodell's argument about the syncretic nature of Philippine culture, which is enriched and not necessarily overcome by historical and external influences. Despite strong family traditions, Rodell observes changing gender relations that "promise to reshape the future Filipino family," with fathers spending more time with their children and being more openly affectionate and mothers pursuing professional careers after birthing resulting in household duties being increasingly shared between the parents.

Coeli Barry analyzes Catholicism's profound influence on the Philippines' cultural, political, and social fabric. The chapter discusses nationalism and Church–State relations as well as focusing on gendered social norms that ensure the continuity of Catholic religiosity. A critical aspect of this continuity is the preponderance of Catholic schools founded by women's orders which strengthen ideals of family and values of "motherly sacrifice and female virtue" among the daughters of the elite and of the growing middle class admitted to these schools. Barry shows the powerful role the Church has played in shaping the country's history since the Spanish times. In fact, the country in the early decades of independence identified itself with Catholicism and proudly proclaimed itself as the only "Catholic country in Asia." However, the expression of anti-Church sentiments, especially by many nationalist politicians and intellectuals, has likewise been a significant part of the country's political history. The recent passing of the Reproductive Health Bill in 2012 signifies the increasing complexity in the relations between Church leaders and the laity which Barry believes has implications for the country's traditional identity as a Catholic nation as well as its economic development. She writes that "there is a great deal that remains to be seen about how the country's economic development may be affected and great hope that reduced family size might help reduce the high levels of poverty in the country."

The chapter written by Oona Paredes deals with the Philippines' indigenous peoples (IPs), a sector of society threatened by what she terms "development aggression" and often caught in the crossfire between the military and insurgent groups. Yet IPs, aided by a law that further protected their ancestral domains, have had some success in preserving their ethnic, cultural, and linguistic identities. However, social discrimination and economic marginalization are forcing young IPs to move out of their ancestral domains and pursue mainstream educational and employment goals. Thus, despite government support for their rights, IPs face a serious challenge of retaining their ethnic and cultural distinctiveness.

Eduardo Tadem examines the peasant moral economy in a province north of Manila which shows the resiliency of the peasantry as a class despite the decline of the peasant mode of production. Accordingly, against the backdrop of a rapidly changing social and economic landscape, the peasants of the Sacobia villages in Pampanga province retained their class character and community identity which distinguished them from rural workers in service-related occupations. Their resilience was supported by the observance of traditional cultural norms, which placed a high value on traditional concepts of land property rights and dispute resolution; on family and kinship ties as well as cooperative and reciprocal forms of labor; on the special status of village elders; and on informal credit systems. Tadem's chapter calls for a rethinking of government policy which, with its prolonged urban and industrial development biases, has neglected the agricultural sector and the peasantry as a class.

Temario Rivera chronicles the rise of the middle class and its participation in the country's political development. While not a cohesive group, the middle class has demonstrated its influence through its participation in critical political episodes and led various social and political movements from the 1950s through the Marcos and post-Marcos periods. During the term of president Noynoy Aquino, middle class civil society organizations figured prominently in the

passage of key legislation such as the Reproductive Health Law, Human Rights Victims Compensation Law, and the Sin Tax Law. They were also in the forefront of the public outrage against controversies involving government corruption and incompetence such as handling of the disaster wrought by Typhoon Haiyan, the pork barrel scandals, the *tanim-bala* (bullet-planting) at the airports, and the Mamasapano incident. Rivera argues that the Aquino administration's failure to address the travails of the middle class helped enable Rodrigo Duterte to win the presidency in 2016. He notes that the election of the new president opened up new opportunities but also new risks for the middle class.

Gerald Clarke provides a comprehensive background on NGOs, covering that community's bright and dark sides in the "neo-Tocquevillian environment" of the post-Marcos Philippines. After its explosive growth in the 1990s, Clarke observes that the NGO community is now "diffused and fragmented." Despite its weakening arising from political differences and the decline in foreign and government funding, this community has retained its relevance in the country's institutional landscape, serving as an important political actor and likewise responding to state weaknesses in promoting sustained and broad-based development. An important development in government–NGO relations, according to Clarke, is the interchange of personnel between government and the NGO community. He regards appointments of NGO personnel to government as beneficial, bringing "progressive NGO developmental perspectives into government while helping NGO peers to negotiate the labyrinthine features of Philippine bureaucracy and to organise and lobby with political guile."

By contrast, Ben Reid considers such NGO "crossovers" as having limited efficacy, especially in the context of the Philippines' exclusionary, elite-based politics. In his chapter based on research on the Estrada to the Aquino administrations, Reid instead sees elements of clientelism at work in government–NGO alliances. Select NGO groups and leaders are able to gain access to government and reap select advantages. Despite the rhetoric of reform, such alliances with government have failed to produce broad-based gains in social reform. Reid argues that the experience of crossovers supports the Gramscian perspective about civil society in that NGOs are "critical to maintaining the hegemony of elite over society and ensuring consent."

In his chapter on the Philippine left, Nathan Quimpo discusses the decline of the movement in the post-Marcos era but argues that the Philippines still offer opportunities for rejuvenation for the Philippine left's program for structural change because of continuing widespread poverty and economic inequality as well as political instability. The chapter provides historical background and analysis of the democratic and revolutionary left, particularly the Communist Party of the Philippines (CPP) and New People's Army (NPA). Quimpo notes that because of changed political conditions and organizational strife in the late 1980s and early 1990s, the CPP–NPA has weakened and has had little impact in the Philippines recently, with an estimated armed strength of less than 4,000 in the 2010s. As such, the CPP has opted to support the participation of national democratic (ND) groups in elections and has used peace negotiations with government for tactical purposes while waging its strategic, protracted war. However, splintered, non-ND left groups, which distinguish themselves from the CPP and regard themselves as the Democratic Left (demleft), have experienced gains as party-list groups in Congress. Nevertheless, given their limited mass base, Quimpo argues that they remain ineffective in countering the strategies and "dirty" tactics of traditional politicians during elections.

Social movements emerging from the influence of the Philippine left are similarly fragmented and have had a mixed impact on state and society. The chapter by Carmela Abao discusses the Philippine labor movement, once a powerful countervailing force against big business and government. Since the mid-1990s, the movement has experienced considerable decline, both in terms of numbers and militancy. Trade union density peaked in 1994 with 31 percent

of the total number of wage/salary workers. By the 2010s, union membership registered less than 9 percent of the total number of wage workers. Similarly, unionists going on strike were less than 1 percent of union membership in 2011 as compared to 4 percent in 1981. Abao attributes the decline of trade unions in the Philippines principally to "contractualization," or temporary employment arrangements.

Diana J. Mendoza writes about the women's movement, its history, and performance. The movement, initially spawned by national and social democrats but now joined by independent feminists, has brought about dramatic changes in a conservative Philippines despite opposition from powerful institutions like the Catholic Church. Although fragmented, women's movement organizations have demonstrated their ability to unite and influence policy. They have been instrumental in the passage of important legislation including the Magna Carta for Women, the Anti-Rape Law, the Anti-Violence against Women and Children Law, and the Reproductive Health Law. Notwithstanding these significant advances, Mendoza argues that restrictive laws and policies still exist, including the ban on divorce and abortion and the delisting of emergency contraception.

An area in Philippines studies that has received increased attention in recent years is the Mindanao conflict, more particularly the Bangsamoro conflict. In his chapter, Rizal Buendia discusses two competing perspectives on territorial rights that are at the root of the conflict, namely: the right of the sovereign Philippine state and the Moros' right to self-determination. Buendia argues that the controversy over self-determination has led peoples and states to armed conflict, including in the Philippines. Although not able to transcend their separate ethnic identities, the Moro aspiration for a nation-state continues, spawning secessionist armed movements from various groups. Buendia points out that Moro secessionism faces resistance not only from the Philippine state but also from other states confronted with similar problems. Buendia argues a more appropriate institutional framework of political governance that would accommodate social and ethnic diversity is necessary, suggesting the failure of the unitary system of government to establish lasting peace in Mindanao.

The chapter written by Bruce Barnes discusses third party mediation in local and international initiatives to resolve the Bangsamoro conflict since the 1970s. Traditionally, third party mediators were Muslim countries and organizations including the Organization of Islamic Countries (OIC), Libya, Indonesia, and Malaysia. In 2009, the consortium International Contact Group assumed the role of mediator in the peace talks, thus breaking the traditional practice of having solely Muslim countries and organizations as mediators. The chapter points to the political, cultural, historical, legal, and institutional complexities that were present in negotiations for peace since the 1970s. Drawing from these experiences, Barnes stresses the need to take account of diverse cultures, personalities, religions, and political mechanisms in the design and conduct of mediation.

Patricio Abinales contests dominant views of state-building and nation formation that mainly come from the "cosmopolitan metropolis" and not from the body politic's "backwaters," arguing that such perspectives only tend to reinforce marginality of certain people in the national narrative. He points to the problematic character of writing from a national perspective "when political actors, processes and institutions that are based in the 'unsafe' frontiers and in minority communities, are factored in." He examines this difficulty by looking "through the eyes of a Muslim woman with Chinese lineage, a smuggler and whose family members are 'spread' all over the world as overseas workers." Abinales also touches on the need to dwell on the political and economic netherworld populated by smugglers, drug lords, and assassins. He argues that the illicit sector has been indispensable to the success of every major Filipino political leader since the time of Commonwealth President Manuel Quezon. Abinales also points to factors indicating that these "fissiparous tendencies can be reversed."

Conclusion

Returning to the theme of the challenges facing democracy in a poor country, chapters in this *Handbook* document a number of the dilemmas the country faces. While its electoral system is competitive, the Philippines is still characterized by extensive clientelism, bossism, and weak parties, with Congress dominated by dynasties, the Supreme Court subordinated to the President, and Presidents sometimes facing coup attempts by discontented elites. Efforts to combat corruption in government have met with only limited success, but informal practices in the civil service have often proved constructive.

In terms of diplomacy, the post-Marcos Philippines, like other relatively weak developing countries in the region, has attempted to "balance" between rival great powers – an effort complicated by a nationalist reaction against the U.S. (a legacy of the colonial period and of American intervention) and the need to rely on the U.S. to counter a rising China, with close relations with Japan also a part of this balancing strategy.

Despite the return to strong economic growth in the past 15 years – after a major economic crisis in the 1980s and only slow recovery in the 1990s – the Philippines continues to suffer from widespread poverty and high levels of inequality, in large part a legacy of the failure of the country to industrialize. Efforts to combat this with government programs by socially minded technocrats, such as the Conditional Cash Transfer scheme, have produced only limited success with a neo-liberal economic paradigm still hegemonic. Agricultural productivity and industrialization have stagnated while the country, and a new breed of leading capitalists, have become heavily reliant on the service sector, a property boom, and on remittances from overseas foreign workers (who also make up a politically significant diaspora that influences the country's foreign relations). Even under a self-proclaimed "leftist" president, Rodrigo Duterte, there are few signs of the revival of nationalist economic policies, prominent from the 1930s to the 1950s.

The Philippines has long been dominated by a "hybrid elite" whose policies have disregarded the interests of the poor, with government spending chronically inadequate and often misused, and agriculture neglected. A key challenger to elite interests, the Philippine left movement, has been in decline in the post-Marcos era but continues to highlight the need for structural change given continued widespread poverty and economic inequality. The Philippine labor movement, once a powerful counterpoint to both big business and government, has suffered major setbacks, both in terms of membership and the frequency of strikes, with "contractualization," or temporary employment arrangements, being a major reason for the decline. This however has not meant that at the grass roots level, ordinary people have not been active in trying to improve their own welfare as the example of female street vendors shows. Microfinance has played a crucial role in improving the livelihoods of the entrepreneurial poor, particularly in ones that combine social capital with efficient credit management systems.

Filipino culture can be understood as syncretic, with Filipinos adapting external influence to produce their own distinctive cultural adaptations. Although indigenous peoples in the Philippines have been threatened by "development aggression," with many young people leaving to seek opportunities outside their communities, thanks to legislation that protects their ancestral domains, indigenous peoples have had some success in preserving their ethnic, cultural, and linguistic identities. Similarly, resilience in the Philippine peasantry can be found, supported by the traditional concepts of land property rights and dispute resolution, on family and kinship ties as well as on cooperative and reciprocal forms of labor, the special status of village elders, and on informal credit systems. A relatively small but influential middle class has had a major influence on the country's political development.

Although the "neo-Tocquevillian environment" of the immediate post-Marcos Philippines has given way to fragmentation and diffusion, NGOs have brought progressive perspectives to issues of political, social, and economic development. Yet in the context of elite-based politics, the "crossover" of NGO leaders into government has often failed to produce broad social gains, but rather served to maintain elite hegemony.

The influence of Catholicism in the country has been particularly profound, influencing Church–State relations and working to uphold gendered social norms. Yet anti-Church sentiments by nationalist politicians and intellectuals have also been an important part of the country's history. The women's movement, by contrast, has been quite successful in pushing forward its agenda despite opposition from conservatives, particularly in the Catholic Church.

In terms of the country's major religious minority, Muslim Filipinos, although often unable to transcend their distinct ethnic identities, the Moro aspiration for a nation-state or substantial autonomy remains. Despite the involvement of third party country mediators, particularly from the Organization of Islamic Countries, conflict between Muslim rebels and the Philippine state remains one of the country's most important unresolved problems.

Finally, dominant national narratives from the "cosmopolitan metropolis" of Metro Manila have reinforced the marginality of a number of groups: women, overseas workers, Moro separatists, and criminals, despite the importance they have played, usually behind the scenes, in the country's recent history.



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PART I

Domestic politics



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1
CLIENTELISM REVISITED

Masataka Kimura

Clientelism is a personal relationship between a pair of individuals with unequal socioeconomic statuses where reciprocal exchange of goods and services takes place in a particularistic way. It is found to varying degrees and in different subtypes across time and space, and has political bearing. In the context of Philippine political studies, clientelism was introduced in a systematic way by Carl H. Landé in his study of political parties in the late 1950s, where he realized that the Philippine polity was structured less by organized interest groups than by a network of mutual aid relationships between pairs of individuals or dyadic ties and that those with significance for Philippine politics were vertical ones, that is, bonds between prosperous patrons and their poor and dependent clients (Landé 1964, 1). The introduction of the dyadic model, of which clientelism is one subtype, into political science then dominated by the group approach could have been viewed as a kind of paradigm revolution and as an interesting example of how a theory developed in another discipline (the bilateral kinship model of anthropology in this case) was adopted and succeeded in political analyses. In fact, clientelism was effective in explaining the characteristics of the Philippine party system, and provided a model of political integration in the society where the gap between the rich and the poor was extremely conspicuous. Since then it has been one of the dominant conceptual frames in Philippine political studies.

Starting with the dyadic model, the following arguments focus on the theories that developed around clientelism in relation to the social phenomena that these theories tried to explain.

The dyadic model

To understand the basic characteristics of dyads, a comparison with groups is useful. In the group theory, politics is considered as a struggle among different groups to control the activities of government. It is assumed that individuals behave as a member of a group(s). A group is a collectivity of individuals who share the same political attitude and behave together to attain common goals that fit their shared attitude. It is also assumed that the individuals behave this way because to do so is reasonable to attain their goals and that those individuals who belong to the same group receive the same benefits. The focus of groups' political activities, therefore, is on the legislative process and their political interests are secured by favorable legislations and their strict enforcement. Those individuals who share the same political attitude and form a group usually belong to the same social categories (occupation, class, race, etc.). In other words,

one of the most important assumptions of the group theory is that individuals behave together with those who are alike. Another important assumption is the rule of law. It is reasonable for those individuals who belong to the same social category to behave together, because laws are written in universalistic language and their strict enforcement brings the common benefits to the same category of people.

These assumptions were, however, questionable in the Philippines as well as in many other developing countries. Personal relations were more important than interest groups in organizing political behavior, and authoritative allocation of values on the basis of favoritism were pervasive. Furthermore, the pre-martial law party system was dominated by the two major parties which were identical in terms of policies and socioeconomic support bases which included all the social classes, occupational groups and regions. Interest groups took pains to avoid permanent identification with either party. In the group theory, parties are supposed to differentiate among themselves in making policy priorities and choosing socioeconomic support bases; voters to vote for the party that best serve the interests of the social category they belong to. The dyadic model was introduced to explain such realities that the group theory could not adequately grasp.

The dyad is a relationship between a pair of individuals where exchange of values takes place. It is a direct and personal relationship, and is distinguished from interaction between two individuals that takes place because the two occupy specific positions in a formal organization, although in reality personal relationships may develop in such an organization. Theoretically there are not only supportive dyads where positive values are exchanged but also antagonistic ones where harms (negative values) are exchanged, and in reality the two can be mixed just like politics among nation states. Only the supportive ones are referred to by the term dyad in the following arguments unless otherwise specified.

The dyad has the following characteristics:

1 The values exchanged between two individuals are particularistic. While one needs to satisfy the other, he/she does not have to satisfy the social category as a whole to which the other belongs.
2 The dyad binds together two individuals who are unalike as well as those who are alike in one way or another, because one needs to exchange what he/she has with what he/she does not have. The difference between the two individuals may merely be quantitative or temporal such that, although both have similar resources, one has excess and the other has shortage. In this case, the two belong to the same social category. The difference between the two is qualitative when the two have different resources from each other. Even in this case, the two may have comparable social statuses such as a politician and a businessman who exchange political influence and financial contribution. The exchange relationship between two individuals who have comparable social statuses is called a horizontal dyad. On the other hand, the difference between the two may be of social statuses as seen in the relations between those who have wealth and power and those who do not. The exchange relationship between two individuals who have different statuses is called a vertical dyad.
3 The exchange is based on reciprocity. But, it does not have to be completely reciprocal. When the two are exposed to competition with others who can provide the same values and if the two have comparable resources, the exchange tends to be reciprocal.
4 Dyadic ties of one individual are different from one another in their quality and quantity of exchange. The level of favoritism varies from one dyad to another. This is a corollary of the fact that dyads are based on particularism.
5 Every individual has a set of dyadic ties, which may overlap, but is never identical, with those of others.

6 A dyad can be linked to other dyads. Every dyad forms a part of networks of dyads in a society. Dyadic ties that an individual has form a web-like network extending outward from him/her connecting his/her allies and their allies.
7 The size of the dyadic network of one individual is circumscribed by his/her resources, and is in proportion to his/her social status, wealth and power (Landé 1973, 104–106).

The patron-client model

Since the dyad binds together two individuals who are not alike, it can unite those who are not equal in the social status, wealth and power. This makes it possible to construct a model of political system which is structured by (networks of) vertical dyads between leaders and followers. This model may be called the patron-client model. In addition to the general characteristics of dyads, it has the following characteristics.

1 The system is structured centering around a leader who has a large following.
2 In contrast to the pre-existing groups producing their leaders, the system is formed by an aspirant leader who attracts other individuals who voluntarily become his/her followers. A corollary of this is that the leader is never replaced no matter how ineffective he/she becomes. The leader remains as a leader until the last follower disappears.
3 The system is integrated by the vertical dyadic ties between leaders and followers, whereas solidarity among followers is weak.
4 The interests that bind a leader and a follower are particularistic, because the two do not pursue their common goal but their personal goals which may be complementary but are not the same. The interests pursued are different among individuals involved. For example, a leader may pursue power and prestige, while a follower may seek protection and largesse.
5 The relationship between a leader and a follower is a voluntary one based on reciprocity. Therefore, the leader has to make efforts to bring benefits to his follower and the follower to show his/her worth. Otherwise, the follower may abandon the leader and look for another one; the leader may no longer try to provide benefits to the follower.
6 The system structured by dyadic ties between leaders and followers is dynamic and unstable. If its leader acquires new resources to provide benefits, his/her following will increase rapidly; and the reversal can also occur. When its leader disappears (for such reasons as retirement or death), although some part of the system may be taken over by his/her immediate follower, the large part of it disintegrates and the followers may gravitate toward other leaders.
7 A large system composed of vertical dyads has a multilayered pyramidal structure: immediate followers of the leader have their respective followers, each of whom in turn has followers, and so on. This multilayered structure makes the system even more unstable. If the relationship between the leader and one of his/her immediate followers breaks, the latter will leave the system together with his/her followers. The followers at the lower layer have little reason to stick to the top leader, because the former have no personal relations with, nor prospects of getting benefits from, the latter (Landé 1964: 141–148).

The traditional patron-client model

It is possible to distinguish subtypes of the patron-client model on the basis of qualities of the vertical dyad. The model Landé presented was characterized by paternalism on the part of

patron and deference on the part of client, and may be called the traditional patron-client model involving an affective, diffuse pattern of exchange. He found the typical vertical dyad in the landlord-tenant relationship in the traditional Philippine rural communities, which had been formed in the late Spanish and early American colonial periods and had a two-class structure composed of a small number of big landlords and a large number of tenants. Tenants were in a chronic state of poverty and insecurity, while the landlords who had sufficient wealth to spare were expected to help the tenants in times of need. Tenants repaid landlords with special loyalty and small services.

Landé considered that the tendency of Filipinos to further their interests through the cultivation of dyadic relationships with superordinates and subordinates was not confined to the landlord-tenant situations and that this had important consequences for Philippine society and politics at the village, town, provincial and national levels. The two major parties were described as structured by vertical chains of patron-client relationships extending from great and wealthy political leaders in each province to lesser gentry politicians in each town, down further to petty leaders in each village, and finally to the clients of the latter, the ordinary peasantry. Thus both parties contained among their leaders and supporters members of all social strata, occupational groups, and regions. This also explained other characteristics of the party system such that intra-party solidarity was minimal and that interparty switching was endemic (Landé 1964, 1–10).

The machine model

The socioeconomic change has transformed the qualities of patron-client relationships and the viewpoint that linked this transformation with political change yielded new theories, among them application of the machine model. The machine is a political organization typically found in immigrant-choked cities in the United States in the late nineteenth and early twentieth century which is interested less in political principle than in securing and holding office for its leaders and distributing income to those who run it and work for it. It relies on what it accomplishes in a concrete way for its supporters and not on what it stands for. The sociopolitical conditions that gave rise to the machine were also present in many developing countries, which included selection of political leaders through elections, mass adult suffrage and a relatively high degree of electoral competition over time in the context of fragmented political power, widespread ethnic cleavages and/or social disorganization and mass poverty (Scott 1969, 1142–1159).

Compared with the traditional patron-client relationships, the vertical dyads found in the machine are more of instrumental relations maintained by specific, short-run material inducements, and are therefore less durable. The transformation of the qualities of patron-client relations in the Philippines as well as other Southeast Asian countries are explained as follows. First, the commercialization of economy and the penetration of the central (colonial) government into local communities made patrons' positions vulnerable to external forces. As a result, the relations became fragile and less durable. Second, differentiation of the socioeconomic structure meant differentiation of patrons' resources and made the scope of patron-client exchange narrower and more specific and the patron-client clusters distinct from one another. Third, while the traditional patron's resource bases were local such as landholding, importance of external resources such as office-holding increased radically. Since the new resource bases were prone to be affected by the developments at the center, patrons tended to pursue short-run interests. Fourth, as the patron-client ties became weaker and less comprehensive, and because the new patrons were often from outside the local community, instrumental nature of exchange became more prominent. Fifth, from the aforementioned changes followed the breakdown of local

patron monopoly and intensification of factional competition. Lastly, these changes reduced the universality of coverage and the people outside the patron-client network increased (Scott 1972, 105–111).

The machine model has been employed to analyze and explain various changing aspects of Philippine politics. For example, local politics had traditionally been characterized by factional competition among prominent landed families that usually grouped themselves into two factions. It was pointed out that the traditional factions composed of traditional patron-client relations with extra-political character had been transformed into politically specialized organizations in the face of increasingly intense national political competition and growing mass participation. Instrumental reasons for participation became widespread and the importance of kinship ties were much reduced. Under these conditions emerged upwardly mobile new men from more humble backgrounds in the local leadership positions (Machado 1974). The changing characteristics of local factions, in turn, have bearing on the party system since they constitute local organizations of the national parties. The post-redemocratization multiparty system where parties and their coalitions are formed around presidential aspirants has its local foundation on the increasing instability of factions and resultant multi-factionalism (Kimura 1997).

The breakdown of patron-client relations and the rise of class politics

Transformation of the traditional patron-client relations not only resulted in the emergence of machine type organization but also could lead to breakdown of vertical ties and give rise to class-based organization. Whereas both the traditional patron-client model and the machine model were to explain political integration, the Philippines had experienced large-scale peasant revolts in Central Luzon by the 1930s, culminating in the Huk Rebellion, a communist-led peasant uprising that took place shortly after World War II. This was a most dramatic expression of class conflicts. To understand how vertical dyads disintegrate and give rise to class consciousness and class-based organization and action is to explain the mechanism of peasant revolt.

According to James C. Scott and Benedict J. Kerkvliet (1972), the legitimacy of the patron in vertical dyads is related to the balance of goods and services exchanged and to the comprehensiveness of the exchange. The legitimacy is not simply a linear function of the balance of exchange, there are thresholds in the balance which produce sharp changes in the legitimacy. The minimum terms the peasant traditionally expects for his deference are physical security and subsistence livelihood. A breach of these minimum terms if it occurs on a large scale serves to undermine the legitimacy of the landlord class and to provide the peasantry with a moral basis for action against them. The balance of exchange, in turn, depends on the relative bargaining positions of the landlords and peasants, which are influenced by political and economic structural changes.

The major categories of goods and services exchanged traditionally between the landlord and the peasant were as follows. Those from the former to the latter were (1) basic means of subsistence such as the granting of steady employment or land for cultivation including the provision of seed, equipment, marketing, technical advice and so forth; (2) subsistence crisis insurance which was provided in time of economic distress and in case of sickness and accident; (3) protection from external dangers; (4) brokerage and influence to extract rewards from the outside; and (5) collective patron services which were indivisible and performed by the patrons as a group for the community as a whole. They may subsidize local charity and relief, support local public services, host visiting officials, and sponsor village festivals and celebrations. They may also mediate disputes to preserve local order and protect the community from outside forces. Flows of goods and services from client to patron were (1) basic labor service to the farm, office or enterprise;

(2) supplementary labor and goods such as supplying water and firewood to the patron's household, personal domestic services, food offerings; and (3) promoting the patron's interests. The last category includes such activities as election campaign that he is expected to perform to the success of his patron and indirectly to his own prosperity.

The traditional exchange relations between the landlord and the peasant cited above came to undergo considerable changes to the latter's disadvantage in the early twentieth century as a result of shifts in their bargaining positions caused by the political and economic structural transformation of the country which included the growth of population and the growing scarcity of lands, the shift to commercial agriculture and the expansion of state power. First, the landlord needs tenants as agricultural laborers and also as followers for political reasons. When peasants were scarce relative to the farmland, the landlord had to maintain the terms of exchange that satisfy peasants in order to secure tenants. Otherwise, they will move to another landlord's farmland or to unoccupied arable land if it exists. The increase in the peasant population and the resultant scarcity of land reduced the dependency of the landlord on the tenants, leading to the aggravation of the terms of exchange for the latter. Second, in the traditional setting, it was necessary for those in the privileged status to have their status recognized as legitimate by the majority of the people in the local community or to attract a large loyal following in order to defend their positions. This was an incentive for landlords to perform their traditionally expected roles. In other words, there was a strong social pressure for redistribution. However, with the penetration of the colonial state into the local communities, the landlords could now rely on the institutions from outside to maintain their physical security, wealth and status. This was another important factor that aggravated the bargaining position of peasants. Third, the commercialization of agriculture facilitated concentration of land into a small number of big landlords and increased tenants and farm workers who work for and depend on their land. Furthermore, the commercialization increased absentee landlords, and the once paternalistic whole-person patron-client relations became more instrumental and weak. As a result, it became difficult for the peasants to obtain what they had traditionally expected of their landlords for their physical security and subsistence livelihood. When this becomes widespread, the legitimacy of landlords from the peasant viewpoint is lost, and conditions conducive to class consciousness and class organization emerge. In fact, it was in Central Luzon where the impacts of colonial rule and commercialization of agriculture were most strongly felt that rural unrest was most pronounced.

The specialized patron-client model

Socioeconomic differentiation tends to confine the patron's ability to a specific field where he/she is strong; and when patrons with whole-person relations involving multi-faceted exchange are no longer available, clients may seek alternative patrons. This leads to specialization of patron-client relations. While the machine type organizations are not necessarily specialized in the sense that they may contain diverse types of specialized patron-client clusters, it is possible to construct a model where the patron-client clusters are aggregated in a way to create a specialized patron-client pyramid. This may be called the specialized patron-client model and is applicable to the moderate segments of the Philippine peasant and labor organizations.

Shortly after the communist-led peasant uprising was defeated by the government forces, a moderate peasant organization named the Federation of Free Farmers (FFF) was formed in 1953 and dominated the peasant movement in the 1960s. Along with the success of the FFF, a number of other moderate organizations emerged, while the Communist Party of the Philippines, reestablished in 1968, also started to organize peasants and workers. In this period, a similar

pattern was observed in the labor movement, that is, proliferation of moderate organizations starting with the foundation of the Federation of Free Workers (FFW) in 1950. Presently, both the militant class-oriented and the moderate peasant and labor movements exist.

The most salient characteristics of the moderate peasant and labor organizations are that they are led by professionals and intellectuals, most notably lawyers specialized in industrial and agrarian relations. They assist peasants and workers in handling legal cases, negotiating collective bargaining agreements, and so on. Professionals with managerial expertise help peasants run cooperatives. While peasants and workers depend on the professional leaders for their economic well-being, the latter thrive on these relationships. In contrast to the class-oriented, more radical ones, the moderate peasant and labor organizations are anti-communists and pursue their goals through peaceful means, seeking harmony between social classes. These characteristics are explained by the specialized patron-client model (Kimura 2006).

Coercion and exchange of negative values

Clientelism is a reciprocal exchange relationship, which implies voluntarism. In reality, however, the relationship may involve some degree of coercion ranging from withholding of goods and services to application of negative values such as violence. The degree of coercion depends on the bargaining positions of the patron and client. If the latter has alternative sources of patronage, their relations tend to be fully reciprocal and voluntary. Conversely, when the former monopolizes sources of goods and services the latter needs, the latter may be coerced to serve the former. Furthermore, if the patron can rely on outside backing, like the landlord on the central (colonial) government, he/she may even resort to physical force if he/she chooses to. When coercion is the main binding element, however, the relationship is no longer of clientelism by definition and should be understood under another concept such as bossism.

If the superordinate people use coercion, the subordinate may also resort to various kinds of resistance short of rebellion to mitigate exploitation by the former. Among the peasants in Southeast Asia are found footdragging, dissimulation, false-compliance, pilfering, feigned ignorance, slander, arson, sabotage, and so on. Unlike outright rebellions, these everyday forms of resistance require no organization, no leadership or little coordination. But they are flexible and persistent, supported by peasants' subculture (Scott 1986; Kerkvliet 1991). Many of these acts can take place within the context of vertical dyadic relations.

Other issues

Clientelist politics has some advantages, but it also has serious limitations. Given the social structure where extremely unequal distribution of wealth exists and poverty is widespread, clientelism can be a responsive mechanism to meet the immediate needs of poor clients. However, it does not address the need for substantially redistributive social reform which affects the patrons' interests, while it may try to promote a harmony between classes. In the case of machine politics with a nationwide scale, the clientelist system is not sustainable unless the economy continues to grow at a substantial rate, because distributive pressure is so strong that it cannot afford to meet all the increasing demands.

One may then ask whether or not the heavy reliance of Filipino political behavior on personal relations itself will change. If the developmental model constructed based mainly on the experience of the western countries is universally valid, one may expect political ties based on group or class concerns to develop along with socioeconomic transformation. Up to the present, however, such political ties, if they exist at all, have not produced political organizations to be

reckoned with, except for a segment of peasantry which was organized by the communists. An interesting phenomenon was Metro Manila's middle class participation in the anti-Marcos struggle right after the Aquino assassination. They formed a large number of voluntary organizations then called cause-oriented groups, most of which were small in membership size. These organizations were composed of a network of horizontal dyadic ties and could hardly maintain cohesiveness once they grew beyond a certain size because the loyalty of membership would diffuse. Instead of each group growing large, coalitions were formed among them based on common purposes (Kimura 1995). Whether this was a transition to class-based ties is yet to be seen.

At present, the machine is the most prevalent political organization in the Philippines, providing a foundation of the major parties. Other political forces of different persuasions have been trying to organize people mainly along social sectoral lines (peasants, workers, the urban poor, the youth, etc.), but are not successful enough to match the major parties especially in elections. At the same time, the people who are neither effectively organized within the clientelist network nor covered by other types of political organizations seem increasing. It is this organizational vacuum that best explains the strong electoral showing of showbiz candidates in the last couple decades.

Finally, there is another interesting issue raised against clientelism in the critique of orientalism. According to this criticism, the colonial discourse continues to inhabit the study of Philippine politics and has constructed it as a negative other of the Euro-American post-enlightenment political idea. The Philippine tradition is viewed as the antithesis of the American ideal of a nation united in their devotion to the welfare of all, and its persistence has been invoked to justify its colonization, to explain the failure of America's democratizing mission, to establish and reinforce the American national imaginary, and so on. Among the elements of the tradition is clientelist politics. Filipino political behavior is depicted in American literature as determined by patron-client factional and familial considerations. Other things like nationalist sentiments and revolutionary visions are reduced to empty rhetoric and posturing without being understood from within. The theory of clientelism is blamed for providing such literature with a theoretical foundation. Furthermore, Landé's construction of Philippine politics is also a product of the binary view with which he encoded the Philippine data in terms of the modernization model. It is necessary therefore to break away from the clientelist paradigm in order to analyze and critique Philippine politics on its terms (Ileto 2001).

While this criticism has far-reaching implications, its validity depends on the scholars' world view and attitudes toward subjects of study and the way they apply the theory rather than on the theory itself. For example, the group model is primarily for explaining self-interested behavior as much as the dyadic model, and is not for devotion to the welfare of all. Dyadic ties make a difference in certain aspects of Western politics as well such as presidential appointments to high ranking government positions in the US. Dyadic ties can also be mobilized for a common cause beyond personal interests under extraordinary circumstances such as the anti-Marcos struggle, where the networks of horizontal dyads among the urban middle class in Metro Manila were the organizational basis of a large number of voluntary organizations that led the people power revolution. From a normative viewpoint, personal exchange relations tend to blur distinction between public and private, and therefore can cause graft and inefficient allocation of resources. At the same time, it must also be recognized that, no matter how legal they may be, special group interests pursued by pressure group politics can be detrimental to the common good as much as particularistic individual interests pursued through personal relations.

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PATRONS, BOSSES, DYNASTIES, AND REFORMERS IN LOCAL POLITICS

John T. Sidel

Of all the countries in the world aside from the United States, the Philippines arguably boasts the longest tradition and richest body of scholarship on local politics. The extent – and potential importance – of academic research and writing on local politics in the archipelago was already widely acknowledged in the 1960s in the heyday of interest in local politics across the developing world, as seen in the prominence accorded to Carl Landé's landmark study on 'leaders, factions, and parties' in the Philippines (Landé 1965) by scholars working on clientelism and patron-client relations elsewhere in Asia, Africa, Latin America, the Middle East, and Southern Europe. This richness of academic research on local politics in the Philippines is arguably understandable not in terms of the inherent appeals of the setting(s) for study or the idiosyncratic tastes of this group of scholars, but rather as a reflection of the long history of decentralized competitive politics in the archipelago, dating back to the first years of the twentieth century under what some have termed 'colonial democracy' under America rule. Thus by now scholars have had the accumulated benefit of more than one hundred years of local elections – and thus local election results – to analyse across the dozens of provinces and hundreds of municipalities and cities scattered across the archipelago, encouraging and enabling myriad efforts to understand and explain observable patterns of variance, continuity, and change in local politics in the Philippines.

Early studies of local politics in the Philippines

Over the course of the 1960s and stretching into the early 1970s, the primary analytical framework for understanding local politics in the Philippines was that of 'clientelism' and 'patron-client relations'. Carl Landé's aforementioned early (1965) study provided a schematic picture of clientelism as an integrated system of local and national politics, with patron-client relations linking – through a wedding cake-like structure of brokerage – ordinary Filipino voters to local *liders* to municipal councillors, vice mayors, and mayors up through provincial board members, vice-governors, governors, and congressmen and reaching the pinnacle of national politics among (nationally elected) senators and presidents. By Landé's account, these patron-client relationships, and the selective benefits they delivered through discretionary use of state resources and regulatory powers, provided the incentives, attachments, and affiliations which mobilized Filipino voters and constituted Philippine political parties, with presidential democracy enabling

two-party competition and turnover and thus ensuring both regular alliances and recurring defections across the party divide and self-correcting mechanisms for the division of the spoils of elected office and the maintenance of a stable equilibrium in Philippine politics and society.

By the late 1960s, however, developments and trends in the Philippines had helped to prompt a new round of revisionist scholarship which took seriously the clientelist foundations of local (and national) politics in the archipelago but emphasized evidence and anticipation of change rather than continuing stasis and stability. By some accounts, population growth, urbanization, industrialization, and economic diversification promised the 'modernization' of 'traditional' patron-client relations into more 'professional' forms of machine politics, or the diversification and attenuation of patron-client relations into forms of voter mobilization and interest aggregation more conducive to the delivery of collective goods and the promotion of the broader public interest. By other accounts, these demographic and sociological trends, accompanied by rising landlessness, un(der)employment, socioeconomic inequality, and poverty, heralded the breakdown of patron-client relations in ways which enabled the emergence of class-consciousness, class-based mobilization, and class conflict previously discouraged, diffused, diverted, and deferred by the 'vertical' webs of cross-class (inter-)dependence produced and reproduced through clientelist forms of electoral competition and use of state power (cf. Shantz 1972; Kerkvliet 1974; Doronila 1992).

With the declaration of martial law in September 1972, the closing of Congress, and the establishment of centralized authoritarian rule under President Ferdinand Marcos, Jr until his fall from power in February 1986, this budding field of scholarly research and writing on local politics in the Philippines fell fallow for more than a decade (but see Williams 1981), and perhaps understandably so given the difficulties and hazards of fieldwork during this period. These 'lost' years for scholarly research – like so much else about the martial law era – are clearly to be lamented, given how they left unresolved questions about how systemic changes in Philippine society had helped to produce the shifts in national politics enabling the breakdown of democracy in 1972, and how they left local politics and centre-local relations essentially unstudied during what may have been the most important period in post-independence Philippine history. Thus we are left to wonder how much of a genuine departure Marcos's 'New Society' and martial law regime really represented vis-à-vis the oligarchical democracy of the preceding decades; how much the Philippines' brief and bitter experience with authoritarian rule was due to its civilian, elected, and less than fully insulated form of presidential leadership and continuing reliance on local intermediaries for voter mobilization; and how much the growing revolutionary movement led by the Communist Party of the Philippines had been enabled by the diverse consequences of the dramatically diminished competitiveness of electoral politics between 1972 and 1986.

Scholarship on local politics after Marcos

In any event, the fall of Marcos in February 1986 and the reversion of the Philippines to decentralized democratic politics in subsequent years enabled and encouraged a second wave of scholarship on local politics in the archipelago, by now rather distanced from, and in some ways dismissive of, the earlier literature on 'patron-client relations' and 'clientelism'. This second wave came in the wake of both the so-called 'People Power Revolution' that forced the ouster of Marcos from power in Manila and the congressional and local elections of 1987 and 1988 which simultaneously helped to consolidate this transition from authoritarian rule to democracy at the national level and revealed the limits of what this restoration of democracy meant for local politics across the archipelago. For scholars, activists, and other observers previously anticipating

a full-blown social revolution or, after February 1986, a more modest transition to liberal democracy, these elections came as a bitter disappointment. With the 1987 congressional and 1988 local elections came a harsh 'reality check': the Marcos dictatorship had been overthrown in Manila, but across the archipelago, the entrenched 'provincial warlords' and local 'political dynasties' who had attracted such attention and condemnation for their wielding of 'guns, goons, and gold' in defence of the Marcos regime in the 1984 and 1986 elections regained congressional seats, provincial governorships, and municipal and city mayorships in impressive numbers, re-establishing their local pre-eminence after the brief hiatus of Aquino's imposition of temporary 'Officers-In-Charge' in 1986 in city, municipal, and provincial offices across the country. In political terms, these election results were deeply disappointing to Filipinos (and foreigners) who had struggled not only to oppose and overthrow the Marcos dictatorship, but also to promote more genuine political and social change, as exemplified by the widespread calls for comprehensive agrarian reform (Kerkvliet and Mojares 1991). In analytical terms, moreover, these election results created a new puzzle and challenge for scholars and other observers of local politics in the Philippines: how to explain the pattern of enduring entrenchment of local politicians and 'dynasties' in municipalities, cities, congressional districts, and provinces across the archipelago? Why did forms of subnational authoritarianism persist in some localities, even after authoritarian rule at the national level had given way to democracy?

Against this backdrop, the early 1990s witnessed a veritable renaissance in the study of local politics in the Philippines, but one which recast the earlier body of scholarship and the pre-martial law era of democracy in a new and more critical light. In contrast with the structural-functionalist assumptions and 'systemic' arguments of the political scientists who had depicted local politics in the Philippines in the heyday of modernization theory, the scholars who began to publish new studies of local politics in various parts of the archipelago in the early 1990s were mostly historians or otherwise inclined to adopt an historicist (and in some ways Marxist) approach focusing on (class) formation and (capital) accumulation over the full breadth of the twentieth century and often stretching back into the nineteenth century (McCoy 1993). Situating the Philippines in comparative historical and sociological perspective, these scholars traced the roots of local politics back to the opening of various ports across the archipelago to foreign trade in the mid-nineteenth century and the consequent emergence of Chinese *mestizo* merchants, moneylenders, landowners, and local office-holders in the hinterlands of these new entrepôts over the final decades of Spanish colonial rule. In contrast with contemporaneous developments in nearby Java or the Federated Malay States, for example, where 'plural society' arrangements preserved a bifurcation of ('Chinese') commercial intermediation and capital accumulation in the market and 'traditional' ('native') authority (e.g. sultans) within the colonial state, the late Spanish colonial era thus saw the crystallization of local élites whose mixed parentage enabled a unique fusion of economic and political power, however limited to the ranks of the *cabezas de barangay* and municipal-level *gobernadorcillos* of the archipelago (Anderson 1988).

With the invasion, occupation, violent 'pacification', and colonization of the Philippines by the United States at the turn of the century, moreover, these embryonic local élites experienced a drastic expansion of opportunities for capital accumulation and political entrenchment. Even as colonial states (and the absolutizing Siamese monarchy) elsewhere in Southeast Asia were busy establishing more centralized and insulated forms of bureaucratic rule across the region, the first four decades of the twentieth century saw the establishment of a decidedly American-style, but rapidly 'Filipinized', 'colonial democracy' based on highly limited but gradually expanding suffrage. Elections for municipal mayors and then provincial governors were held in the first years of the twentieth century, followed by those for a Philippine Assembly in 1907, an American-style bicameral legislature by 1916, and, under the newly established Commonwealth

Constitution, a president in 1935. This early electoralization of state power preceded the construction of a modern bureaucracy, enabling elected officials to exploit state resources and regulatory powers with few restrictions. Municipal mayors controlled the appointment of municipal treasurers, police chiefs, jail wardens, tax assessors, and circuit court judges; provincial governors enjoyed analogous discretion over provincial Constabulary commanders, district engineers, and district superintendents of schools; congressmen likewise dispensed 'pork barrel' projects and diverted budgetary resources within their districts with similar freedom from constraint. Alongside expanding opportunities for the appropriation and exploitation of state personnel and state powers for personal advantage came unprecedented access to state resources for purposes of capital accumulation. Thanks to their control over the Bureau of Lands, the Bureau of Mines, the Bureau of Forestry, and the Philippine National Bank, for example, elected officials and their allies among the landowners and businessmen of the archipelago were able to purchase or lease vast tracts of public lands, win lucrative logging and mining concessions, and avail themselves of generous state loans for the construction and operation of sugar centrals (i.e. refineries) across the archipelago. Thus by the end of the American colonial era, the Chinese *mestizo* landowners, merchants, and local worthies who had begun to emerge in villages and towns in various parts of the Philippines in the final decades of the nineteenth century had evolved into a nation-wide oligarchy entrenched in municipal halls, provincial capitols, and congressional seats in Manila and, at the same time, equally established in positions of control over the circuitries and commanding heights of the economy (Paredes 1989). With independence in 1946 and the onset of import-substitution industrialization in the 1950s, the advantages of incumbency and the opportunities for ('upstream') accumulation further multiplied, in tandem with budgets for public works projects, Development Bank of the Philippines (DBP) loans for cement and textile factories, and subsidies for the protection of the tobacco industry (Rivera 1994). Thus scholars identified the 'provincial warlords' and 'political dynasties' dominating local politics in the 1990s not as new fixtures on the scene but rather as heirs to individual fortunes and local political empires and an established pattern of local entrenchment and intertwined economic and political power in municipalities, provinces, and congressional districts across the Philippines (Gutierrez 1994).

In contrast with depictions of local politicians as 'patrons' enmeshed in webs of reciprocal ties or patron-client relations with their constituents, scholarship in the 1990s thus portrayed local politicians – whether of the post- or pre-Marcos eras – as engaged in processes of capital accumulation, rent-seeking, and state capture. Empirical research focused on the acquisition of landholdings, the securing of state loans, contracts, and concessions, the establishment and enforcement of local monopolies and monopsonies, and the enjoyment of control over illegal economies, rather than on the provision of particularistic benefits and services to clients and broader constituencies. The exercise of power by local politicians was shown to be predatory rather than paternalistic in nature (for a notable exception, see Kimura 1998), organized around the monopolization and manipulation of access to scarce resources rather than a 'moral economy' entailing norms of reciprocity and redistribution (Lacaba 1995).

In contrast with the earlier interest in clients as well as patrons and attentiveness to the (individuated and particularistic) pressures and demands of constituents on politicians, scholarship on local politics in the Philippines in the 1990s largely assumed, asserted, emphasized, and perhaps even exaggerated the apparent autonomy and obliviousness of 'provincial warlords', 'local bosses', and 'political dynasties' vis-à-vis the broader populations and electorates in their localities. Distrustful and dismissive of earlier accounts of 'patron-client relations' as the underlying basis of local politics, scholars of the 1990s instead noted the accumulated advantages of incumbency, the dull compulsion of economic relations, the structural logic of monopoly, the

ubiquity of vote-buying and electoral fraud, and, more broadly, the importance of coercion – rather than clientelism or consent – as the basis of local 'guns, goons, and gold', or understood more subtly as embedded within the everyday fabric of social relations in localities across the archipelago. If the scholarship of the 1960s now appeared to be culpably uncritical and culturally essentialist in its – 'blame the victim' – account of ordinary Filipino voters' putative acquiescence and active role in producing and reproducing 'clientelist politics', the scholarship of the 1990s with few (if notable) exceptions (Kerkvliet 1990) disregarded 'everyday forms of peasant resistance' in favour of a pessimistically top-down, élite-centred account of local politics in which peasants and labourers, voters and citizens appeared as effectively disenfranchised or devoid of agency, importance, and thus blame. This tendency was evident in the language used to describe local politics across the Philippines: 'warlordism', 'bossism', 'caciquism', and so forth, focusing narrowly and exclusively on local powerholders rather than the broader local environments and electorates within which they might otherwise have been understood to be embedded.

From case studies to comparative analysis: Cavite and Cebu, and beyond

But if the varying longevity of individual local politicians and 'political dynasties' across the municipalities, provinces, and congressional districts of the archipelago did not reflect their varying success in attending to their constituents' needs and demands in classic patron-client fashion, how then to explain the observable patterns of enduring entrenchment in some localities alongside persistent factional competition and electoral contestation in others? After all, for every municipality, congressional district, and province where one or another politician or political dynasty had remained in power for decades without interruption, there were others where regular turnover in office was observable, raising questions as to the patterns of variance in 'subnational authoritarianism' and 'subnational democracy' observed. Neither poverty, nor landownership, nor geographical remoteness/rurality could be said to correlate closely with enduring entrenchment, as seen in prominent cases of local bosses and 'political dynasties' in wealthy urban and suburban settings, on the one hand, and evidence of lively electoral competition and regular turnover in local offices in famous plantation-belt provinces like Negros Occidental.

A comparative study of the provinces of Cavite and Cebu conducted by this author in the early-mid 1990s offered one potential answer to this question of subnational variance in the patterns of local politics in the Philippines (Sidel 1999). In both Cavite and Cebu provinces, there were multiple instances of enduring entrenchment over the course of the twentieth century at the municipal, congressional district, and provincial levels, observable in the absence of turnover in mayoral, congressional, and gubernatorial elections over successive decades, and in journalistic coverage, official reports, and legal documentation of electoral fraud and violence, and other forms of coercion underlying the achievement and maintenance of power by incumbents. In both Cavite and Cebu, there were municipalities, congressional districts where incumbent elected officials had constructed local political machines and local economic empires that overcame – or prevented – challenges for decades at a time, with occasional periods of authoritarian entrenchment at the provincial level as well. But in both provinces, there was, especially at the municipal level, also evidence of the limitations of this pattern, with factional competition and turnover persisting in some localities even as local monopolists survived and prospered nearby.

Alongside these similarities between Cavite and Cebu, moreover, striking differences between the two provinces were also observable. In Cavite, it was possible to identify individual

mayors, congressmen, and governors who achieved and maintained authoritarian rule over their respective bailiwicks for decades at a time, yet in no instance were such local bosses able to pass on their political machines and economic empires to their children in dynastic form. Instead, the pattern of 'local bossism' in Cavite was one of long tenure interrupted, fairly abruptly and ultimately irreversibly, by a swift downfall engineered not only by local rivals but by supra-local enemies as well. This pattern of single-generation 'bossism' in Cavite was overwhelmingly male-dominated, macho and gangsterish in style, and highly violent, with all of the twenty-one municipalities in the province featuring a mayor who had been murdered or accused of murder. Indeed, five mayors out of twenty-one were murdered during the tenure of a single provincial governor in the 1980s and early-mid 1990s (allegedly on his orders).

In Cebu, by contrast, by the 1990s there were a large number of towns and districts where municipal mayors' offices and congressional seats had been held by – and passed on within – extended families in dynastic form, and through almost all of the twentieth century a single family enjoyed pre-eminence at the provincial level as well. The pattern in Cebu was not only one of long tenure for entrenched local dynasties, but also one in which external interventions from within the province and beyond were much less successful, and much less irrevocable in their consequences overall. In addition, the pattern in Cebu was one in which women played a much more prominent role, and which remained much more paternalistic (and, at times, maternalistic) in style and less violent in substance than Cavite, by a considerable measure, with hardly any Cebu mayors – across fifty-two municipalities – or other politicians murdered or accused of murder over the course of the twentieth century. Thus overall, Cavite and Cebu offered a rich empirical basis for the analysis of patterns of variance in subnational authoritarianism, whether across, between, or within these two Philippine provinces, over more than one hundred years.

How, then, to explain the patterns of variance observed? Close analysis of data on crop patterns and landownership as well as sustained investigation of commodity chains, transportation routes, and other dimensions of the economies of Cavite and Cebu over more than two years allowed for a mapping of the contexts for local 'bossism' in the two provinces which revealed striking patterns. In all cases, local entrenchment in Cavite and Cebu was preceded and/or accompanied by the accumulation of a position of monopolistic or oligopolistic control over what can be termed the commanding heights of the local economy. Detailed and fairly reliable records of large landholdings from the mid-1950s and mid-1990s provided ample evidence of this pattern in the realm of proprietary wealth, but *latifundia* constituted only one element in the diversified empires of these local bosses and dynasties. Those who controlled mayors' offices, congressional seats, and provincial capitols for decades at a time also owned rice mills and sugar centrals, monopolized the copra trade and the marketing of fertilizers and pesticides, held exclusive franchises for local bus and ferry routes, cockfighting arenas, electric companies, gas stations, ice plants, and rural banks, and won mining and logging concessions and public construction contracts within and beyond their localities. Over the course of the twentieth century in Cavite or Cebu, there was not a single case of enduring political entrenchment that was not accompanied and/or preceded by this pattern of predominance in the local economy. Through elected office, moreover, such local bosses enjoyed a position from which to regulate a wide variety of legal and illegal economic activities, ranging from real estate transactions to illegal lotteries (*jueteng*), smuggling, and dynamite fishing, to win loans from state banks and tax and regulatory breaks from state agencies, to control state budgets, lands, and other resources (e.g. irrigation), and to create employment opportunities for hundreds if not thousands of their supporters in government positions within and beyond their localities. The construction and persistence of a local political machine, in other words, was coterminous with the accumulation and maintenance of a local economic empire, with the location and longevity of subnational authoritarianism closely

correlated with the concentration of control over the local economy in the hands of a single boss or dynasty.

Beyond these patterns, other conclusions were also worthy of note. In terms of the contrast between the forms and styles of local 'bossism' found in Cavite and Cebu, for example, there was a clearly observable pattern of linkage to the very different economic contexts of these two provinces. In the case of Cavite, the failure of local bosses to hand power over to their children in dynastic fashion and their heavy reliance on violence reflected two crucial conditions: the weakness, insecurity, and instability of property rights in a province with a very problematic history of land settlement and a highly lucrative set of illegal economies. First of all, most of the arable land in Cavite had been owned in the Spanish colonial era by the major religious orders of the Catholic Church, but then assumed, administered, and eventually auctioned off by the Bureau of Lands during the period of American colonial rule in the first half of the twentieth century. The land auctions, however, were heavily coloured by political intervention, favouritism, and corruption, and many of those who won large tracts of the former friar estates assumed ownership only through large loans from the state-owned Philippine National Bank, whose management was controlled by elected politicians. Large landholdings in Cavite long remained the subject of legal battles, with agrarian reform legislation in the mid-1950s and again in the late 1980s providing the backdrop for new disputes, and suburban development in the 1990s introducing complex new zoning regulations as well. Thus assumption and retention of large landholdings in Cavite depended on continued success in the political arena, not vice versa: long-time mayors would become the largest landowners in their municipalities, just as successive provincial bosses became the largest landowners in Cavite, only to find their properties dissipate and disappear through bank repossessions, the resurfacing of land reform claims, and complex real-estate transactions soon after they fell from power.

Second, Cavite's coastal location along the southern borders of the national capital region, Metro Manila, made the province a major site of highly lucrative illegal economic activity. Up through the 1950s, Cavite was notorious for cattle rustling and highway robbery, with local politicians protecting gangs as they transported stolen cattle to the abattoirs of neighbouring Manila and extorted 'toll fees' on the traffic in passengers and goods through the province. By the 1960s, such activities had been replaced and overshadowed by the role of the coastal province in the smuggling of imported 'blue-seal' cigarettes into the lucrative Manila market, and by supplementary activities like carnapping and marijuana cultivation. Subsequent decades have seen the rise of Cavite as a major centre for the processing and transhipment of illegal narcotics such as methamphetamines. Proximity to Metro Manila combined with a highly localized system of law enforcement in the Philippines to encourage the emergence of protected niche markets in criminality. The extent of illegal economic activity in the province, the revenues reliably generated through the protection and sponsorship of such criminality, and the insecurity of land titles noted above all combined to make local bosses in Cavite heavily reliant on violence as a crucial element of their modus operandi, even as it greatly reduced their ability to accumulate secure forms of proprietary wealth to pass on to their children.

In Cebu, by contrast, the pattern of land settlement and the more limited role of illegal activities in the province's economy spelled much greater security of claims to property and much less reliance on violence for the accumulation and maintenance of local economic control and political power. The landholdings of the religious orders were much more modest and insignificant in the Spanish era as compared to Cavite, and the broad pattern of land acquisition and titling from the nineteenth century onwards made for much greater clarity and continuity in terms of ownership. Cebu, like any Philippine province, had its fair share of criminality – smuggling, illegal lotteries, narcotics trade – but the role of Cebu City as a major hub for interisland

trade in the Visayas and Mindanao, and for interisland shipping throughout the Philippine archipelago, vastly overshadowed the relatively small pickings to be made through such illegalities. To be sure, coercion long played an important role in the exercise of labour control in the factories and the coal mines, and on the fishing boats, sugar plantations, and piers of the province. But the use of coercive resources for the maintenance of vertical relations of social inequality was not matched by a commensurate reliance on violence for advancement in horizontal patterns of political competition in Cebu. With proprietary wealth so securely concentrated in family hands, after all, it was hardly worth trying to assassinate a mayor: unlike Cavite, where a mayor's local economic empire would begin to disintegrate as he lay on his deathbed, in Cebu the mayor's wife, son, or daughter would simply step in to fill the old man's shoes. Thus overall, what was evident in terms of the inherited structures of the local economy was that variance in the nature of predominant economic activities, in the importance of the regulatory powers of local state agencies over (legal and illegal) economic activities, and, crucially, in the security of property rights prefigured corresponding contrasts in the style and substance, nature, and form of subnational authoritarianism in Cavite and Cebu.

But if the inherited structures of the local economic context were so determinant, what about the role of external, supra-local authorities, interventions, and economic dynamics in the making and unmaking of subnational authoritarianism in these two Philippine provinces? Here we can see that in both provinces, the 'multi-level game' of factional politics in the Philippines worked not only to encourage competition and turnover, but also, in some circumstances, to enable the emergence, entrenchment, and endurance of subnational authoritarianism in a number of municipalities and congressional districts, and at the provincial level as well. Over the course of the twentieth century, the embryonic political machines and economic empires of various mayors, congressmen, and governors were carefully nurtured – through facilitation of state bank loans, contracts, concessions, and monopoly franchises, assistance in winning discretionary law-enforcement, tax and regulatory breaks, as well as government appointments and promotions for their clients, relatives, and protégés – by politicians further up the proverbial food chain eager to build up reliable vote banks for future elections. Yet over the course of the twentieth century, successive mayors, congressmen, and governors also found their local machines and empires destabilized and at times destroyed by the withdrawal of external assistance and the active intervention of hostile politicians. The terms of bank loans, the outcomes of public tenders and court cases, the implementation of laws and regulations, and the pattern of personnel appointments and promotions suddenly turned decidedly less favourable, even as rival aspirants to local office began to enjoy greatly enhanced access to state largesse. Thus 'the mischief of faction' aided in both the making and unmaking of subnational authoritarianism in the provinces of Cavite and Cebu.

But did the success of various entrenched mayors, congressmen, and governors in Cavite and Cebu – and thus the survival of subnational authoritarianism – simply depend on their active agency, astuteness, and assiduousness in the selection, cultivation, and maintenance of linkages to superordinate sources of patronage and protection? Even here – perhaps especially here – the inherited structural features of the local economies of Cavite and Cebu played a decisive role in shaping contrasting patterns of sensitivity to fluctuating external environments for local bosses in these two provinces. In Cavite, after all, where even the most entrenched mayors, congressmen, and governors found themselves unable to establish a solid base in secure proprietary wealth and secure control over the commanding heights of the legal, private economy, continued dependence on state patronage and protection made for much greater vulnerability to hostile external intervention, as seen in the much shorter tenure of even the most successful bosses in the province as compared to their counterparts in Cebu. In Cebu, by contrast, dominant

families in the towns and districts of the province – and in Cebu City and the province as a whole – were firmly rooted in terms of landholdings and other legitimate business interests less dependent on persistent, privileged access to state resources and regulatory powers, and thus more able to withstand periods of malicious meddling by politicians from without. Indeed, the province-wide machine and empire of the Osmeña family lasted the full duration of the twentieth century, reproducing dynastic rule across three generations and surviving the lean years of Sergio Osmeña Sr's bitter rivalry with long-time Senate President (1916–1935) and Commonwealth President Manuel Quezon (1935–1941), and, more impressively, the harsh aftermath of his son Serging Osmeña's failed 1969 challenge to long-time president Ferdinand Marcos (1966–1986) (Mojares 1986). Thus the inherited economic structures of Cebu rendered both external environment and individual agency less important for the survival of local dynasties in the province. The contrast with the greater impact of external intervention and the more impressive political entrepreneurialism of successive 'new men' on the more rapid – and violent – rise and fall of gangster-style, single-generation bosses in Cavite was striking.

Overall, this close, comparative analysis of the variegated patterns of 'bossism' in Cavite and Cebu suggested a broader explanation and analytical framework for understanding local politics across the full breadth of the Philippine archipelago. The observable pattern of enduring entrenchment by local politicians and 'political dynasties' in municipalities, congressional districts, and provinces across the country reflected not only the generalized advantages of incumbency in localities where the state played a crucial role in the local economy, but also a set of more specific conditions in which control over the commanding heights of the local economy could be established, thus constraining the autonomy of voters, entrepreneurs, and (would-be) opponents and compromising electoral competition and constricting opportunities for turnover. Such conditions obtained where elected local officials exploited local processes of 'primitive accumulation' to monopolize new property rights (e.g. in agricultural land, forests, mineral, and maritime resources), enjoyed especially strong regulatory powers over local (legal and/or illegal) economies, or availed of political influence in Manila to secure concessions, loans, and other resources to help them to acquire large landholdings and/or local businesses. Insofar as economic control over a locality was firmly rooted in proprietary wealth, private forms of capital accumulation, and a preponderant or pre-eminent position in local business, political entrenchment, relative autonomy vis-à-vis Manila, and endurance over the generations of a 'dynasty' would be possible. But insofar as economic control over a locality was instead contingent on continued control over state resources and regulatory powers, more contestation, instability, and violence were likely.

This analytical framework could be used to explain observable patterns of 'warlordism' and 'dynasticism' in different Philippine provinces over the course of the twentieth century. In Ilocos Sur, for example, the predominance of small landholdings and a heavily state-subsidized and state-regulated tobacco industry underpinned the long rule of two successive provincial bosses, Floro Crisologo (1946–1970) and Luis 'Chavit' Singson (1972–2001) (Mejia 2000). In Negros Occidental, by contrast, the concentration of landholdings in large sugar plantations and the establishment of several sugar centrals in the interwar period have prefigured the entrenchment of several district-level dynasties over the years (Billig 2003). Long-time frontier-zone and logging-based 'warlords' in Mindanao (Abinales 2000) likewise contrasted with established landed clans in other plantation-belt provinces like Batangas, Negros Oriental, and Tarlac, as well as Leyte, Albay, and Bukidnon. Additional variants included urban bosses who lorded over large 'squatter' settlements, ethnic-Chinese immigrant business communities, and/or lucrative illegal economies; machine politicians operating in condominium with landed clans; local bosses who used state resources to evolve into large landowners and local business magnates; and major logging concessionaires. Nationwide, the diversity of bossism over the twentieth century thus

replicated the full spectrum of bosses found in Cavite and Cebu: state-based, coercion-intensive bosses lacking private economic bases; state-based bosses who established private empires and lasting dynasties; dynasties whose proprietary wealth provided the basis for prolonged boss rule; and dynasties combining proprietary wealth, state-based resources, and brokerage services to local landed/commercial oligarchies.

Beyond bossism? Local politics in the Philippines in the twenty-first century

Since the turn of the twenty-first century, developments and trends across the Philippines have suggested new patterns and new puzzles for scholars to address in the study of local politics in the archipelago. On the one hand, as of 2016 there remains ample evidence of the persistence of local 'bossism' and 'dynasticism' in municipalities, cities, congressional districts, and provinces across the Philippines. Recent elections have seen a striking number of municipalities where incumbent mayors have run opposed, and studies of both individual regions and of the House of Representatives by the respected Philippine Center for Investigative Journalism have documented the impressive extent and endurance of 'dynasties' in provinces and congressional districts across the country. In November 2009, moreover, media coverage and subsequent investigation of the sensationalized 'Maguindanao Massacre' revealed both the impressive entrenchment of a single 'clan' in the eponymous central Mindanao province and its capacity and willingness to use violence against would-be challengers, thus reminding observers that 'provincial warlordism' was still a feature of the Philippines' political landscape. Thus the descriptive accounts, explanatory arguments, and analytical frameworks developed by scholars in the 1990s still appear to have relevance for understanding patterns of local politics in the Philippines of the early twenty-first century, even as a new wave of political scientists, more interested in game theory and quantitative data analysis than historical research or fieldwork, have now arrived on the scene to 'discover' clientelism, vote-buying, local dynasties, and so forth in the archipelago and are busy reinventing the proverbial wheel for political science conference panels and journals.

On the other hand, alongside the available observable evidence of continuities in local politics in the Philippines, there are also interesting and important signs of subtle but significant change. Extensive ethnographic research and sophisticated network analysis of business and politics in Davao City and its environs, for example, has suggested that the Philippines may be experiencing a 'gentle revolution' in which clientelism, cronyism, and nepotism are gradually giving way to more attenuated, impersonal, and meritocratic or market-based practices and relationships in the realms of both the economy and electoral politics (Hodder 2000). The demographic trends already identified in the 1960s as threatening – or promising – to undermine patron-client relations (i.e. population growth, urbanization, industrialization, economic diversification) have been accompanied by the enormous expansion of mass media consumption, the belated computerization of elections, and the shift from the two-party system of the pre-martial law era to a multi-party system lacking in the zero-sum logic which once helped to enforce the discipline necessary for effective multi-layered, machine-based mobilization reliant on highly labour-intensive and legally unenforceable vote-brokerage and vote-buying. Thus the reciprocal ties once binding candidates for national office – whether the presidency or the Senate – to local politicians have become more attenuated, episodic, impersonal, and unreliable, leaving national politicians more concerned about their unmediated popularity among voters and local politicians less able to bank on personalized provision of protection and patronage from Manila, or to bully, buy, or bribe their way (back) into local office through established modes of local voter mobilization or vote 'manufacture'.

At the same time, the belated resumption of economic growth in the post-Marcos era, and the processes of population growth, (sub)urbanization, and export-oriented industrialization in the early twenty-first century have introduced – or expanded – economic incentives and imperatives for new forms of what is often described as 'local governance'. In countless municipalities and in dozens of provinces, local officials are now deeply concerned with attracting investment from Manila and the global market, availing of special streams of funding from overseas development agencies and international financial institutions, and ensuring that real-estate prices rise and rise and remain on an upward trajectory. Instead of local politicians still simply controlling the commanding heights of local economies themselves as in years gone by, today in more and more municipalities, cities, and provinces of the Philippines there are local 'growth coalitions' and 'growth machines' concerned about the state of local roads and infrastructure, utilities and government services, law-enforcement and business permits and regulations, with elected local officials more and more constrained (by local businessmen, Manila-based and foreign investors, and their own business and political interests) in terms of funds, procedures, and the overall exercise of discretion over state resources and regulatory powers. In some celebrated cases, like that of the (late) former mayor Jesse Robredo of Naga City (1988–1998, 2001–2010), there are instances of 'reformist' politicians and elected officials who seem to be engaged in innovative and inclusive forms of policy-making at the local level. But as one early and very insightful study of Naga City (Kawanaka 2002) concluded, even these local 'reformist' administrations may share many features of established urban 'political machines', as scholars of city politics in the United States have also noted (Trounstine 2009). Thus today even the entrenched 'warlords', 'bosses', and 'dynasties' of twentieth-century vintage who remain in power in various localities across the archipelago and thus seemingly represent continuity in local politics in the Philippines may in fact be experiencing – consciously or unconsciously, wittingly or unwittingly – subtle but significant forms of structural transformation in their modes of voter mobilization, interest aggregation, capital accumulation, political domination, and ideological legitimation. To understand the enduring continuities, ongoing changes, and deepening complexities, contradictions, and tensions in local politics in the Philippines, serious sustained empirical research on the ground is clearly necessary. It is to be hoped that future generations of scholars will rise to the challenge in the years ahead.

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3

THE POLITICAL PARTY SYSTEM[1]

Allen Hicken

No country in Asia has a longer experience with democracy and democratic institutions than does the Philippines. The first national political party, Partido Federal, was founded in 1900. Direct local elections were held under U.S. colonial auspices in 1906 followed by national legislative elections in 1907. And yet, despite its long history the Philippine party system remains stubbornly under-institutionalized – regardless of how we choose to define and operationalize the concept. The chronic weaknesses of the party system are the source of a variety of ills, according to scholars, including an acute "democratic deficit" (Hutchcroft and Rocamora 2003), a lack of political accountability (Montinola 1999), an under-provision of public goods (Hicken 2008a) and a disillusionment with democracy among Filipino citizens (Hicken 2009b). In short, the party system is one of the biggest obstacles to democratic stability and good governance in the Philippines.

In this chapter I examine characteristics and causal factors related to the Philippine party system. Using Mainwaring and Scully's institutionalization framework as a point of departure I first demonstrate that the Philippines is indeed under-institutionalized (inchoate). I note and discuss apparent changes in the degree of institutionalization over time. Finally, I present an explanation for why the party system has developed as it has in the Philippines, an explanation which also accounts for the changes we observe over time. Specifically, like Hutchroft and Rocamora (2003) I argue that the development of the Philippine party system is inextricably linked to the manner in which democracy unfolded in the Philippines. Early decisions by colonial administrators and Philippine elite had the unintended consequence of entrenching a particular style of political party which has dominated the Philippines polity ever since. I argue that when the question of institutional reform has arisen in the decades since, the Filipino elite has consistently and sometimes strategically opted for institutions that were inimical to greater party institutionalization.

Defining institutionalization: what is it and how do we know it when we see it?

The existing literature defines institutionalization in a variety of ways (see Huntington 1968; Welfling 1973; Panebianco 1988; Mainwaring and Scully 1995; Levitsky 1998; Randall and Svasand 2002; Hicken and Kuhonta 2011). One way to bring these disparate definitions together is to think of institutionalization as consisting of an external/systemic dimension and an internal/organizational dimension.[2] Starting with the external/systemic dimension, party systems that are more institutionalized share two characteristics. First, there is stability in the rules and pattern of

inter-party competition. Second, political actors view parties as a legitimate and necessary part of the democratic process. By contrast, in weakly institutionalized party systems we see a high degree of instability in the pattern of party competition. There are both high birth and high death rates – new political parties regularly enter the system, while existing parties exit. There is also a high degree of electoral volatility – the fortunes of individual parties vary greatly from election to election. Finally, political actors in weakly institutionalized systems view parties as at best superfluous, and at worse a threat. It is this external/systemic dimension that corresponds most closely with the concept of *party system* institutionalization.

The second internal/organizational dimension concerns the nature of the party organization itself, and the parties' links with the broader society – what we might term the level of *party* institutionalization. To begin with, where parties are institutionalized they exhibit a high degree of what Levitsky calls value infusion (Levitsky 1998). There are strong links between parties and identifiable societal interests and groups of voters. Parties are "rooted" in society to the extent that "[m]ost voters identify with a party and vote for it most of the time, and some interest associations are closely linked to parties" (Mainwaring and Tocal 2006, 206). Party membership is valuable in and of itself and not just as a means to an end and we can differentiate one party from another on the basis of its constituency and policy platform. Where parties are not institutionalized, political parties have weak roots in society, voters and politicians have few lasting attachments to particular parties, there are no enduring links between parties and interest groups, and parties have no distinct policy or ideological identities.

A second characteristic falling under the internal/organizational dimension is organizational routinization.[3] Institutionalized parties have entrenched organizations and established patterns of interactions. Parties are relatively cohesive and disciplined and are independent and autonomous from any charismatic leaders or particular financiers (Levitsky 1998). Put simply, parties have developed party organizations that "matter." Where parties are weakly institutionalized they tend to be thinly organized temporary alliances of convenience and are often extensions of or subservient to powerful party leaders.

So how institutionalized is the Philippine party system? Let's consider each of the dimensions in turn.

External/systemic dimension: stability of interparty competition

One common indicator of the stability or volatility of the party system from election to election is the measure of electoral volatility. Electoral volatility captures the degree to which there is variation in aggregate party vote shares from one election to another. Where there is a stable pattern of inter-party competition we expect to see a low volatility score, indicating that the same set of parties receive consistent levels of support from election to election. High levels of electoral volatility reflect instability in voters' preferences from election to election and/or

Table 3.1 Party system institutionalization

External/systemic dimension
Stable pattern of interparty competition
Parties viewed as legitimate and necessary
Internal/organizational dimension
High degree of value infusion
High degree of organizational routinization

elite-driven changes to the party system such as the demise of existing parties, the birth of new parties, party mergers, party splits, etc. (Mainwaring and Zoco 2007). Electoral volatility is not a perfect measure by any means – tracing party vote shares can prove extremely complicated where there are lots of party mergers or splits, or where a candidate's party affiliation is difficult to assess.[4] The latter is particularly a challenge in the Philippines, where candidates will often claim multiple party affiliations and candidate switching (turncoatism) is common. The very fact that party labels are so fluid in the Philippines is telling, but it makes calculating volatility challenging, so much so that some scholars eschew the attempt altogether.[5] Nonetheless I believe it is possible to come up with reasonable estimates of volatility using some simple assumptions.[6] It is also important to note that electoral volatility does not allow one to differentiate between the sources of instability – whether fickle voters or ephemeral parties (Hicken and Kuhonta 2011).

Electoral volatility is calculated by taking the sum of the net change in the percentage of votes gained or lost by each party from one election to the next, divided by two ($\Sigma\ |v_{it} - v_{it+1}|)/2$). A score of 100 signifies that the set of parties winning votes is completely different from one election to the next. A score of 0 means the same parties receive exactly the same percentage of votes across two different elections. The higher the volatility score the less stable the pattern of party competition.

Table 3.2 displays the volatility scores for the Philippines alongside those of other countries in Asia for comparative purposes. I divide the Philippines into two periods corresponding to the pre- and post-martial law eras. The Philippines I covers the seven elections between independence and martial law. The post-Marcos sample (Philippines II) covers the 1992–2016 elections. I calculate volatility using only the votes for candidates in the constituency elections for the House of Representatives. In other words, I exclude the party list seats and party list parties from the calculation. Were I to include party list parties volatility would be even higher.

Two things stand out in Table 3.2. First, the party system of post-martial-law Philippines is very fluid. The fortunes of the individual parties tend to vary greatly from election to election. In other words, the results of past elections by and large are not a good predictor of future election results – in the case of the Philippines II, the result of a past election can be used to

Table 3.2 Electoral volatility in Asia

	Years	*Number of elections*	*Volatility: first and second elections*	*Volatility: last election*	*Average volatility*
Malaysia II	1974–2008	8	8.6	14.3	10.8
Singapore	1968–2011	11	24.6	20.4	15.4
Taiwan	1992–2012	7	8.6	11.5	16.5
Sri Lanka	1947–2010	14	27.7	9.0	16.6
Japan	1947–2012	24	27.4	16.3	16.8
India	1951–2009	15	25.1	11.3	19.2
Cambodia	1993–2008	4	27.9	23.0	24.4
Indonesia	1999–2009	3	25.2	29.8	27.5
Philippines I	1946–1969	7	20.4	43.6	28.0
Malaysia I	1955–1968	4	38.8	36.4	30.6
Philippines II	1992–2016	9	57.0	10.5	34.8
Timor Leste	2001–2012	3	49.0	22.5	35.8
South Korea	1988–2012	7	41.9	35.2	36.5
Thailand I	1979–1991	4	40.8	32.1	38.4
Thailand II	1992–2011	7	38.1	58.2	41.1

predict the result of the next election with less than 65 percent accuracy. Second, the Philippine party system appears to be much more volatile after martial law than it was before. Average volatility pre-martial law was 18.5. Post-Marcos the average is 34.8. (Figure 3.1 displays the electoral volatility scores over time.)

If the argument that voters' ties to political parties develop gradually over time, bringing greater stability to electoral competition, is valid, we would expect electoral volatility to improve (decrease) over time in the Philippines. In pre-martial law elections no clear pattern is evident. Electoral volatility did decline steadily for the first few post-independence elections, but increased substantially in the two elections prior to martial law. Since the fall of Marcos there still does not appear to be any stabilization of the party system under way. Overall the average volatility score for the post-martial law period is higher than before martial law (34 versus 18) but *both* periods experienced relatively high degrees of instability in the pattern of inter-party competition. Note, however, that electoral volatility fell quite dramatically in 2016 to a post-Marcos low of 10.5. It is too soon to tell whether this represents a new trend towards more party stability, or an anomaly, but initial evidence suggests the latter. Almost as soon as the election concluded we witnesses the usual massive party switching to the party of the incoming president. The party of President Rodrigo Duterte, PDP-Laban, won only three seats in the House in 2016. Once the party switching dust had cleared, however, the party boasted 93 House members (Porcalla 2016). By contrast, the Liberal Party, the party of the outgoing administration, lost 80 Representatives to turncoatism after the election, falling to 35 members from a post-electoral high of 115 (Porcalla 2016).

Another indication of the instability of the party system is the high rate at which parties enter and depart the party system. Table 3.3 displays the birth and death rates alongside the total number of parties for each election, all calculated using the parties that gain seats in the legislature. A birthrate of 0.33 means that 33 percent of the parties in a given year did not gain any seats in the prior election. A death rate of 0.33 means that 33 percent of the parties that won seats in the last election, did not capture any seats in the given election. Prior to martial law it is

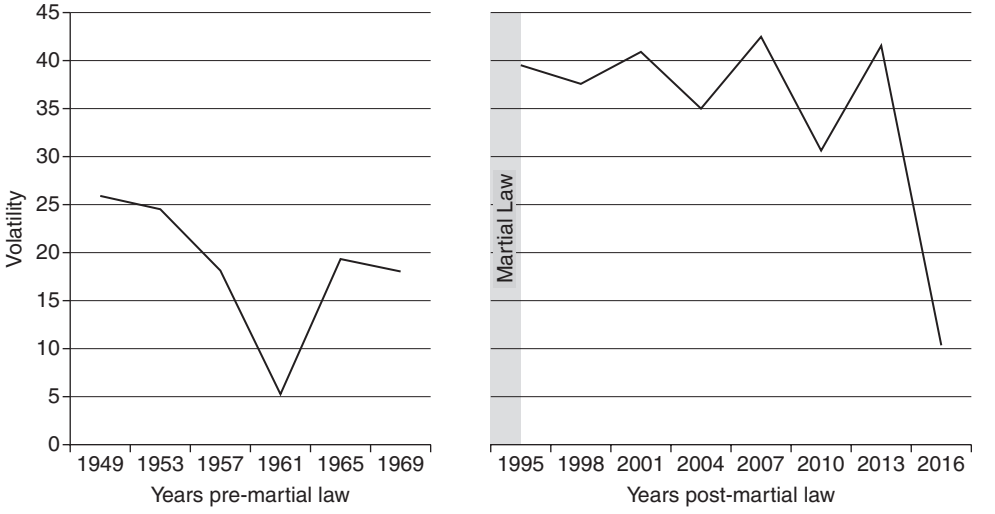


Figure 3.1 Electoral volatility pre- and post-martial law

Source: Author's calculations from Hartman et al. 2001, COMELEC.

clear that the Philippine party system had become a two party system helmed by the Liberal and Nacionalista parties. Combining this information with the volatility information from Figure 3.1 we observe that the rise in seat volatility in the 1960s was driven entirely by the shifting fortunes of the Nacionalistas and Liberals, and not by party entries and exits from the system.

Contrast this with the post-Marcos era. A couple of things are immediately apparent from Table 3.3. First, it is clear that martial law marked the demise of the two party system. Unlike the earlier period the party system post-Marcos has not tended towards two. In fact, quite the opposite. During the last several elections we have seen a large increase in the number of parties winning seats. This jump is driven largely, but not exclusively, by an increase in the number of small parties taking advantage of the peculiar party list system used in the Philippines. This system will be discussed in more detail below. Second, the party birth and death rates start high in the post-Marcos era, and stay that way. Not only do we not see stabilization around two parties, we don't observe stabilization of any sort. A substantial number of parties continue to enter and exit the system each election, and it is these births and deaths that are the main drivers of electoral volatility. Figure 3.2 shows the number of parties winning seats in the House over time, while Figure 3.3 charts the birth and death rates for the same set of parties. The greater instability in the post-martial law era is clearly evident.

External/systemic dimension: legitimacy

One of the most telling indications of a lack of institutionalization is the lingering doubt about whether the major actors view political parties as a legitimate and necessary part of political life. The disconnect between the ideal of democracy and the reality of Filipino democracy comes out again and again in surveys. In a 2012 World Values Survey, for example. 74 percent of

Table 3.3 Party birth and death rates during house elections (seats)

	Birth rate	*Death rate*	*# of parties*
1946	NA	NA	7
1949	0.33	0.71	3
1953	0.33	0.33	3
1957	0.33	0.33	3
1961	0.00	0.00	2
1965	0.00	0.00	2
1969	0.00	0.00	2
Martial law			
1987	NA	NA	8
1992	0.43	0.50	7
1995	0.13	0.00	8
1998	0.50	0.50	8
2001	0.33	0.25	9
2004	0.73	0.11	30
2007	0.33	0.40	27
2010	0.67	0.12	60
2013	0.32	0.41	60
2016	0.34	0.27	63

Source: Author's calculations from Hartman et al. 2001, COMELEC.

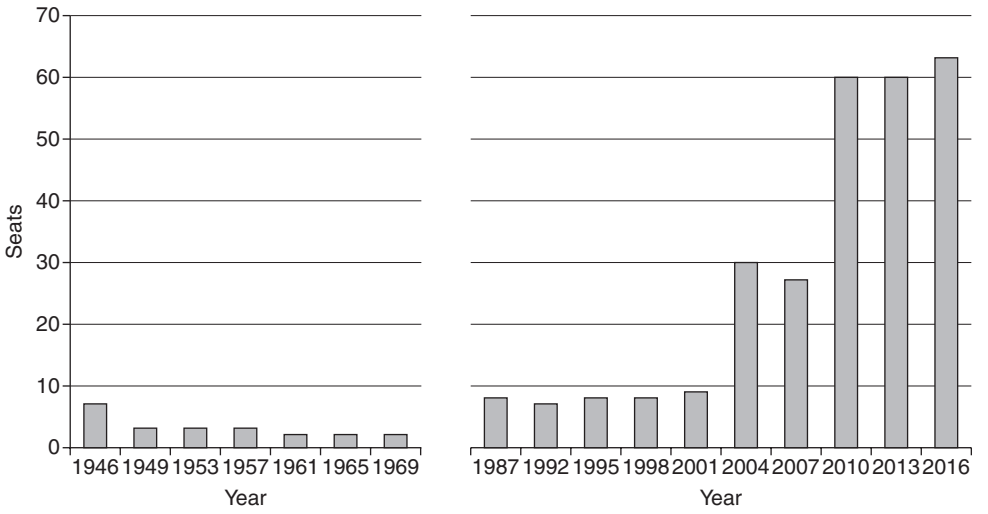


Figure 3.2 Number of parties (seats)

Source: Author's calculations from Hartman et al. 2001, COMELEC.

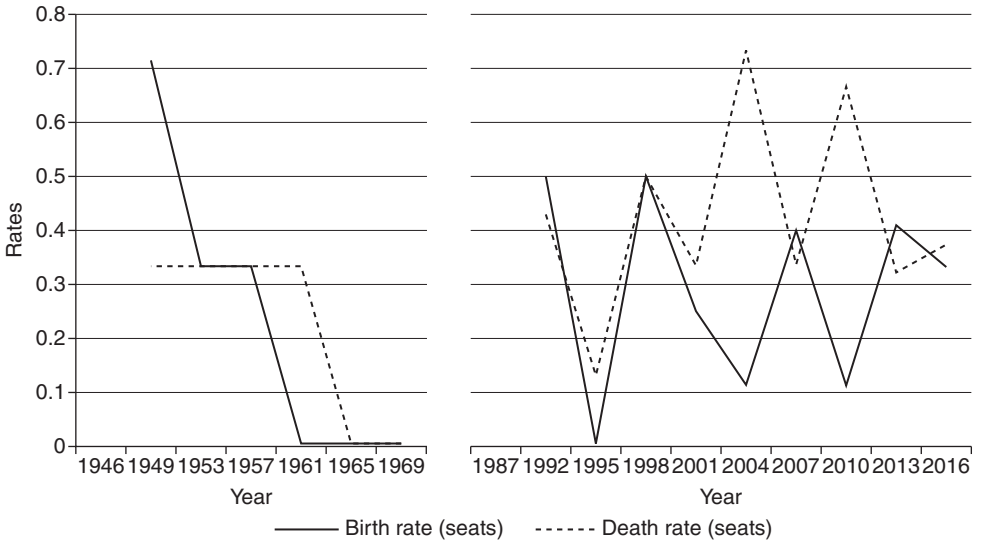


Figure 3.3 Birth and death rates

Source: Hartman et al. 2001, COMELEC.

respondents expressed strong support for democracy – a number comparable to what we observe in established democracies (WVS 2012).[7] However, a near majority of Filipinos (42.2 percent) also report being dissatisfied with the way democracy works in their country (ibid.).[8] That dissatisfaction is strongly correlated with a distrust of the country's political parties. Less than half of respondents report some confidence in Filipino political parties (ibid.).

Clearly parties are viewed with some suspicion by the masses, but what about other major political actors? Do other major power centers see party government as the only legitimate

means to political power? Unfortunately, military intervention and coup threats continue to be a prominent feature of Filipino politics, with regular rumors of coup plots and actual military interventions in 1986 and 2001 to resolve political stalemates.

Internal/organizational dimension: value infusion and organizational routinization

How deeply rooted and organizationally strong are parties in the Philippines? One indication of the weak links between parties and cohesive societal interests in the Philippines is the high volatility scores discussed previously. Another indication of the low degree of value infusion within most parties is the lack of party loyalty manifest by large numbers of voters, even within a single election. Filipino voters frequently split their votes between candidates from different parties. For example, Filipino voters cast two separate votes, one for a presidential candidate and one for a vice-presidential candidate. These votes need not be for candidates from the same political party. Taking advantage of this rule, voters frequently split their votes between two different parties. As a result, both the 1992, 1998, 2010 and 2016 presidential elections returned a president and vice-president from different political parties. Since 1992 the average difference between the top presidential contenders and their running-mates is more than 12 percentage points. In the 2016 election the vote share of President Duterte and his vice-presidential running mate (Alan Cayetano) was more than 24 percentage points.

Voter behavior during Senate elections is another indicator of the weakness of party labels. The Philippines uses a block vote (or MNTV) system to elect Senators. Twelve of the 24 senators are elected every three years to six-year terms. Voters can cast up to 12 votes but are limited to one vote per candidate. The top 12 vote-getters are awarded the seats. To the extent voters are motivated by party considerations we would expect to see candidates from the same party receiving roughly the same number of votes. Large differences between candidates are an indication that voters have weak ties to particular parties.

In the 2007 Senate election there were two large multi-party alliances: TEAM[9] Unity, a coalition of supporters of President Gloria Macapagal-Arroyo, and Genuine Opposition (GO), made up of anti-Arroyo politicians. During this election the division between the pro- and anti-Arroyo forces was arguably the most prominent division in the electorate. And yet, when it came to their Senate vote, voters readily crossed alliance lines and/or failed to cast all of their available votes. GO candidates collectively received 50.9 percent of the total votes and 7 of the 12 seats, while TEAM Unity received 36.8 percent of the votes and 3 seats. (Had voters been primarily motivated by party loyalty we would expect one party alliance to sweep the Senate as each voter would simply vote a straight party ticket.) Within each alliance the difference between the largest and smallest vote-getters was wide. For the GO alliance the candidate with the most votes received three-and-a-half times the number of votes as the last-place GO candidate. Within TEAM Unity the gap was even larger, with the strongest candidate receiving more than five times the number of votes as the weakest candidate.

In 2013[10] we see a similar pattern, with two large multi-party alliances forming: one centered around the sitting-president, Benigno Aquino III (Team PNoy), and the other around sitting-vice-president Jejomar Binay and former president Joseph Estrada (the United Nationalist Alliance – UNA). Voters once again showed little party loyalty – nine seats were filled by Team PNoy and three by UNA.[11] In Team PNoy the first place vote-getter received more than three times the number of votes than the team's last place candidate. For UNA the gap between the first place finisher received five-and-a-half times the number of votes as the weakest candidate.

In the run-up to the 2016 election there were several major party alliances, the two largest of which was the administration-backed alliance dubbed *Koalisyon ng Daang Matuwid* (KDM) and the alliance associated with sitting vice-president and presidential candidate Jejomar Binay – the UNA alliance.[12] Once again voters displayed no loyalty to these alliances, with the first place KDM and UNA candidates winning 23 and 17 times the number of votes as the last place candidate on their respective slates.

Perhaps it was the case that voters felt very little attachment to these alliances – created solely for the purpose of this election. Did they exhibit more loyalty to parties within that coalition? The answer is no. The two largest parties in the 2007 election, in terms of seats in the House of Representatives, were Lakas-CMD and the NPC. The gap between the largest and smallest vote-getters for each party in the Senate elections was 2.5 times and 4.4 times the number of votes respectively. The numbers are similar for other Senate elections, as displayed in Table 3.4. For each election I've listed the vote differentials between the largest and smallest vote-getters for the two largest party alliances and for the two largest parties (according to seats in the House) which ran more than two candidates in the Senate election.[13] Similar to presidential contests voters once again exhibit very little attachment to a particular party.

Another indication of the degree of value inclusion is politicians' loyalty to their party. Like voters, politicians in the Philippines are politically promiscuous. Party switching is a common occurrence and politicians often claim affiliation with multiple parties simultaneously. This party switching, or turncoatism as it is called in the Philippines, occurs at all levels of elected office from president (Magsaysay, Marcos and Ramos each switched parties prior to winning the presidency) to local officials. Below the level of president and vice-president the vast majority of turncoats switch from the opposition to the president's party in an effort to secure some of the many resources and favors the president possesses. In fact, within the House of Representatives enough party switching can occur to change the status of the president's party from the minority to the majority party, as happened after the election of presidents Macapagal, Marcos, Aquino and Ramos.[14]

Table 3.4 Vote differentials between first and last place candidates

	1992	*1995*	*1998*	*2001*	*2004*	*2007*	*2010*	*2013*	*2016*
Party alliance 1	NA	1.9	4.1	2.4	6.9	3.5	NA	3.0	23.1
Party alliance 2	NA	3.9	NA	4.6	6.1	5.1	NA	5.5	17.3
Largest party	3.3	1.4	3.4	1.7	5.6	2.5	16.9	2.3	10.9
Second largest party	2.2	3.5	4.1	3.1	1.8	4.2	8.4	1.6	16.1

Source: Author's calculations from election returns. The party alliances are as follows. 1995: Lakas-Laban and NPC; 1998: LAMMP; 2001: PPC and PnM; 2004: K-4 and KNP; 2007: Genuine Opposition, and Team Unity; 2013: Team PNoy and UNA; 2016: Koalisyon ng Daang Matuwid and UNA. The parties are as follows. 1992: LDP and Lakas-NUCD; 1995: Lakas-NUCD and NPC; 1998: Lakas-NUCD and LDP; 2001: Lakas-NUCD and LDP;[a] 2004: Lakas-CMD and the Liberal Party;[b] 2007: Lakas-CMD and NPC;[c] 2010: Lakas-Kampi and Liberal; 2013: Liberal and NPC; 2016: Liberal and UNA.

Notes

a The LDP was actually the fourth largest party but the second and third largest parties ran only one or two Senate candidates in 2004.

b The Liberal Party was actually the third largest party but the second largest party, the NPC, ran only one Senate candidate in 2004.

c The NPC was actually the third largest party but the second largest party, KAMPI, ran only one Senate candidate in 2007.

There are other indications that party labels mean little to candidates. For example, a significant number of candidates regularly run as independents. Other candidates accept guest candidatures – an offer to run under a party's banner without formally switching parties. Still others run under more than one party banner – sometimes opting to run as a standard bearer for both the government *and* one of the opposition parties (Hicken 2009a). One prominent example is Senator "Chiz" Escudero's endorsement of candidates from the dueling party alliances of President "Noynoy" Aquino and Vice-President Jejomar Binay in 2013, which he dubbed team "Noybi."

Another indicator of value infusion is the extent to which political parties are clearly associated with particular societal interests. Two questions are especially germane. To what extent do parties rely on different/distinct constituencies? Can we differentiate one party from another on the basis of its policy platform? Traditionally, the ties between Philippine parties and identifiable societal interests and voter groups have been very weak. Very few voters, for example, identify with any political party. In a recent survey two-thirds of respondents reported that no party truly promoted their welfare (SWS 2006). The broadest support any one party receives in the survey is 8 percent. Philippine parties are generally ephemeral alliances of locally focused politicians, as opposed to cohesive political parties with distinct policy visions. In fact, one of the defining characteristics of the party system is the enduring lack of policy or ideological vision among most political parties (Hicken 2009b). When asked to describe the difference between political parties a Filipino high school student tellingly quipped, "I do not believe one species of mud can be very different from another" (quoted in Sicat 1973, 437).

There are, of course, some exceptions to this pattern. There are a few parties on the Left as well as parties that run for party list seats that tend to have clearer ties to identifiable constituencies and party platforms that are programmatically distinct. However, these parties have performed poorly at the polls (in the case of the Left) or are constitutionally prohibited from having more than three seats in the House (in the case of party list parties). In the case of party list parties many of those parties have come to represent the interests of narrow groups or even individuals, rather than broader programmatic constituencies or underrepresented groups.

In terms of organizational routinization, parties in the Philippines have yet to develop party organizations that "matter" (Mainwaring and Scully 1995). Parties function almost entirely as electoral vehicles for powerful individuals. Parties are highly factionalized and noticeably devoid of any lasting autonomous organizational structures. In between elections parties cease to operate for all intents and purposes, with very little in the way of active connections to party "members." The internal governance structure of parties is also notoriously weak. Members who deviate from the party line (when there is one) are rarely sanctioned. Finally, responsibility for and control of financing is very decentralized, usually completely bypassing the formal party organization (de Castro Jr. 1992; Carlos 1997). Philippines scholar Nathan Quimpo summarizes the state of Philippine parties in this way: "Far from being stable, programmatic organizations, the country's main political parties are nebulous entities that can be set up, merged with others, split, resurrected, regurgitated, reconstituted, renamed, repackaged, recycled or flushed down the toilet anytime" (Quimpo 2005).

In short, by virtually every measure political parties and the party system exhibit low levels of institutionalization. On the external/systemic dimension the pattern of interparty competition remains fluid while it is not at all clear that the major actors in society, including voters, accept parties as legitimate and necessary. On the internal/organizational dimension there is little evidence of value infusion – parties are not strongly rooted in society and do not have well defined and distinct party platforms. Organizationally parties tend to be feeble, factionalized and fleeting.

Explaining institutionalization[15]

Socio-historical roots

There is a growing body of work that examines how the political system in the Philippines (including the party system) was shaped by the manner in which democracy unfolded. This is consistent with Mainwaring and Zoco's (2007) emphasis on the link between the timing of democratic transition and institutionalization. They argue that there is a distinct difference between early and late democratizers. In early democratizers, political parties were mobilizing institutions – incorporating new citizens into the political system and pushing for an expansion of suffrage and other rights for those citizens. This helped forge strong links between parties and the citizens they helped to mobilize. By contrast, in later democratizers the move to competitive elections and the formation of new parties was preceded by, or occurred in conjunction with, the adoption of universal suffrage. As a result, parties did not have to become mobilizing institutions and consequently the kinds of links and networks that characterized early democratizers never developed (Mainwaring and Zoco 2007).

On the surface one might expect the Philippines to bear characteristics of an early democratizer. After all, democratic elections were introduced as early as 1906. However, the manner in which those elections were introduced is crucial. Elections were not the result of a victory of newly mobilized social forces over entrenched elite, nor did they reflect a compromise between social forces and the elite. In either scenario mobilization in pursuit of democracy might have laid the groundwork for institutionalized parties. Instead, democratic elections with universal male suffrage were imposed by the American colonial administration after it had defeated an indigenous independence movement and prior to the development of other mass mobilization efforts. In addition, early elections, the relatively benign colonial administration and the promise of independence combined to undermine the development of a strong independence movement that might have formed the basis for strong, institutionalized political parties. So, despite the early arrival elections, the Philippines looks a lot like a late democratizer – democratic elections were introduced prior to the development of the institutions of mass politics.

Several of the U.S. colonial government's decisions had the unintended consequence of hampering the development of a more institutionalized, cohesive, nationally oriented party system (Hutchroft and Rocamora 2003). First, while the U.S. installed democratic institutions in the Philippines, it did very little to build up a strong central administrative bureaucracy (Hutchcroft 2000). As a result, political and economic power remained spread among the various large land-owning elite throughout the country. This land-owning elite, also known as the oligarchs, became the patrons atop numerous patron-client networks spread throughout the Philippines (Tancangco 1992).

Second, the early introduction of elections in the Philippines reproduced the decentralized and fragmented nature of political life at the national level (Hutchcroft and Rocamora 2003). As the political system was thrown open to electoral competition those in the best position to compete for elected office were the oligarchs. Oligarchs were able to use elections as a means of acquiring and strengthening political power, first locally, then nationally via congressional elections (Landé 1965; Anderson 1988; Wurfel 1988; Hutchcroft and Rocamora 2003). Political parties and Congress quickly became the domain of these powerful locally based interests, rather than a forum in which mass interests could be articulated and national policies debated.[16] In sum, the parties that came to dominate the political system were not cohesive parties with national constituencies, but internally mobilized (Shefter 1994), highly fragmented parties with narrow, particularistic constituencies.

The interaction of the Philippines social structure, colonial administration and early elections made early institutionalization unlikely. However, this cannot completely explain why key features of the party system have endured in the Philippines for more than a century. Much has changed in the intervening hundred years and many of these changes would seemingly auger well for the emergence of a more institutionalized party system. For example, by the 1960s traditional patron-client networks were breaking down, beginning first in and around Manila and then spreading to other areas of the Philippines (Wurfel 1988). Likewise, a new class of business elite had emerged to challenge the power of the oligarchs. This business elite (largely Manila-based) had interests that were very different from the traditional landed-elite (Hawes 1992).

One could argue that path dependence might account for the stickiness of the party system in the face of these and other changes. However, given the political, economic and social upheaval of the Marcos era it is not difficult to imagine that new paths were at least possible following his fall from power. First, under Marcos the relative decline of the oligarchs accelerated as he sought to centralize political and economic authority while empowering a new class of cronies (Hawes 1992).[17] Second, in their attempt to oust Marcos, opposition political parties joined together to back Corazon Aquino for president. They were supported by a large, mobilized segment of the Filipino populace. Yet this mass mobilization and relative decline of the traditional oligarchs did not lead to the creation of large, mass-based parties after the fall. Nor did the coming together of different opposition groups to overthrow Marcos translate into more cohesive parties post-Marcos. Instead, as discussed above, the party system that emerged was similar in most respects to the pre-1972 party system. One explanation for the continuity of the party system, despite the significant changes that occurred before and during the Marcos era, is the continuity of key features of the Philippine institutional environment, along with the strategic use of institutional reforms designed to keep the level of institutionalization low.[18]

Institutional obstacles – continuities

Alongside the historical and sociological factors discussed above, certain features of the Philippines electoral environment have discouraged the development of greater institutionalization.[19] This environment has remained relatively constant across the pre- and post-authoritarian periods and reinforced, and in some cases amplified, the effects of sociological and historical factors. Specifically, the electoral systems for both the House and Senate give voters strong incentives to place person before party and give candidates an incentive to pursue a personal strategy while discounting the value of party label. I've already discussed the method for electing the Senate. This method encourages Senatorial candidates to eschew party strategies in favor of personal strategies. Senate elections are first and foremost personality contests and Senators generally possess little in the way of party loyalty. Multiple votes allow voters to split their votes between Senatorial candidates from different parties – something that Filipino voters frequently take advantage of.

Elections for the House of Representatives are only slightly better. In House elections, single-seat districts – by themselves often associated with weak parties – are combined with a system that gives party leaders very little control over their members' behavior and even who runs under the party banner. For example, candidates are not required to obtain the nomination or endorsement of a political party in order to run for office. Candidates may run as independents or run under the banner of more than one party.[20] Party officials often lack strong control over nomination and endorsement within their own party. Strong candidates can usually run under the label of their choosing. In some cases strong/wealthy candidates will use a party's label

with or without the party's official endorsement (Wurfel 1988, 96). Some districts even feature multiple candidates each claiming to represent the same party, giving rise to intra-party competition (Kasuya 2001). Finally, candidates and politicians are free to switch parties at virtually any time without penalty. All in all the system is one in which there are very few payoffs to either voters or candidates for investing in, or even paying attention to, political parties.

Institutional obstacles – interventions

In addition to the unfavorable electoral incentives – a constant throughout the democratic periods – there have been a few key institutional interventions that had the effect of arresting any incipient institutionalization. Two of these interventions were not direct attempts to shape the party system and institutionalization, but the consequences were nonetheless profound. Two other interventions *were* strategically calculated to prevent the development of a stronger party system, and they have been fairly successful at doing so.

The first two interventions which indirectly affected the party system were Marcos' actions under martial law, and the introduction of a single term limit for the president after the fall of Marcos. We know that the types of strategies adopted by dictators during authoritarian interludes have important consequences for post-authoritarian party system (Geddes and Franz 2007; Hicken and Kuhonta 2011). Had Marcos simply banned or repressed the Liberal and Nacionalista parties during his rule, experience elsewhere in the world suggests that voter loyalties might have remained more or less intact and the Liberals and Nacionalistas would have reemerged as strong parties when democratic elections returned. Instead, Marcos coupled the banning of existing parties with the creation of his own electoral vehicle – Kilusang Bagong Lipunan (KBL). Past experience predicts that such parties will tend to attract supporters and candidates at the expense of the traditional parties, but once democratic elections return the party system then tends to fragment as the artificially created new party falls apart (Geddes and Franz 2007). Indeed, this is precisely what happened in the Philippines. Upon the fall of Marcos the former two-party system fragmented, the Liberals and Nacionalistas never fully regained their former strength, and the KBL quickly lost most of its support.

After the excesses of the Marcos years it is not surprising that reformers put in place a number of constitutional provisions designed to limit the power of future presidents and would-be dictators. Key among these reforms was the introduction of a ban on reelection.[21] This had two (unintended) effects on the party system (Choi 2001; Hicken 2009a). First, it undermined the incentives of sitting presidents to invest in party-building. Why build an organization you are not going to be able to directly benefit from? Second, it led to an increase in the number of presidential candidates and a corresponding increase in the number, birth rate and death rate of political parties. Prior to martial law the presence of a presidential incumbent with control of government resources encouraged coordination around two large parties. Would-be challengers from within the government ranks had incentives to stay put while the opposition faced strong incentives to back a single challenger in order to maximize their chances of defeating the incumbent. With the end of presidential incumbency these coordination incentives have greatly diminished and this has contributed to less party discipline, more factionalism and to a larger number of short-lived parties, as demonstrated earlier.

Finally, there are two reforms that seem to have been specifically designed to thwart progress towards greater institutionalization. Shortly after independence the election code was revised to allow for party voting. Rather than writing individual candidates' names, as had been the norm in the past, voters could write in the name of a party and the ballot would be "deemed as a vote for each and every one of the official candidates of such party for the respective offices" (Revised

Election Code of 1947, Article XI, Section 149, No. 19). Had this option remained in effect it is intriguing to consider whether parties might not have increased their efforts to win those "party" votes and whether voters might have developed stronger ties to particular parties over time. However, politicians quickly acted to return to the status quo, amending the Election Code in 1951 to eliminate the party voting option (Wurfel 1988, 94). Voters were once again required to write in the name of each of their chosen candidates for every elected office. Given that local and national elections are synchronized this can mean that voters must write in up to 40 names on election day.[22] This cumbersome ballot structure provided voters with ample opportunities to split their votes between many different parties, thus undermining the value of party label. The introduction of electronic voting in 2010 meant that voters no longer had to write in names by hand, but they still lacked the option of casting a single vote for a party slate.

Finally, the adoption of a mixed-member system, ostensibly to provide for better representation of marginalized and stronger ties between parties and their supporters, has arguably arrested progress towards greater institutionalization. A provision for a mixed-member system was included in the 1987 Constitution. This was in part a response to the unprecedented level of mass mobilization and civil society activity in the wake of the People Power revolution. Reformers proposed the adoption of a German-style mixed-member system which would allow new interests to be heard in the House of Representatives. However, the law fully implementing the measure was not passed until 1995 and not used in an election until 1998. In the intervening ten years much of the mass/civil society fervor had understandably waned.

In addition, opponents of the reforms were able to water down the provision substantially and minimize the impact on the existing party system. Rather than a German-style legislature with one half of the seats allocated on the basis of party lists using proportional representation, the Philippines reserves only 20 percent of the total House seats for the party list. Both political parties and sectoral organizations can compete for the seats. However, the five largest parties from the previous election are barred from competing. To obtain a seat parties (or sectoral organizations) must receive at least 2 percent of the party list votes. For every 2 percent of the vote a party is awarded a seat. No party or group can receive more than three seats via the list tier. The limit on the number of seats and the ban on mainstream parties competing has effectively kept the impact of these changed to a minimum. While the party list provision has probably resulted in more diverse interests being elected to Congress, it has also partially ghettoized those interests. Mainstream political parties and politicians seem largely content to leave programmatic campaigning and the representation of marginalized interests to party list groups. At the same time, the low 2 percent threshold and three-seat limit has led to an explosion of new, small parties in recent years, many of which appear to be the vehicles for narrow interest groups to protect and promote their interests rather than programmatic, policy-oriented organizations.

Conclusion

One of the things I set out to do in this chapter was to demonstrate the Philippines party system is relatively under-institutionalized. The data assembled here all point in the same direction – towards a low level of institutionalization. What is harder to do, particularly in the context of a single case, is to parse out the reasons for the lack of institutionalization. I've argued that the introduction of early elections in an environment rich in oligarchic elite but lacking a mobilized citizenry or mass organizations, hindered institutionalization. The adoption of a particular set of electoral institutions reinforced this tendency. And finally a few institutional interventions at key

times undermined incentives towards further institutionalization. Three of these interventions, namely the creation of the KBL, the ban on presidential reelection and the peculiarities of the party list system, also help explain why the pre- and post-martial law party systems differ in some respects.

So, in conclusion, why should we care about the level of institutionalization? We can observe differences in the level of institutionalization from country to country, but does it really matter for things we ultimately care about? Elsewhere I have argued that the level of institutionalization might affect democratic governance (Hicken 2008b; Hicken 2015). Specifically, I argue that under-institutionalized party systems are generally a hindrance to democratic consolidation and good governance in at least three ways. First, where parties and party systems are under-institutionalized politicians will tend to have narrow constituencies and short time horizons – both of which are problematic for the provision of needed public goods. Second, a lack of party system institutionalization undermines the ability of voters to hold politicians individually and collectively accountable.[23] Finally, where party institutionalization is low, the disillusionment with the extant system might eventually produce ambivalence among some voters about the relative merits of the democratic status quo versus strong, decisive, albeit less democratic, leadership. This ambivalence, combined with weak party loyalties, may provide opportunities for political outsiders with anti-party and sometimes anti-democratic sensibilities to rise to power (e.g., Marcos and perhaps Duterte).

Notes

1 This chapter is an updated version of: Hicken, Allen. 2014. "Party and Party System Institutionalization in the Philippines." In Allen Hicken and Erik Kuhonta, eds. *Party and Party System Institutionalization in Asia*. Cambridge: Cambridge University Press.
2 The discussion of these two dimensions draws on Hicken (2009b).
3 Compare to Levitsky's (1998) discussion of behavioral routinization.
4 Where possible I follow Mainwaring and Zoco's (2007) rules about how to treat such situations.
5 E.g., Ufen (2008).
6 Specifically, where candidates claimed multiple party affiliations I use the largest party of which they were a member to calculate volatility. To the extent that the largest parties are those that are likely to be around over several elections, any bias is likely to be in the direction of understating the level of volatility. I also include independents and "other" minor parties as single categories for the purposes of calculating volatility. The average percentage for each category is less than 5 percent in any given election. Excluding the independents and "other" categories from the volatility calculation would have the effect of lowering the volatility score by an average of two points per election.
7 When asked how important democracy was on a scale from 1 to 10, 0 being "not at all important" and 10 being "absolutely important" 74.1 percent of respondents gave a rating of 7 or higher.
8 Degree of confidence in the government.
9 Together Everyone Achieves More.
10 There were no large multi-party alliances for the Senate elections in 2010.
11 Candidates were not paragons of partisan loyalty either. Three candidates appeared on the slate of both party alliances.
12 There was also alliances associated with presidential candidate Grace Poe, *Partido Galing at Puso*.
13 For 2016 I report the vote differentials for the Liberal Party, the largest party in the House, and UNA. UNA actually finished as the fifth largest party in the House, but parties 2–4 (NPC, NUP and NP) fielded only two, zero and one Senate candidates respectively, while UNA fielded six.
14 Liang (1970); Banlaoi and Carlos (1996); Landé (1996); Hicken (2009a).
15 This section draws on chapter 5 of Hicken (2009a).
16 For an analysis of the policy consequences of this arrangement see Sidel (1996) and Hutchcroft (1998).
17 For an opposing view (i.e., that the reports of oligarchs' deaths were highly exaggerated) see Putzel (1993).

18 The unwillingness of Aquino to capitalize on her popularity to form her own political party or take over the leadership of an existing party also likely contributed to the return of an under-institutionalized party system.
19 There are a number of Philippines scholars who blame the state of the party system on the establishment of a strong president (see for example Grossholtz 1964; Wurfel 1988; Banlaoi and Carlos 1996). A powerful presidency, so the argument goes, undermines party cohesiveness, frees legislators and parties to focus on particularistic concerns (leaving national policies in the hands of the president) and generally discourages the development of an institutionalized party system. This observation is not unique to the Philippines – presidentialism is often associated with weaker and less-cohesive legislative parties (Lijphart et al. 1993, 322; Samuels and Shugart 2010). However, I discount a powerful president as a significant causal variable for two reasons. First, Mainwaring and Zoco (2007) find no relationship between presidentialism and institutionalization, once they control for other factors. Second, if there is a relationship there is some uncertainty about which way the arrows run. A strong presidency may hinder the rise of an institutionalized party system, but it may also be employed as an institutional antidote in polities with under-institutionalized party systems (Shugart 1999). In fact, the effort of the Philippines' first president, Manuel Quezon, to guarantee a powerful presidency was in part a reaction to the perceived shortcomings of the party system (Quezon 1940).
20 See the earlier discussion of guest and joint candidacies.
21 Prior to martial law presidents were limited to two terms.
22 For this reason the distribution of sample ballots to voters becomes extremely important. Prior to elections most candidates distribute sample ballots containing their name and the names of candidates for other offices. Tellingly, it is not uncommon for these sample ballots to contain the names of candidates from more than one party. Candidates often include popular candidates from other parties running in other races on their sample ballot in a bid to bolster their own electoral prospects.
23 See also Mainwaring and Torcal (2006).

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4
COMBATING CORRUPTION

Jon S.T. Quah

'Ali Baba [Marcos] is gone, but the 40 thieves [corrupt officials] remain.'
Archbishop Cardinal Jaime Sin, November 1987 (Quoted in Straits Times *1987, p. 44)*

'The crooks not only stayed [in the Philippines], they multiplied.'
Fernando del Mundo (2010)

Unfortunately, the 1987 indictment by the late Cardinal Jaime Sin quoted above still rings true today, three decades later, because of the failure of the late President Ferdinand E. Marcos' successors to deal effectively with the intractable problem of corruption in the Philippines. The Philippines is the only Asian country with the dubious distinction of having two of its political leaders – Marcos and Joseph Estrada – listed among the ten most notorious corrupt world leaders in Transparency International's *Global Corruption Report 2004*. President Marcos (1965–1986), who was the second most corrupt leader after President Suharto of Indonesia, had embezzled between US$5 billion and US$10 billion. President Estrada (1998–2001) was ranked the tenth most corrupt leader because he embezzled between US$78 million and US$80 million (Hodess 2004, p. 13).

President Elpidio Quirino established the Integrity Board on 25 May 1950 to investigate complaints of corruption against civil servants in the Philippines. However, this first anti-corruption agency (ACA) was dissolved in November 1950 because of the lack of public support (Quah 1982, p. 159). During the next 51 years, 18 ACAs were created by the various presidents, culminating in the formation by President Gloria Arroyo of the Presidential Anti-Graft Commission (PAGC) and the Governance Advisory Council in April and July 2001, respectively (Quah 2011, p. 136). Today, the Philippines has five ACAs: the Office of the Ombudsman (OMB), the lead ACA; the *Sandiganbayan* (anti-graft court); the Presidential Commission on Good Government (PCGG); the Inter-Agency Anti-Graft Coordinating Council (IACC); and the Office of the Deputy Secretary for Legal Affairs (ODESLA), which took over the PAGC's functions after its dissolution in November 2010 by President Benigno S. Aquino III (Batalla 2015, pp. 55–56).

However, in spite of the efforts of these ACAs, corruption remains a serious problem judging from the Philippines' performance on three international indicators, as shown in the next

section. Why has the Philippines failed to minimise corruption even though it has initiated the most anti-corruption measures among Asian countries during the past 66 years? Why is corruption rampant in the Philippines? In 2010, I concluded that:

> Political leaders in the Philippines are unlikely to succeed in curbing corruption unless they replace their *modus operandi* of relying on ineffective multiple, overlapping, uncoordinated, and poorly staffed and funded ACAs with the establishment of a single independent, powerful and adequately funded and staffed ACA, like the Corrupt Practices Investigation Bureau (CPIB) in Singapore or Hong Kong's ICAC [Independent Commission Against Corruption].
>
> *(Quah 2010, p. 34)*

Even though corruption is a serious problem in the Philippines, this chapter contends that it can be minimised if the government addresses the causes of corruption and introduces reforms to replace the ineffective five existing ACAs with a single ACA. This chapter begins by ascertaining the perceived extent of corruption in the Philippines according to three international indicators. Following this, the five causes of corruption are analysed to demonstrate the failure of the various governments in the Philippines since 1950 to address these causes in their anti-corruption strategies. The Philippines' reliance on multiple ACAs is evaluated in the third section to explain why the OMB, PCGG and IACC are ineffective. The chapter concludes by recommending the establishment of the Philippine Anti-Corruption Agency to replace the existing ineffective ACAs in the Philippines.

Perceived extent of corruption

Corruption is a 'wicked problem' in the Philippines because it is long-standing and intractable, and has become entrenched (Ocampo 2010, p. 45). The perceived extent of corruption in the Philippines is ascertained by examining its performance on these three indicators: (1) the World Bank's Control of Corruption indicator, 1996–2014; (2) Transparency International's Corruption Perceptions Index (CPI), 1995–2015; and (3) the annual surveys from 1995 to 2016 conducted by the Hong Kong-based Political and Economic Research Consultancy (PERC).

The performance of the Philippines on these three indicators confirms that corruption remains a serious problem even though there has been some improvement in recent years. The Philippines' performance for Control of Corruption varies from 55.1 percentile rank in 1998 to 22.0 percentile rank in 2006. However, its percentile rank has increased under President Benigno Aquino from 22.4 percentile rank in 2010 to 43.5 percentile rank in 2013. The Philippines' best CPI scores were 3.6 in 1999 and 2013, and 38 in 2014. Similarly, the Philippines' best score on the PERC survey of 6.50 in 1997 declined to its worst score of 9.40 in 2007. Even though its PERC score has improved in recent years, the Philippines is ranked 10th among the 16 countries included in the 2016 survey with a score of 7.05.

Causes of corruption

The five causes of corruption in the Philippines are discussed in this section, beginning with the low salaries of political leaders and civil servants.

Table 4.1 Performance of the Philippines on three corruption indicators, 1995–2016

Year	*Control of corruption (percentile rank)*	*Corruption perceptions index (rank and score[a])*	*PERC survey (rank and score[b])*
1995	NA	36/41 (2.77/10)	8/11 (6.60)
1996	51.2	44/54 (2.69/10)	9/12 (6.95)
1997	NA	40/52 (3.05/10)	6/12 (6.50)
1998	55.1	55/85 (3.3/10)	8/12 (7.17)
1999	NA	54/99 (3.6/10)	4/12 (6.71)
2000	40.0	69/90 (2.8/10)	8/12 (8.67)
2001	NA	65/91 (2.9/10)	9/12 (9.00)
2002	39.0	77/102 (2.6/10)	8/12 (8.00)
2003	38.5	92/133 (2.5/10)	9/12 (7.67)
2004	30.2	102/146 (2.6/10)	11/12 (8.33)
2005	34.6	117/159 (2.5/10)	13/14 (8.80)
2006	22.0	121/163 (2.5/10)	13/15 (7.80)
2007	25.7	131/180 (2.5/10)	16/16 (9.40)
2008	25.2	141/180 (2.3/10)	16/16 (9.00)
2009	23.9	139/180 (2.4/10)	14/16 (7.68)
2010	22.4	134/178 (2.4/10)	14/16 (8.25)
2011	26.1	129/183 (2.6/10)	14/16 (8.90)
2012	33.5	105/176 (34/100)	16/16 (9.35)
2013	43.5	94/177 (36/100)	14/16 (8.28)
2014	39.9	85/175 (38/100)	11/16 (7.85)
2015	NA	95/168 (35/100)	12/16 (7.43)
2016	NA	NA	10/16 (7.05)

Sources: *Asian Intelligence* (2001, 2008, 2015, 2016); World Bank (2015); Transparency International (2016).

Notes

a The CPI score ranges from 0 (highly corrupt) to 10 (very clean) from 1995 to 2011. From 2012, the score was changed from 0 to 100.

b The PERC score ranges from 0 (least corrupt) to 10 (most corrupt).

Low salaries

Mauro (1997, p. 5) suggests that when civil servants are paid low salaries, they are tempted to 'use their positions to collect bribes' to make ends meet, especially 'when the expected cost of being caught is low'. A September 1998 survey of public attitudes toward corruption in the Philippines found that low salaries were identified as the major cause of corruption (Beschel 1999, p. 9). This finding is not surprising as the employees of the Bureau of Immigration describe their low salaries as 'starvation wages' because they found it 'difficult to survive without accepting bribes' (Chua and Rimban 1998, p. 154).

Table 4.2 shows that the monthly salaries of the constitutional officials in the Philippines range from US$1,698–US$1,834 for Constitutional Commissioner (salary grade 30) to US$2,582 for the President (salary grade 33). By contrast, the monthly salaries of the junior civil servants are very low and vary from US$194–US$208 (salary grade 1) to US$259–US$277 (salary grade 5), as shown in Table 4.3. This means that the vertical compression or ratio of the top monthly salary (US$2,582) to the lowest monthly salary (US$194) is 1:13.

Table 4.2 Salaries of constitutional officials in the Philippines

Position	*Salary grade*	*Monthly salary (in PHP)*	*Annual salary (in PHP)*
President	33	120,000 (US$2,582)	1,440,000 (US$30,981)
Vice-President President of Senate Speaker Chief Justice	32	103,000–111,198 (US$2,216–2,392)	1,236,000–1,334,376 (US$26,592–28,709)
Senator Member, House of Representatives Associate Justices Chairman, Constitutional Commission	31	90,000–97,163 (US$1,936–2,090)	1,080,000–1,165,956 (US$23,236–25,085)
Commissioner, Constitutional Commission	30	78,946–85,230 (US$1,698–1,834)	947,352–1,022,760 (US$20,382–22,004)

Source: *Official Gazette* (2012).

Note
The exchange rate on 3 June 2016 was US$1 = 46.48 PHP.

Table 4.3 Salaries of most junior officials (SG 1–5) in the Philippines

Salary grade	*Monthly salary (in PHP)*	*Annual salary (in PHP)*
1	9,000–9,649 (US$194–208)	108,000–115,788 (US$2,324–2,491)
2	9,675–10,373 (US$208–223)	116,100–124,476 (US$2,498–2,678)
3	10,401–11,151 (US$224–240)	124,812–133,812 (US$2,685–2,879)
4	11,181–11,987 (US$241–258)	134,172–143,844 (US$2,887–3,095)
5	12,019–12,886 (US$259–277)	144,228–154,632 (US$3,103–3,327)

Source: *Official Gazette* (2012).

As private sector salaries are much higher than wages in the public sector, it is difficult for the civil service to compete with the private sector in the Philippines or in other countries for talented Filipinos. For example, the low salaries of Filipino medical doctors motivated 11,000 of them to retrain as nurses to emigrate to the United States in 2008 because it was 'much harder for a Philippine-trained doctor to pass medical board exams in a foreign country than for a Filipino nurse to be certified abroad'. The motivation for this career change was financial because a nurse in the United States could earn ten times more than the government doctor's annual salary of US$4,700 in the Philippines (Harden 2008, pp. A13–A14).

As public sector salaries in the Philippines are 74 per cent lower than comparable jobs in the private sector, it is not surprising that their low salaries have encouraged civil servants to be involved in corrupt practices (*Reuters India*, 2009). Indeed, poorly paid civil servants augment their low salaries by selling goods to their colleagues in the office, moonlighting, part-time teaching, private professional practice after office hours, research and consultancy projects and petty corrupt practices (Padilla 1995, pp. 195–206). In other words, like their counterparts in many countries, corruption becomes 'a coping strategy' for poorly paid civil servants in the Philippines to compensate for economic hardship (Lindner 2013, p. 2).

Red tape

The problem of red tape occurs when bureaucratic procedures are characterised by 'mechanical adherence to regulations, excessive formality and attention to routine, and the compilation of large amounts of extraneous information resulting in prolonged delay and or inaction' (Chandler and Plano 1988, p. 233). Red tape and cumbersome administrative procedures provide civil servants with the excuse to extort bribes from those members of the public who are prepared to pay 'speed money' to reduce red tape and minimise delay by expediting their applications for permits or licences (Quah 2009a, pp. 820–821).

The extent of red tape in the Philippines is reflected in its performance on the World Bank's *Doing Business* surveys from 2010 to 2016. Table 4.4 shows that its ease of doing business rank has improved from 144th among 183 economies in 2010 to 103rd among 189 economies in 2016. Nevertheless, starting a business still required 16 procedures and took 29 days in 2016. The Philippines was ranked 99th among 189 economies in 2016 for getting construction permits, which required 24 procedures and 98 days. Finally, it took 9 procedures and 35 days to register a property in the Philippines in 2016.

An important consequence of the problem of red tape in the Philippines is that it has resulted in 'fixing' or 'an intrinsically corrupt behavior, associated with deliberate and malicious tampering, altering, meddling, influencing, rigging and manipulating' (Amorado 2007, p. 146). 'Where red tape abounds, fixers thrive' because those who are impatient and wish to avoid delay resort to fixers to expedite transactions or to falsify official documents (Amorado 2007, pp. 148–151). Given the pervasive influence of fixers in the Philippines, Amorado (2007, p. 215) concludes that 'fixing bureaucratic corruption without seriously looking at the inside world of fixing and the clandestine ways of fixers is guaranteed to fail'.

Low probability of detection and punishment

Former President Marcos died in exile in Honolulu on 28 September 1989 and was not punished at all for plundering his country's wealth. The late Lee Kuan Yew, Singapore's first prime

Table 4.4 Ease of doing business rank in the Philippines, 2010–2016

Indicator	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*
Ease of doing business rank	144	148	136	138	108	95	103
Starting a business rank	162	156	158	161	170	161	165
No. of procedures	15	15	15	16	15	16	16
Time (days)	52	38	35	36	35	34	29
Dealing with construction permits rank	111	156	102	100	99	124	99
No. of procedures	24	26	30	29	25	24	24
Time (days)	203	169	85	84	77	94	98
Registering property rank	102	102	117	117	121	108	112
No. of procedures	8	8	8	8	8	9	9
Time (days)	33	33	39	39	39	35	35
No. of economies	183	183	183	185	189	189	189

Sources: World Bank (2009, p. 145; 2010, p. 187; 2012, p. 120; 2013a, p. 188; 2013b, p. 217; 2014, p. 211; 2016, p. 227).

minister, lamented that 'only in the Philippines could a leader like Ferdinand Marcos, who pillaged his country over 20 years, still be considered for a national burial'. Even though a small amount of the loot was recovered, his wife and family were allowed to return to the Philippines to participate in politics. Marcos and his family as well as his cronies escaped punishment for their corrupt activities because of the 'soft, forgiving culture' of the Philippines (Lee 2000, p. 342). In March 2008, the 17-year trial of Imelda Marcos ended with her acquittal on 32 charges of illegally transferring wealth out of the Philippines (*CBC News* 2008).

President Estrada was found guilty of receiving payoffs and kickbacks and sentenced to the maximum term of 40 years' imprisonment on 11 September 2007. However, President Gloria Arroyo pardoned Estrada on 25 October 2007 even though anti-corruption advocates and state prosecutors had advised her not to do so (Quah 2011, pp. 112, 148). Her decision was criticised by many newspapers, including the *Philippine Daily Inquirer*, which believed that Estrada's pardon signalled 'an open season for graft and corruption' because 'at the very highest levels of officialdom, one can expect leniency for the most heinous crimes'. Indeed, President Arroyo's decision is not unusual and reflects the 'long tradition of lenient treatment by Filipino leaders of alleged wrongdoing by their predecessors' (Landingin 2007, p. 3).

The low probability of detection and punishment for corrupt offences in the Philippines is confirmed by comparing the prosecution rates of corruption cases in Hong Kong and the Philippines. Robert Beschel (1999, p. 8) found that Hong Kong's ICAC had successfully prosecuted 8.24 cases per 10,000 civil servants for corruption in 1997 while the comparable figure for the Philippines was 0.25 cases per 10,000 civil servants. This means that a corrupt offender in Hong Kong was 33 times more likely to be detected and punished than his Filipino counterpart.

In short, the lack of punishment of Marcos and Estrada for their misdeeds reflects the low risk of detection and punishment for corruption offences, which is an important cause of corruption in the Philippines.

Cultural factors

Culture contributes to corruption in the Philippines because the importance of family ties and the cultural norm of *utang na loob* (debt of gratitude) have made Filipinos more tolerant of corruption. The primacy of the extended family in the Philippines is 'reinforced by custom, embedded in Catholic teachings, and proclaimed in the 1987 Constitution' because 'it is the primary vehicle for socialization of the young; the source of emotional and financial support for its members; and the chief claimant of loyalty' (Timberman 1991, p. 16).

The kinship ties of the extended family are broadened through the *compadre* system, in which a prominent man in the community is selected as 'the child's godfather or the *compadre* of the parent'. The child's godparent acts as an intermediary in dealings with the government, and receives in return 'gifts or free labor services in election campaigns and other political situations'. Thus, the *compadre* system encourages Filipinos to rely on an intermediary whenever possible (Langston 1991, p. 71). Not surprisingly, lower-income Filipinos usually choose richer or more influential persons as *compadres* for their children. For example, it was reported that President Marcos had 20,000 godchildren (Timberman 1991, p. 16).

The culture of patronage in the Philippines can be traced to the Filipinos' reverence for the family because whenever a person occupies an administrative or political position, the members of his or her family and immediate relatives 'use the power and influence' of the position 'as a bridge in getting preferential employment' (Sosmena 1995, p. 13). The culture of patronage is further reinforced by *utang na loob*, which is incurred when one receives a favour, service or goods, and it also implies a deep sense of obligation to reciprocate when the appropriate moment

comes (Langston 1991, pp. 78–79). Consequently, nepotism prevails because in practice recruitment and promotion in the civil service is based on *utang na loob* instead of merit as public officials are tempted to select their friends or relatives to reciprocate their help or to secure close allies (Richter 1987, p. 60).

Finally, Amorado (2007, pp. 191–194) contends that the cultural norms in the Philippines perpetuate fixing. In his view, the 'cultural breeders of fixing' are the 'culture of predilection towards connections, culture of personalism, culture of expediency, the 11th culture, culture of reciprocity, culture of mediocrity and the rent-seeking culture', which reinforce each other and create those conditions which promote 'fixing at the expense of legitimate bureaucratic procedures'.

Weak political will

The Philippines signed the United Nations Convention against Corruption (UNCAC) on 9 December 2003 and ratified it nearly three years later on 8 November 2006 (United Nations Office on Drugs and Crime (UNODC) 2015). However, corruption remains a serious problem in the Philippines because the many ACAs have failed to curb corruption during the past 66 years. There are two indicators of the weak political will of the many governments in the Philippines in combating corruption during the past 66 years: (1) the inadequate human and financial resources allocated by the government to the OMB, the lead ACA, as reflected in its high staff-population ratio and low per capita expenditure (Quah 2009b, p. 182); and (2) the continued reliance by Filipino political leaders on ineffective multiple ACAs without making any improvements to enhance their effectiveness.

Table 4.5 shows that even though the OMB's personnel and budget have increased during 2005–2014, it is still severely under-staffed and under-funded because its staff-population ratio has fluctuated from 1:89,076 in 2008 to 1:79,883 in 2011 and its per capita expenditure has increased from US$0.15 in 2005 to US$0.39 in 2014.

The OMB's lack of human and financial resources becomes obvious when its staff-population ratio and per capita expenditure from 2005 to 2011 are compared with those of four other Asian ACAs. Table 4.6 confirms that the OMB's staff-population ratio from 2005 to 2011 is ranked third after Hong Kong's ICAC and Singapore's CPIB, and better than India's Central Bureau of Investigation (CBI) and Indonesia's *Komisi Pemberantaan Korupsi* (KPK). Similarly, Table 4.7 shows that the OMB's per capita expenditure of US$0.26 in 2011 is a fraction of the ICAC's US$14.34 and the CPIB's US$3.57.

The second manifestation of the weak political will of Filipino political leaders to curb corruption is their continued reliance on ineffective multiple ACAs in spite of their weaknesses. Like China, India, Pakistan, Taiwan and Vietnam, the Philippines relies on multiple ACAs instead of a single ACA. According to Gabriella Quimson (2006, p. 30), the proliferation of

Table 4.5 OMB's staff-population ratio and per capita expenditure, 2005–2014

Dimension	*2005*	*2008*	*2011*	*2013*	*2014*
Personnel	957	1,007	1,193	1,211	1,214
Budget	US$12m	US$19.6m	US$25.2m	US$37.5m	US$38.8m
Population	81.4m	89.7m	95.3m	97.5m	99.1m
Staff-population ratio	1:85,057	1:89,076	1:79,883	1:80,512	1:81,631
Per capita expenditure	US$0.15	US$0.22	US$0.26	US$0.38	US$0.39

Sources: OMB (2006, pp. 73, 91; 2009, p. 10; 2012, pp. 41, 46; 2014, p. 26; 2015, p. 36).

Table 4.6 Staff-population ratios of five Asian ACAs, 2005–2011

ACA	*2005*	*2008*	*2011*
ICAC	1:5,863	1:5,780	1:5,701
CPIB	1:53,086	1:56,163	1:38,405
OMB	1:85,057	1:89,076	1:79,883
CBI	1:229,505	1:243,373	1:220,649
KPK	1:729,836	1:433,888	1:324,734

Sources: CBI (2006, pp. 38, 44; 2012, pp. 70, 94); Davidsen *et al.* (2006, p. 52); OMB (2006, pp. 73, 91; 2009, p. 10; 2012, pp. 41, 46); ICAC (2011, p. 83; 2012, p. 22); Quah (2011, pp. 455–456); Pramudatama (2012); Republic of Singapore (2012, p. 359).

Table 4.7 Per capita expenditures of five Asian ACAs, 2005–2011

ACA	*2005*	*2008*	*2011*
ICAC	US$12.14	US$13.40	US$14.34
CPIB	US$1.79	US$2.32	US$3.57
OMB	US$0.15	US$0.22	US$0.26
KPK	US$0.08	US$0.14	US$0.23
CBI	US$0.03	US$0.04	US$0.05

Sources: As in Table 4.6.

ACAs in the Philippines has led to 'duplication, layering and turf wars'. Instead of coordinating their activities and cooperating with each other, these ACAs compete for recognition, personnel and resources because they are under-staffed and poorly funded. Their overlapping jurisdictions diffuse anti-corruption efforts, and result in 'poor coordination in policy and programme implementation, weak management and wastage of resources' (Oyamada 2005, p. 99).

Edna Co *et al.* (2007, p. 21) have correctly questioned why new ACAs are created by a new administration in the Philippines without evaluating the effectiveness of the existing ones. As the establishment of such ACAs is redundant, expensive and inefficient, they have recommended that a new elected government should enhance existing anti-corruption measures instead of initiating new ones. Indeed, the continued reliance on the ineffective multiple ACAs during the past 66 years is an unequivocal manifestation of the Filipino political leaders' lack of political will in combating corruption.

Reliance on ineffective multiple ACAs

Office of the Ombudsman

The OMB or *Tanodbayan* was originally established by President Marcos on 18 July 1979 with the issuance of Presidential Decree No. 1630. It was reorganised by President Corazon Aquino in May 1988. According to Section 13, Article XI of the 1987 Constitution, as well as Republic Act No. 6770 (or the 'Ombudsman Act of 1989'), the OMB performs these five functions: (1) investigation of anomalies and inefficiency; (2) prosecution of graft cases in the *Sandiganbayan*; (3) administrative adjudication through disciplinary control over all elective and appointed officials except for members of the Congress, Judiciary and impeachable officials; (4) provision of public assistance by requiring public officials and employees to assist the public; and (5) graft

prevention by analysing anti-corruption measures and increasing public awareness and cooperation (OMB 2009, pp. 7–8).

Table 4.8 shows that the number of personnel in the OMB has fluctuated between 957 in 2005 and 1,222 in 2012. The OMB's Central Office in Diliman consists of the Office for Legal Affairs; Preliminary Investigation, Administrative Adjudication and Review Bureau; the Research and Special Studies Bureau – Project Monitoring Office; and many supporting offices and bureaus. The Ombudsman is assisted by an Overall Deputy Ombudsman; the Deputy Ombudsman for Luzon, Visayas and Mindanao; the Deputy Ombudsman for the Military and Other Law Enforcement Offices; and the Office of the Special Prosecutor (OMB 2009, pp. 10–18).

The OMB is under-staffed, and according to Simeon V. Marcelo (2005, p. 1), a former Ombudsman, it is 'designed to fail because of its crippling lack of resources'. To illustrate the OMB's 'severe' lack of resources, Marcelo compared its personnel and budget with those of Hong Kong's ICAC in 2004 and found that the OMB's field investigator-bureaucracy ratio of 1:17,045 compared unfavourably with the ICAC's ratio of 1:208. Furthermore, as shown in Table 4.9, the OMB's staff-population ratio of 1:71,340 was much higher than the ICAC's ratio of 1:5,354.

Table 4.8 Growth of OMB personnel, 2004–2014

Year	*Personnel*
2004	1,179
2005	957
2006	969
2007	NA*
2008	1,007
2009	1,073
2010	1,135
2011	1,193
2012	1,222
2013	1,211
2014	1,214

Source: OMB (2005–2015), various pages.

Note

* The figure for 2007 is not available because the OMB's *Annual Report 2007* is not published on its website.

Table 4.9 Comparing the personnel and budget of the OMB and ICAC, 2004

Dimension	*OMB*	*ICAC*
No. of field investigators	88	837
Total no. of personnel	1,141	1,326
Size of bureaucracy	1,500,000	174,175
Field investigator-bureaucracy ratio	1:17,045	1:208
Budget	480 million pesos	4.94 billion pesos
Population of country	81.4 million	7.1 million
Per capita expenditure	6 pesos	696 pesos
Staff-population ratio	1:71,340	1:5,354

Sources: Marcelo (2005, p. 3) and *Economist* (2006, pp. 152, 194).

In terms of per capita expenditure, the ICAC's figure of 696 pesos exceeded that of the OMB's 6 pesos by 116 times (Marcelo 2005, p. 3). In 2014, the OMB's 1,214 personnel constituted only 55.3 per cent of its established strength of 2,194 positions. This means that the OMB is severely under-staffed with 980 vacant positions (44.7 per cent) in 2014 (OMB 2015, p. 35).

Finally, impeachment complaints were filed thrice against Ombudsman Aniano Desierto during his seven-year term for betraying the public trust. In 1996, Desierto refused to respond to charges of forging his ex-wife's signature on a deed of sale of conjugal property. In 2001, Desierto was accused of accepting a bribe to drop the charges against his client. A few months later, in early 2002, Desierto was also accused of dismissing a case against those public officials who granted a five billion pesos tax credit to a textile magnate's companies. Even though these impeachment complaints against Desierto were dismissed by congressmen, these impeachment cases have 'sullied the already unsavoury reputation of the Ombudsman' (Coronel and Kalaw-Tirol 2002, pp. 261–262).

Ombudsman Merceditas Gutierrez was criticised for devoting the OMB's limited resources on investigating petty corruption instead of continuing her predecessor's exposure of grand corruption. Consequently, the OMB was described as 'the Street Ombudsman' because of its emphasis on petty corruption (*Newsbreak Online* 2006). More importantly, as she was the classmate of the First Gentleman Miguel Arroyo, she was criticised for protecting the interests of President Gloria Arroyo, her husband, friends and political allies. On 22 March 2011, 212 congressmen voted to impeach Ombudsman Gutierrez for protecting former President Arroyo by not investigating allegations against her (Gomez, 2011). Gutierrez resigned on 29 April and left her position as Ombudsman on 5 May 2011 (Cayabyab 2011).

Presidential Commission on Good Government

President Corazon Aquino established the PCGG to identify and retrieve the money stolen by the Marcos family and its cronies. In view of its *raison d'être*, the PCGG is, strictly speaking, not an ACA because it is not involved in investigating corruption cases or in corruption prevention and education. However, the PCGG was a target for charges of corruption, favouritism and incompetence. By June 1988, 5 of its agents were charged with corruption and 13 agents were under investigation (Quah 1999, p. 81). The PCGG Commissioner, Quintin S. Doromal, who served from 2 April 1986 to 16 October 1987, was charged for violating the Anti-Graft and Corrupt Practices Act (Republic Act No. 3019) on 25 January 1988. Similarly, PCGG Commissioners Ramon A. Diaz and Mary Concepcion Bautista were also charged in 1989 for the same offence (Asian Institute of Strategic Studies (AISS) 2003, pp. 143, 465).

As the PCGG has failed to meet its objective of recovering the loot stolen by Marcos and his family after 30 years, it has certainly outlived its usefulness and should be abolished as soon as possible (Quah 2015, p. 154).

Inter-Agency Anti-Graft Coordinating Council

The IACC is a voluntary alliance formed by the heads of the OMB, Civil Service Commission (CSC), Commission of Audit (COA), PAGC and National Bureau of Investigation (NBI) through a Memorandum of Agreement signed on 11 June 1997. The Department of Justice became a member of the IACC in 1998. President Estrada officially recognised the IACC in August 1999 as part of his anti-corruption policy (OMB 2011, pp. 26–27). The IACC performs three functions. First, it coordinates the activities of its members by sharing information, initiating the prevention, detection, investigation and prosecution of graft cases, and forming ad hoc

inter-agency task forces to investigate major cases involving substantial losses of government resources. Second, the IACC conducts inter-agency skills training programmes for the personnel of its member agencies to enhance their skills in fraud detection, investigation and prosecution of the offenders. The IACC's third function is to promote inter-agency conferences to enable the personnel of the member agencies to exchange ideas and discuss common issues and problems (Ursal 2006, pp. 222–223).

The IACC's role is to enhance coordination among its member agencies but, 'in reality, it is not active' (Oyamada 2005, p. 99). The IACC has only met twice, and the 'slow progress in its revitalization' reflects the inability of its six member agencies to collaborate effectively among themselves' (Holmes 2007, p. 181). According to Alexander Rodriguez of the COA, it was 'almost impossible' to get the heads of the six member agencies to meet because of their hectic schedules (Coronel and Kalaw-Tirol 2002, p. 274). The former Ombudsman, Merceditas Gutierrez, 'deactivated' the IACC by not convening it. Furthermore, instead of cooperating with the CSC, the OMB competed with it by also implementing the Oplan Red Plate programme, which the OMB, COA and CSC had earlier agreed under the Solana Covenant to be the CSC's responsibility (Transparency and Accountability Network (TAN) 2009, p. 5).

The IACC's inability to coordinate the activities of the ACAs is reflected in the UNODC's Country Review Report of the Philippines, which has identified 'inter-agency coordination and limited resources' as the major challenges faced by the OMB in investigating bribery and embezzlement cases (UNODC 2012, pp. 8, 35). Like the PCGG, the IACC has clearly outlived its usefulness and should be disbanded without further delay.

Establishing the Philippines Anti-Corruption Agency

More than 25 years ago, David Timberman (1991, p. xii) asked: 'how could a nation that has gone through so many changes actually have changed so little?' He also admitted that he was 'distressed by the predominance of self-interest, the inequity and injustice, and the lack of unity and consensus in Philippine society' (p. xvii). The political leaders, civil servants and citizens are aware that corruption is rampant in the Philippines. However, to date, official attempts to curb it have failed during the past 66 years.

Why? The answer to this troubling question can be ascertained from Jared Diamond's 'road map of factors contributing to failures of group decision-making'. These four factors are: (1) the group fails to anticipate a problem before it arrives; (2) the group fails to perceive the problem after it arrives; (3) after perceiving the problem, the group fails to try to solve it; and (4) the group tries to solve the problem but fails to do so (Diamond 2005, p. 421).

Applying Diamond's analysis of failure to the anti-corruption efforts in the Philippines, the third and fourth factors are particularly relevant. Diamond contends that the group fails to solve a problem because:

> The perpetrators know that they will often get away with their bad behavior, especially if there is no law against it or if the law isn't effectively enforced. They feel safe because the perpetrators are typically concentrated (few in number) and highly motivated by the prospect of reaping big, certain, and immediate profits, while the losses are spread over large numbers of individuals. That gives the losers little motivation to go to the hassle of fighting back, because each loser loses only a little and would receive only small, uncertain, distant profits even from successfully undoing the minority grab.
>
> *(Diamond 2005, p. 427)*

Finally, according to Diamond (2005, p. 436), the group fails to solve the problem because 'the problem may be beyond our present capacities to solve, a solution may exist but be prohibitively expensive, or our efforts may be too little and too late'.

Why have the policy-makers in the Philippines chosen the path to failure instead of success in tackling the persistent problem of corruption? Corruption in the Philippines has 'metastasized' to 'all parts of the government and the surrounding society' (Rocamora 1998, p. 11). The newspapers and magazines report frequently on corruption scandals because the 'political "outs" are always looking for ways to expose corruption by political "ins"'. However, the politicians do not initiate reforms because 'while the "outs" are anxious to gather ammunition against the "ins", they do not want to "poison the well" for the time when they manage to become the "ins"' Indeed, the former Commissioner of Elections, Haydee Yorac, observed that 'once the opposition takes power, they start to do exactly what the administration people did in their time' (Rocamora 1998, p. 10).

Furthermore, Filipinos have 'become anesthesized' by the pervasiveness of the metastatic corruption in their country. Consequently, instead of being outraged by corruption and taking action to resolve it, they make do and try to survive in their difficult situation (Rocamora 1998, p. 30). Indeed, as astutely observed by Eric Batalla (2001, p. 50), the most serious consequence of 'institutionalised corruption' in the Philippines is the damage caused to the national psyche because 'it miseducates and tells people that there is nothing wrong in being corrupt' since 'corrupt people have not been punished even if the public knows them'.

The preceding analysis has shown that the OMB, which was created by President Marcos in 1979, and reorganised by President Corazon Aquino in 1988, has remained an ineffective ACA during the past 38 years. According to Fred Riggs (1970, p. 129), an organisation's effectiveness depends on its ability to solve problems and the 'weight of the problems it is called on to solve'. Consequently, if an organisation is ineffective, there are two ways of improving its effectiveness: either by improving its capabilities or by reducing its workload. Using an analogy, Riggs (1970, pp. 129–130) explains that 'the food problem can be tackled by reducing the number of mouths to be fed as well as by increasing the supply of food'. He contends that the same lesson has to be learnt in administrative reform because 'administrative capacities can be enhanced by reducing the number of problems to be solved by government as well as by strengthening the capacity of government to solve problems'.

Applying Riggs' analysis, the OMB's effectiveness can be enhanced by improving its capacity or by reducing its workload. As most reform efforts have focused on improving the capacities of government agencies instead of reducing their workload, it is not surprising that many scholars have also emphasised the improvement of the OMB's capacity. For example, Batalla (2001, p. 73) has recommended the enhancement of the OMB's effectiveness by expanding its capacity and improving its capability. Similarly, Gonzalez and Mendoza (2004, p. 112) have suggested the strengthening of the OMB's independence, competence and integrity as the 'first and necessary step' for uniting the 'disparate initiatives on combating corruption'.

To cope with the OMB's severe lack of resources, Olaguer (2006, p. 79) has recommended an increase in its budget to 'solve the problem of overworked and underpaid prosecutors and investigators' and provide it with the latest equipment for surveillance and evidence-gathering. The OMB's investigators dealt with an average of 90 cases a year from 1993 to 2002. The annual case disposal rate of 25.1 cases for criminal cases for this period was higher than the annual case disposal rate of 7 cases for administrative cases.

The OMB is not a dedicated ACA because it performs both corruption- and non-corruption-related functions. The analysis of the OMB's 2012 budget output in Table 4.10 confirms that 76 per cent is devoted to combating corruption with the remaining 24 per cent allocated for the

Table 4.10 OMB's 2012 budget output by function

Function	*Budget output*	*Percentage*
Preliminary investigations	317,483,000 pesos	24
Prosecution	275,942,000 pesos	21
Investigation	241,167,000 pesos	18
Corruption prevention	176,251,000 pesos	13
Administrative adjudication	190,955,000 pesos	15
Public assistance	122,183,000 pesos	9
Total	1,323,980,000 pesos	100

Source: OMB (2013, p. 28).

non-corruption-related functions of administrative adjudication and public assistance. As the OMB is not a dedicated ACA and is inadequately staffed and funded, the rational solution appears to be obvious but has been ignored repeatedly by both past and present political leaders in the Philippines (Quah 2015, p. 154). More specifically, the OMB should focus on its primary and non-corruption-related functions of administrative adjudication and public assistance and relinquish its functions of corruption investigation, education and prevention to a new dedicated, independent, adequately staffed and funded Philippine Anti-Corruption Agency (PACA).

The *Sandiganbayan* should continue to perform the function of prosecuting corruption offenders but its effectiveness can be improved by increasing its budget and personnel to reduce the inordinate delay in completing cases. Michael Johnston (2010, p. 22) has suggested that the *Sandiganbayan*'s effectiveness can be enhanced by 'restricting its case load to large or particularly high-profile cases, but also through full staffing and resources'. However, the *Sandiganbayan* should be separate from the PACA, following the examples of Singapore's CPIB and Hong Kong's ICAC, as neither ACA prosecutes those persons found guilty as a result of their investigations because this function is performed by the Attorney-General's Office in both city-states.

To overcome the perennial problems of lack of coordination, overlapping functions and competition for recognition and resources, the establishment of the PACA should be accompanied by the dissolution of the PCGG and IACC as these ACAs are ineffective and have outlived their usefulness. The functions of the former PAGC, which were assumed by the ODESLA, should be transferred to the new PACA.

Conclusion

On 19 October 2003, the opposition Senator Panfilo Lacson proposed the establishment of a Hong Kong-style ICAC to combat bureaucratic corruption in the Philippines. The proposed ICAC should be independent and have the power to examine the internal systems and procedures of government agencies to minimise the opportunities for corruption. However, Lacson's proposal was criticised by Jesus Santos, the First Gentleman's lawyer, as an ICAC was unnecessary because the Philippines was 'strangled' by an 'overwhelming' number of ACAs, which were investigating the same cases. The creation of the ICAC would 'entail the duplication of efforts and additional expense' and cause delay in the investigation of corruption cases (*Philippine Headline News Online* 2003).

In April 2005, Jak Jabes, the Asian Development Bank's Director for Governance and Regional Cooperation, observed that Hong Kong and Singapore had succeeded in curbing

corruption because of their reliance on an independent ACA instead of many ACAs, which would dilute the anti-corruption efforts. However, Senator Mar Roxas rejected Jabes' criticism that 'too many laws and too many agencies' had hindered the fight against corruption in the Philippines because what was needed was the allocation of more financial resources to the OMB to enhance its effectiveness (*Asia Pulse* 2005).

More recently, Michael Johnston (2010, p. 20) has recommended the consolidation of anti-corruption responsibilities among the multiple ACAs in the Philippines into a single ACA which (1) focuses on investigation and prosecution; (2) has arrest and subpoena powers and power to prosecute; (3) is minimally involved in donor-driven anti-corruption projects; and (4) has adequate personnel and resources. He has justified his recommendation on the following grounds:

> At present anti-corruption projects [in the Philippines] proliferate while responsibility for corruption control is divided among several agencies. As a result the projects have little public credibility … [and] citizens do not have a clear picture of what is being done. … Where projects and agencies work at cross-purposes resources and opportunities can be wasted, efforts may overlap and contradict each other, and there are real risks, after a time, of 'project fatigue'. The Hong Kong and Singapore approaches, by contrast, show the value of a single unified reform leadership, coordinated and consistent anti-corruption strategies, and a clear focus for citizen activity and corruption complaints.
>
> *(Johnston 2010, pp. 20–21)*

Johnston's recommendation to consolidate the various ACAs was 'well-received' but was 'refracted through personalities' and resulted in the dissolution of the PAGC in November 2010 and the significant upgrading of the OMB (Johnston 2015).

Needless to say, this proposal of replacing the ineffective OMB, PCGG and IACC with the PACA will not be welcomed but strongly resisted instead by these ACAs and other stakeholders, including politicians and civil servants. What is the reason for the political leaders' irrational decision to continue their reliance on the ineffective multiple ACAs? Edna Co *et al.* (2007, p. 33) contend that Filipino political leaders are 'either incompetent or corrupt' and have 'failed to lead the battle against corruption'. According to Daron Acemoglu and James Robinson (2012, p. 68), 'poor countries are poor because those who have power make choices that create poverty. They get it wrong not by mistake or ignorance but on purpose.' Similarly, I would argue that, in the Philippines, corruption persists because its political leaders have made decisions which facilitate rather than curb corruption. Indeed, corrupt politicians, civil servants and citizens will resist the PACA's formation for fear that its effectiveness will hinder their corrupt practices. Thus, maintaining the status quo of relying on ineffective multiple ACAs serves the vested interests of the corrupt stakeholders in the Philippines.

As corruption is endemic and entrenched in the Philippines, it would require more than a 'quick fix' or the PACA to minimise the problem. In May 2005, President Gloria Arroyo, acting on the advice of the former deputy commissioner of Hong Kong's ICAC, Tony Kwok, foolishly promised that she would win the war against corruption within three years (*Philstar.com* 2005a, 2005b). However, contrary to their expectations, the perceived extent of corruption in the Philippines deteriorated during 2005–2008 instead, according to the three corruption indicators shown in Table 4.1.

As the Chinese proverb advises that 'a journey of a thousand miles begins with a single step', the critical first step for political leaders in the Philippines, especially President Rodrigo Duterte,

who won the 9 May presidential election, is to demonstrate his political will in curbing corruption by replacing the ineffective existing ACAs with the PACA. Ronnie Amorado (2011, p. 121) believes that the fight against corruption in the Philippines should begin with the president who has power and influence over Congress and the bureaucracy because he is responsible for appointing 10,000 persons to positions in the government. The creation of the PACA is a necessary but insufficient condition for minimising corruption in the Philippines because President Duterte and his administration must also introduce reforms to address these four causes of corruption: the low salaries of civil servants and political leaders; red tape; the low probability of detection and punishment of corrupt offenders; and the negative influence of cultural values.

After winning the May 2016 presidential election, Duterte has identified 'fixing the criminality problem, drugs and stopping corruption' as his top priorities. He would also increase the low salaries of the police and military because the starting salary of PHP14,000 (US$301) for a policeman was only adequate for commuting expenses but not for food and other expenses (Channel NewsAsia, 2016). Beatriz Paterno (2016, p. 2) has attributed Duterte's election victory to 'his zero-tolerance approach' to corruption, which has 'resonated with the immense frustration many Filipinos feel over the widespread corruption that has plagued' the Philippines for many years. On 31 May 2016, Duterte identified 12 members of his Cabinet as 'men of integrity and honesty' even though two of them are women (Dancel, 2016, p. A16). According to an editorial in the *Guardian* (2016), Duterte 'rages against the everyday corruption Filipinos have to endure but offers nothing specific to counter it'. Indeed, it remains to be seen whether President Duterte will fulfil his electoral promise and demonstrate his commitment to minimise corruption by implementing the necessary anti-corruption reforms in the Philippines.

In the final analysis, if the political leaders, civil servants and citizens are sincerely committed to curbing the endemic and entrenched problem of corruption in the Philippines, they must first abandon the existing futile strategy of relying on ineffective multiple ACAs and replace them with the proposed PACA. Furthermore, learning from the OMB's failure, the PACA should be provided with the necessary legal powers, budget, personnel and operational autonomy to ensure its effectiveness. In short, apart from establishing the PACA, President Rodrigo Duterte must also strengthen anti-corruption efforts in the Philippines by initiating appropriate reforms to tackle the causes of corruption.

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5
THE CIVIL SERVICE
Weaknesses and constructive informal practices

Rupert Hodder

The Philippines' civil servants number around 1.3 million. They staff the country's executive agencies, the five commissions, the judiciary, the secretariats of the legislature, local government, the Autonomous Muslim Region of Mindanao (ARMM) and the corporations owned or controlled by the government. They aid politicians in formulating and implementing policies; they keep the legislature and its committees working and help legislators and their staff draw up laws; they gather, coordinate and transmit information; they collect revenue; and they provide direct to the citizenry services of one kind or another, from the administration of justice, to policing, education and health. In spite of its faults, which are many, the civil service is essential to the life of the Philippines. Without it the organs of government, inefficient though they often are, would cease to function.

Organization

The Civil Service Commission (CSC) provides the service with a rudimentary sense of identity. The Commission is responsible for establishing the policies, regulations, procedures, qualifications, standards and codes of conduct that shape recruitment, discipline and other personnel matters (such as training). It also rules on administrative – as distinct from criminal – cases; and it defends and fosters the service in such a way as to strengthen the overall administration of the Republic. The organization of the service into three levels – first (clerical), second (technical and professional) and third (managerial) – also works to bind the service by setting out a clear hierarchy of authority and a ladder for advancement. Third-level staffs hold the rank of director or above, and it is at the third level that the bulk of political appointments (in national government agencies) are made.

The Office of the President and the Office of the Executive Secretary have legitimate authority to make appointments to the upper (or third) level of the bureaucracy (secretaries, undersecretaries, assistant secretaries and directors) and at more junior levels in some agencies (as in the Department of Education). To aid them in this task, the president's personal group secretariat was established in 1997. It is the only permanent body involved in the selection of political appointees and the only ready-made assistance available to the president. At the start of the new Aquino administration it comprised fourteen career officials who also made up the main body of the presidential management staff. The secretariat works to develop its own database of

possible candidates, together with their curriculum vitae and other documents (such as endorsements and clearances).

Although a permanent body, the secretariat is entirely rudderless without the president's search committee which shares at least part of its membership with the president's inner circle and appears after the president's confidants have offered up names (usually theirs) for key positions in the palace, in the cabinet, in corporations owned or controlled by the government, and in other agencies. Without the say-so of the president, the search committee cannot be activated. The president is not compelled to set it in motion; and there are no written rules governing its membership or operation. By convention, its head is the executive secretary but at times its leadership can lie elsewhere. The rest of the committee's membership is determined by personal recommendations circulated through word of mouth.

The president does not have to accept the committee's preferred candidates. Indeed, it is quite possible (and quite common) for the president to have in mind a candidate, or for the executive secretary (or a cabinet secretary or another head of agency or a legislator or a mayor) to cut deals with the president over appointments about which the search committee and secretariat know nothing. And while the search committee and its technically minded secretariat is more concerned with sub-cabinet posts (which, as the level of appointment falls, are proscribed by civil service rules ever more closely), it seldom recommends impersonal applications or 'walk-in' applicants. Appointees are sometimes drawn from the ranks of the permanent service, though more often than not they are brought in from outside the service.

Legislators (members of the senate and the lower house) may also legitimately influence appointments – and at the highest level – through the Commission on Appointments. This constitutional body comprises twelve senators (including the senate president who serves as the commission's chair) and twelve members of the lower house. Its purpose is to ensure that the appointment process is meritocratic and, therefore, that the authority to appoint is not abused by the president. The commission scrutinizes: appointments to the cabinet, the heads of commissions and the upper echelons of the Foreign Service; and those promoted to the rank of colonel or above in the army, and captain and above in the navy. The commission also shapes the judiciary and heads of the constitutional commissions, though it does so only indirectly in that members of the Judicial and Bar Council (who include, among others, the chief justice, a representative of retired justices, a representative of the Department of Justice and a representative of congress) must pass through the commission; and only to the extent that the president is willing to accept (rather than ignore) the council's recommendations.

Each agency is also entitled to make its own appointments at first and second levels, and to determine the eligibility of career civil servants for third-level positions, but it must do so according to the qualifications, standards, rules, codes and procedures set out by the Civil Service Commission. Matters, though, became more complicated at the start of the Aquino administration when the Career Executive Service Board (CESB), with the Executive Secretary's backing, claimed authority to bar new appointees, and to expel incumbents, from posts requiring a career executive service qualification (which the CESB administers) if the appointee had not yet been awarded that qualification. Moreover, the proportion of positions in which an agency may place those civil servants deemed to be eligible were left undefined; while more generally the precise limit of the president's authority over appointments remained unclear. In practice, the number of political appointees follows precedent and what the other branches of government will allow the president to get away with. The figures commonly cited lie somewhere between 5,000 and 7,000. The grand total of political appointees – a number that includes all agencies, government corporations *and* local government – is put by the civil service commission at around 18,000.

Weaknesses

The civil service has a chequered history. Under Spanish rule, government (and especially public revenue and expenditure) was managed by a privileged class of bureaucrats, mostly Spanish, whose posts were either distributed as political favours or bought. Under the first, and short-lived, Philippine Republic of 1898, a distinction was made between appointed and competitive posts. The Americans then added new departments and systems of accounting for public resources. The ideals of merit and political neutrality (at least as far as competitive positions were concerned) were continued after independence and, under advice from America's Bell Mission, an institute of public administration at the University of the Philippines was established in 1952. From 1972 until 1986, the bureaucracy 'was construed to have lost its political neutrality' (Rebullida and Serrano, 2006, p. 233).

After the fall of Marcos, the civil service was purged, its commitment to essentially Weberian bureaucratic ideals restored, tenure introduced and salaries raised. Periodic attempts have been made to introduce modern practices since then, adopting what has been in effect New Public Management. This has focused on: reducing the number of civil servants; greater transparency; improvements in training; results-based management; an emphasis on 'catalytic' government; client satisfaction; empowering citizens; enhancing feedback mechanisms; making better use of information technology; and strengthening ethics and the ethos of public service (see for example, Brilliantes, 2009; Brilliantes and Mangahas, 2006; Endriga, 2001; Sto. Tomas, 1995; Tillah, 2005). Yet despite these efforts, the civil service is still widely regarded as an extension of factionalized political elites and, therefore, to lie at some distance from a proper condition of formality. Unquestionably, the bureaucracy continues to suffer from a great many problems.

Political interference

The most intractable problem (at least from the point of view of many permanent civil servants) is the influence wielded informally by the president and the legislature over appointments, promotions, discipline, policy and day-to-day operational matters within the civil service. Politicians will place within the bureaucracy insiders through whom: information is hidden or extracted; decisions (on, say, policy, spending and the implementation of projects and programmes) are shaped or determined; opponents undermined or stonewalled; and funds siphoned off to meet election expenses and to pay for running their offices. They also interfere in order to line their pockets and to protect existing placements; to repay favours. And they will interfere out of a sense of obligation to friends, family and constituents, and with the possibility in mind that these networks of civil servants may be useful to them in the future. Politicians secure placements, and influence other decisions, through their existing relationships with civil servants or by creating new posts. They also do so through intimidation, sometimes backed up with effective action. Meanwhile, civil servants intent on furthering their own careers or making money will, for their part, solicit political support, or turn a blind eye to political interference, or give in to the demands of the politicians while claiming that this is the only way to preserve their department's budget.

Interference, and the civil servants' occasional complicity in it, is damaging in a number of respects. Policy decisions and the allocation of personnel and abilities are distorted. Over time there is layering of political appointees and politically aligned career staffs. The uncertain (and often very short) life expectancy of political appointees brings to departments instability, discontinuity and a short-term outlook. Programmes are fragmented more than they would otherwise be and, as a consequence, there is loss of focus and a braiding and thinning of energy, funds and

materials. Much stress is created, especially among third-level career civil servants who are asked by political appointees to alter decisions improperly; or who – given the complexity of regulations, laws and memorandums, and the speed at which interpretations and decisions must often be made – are not entirely sure if they are being asked to do anything improper or illegal; or who know or suspect that their decisions are being overturned by their superiors. The belief that so many other civil servants have their political backers, and that every politician is interfering in the service, heightens the incentive both for politicians to meddle and for civil servants to seek patrons. An atmosphere of cynicism develops in which just about every appointment or promotion quickly attracts suspicion, while strong resentments build up amongst permanent staffs against political appointees.

Circumventing process

Given this, it is not surprising that professionalism and performance is hardly recognized. This at least is the complaint made frequently by career civil servants: what seems to matter is an ability to manoeuvre through a well-entrenched system of patronage. Nor, then, is it remarkable that civil servants may well decide to follow what they believe to be the politicians' lead and put their own personal interests before those of agency and process. This is especially true when pay is low. Various considerations work to keep salaries meagre throughout the civil service: the generally poor economic and financial health of the Philippines; competing priorities; political interference; the uneven reputation of the civil service; a tendency to think of civil servants as inefficient at best or, at worst, deliberately obstructive; and the lack of certainty that increases in pay would do much to improve matters. But the fact of low pay is often seen by civil servants as fair exchange for willingness on the part of colleagues and politicians to be relaxed in their approach to those procedures intended to improve the quality of the service. Among those affected, three of particular significance are tenure, rotation and the payment of allowances.

On paper at least, security of tenure has been linked to performance since 1992. Very simply, bureaucrats who receive two 'unsatisfactory' ratings for two consecutive semesters (each semester being a period of six months), or who receive one 'poor' rating at the end of one semester, can be dismissed from the service. In practice, however, the tendency to treat security of tenure as a given (and to put to one side the condition of reasonable performance) is widespread throughout the service. Tenure provides some peace of mind when political interference is thought to invade so much of the service and to account for so many curious decisions, disappointments and problems; and it provides some protection against the vagaries of political intimidation. It thereby transforms pay that is comparatively low, into regular and secure pay. With the loss of tenure, there is much to lose, especially in a society in which there is no welfare net to speak of. Security of tenure is so often seen not merely as a substitute for better pay, but as preferable to higher pay without tenure.

Generally speaking, policies on rotation are the business of individual agencies and therefore inconsistent; and, in practice, they are rarely adhered to. There is particular disquiet over the rotation of staff among regions or between regional and central offices. Grafting oneself onto existing networks of relationships shaped around place, language, kinship, friendship, educational background and shared experiences can be very hard work when moving between different towns, cities and provinces; and there are matters of status to be thought about, especially if an official is sent to the rural areas, to the provinces or, worst of all, to 'the mountains'. There is also the fact that rotation takes officials away from their families unless they, too, are prepared for the move and all that it entails. Either way, they will receive no re-location expenses, no help to sell and buy homes, and no help with schools.

The disbursement of a raft of allowances is also handled somewhat carelessly at times; and there exists an array of unofficial (but largely tolerated) supplements. Of particular interest are informal loan arrangements – rotating credit associations – formed among staff usually from the same office or from a set of closely grouped offices. Mention must also be made of various supplements granted in lieu of money. It has already been noted that security of tenure and resistance among civil servants to measures – such as performance ratings, disciplinary procedures and rotation – designed to bring an edge to tenure, are often seen as a substitute for (and indeed, preferable to) higher pay. To these allowances may be added late arrivals in the morning, early departures in the afternoon and long and lavish lunch-breaks, such that to all intents and purposes many offices either close down or are left with a skeleton staff who, with their pillows, are to be found stretched out on sofas and desks during the middle of the day. The view that government service is, or should be, less stressful and offer flexibility and time than better paid jobs in the private sector, is extremely common and many staffs are quite open about this. The freedom to balance family and work life is undoubtedly an important attraction to a career in the civil service.

In local government, too, civil service processes have been consistently eroded, in large part by wave after wave of unauthorized political appointees. Conditions are now so bad that the CSC has just about given up any pretence of imposing discipline in local government agencies and has few concrete programmes to improve matters. For permanent civil servants in local government service this means opportunities for career progression are few and far between.

The widespread circumvention of process in both central and local government contributes to a build-up of close-knit groups of staffs within offices, some of whom may have political connexions, many of whom have known each other for most of their careers, and among whom there is a general understanding that the boat should not be rocked. It is upon these networks of relationships and their informal conventions that the operations of the office come to depend as the casing of formal rules and processes wears thin and becomes less convincing. The camaraderie associated with these conditions is a solace for the stress and drudgery of the job. But these groupings may dull or inhibit new ideas and practices; and, by making indiscipline seem everyday and tolerable, they may camouflage another dimension to circumvention – corruption.

Corruption

Corruption within the bureaucracy is a problem of both substance and scale, and the history of Philippine politics is littered with examples of corruption from the abuse of power and process to rigged elections, from payments in return for preferential treatment, to larceny and fraud. However, it is important to be as precise as possible about what 'corruption' means. It is a highly politicized issue and a means of discrediting opponents; and, when anything goes wrong or an unpopular decision is made, 'corruption' is the first explanation reached for. Allegations against civil servants and amongst politicians are extremely common and these fill the media. It is often said that high-ranking civil servants have not 'arrived' until a case against them has been filed with the Ombudsman; and, in many agencies, it is common to find at any one time members of staff who have been, or are being, investigated.

If defined as private financial gain secured through abuse of office, and measured by the sums extracted, then corruption tends to be concentrated geographically (in and around Manila and Cebu) and in specific agencies (such as the Department of Public Works and Highways) or offices within agencies (such as finance). Moreover, the officials who turn out to be responsible often hold sensitive positions which form a nexus of interactions within an agency. Most officials

at one time or another will have to deal with colleagues handling budgets and disbursements; officials with technical expertise and engaged in projects which are government-funded but tendered out to private businesses, will have frequent dealings with those businesses; while officials in revenue-collecting agencies, and teaching and uniformed staffs delivering public services, will have regular contact with citizens. It is probably fair to say that most civil servants are clean. But, to the extent they close their eyes to corruption, they are party to it; and a good deal of reputational damage is easily done by a relatively small number of officials.

The heart of the problem lies with the leadership of those agencies in which it takes place. Either agency heads are, for whatever reason, unwilling to tackle corruption or they are active participants. It is in this light that, for instance, the placement of former military officials to civil service posts in large numbers during the Arroyo administration is widely interpreted. All this takes the discussion back to appointments.

Over-conformity

It is partly in response to political interference, the circumvention of process, and corruption, that efforts are made to establish new rules and existing frameworks are applied more rigorously. The appetite for this is sharpened by the poor reputation of government and by what is felt by some politicians and civil servants (especially at third level) to be incompetence and a lack of sophistication among bureaucrats in general. Strict observance of rules and process, and severely restricted discretion, may not be ideal but it is – or so some believe – the best that *this* bureaucracy is able to achieve. It may be slow and awkward as a result, but at least it can be relied on.

Over-conformity is also, perversely, a concomitant of an emphasis on personal trust at the highest levels of government. There is much variation amongst heads of agency: there are those who are intensely loyal to the appointing authority; there are those who feel no obligation to the Office of the President or who, even if they do, will not allow the organization to be subverted by the Office; and then there are those who are compromise appointees, and those who the president may prefer were not there at all. At the same time, heads of agencies are faced with what are often huge departments in which there are – save the small group they gather around themselves – few people in whom they feel they can have much faith. There is, therefore, a deal of pressure to ensure that subordinates in the department will conform. The philosophy of the executive is straightforward: officers must learn their place and keep to it. There is some room for debate without risking marginalization, dismissal or transfer. But deference and obedience are for the most part expected.

From the perspective of the civil servant, then, the pressures for over-conformity are very personal (in that a failure to acquiesce may damage or destroy careers, livelihoods and policy ambitions) and therefore very strong. As they make decisions – especially in areas such as tax, customs and appointments and promotions – they must bear in mind that mischievous allegations may be made against them. Those without political insulation or an unshakeable self-confidence will in particular feel the need to demonstrate overtly conformity and propriety.

The effects are manifold. Civil servants become extremely pernickety in their behaviour. The conduct of day-to-day, run-of-the-mill business is choked not least by a compulsion to refer decisions upwards. This is felt often by subordinates who must chase superiors for signatures. Creativity is suppressed, and discussion is restricted and often directed to predetermined outcomes.

Over-conformity also finds expression through the rigid application of merit which then has precisely the opposite effect to that usually intended. Presented as academic or other credentials and as lists of skills and requirements (such as those set out in the service's Manual of

Qualifications), and treated as impersonal and objective criteria, merit separates an educated elite (especially at third level) from the rest. Permeable this wall may be, but only on strict terms; and within it kinship and explicitly social relationships operate reasonably unfettered. Thus are superiors protected, subordinates placed in a straight-jacket and the citizenry kept at some distance.

The proliferation of bureaucracy

If – as a consequence of the uncertainty created by political interference and other forms of circumvention – there is no belief that an agency will fulfil its responsibilities or do so impartially, then there will be calls for new agencies which *are* thought to attend to the politicians' agendas. The desire to establish yet more agencies is heightened by the short life-expectancy of political appointees and their rather short-term outlook. They are expected to be personalities as much as administrators and policy-makers; and the quickest path to the implementation of a few high-profile initiatives may be to create a new office regardless of what already exists in an agency.

The layering of offices and agencies often takes place quietly behind the scenes. But it may also occur more noisily during periodic 'rationalization' programmes, driven by the executive, when politicians sense the opportunity to replace old and recalcitrant agencies with more accommodating ones. It is at such times when those civil servants in the CSC (together with those in the Department of Budget and Management (DBM)) who are charged with the collapsing offices and putting together retirement and separation packages, find themselves working for what is, in practice, a proliferation of agencies.

Evermore harsh and byzantine, the frameworks produced through the accretion of legislation and internal orders provoke new rounds of circumvention. There is a further shattering of information, policies, materials and funds, and energies are necessarily funnelled into quick-fix, high-profile initiatives. Establishing a clear focus becomes still more difficult. Broader visions and 'plans' are created after the fact in order to justify and promote the right image. Basic problems (whose cause and solution are often very plain to all) are left unattended because they would require complex political manoeuvring if legislation, funding and efforts were to be secured and sustained over long periods.

Effecting reform?

As a consequence of these and other problems the civil service remains inefficient to poorly coordinated, and unable to put together and implement focused and effective policies. Some progress has been made after numerous attempts at reform over the last thirty years. But change so often proves to be superficial and temporary. This is because reform for the most part describes the introduction of new procedures (or the implementation of existing ones with greater vigour) and the excise of old ones. Further legislation, elaborate systems of oversight, and the clarification of rules, roles, responsibilities and functions – even if technically correct and perfectly drafted – only mean something if there already exists a high degree of probity and organizational loyalty. Were this not the case, then claims by the Schurman Commission (1900) and Taft Commission (1901) that 'the civil service act is the bulwark of honesty and efficiency' in government and avoids the spoils system – 'the most marked evil of American politics' – would not appear to be so ironic today.

Clearly there is plenty of scope for more deep-seated reform. One direction from which such change may come is the citizen. In combination with top-down reform, citizens are being

trained by the current administration to oversee and implement development projects and budgets; and, as far as weakening corruption and improving transparency is concerned, this strategy would appear to be successful (Briones, 2013). Exactly how 'citizen empowerment' can be entrenched and made independent of the goodwill remains to be seen (but see Fabella and Faustino *et al.*, 2011) though the answer may lie in the other direction from which more change might come – a more creative and proactive civil service.

Loosening the reins on civil servants might seem to go against what a bureaucracy is all about. This is especially true when the existing problems afflicting the civil service – and most especially political interference, corruption and over-conformity – create an atmosphere in which all informality is de-legitimized, and creativity and experimentation are suppressed. But citizen empowerment, if it is to mean anything, will surely demand faster, more sensitive, more flexible and more imaginative responses from a civil service willing to sculpt itself more closely around the practices of citizens. Moreover, positive informal behaviour within the bureaucracy is already highly significant in many ways. It is more than just a support to – or an additional quality to be considered alongside – formal, impersonal and legal-rational frameworks. It provides the room and atmosphere for creative thought, discussions and decisions; it compensates for the inadequacies which stem from highly formal arrangements; and it overcomes negative informality when it is not possible, for political considerations, to establish open and effective counter-procedures (as in the case of resisting political interference in the bureaucracy). It also constitutes the core of new practices around which organizations may be reformed, improved and developed. It is the source of innovation, and the base material from which the formal – the temporary regularization of informal innovations – is shaped. Despite its reputation, then, the civil service *does* still attract men and women who are 'professional' in the sense that they are technically very competent and willing to clearly separate their social and personal interests from the workings of the organization. They are also well aware of the dangers of over-conformity: an army of technocrats judged constantly, harshly and solely on their technical proficiency, is unlikely to be flexible enough in thought or sufficiently empathetic to deal with the mass of the people they are supposed to serve. And some are willing to behave outside the constraints of formality and risk having their behaviour misinterpreted for the sake of a more effective organization.

It is political appointees, however, who may turn out to be the civil service's best hope of change. Their selection is unconstrained by the processes, criteria and detailed standards which govern the selection of permanent civil servants. They are drawn from a very wide range of backgrounds and walks of life and bring with them a deal of varied experience. Their informal selection also admits qualities and personalities which a more technical process might well exclude or leave unrecognized, but which have their time and place. They have often come to know each other well as they move around from one organization to the next during their careers in government, civil organizations, universities and private practice or business, such that they also bring greater cohesion and better coordination than might otherwise be the case. This pool also allows for a degree of vertical integration in that political appointees are occasionally seconded *from* the permanent service and to all intents and purposes become 'permanent' political appointees in a single agency where they may spend a large part of their career. They are, therefore, able to marry an intimate knowledge of the upper circles of government with an unparalleled knowledge of the agency.

This informal brigade of occasional civil servants – whose participants move in and out of government depending on who they feel they can work with and on whether or not personal circumstances are right should an invitation come – has evident potential. At the moment it has no shape, identity or membership, and little would be achieved by an attempt to impose these

qualities. But this might change should the country's leadership of whatever political colour begin to see programmatic policies and their effective delivery as the best way to win the largest number of votes. (Methods to encourage local political leaders to be more programmatic have been tried in the Philippines and these do seem to work.) In these circumstances there would be so much to gain from the search committee and secretariat (together with the CSC, the CESB and the Commission on Appointments) taking on powers both to establish a corps of registered appointees and to maintain it across administrations – a corps from which each cohort of newly elected officials and cabinet heads would select their staffs. The kernels of such a body already exist in the partial records of the secretariat, search committee, CESB and Commission on Appointments, and in the memories of those who have been involved at one time or another in the selection of civil servants.

Conclusions

This short chapter concentrates necessarily on the problems facing the Philippine civil service. But the most significant aspects of the service may prove to be its positive informal qualities. Any one of a myriad of approaches – from elite capture or patrimonialism to a constituency service or bureau-shaping models, from divided regimes to hyper-presidentialism or anarchic families or hybrid regime – are able to forward some kind of explanation for many of the bureaucracy's features (see, for instance, Anderson, 1988; Blau, 1973; Cariño, 1992; Downs, 1967; Dunleavy, 1991; Fiorina and Noll, 1978; Jones, 2013; Kerkvliet, 1995; Landé, 1965; McCoy, 1993; Miranda, 2011; Peters, 1995; Rose-Ackerman *et al.*, 2011). Yet their explanatory power is always being challenged by details and facts on the ground. There are always divergent and confounding data.

Constructive informal practice is neither uncommon nor limited to permanent civil servant or political appointee. And motives and practices are extremely mixed and dimensional. Politicians in the executive will work to place high-quality political appointees because they are high quality; and because they want the best for the nation and genuinely believe that their authority to overcome inertia and entrenched habits within a department is woefully inadequate, most especially given the short time they have to turn a department around and set it on a new course.

It would also be churlish to deny that there are members of the legislature who will support civil servants vying for promotion, and candidates hoping to enter the bureaucracy, for a host of reasons largely free of ulterior motives; or who are concerned to serve constituents and nation because they are of the view that public service is in itself worthwhile; and who genuinely believe that the varied demands made of them – and the legal, procedural, organizational and political framework in which they operate – leaves them unable to meet the needs of their constituents. This complexity and the significance of informality suggest that the seeds, materials and tools for real change are already present and may be staring would-be reformers in the face. Accommodating and building on existing informal practice may even prove to be essential if the Philippine civil service is to be transformed thoughtfully and imaginatively, and its efficacy improved. The solution may seem radical and improbable: citizen empowerment combined with a civil service characterized by positive informal behaviour, led by political appointees drawn from a vetted and experienced pool, and answerable to elected politicians for whom patronage and programmatic politics are now one and the same. But it has been evident for a long time that conventional stocks of formal procedure, rules, legislation and 'best practice' will no longer do.

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6
HOUSE OF CLANS
Political dynasties in the legislature

Julio C. Teehankee

Political clans have been an enduring feature of Philippine state-society dynamics. They have comprised an average of 70.4 percent of district legislators elected to the House of Representatives from 1987 to 2016. They are essentially composed of "a family and its extended relations or network, whose members have controlled for over a long period … the formal elective posts in a locality or political subdivision" (Gutierrez et al. 1992, p. 8). Generally considered as a grouping within the elites of Philippine society, political clans frequently discharge a wide array of economic, social, and political functions (McCoy 1994).

Despite extensive formal experience in western-style liberal democracy since 1946, and redemocratization in 1986, political clans and dynasties continue to play an active role in Philippine politics. Hence, political clans that have managed to maintain power through generations have come to be known as "political dynasties" (Gutierrez et al. 1992). Most dynasties have survived through three colonial regimes and five republics. The political dynasty is a testimony to the Filipino politicians' effective transformation of electoral and public office into family assets (McCoy 1994).

Benigno S. Aquino III, for example, served three terms at the House of Representatives from 1998 to 2007, was elected to the Senate in 2007, and eventually won the presidency in 2010. His clan has the distinction of having been active in Philippine politics for more than a hundred years. Four generations of Aquinos have represented the province of Tarlac in the various incarnations of the Philippine legislature. The grand patriarch of the clan, Servillano Aquino, was a landowner and a general in the revolution against Spain and was a representative in the country's first legislative body—the Malolos Congress of 1898 (Coronel et al. 2004).

This chapter discusses the strategies of elite reproduction in the Philippine legislature. It identifies the traditional, new, emerging clans in the post-Marcos House of Representatives. Specifically, it elaborates the mechanisms by which political clans acquire, sustain, and reproduce power. Moreover, the chapter also underscores the persistence of political dynasties and failed attempts to regulate them.

Bequeathed power

A political dynasty can be defined as a "family that has successfully retained political power through maintaining control over at least one elective position over successive generations" (Albert et al., 2015, p. 1). Based on a historical study of the United States Congress, they

concluded that political power is self-perpetuating: i.e., when one holds more power, it becomes more likely that this person will initiate, or continue, a dynasty. Political power in democracies, therefore, becomes inheritable de facto for reasons other than variations in abilities or political vocation across families.

Self-perpetuation of political dynasties, in turn, can be attributed to incumbency advantage. Querubin (2013) presented evidence of a dynastic incumbency advantage: incumbent congressmen and governors are five times more likely to have a relative serve in these offices in the future compared to individuals who barely lose and do not serve. The study also asserted that de jure political power or control of elected office is a key determinant of electoral success of other members of the family.

Albert et al. (2015) observed patterns in their study of political dynasties in the Philippines: (1) relatives occupying the same elective position over time or an individual succeeding to an elective position previously occupied by a relative; or (2) relatives occupying multiple elective positions simultaneously. They also distinguished between "fat" dynasties where there are many family members simultaneously occupying elective positions; and "thin" dynasties where there is only one family member occupying an elective position.

Just like social status or economic resources, political offices can be turned into assets that can be passed on to next of kin. Following the Filipino concept of *pamana*, this study asserts that political power can be bequeathed to the heirs of dominant politicians – *ipinamanang kapangyarihan*. It is common to encounter a family of lawyers or doctors. It is also not unusual to have successful businesspersons who have inherited their family businesses. In the same manner,

> [m]any politicians try to transform their electoral offices into lasting family assets, building what Filipinos call a "political dynasty." Once entrenched, influential politicians often work to bequeath power and position to their children, in effect seeking to transform the public office that they have won into a private legacy for their family. For all politicians, provincial or national, office is inevitably ephemeral. But private wealth gained during their term in power, if substantial, can be passed on, giving succeeding generations the means to compete for office … the profits from a successful congressional office are so high … Hence, the most successful politicians are those who can invest their heirs with the wealth and the good name needed to campaign effectively for office – a factor that blends the individual with the familial, the provincial with the national, and warlordism with rent seeking.
>
> *(McCoy 1994, pp. 24–25)*

Nonetheless, unlike private business enterprises, political positions are essentially within the public sphere. Thus, these positions are not simply handed over to next of kin but they should also pass through an intervening process of election. Hence, the scions of political clans should also go through a modicum of preparation in order to compete in the political arena against others who covet their position. Their easy access to resources of power, property, and privilege accumulated by the previous generation provides them an advantage, but they must also be competent in wielding and utilizing these resources in order to achieve electoral victory.

A study by David and San Pascual (2016) revealed that wealthier and more educated voters are less likely to cast their vote for media celebrities; more highly educated voters are more likely to vote for dynastic candidates; and less educated voters are more likely to vote for celebrities but are less likely to vote for dynasties. The authors also asserted that their study "runs counter to popular belief that dynastic candidates skate through elections riding on their name alone and relying on simple recall of the voter" (p. 91).

Clans, parties, and the legislature

In the Philippines, clans, not parties, have been the building blocks of politics. Through the years, the adaptive strategies of the political clans have mirrored the country's shifting contours within the socioeconomic and political terrain. More than the seemingly immutable and unequal socioeconomic structure, continuing clan dominance is both the reason for as well as a product of the failure to develop a truly democratic electoral and party system (Teehankee 2001, 2007). Collins (2004, p. 231) defines a clan as

> an informal organization comprising a network of individuals linked by kin-based bonds. Affective ties of kinship are its essence, constituting the identity and bonds of its organization. These bonds are both vertical and horizontal, linking elites and non-elites, and they reflect both actual blood ties and fictive kinship.

As part of the Filipino politicians' effort to internalize the benefits of political office, the "political clan" has become the most prevalent and preferred form of organization in local politics. In the absence of stable party organizations, the clan provides a ready corps of supporters through longstanding personal networks (De Dios 2007). As McCoy (1994, p. 10) emphasizes,

> such familial coalitions bring some real strengths to the competition for political office and profitable investments. A kinship network has a unique capacity to create an informal political team that assigns specialized roles to its members, thereby maximizing condition and influence.

Dependence on local political clans as the vehicle for clientelistic exchanges by national level politicians (i.e., president and senators) provides a strong disincentive for the institutionalization of political parties. Moreover, congress acts as a nexus for national-local clientelistic exchanges, thereby encouraging party-switching and the formation of short-lived dominant parties. Table 6.1 presents the dynastic composition of the House of Representatives from 1987 to 2016, while Table 6.2 presents the percentage of political clan members who were affiliated with the ruling party in the lower chamber from 1984 to 2016.

Table 6.1 Dynastic composition of the House of Representatives, 1987–2016

Congress	*District representatives from political clans*	*Total number of district representatives*	*%*
8th Congress (1987–1992)	122	200	61
9th Congress (1992–1995)	128	200	64
10th Congress (1995–1998)	130	203	64
11th Congress (1998–2001)	136	208	65
12th Congress (2001–2004)	140	209	67
13th Congress (2004–2007)	166	212	78
14th Congress (2007–2010)	166	218	76
15th Congress (2010–2013)	161	229	70
16th Congress (2013–2016)	195	234	83
17th Congress (2016–2019)	180	238	76

Source: Compiled by the author from various sources.

Table 6.2 Percentage of political clan members affiliated with the ruling party, 1984–2010*

Year	*Dominant party*	*Political clan (%)*
1984	Kiluang Bagong Lipunan (KBL)	36.8
1987	Laban ng Demokratikong Pilipino (LDP)	54.0
1992	Lakas National Union of Christian Democrats (Lakas NUCD)	52.1
1995	Lakas National Union of Christian Democrats-Union of Muslim Democrats of the Philippines (Lakas NUCD-UMDP)	62.7
1998	Laban ng Makabayang Masang Pilipino (LAMMP)	55.9
2001	Lakas-Christian Muslim Democrats (Lakas CMD)	52.4
2004	Kabalikat ng Malayang Pilipino (Kampi)	67.7
2007	Lakas-Kabalikat ng Malayang Pilipino-Christian Muslim Democrats (Lakas Kampi CMD)	60.8
2010	Liberal Party (LP)	50.7
2013	Liberal Party (LP)	32.1
2016	Partido ng Demokratikong Pilipino (PDP-Laban)**	70.9

Source: Commission on Elections (COMELEC); House of Representatives, various years.

Notes

* Based on party affiliation in the legislature.

** Including those who are affiliated in PDP-Laban's House "supermajority."

Beyond the halls of Congress, a study conducted by Rivera (2011) identified 72 out of 77 (94 percent) provinces that have political families. The average number of political families per province is 2.31. His study identified 178 dominant political families of which 100 (56 percent) are from old elites who have been in power since the post-war period (1947–1972), and 78 (44 percent) are new elites who emerged in the post-authoritarian period (1987–present). According to another study conducted by the Asian Institute of Management (AIM) Policy Center (cited from Albert et al. 2015, p. 2), there is a

> prevalence of dynasties in the country across key local government positions and [we] found it to be most widespread among certain positions especially governors (85 percent), vice-governors (75%), district representatives (74%) outside of the National Capital Region (NCR), and mayors (66%) and vice-mayors (50%) outside of the NCR.

Limited party competition as a result of dynastic and clientelistic politics is not limited to developing democracies like the Philippines. Even in well-developed democracies like Japan, hereditary politicians or *Seshū Giin* "inherit" their parliamentary seats through family connections and well-oiled political machines. For each parliamentary election, the average percentage of dynastic legislators elected is about 25 percent (Asako et al. 2011). The incidence of dynastic politics in the Philippines, however, is higher compared to other selected legislatures in the world. Currently, the Philippine Congress has the highest percentage of elected dynastic legislators at 68 percent; followed by Mexico at 40 percent; Japan at 33 percent; and Argentina at 10 percent. The U.S. Congress has only 6 percent elected dynasts (Mendoza et al. 2012).

Adaptive strategies

The French historian Roland Mousnier (1965, as cited by Hagopian 1984, p. 241) observed, "Rank attracts power and money. Power is the generator of prestige and fortune. Riches give power and rank." It is therefore no wonder that among the people attracted to politics are those whose ambitions are motivated largely by personal (or more specifically, clan) interests. And while the government provides various avenues for political leaders, in the Philippines it is Congress that has become a training ground and jump-off point for higher political office. Thus, aside from its formal legislative functions, the Philippine Congress has historically served as a nexus between national and local elite politics.

Historically, Philippine society has been resilient to change. Between 1946 and 1972, the traditional landowning families that make up a national oligarchy exerted a high degree of influence over state policies and its implementation, directly through Congress and indirectly through local government administration. The national oligarchy was able to exercise powerful and particularistic control of the state apparatus (e.g., legislature) through the spoils system, while maintaining an independent economic base outside it (Mackie and Villegas 1993, pp. 98–99).

Political clans have utilized an array of strategies in order to maintain their dominance. These strategies do not only reflect the attempts of clans to sustain their dominance, but also the adjustments to the changing demands of their local power base and national benefactors. The wide variety and combination of style and tactics utilized by different politicians prevent a perfect typology of these strategies. However, these adaptive strategies have often benefited the followers, as well as their leaders. The most prominent strategies are: (1) the establishment and maintenance of a kinship network; (2) the organization of political machines; (3) the mobilization of wealth and property; (4) access to state resources; and (5) the use of violence and coercion.

These strategies are interrelated, and oftentimes, overlap with one another. Kinship networks, for example, serve to consolidate wealth and power, and provide the base for the establishment of a political machine. Beyond the utilization of personal wealth, access to state resources serve as an additional source of patronage dispensed through political machines. When the machine functions properly, there is no need to utilize coercion or violence. A combination of adaptive strategies had enabled political clans to maintain their dominance in congressional politics. Consequently, a variety of political clans have emerged in successive political regimes utilizing most of these strategies.

A study by Cruz et al. (2015) emphasized the importance of politician family network in electoral victory. The study utilized a 20 million person dataset to reconstruct intermarriage networks for over 15,000 villages in 709 municipalities in the Philippines. The authors concluded that the centrality of the politician's family "confers organizational and logistical advantages that facilitate clientelistic transactions such as vote buying and do not operate through popularity, name recognition or through the choice of policies more aligned with their constituents' preferences" (p. 1).

The traditional elites have demonstrated their prowess in adapting to shifting political and economic regimes. For the longest time, the social and class structure of the Philippines sustained a landowning system that perpetually concentrated economic and political power to a core of landed families – especially those involved in export plantation agriculture (Rivera 1994, p. 3). But some families later successfully diversified into non-agricultural economic interests, such as real estate, logging, mining, and other industrial enterprises. This was achieved through a variety of means that include the establishment of family-owned banks, the procurement of loans and subsidies from state banks and government financial institutions, and having tie-ups with foreign and local capitalists. These clans also used their legislative posts to defend and

expand their economic interests. In addition, their access to state resources augmented the distribution of patronage to their kinship networks and political machines.

The ability to source and distribute patronage allowed the less politically agile among the traditional clans, like the Albanos of Isabela, to maintain their electoral machinery. The Albanos' economic base was limited to a few hectares of land and a handful of business enterprises; they could not get a foothold in the lucrative logging industry dominated by the rival Dy clan. The Albanos thus relied on their access to a succession of presidents (Marcos, Ramos, Estrada, and Arroyo) for economic and political resources (Teehankee 2001).

The recent members of the Albano clan, however, had different views on the Aquino administration. Rodolfo Albano Jr. was among the minority group of legislators who asked the Supreme Court to invalidate Aquino's "Truth Commission" (Pedrasa 2010). On the other hand, Rodolfo Albano III defended the Aquino administration on his final years on the presidency. In particular, Albano III stated that Aquino is "true to his form and commitment" towards the attainment of Daang Matuwid (Arcanghel 2015) and also, he refused to reopen the investigation of the Mamasapano incident a few months before the conclusion of the Aquino administration (Araneta and Cruz 2016).

Some political clans, however, have also used violence to maintain their dominance. Political warlordism was a result of the proliferation of arms and the weakening of the central authority in the provinces at the end of World War II. It would later reemerge in areas where instability was fueled by the land frontier, protracted ethnic rivalry, or particular economic circumstance.

The Lluch-Badelles clan of Lanao, for instance, rose to power amid the historical conflict brought about by frontier politics in Mindanao. The clan had to swim in the tide of violence brought about by postwar confrontations between Christian and Muslim armed groups that were fueled by cultural and economic animosities. But the clan's dominance of Lanao politics was eclipsed with the emergence of a more violent political warlord in the person of Mohamad Ali Dimaporo. The Lluch clan is one of the traditional leaders of the Christian community in Lanao, and the long-time rivals of the Dimaporo clan. The two clans engaged in a violent competition for political supremacy in the postwar era. The clan wars between the Lluchs and the Dimaporos were historically rooted in the general conflict that erupted in Mindanao. This conflict was a result of Christian migration and settlement programs first initiated by the American colonial government, and continued by the postwar Philippine national leadership. The conversion of Iligan into the status of a highly urbanized city has effectively halted the decades-long political feud between the Lluch and Dimaporo clans. This development has separated Iligan City from the election of the political leaders of the province. Since then, the Dimaporos consolidated their hold on the province of Lanao del Norte, while the political activities of the Lluch-Badelles clan were limited to Iligan City. Its patriarch Mariano Lluch Badelles served as Iligan City mayor in the 1950s, assemblyman in the Marcos-era parliament from the 1970s to 1980s, and three-term representative in the post-Marcos Congress (Teehankee 2001). His son Alipio Badelles succeeded him and served for three terms from 1998 to 2007.

Currently, the Dimaporos continue to reign supreme over Lanao politics. In the 2016 elections, Mohamad Khalid Dimaporo and Abdullah Dimaporo ran and won as representatives of Lanao del Norte's first and second districts, respectively. Meanwhile, the Lluch-Badelles clan has been relegated to the politics of Iligan City where one of its scions, Lawrence Lluch Cruz, served as three-term mayor from 2004 to 2013. Cruz, however, failed in his bid to secure the city's lone congressional seat in 2016. He competed with his uncle, Alipio Badelles, but both were defeated by three-term councilor Frederick Siao. Alipio previously challenged but failed to capture the mayoralty seat from Cruz in 2010 (Tiongson-Mayrina and Villarta 2010).

There is also Cebu's Durano clan, which has effectively combined the use of violence and rent-seeking activities. Ramon Durano Sr.'s dominance in Danao blurred the thin line between the private and public domain. His family's political exploits mirror the historical trajectory of Philippine state-formation: from the violence and clientelism of the postwar republic, to the dictatorship of the Marcos regime, and redemocratization in the post-1986 period. But decades of dominance have eliminated almost all possible political challenges to the clan. As a result, its members have turned against each other in an occasionally bloody intra-family conflict (Teehankee 2001).

The Durano clan's continued supremacy can also be explained by the patronage system they established in Danao. As observed by Coronel et al. (2004), their business enterprises profit from government loans and subsidies owing to their clan members' success in every election. As a result, their enterprises provide employment and at the same time the clan provides security for the manufacture of illegal guns, the cottage industry of Danao. Thus, a shift from violence to patronage was apparent in the dominance of the Durano clan in Danao politics. The Duranos have had a seat in Congress since 1949. Currently, Ramon "Red" H. Durano VI is the representative of Cebu's fifth district.

With the capitalist penetration of social relations in the postwar period, land ownership ceased to be the primary source of elite domination in local areas. The traditional landed elites who were not able to adapt and diversify their economic interests were eased out by new political elites linked to the modern sector of the economy. The breakdown of the reciprocal and interpersonal system of exchange was further facilitated by the rise of new social forces (e.g., working class and middle class) that could not be subsumed simply within narrow patron-client loyalties. This resulted in the rise of political machines as the main expression of patronage politics. Hence, patronage politics shifted from the consensual mobilization of support to a transactional negotiated organization of machines (Magno 1989).

The weakening of traditional patron-client bonds at the local level resulted in the transformation of patterns of leadership and organization in rural Philippines. This was manifested by the emergence of professional politicians from the ranks of the new social forces that competed with the traditional landowning elites (Machado 1974). This process of transformation, however, was abruptly disrupted by the declaration of martial law in 1972.

Previously, the traditional and new political clans cultivated their own political machines that were sustained through external governmental resources provided by their national and provincial allies. Upon the centralization of the distribution of political resources by the authoritarian regime, their machines were also integrated into the centrally directed political machinery (i.e., Ministry of Local Government, the Kilusang Bagong Lipunan). This changed the nature of national-local relations (Wurfel 1983–1984).

The Marcos era was characterized as well by the reduction of the traditional elite's political influence through Congress and the reduction of its economic powers that were transferred to the Marcos cronies. It also resulted in the narrowing of the institutional avenues for elite recruitment and reproduction.

Most of the new professional politicians at the local areas thus decided to link up with some of the new national elites, particularly the cronies who were able to consolidate both wealth and power through the regime's monopoly of export agriculture. But there were those who were able to solidify their local political support and build autonomous machines; these found little need to capitulate to the regime. Some of them, like Aquilino Pimentel of Cagayan de Oro, Cesar Climaco of Zamboanga City, and Evelio Javier of Antique, formed the core of the local opposition to the Marcos regime.

Many new political clans have since been able to transform economic and social capital into political capital, through the use of the political machines. One such clan is that founded by Jose

Maria "Joe" Zubiri in Bukidnon, who sought to loosen the grip of the older Fortich clan on the province. Joe Zubiri managed to articulate progressive issues in the national arena, while maintaining clientelistic networks in Bukidnon. His seat in Congress was eventually inherited by his son, Juan Miguel "Migz" Zubiri.

The younger Zubiri shares his father's outspoken and often progressive views on national issues. Migz Zubiri, however, has exhibited his own distinct political style and has emerged as one of the more prominent and media-savvy among the second- and third-generation legislators in the House. Through a combination of his fine looks, issue advocacy, and media projection, he has surpassed his father in terms of national prominence and successfully won a Senate seat in 2007 under Arroyo's Team Unity. However, due to allegations of electoral fraud during the abovementioned elections, Migz resigned from the Senate in 2011 on behalf of Aquilino "Koko" Pimentel III. He successfully made his way back to the Senate after running in the 2016 elections as a guest candidate of two parties, Grace Poe's Partido ng Galing at Puso and Jejomar Binay's United Nationalist Alliance, and with the endorsement of Rodrigo Duterte.

The Acostas of Bukidnon, meanwhile, stand out as prime examples of new professionals who have decided to make an alternative career out of politics. Both Socorro Acosta and her son Nereus have Ph.D.s and have spent some considerable time in the academe and private sector. Given their professional backgrounds, the Acostas have employed non-traditional political means in the arena of traditional politics. What they lacked in terms of political resources, such as the backing of local mayors and barangay captains, they made up for through alternative structures and mechanisms in the grassroots, in the terrains of civil society. They have harnessed the support of the local network of non-governmental organizations (NGOs), the women's movement, and farmers' cooperatives. On closer scrutiny, however, the non-traditional NGOs organized by the Acostas have taken the traditional role of the political machine.

Nereus sought a Senate seat but lost during the 2010 elections under the Liberal Party. He was nevertheless appointed a year later as the presidential adviser for environmental protection and general manager of the Laguna Lake Development Authority. However, in March 2016, Nereus was found guilty by the anti-graft court Sandiganbayan of disbursing his pork barrel funds to NGOs associated to his family members during his term as first district representative of Bukidnon. The court sentenced him to up to ten years in prison and perpetual disqualification from holding public office ("Aquino environment adviser guilty" 2016).

The end of the Marcos dictatorship reestablished formal institutions of democratic governance. Democratization, decentralization, and economic liberalization have contributed to the emergence of new political players. Economic expansion and diversification have paved the way for a handful of non-elite political players with middle-class professional and entrepreneurial backgrounds, to penetrate the political arena. These new political players were active in the anti-Marcos struggle and served in the Aquino administration before embarking on a political career. Most were elected to Congress, and some were even successful in vanquishing established political dynasties (Magno, 1994).

Those who came straight from the parliament of the streets are particularly interesting, especially because they have adapted so well in Congress and have proven proficient in the ways of traditional politics.

The Lagmans of Albay, for example, have played a major role, not only in national and local politics, but the Philippine Left as well. The Lagmans have fought the Marcos dictatorship on two fronts: legal and underground. The Lagman clan has opted to operate on two strategic and ideologically distinct levels. While Edcel Lagman has emerged in the national political scene through the parliamentary struggle, his brother the late Felimon Lagman made a name in radical working class politics. They achieved these by using their anti-Marcos credentials, mass politics,

and the articulation of progressive issues. While the two arenas of struggle are incongruous in the Philippine context, the brothers have cleverly used each to push their political advocacies (Teehankee 2001).

Until his recent conservative turnaround, Edcel had consistently been a voice of progressive causes in the bastion of traditional politics. In 1998, Edcel ran for the Senate but lost. Yet there was some consolation for the family: his daughter Krisel Lagman Luistro won in his former congressional district. The assumption of Krisel to Edcel's seat was viewed as an indication that even progressive politics is not immune from the temptation of political reproduction and perpetuation. Krisel was reelected in 2001, but Edcel's attempt to branch out in the fourth district of Quezon City was unsuccessful. On the other hand, his son Grex Lagman was elected as a councilor of Quezon City in 2004 and served for three consecutive terms. From being a public servant in Quezon City, he went back to Albay and was elected as the representative of its first district during the 2013 elections.

Since retaking his Albay seat in 2004, Edcel has become a staunch defender of President Gloria Macapagal Arroyo and critic of former president Benigno Aquino III during the latter's first years into the presidency. Nevertheless, he resigned from Arroyo's Lakas-CMD in 2012 and thereafter shifted support to the Aquino administration, particularly on the passage into law of the Reproductive Health bill. Grex did not seek reelection during the 2016 elections, paving the way for Edcel's return to his old post. Currently a member of the "Magnificent 7," the opposition minority faction in the House of Representatives, Edcel and his daughter Krisel was recently sued for plunder for alleged misallocation of pork barrel funds worth more than 200 million pesos (Cayabyab 2016; Marcelo 2016).

Persistence of dynasties

Elections in the Philippines, which hardly qualify as free, fair, and competitive processes, along with various socioeconomic and political-institutional dysfunctions have entrenched an oligarchy of dominant political dynasties. Thus, the electoral processes have failed to advance the country's process of democratization (Rivera 2011). Due to the state's apparent weakness, political dynasties freely undermine the electoral process by utilizing elections merely as licenses to achieve power and maintain their dominance. Hence, elections are the most paradoxical instrumentality of Philippine democracy responsible in establishing dynasties including in Moro areas (Wadi 2008).

Political dynasties tend to dominate political parties and win elections by larger margins compared to non-dynasties. Moreover, jurisdictions of dynasties on average are characterized by lower standards of living and human development, higher poverty levels, and inequality (Mendoza et al. 2012). Greater prevalence of political dynasties is associated with higher levels of poverty in areas outside Luzon. Thus, the advancement of institutions that function as "mechanisms of accountability and safeguards against abuse and elite-capture" is essential towards the achievement of economic progress and resolution of socioeconomic predicaments (Mendoza et al. 2016).

The democratization and economic liberalization brought about by the post-Marcos transition paved the way for new political players. Nevertheless, the emergent reform-oriented political class was not impervious to the traditional political culture (Teehankee 2001). Neophyte legislators are more proactive in transforming proposals into concrete legislations but over time, when districts become family turfs, entrenchment provides incumbents and their successors little incentive to engage in vote-courting activities such as legislative production. Therefore, political accountability is undermined when politicians can opt not to reciprocate the votes of their constituents by merely capitalizing on family networks and assets (Panao 2016).

Regulating political dynasties

The resilience of political dynasties is due to three key factors: the political and socioeconomic foundations which established dynasties; the failure to implement constitutional provisions to deal with the undesirable impact of dynasties; and the weakness of prospective countervailing forces against dynasties. Thus, the Philippine state is characterized as having a dysfunctional democracy and electoral system in which majority of Filipinos are disenfranchised due to the concentration of economic and political power in the hands of a few elite families (Tadem and Tadem 2016).

One of the provisions of the 1987 Constitution is the banning of political dynasties, roughly defined as the holding of multiple positions in the state of close members of one family. However, Congress – the perceived bastion of political dynasties – passed no enabling law (Fegan 1994). There have been several attempts to pass an "Anti-Political Dynasty Law" since the reopening of the 8th Congress in 1987.

An anti-dynasty legislation is essential to regulate opportunistic conduct and advance efficient governance. Greater access by the citizens to both the development and political processes is vital in consolidating the democracy and promoting inclusiveness (Albert et al. 2015).

For economist Emmanuel de Dios (2012), the solution is not to ban political dynasties but to raise the requirements for registering political parties. He argues that Philippine politics "is not broken because dynasties are strong; rather, dynasties are strong because politics is broken." This argument, however, seems tautological. Countries that have historically strong political parties have not been immune to dynastic capture (i.e., Japan's Liberal Democratic Party and India's Congress Party). Asako et al. (2011) demonstrated how dynastic legislators dominate Japan's major parties and dissuade non-dynastic candidates from running even if constituents prefer them over dynastic ones. In India, Chhibber (2011) argued that the presence of dynastic parties causes party system instability and representation deficit. Nonetheless, an earlier study by Solon et al. (2009) on local development spending and reelection of governors in the Philippines reveal that members of political clans have higher development spending when challenged by rival political clans. Hence, enhancing political competition is a desirable disciplining device in regulating political dynasties.

With the apparent influence of familial networks towards aggregate electoral outcomes and the individual vote, Davidson et al. (2014) recommends the following key policy recommendations: prohibiting simultaneous occupation of seats of the same political families; reforms that incentivize politicians to establish stable machineries; and policies that improve voters' capability to hold elected officials accountable through information and socio-political mobilizations.

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7

PORK TRANSMOGRIFIED

The unending story of particularistic spending

Ronald D. Holmes

> While they [the *ilustrados*] deal in high sounding phrases concerning liberty and free government they have very little conception of what that means. They can not resist the temptation to venality, and every office is likely to be used for the personal aggrandizement of the holder thereof in disregard of public interest.
>
> *William H. Taft, 1900 (quoted in Cullinane, 1975: 10)*

Fast forward to more than a century and a decade later, the description above of the first American civilian Governor General to the Philippines on the predisposition of Philippine politicians continues to hold true. Attesting to such characterization are the repeated scandals involving the use of public funds, specifically those that have been derisively referred to as the *pork barrel*. Notwithstanding these scandals, that span virtually all through the history of the practice of pork barreling, this particularistic element in the budget remains, transmogrified in the contemporary Philippine political context into earmarks labeled as Local Infrastructure Programs (LIPs).

This chapter provides a historical account of the various incarnations of pork barrel in the Philippines. Divided into two main parts, the first section provides a brief review of the literature on pork barreling, highlighting some explanations for the practice. The second section discusses the history of pork barreling in the Philippines and analyzes some of the scandals associated with the practice through time, events that typify the misuse or abuse in the use of public funds that has fortified the prevailing view that pork is bad. We end this chapter with a brief explanation on why the practice remains and why the Philippines has had difficulties in transiting towards more programmatic spending.

What and why of pork?

Pork barreling is said to derive from the practice of slaveholders in the pre-Civil War American South of sharing salted pork from barrels with their undernourished slaves who scamper for their share (Evans 2004). Such image of people scrambling for a piece of "pork" was subsequently seen in the United States Congress as legislators scurried for their share of public resources to finance their projects.

Since the late nineteenth century, when the practice became embedded in the United States Congress, pork barreling has been observed in various kinds of polities, including presidential and parliamentary governments, those dominated by single parties and even in non-democracies (Denemark 2000; Tavits 2009; Luo et al. 2010; Curto-Grau et al. 2012). Thus, pork barreling is taken to be a universal phenomenon, though the persistence, intensity and outcomes of such practice vary from country to country.

Pork barrel, "pork" for brevity, refers to "discrete, highly divisible benefits targeted to specific populations, the cost spread across the general population through taxation" (Evans 2011: 3). This definition highlights an attribute of pork, a *particularistic* rather than public good. As a particularistic good, pork is distinguished from programmatic spending that is connected or supported by policies and has a longer-term horizon compared to the short-term goals of particularistic spending (Bickers 1991). Pork can be in the form of a collective/club good targeting constituencies, such as roads and bridges, health or educational facilities, referred to by Hutchcroft (2014) as *meso-particularistic*. Mesoparticularistic means goods/services provided to targeted constituencies while micro-particularistic goods are personal and private goods that are delivered to individuals such as livelihood assistance, scholarships and jobs, to mention a few (Hutchcroft 2014).

Despite its noted inefficiency, politicians continue to engage in pork barreling given a number of reasons. The primary reason cited in the literature (Golden and Min 2013) is the politician's desire to secure re-election. Though there are other strategies, such as advertising and position taking (Mayhew 1974) that a politician can employ to secure re-election, the distribution of concrete benefits to constituents is believed to allow the politician to effectively respond to the retrospective question of a rational voter, "what have you done for me lately?" (Shepsle and Weingast 1981). To ensure that the politician is credited for the delivered goods, he/she must claim responsibility for making such things happen, a continuing activity referred to as credit claiming (Mayhew 1974).

As a particularistic good, pork is distributed in a targeted manner in order to secure its effectiveness as a vote mobilization strategy. Given this purpose, pork has been regarded as an instrument for *vote buying*. As to whose votes are targeted, the literature is equivocal on this. Some scholars believe that pork is more effective if it is distributed to supportive groups or individuals – core voters or constituencies (Costa-i-Font et al. 2003; Calvo and Murillo 2004; Tavits 2009; Diaz-Cayeros et al. 2012). *Core* voters are those who have strong affinity to a party or a politician. In distributing pork to core voters, politicians are able to maintain the level of support or loyalty of the core voters, sustain a personal vote (Carey and Shugart 1995), and easily mobilize them to participate in subsequent elections, a process referred to as *turnout buying* (Ansolabehere and Snyder 2006; Matsubayashi and Wu 2012). On the other hand, others have argued that pork is better targeted towards the limitedly or non-affiliated voters or constituencies, the swing voters or constituencies (Dixit and Londregan 1996; Kwon 2005; Stokes et al. 2012). These studies suggest that it is cheaper to mobilize support from swing voters or constituencies as their attachment to any party is weak and they can be influenced to support a candidate who has delivered concrete projects for their benefit (Golden and Min 2013).

Voters are not the only targets of pork as the resource is also dispensed to other politically significant players, or those who constitute the "winning coalition" (Bueno de Mesquita et al. 2003), to sustain their support. This appears to be the primary motive for the heads of government, in the case of the Philippines, the President. This is not to discount that a president may also employ pork to secure a legislative agenda. In fact, Shugart (1999) argued that in presidential systems which lack nationally oriented parties, a president with strong powers and a constitutionally delegated authority to structure the national policy process can partially counteract the particularistic tendencies of a fragmented legislature whose members remain close to narrower

constituencies. In other advanced democracies, such as the United States, it was observed that pork was used to advance the "goals of good public policy or power and influence rather than re-election" (Evans 2004). In her work, Evans (2004) describes how policy coalition leaders (chairs of Congressional committees, heads of the Senate and the House, and even the US President) employed pork in order to forge support from majority of the members of Congress to pass general legislation that will not benefit their districts. McCarty (2000) also examined the U.S. President's drive to further his or her legislative agenda as an explanation to the Chief Executive's desire to direct distributive benefits to select legislators.

Almost a century of practice

Pork barreling has been practiced in the Philippines for close to a century. Within this span of time, as this section will highlight, the forms of pork disbursed and dispersed have changed. At the outset, pork is a resource that legislators accessed to finance projects for their constituents, disbursed with the agreement of the executive. The Executive itself also possessed pork in the guise of lump sum funds to finance programs meant for rural development; infrastructure development; community empowerment; and local government support, to mention a few. The discussion in this section divides the prolonged practice in two periods – from the American colonial period to martial law, and from the political transition in 1986 to the present.

From public works to support for local development projects: pork from 1922 to 1986

Carino (1966) traces the practice of pork barreling in the Philippines to the 1920s. In 1922, the government formally embraced the practice with the enactment of a separate Public Works Act. In that year, the two Houses of the Fifth Philippine Legislature, through Act. No. 3044, allocated a total of PHP 8.418 million for various public works projects. Section 3 of Act. No 3044 specified that funds "shall be distributed in the discretion of the Secretary of Commerce and Communications, *subject to the approval of a joint committee elected by the Senate and the House of Representatives*." The section continues with the provision that the

> committee of each House may authorize one of its members to approve the distribution of the Secretary of Commerce and Communications, who, *with the approval of said joint committee, or of the authorized members thereof may, for the purposes of said distribution, transfer unexpended portions of any item of appropriation under this Act to any other item hereunder.*

Of the total funds allocated under Act No. 3044, the funds subject to legislative approval amounted to PHP 5.45 million, or 65 percent of the total allocation. This section of the Act reflects the influence that key legislators played in the disbursement of lump sum items covered, a power that will be sustained in subsequent public works and general appropriations act.

From 1922 until 1967, the Philippine legislature/Congress would enact annual or multi-year public works acts that were separate from the general government budget. Through these years, there were a few substantive changes in the content of the statutes (either Acts under the American Colonial Government; Commonwealth Acts [C.A.], under the Commonwealth government from 1935 prior to World War II; and, Republic Acts [R.A.] for the postwar period) that mirror the influence that the Executive or legislators have on the distribution of pork.

The first notable change came in 1924. In the final public works act for 1925, Act. No. 3213, the provision that required the approval of the joint committee of the legislature on the

disbursement of the funds allocated was deleted. Section 3 of the Act provided that the sums appropriated "shall be distributed in the discretion of the Secretary of Commerce and Communications, but those appropriated in the other paragraphs shall be available for immediate expenditure by the Director of Public Works." A closer scrutiny of Act No. 3213 will reveal, however, that unlike prior public works acts that left many of the projects unspecified, as lump sum items, this Act had a detailed list of projects covering all the legislative districts. As such, Act No. 3213 starts off the practice of "earmarking," whereby specific projects of legislators are itemized in the budget and are considered immediately executory (as defined in Section 3). While a number of the items in the various sections of Act No. 3213 were vetoed, the remaining items covered almost all of what were then legislative districts. This practice of earmarking continued in the subsequent public works acts.

The second major change in pork barrel allocations was under Republic Act 1411 (for the fiscal years 1955–1956) when the allocations for legislators were segregated into a section entitled "Short Term Projects, with subsections on Miscellaneous Community Projects" and "Nationwide Selected Projects" (Carino 1966). The amount allocated for these projects represented close to a third of the total funds allocated for public works in the fiscal year.

There is no provision in the available statutes, from the American colonial government to the postwar governments, that specify the per capita allocation for legislators. However, it is safe to conclude that some legislators got more than the others based on the vetoed provisions of each Act. Moreover, newspaper reports from the late 1940s onwards indicate per capita allocations and differing amounts of releases to legislators. In 1949, for example, then President Elpidio Quirino agreed to allocate PHP 200,000 for each legislator belonging to his wing of the Liberal Party, depriving members of the other wing, the Avelino wing, their share of the pork barrel, labeling pork as a "prize for the faithful" (Manila Bulletin 1949). Jose Avelino, then president of the Senate, contested the presidency against Quirino in 1949, supported by a small faction from the Liberals. In subsequent years, caucuses of the majority party would also decide the "allocation" for each legislator ranging from PHP 100,000 in 1951 (Manila Bulletin 1951a) to PHP 300,000 in 1961 (Manila Bulletin 1961a). With regard to releases, a report in 1951 (Manila Bulletin 1951b) notes that Senators obtained releases from PHP 79,000 to PHP 160,000, while Lower House members obtained from PHP 50,000 to PHP 260,000. In 1951, a three-member special Nacionalista Party Committee in the lower houses agreed to investigate the alleged abuse and discrimination in the release of pork barrel allocations, specifically the disbursement of more than PHP 2 million to Ilocos Sur within a span of two months (September Quirino's home province, that was purportedly meant to bolster the candidacy of his brother, Eliseo, for governor of the province; Manila Bulletin 1951c). In 1954, a key member of the Nacionalista Party in the Lower House, Rep. Florencio Moreno, Chair of the Committee on Public Works, revealed that the majority of the solons agreed on a distribution scheme in which members of the majority in the Lower House would receive PHP 100,000 to PHP 120,000, while members of the minority will have an allocation of PHP 50,000 in the 1955 Public Works Act. Regardless of the agreed allocations, as Carino (1966) notes, legislators received varied amounts with the average values received annually in the late 50s/early 60s differing by party, from PHP 400,000 for members of the Nacionalista Party against PHP 300,000 for the members of the Liberal Party in the Lower House. Carino also validates the view that holding a key position in each chamber resulted in higher amounts of pork.

The varying amounts of pork received by legislators could also be rooted in the President's exercise of disbursing funds, with favored legislators getting higher amounts. Except for Roxas who served only briefly and at a time when the country was reconstructing from the damages wrought by World War II, no post-war president was free from the accusation that they

dispersed funds selectively, raised not only by the opposition but also by members of the President's own party who tended to receive less pork if they did not occupy key positions in Congress or were not part of the President's favored circle.

Another major concern related to the pork barrel in the pre-martial period involved the financing of the particularistic projects given the budget deficit confronted by government across the postwar administrations. Notwithstanding financial constraints, the Executive, given the pressure from supportive legislators, normally found a way to satisfy the craving for pork by lawmakers. Among postwar presidents, Quirino was most zealous in ensuring that funds could be disbursed for public works projects, in general, and the congressional pork barrel, in particular. In 1952, he exercised what he believed was his emergency powers and issued an Executive Order (EO 545) to appropriate nearly PHP 39 million for "urgent and essential public works" (Manila Bulletin 1952). The Executive Order was subsequently challenged in the Supreme Court by legislators opposed to the invocation of emergency powers. In February 1953, the Supreme Court issued its first judgment that clarified, as the highest court would reiterate six decades after, the separation of powers enshrined in the Constitution. In its decision written by then Chief Justice Ricardo Paras, the Supreme Court ruled:

> Shelter may not be sought in the proposition that the President should be allowed to exercise emergency powers for the sake of speed and expediency in the interest and for the welfare of the people, because we have the Constitution, designed to establish a government under a regime of justice, liberty and democracy. In line with such primordial objective, our Government is democratic in form and based on the system of separation of powers. Unless and until changed or amended, we shall have to abide by the letter and spirit of the Constitution and be prepared to accept the consequences resulting from or inherent in disagreements between, inaction or even refusal of the legislative and executive departments. Much as it is imperative in some cases to have prompt official action, *deadlocks in and slowness of democratic processes must be preferred to concentration of powers in any one man or group of men for obvious reasons*. The framers of the Constitution, however, had the vision of and were careful in allowing delegation of legislative powers to the President for a limited period "in times of war or other national emergency." They had thus entrusted to the good judgment of the Congress the duty of coping with any national emergency by a more efficient procedure; but it alone must decide because emergency in itself cannot and should not create power. In our democracy the hope and survival of the nation lie in the wisdom and unselfish patriotism of all officials and in their faithful adherence to the Constitution.
>
> Wherefore, Executive Orders Nos. 545 and 546 are hereby declared null and void, and the respondents are ordered to desist from appropriating, releasing, allotting, and expending the public funds set aside therein.
>
> *(Supreme Court 1953)*

Given the two concerns raised against pork barreling, newspaper reports from 1949 until prior to the declaration of martial law captured numerous proposals from legislators to suspend, at the very least, or completely scrap or stop the practice. In 1950, the Chair of the Senate Committee on Finance, Justiniano Montano, led members of the Upper House in proposing a five year moratorium on pork barrel appropriations to rechannel the funds for the development of Mindanao (Manila Bulletin 1950). The proposal was rejected by the Lower House. In 1953, Sen. Gil Puyat, chair of the Senate committee on public works, proposed a bill to "outlaw" the "scandalous pork barrel" and prescribe a more rational method of financing and executing public works

projects (Manila Bulletin 1953). In proposing the measure, Puyat claimed that "at least 30 percent of public works appropriations during the post War years … had gone into projects whose contribution to national development has not been gauged by the planners and executors of the government's investments in public works." Like Montano's proposal, Puyat's bill was not approved with Congress subsequently agreeing on a new public works act. Yet another legislator who continually opposed pork was Ferdinand E. Marcos. In 1955, Marcos, then a representative of Ilocos Norte, branded the whole public works outlay as a pork barrel fund, warning that the releases of these funds before the programmed items would be disastrous for the country's economic development (Manila Bulletin 1955a). In 1961, Marcos led the minority in the Senate in slashing the proposed public works bill (Manila Bulletin 1961b). Finally, in 1966, in his first term as president, Marcos submitted a bill to Congress that was designed to do away with the pork barrel and instead allocated PHP 1,500 for each of the 33,000 villages (*barrios*) in the country for self-help projects. The proposed bill was part of the campaign promise of Marcos, which in the words of his press secretary Jose Aspiras was meant to "eliminate the pernicious practices connected with the pork barrel, such as the partisan nature of allocating the funds, the ruling party often getting a bigger slice than the minority party" (Manila Bulletin 1966a). The Marcos bill was not passed and instead Congress was reported to have approved a measure allocating PHP 465 million for public works, PHP 80 million of which is the pork barrel fund (Manila Bulletin 1966b). Thus, notwithstanding his opposition to pork barreling, Marcos, as president from 1965, allowed for the continuation and increased considerably the spending on what his spokesperson earlier decried as a "pernicious practice."

As the Philippines was under martial law from 1972 to 1981, so was the formulation and execution of the entire government budget. After the formal (or paper) lifting of martial law in 1981, however, with an Executive-controlled legislature operating, the *Interim Batasang Pambansa* (Interim National Assembly), the congressional pork barrel was resurrected in 1983. Under the 1983 budget, the Support for Local Development Projects (SLDP) was included, with an allocation of PHP 84 million. The fund was to be released to the appropriate implementing ministries and agencies as recommended by the regional representatives to the national assembly and as approved by the President. Marcos was reported to have been pressured by members of his own party, the *Kilusang Bagong Lipunan*, to resurrect the congressional pork to support the re-election of these party members in the 1984 regular *Batasang Pambansa* elections. The SLDP was maintained in the General Appropriations Act until 1986.

The initial discussions have focused largely on the pork received by legislators. It should be emphasized, however, that authority over the disbursement of such pork, as well as other authorized funds, rested with the President who had the authority to veto the budget, and even if signed into law, the power to release or impound funds authorized by the budget. However, post-war presidents themselves have been criticized for having their own pork. For example, Ramon Magsaysay, the most popular president, established several programs that were clearly meant to sustain his popularity – the Social Welfare Administration, the National Employment Service and the Office of the Presidential Assistant for Community Development (PACD). In 1955, Magsaysay was faulted by long-standing members of his own party for the establishment of these offices that they argued were unnecessary and which obtained more funding to the detriment of their own pork. Rep. Mariano Bengzon, a Nacionalista Party member representing Pangasinan, castigated Magsaysay for "undermining the party" when he accused the President of filling up these agencies with Magsaysay for President Movement (MPM) boys who were still not Nacionalistas but already reaping the benefits (Manila Bulletin 1955b).

Pork after the 1986 political transition

It took just a year after Congress was re-established following the overthrow of the Marcos regime in 1986 for legislative pork to find its way back to the national budget. In the General Appropriations Act of 1989, three funds – the Mindanao Development Fund (MDF, with a PHP 480 million allocation), the Visayas Development Fund (VDF, with a PHP 240 million allocation) and the Inter-Regional Development Fund (IRDP, with a PHP 240 million allocation), were included. The first two funds (MDF and VDF) required that the "amounts … shall be equitably allocated among the congressional districts" and the "identification and prioritization of specific projects shall be made by and implemented in consultation with the representative concerned." The last fund, IRDP, required the involvement of the senators in identifying and prioritizing projects. These funds were all for capital outlay.

In 1990, the three funds were consolidated into the Countrywide Development Fund (CDF). Of the total PHP 2.3 billion allocation, PHP 2 billion was allocated for capital outlays and PHP 300 million for maintenance and operating expenses. Interestingly, the special provision on the CDF for 1990 and 1991 did not indicate that legislators would need to be consulted for the infrastructure and other priority projects to be financed by the CDF. This changed in the 1993 General Appropriations Act (GAA). The 1993 GAA was the first to formally stipulate an amount for each Representative (PHP 12.5 million), Senator (PHP 18 million) and even the Vice President (PHP 20 million). In the same GAA, the timing of fund release was also specified, quarterly and upon submission of the list of projects and activities by the officials concerned. The "ceiling" in individual allotments was maintained in subsequent GAAs, though the amount varied in these subsequent GAAs. For the 1996 GAA, the use of the CDF fund was expanded to include, aside from infrastructure projects, the purchase of equipment and support for current operating expenditures (of recipient agencies, including local government units).

In 1996, the former chair of the Commission on Audit, Eufemio Domingo, revealed that PHP 20 billion of CDF funds disbursed since 1990 had been wasted (Esplanada 1996). In view of this COA finding, the 1997 GAA included a provision which required the publication of countrywide development projects, which shall constitute the basis for the release of the funds. The inclusion of this provision was meant to defuse the calls for an abolition of the congressional pork barrel. This provision was maintained in the 1999 GAA.

Keeping with the campaign promise to abolish the congressional pork barrel, or more specifically, the CDF, the first budget prepared under President Joseph Estrada omitted the CDF. A closer look at the budget, however, reveals that there were three funds that were incorporated into the budget and that involved "prior consultation with the Members of congress" in its implementation. These funds were the Food Security Program Fund (FSPF); the Lingap Para sa Mahihirap (Lingap, "Care for the Poor") Program Fund and the Rural/Urban Development Infrastructure Development Fund. The food security fund, with an allocation of PHP 1.5 billion, was intended to support the construction of farm-to-market roads, post-harvest facilities and other agricultural-related infrastructure. The second fund, the Lingap, distributed the allocation of PHP 2.5 billion to six different items: food, nutrition and medical assistance (with PHP 500 million); livelihood development (with PHP 500 million); socialized housing (with PHP 500 million); rural waterworks (with PHP 300 million); protective services for children and youth (with PHP 300 million); and price support for rice and corn (with PHP 400 million). What is notable about this second fund is that it starts off the practice of allowing the use of congressional pork for individual beneficiaries, specifically through the food, nutrition and medical assistance; livelihood development; and the protective services for children and youth, items that would be subsequently labeled as "soft projects" in the 2011 GAA. Finally, the

Rural/Urban Development Infrastructure Program Fund (RUDIP), with an allocation of PHP 5.4 billion, was intended to fund infrastructure requirements of the rural/urban areas. Thus, the president who vowed to eliminate pork, Joseph Estrada, actually allocated more than three times the amount of the CDF, a total of PHP 9.4 billion, for these three 1999 GAA funds, compared to the PHP 2.3 billion allocated for the CDF in 1998.

In the 2000 GAA, the Estrada administration "resurrected" the CDF under a new program, the Priority Development Assistance Fund (PDAF), a clear indication that President Estrada had taken a 180 degree turn away from his vow to rid the budget of congressional pork. With an allocation of PHP 3.3 billion, the PDAF was to be used for a range of "priority programs and projects such as food security, economic and social infrastructure, hospitalization assistance, and financial support for priority development programs and projects of local governments." These items for PDAF funding basically take off from the coverage of the 1999 GAA programs mentioned earlier. In addition, the 2000 GAA included a new section under the Department of Public Works and Highways Budget, lump sum items labeled as "Various Infrastructures including Local Projects." This item, with a total allocation of PHP 14.999 billion, appears to take off from the 1999 RUDIP Fund given the provision that such "shall be used to fund infrastructure requirements of the rural/urban areas for roads and bridges, flood control and drainage facilities, water supply and other infrastructure, and shall be released upon the recommendation of the respective members of Congress." Estrada, though, in signing the 1999 GAA into law, vetoed the provision that required prior consultation with members of Congress.

Gloria Macapagal Arroyo maintained the two funds created by Estrada, PDAF and VILP. In the 2005 budget, Arroyo expanded the items that can be funded by PDAF based on the "10 point agenda" of her administration. Included in the items that could be financed by PDAF were scholarships; assistance for hospitalization of indigent patients in national and local hospitals; payment of health insurance premiums; livelihood assistance; *barangay*/rural electrification; water supply; financial assistance for pro-poor programs; and, irrigation, aside from the usual local public infrastructure. This list will be further expanded in 2007 to include the purchase of police vehicles and firetrucks; the purchase of medical equipment; the construction of low-cost housing units; the establishment/rehabilitation/maintenance and protection of forest, mangroves and watersheds and the maintenance, preservation of historical sites/heritage sites/artifacts.

Under the last administration, of Benigno S. Aquino III, the VILP was abolished but the PDAF was retained from the 2011 to the 2013 budgets. Like the 1993 GAA, the 2011–2013 GAAs stipulate the PDAF allocation per legislator, PHP 70 million for Representatives and PHP 200 million for Senators and the Vice President. Further, these GAAs divide the per legislator allocation between funds for infrastructure (hard) projects and those for soft (non-infrastructure) projects, with PHP 30 million of the funds per Representative allotted for soft projects and PHP 40 million for hard projects. For senators and the Vice President, their PHP 200 million allocation is divided equally for soft and hard projects.

In 2013, in the wake of a new exposé that revealed the wholesale misuse of pork barrel funds, petitions were filed before the Supreme Court (SC) assailing the constitutionality of PDAF. In a unanimous decision, the SC declared PDAF unconstitutional as it has "violated the principle of separation of powers, … the non-delegability of legislative power, … denied the President the power to veto items, … and impaired public accountability" (Supreme Court 2013). In view of this decision, the Aquino administration realigned the funds initially proposed for the PDAF in 2014 to the prospective implementing agencies. In the 2015 and 2016 budget, legislators were once more allowed to identify their infrastructure projects and these were incorporated into the Department of Public Works and Highways budget, under the Local Infrastructure

Program (LIP). While the latter takes away the role of the legislators in identifying the projects to be financed by their pork barrel allocations, the LIP resurrects the earmarking practice that started in 1924 and that was reincarnated as Congressional Initiative Allocations in the Ramos years.

Preserving power and position: why pork barreling will continue

More than nine decades since pork barreling started in the Philippines, the practice remains and the many incarnations of congressional pork indicate that it has been maintained and will remain for it satisfies several purposes. First, it has allowed legislators, the recipients of pork, to deliver both collective, and for some time, individualized goods to their constituents, a service, especially if credit is claimed, that contributes to a legislator's re-election. At local elections, politicians could still engage in targeting voters and direct pork funds to constituencies that can be deemed or eventually become their "core" constituents.

Second, there is evidence to indicate that politicians do siphon off resources from their pork for their own personal enrichment or to augment their resources to satisfy personal demands of their constituents.

Third, pork has enabled presidents to attain their goals. While these goals vary, from simply maintaining the support from most legislators to pushing a legislative agenda, Philippines presidents, despite their enormous constitutional powers, need to satisfy the parochial demands of sub-national politicians, especially those that belong to what Bueno de Mesquita et al. (2003) refer to as the "winning coalition." Thus, despite the rhetoric for reform of all post-1986 presidents, all have positively replied to the pressures from legislators to include their particularistic projects in the national budget. In the first place, for many of these presidents, the disbursement of pork is but a means of securing congressional support for their goals, be this political survival, pushing a piece of legislation or securing/quashing an impeachment complaint.

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8
CONGRESS
Separate but not equal

Diana J. Mendoza and Mark R. Thompson[1]

The noted Philippine political scientist Remigio E. Agpalo has argued that since Manuel L. Quezon became president of the quasi-autonomous Philippine Commonwealth in 1935, Philippine chief executives have not acted as presidents "checked and balanced by an independent judiciary and an autonomous Congress, both co-equal in principle, but as *pangulos*, or heads." This was "an indigenous value dating back to pre-Spanish times which prescribes that the family, the society, and the polity must operate like a body" with the head being "superior and paramount, it being the seat of intelligence and wisdom" and "all other parts of the body subordinate." Agpalo, who was writing in the mid-1970s, went on to note that Congress deferred to the president who played the role of "national patron" with legislators looking to benefit from that patronage in order to pass on patronage to their constituents, although this was more true of the house of representatives than the senate. Organized interests were seldom represented in Congress. The chief means by which Congress was able to establish oversight over the executive branch despite their dependence on presidential patronage was through "fiscalizing." Agpalo defined "fiscalization" as

> the militant criticism, castigation, or impeachment of the work, purpose, or integrity of a public agency or official, or a private individual or group in the name of public interest [which was] institutionalized in the rules of the House of Representatives, as well as of the Senate, providing for the "privilege speech."
>
> *(Agpalo 1975a, 5–6; also see Agpalo 1975b)*

This did not change Agpalo's overall view of Congress as a subordinate part of the body politic.

Writing in 2015 William Case reached a similar conclusion in his analysis of the Philippine Congress. Despite "extensive powers of oversight through an elaborate committee system" echoing that in the US Congress, individual representatives and senators sought "accommodation with the president, the chief dispenser of what is locally termed 'pork'." This led Case to conclude that legislators were "less interested in oversight than patronage" (2015, 257). This explains why "most legislators have remained uninterested in using their sundry committees to impose accountability" on the executive branch. The only major counter argument Case could find to this contention were impeachment cases filed against Joseph E. Estrada (president 1998–2001) and Gloria Macapagal Arroyo (2001–2010). Most legislators interviewed by Case

derided the impeachment process as "a 'numbers game,' its dynamic highly partisan, rather than any serious attempt to check the executive" (*ibid*., 258).

These two quotations, four decades apart, suggest much continuity in the analysis of the Philippine Congress. Although theoretically powerful, a constitutionally co-equal branch of the executive and judiciary, Congress appears highly dependent on the president as "patron-in-chief" responsible for the distribution of "pork" to Congress, exercising little oversight over the powerful chief executive. In this chapter, we examine this claim. In the first section we argue that the subordination of Congress to the president is due largely to its dependence on patronage ("pork"; see Holmes' chapter in the volume), generally controlled and distributed by the president and the lack of strong political parties that results in a lack of programmatic focus and mass-party switching after presidential elections (also see Hicken's chapter in the volume). The overwhelmingly elite character of representatives and senators contributes to its reactive character, aimed at protecting the oligarchy's interest rather than passing innovative legislation. The second part of the chapter focuses on the major tools Congress has to challenge the president: congressional oversight, impeachment/conviction and other powers. We conclude by arguing that while Congress is generally subordinate to the president, it does have powers to challenge the chief executive and to pass occasional landmark legislation.

A subordinated Congress

In relation to setting policies and formulating the national agenda within a system characterized by a separation of executive and legislative powers, "the process of approving and setting in motion legislative programs and policies has largely been at the initiative of the presidency in a process of negotiations and compromises with the legislature" (Rivera 1998, 255). Rivera (255–256) notes,

> the presidency's clout in this process derives from its control over the releases of crucial budgetary appropriations including the "pork barrel" funds of individual legislators in both Houses of Congress, and it is this singular power of the presidency over the disbursement of funds that makes both Houses vulnerable to presidential initiatives and agenda setting in law making.

Horse trading is the most effective way of getting Congress to pass laws. To get priority legislation passed, or to prompt legislators to vote in a certain way, or even to put bills on the legislative agenda, the president entices lawmakers by early releases of pork barrel funds or the appointment of members of the legislature to the Cabinet. Sometimes, cash incentives are offered by leaders of the two chambers, or by the president just to make them vote for a bill or ensure that there is a quorum when a vote is required for a bill (Coronel et al. 2004, 125).

There are other reasons for the weakness of Congress vis-à-vis the president, particularly the lack of stable, programmatic parties with a clear legislative agenda. The lack of well-defined party affiliations and discipline among members of the legislature has not only undermined their capacity for effective institutional legislative intervention, but has also relatively increased the presidency's clout in legislative policy making.

> In light of the weak party system that largely individualizes and fragments legislative behavior in both Houses of Congress, the presidency, through its control of budgetary releases and deployment of special resources and privileges, has generally commanded greater powers over the Congress even in legislative concerns.
>
> *(Rivera 1998, 256)*

With the absence of cohesive political parties committed to clear-cut programs of government, the presidency has generally enjoyed the upper hand in the negotiations and bargaining process with the legislature even in cases where the incumbent president belongs to the "minority party." Thus, a realignment of political forces in the legislature around the winning president normally attends each presidential election and further weakens attempts at strengthening the party-based system of articulating and aggregating interests. Without the disciplining force of parties animated by a common agenda of government, the incumbent presidency is able to cultivate a loose coalition of individual legislators and particularistic blocs on guarantees of easier and bigger access to choice "pork barrel funds" and special budgetary appropriations (*ibid*.).

Party-switching was particularly obvious after the election of Rodrigo R. Duterte as president in May 2016. Although Duterte came to power with what can fairly be termed a "micro-party" (Partido Demokratiko Pilipino-Lakas ng Bayan, Philippine Democratic Party-Power of the People) with only one senator and three seats in the House of Representatives, it soon became the ruling coalition through a familiar process of defections to the winning president's side (known as "political butterflies" or *balimbings* in the Philippines after the multi-pronged star fruit). As a result of postelection party-switching, however, he was able to assemble a 200-plus supermajority to back his ally Pantaleon "Bebot" Alvarez's bid for House speaker. Similarly, Aquilino "Koko" Pimentel, Jr., the lone PDP-Laban senator, was elected president of the Senate. This mass turncoatism occurred despite Liberal Party warnings during the campaign that Duterte planned to erect a dictatorship, showing how even parties claiming to be "programmatic" yield to their members' demands to be included in presidential patronage distribution to Congress.

Elite dominance

Another reason given for the weakness of Congress is that it is dominated by the traditional elite, undermining its reputation and making it largely reactive in character, with its primary focus being the preservation of the status quo. Robert Stauffer (1970, 36–37) summed up this critique of Congress during the pre-martial law era (1946–1972):

> Over the years, Congress has fallen into disrepute … The law-making body has become an object of scorn, hated and despised. To many Filipinos, Congress stands as a massive symbol of all that is dirty and evil in Philippine politics. To think of the legislature as an assemblage of learned men, many believe, is to be out of one's mind. For one, horseplay and shenanigans are standard fare in congressional deliberations. Absenteeism is prevalent, discipline is sadly lacking, and intellectual bankruptcy characterizes congressional discussions. To some, Congress is virtually a theater of the absurd.

Representation of interests is one of the critical interrelated aspects of democratic performance (Rivera 2006, 20). The other is the accountability of public officials to their constituencies. In the Philippines, interest representation has always been characterized by elite dominance in both local and national governments. "Through the selective or combined use of the politics of clientelism, patrimonialism, and bossism, political elites from the pre-war years to the post-Marcos period have succeeded in controlling national and local elective contests" (*ibid*.).

In the Eighth Congress (1987–1992), Gutierrez et al. (1992; as cited in Rivera 2006, 20) found that 83 percent of the members of the Lower House came from long-established political clans (also see Teehankee's chapter in this *Handbook*). Having studied national legislators up to

the 2001 elections, Coronel et al. (2004; as cited in Rivera 2006, 20) noted that the legislature is hardly representative of its citizens as a great majority of them are also part of families whose members have been in public office for two or more generations. In the 15th Congress (2010–2013) Ronald Mendoza (Mendoza et al. 2012, 132) found that dynasties remained dominant, with 70 percent of the members of the legislature elected from jurisdictions hailing from leading political clans.

> They possess higher net worth and win elections by larger margins of victory compared to those not belonging to political dynasties. Jurisdictions of political dynasties are characterized by lower standards of living, lower human development, and higher levels of deprivation and inequality.
>
> *(Ibid.)*

To date, the members elected to the Philippine Congress remain hardly representative of the general Philippine populace. Although the post-1986 Philippine Congress can no longer be described as "landlord-dominated" legislature, the members of Congress are still drawn from a narrow elite in terms of property, education, and social standing. Real estate developers, bankers, stockbrokers, and assorted professionals and business people have replaced the caciques of the past (Coronel et al. 2004, 4–5).

The dominance of the socioeconomic and political elite in the present Congress, just like in the previous Congresses, does not seem to promote a representative body. Caoili (1991–1992, 10) offered two distinct yet related explanations. First, the wide gap in social class, power, and wealth between the elected members of the legislature and those whom they represent tends to limit the ability of legislators to have genuine empathy for the real needs and demands of the majority of those they represent. Second, conflicts of interest are likely to occur and those in positions of power are likely to become conservative and choose to maintain the status quo (*ibid.*).

The Comprehensive Agrarian Reform Law (CARL) passed by the Eighth Congress in 1988 which was full of loopholes and exempted prawn and fish farms from redistribution is a prime example of how members of Congress used their legislative powers to protect their interests (Coronel et al. 2004, 36). CARL "was widely interpreted as a victory for the landed gentry that dominated Congress and led to the view that the legislature was a tool of vested interests" (*ibid.*, 130). The new "sin taxes" in the Twelfth Congress were not passed because allegedly "powerful alcohol and tobacco interests" – including Eduardo Cojuangco Jr., chair of San Miguel Corporation, and Lucio Tan, who owns beer, gin, and cigarette companies – used their allies in both Houses to stall the bill (*ibid.*, 27).

Sectoral and party-list representation in the House of Representatives, an innovation in the post-Marcos constitution, indirectly revealed how unrepresentative the institution is despite this explicit effort to give marginalized sectors of Philippine society greater representation. By allowing sectoral representatives to enjoy equal status with congressional district representatives in Congress, the party-list system "promised to broaden representation of marginalized sectors or political groups and enhance issue-based party politics." However, "the development of the party-list system has been stunted" since its implementation in 1998 (Bautista 2006, 95). Two factors have constrained the meaningful participation of marginalized sectors. Only parties or organizations that received more than 2 percent, 4 percent, and 6 percent of the party-list votes cast nationwide were eligible for one, two, and three of the available fifty seats, respectively, with none of the parties receiving more than 3 percent of the total seats regardless of the number of people who voted for them. This is not only contrary to the principle of proportional

representation, it also prevents a critical mass of reform-oriented party-list members in Congress from pushing progressive laws.

The party-list law also imposes more stringent requirements on representatives of smaller parties than on those of single congressional districts. For instance, they were forbidden from changing political affiliations without losing their posts, a prohibition that does not apply to colleagues in Congress with geographic constituencies (Bautista 2006, 96). To date, party-list representatives "continue to languish in the margins of the legislature and make very little headway in pushing alternative or progressive legislation that could translate ultimately into national policy" (Coronel et al. 2004, 238). "Some of them have fallen into the very mold of traditional politics they were supposed to change" (239).

Although the Philippine Congress in the post-authoritarian era has remained a stronghold of traditional political families, contemporary politics nevertheless reflects significant differences from that of pre-martial law days. For one, progressive, non-traditional politicians, some of whom hail from families who have rotated positions among their members, have emerged (Bautista 2006, 95). Jennifer Conroy Franco (2001) has shown how progressive, non-elite candidates can defeat authoritarian elites if the former have a strong support network and the latter are divided and/or do not have strong national backing from national allies. For example, with strong NGO support and the backing of a key Aquino administration official, Joel Rocamora, chief of National Anti-Poverty Commission (NAPC), Liberal Party opponents ousted the powerful Fua clan, a dynasty that had controlled Siquijor province for a quarter of a century, from its congressional seat (as well as the governorship) (Ansing 2013; Rappler 2013).

Term limits, another post-Marcos innovation, have forced politicians to be more "mobile," making "intra and inter-clan competition more intricate." The new term limits have eroded to some extent the monopoly of local patriarchs over power in the areas where they operated. This is further compounded by divisions among extensions of traditional families and the rise of new political clans; thus local and national elections have become very competitive and their outcomes less certain (Coronel-Ferrer 2004; as cited in Bautista 2006, 95).

Congressional oversight

Critics of Congress claim that these in-aid-of-legislation public hearings and investigations often take more congressional energy and time than deliberations over policy; hence, undermining possibilities for enacting urgent policy. Congressional hearings are also criticized for not being true to their purpose, that is, in-aid-of-legislation. Presidential Chief of Staff Michael Defensor referred to Congressional hearings on a controversial presidential decree as "actually a political witch-hunt," where members of the Cabinet are "pilloried, embarrassed, and insulted in the guise of an investigation" (Coronel et al. 2004, 136). Other critics suggest rather than spend "more time in law making" legislators choose "grandstanding" with their exposés of supposed abuse of power (*ibid.*). Amando Doronila (1998, 9), a well-known journalist, argues the Philippine Congress

> is bitten by the "attack" syndrome in which members of the legislature have expended their energy on investigations rather than on acting on the President's legislative agenda. Members of Congress are trying to make a mark by going into investigations rather than demonstrating their parliamentary skills or addressing problems of the economy. It is sad … to see members of Congress … trying to prove that they are better at being inquisitors rather than being legislators in a deliberative assembly.

For example, the Twelfth Congress (2001–2004) had a high output of congressional inquiries and low output of laws. The legislature had been a venue for all sorts of causes and a forum for investigating all types of accusations against President Gloria Macapagal Arroyo. In the House of Representatives, a record 420 privilege speeches were delivered and 621 legislative inquiries conducted. In the Senate, 43 investigations arising from privilege speeches were conducted (Coronel et al. 2004, 136). While a lot of committee hearings and investigations are undertaken, not all these conclude with committee reports. Without committee reports, the purpose or reason why these legislative inquiries are conducted in the first place is defeated. These hearings and meetings are supposed to thresh out recommendations, review policies, and make the necessary changes in the proposed laws (Guidaben 2007).

In the subsequent 13th Congress (2004–2007) Guidaben (2007) describes how in 2005, the media had a field day as the Senate followed the *jueteng* (illegal gambling) exposés at the House of Representatives and conducted its own series of public hearings on the illegal numbers game. Eight hearings in all were held, but no closure to the controversy arose from the inquiry. The four committees that conducted the highly publicized hearings failed to produce a committee report that was supposed to consolidate their findings and recommendations in aid of legislation. The 13th Congress ended with the issue still pending at the committee level. The *jueteng* inquiry was among the 792 meetings and hearings conducted by the Senate's permanent committees throughout the 13th Congress. More than half of this number are public hearings, some of which are high profile and extensively covered by the media.

By contrast, other authors consider congressional investigations and hearings as effective policy instruments or tools for good governance by promoting accountability of executive officials to legislators and transparency in government transactions, particularly those involving high-ranking officials in the executive branch of the government. Through its power of legislative oversight and control, Congress has helped in exposing and checking many cases of wastage, fraud, abuse, and graft in the government (Velasco 1997, 292). Congressional investigations and hearings also help realize two democratic principles – transparency in the government and the right of the citizens to participate in government processes. The Supreme Court this principle, declaring a controversial Executive Order unconstitutional and ruling that to nullify the right of Congress to compel executive officials to its congressional inquiries to access information from the executive branch is tantamount to giving up the right of the citizens to take part in government. The decision also emphasized that "a transparent government is one of the hallmarks of a truly republican state" (Nocum and Avendano 2006).

Moreover, since these congressional committee hearings and investigations are usually taken up and reported both by print and broadcast media, they also contribute to the political education of the citizens (Caoili 1991–1992, 14). Informed citizens are essential to democracy. Political education is carried out whenever Congress exercises its legislative oversight and control. Through committee hearings and investigations, citizens can become better informed about pressing national concerns.

Checking executive emergency powers

Another check by Congress on the executive is on the president's exercise of emergency powers or the exercise of the executive's prerogatives to declare martial law and to suspend the privilege of the writ of habeas corpus. In contrast with its pre- and martial law predecessors, the present Congress "exercises greater powers notably vis-à-vis the executive whose old emergency powers are either diluted, clipped, or put under legislative purview by the 1987 Constitution" (Velasco 1997, 285). At present, the president is authorized to exercise "powers necessary and proper to

carry out a declared national policy." However, these powers are only possible if authorized by Congress (Art VI, Sec 23[2]). Moreover, these powers are exercised for a limited period, subjected to restrictions by Congress, and unless sooner withdrawn by Congress, should cease automatically when Congress adjourns (Velasco 1997, 285). Fearing a repetition of Ferdinand E. Marcos' declaration of martial law in 1972 and establishment of a dictatorship that lasted until 1986, new provisions were inserted into the Constitution to "insulate the people against a repetition of the Marcos regime" (Bernas 1999, 35). These provisions do not only reduce the grounds for the imposition of martial law to "invasion or rebellion, when public safety requires it" (Art VII, Sec 18), but also broaden the constitutional checks placed on the president's exercise of his/her powers as commander-in-chief by the legislature. While the president may place the Philippines or any part thereof under martial law, the Congress may, voting jointly, revoke such proclamation and extend the proclamation beyond sixty days (*ibid*.).

Impeachment and conviction of the president

The Philippine Congress has wide ranging powers of impeachment (in the House) and trial of the president and other top government officials (the Senate). Impeachable offenses are a culpable violation of the Constitution, treason, bribery, graft and corruption, other high crimes, and even "betrayal of public trust." If the president of the Philippines is on trial, such as Joseph E. Estrada was in 2001 after he was impeached by the House in late 2000, the Chief Justice of the Supreme Court of the Philippines presides but does not vote. The background of Estrada's impeachment was a conflict between the president and Congress over the appropriation of pork barrel funds that placed both chambers on a collision course. This led political scientist Yuko Kasuya (2005, 521) to point out that the assumption that patronage is almost always effective in clientelist-ridden political systems is "unwarranted." Moreover, the various exposés regarding the excesses of the Estrada presidency brought the House to vote for his impeachment and, consequently, trial at the Senate. The Senate trial, however, was never concluded as supporters of President Estrada in the Senate refused to open the envelope that might have implicated him with all the charges against him. Instead failure to vote on conviction led to extra-legislative mobilization by elite-backed civil society, which led to Estrada's ouster. Several attempts were also made to impeach Estrada's successor, Gloria Macapagal Arroyo, but she was able to effectively employ her congressional majority, backed by skillful distribution of patronage, to stop these efforts to remove her from office despite a break between her and the House Speaker Jose de Venecia, Jr., with the deposed speaker signing a (failed) impeachment complaint against her.

Other powers

Under the 1987 Constitution, the Congress also has the power to confirm key appointments by the president. The Congress exercises the constitutional right and responsibility of advice on, and approval of, certain officials appointed by the president through the Commission on Appointments. The commission is made up of twelve senators and twelve members of the House of Representatives who are elected by each chamber on the basis of proportional representation from the political parties and organizations registered under the party-list system. The president of the Senate acts as ex officio chair of this body (Art VI, Sec 18).

Congress also exercises a constitutional prerogative of canvassing the votes received by candidates for the presidency and the vice presidency. It proclaims elected the candidate with the highest number of votes. However, if two or more candidates obtained an equal and highest

number of votes, the Congress exercises the power to *choose the president and the vice president*. The candidate who will be supported by a vote of a majority of all the members of the Senate and the House of Representatives voting separately will be proclaimed the president and the vice president (Art VII, Sec 4).

The Philippine Congress can also propose amendments to, or revision of, the Constitution for ratification by the people. It can act as a constituent assembly upon a vote of three-fourths (3/4) of all its members, or may call a constitutional convention by a vote of two-thirds (2/3) of its members, or submit the question of calling such a constitutional convention by a majority vote of all its members (Art XVII, Sec 1). The move to amend the 1987 Philippine Constitution has brought the Senate and the House of Representatives into a real deadlock. Between the two chambers of Congress, it is the House of Representatives that had shown self-serving interest in desiring to amend the Constitution rather than the Senate. The proposal to amend the Constitution in the 13th Congress (2004–2007) was not exactly new, neither are the major players and the arguments raised for or against it. As early as 1989, barely two and a half years after the 1987 Constitution was approved in a plebiscite, calls for constitutional change had gained momentum and received much media attention. The failed December 1989 coup had, in part, triggered the discussion on constitutional change. In 1991, the House of Representatives adopted a unanimous resolution endorsing the shift to a parliamentary form of government, and had the Senate agreed to it, the shift would have been implemented in the 1992 elections.

In 1993, the House persisted and proposed a two-stage process. The first stage was to amend the Constitution in 1994 via a people's initiative to install a unicameral assembly that would take effect on the date of its ratification (1995), and the second stage was to convene the unicameral assembly as a Constituent Assembly to draft the needed constitutional reforms including the shift to a parliamentary form of government in 1998 or before 1998 (De Venecia 1993, 11–12). The Senate rejected the proposal.

The move to amend the Constitution was brought up again in late 1996 when the People's Initiative for Reform, Modernization and Action (PIRMA), the organization supporting charter change through a people's initiative, was launched in December of that year. But in March 1997, the Supreme Court unanimously revoked the petition of PIRMA for a people's initiative for lack of an enabling law on a people's initiative.

Another attempt at a people's initiative came in 2006. After the Supreme Court ruled in November 2006 against the legality of the people's initiative petition by the Union of Local Authorities of the Philippines and Sigaw ng Bayan, major political parties in the House majority coalition created a multiparty working group to finalize the proposed amendments to the 1987 Constitution. The amendments include the shift from the presidential form of government to the parliamentary form, and from the bicameral to a unicameral one.

On December 7, 2006, the House of Representatives approved House Resolution No. 167 convening Congress into a constituent assembly. The plan of the House majority coalition was to have key amendments to the Constitution approved before Congress took a Christmas recess, a plebiscite by February, and a new parliamentary government and constitution by the end of 2007. In an attempt to hasten the process, the House approved another resolution amending its own rules. The resolution provided for the deletion of that specific section in the House Rules of the Thirteenth Congress that states:

> Proposals to amend or revise the Constitution shall be by resolution which may be filed at any time by any member. The adoption of resolutions proposing amendments to, or revision of, the constitution shall follow the procedure for the enactment of bills.

What the adoption of the resolution means is that amending the Constitution will not adopt the three-reading procedure in each chamber of Congress that is followed for the enactment of laws. While each chamber of Congress determines, and is governed by, its own rules, the actions and intentions by the House of Representatives left no doubt that self-serving interests of proponents in the House and not the public interest is to be served by amending the Constitution.

Meanwhile, civil society groups and the media were closely monitoring the turn of events in the House, the Senate, and Malacańang. Public pressure on Congress and the executive continued to build up. As in the past, the Senate stood its ground and rejected the House's resolution. Also, the members of the Senate did not allow themselves to be "coerced" by the 72-hour deadline set by Speaker de Venecia. Finally, on 12 December 2006, the House of Representatives voted to archive its earlier resolution of convening the Congress into a constituent assembly. Had the Senate agreed with the House of Representatives, Congress could have started to exercise its constituent powers to propose amendments to the 1987 Constitution by December 12, 2006.

As of this writing, incumbent president Duterte is proposing constitutional change. Although supposedly focused on introducing a federal form of government, once constitutional rewriting commences key liberal features of the present 1987 constitution might be removed to make it more in keeping with the country's current illiberal Zeitgeist given a violent crackdown on drug dealers and users. Duterte has repeatedly warned that he may be "forced" to declare martial law to complete his drug crackdown and has criticized the current constitutional provision that requires the approval of the Supreme Court and Congress before a president can declare martial law (Corrales 2016). Given Duterte's open contempt for human rights and his violent "war on drugs," the promised "overhaul of the Constitution can easily stoke the fear that it is an attempt to reinstate authoritarianism and curtail civil rights and political freedoms" (Arugay 2016). There is some indication that powerful factions in Congress may oppose constitutional change, but this in turn could provoke a showdown over the president's powers to declare martial law.

Occasional landmark legislation

Despite dependence on presidential patronage, weak political parties, and dominant elite interests, the post-Marcos Congress can be credited for several laws that address some of the major issues confronting Philippines society. There are a number of important examples of such landmark legislation: the Free Public Secondary Education Act provides free public secondary education; the Generics Act which regulates the prices of prescription drugs and provides choices of affordable medicines; the Magna Carta for Disabled Persons which provides for the rehabilitation of disabled persons and their integration into the mainstream of Philippine society; the Campus Journalism Act encourages student publications and autonomy of students in determining editorial policies and managing publications' funds; the Anti-Rape Law which reclassified an antiquarian law which made rape a crime against chastity into a crime against persons; the Local Government Code provides devolution of power from the national government to local government units and participation of non-governmental organizations and people's organizations in local governance; the Organic Act for the Autonomous Regions provides extensive powers to the governments of both regions in both the autonomous region in Muslim Mindanao (ARMM) and the Cordillera Autonomous Region (CAR) with the aim of promoting more participatory governance; the Fisheries Code protects the rights of subsistence fisherfolk; the Indigenous People's Rights Act recognizes the right of indigenous peoples to their ancestral land; the Clean Air Act bans incinerators and provides measures to alleviate air pollution;

the Urban Development and Housing Act provides housing subsidies and some security of tenure to "squatters"; the Solo Parents Welfare Act penalizes discrimination against solo parents and provides benefits, assistance, and services to solo parents and their children; the Anti-Violence against Women ACT penalizes acts of violence against women and their children as a public crime.

Conclusion

Despite its relative weakness vis-à-vis the president and its elitist character, in both procedural and substantive terms, the Philippine Congress is democratic. Despite the importance of presidential patronage which largely subordinates Congress to the presidency, the principles of separation of powers and checks and balances are often upheld by both the House and the Senate through congressional hearings and investigations, impeachment proceedings and constraints on the president's powers to declare martial law and its role in constitutional change. Substantively, Congress should be commended for landmark legislations that addressed central problems in society. At the same time, Congress has neglected key policy areas such as substantive land reform, an anti-dynasty act, and new laws to strengthen political parties and the party-list system.

Note

1 Parts of this chapter appeared in Mendoza, Diana J. 2010. "Democracy and the Philippine Congress," in *Philippine Politics: Democratic Ideals and Realities*, Ateneo de Manila University Department of Political Science. Quezon City: Ateneo de Manila University Press. Ateneo de Manila University press kindly granted permission for these passages to be used again here.

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9
THE PRESIDENCY
A relational approach

Mark R. Thompson

The Philippine presidency is the oldest in Asia.[1] As of mid-2016, there have been sixteen Philippine presidents during several historical phases. In his survey of the broader concept of "presidential republics" (non-monarchies with a president as head of state) Jean Blondel overlooks the pre-U.S. colonial presidential tradition in the Philippines which gives it one of the longest (if discontinuous) traditions of presidentialism in the world (Blondel 2015, ch. 10). The first president, Emilio Aguinaldo, was proclaimed president by a revolutionary government established in 1899 after the defeat of the Spanish colonial rulers. After Aguinaldo's capture by invading U.S. forces intent on recolonizing the Philippines in 1902, presidentialism was restored in the Philippines as a colonial variation of the U.S. presidential system under the 1935 Commonwealth Constitution with the election of Manuel L. Quezon as president in that year. Jose P. Laurel served as president from 1943 to 1945 during the Japanese occupation period. U.S.-style presidentialism was restored after the defeat of the Japanese with Sergio Osmena, who had succeeded Quezon upon the latter's death in 1944 and served as the second Commonwealth president.

The first competitive presidential election of 1946 held in the newly proclaimed Philippine Republic was won by Manuel A. Roxas who had briefly served as the third and last Commonwealth president. Until the declaration of martial law in 1972 by President Ferdinand E. Marcos, the presidential form of government was firmly instituted in Philippine political life with four presidents elected during this period: Elpidio Quirino (who as vice president had succeeded Roxas upon the latter's death in 1948) in 1949, Ramon Magsaysay in 1953, Carlos P. Garcia in 1957, and Diosdado Macapagal in 1961. After fourteen years of authoritarian dictatorship (which, in the early period, took the form of a pseudo-French-style presidential-parliamentary system but leaving real power to Marcos), competitive electoral presidentialism was reintroduced as part of the democratic restoration in 1986. In February of that year, Corazon "Cory" C. Aquino was proclaimed president after the ouster of Marcos following what were widely seen as stolen presidential elections through a "people power" uprising. She was followed by Fidel V. Ramos (elected in 1992), Joseph E. Estrada (elected in 1998), Gloria Macapagal Arroyo who as vice president had succeeded Estrada when he was overthrown in 2001 and then won the controversial 2004 presidential elections, and Benigno "Noynoy" S. Aquino, III, the son of Cory Aquino, who easily won the 2010 polls. Most recently Rodrigo Duterte won the presidency with a clear plurality of votes in the May 2016 elections. As of this writing he has promised to call a Constitutional Convention and change the presidential system to a parliamentary

one, meaning that he might be the country's last president (at least until another change of governmental system).

A number of scholars have examined the Philippine presidency as an institution (Romani 1956; Cortes 1966; Bacungan 1983; Agpalo 1996; Kasuya 2005 and 2008; Rebullida 2006a and 2006b; Teehankee 2011; Kawanaka 2013). This is not surprising as the Philippine chief executive is extraordinarily powerful. A recent comparative analysis, for instance, cited the Philippines (along with Argentina) as an example of hyper-presidentialism due to weak restraints on the appointment powers of Philippine presidents, their demonstrated ability to circumvent legislative and judicial constraints, and their domination of theoretically independent regulatory and oversight agencies (Rose-Ackerman and Desierto 2011). Bolongaita Jr. (1995, 110) argues that "among presidential democracies, the Philippine president virtually has no equal in terms of aggregate executive power." The president controls the bureaucracy and policy execution (including the use of executive orders) and also has the power of budget making and implementation (de Dios 1999; de Dios and Esfahani 2001). The presidency was marginally stronger under the 1935 Commonwealth than the 1987 post-Marcos constitution, particularly due to limitations placed on emergency powers and the single term limit under the newer constitution. Both changes can be seen to have been driven by fears of presidential abuse of power given the country's authoritarian experience under martial rule. But surprisingly, otherwise presidential powers remained strong (Kasuya 2008, 86).

This chapter does not offer a comprehensive history of the Philippine presidency (for a recent historical overview of Philippine presidencies see Rebullida 2006a). Rather it will examine different conceptual approaches to the Philippine presidency, concentrating on Marcos and the post-Marcos presidents. It begins by describing and critiquing the presidential-style approach to the Philippine presidency and then turns to the clientelist perspective. It then proposes an alternative analytical approach, namely, the relational concept of presidential regimes developed by the U.S. political scientist Stephen Skowronek. It attempts to evaluate the performance of Philippine presidents, not just in terms of personal and persuasive qualities, but also on the basis of sequencing the presidency within a political regime. Moreover, it analyzes the cycle of presidential challenges within the context of strategic moments that lie between regime structures and agents' choices.

Presidential-style and clientelist approaches to the Philippine presidency

In presidential systems like the Philippines (characterized by the separate election of the executive and legislative branches for fixed terms of office), identifying the strengths and weaknesses of sitting presidents preoccupies the media and many academic analyses. Judging the success or failure of an incumbent with the assumption that the personality characteristics of the chief executive are crucial can be termed a presidential-style or voluntarist approach. The presidential-style approach stresses the agency of presidents rather than focusing on larger factors affecting the course of a presidency. Scholars who favor this approach analyze whether the powers of a president are sufficient to meet the demands put upon her or him. The president is shown to be operating within the governmental system like a star athlete competing in a sports stadium. How well presidents perform depends on their skill in playing the political game. Given how important a president's personal qualities are, scholars working within this tradition have high expectations of what a president can accomplish, yet they also worry that little may be achieved.

A major problem with the presidential-style approach is that by trying to identify objective personality characteristics, the subjective character of such evaluations is overlooked. Perceptions of presidential performance are shaped by the prevailing "narrative" of the presidency,

a discourse used to legitimize a president independent of objective measures of political performance (the rate of economic growth, the degree of political stability, etc.). Lacking a theory with which to analyze this discursive framework, presidential-style evaluations of a president can easily become arbitrary and contradictory.

In the Philippines, two examples of the presidential-style perspective illustrate its subjective character and the competing conclusions that often result from it: Remigio Agpalo's "*pangulo*" theory and Corazon C. Aquino's "moral crusade" to rid the nation of a corrupt dictatorship. In his analysis of the characteristics of leaders and presidents in the Philippines, Agpalo (1996) focused on the strong supremo-style presidents such as Filipino revolutionary leader Andres Bonifacio and, in recent times, Ferdinand E. Marcos. Both Bonifacio and Marcos had strong ideological convictions and the organizational means to carry through on these commitments. In Agpalo's estimation, Marcos is the best example of the president-as-strongman. Marcos believed that the nation's oligarchical structure had weakened Philippine society, Agpalo explains, and he was thus determined to use all the powers of the bureaucracy to transform the Philippines into a new society through rapid economic and social development. Agpalo appears to overlook Marcos's many character flaws and the fact that he was much less successful than other developmentalist dictators such as South Korea's Park Chung-hee (Hutchcroft 2011). But Agpalo still regards Marcos as the president most dedicated to developing the Philippines. If Marcos was the ultimate *supremo*, in Agpalo's eyes Corazon "Cory" C. Aquino, Marcos' successor as president, was his exact opposite inasmuch as she had neither clear political vision nor strong organizational backing that Agpalo considered essential for a successful presidency. Assuming the presidency as a result of the people power uprising against Marcos, she ruled over an (unruly) coalition that ranged from conservative oligarchs to radical activists. Infighting later broke out among her political allies, with frequent demonstrations and coup attempts directed against her. Her governing style was largely reactive, fending off those trying to weaken or overthrow her administration.

Diametrically opposed to Agpalo's views on Aquino is the so-called "yellow," or pro-Aquino, perspective, which takes into account her unusual background, personality, and moral appeal (Rebullida 2006b). In such moralistic terms, the tables of presidential performance are turned. Marcos is now cast as a demon, while Aquino becomes the unassuming hero willing to lead the nation toward democracy despite her lack of interest in politics. Judged only by his developmentalist goals, Marcos once appeared to have been a successful Philippine president. But in the wake of the assassination of her husband, Benigno "Ninoy" Aquino Jr., in August 1983, the Marcos project came crashing down under the twin burdens of political crisis and debt overload. In this environment the pro-Aquino, reformist narrative's portrayal of Marcos as a corrupt dictator struck a chord. According to Agpalo (1996), Marcos was the nation's greatest president, but he is now regarded by many as the worst, and certainly the most corrupt (Aquino 1999). By contrast, the national mourning that followed Cory Aquino's death in 2009 shows how for many Filipinos she had become the country's leading icon thanks to her moral capital, despite her being a weak president in Agpalo's terms.

This discussion demonstrates that how a president's performance is judged depends very much on the expectations and perceptions of the observer. It can be asked, for example, why the corruption scandals that dogged the administration of Fidel V. Ramos (1992–1998) – such as the PEA–Amari deal – did not undermine his reformist presidential narrative, while illicit dealings under the populist Estrada were sufficient to justify his extra-constitutional ouster (under the guise of revived people power). Ramos's self-proclaimed reformism made his presidency teflon-like in regard to corruption charges. By contrast, Estrada – already tagged by middle- and upper-class supporters of the reformist regime as a lazy buffoon with only cheap movie star appeal to the poor – could easily be portrayed to elites as corrupt.

Similarly, we can ask why rapid economic growth under president Benigno "Noynoy" Aquino III (in office from 2010 to 2016) boosted his popularity – vindicating in his mind his "good governance is good economics" slogan – while high growth during the era of his predecessor, Macapagal-Arroyo, won her no popularity whatsoever. Judgments about a president are clearly not formed in a vacuum, but according to a dominant regime narrative and how the narrative is applied to each presidency. High economic growth during the Aquino administration was attributed to its reformism, while similar levels of economic growth under his predecessor Arroyo did not raise her low political standing. What is needed then is a framework that allows more systematic assessment of the construction of presidential narratives.

If the scholars who take the presidential-style approach stress the performance of individual presidents, agency and the personal qualities of particular presidents virtually disappear in the second approach, a clientelist one that reduces presidential action almost entirely to the demands of the patronage system. Given the extraordinary powers the Philippine president possesses over the budget and the extensive clientelist ties evident in Philippine politics, this approach portrays the president as little more than a dispenser of patronage (although there is the occasional patronage distribution-challenged president, as we will see below). Although patronage distribution is crucial for influencing legislative decision-making, its exclusive focus on the powers of the presidency in this regard leads to an overly structuralist view of the Philippine presidency – one that is unable to explain why extra-electoral strategic groups have proved capable of overthrowing presidents despite chief executives' control of pork barrel.

While the presidential-style approach attempts to evaluate the performance of individual presidents, agency virtually disappears in the second approach, a clientelist one that reduces presidential action almost entirely to the demands of the patronage system with the president as patron-in-chief.

The patron-client or structuralist approach that has long been dominant in the study of a country's politics has also been influential in the analysis of the Philippine presidency (on clientelism by Masataka Kimura and John Sidel in this *Handbook*; the most influential work on clientelism in the Philippines has undoubtedly been Landé 1965; for a more recent critical overview of the literature on clientelism see Kerkvliet 1995 and Quimpo 2005). This approach posits that politicians are elected thanks to their clientelist ties, which pyramid upward from voters to local and then national politicians. Presidential candidates after the era of Ferdinand E. Marcos (1965–1986) have often founded their own political parties (and/or party alliances), revealing that parties are not well institutionalized vehicles that presidential candidates join to run for the country's top office, but are instead little more than clientelist networks put together for a particular presidential campaign. Once elected, presidents use pork barrel to reward their network allies and create majorities in Congress. Reducible to its role within a patron-client system, the presidency as an institution is of little independent interest as it is the network of clientelism that is of real importance in Philippine politics.

The clientelist approach is not without merit, but it is both too general and incomplete. It draws on a core understanding of Philippine politics as highly oligarchical. Whether called "cacique democracy" (Anderson 1988) or "booty capitalism" (Hutchcroft 1998), this is not "real" democracy given that "elite dominance, institutional weakness, and widespread abuse of public office [meaning] true representation is largely illusory" (Dressel 2011, 529). This approach reduces politics to little more than a battle for the distribution of government resources (patronage) among an avaricious elite, loosely governed by electoral rules restored after the fall of Marcos in 1986. Viewed this way, the Philippine presidency is a mere epiphenomenon in which the president is enmeshed in a patronage system and the larger structures of oligarchical domination. This perspective does not allow for a differentiated assessment of post-Marcos presidents as

they have all been drawn from the oligarchy. What is the point of studying particular presidents if they are all just oligarchs with extensive patronage networks?

The clientelist approach is also incomplete insofar as it ignores evidence that national elections are now won through direct media appeals to voters by candidates (Teehankee 2002 and 2010; Hedman 2010). To sway voters, candidates need a convincing media-based campaign narrative (Thompson 2010; Teehankee 2013). By focusing exclusively on the ties between political leaders and their followers, the clientelist approach overlooks the importance of campaign narratives (Thompson 2010). Given her strong anti-dictatorship, anti-corruption narrative, Cory Aquino, though clearly outgunned, outgooned, and "outgolded" (outspent) by the incumbent Marcos in the 1986 snap presidential elections, was able to win the voting, some observers believe, even if she lost the (manipulated) counting (Thompson 1995, Chapter 8). In almost all post-Marcos presidential elections candidates who lacked convincing direct media appeal – whatever the strength of their political machinery – have been decisively defeated. The exception is Gloria Macapagal-Arroyo (president from 2001 to 2010), who was able to use all the patronage available to an incumbent president to "win" the 2004 elections. Yet even here the populist appeal of Arroyo's opponent, Fernando Poe Jr., was strong, despite his very limited patronage machinery and it is widely believed Arroyo manipulated the election result (Chua and Olarte 2006).

In his study of the 1992 presidential election, Landé (1996) relativized the theory he had earlier formulated about the clientelist nature of Philippine politics. Landé pointed out that in the 1992 presidential election, Ramon Mitra finished a distant fourth in spite of the fact that he had the most money to spend and the strongest political machine (which Landé measured through the numbers of successful provincial political leaders each candidate had as allies). The winner in 1992, Fidel V. Ramos, had the backing of fewer than half as many elected governors, representatives in the Lower House, and senators as Mitra did. He also reportedly spent less on his campaign than Mitra. The second place finisher in the 1992 election, Miriam Defensor-Santiago, had almost no political machinery measured in Landé's terms, and she is said to have spent only a minuscule percentage of what Mitra and Ramos did. Yet she lost to Ramos by fewer than four percentage points (Mitra finished nearly 10 percent behind Ramos in that election). Citing interviews with politicians who agreed with his analysis, Landé concluded that "leaders can no longer deliver their constituents blindly." Rather, the media has become the chief means by which voters assess national candidates (*ibid.*, 107).

Estrada's successor, Gloria Macapagal-Arroyo, was a clear master of patronage politics, but even she was not able to stop the populist juggernaut of Fernando Poe Jr. – Estrada's friend and even more popular movie star politician – in 2004. Enjoying the strong backing of elites who feared Poe, Macapagal-Arroyo turned to electoral manipulation to ensure her victory in that election. Arroyo paid for her electoral wrongdoings, however, when she was later caught on tape apparently discussing voter manipulation in the 2004 national election with then election commissioner Virgilio Garcillano. This so-called Hello Garci scandal of mid-2005 revealed the extent of the cheating involved and resulted in a loss in her popular support. But Arroyo was able to cling to power because three of the country's chief strategic groups – big business, the Catholic Church hierarchy, and the military brass – did not turn against her, as will be discussed below, despite the vehement opposition of civil society activists. Estrada was a failed president in clientelist terms because he lost the support of the lower house in Congress. In addition, he also lost the support of the key elite strategic groups. The Catholic Church hierarchy and big business had never trusted Estrada; in the end civil society activists and the top military brass also withdrew their support. Yet, he retained enough support from the poor Filipino masses (*masa*) to finish second in the presidential 2010 elections despite very limited patronage machinery.

Arroyo, by contrast, masterfully distributed patronage and skillfully divided potential elite opposition but was the most unpopular post-Marcos president according to opinion polls. A broader form of analysis that goes beyond clientelism is needed to capture both these elite and popular dimensions of presidential performance.

A relational approach

Political scientist Stephen Skowronek's influential studies of presidential performance in the United States (1997 and 2008) are based on a relational approach that, in the Philippine case, can be seen as an alternative both to the presidential style and clientelist perspectives. Skowronek argues that presidents cannot be judged adequately by their personality, individual attributes, or manner of governance. Their performance must be placed in the larger context of a presidential regime that is shaped by particular ideologies, dominant interest groups, and institutional configurations established by their predecessors. Presidential regimes, Skowronek explains, are constructed around ideologies and the upholding of interests embodied in a preexisting institutional arrangement. Except for rare cases in which a regime becomes ripe for reconstruction, a president ascends to power within a politico-institutional setup that shapes perceptions of the particular administration. The political identity of an incumbent president, then, is judged according to whether s/he is affiliated with or opposed to the prevailing regime. Opportunities for success available to an incumbent president hinge on how resilient or vulnerable a regime has become: a regime that remains strong is good for affiliated presidents, but harsh on would-be preemptors to it; the opposite holds true for a weakened regime. Thus, according to this approach, presidential leadership is defined more by one's relationship to the prevailing regime than by personal style or character.

This relational approach does not, however, rule out agency. By locating a president's sequencing within an existing regime, this perspective allows for a fairer judgment of their choices because it takes into account the constraints they face. In the Philippine case we can say that while clientelism constitutes an important base of presidential power (the president as patron-in-chief), it does not explain key presidential actions and their base of support, either with the elite or with the voters. Thus, Skowronek's approach tries to navigate between deterministic structures (clientelism in the Philippine case) and the voluntarism implied by the presidential-style approach. To paraphrase Marx, presidents act, but not in any way they choose.

Skowronek argues that the current political regime of small government in the United States began during the presidency of Ronald Reagan, which repudiated the liberal New Deal-style regime started in the 1930s by Franklin D. Roosevelt. Similarly, in the Philippines, Cory Aquino's new liberal reformist regime put an end to Marcos's failed developmentalist authoritarianism. Liberal reformism involves a discursive commitment to democracy and combating corruption in the name of good governance (Thompson 2010). This post-Marcos reformist regime provides a good context in which to analyze presidential leadership in the administrations of five post-Marcos presidents: Corazon C. Aquino, Fidel V. Ramos, Joseph E. Estrada, Gloria Macapagal-Arroyo, and Benigno S. Aquino III. The relationship a particular president has to this prevailing regime strongly influences the perception of how successful their presidency is.

The concept of presidential regimes – developed by Skowronek to study the United States, the oldest and one of the best institutionalized presidential systems in an industrialized country – cannot be applied without substantial modification to a developing country such as the Philippines, which is characterized by chronic political instability and widespread poverty.

Skowronek's emphasis on ideology in the construction of presidential regimes is problematic in the Philippine context in which campaign narratives and governing scripts do not have a systematic, programmatic quality. In the Philippines, political party ideologies are widely regarded as being very weak (Manacsa and Tan 2005; Hicken 2009). But candidates craft campaign narratives for their campaigns to appeal to the hopes and values of the electorate. Thus an emotional link is forged between voters and candidates. While not programmatic in a systematic sense, narratives do have an ideological quality in the sense that they present an oversimplified and one-sided view of reality, which can be used to disguise class or other interests. Previously applied predominantly to fields in the humanities, the use of narratives as a mode of analysis is increasingly being utilized in the social sciences and in the study of politics in particular (Hinchman and Hinchman 1997; Patterson and Monroe 1998; Elliott 2005).

The Philippine liberal reformist regime is based on a discourse of democracy and good governance typified in the presidencies of Cory Aquino and most of her successors (Ramos, partially Arroyo, and Noynoy Aquino). Reformism claims that reestablishing democracy, fighting corruption, and improving the efficiency of governance is the chief executive's most important mission. "I will not steal from you," this bourgeois political narrative promises. Reformism avoids questions of equality much less redistribution, eschewing direct class-based appeals and claims instead to act in the national interest. Reformism became the dominant political narrative during the anti-Marcos struggle, particularly after the assassination of her husband Benigno S. Aquino, Jr. in 1983. Cory Aquino used this narrative in her presidential election campaign against Marcos in 1986 and it remains the most highly influential political discourse in the Philippines today (Thompson 2010).

Interests – dominant social groups with common aims – are a second component of Skowronek's understanding of a presidential regime. These also need to be analyzed differently in the Philippines than in the United States. Given the fact that most of the population of the Philippines is poor and relatively powerless, strategic groups in the Philippines are more powerful than C. Wright Mills's "power elite" in the United States (Mills 1956). For Hans-Dieter Evers and his collaborators (Evers 1973; Evers et al. 1988), "strategic groups" are not reducible to a social class (e.g., the bourgeoisie) that form a homogenous ruling elite. As group consciousness emerges, heterogeneous elite groups begin to act strategically to accumulate power resources and attempt to influence state policy. Strategic groups have elitist leaderships (sometimes hierarchical, in other cases decentralized) with a lower-level membership, clientele, or mass base. Although distinguished by their different power resources (the military: force/coercion; big business: capital/property, etc.; religious leaders: a belief system), these groups may unite around a program of political action based on common interests and ideological commitments. Going beyond the general oligarchical domination perspective discussed above in reference to the clientelist approach, a strategic group analysis offers the advantage of analyzing those particular elite groups whose backing is crucial for a stable presidency, but whose withdrawal of support can lead to a president's downfall. As extra-electoral power brokers, strategic groups can buttress or challenge the power of a president.

In the Philippine context, four extra-electoral strategic groups have played critical roles in presidential politics during and after the Marcos regime: big business, the Catholic Church, civil society activists, and the military. Except for the military, these groups are officially outside of government, although they all have close ties to the state, with representatives of big business and civil society groups often taking high-ranking positions in presidential cabinets. They all have large organizations that allow them to mobilize supporters for or against a president, either nonviolently (such as through demonstrations) or with a show of force (by military intervention). Each of these groups became politicized during the Marcos dictatorship, leading them to

become major advocates of reformism. They went from being core groups in the opposition struggle against authoritarianism to independent actors after Marcos. Sometimes united (e.g., against Estrada) but in other cases divided (e.g., under Arroyo), strategic groups have supported reformist presidents but often turned against those whom they considered to have challenged or betrayed this regime narrative.

Before martial law, traditional political elites exercised power locally and dominated elections either by supporting campaigns or running as their own candidates. Their electoral base, largely unchallenged in those days, was nearly destroyed by Marcos – who first suspended and then manipulated elections. With the restoration of electoral democracy in 1986, reempowered politicians found themselves facing potential challenges from extra-electoral strategic groups that became politicized in opposition to Marcos. Big business funded demonstrations against Marcos; bishops turned from "critical collaboration" to opposing Marcos's dictatorship; civil society-led protests erupted; and the military became factionalized. The loyalty of these strategic groups has been crucial to each president's success in post-Marcos Philippines.

The third and final element of Skowronek's presidential regime analysis, political institutions, also needs to be rethought in the Philippine context. While the United States has a constitutional arrangement that, with some modification, spans two centuries, the Philippines is a recently democratizing country. Philippine presidents (particularly given their extensive discretionary budgetary powers) are quite strong, resembling in this sense more their Latin American than U.S. counterparts (Teehankee 2013). But the Philippine presidency has been unstable, as repeated people power movements and numerous coup attempts demonstrate. In the Philippines, like in much of Latin America, a strong presidency is situated in a weak state.

Analyzing post-Marcos presidents

Once these three modifications are made to Skowronek's theory, presidential administrations in the post-Marcos era can be better understood. Cory Aquino led the movement that overthrew Marcos and established a new but unstable reformist presidential regime as a "foundationalist" president, in Skowronek's terms. Fidel Ramos was an "orthodox innovator" who consolidated this regime as the military and other strategic groups lined up behind his presidency. Joseph Estrada tried to "preempt" liberal reformism with direct appeals to the poor but this populist challenge to the prevailing regime angered key strategic groups and they forced him from power. Gloria Macapagal-Arroyo, who succeeded to the presidency as vice president after Estrada was overthrown, promised a return to good governance. But this script was discredited when her efforts to manipulate the 2004 election were revealed and a series of corruption scandals rocked her administration, making her an apostate of reformism. Despite her unpopularity, she was able to divide strategic groups, keeping enough of them loyal to her administration to survive in power until the end of her term of office. Noynoy Aquino became another "orthodox innovator" by reviving reformism. Finally, president Duterte appears to have broken with the reformist narrative by jettisoning its liberal aspects, threatening opponents in the legislature, judiciary, and human rights community if they dared to stand in the way of his promised crackdown on crime and cleanup of government corruption, showing he had radicalized Aquino's reformism by promising quick results through extra-legal means. As of this writing, however, it appears Duterte is attempting to become a "foundationalist" president in which he replaces liberal reformism with an authoritarian narrative reminiscent of Marcos by promoting "discipline" over democratic procedures and human rights.

The relational analysis helps solve some of the riddles of the post-Marcos presidencies. In terms of economic performance, Arroyo was in many ways the most successful president, as

growth and other financial indicators were highest during her presidency. Yet, as we have seen, she could not "buy" popularity through economic growth. Advocates of the presidential-style school will claim, of course, that Arroyo had made major errors in the political realm, which she surely did. But the perception of her presidency was negative because she disappointed popular expectations of a reformist revival after Estrada's fall from power. Her administration's economic and other achievements were not enough to compensate for this (Velasco and Saludo 2010). Conversely, viewed in any reasonably objective terms the presidential performance of Cory Aquino was poor both in economic terms (the lowest growth of any post-Marcos presidency) and politically (the greatest instability). There were also several major scandals during her term of office. But she was the founder of the reformist regime with a personal reputation for honesty after the corrupt Marcos years. Her popularity did sink during her presidency, but always remained positive, putting her overall poll ratings slightly above Ramos's and far above Arroyo's. Both the negative case of Arroyo and the positive one of Cory Aquino demonstrate that success is less related to presidential style than to a presidency's relationship to the prevailing regime.

Why was Estrada overthrown, despite his popularity with the poor, while Arroyo, the least popular post-Marcos president, survived in office? Estrada was perceived as particularly threatening to the reformist regime because his preemptive populist narrative ensured the loyalty of the poor majority regardless of the high-level corruption for which strategic groups held his administration responsible. A gambling scandal gave the Catholic Church, big business, and civil society the excuse they needed to launch people-power demonstrations against him. In the end, a handful of generals withdrew their support and Estrada was overthrown. In Arroyo's case much of the media and influential civil society groups attacked her for corruption and voter fraud, but she had never challenged the prevailing reformist order directly. In other words, while she was seen as an apostate to reform (due to high levels of corruption and manipulation of the 2004 polls), she never tried to preempt the reformist order with populist appeals to the poor. In fact, she had little support from lower-class Filipinos. Instead, she effectively divided key elites and was able to win the loyalty of the military hierarchy and Catholic bishops. In the end, despite being an apostate to reformism, Arroyo retained enough support from the strategic groups to stay in office. Poor voters are needed to win free and fair presidential elections, but only unified elite groups have the power to overthrow a sitting president.

Noynoy Aquino effectively used Arroyo's administration as a foil to restore the good governance narrative and to become an orthodox innovator of reformism like Ramos had in the 1990s. Noynoy Aquino clearly had a successful start to his presidency (measured in terms of high opinion poll ratings and the success of nine of twelve of his senatorial candidates in the 2013 midterm polls). But his "success" was not due primarily to the economy's performance – which initially lagged behind Arroyo's impressive macroeconomic record and has since then failed to produce his promised inclusive growth – but because he has used the symbolism of good governance and demonstrations of sincerity to undertake political reform while having the major elite strategic groups (with only the partial exception of the Catholic Church) lined up solidly behind his presidency.

But in the second half of his presidency Aquino's reformist credentials were eroded by a pork barrel scandal, rampant smuggling as well as unaddressed structural problems – high unemployment and poverty rates despite economic growth with only marginal improvement in education and healthcare for the masses. Besides revelations that funds for the Priority Development Assistance Fund (PDAF), the main vehicle for government pork barrel, often ended up in legislators' pockets instead, the Aquino government was also widely seen to have failed in delivering efficient public services because of underspending on infrastructure, allowing public transportation

in Manila to decay with traffic becoming among the worst in Asia (dubbed "carmageddon" by Philippine netizens) (Asia Sentinel 2013). Moreover, there was a major military debacle when forty-four members of the Special Armed Forces sent to arrest a wanted Islamic terrorist were massacred in a bungled operation in southern Mindanao in January 2016. Just three months later, several farmers protesting the delay in the delivery of relief goods to a drought hit part of Mindanao were killed with over one hundred injured in a violent police crackdown. There was also a growing sense that the illegal drug problem was spiraling out of control and that criminality generally was on the rise during Aquino's time in office. The outgoing president himself admitted his pledge to clean up the Bureau of Customs had failed miserably.

Many voters who supported Rodrigo Duterte's successful presidential campaign in 2016 were frustrated and angered by Aquino's failure to complete the reform process. This is why Duterte's radical call for "real change" (*tunay ng pagbabago*) resonated with a large segment of the electorate, particularly among those somewhat better off who felt they had the most to lose. Their anxieties and anger led them to support the anti-establishment and unorthodox mayor from the south. An exit poll conducted by the Social Weather Stations (SWS) on election day showed that most of the middle class voted for Duterte, known in Davao as "the punisher" for his tough stance on criminality.

Conclusion

In this chapter, it has been argued that neither the presidential-style approach nor the clientelist account of the Philippine presidency satisfactorily explains the politics presidents make. Using political agency to judge the success or failure of an incumbent – as the presidential-style approach does – assumes that personality characteristics are crucial. This has been shown to be arbitrary. In the Philippines, from the strongman, *pangulo* perspective, Marcos was the country's best president, but from a virtuous, moralizing viewpoint, he was the worst. The clientelist approach, by contrast, reduces the presidency to its function as patronage dispenser. But as we have seen, those who win the presidency are not necessarily the candidates with the best patronage machinery. Rather they have the more compelling campaign narrative. Moreover, patronage distribution cannot guarantee a president's survival because extra-electoral strategic groups can oust them from office through a people-power coup.

It has been argued that narratives, strategic groups, and institutional instability are characteristic of presidential regimes in the Philippines. Analyzing a president's relationship to this regime is a better way of analyzing the Philippine presidency provided it is modified to make it applicable to a developing world context. That is why instead of elaborate ideologies, campaign narratives and presidential scripts have been emphasized, with reformism the dominant story candidates and presidents in the post-Marcos era have told. The four key extra-electoral strategic groups in the Philippines are big business, the Roman Catholic Church hierarchy, civil society activists, and the military. As an institution, the Philippine presidency is strong given its discretionary budgetary powers, but vulnerable because weak state institutions give rise to civilian protests that can culminate in the overthrow of a president in a people power cum military coup.

Note

1 This chapter draws on several of the author's earlier publications, particularly Thompson 2014, but also Thompson 2010 and Thompson 1995.

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10
THE JUDICIARY UNDER THREAT

Eric Vincent C. Batalla, Michelle Sta. Romana, and Karen Rodrigo

Courts of law have existed in the Philippines since the sixteenth century. As part of the Spanish colonial government, the early courts were patterned on other European courts of the time as they were neither separate nor autonomous from the administrative branch of government. When the U.S. replaced the Spanish as the colonial power in the Philippines, constitutional precepts of separation of powers, co-equality of branches, and checks and balances were introduced. Under the operative fundamental law – the 1987 Constitution – state authority is delegated to the three branches of government. Judicial power is vested in the Supreme Court and all other lower courts created by law.

In theory, the three branches are equal, each supreme in its own sphere but with constitutional limits through various check and balance mechanisms which are designed to prevent the abuse of power. While the framers of the 1987 Constitution sought to depoliticize the Supreme Court which had been highly partisan towards the long-time dictator Ferdinand E. Marcos, they did grant powers that potentially make it an important player in Philippine politics. Of particular note is its power to review the action of any government official for "grave abuse of discretion." Yet despite the judiciary's potential political influence, threats to its autonomy from the executive and legislative branches as well as severe capacity constraints often prevent it from satisfactorily meeting demands for justice in the country. The former is illustrated by the removal of the Chief Justice of the Supreme Court during the administration of Benigno S. Aquino, III while long delays in deciding cases primarily due to work overload is an important example of the latter problem.

The courts

The Philippine judiciary consists of a four-tier hierarchy. The first- and second-level courts are known as trial courts presided over by a single judge. The Court of Appeals and two special courts (the Sandiganbayan and the Court of Tax Appeals) comprise the third level while at the top of the hierarchy is the Supreme Court. Unlike the trial courts, these are collegiate courts operating through divisions with appellate and original jurisdiction over cases as provided by law.

Trial courts at the first level operate in cities and municipalities: Municipal Trial Courts (MTCs), Municipal Trial Courts in Cities (MTCCs), Metropolitan Trial Courts (MeTCs)

which are established to serve Metropolitan Manila, and the Municipal Circuit Trial Courts (MCTCs) which cover certain cities and municipalities grouped by law. In addition, Shari'a circuit courts (SCCs) have been established to handle cases involving personal Muslim affairs. There are 51 SCCs spread over various parts of Mindanao.

Second-level courts include the regional trial courts (RTCs) and the Shari'a district courts (SDCs). RTCs are established for each of the country's 13 regions, with several branches operating in each region. While the RTC exercises original jurisdiction in certain areas, it also enjoys appellate powers, serving as courts of appeal over first-level court decisions. Certain branches of RTCs may be assigned by the Supreme Court to specifically and exclusively handle certain criminal, juvenile and domestic relations, agrarian, and urban land reform cases as well as other special cases for the purpose of efficient administration of justice.

The SDCs function as an appellate tribunal for cases decided by the Shari'a circuit courts but also have original jurisdiction on matters specified by the Code of Muslim Personal Laws of the Philippines (Presidential Decree 1083 of 1977). There is an SDC for each of five special judicial districts located in Sulu, Tawi-Tawi, Zamboanga cities and provinces, Lanao cities and provinces, as well as Maguindanao, North Cotabato, Sultan Kudarat, and the city of Cotabato.

The Court of Tax Appeals (CTA) and the Sandiganbayan are special collegiate courts at the third level. The CTA, whose establishment dates back to 1954, enjoys exclusive appellate jurisdiction over decisions on matters relating to the National Internal Revenue Code. It also exercises original jurisdiction on civil and criminal offenses against laws administered by the Bureau of Internal Revenue and the Bureau of Customs, subject to a minimum principal amount of taxes and fees claimed below which the case is tried by the regular courts. The CTA is composed of nine justices and usually operates in three divisions, each division consisting of three justices.

The Sandiganbayan is the country's anti-graft court first established by the 1973 Constitution. It enjoys original exclusive jurisdiction over cases involving violations of the Anti-Graft and Corrupt Practices Act (Republic Act 1379) and relevant provisions of the Revised Penal Code by public officials occupying positions of Salary Grade 27 or higher. The Sandiganbayan also exercises appellate jurisdiction on judgments made by the regional trial court. By virtue of a new reorganization law passed in 2015, its composition has been increased to 21 justices divided in seven divisions with each division consisting of three members. However, the two new divisions have yet to be filled.

The Court of Appeals (CA), an intermediary court between the Supreme Court and the lower courts, reviews decisions and orders of the Regional Trial Courts, the Ombudsman, and executive agencies, exercising quasi-judicial functions in relation to the Department of Justice, the National Labor Relations Commission, and the Office of the President. It is composed of a presiding justice and 68 associate justices, all of whom are assigned to 23 divisions, with each division having three members.

At the top of the judicial hierarchy is the Supreme Court, which heads and manages the entire judiciary. The Supreme Court is composed of a Chief Justice and 14 Associate Justices all appointed by the President. The Court has original and appellate jurisdiction unalterable by Congress. Its original jurisdiction covers cases affecting ambassadors, other public ministers and consuls, and petitions for *certiorari*, prohibition, *mandamus*, *quo warranto*, and *habeas corpus*.

Judicial power and politicization

Unlike in previous constitutions which enabled court supervision by the Justice Secretary, the 1987 Constitution explicitly grants the Supreme Court the administrative jurisdiction over the

judiciary as well as fiscal autonomy. It also empowers the high court to promulgate rules concerning the protection and enforcement of constitutional rights as well as those governing judicial practice and procedure, the admission to the practice of law, the Integrated Bar, and legal assistance to the underprivileged. As such, the Supreme Court has adopted and promulgated the Rules of Court, which include rules of civil procedure, special proceedings, criminal procedure, evidence, and rules for judicial officers, attorneys, and law students. The rules are amended through the Committee on Revision of Rules, and supplemented by promulgating other rules including administrative rules in the form of court issuances. These rules cannot be altered by any act of the executive branch or of Congress. Supreme Court rulings become part of the law of the land.

The 1987 Constitution does not explicitly define judicial power but provides that it

> includes the duty of the courts of justice to settle actual controversies involving rights which are legally demandable and enforceable, and to determine whether or not there has been a grave abuse of discretion amounting to lack or excess of jurisdiction on the part of any branch or instrumentality of government.

This serves as the basis for the court's exercise of judicial or constitutional review where inquiry is made on acts by Congress and the Executive, and a consequent determination of whether said acts violate the constitution. Joaquin Bernas (2003), a constitutionalist and one of the framers of the Constitution, explains that the use of the word "includes" connotes that the provision is intentionally not an exhaustive list of what judicial power is. The settlement of "controversies that are legally demandable and enforceable" means that judicial power can be exercised when parties come to the court to settle an actual controversy, and it must be so exercised with respect to substantive and procedural due process of the law.

The Philippine judiciary has exercised the power of judicial review since it was conferred to it by the 1935 Constitution during the Commonwealth period. However, the expansion of this power under the 1987 Constitution to include potential and actual judgments on policies made by either the Executive branch or Congress allows it, particularly the Supreme Court, to assume greater significance in the country's political landscape. Tate (1994) uses the term "judicialization of politics" to describe increasing judicial interventions in policy processes and decisions of the executive and legislative branches. Other constitutional provisions concerning the judiciary, particularly the appointment system, tenure, and retirement age, which were intended to guarantee judicial independence and competence, have also contributed to the politicization of the Supreme Court (Haynie, 1998).

The Constitution vests in the President of the Philippines the power of appointment to vacancies in the Supreme and lower courts. However, to guarantee independence and competence of the judiciary, the Judicial and Bar Council (JBC) has been created to scrutinize candidates and to prepare a shortlist of choices for the President. The JBC is composed of the Chief Justice as ex officio Chairman, the Secretary of Justice and a representative of Congress as ex-officio members, a representative of the Integrated Bar, a professor of law, a retired member of the Supreme Court, and a representative of the private sector. While the existence of the JBC reduces presidential discretion on appointments to the judiciary, the selection process has been found nevertheless to be politically motivated and even contentious especially in higher and more visible courts (Bakker, 1997; Haynie, 1998). The JBC is lobbied by various third parties, especially in regard to contentious high court vacancies. From its members' personal networks, fraternities, businesses and civil society groups, high court nominations are most susceptible to influence networks (Bakker, 1997).

Escresa and Garoupa (2013) and Pellegrina et al. (2014) provide empirical evidence about the likelihood of Supreme Court justices demonstrating political allegiance to their appointing presidents. Justices who are considered neutral or in opposition have usually not been appointed by the incumbent President. However, some Supreme Court decisions suggest that presidential appointments are not necessarily indicative of favorable judicial outcomes for the appointing president. For example, the Corazon Aquino government's attempt to sell the Philippines' Roppongi property in Japan was thwarted by a reconstituted Supreme Court on the ground that absent an act of withdrawal, the state property remains part of inalienable public domain (Laurel vs. Garcia, 1990). A more controversial case involved the Supreme Court headed by Hilarion Davide, Jr., who was appointed Chief Justice by President Joseph Estrada. Estrada was ousted from office in January 2001 and was replaced by then Vice-President Gloria Macapagal-Arroyo. The Davide Court justified Estrada's replacement as President by Arroyo on the ground of the former's "permanent disability" to perform the duties of a president (Estrada vs. Desierto, 2001).

Arroyo's nine years of office as president allowed her to appoint 14 out of the 15 justices of the Supreme Court. This led critics to question the court's impartiality, citing a number of cases where the Arroyo government received favorable decisions on controversial issues, including the partial upholding of constitutionality of the president's 2006 declaration of a state of emergency (David vs. Arroyo, 2006) as well as the recognition of executive orders requiring government agencies to implement a national identification card policy (Senate vs. Ermita, 2006) and for government and military officials to invoke executive privilege and not testify before congressional investigations without presidential consent (Gudani vs. Senga, 2006).

The high court under siege

The conflict between the executive and judicial branches of government reached a high point during the first three years of President Benigno S. Aquino III's administration. Tensions between the leaderships of these two branches of government escalated, culminating in the successful impeachment and conviction of then Chief Justice Renato Corona. The event is significant in Philippine political history because it marks the first time that an impeached Chief Justice was tried and convicted by the Senate. Previously, Chief Justice Davide was impeached by the House of Representatives but the articles of impeachment were not transmitted to the Senate. The Supreme Court declared the impeachment attempt was unconstitutional as the Constitution allowed only one impeachment proceeding against the same official for a period of one year. Since an impeachment complaint had been initiated earlier in 2003, the Supreme Court ruled the invalidity of the second impeachment attempt.

In contrast Chief Justice Corona was quickly impeached by the Lower House: it took roughly three hours for 188 legislators, in excess of the required number, to vote in favor of the impeachment complaint. No deliberation, as was customary, occurred. The 57-page Lower House complaint was transmitted to the Senate on the following day.

The executive-legislative "coup" against Corona in December 2011 revealed the highly politicized environment within which the Supreme Court operated. The open conflict between the President and the Supreme Court seemed inevitable since the start of the Aquino administration. First, the President had a troubled personal relationship with the Chief Justice. Corona was a so-called midnight appointee of Arroyo, having been appointed just as she was leaving office. His acceptance of the position a week after Aquino's election drew the ire of the incoming executive, who turned to another Supreme Court justice (Conchita Carpio-Morales who Aquino later appointed as Ombudsman) to swear him in as President. This show of contempt broke the tradition of the Chief Justice administering into office the new president of the republic.

Second, the Corona Court, packed by Arroyo appointees, was perceived as a stumbling block to Aquino administration efforts to bring Arroyo and her allies, whom the incoming president had accused of corruption, to justice. In the post-Arroyo period, its decisions were considered as favorable to the former president and her allies, as pointed out in the articles of impeachment. Aquino's anti-Arroyo accomplishments would be derailed by the Corona Court. In November 2011, the Supreme Court issued a temporary restraining order (TRO) against the government's travel ban order on former President Arroyo.

Third, Tiglao (2011) linked the impeachment to the Corona Court's 2011 unfavorable ruling on Hacienda Luisita, Inc. (HLI), the Aquino-Cojuangco clan's farmholdings in Tarlac. The valuation of the sale price of land to be redistributed to the farmers was an issue and Corona favored a lower price. Against this background, Tiglao (2011) argued that the President became more determined to remove the Chief Justice.

In the morning of December 11, 2011 Sunday, Court Administrator Jose Midas Marquez revealed an ongoing plot to oust Corona. In his article released to the media, Marquez (2011) wrote that the "Oust CJ [Chief Justice] Plot" involved changing the existing impeachment rules of the House of Representatives and fast tracking the impeachment process by skipping the Committee on Justice stage and proceeding straight to the plenary session. Accordingly, the plot was aimed not only at Corona but at "other Supreme Court Justices as well, and the very institution they represent." Marquez warned that the conspiracy would bring political instability. He said that although Aquino had the so-called mandate of the people, this should not be a basis for abandoning the Constitution in favor of political convenience. He reiterated the claim that Corona and other Arroyo-appointed SC justices were independent of former President Arroyo. As an example, he cited the vote against the constitutionality of Proclamation 1017 and General Order No. 5 which Arroyo issued after the failed coup attempt of July 2005. The orders resulted in the warrantless arrests of opposition members as well as the search and seizure of *The Daily Tribune*, a daily newspaper.

The Marquez revelation came a week after President Aquino openly and directly criticized Corona and the Supreme Court while they were together at the National Criminal Justice Summit held on December 5. At that summit, Aquino questioned the credibility and integrity of the Supreme Court in bringing forth to justice abusive public officials of the past administration (that included former President Gloria Arroyo). He criticized the Supreme Court's ruling that his Truth Commission, which he had formed at the start of his administration in order to prosecute officials of the previous government, was unconstitutional. He also cited the Supreme Court's lifting of the travel ban against Arroyo through the issuance of a TRO. Moreover, Aquino complained of the Supreme Court's partiality in allowing Corona's "midnight appointment." The high court had deemed that the law on midnight appointments did not apply to the judiciary. Aquino then criticized Corona for accepting the appointment and also for being partial towards former President Arroyo. Although Corona never publicly declared his allegiance to Arroyo, his decisions and leadership of the Supreme Court were seen to favor Arroyo, particularly because he and his spouse had served as Arroyo government officials.

Following the President's public criticisms of the Chief Justice and the High Court, the idea of impeaching the Chief Justice circulated. On December 7, the House Committee on Justice voted to declare the impeachment of Associate Justice Mariano del Castillo sufficient in substance. Castillo had been accused of plagiarism and was given ten days to respond to the complaint. The event, in the analysis of House Minority Leader Lagman, "portends of more adverse actions against the Supreme Court and its members in the months to come" (Balana, 2011). It became apparent that it was not del Castillo who was being targeted but rather the Chief Justice. The plot to impeach Corona at the Lower House apparently began that week with

"a Cabinet member and high official of the ruling Liberal Party" talking with Justice Committee members (*ibid*.).

Sensing that the President was out to get Corona, *Philippine Daily Inquirer* columnist Doronila (2011) wrote,

> Over the past few days, the hate campaign has swiftly accelerated into a dangerous showdown between the President and the court on the brink of no return where it has become a demand for total annihilation or unconditional surrender of the Supreme Court.

On the afternoon of December 12, pro-Aquino coalition members gathered in Congress as Congressman Niel Tupas, Jr. gave a PowerPoint presentation about the CJ's impeachment. The Constitution requires one-third of the 285 HR members (or 95 signatories) for an impeachment complaint to be transmitted to the Senate. The Senate is the constitutionally mandated body to try and decide on any impeachment case. By the end of the day's caucus, the impeachment complaint bore 188 signatories. Chief Justice Corona had already been impeached. The "blitzkrieg"-like impeachment drew objections from some members of the Lower House. Opposition members were surprised that the impeachment did not undergo proper procedure. Further, House Minority leader Edcel Lagman complained that representatives were threatened with the non-release of their Priority Development Assistance Fund (PDAF) allocations (or pork barrel). He labeled the impeachment as the "mother of all blackmails" (Dizon, 2011). Justice Secretary Leila De Lima defended the quick impeachment saying: "It is time that the President and Congress reclaim the Court for the people" (Torres, 2011).

In protest of the impeachment, the Manila Regional Trial Court Judges Association declared a court holiday on December 14. Judges and court employees were asked to wear black and proceed to the Supreme Court in the afternoon to hear Corona's statement about his impeachment. The Integrated Bar of the Philippines (IBP) issued a statement arguing that the "grounds invoked to impeach the Chief Justice refer to collegial decisions of the Supreme Court involving interpretations of law in actual disputes elevated for review." It pointed out that by the impeachment the Lower House had "arrogated unto itself" the power to interpret the law "over and above the Supreme Court," a co-equal branch of government. This meant the breakdown of the "constitutional doctrines of the separation of powers and judicial supremacy on matters of interpretation of the law."

Although Corona's impeachment was initially floated as an independent action of certain personalities and parties from the Lower House, it soon became evident that the operation at the Lower House was linked to the executive branch, and particularly to the President. According to Joseph Emilio Abaya, Liberal Party secretary-general and one of the prominent figures in the coup, the impeachment was part of the President's reform agenda (Balana and Cabacungan, 2011; Dizon, 2011). He said, "the only thing left as a hindrance is the Supreme Court. This is why I agree and join the president" (Dizon, 2011).

The impeachment complaint transmitted to the Senate contained eight articles, which essentially alleged that Corona was guilty of culpable violation of the Constitution, betrayal of public trust, and graft and corruption. His trial was broadcast live from January to May 2012. Initially, the prosecution could only provide limited evidence in support of the original articles of impeachment. However, with the help of financial information from banks and the Anti-Money Laundering Council, they discovered that Corona had failed to fully disclose the extent of his wealth in his Statement of Assets, Liabilities, and Net-worth (SALN). Although misreporting his SALN appeared to represent a betrayal of public trust and violation of the Constitution, it was

not contained in the original articles of impeachment. This was only added on in the course of the trial. On May 29, the majority of the Senate voted for conviction.

During the proceedings, executive influence was felt and just like the impeachment in the Lower House, the motivation of members of the Senate was linked to the distribution of pork barrel and the Disbursement Acceleration Program (DAP), which reallocated appropriated funds of Congress. Both funds involved executive discretion. It thus appeared ironic that in August 2014, the Supreme Court headed by Corona's successor, Chief Justice Ma. Lourdes Sereno, deemed unconstitutional certain practices involving the formulation and disposal of both funds. The decision once again led to tensions between the High Court and Aquino, who insisted that the DAP was legal. It was widely believed that Sereno, who Aquino favored to succeed Corona, would lead a Court at least sympathetic to the administration's initiatives. However, Sereno and another Aquino appointee, Marvic Leonen, voted against the legality of DAP. Contrary to expectations, Sereno took a non-partisan position in her role as Chief Justice of the Supreme Court.

Slow turning wheels of justice

Despite the judiciary's political importance, its administration of justice has left much to be desired. Court cases often take a very long time to resolve, hampered by legal procedures as well as financial and human resource constraints. The Constitution prescribes a maximum period for court decisions to be made from the date of filing for resolution: 24 months for the Supreme Court, 12 months for all appellate courts, and 3 months for all other courts. According to Carpio (2012), 21 percent of trials take 2–5 years to finish, while 13 percent take more than 5 years. Data from the World Bank show average processing times for cases at the higher courts (Table 10.1), indicating that except for the Supreme Court, the other courts exceed the prescribed limit set by the Constitution. The slowest court is the Sandiganbayan, whose average time worsened during the period 2003–2012.

The lower courts suffer the most in terms of case congestion, backlogs, and delays. Judicial reforms initiated in the 2000s have led to improved performance with average case outflows exceeding case inflows. However, most courts are still saddled with huge backlogs, with RTCs shouldering more than half of the total backlog in 2010 (Table 10.2). To a considerable extent, court delays are due to court rules and procedures. For instance, waiting time periods between notifications and preparation of pleadings are mandated, yet can be extended for unnecessary reasons. The Speedy Trial Act of 1998 (Republic Act [RA] 8493) was passed in order to complete the trial process under 12 months. However, there are many exceptions in Section 10 which are discretionary in nature, including the grants for continuances under Section 11 of the RA. These allowances prolong the actual time the case takes to be resolved. These range from the absences of the accused and key witnesses, motions for delay, motions for appeal, orders of

Table 10.1 Average time (in years) taken to resolve criminal cases

Court	*2003*	*2008*	*2012*
Supreme Court	1.4	1.6	1.9
Court of Appeals	1.3	2.3	2.3
Court of Tax Appeals	2.6	2.1	2.1
Sandiganbayan	6.6	4.4	9.1

Source: World Bank, 2013.

Table 10.2 Selected statistics on the performance of trial courts, 2005–2012

Court	*Number*	*Annual growth rate (2005–2012)*		*Annual average*		*Average annual vacancy rate (2006–2009)*	*Disposition rate (2010)*	*Backlog in 2010*	*Share of backlog (2010) (%)*
		Case inflow	*Case outflow*	*Case inflow*	*Case outflow*				
Total		–2.4	–3.4	399,981	418,767	24.3		971,837	100.00
Regional trial courts	969	–0.1	–0.9	196,869	190,954	18.4	0.75	556,602	57.27
Metropolitan trial courts	106	–5.0	–5.6	74,095	82,964	26.3	0.82	157,216	16.18
Municipal trial courts in cities	229	–2.1	–2.7	76,693	84,321	17.0	0.88	141,905	14.60
Municipal trial courts	468	–6.6	–6.5	28,343	33,075	25.9	1.25	65,908	6.78
Municipal circuit trial courts	366	–8.2	–10.5	23,526	26,990	35.7	1.03	49,274	5.07
Sharia district courts	5	–0.8	–3.1	51	34	–	0.25	125	0.01
Sharia circuit courts	51	14.3	14.8	404	430	38.7	0.69	717	0.07

Sources: Albert, 2013; Supreme Court, 2015.

inhibition, among others. In addition, there are discretionary postponements that judges can give – sometimes, postponements can be as long as a month (Asian Development Bank, 2009, p. 38), particularly due to the presiding judge being unable to accommodate a case during a certain time. Most of all, these delays are not included within the cumulative time limit, a limit which controls when a trial must proceed.

In extreme scenarios, when cases extend beyond the transfer or retirement of the presiding judge, reassignments are necessary, and the entire case has to be reviewed and reconsidered again. This provides another delay. Thus, the longer a case drags on, the more likely that litigants and witnesses lose interest, evidence deteriorates, or evidence and witnesses disappear. This lends to the parties involved preferring to settle the case through extrajudicial means, or further postpone the case as both parties increasingly find it difficult to settle the case. Lawyers have to spend more time reviewing cases, where single practitioners end up disadvantaged and unable to keep up, while lawyers who belong to large law firms have the biggest gains. Some lawyers purposely extend cases, particularly if they earn based on appearance rather than per case (Caparas and Feliciano, 1987, pp. 5–6).

Aside from court rules and procedures, judicial efficiency is hampered by severe human and financial resource constraints. These constraints prevent expansion of the judiciary and the modernization of its operations. As shown in Table 10.2, the lower courts have large vacancy rates. Recruitment of judges has been difficult at this level where caseloads are overwhelming and pay is relatively low. In order to compete with private law sector rates, the Philippine government has recently approved the 2015 Salary Standardization Law through an M.O. 007 (Table 10.3).

The judiciary enjoys fiscal autonomy in the sense that Congress cannot allot the judiciary an amount less than its budget from the previous fiscal year. However, it is highly dependent on Congress and the President for allocation of the national budget. Despite annual budget increases in peso terms, the judiciary's share of the national budget has been actually declining (Figure 10.1). In an earlier study, Bakker (1997) noted that the judiciary's share of the national budget was about 1 percent and argued that at least 2.5 percent was required for the judiciary to function properly and accommodate growth. The situation even worsened beginning in 2003 when the judiciary's budget dropped below 1 percent of the national budget.

Several judicial performance issues such as a shortage of judges can be traced to how the budget is appropriated by the executive and legislature. The judiciary is forced to spend about 75 percent of its annual budget on personnel services (PS), leaving less for operating expenses and the expansion of facilities. Maintenance and other operating expenses (MOOE) account for a little over 20 percent of the budget while capital outlays (CO) account for the remainder.[1] According to the ADB (2009), other government agencies tend to allot a bigger portion of their budgets to MOOE than to PS. The decision to transfer the Supreme Court to a new location

Table 10.3 Lower court salary scale (in Philippine pesos), actual and projected

Position	*Salary grade*	*Salary, 2009*	*Salary, 2016*	*Salary, 2019*
Municipal Circuit Trial Court Judge/ Court Judge	26	58,020	67,690	107,444
City Trial Court Judge	27	62,670	73,937	121,411
Metro Trial Court Judge	28	67,684	80,760	137,195
Regional Trial Court Judge	29	73,099	88,214	155,030

Sources: Department of Budget and Management, 2016; Department of Justice, 2016.

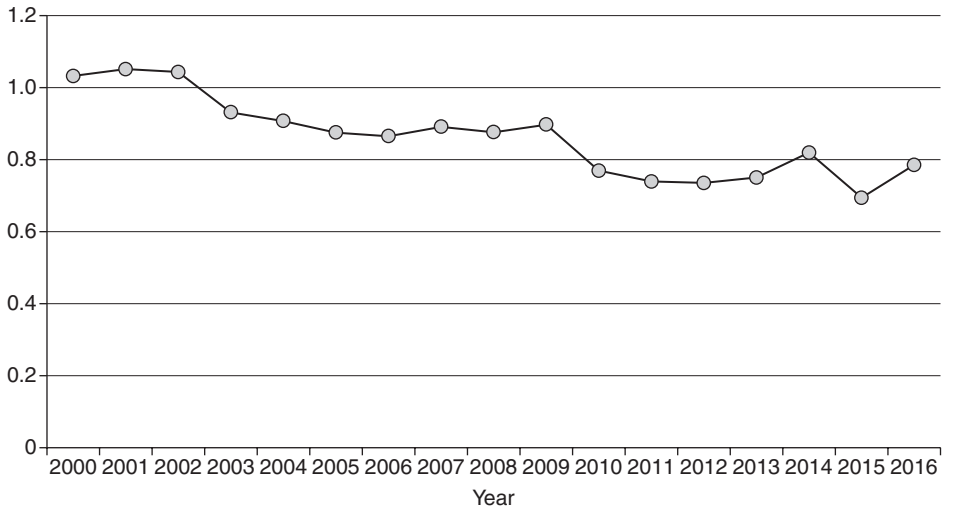


Figure 10.1 Judiciary's share of the national budget (in percent), 2000–2016

Sources: Asian Development Bank, 2009; Department of Budget and Management, 2009b, 2010, 2011, 2012a, 2013, 2014, 2015, 2016.

in Bonifacio Global City in Taguig requiring PHP 1.2 billion has led to an unusually large increase in the share of capital outlays in the judiciary's budget for 2016 (Table 10.4).

The difficulties the judiciary faces contribute to the slow and often poor administration of justice in the Philippines. Various international indices have ranked the country low in terms of rule of law, judicial independence, and access to justice. In terms of "Rule of Law" in the World Bank's Worldwide Governance Indicators, the Philippines continues to receive negative scores and its performance rating dropped from 52 percent in 1998 to 43 percent in 2014. The World Justice Project similarly ranks the Philippines at a midpoint score of 0.53 out of 1. In terms of judicial independence, the country is ranked 76th out of 140 countries in the 2015 Global Competitiveness Report. From a score of 1 (worst) to 7 (best) ranking judicial independence, the Philippines rates 3.73 out of 7. It has only gradually improved its score from 3.02 in 2011 (World Economic Forum, 2015).

Initiatives towards judicial growth, rehabilitation, and reform have mostly been through legislation, extrajudicial and alternative resolution programs, and help commissioned from external parties. In the past decade, the judiciary has partnered with international organizations

Table 10.4 Budget appropriation for the judiciary from FY 2011–2016 (in billion Philippine pesos)

Year	*Personnel services*	*% share*	*MOOE*	*% share*	*Capital outlays*	*% share*
2011	10.0	74	3.5	26	0.085	1
2012	11.1	74	3.6	24	0.278	2
2013	13.0	76	3.7	22	0.261	2
2014	14.3	77	3.8	21	0.336	2
2015	15.0	74	4.0	20	1.1	6
2016	17.3	67	5.3	21	3.2	13

Source: Department of Budget and Management, 2011–2016.

and completed reform programs with the Asian Development Bank in 2009 and the World Bank in 2012. These development programs were to assist the judiciary in reform programs, most of which were geared towards unclogging court dockets, increasing the speed of case resolution and decreasing caseloads, as well as augmenting the expansion of judicial infrastructures across the country.

The recent Judicial Reform Initiative council is made up of various private sector representatives and foreign groups – primarily, business groups, such as the Makati Business Club, Management Association of the Philippines, various Chambers of Commerce, and non-government organizations such as the Movement for the Restoration of Peace and Order. Although private sector backing raises potential conflicts of interest, the judiciary's vital need for a modernized infrastructure has been deemed a greater necessity (Diaz, 2015). One of the priority initiatives involves the automation of certain court processes in pilot courts that are particularly overloaded. These include the Case Flow Management (CFM) program and the Case Administration Information System (CAMIS). CFM and CAMIS are both projects that introduce digital information management solutions to the courts. CFM is a case prioritization and tracking system. CAMIS is a centralized data information management system that allows the quicker retrieval and monitoring of case particulars. Both directly attempt to address the improper calendaring and management of cases. As well, the two reforms attempt to reduce the significant amount of time that judges and staff spend in managing and monitoring case details and particulars, which significantly contribute to case delay.

In conjunction with legal and judicial initiatives, several out-of-court mechanisms to combat delay have been introduced. Facing limitations in infrastructural expansion, the Enhanced Justice On Wheels Program deploys mobile courts in the form of traveling for areas that are difficult to reach. It was expanded in 2008 to include mobile-court annexed mediation, medical, dental, and legal aid for inmates, and various dialogues between Supreme Court officials and local government heads. Between 2004 and 2013, 3,758 cases were heard and tried (Supreme Court, 2013, p. 48), As of 2015, a total of 3,885 cases and 8,355 prisoners have been released (Diaz, 2015).

The *Hustisyeah!* Project, in partner with the Asia Foundation, American Bar Association (ABA), and USAID, was introduced in an attempt to address data discrepancies in courts with 500-plus cases. As a case inventory project, it aimed to ensure that the reported data in CFM and CAMIS were reliable, then recommend a case decongestion plan based on the initial findings, then follow through with implementation. By the end of 2013, 29 courts had already implemented their decongestion plans. The 33 courts inventoried from 2012 to 2013 reported a 12 percent decrease in caseload (Supreme Court, 2013). As of 2015, caseloads in selected court stations have been reduced by 30 percent (Diaz, 2015).

The judiciary launched another Judicial Reform Support Project in conjunction with the World Bank, which aims to increase the judiciary's information communications technology (ICT) capacities. This includes the planning and implementation of the Enterprise Information Systems Plan and consequent electronic courts (e-Court) projects. The e-Court system allows judges to monitor the status of their cases and conduct automated hearings. The pilot implementation began in 2013, installing it in regional trial courts and metropolitan trial courts in Quezon City. By the end of 2016, the SC hopes that the e-Court system will be implemented in 287 lower courts, and 619 lower courts by 2019.

In August 2015, the judiciary implemented the continuous trial system, a reform initiative that was previously thought impossible in overloaded court dockets. Forbidding postponements (save for exceptional cases) and setting trial dates one day apart, the system rolled out in 52 pilot regional trial courts and 6 metropolitan trial courts in Manila, Quezon City, and Makati. Initial

feedback showed that roughly 70 percent of pilot courts were able to effectively shorten trial time, conducting pre-trial hearings in under 30 days (Manila Bulletin, 2016).

In a recent effort to further decongest court dockets, Assisting Judges have been deployed since 2015, and the Office of the Court Administrator launched a new initiative in response to the En Banc Session of April 21, 2015 and began recruiting 635 *court decongestion officers* to be assigned to the various lower courts in the 14 regional judicial districts (Nonato, 2016). With a Salary Grade of 18, these officers are paid PHP 33,452 monthly (2016 figures).

Conclusion

Though theoretically a co-equal branch of government, the judiciary is perhaps the weakest of the three branches of government. The impeachment and conviction of Chief Justice Corona in 2012 showed the degree to which an activist president, using political pressure and patronage resources, could use Congress to remove the leader of the high court. More generally Supreme Court Justices have been shown by studies to likely do the bidding of the president who appointed them (although there have been important exceptions, most recently Chief Justice Sereno, Corona's successor, joining the court majority in ruling against pork barrel mechanisms employed by the Aquino administration, despite Sereno being Aquino's choice to become head of the high court).

Despite reform initiatives, the courts' performance – in terms of delivering systematic, effective justice – still leaves much to be desired. As international indices indicate, the rule of law and judicial independence are relatively weak in the Philippines, and improved access to justice still needs to be addressed. Ideally, the judiciary must maintain impartiality and independence from different actors, especially when it has to defend the rights of the underprivileged. It must distance itself from possible conflicts of interest. In reality, the Philippine judiciary is highly susceptible to a host of pressures. Many of the judiciary's problems can be addressed if its institutions have the capacity to do so, and are not forced to constantly seek external help. Unfortunately, the judiciary's budget has been lacking vis-à-vis the enormous demands placed upon it as a co-equal branch of the Philippine government. The judiciary has ended up relying on the executive branch, the legislature, international agencies, various private sector and civil society groups to augment and expand its personnel, infrastructure, and programs. The result is a weakening of its autonomy and independence from other branches of government and society.

Note

1 MOOEs cover expenditures that support government agency operations, including expenses related to supplies and materials, travel, utilities, and maintenance (Department of Budget and Management, 2012b).

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11
CIVIL-MILITARY RELATIONS
Norming and departures

Rosalie Arcala Hall

Civil-military relations (CMR) refers to the interactions between two hierarchically positioned actors – duly constituted civilian authorities exercising civilian supremacy over the top leaders of the armed forces. Civilian supremacy or military *subordination* to civilian authority as a phenomenon can transpire within liberal or illiberal political contexts.[1] As the state's instrument of violence, civilian authorities ensure that the dangers associated with such power lodged in the military as an institution will not be abused or used to endanger the state's survival. Every modern state has relied on a standing armed forces to guarantee its place in the international system and to implement security decisions, with few exceptions. Underpinning this subordination is a bargain: the military depends on civilian authorities for its institutional well-being. In exchange of subordination, civilian authorities provide the military with vital resources (budget, recruits), legitimacy for its missions and prestige. Even dictatorships can claim to have achieved civilian supremacy in that the dictator or party has been able to utilize the military effectively to accomplish policy ends. In a liberal democratic setting, the military's role as the state's coercive apparatus and its relations with authorities constituted under democratic rules take on a more nuanced meaning. Under the rubric of democratic CMR, the following are assumed: (1) that civilians and the military have distinct functional remit and expertise; (2) civilians delegate the use of force to the military, as this is the latter's line of expertise; (3) civilians supply policy objectives while the military determines what type of kinetic operations are necessary to achieve those objectives (Janowitz 1960; Huntington 1967); and (4) military influence in policy decision making is acceptable in the areas of defense and security, as well as those dealing with its institutional or corporate interests. Central further to these assumptions is the notion that: (1) civilian control mechanisms are necessary to monitor and oversee the military; and (2) an externally oriented military is best suited for civilian control. How this "delegative" process is carried out, how much professional autonomy the military is allowed in keeping with that distinct expertise, and how much input in policy decision making is permitted from the military lie at the core of democratic CMR.

In recent years, there have been refinements in the theoretical propositions regarding CMR that take into account the differences in contexts of democracies around the world. Feaver (2003) examines the delegative process within established democracies like the United States and the incentive/disincentive structures arising from civilian monitoring mechanisms. The interaction between civilians and the military at the highest levels depends on the divergence/

convergence of their preferences, and the ability of civilians to detect and punish military shirking of its directives. He argues that a healthier CMR results from less intrusive civilian monitoring, narrow policy preference gaps and strong military belief that it will be punished if it disobeys orders. While Feaver (2003) puts equal weight on monitoring mechanisms and the military's own doctrines, Yagil (2012) argues that CMR is a relationship based on exchange where the military is willing to bargain rights or resources from the state for subordination to civilian authorities. The military is said to accept limits into its institutional autonomy or avoid shirking if civilian leaders can give them something in return. Desch (1996) meanwhile argues that the threat structure (e.g., low/high international versus low/high internal security threat) affects the quality of CMR. Greater policy contestation is expected in a high internal security threat environment. Schiff (2009) turns away from just civilian authorities and focuses on the concordance/discordance of values and understanding of military roles and conduct between the military, political elites and the citizenry. The greater the divide or dissimilarities between the military as an institution from the greater society of civilians, more friction is expected in CMR in the realm of public policymaking.

In democratizing settings, CMR takes on added nuance. First, unlike established democracies where CMR is highly institutionalized or formalized – that is, transpiring within official channels or venues and where the "rules of the democratic game" have been entrenched and accepted by both civilian and military actors – countries just transitioning to democracy do not have the benefit of rootedness in democratic procedures. Second, amongst countries that underwent democratic transition from authoritarian rule whereby the military played a politically important role, the task of crafting a democratic CMR becomes more challenging given this historical legacy. As illustrated in some cases of negotiated democratic transitions in Latin America (e.g., Chile, Brazil), the military is able to carve formal arrangements where it has veto power, reserve rights and prerogatives that new democratic governments could not contest (Fitch 1998). Examples of these are reserved parliamentary seats, a military-dominated National Security Council that can veto proposed legislations or amnesty from human rights prosecution. Stepan (1986) notes that in issue areas where the military strongly contests civilian authority assertions (e.g., budget cuts, human rights prosecution, internal security operations), the military takes on risky behavior (threatens or mounts political interventions) to leverage favorable outcomes. Third, the complementary military mindset (i.e., interlaced and strongly held beliefs and values upholding civilian supremacy) may not be there but rather antithetical views that predispose the military to question and be more skeptical of civilian governance. Loveman and Davies (1989) and Stepan (1986) cite that the Latin American military's long-held view that it is the savior or guardian of the state and its anti-politics orientation were amplified by its long history of involvement in counterinsurgency operations, making its rank and file distrustful of civilian government in general. Fourth, in this fluid environment where civilian supremacy has yet to make a firm footing, CMR can move into the informal arena where engagements take on an ad hoc and contingent manner. Pion-Berlin (2010), examining three Latin American cases of informal CMR, argues that resorting to informality depends on convergence/divergence of preferred outcomes and which aggrieved party initiates. Regardless, informal CMR precludes any kind of definitive or long-term solution to a policy problem.

This chapter anchors Philippine CMR in the context of the country's democratization experience following the ouster of dictator President Marcos in 1986. The first section describes how CMR evolved by mapping the substantive changes in the constitutional/legal framework that underpin such engagement, and the shifts in procedure, doctrines or policy thrust within the executive branch and military institution, that affected the interactions between the two parties in crucial policies. Beyond the checklist of reforms in the civilian control apparatus, the

section also covers the military's autonomous efforts at reinfecting professionalism into the organization as antidotes to the politicization, factionalization and poor public image it inherited from the Martial Law period. The next section examines internal security as an area where policy contestation was most pronounced, how it was resolved and the dynamics generated. Related concerns on human rights culpability, the separation of the police and creation of paramilitary for counterinsurgency operations, and local civilian oversight mechanisms are tackled. The succeeding sections deal with micro-level CMR given shifts in the military's internal security operations strategy and in other mission areas, and CMR on budget and other policy matters where military corporate interests are most pronounced. The CMR dynamics across these issue areas were time-sensitive, with "norming" becoming more evident as civilian authorities gained more footing. In the years immediately following the democratic transition, the Philippine military enjoyed substantial leverage over these policy areas it deemed important. The shadow of the six coup d'etats from 1986 to 1989 carried out by some military factions and the military's long-standing animosity with leftist elements in government animated much of the interactions during the Corazon Aquino presidency. The normalization of CMR proceeded slowly with policy solutions to the military's asset-poor condition and performance deficits in the anti-insurgency war under the Ramos administration. However, President's Estrada's ouster and the Oakwood mutiny against the Macapagal-Arroyo presidency point to disruptions in the formalization of CMR. While the military as an institution appears to increasingly accept oversight in functions (internal security, disaster response, peacekeeping), civilian authorities remain hampered by capability deficits and lack of willingness to assert control or oversight.

Continuities and disruptions in Philippine CMR

Unlike Latin American countries whose military had a revolutionary origin, the Philippine military as an institution and the civilian oversight complements were established in the 1930s Commonwealth period and patterned closely after the American template, which emphasizes civilian supremacy. At inception, the military had been an all-volunteer force, observed merit-basis for recruitment and promotion, enjoyed institutional autonomy, and provided training for its officers in an Academy patterned after West Point. It was configured for territorial defense and subordinated to elected civilian leaders through the President as commander-in-chief, and legislative approval of its budget and promotions. This combination of a sound institutional arrangement and a professional military corps was supposed to engender a healthy CMR where elected civilian authorities determine policy objectives while the military carries out operations to fulfill such objectives (Huntington 1967). In this formulation, the military's political role was seen in the context of security policymaking. As an institution with recognized expertise on the matter, the military is expected to have policy inputs and is tasked as implementer.

However, after World War II, CMR in the Philippines evolved in a different manner. The democracy which took root in the Philippines did not admit to broader political participation, was innately elitist in that power shifted mainly between political parties, and with civilian leaders intolerant of opposition (Selochan 2004). These conditions in turn generated dynamics whereby clientilistic ties between the civilian politicians and military officers become standard. Civilian leaders, including the President and influential legislators of the Commission on Appointments cultivated personal ties with and selectively appointed or promoted officers based on loyalty. Starting with President Magsaysay, the military's role expanded to include civic action programs and internal security. In response to the Hukbalahap communist threat, President Magsaysay appointed many active duty officers in administration positions and put more teeth to the military's standard election monitoring role. Under President Marcos, the military's

role was broadened even further. Marcos deployed the military to buttress his fraudulent electoral gains in his re-election bid. Marcos cultivated a loyal set of officers as his political base and appointed them to various governmental and corporate posts (as executives and board members of sequestered companies). The armed forces also acquired a more expansive development role as they implemented government socio-economic development projects (e.g., livelihood, literacy and food production).[2] The military acquired a judicial role as cases involving breaches to national security were tried in military tribunals. In addition, Marcos used the military to suppress the opposition to his dictatorial rule and even expanded the military's intelligence function to spy on his opponents (Casper 1995, 94). Thus, the military's involvement in politics moved from "influence" under President Magsaysay to "participation" under President Marcos as its support was crucial to the maintenance of the dictatorship (Hernandez 1979, 191). At the same time, the military's immersion in the two-pronged anti-insurgency campaign (against the Communist Party of the Philippines – New People's Army or CPP-NPA and the separatist Moro National Liberation Front or MNLF in Mindanao) fomented widespread skepticism among the rank and file over the civilians' ability to govern in conflict areas.

The military's political involvement in the Marcos dictatorship has profound implications for the institution. First, the military became irrevocably politicized – "a significant proportion of the military officers consider it appropriate for the military to be involved in the overall government and even to be markedly influential in matters concerning national security" (Miranda 1992, 7).[3] This politicization came about because civilian administrators deliberately appointed the military to various government posts and gave them a more robust role in counterinsurgency (Selochan 1989); civilian leaders interfered with the military's professional sphere through their appointment practices and used them to prop up political power (Hernandez 1987; Crouch 1997); politically interested military recruits from middle-class backgrounds became more aware as they were exposed to government corruption, ineptness and their poor material condition in the frontline (Miranda 1992). Second, factionalism emerged in the institution – division within the ranks between Marcos loyalists who benefited from the clientelistic ties and others who do not (see McCoy 1999). The Reform the Armed Forces Movement (RAM) was one such faction, whose junior officer core leaders (Philippine Military Academy graduates from 1969 to 1974) initiated the failed coup in 1986 which mothballed into the first EDSA uprising and subsequent failed attempts at power grab (there were seven) from 1986 to 1989. Third, the military's poor performance in the conduct of counterinsurgency and the massive human rights violations resulting from it, damaged its public image. At the close of the Marcos era, the CPP-NPA gained peak strength as more and more recruits were drawn into their camp in reaction to the military atrocities in the frontline. Much unarmed opposition to the dictatorship also suffered from the inhumane interrogation and detention practices carried out by the military. These three institutional legacies – politicization, factionalism and poor public image – informed civil-military engagement in the post-democratic transition.

After the ouster of Marcos, a new constitution (1987) was put in place containing provisos that reaffirm civilian supremacy under the new democratic order. These included: barring the appointment of active duty military personnel in government posts (including government owned and controlled corporations [GOCCs]), institutionalization of legislative oversight on military budget and promotions, and the reorganization of a civilian national defense department to supervise the armed forces. In addition, the constabulary and police were separated from the military, with an interim provision for the transfer of internal security function to the police (rescinded in 1995), and the paramilitary arm was reconstituted into the Civilian Armed Forces Geographical Unit (CAFGU) with presumably greater checks on human rights accountability and threat-based mobilization/de-activation.

Scholars attribute the military adventurism from 1986 to 1989 (by RAM-Soldiers of the Filipino People–Young Officers Union or RAM-SFP-YOU) and again in 2004 (Oakwood uprising by the Magdalo Group) to the interventionist proclivities of several officers. The findings of the two Commissions which investigated the coups concluded that while there is credence to the allegations of government negligence on the sorry material plight of soldiers, the lack of punishment for coup instigators and their support from similar-minded civilian elites who want to seize power, incentivized many officers towards this direction. The rank-and-file are found to also exhibit attitudes that do not necessarily support civilian supremacy; they thought military intervention was necessary if the government was derelict or unable to prevent a communist takeover and that the military should be involved in policymaking concerning insurgency (Miranda and Ciron 1987).

The challenge of "demilitarizing" the state structures also meant taking efforts to restore professionalism, which as indicated by faction-based political interventions, has been greatly eroded. Reintroducing professionalism in the Armed Forces of the Philippines (AFP) was largely a self-initiated project for the AFP. The armed forces themselves embarked on an intensive values education program to reinforce "desirable" attributes among soldiers including patriotism, loyalty and obedience to the chain of command as well as respect for the constitution and the rule of law. Public International Law and International Humanitarian Law (which covered laws on armed conflict and human rights precepts), and Military Justice and Criminal Law (focusing on constitutional provisions, criminal statutes and procedures that pertain to the military) were also included in the Philippine Military Academy curriculum. The AFP also came up with the Code of Ethics, which established behavior benchmarks for members of the armed service. The Office of Ethical Standard, Accountability and Adoption of the Code of Ethics was set up accordingly over graft cases involving AFP personnel (Hernandez 2008, 46). A separate Training and Doctrines Command was established to anchor efforts on values formation and the incorporation of human rights parameters into training and ongoing education (Selochan 2004, 67). With help from the Philippine Commission on Human Rights (PCHR), the military came up with a combat operations training manual along the lines of established human rights and international humanitarian law protocols. Special Action Committees were also set up to investigate human rights violation cases by the military in coordination with the PCHR. The civilian governments agreed and supported the efforts towards re-professionalization by fiscally committing to enhance the military's combat capability initially in counterinsurgency operations (from 1986 to 1994) and later, in external defense (1995–1998). The post-transition governments codified the rules of advancement in the military ranks by reviving the screening and recommendatory functions of Selection Boards and the Board of Generals to avoid "deep selection" or going by a third vacancy rule particularly among mid-to-high ranks. With a few exceptions, retirements even amongst those in the highest positions like Chief of Staff were not extended.

Shifting military mindsets in the end is a long-term undertaking. To a great extent, there was convergence between the civilian authorities and the military leaders about the need to inject more professionalism in the way members of the armed force behave. While commendable, the formative/reformative element was more pronounced than the punitive aspects, particularly with respect to those who were involved in prior putsches. Two civilian Commissions (Davide Commission and Fact Finding Commission to Investigate the Oakwood Mutiny) were formed to unearth the factors that lead to the interventions and offer policy remedies. However, for the putschists from 1986 to 1989, little or no punishment was meted out, while the Oakwood mutineers faced trial by their own peers in the military tribunal. The tendency to view military conduct as falling within the ambit of "autonomous decision making" meant that this issue was outside the public agenda.

CMR policy battleground I: internal security operations

Internal security operations is one of the issue areas in which civilian authorities have generally acquiesced to military leaders. Even during those periods when civilian governments initiated diplomatic efforts to find a political solution to the country's communist and Islamic separatist problems, the military's combat operations remained largely unimpeded and disconnected from these efforts. The Philippine military has long run its anti-communist and anti-separatist counterinsurgency program with considerable autonomy. Using mainly combat strategies (heavy artillery, area cordons, zoning), the military did what it needed to do with impunity in the frontlines, with large numbers of human rights violations and general local population antipathy as results. While the military acknowledged early on that this strategy was backfiring, its habituated sense of superiority on this issue area was difficult to overcome. Initially, concerns on internal security operations (ISO) centered on the military's rule of engagements (ROE) and armed campaigns that resulted in widespread population displacement. However, these matters were treated as "internal" to the military. To its credit, as early as 1987 the military had institutional epiphanies about the futility of the old counterinsurgency strategy, prompting the shift towards a supposedly more civilian-inclusive arrangement under the Bantay Laya (Guard Freedom) campaigns, and more concrete efforts at inculcating human rights and international humanitarian law-sensitive behavior among its personnel (see Hall 2004; Hall and Advincula-Lopez 2013). The AFP Internal Peace and Security Plan (IPSP Bayanihan), which declares the military's "support role" to civilian-led initiatives for peace and commits the institution to people-centered, locale-specific and inclusive processes of attaining security is a current iteration.

A collateral effect of this autonomy on matters on internal security operations is human rights culpability.[4] At the onset, military leaders have asserted jurisdiction over what they see primarily as personnel digression from established ethical standards in their profession. As an internal matter, the AFP has set up its own system to process human rights complaints leveled against officers and soldiers. During the All Out War against the communist insurgents (1986–1990), many allegations of violations surfaced leading ultimately to the enactment of Republic Act 7055 which among other things authorized the Philippine Commission on human rights to file charges before civilian courts on the victims' behalf and to issue clearance from pending human rights investigation, a document required for promotion, education and foreign travel. The same law established civilian court jurisdiction over cases involving violations of the Revised Penal Code by military personnel beginning 1991. But while said law has given ordinary civilians and the PCHR judicial redress, it remains half-baked as human rights cases do not proceed to nor prosper in court. The case of General Jovito Palparan, who has been implicated in forced disappearances and other violations against civilians with leftist credentials within his battalion area of operations pointed to the overall recalcitrant stance of the AFP. Even with the Supreme Court's affirmation of the writ of Amparo requiring the military to submit to queries by the court, it is by and large a closed institution when it comes to this matter (Sales 2009).

There have been intermittent attempts, short of legislation, for civilian authorities to exercise more control and oversight in the military conduct of ISO operations, but such attempts have seen uneven application. Executive Order 366 (1996, amending prior Executive Orders issued by President Aquino) required local government units to organize a Peace and Order Council (POC) as a platform to carve localized solutions to the insurgency issue. While military representation in the local POC is mentioned, many local government units (LGUs) in the conflict zone in fact are unorganized or, if present, are not the platform of choice for civil-military engagement (see Hall 2012). There were few cases where convergence of civilian and military

efforts under a local government-conceptualized framework (e.g., Bohol Program Framework for Poverty; North Cotabato Crisis Management Committee) were recorded but they are by no means widely emulated (Arugay 2009).[5] Under President Gloria Macapagal Arroyo, Kalahi Convergence at the level of the regional planning and development council became one of the mechanisms to link the military's own small-scale infrastructure projects (Kalayaan sa Barangay Program or KBP) with parallel projects by the Department of Social Welfare and Development. However, like the POC template, the mechanism has not been fully institutionalized.

There were two policy outcomes related to ISO for which some serious bargaining between the civilian authorities and the military institution was observed: the creation of the Citizen Armed Forces Geographical Units (CAFGU) and the creation of a national police (reconstituted from Marcos-era Philippine Constabulary and Integrated National Police). Both have fiscal implications and carried profound consequences on the military as an organization. The military wanted more boots on the ground but the government could not afford to increase the size of the regular troops. On the backdrop, there was a surge of civilian militia/vigilante groups in the conflict zone whose members were implicated in serious human rights violations and whose groups' relationship with the military's campaign was vague. To give what the military needed, the government authorized the creation of CAFGU Active Auxiliaries (CAA) as armed civilian volunteer self-defense organizations in 1988 on a renewable basis through budget measures. CAA became a supplementary budgetary item for the AFP but its numbers were indexed to concrete metrics of security gains/losses and approval by local authorities. The CAA's task was perimeter defense – to patrol the neighborhoods and to provide intelligence to the military in areas where insurgents had already been flushed out. Unlike the vigilante groups (which have been declared illegal by the state), the CAA is identified with members vetted and subject to human rights screening and metrics, and its operations are under army supervision. Like the regular troops, CAA members have to undergo mandatory human rights training and are culpable for human rights infractions. To date, the CAA remains as a legitimate paramilitary outfit.

The reorganization of the state security forces, i.e., the creation of a civilian police and its task of internal security, was the second issue for which little policy contestation was observed. In 1991, the Philippine National Police (PNP) was created with former members of the Marcos-era Integrated National Police and Philippine Constabulary as core. Unlike its predecessor, the PNP is placed under the Department of Interior and Local Government and is supervised by a National Police Commission, with local chief executives exerting minimal input over hiring but not missions. The lead role for internal security operations was given to newly created civilian police, but was subsequently returned to the Philippine army in 1995 following assessments of the former's lack of readiness and capability to respond to the serious rebel and terrorist threats. While the PNP is presumably building up its Special Action Forces and Public Safety Units as incubators for counterinsurgency and anti-terrorism capability, the military remains legally shackled to the task. Over the years, local mechanisms have been developed to better coordinate locale-specific internal security operations between the military and police (joint intelligence meetings, joint peace and security council meetings, etc.). A system for internal security responsibility turnover from the military to the provincial government has also been put in place, providing clear performance metrics for the latter's progress in its ISO missions. Over 40 of such provincial declarations (internal security turnover) has been made, thus far (Salvador 2014). But serious gaps remain as revealed in the Mamasapano operations on January 29, 2015 to capture terrorist Usman undertaken by the Special Action Forces (SAF) and the General Santos City-based Regional Public Safety Battalion. The police are organizationally not wired into the Coordinating Committee on the Cessation of Hostilities (CCCH) and the Ad hoc Joint Advisory Group (AHJAG), the mechanisms for managing security in the Bangsamoro zone. The botched

police operations which resulted in the death of 44 SAF operatives and 23 Moro Islamic Liberation Front (MILF) rebels were neither coursed through the CCCH or AHJAG nor was the local army division (6th Infantry) informed. Lessons from the Mamasapano incident have led to constructive changes in police-military coordination in the Bangsamoro area.

The military's continued lead role in ISO rather than the police is an example of a policy stasis because neither party (military or civilian authorities) is willing to bite the bullet. Publicly, the military wants to exit from ISO altogether but is apprehensive about the police's readiness to take on this key function. Despite periodic announcements to end the insurgency within a timetable, the civilian authorities in turn are slow to push for a definitive conclusion.

Policy battleground II: role correction and expansion

From a theoretical standpoint, a military that is externally oriented in its missions lends itself better to civilian control. The Philippine military is an aberration to this rule of thumb. The Cold War and US military basing arrangements meant that since independence, the Philippine military has left the task of territorial defense under the US security umbrella. The Philippine military has and remains focused and organizationally configured to address internal security threats. Effecting the military's shift to territorial defense has been a project hampered by inertia on the part of the civilian government unwilling to make the necessary fiscal commitments, and the military leadership reluctant to do so until the internal security situation has been firmly wrapped up. Under President Ramos, a modest military modernization scheme towards external defense was carried out in 1998 but was eventually diluted by fiscal constraints with the Asian Financial Crisis, and reprogrammed for internal security under President Gloria Macapagal-Arroyo in 2001. Under President Benigno Aquino III's administration, a Defense Reform Program was initiated and is seen as a long-term commitment for which subsequent administrations, with improvements in the economy, will continue investing into the further modernization of the AFP in two phases (2012–2017; 2018–2023). However, the "modernization" carried out under the program was more focused against domestic threat groups and not investment towards external defense (Chalk 2014, 4). The bulk of US assistance went to training and equipping the Light Infantry Company as well as for the Battalion Retraining. Hardware purchases are just beginning to come in, with a modest number of refurbished frigates from the US and Japan.

While the shift to external defense has entered the policy arena albeit with lukewarm CMR dynamics, the considerable expansion in the Philippine military's counterinsurgency repertoire is creating ripple effects in micro-level CMR. Since 1988, the military shifted internal operations strategy featuring less combat and more civil-military operations in all fronts. Subsequently, ground units, particularly the army, have been doing many activities paralleling or substitutive of those of local civilian agencies – delivery of basic services like health and dental missions; small-scale infrastructure projects like school construction, road openings and water systems; alternative learning systems (teaching services) and community organizing (i.e., youth and rebel returnees). Hall (2004, 2006, 2012) followed this role expansion in terms of its effects on local CMR. On a longitudinal scale, there have been incremental changes: (1) local military officers increasingly deal with local authorities and agents, as well as non-government organizations (NGOs) in the context of civil-military operations (CMO); (2) the current IPSP (Bayanihan) has made it mandatory for the military to "engage civilians" across all its mission areas but neither requires nor gives incentives for local military officers to utilize civilian frameworks (e.g., Peace and Order Council, local development council) for these undertakings; (3) military efforts though featuring broader civilian partnerships (e.g., joint or multilateral undertakings)

remains disconnected with or substitutive of those of local government, particularly in conflict areas; (4) except for vetted NGOs with which they had previous projects, military officers are generally skeptical of developmental NGOs; and (5) civil-military relationship at the local level, while cordial, remains far from equal – military units conceive, design and implement their own programs in communities with little input from civilians. Russell (2013, 222) notes that in West Mindanao Command (WestMinCom) the military has also been collaborating with some NGOs in humanitarian and relief work, often by providing security in the distribution process. These engagements are largely practical and involve resource sharing, facilitated by personal linkages with the military unit's commanding officer. However, the net effect is that the military is able to build relationships with NGOs and communities, and, in return, public perception about their work has improved.

Local CMR in disaster response as a mission area has also seen more improvements. Under the old Philippine disaster law, locally deployed military units and assets were routinely utilized for disaster response but their tasking, timelines and reporting relationship to local chief executives as disaster managers was never fully defined (Hall and Cular 2010). The 2010 National Disaster Risk Reduction and Management Law confined the military's role as "support" to the Department of Social Welfare and Development (DSWD). In the response to typhoon Pablo in 2012, Kiba and Hall (2014) noted that while the local military units self-organized and coordinated initial relief operations for the first few days, local commanders readily turned over the task of coordination to local authorities shortly thereafter. Civilian agents in general are accepting of the military's coordination role largely because of reliance on the latter's logistics assets. Hall and Espia (2015) observed the same pattern in the case of the typhoon Yolanda response, where the military's coordination role was most prominent only in days 1–7 following the event but gradually shifted to local disaster risk reduction and management council (LDRRMC) as alternate logistics assets became more available. Hall and Espia (2015) found that local military units more willingly work with these LDRRMCs once up and running, and take orders with regards relief distribution decisions by DSWD and other civilian donors. Hall (2016) argued that the decentralized coordination by hubs during the typhoon Yolanda response enabled the local military units in Panay to more effectively interface with international actors both military (e.g., Canadian Disaster Assistance Response Team) and civilian (e.g., World Food Programme, which was lead for logistics in the Panay hub).

There are two other mission areas assigned to the military with notable headways in terms of CMR, at least at the local level. In terms of election monitoring, the AFP has developed more programmatic linkages with the Commission on Elections (COMELEC) as the former's deputized agents. As observed in the author's field interviews with officers from the 6th Infantry Division in 2014, the military participates in pre-election planning with COMELEC to iron out among other things special rules of engagements and perimeter operations for the deployed forces tasked with election monitoring. In terms of environmental law enforcement, specific commands are allowed to enter into Memorandum of Agreements (MOA) with the Department of Environment and Natural Resources (DENR) for the scope, duration and processes involved in the task. Overall, there has been greater emphasis towards formalization in terms of the AFP's relationship with other civilian departments with respect to these mission areas.

Policy battleground III: advancing corporate interests

In the scholarly literature, military influence in policymaking in areas to which it has corporate interests is seen as normal. In a democratic setting, the concern becomes how such influence is wielded to yield favorable outcomes to the institution in ways that are detrimental to other

priorities by civilian authorities. Post 1986, the military is able to extend its influence in the policy-making arena two ways: the habitual practice of appointing ex-military officers to various departments and GOCCs (including important posts such as Department of National Defense or DND and the National Intelligence Coordinating Agency or NICA) and by joining electoral politics. For Gloria (2003), the military's entry into high echelons of elective and bureaucratic positions is comparable to a "mafia," and becomes a platform for advancing the military's corporate interests. The rise of the military-politician since the 1990s (e.g., President Ramos, Senators Honasan and Biazon, Congressman Aguinaldo and the Magdalo party list) alongside the formation of the "Saturday Group" – an informal grouping of the members of the 16th Congress who were graduates of the Philippine Military Academy – portray the astute transformation of the military able to capitalize on opportunities afforded by the democratic processes (Abinales 2005, 30). Having become part of the establishment, the military wields influence, but such is limited by institutional drawbacks (i.e., lack of electoral support to match those of entrenched clan candidates for local posts) and the widely accepted notion of its limited remit in matters of internal security and its own organization (McCoy 1999). While the number of non-active duty officers in the government is growing, no systematic study has been made to measure such influence in terms of the link between preferred and actual policy outcomes.

The military's assertion of corporate interest is illustrated in several cases. The military's budget more or less remained flat from 1986 to 1999. In subsequent years, the budget increased a few percentage matching inflation but always indexed to rising personnel cost (e.g., additional collateral pay for combat duties; expanded housing; payment of pension arrears to veterans under President Macagapal-Arroyo). The military has not increased in size but it was able to get the government to finance the hiring of home guards/paramilitary for its counterinsurgency operations beginning 1987. The government bailed out the Retirement and Separation Benefits System (RSBS) following its financial collapse in 1992 and allowed its continuation as a retirement system separate from those of the civilian government. The military lost vital US military assistance when it comes to equipment acquisition with the closure of US military installations in 1992; regaining such but only modestly with the resumption of US military assistance in 2012 with the global war on terror. The AFP Modernization Program from 1995 to 1999 only delivered a fraction of the 50 billion peso commitment for equipment upgrade, but the law effectively brought the military's procurement and acquisition process within the same normative ambit as all government agencies. The modernization program was shortchanged not due to AFP insistence, but due to Congress' assertion of its fiscal prerogative (de Castro 1999). The modernization program was only revitalized under President Benigno Aquino III's Capability Upgrade Program with multi-year fiscal commitment to acquire vessels and other important assets in line with the planned AFP shift to external defense (de Castro 2010). These differential policy outcomes (sometimes to the military's favor; other times not) suggest the intrinsic limits and required bargains when it comes to government money.

On the other side of the equation, civilian authorities were slow in asserting control in the military's financial management. Until recent scandals involving Comptroller General Garcia (who accumulated immense private wealth from sweetheart contractor deals) and the admission by AFP finance officers that they played with the books to collect unspent allocation and give it as "send-off money" to retiring AFP chiefs of staff, civilian authorities have not taken concrete measures to address military corruption and access to illicit activities (Beeson 2008; Dressel 2011). In recent years, two important developments have brought the AFP within the government's stronger regulatory ambit: (1) the harmonization of the AFP's procurement process with the rest of government civilian agencies, making use of mechanisms such as

electronic procurement system, annual Procurement Management Plan, the establishment of Bids and Awards Committee (BAC) and Pre-qualification, Bids and Awards Committee (PBAC) under Republic Act 9184 (Government Procurement Reform Act 2002) (Cacanindin and Tingabngab 2003); and (2) the transfer of control over peacekeeping funds from the AFP to the Department of Foreign Affairs. However, practices such as perfected contracts, delayed submissions of supplies contract, unliquidated cash advances for foreign trips by AFP personnel and emergency purchases continue unabated as cited by the Commission on Audit (COA) (Mangahas 2011, 2–3). The military continues to maintain "opaque" expenditure categories (e.g., representation, confidential, extra ordinary, miscellaneous) that the COA finds unacceptable. Despite the strengthening of legal procedures for acquisition and procurement, problems remain such as overpricing in the procurement-bidding process at the headquarters level and fund conversion, or the practice of turning supplies into cash or other materials (Aguja 2008, 4).

Over matters with long-term fiscal implications, the military's corporate interests appear more clearly as classic guns-versus-butter arguments, i.e., prioritizing the military's needs over other pressing social concerns. Because decisions of this kind are made within the formal arena, that is through the annual General Appropriations Act, political bargains are inevitable for which the military must accept greater oversight for any additional spending. Regardless, considerable gaps remain on the civilian side in terms of capacity and will to assert this oversight role over these fiscal decisions. The problem with corruption and alleged involvement of officers and soldiers in illicit activities point to this shortcoming.

Conclusion

Civil-military relations in the Philippines has evolved in a manner that cannot be divorced from the semi-democratic nature of politics in which it is embedded. While based on a distinctly Western template focused on a set of constitutional-legal civilian control mechanisms and a professional military, the elite-dominated and clientelistic nature of Philippine politics produced nuances on the relationship between the state as principal and the officer-soldiers as agents. The state has organized and used the Philippine military in ways that depart from what was considered appropriate (i.e., external defense), tasking it instead with internal security and election monitoring. These tasks in turn made the military organizations the state's brokers to local power holders, and tying them inevitably into the murky civilian politics. With Martial rule under President Marcos, politicization became more rooted as the military role further expanded into governance in conflict areas and into the private sector. In the end, military factions emerged with convergent interests among other civilian groups wanting to seize power. The military, performance deficient and with poor public image from its Martial Law involvement, nevertheless was able to obtain favorable transitional outcomes because of its timely switch to the pro-democracy camp.

The trajectory of CMR after the 1986 transition followed a slow and bumpy process towards normalization, i.e., setting policy with importance to the military as an institution in formal venues through democratic rules and procedures. With the imminent danger of coups, the military was able to leverage its preference for autonomous decision making on the conduct of counterinsurgency operations, and keep the issue of human rights accountability during Martial Law and even culpability for illegal power seizures off the government's policy agenda for many years. For many years, the military has claimed autonomy over what it considers its own rules and how to deal with personnel behavior that departs from these rules. Under the aegis of re-professionalization, the military worked with the Philippine Commission on Human Rights in crafting a norm-compliant training and education curriculum; established its own internal

mechanisms to address personnel human rights infractions; and developed a different internal security operations (ISO) strategy. The creation of a separate police and additional paramilitary (CAFGU) for counterinsurgency operations were decided through legislation. However, this was not a case of singular civilian assertion over military contestation. Issues that made it to the public policy agenda were mostly those with long-term fiscal implications (modernization, personnel pay hikes, the retirement fund). The outcomes were a mixed bag in that they do not always yield the maximum preferences for the military. Even as military corporate interests become more evident in these policy proceedings, with more ex-military officers pursuing careers in politics and/or being appointed to various government positions, the inherent limits in the procedures and rules of policymaking inhibit such corporate interest ascendancy over other civilian priorities. But the net effect was to bring the military into the greater regulatory ambit of civilian government agencies, whether by the Commission on Audit or by the Ombudsman. CMR norming is happening with more formalization and by bringing more and more issues, previously assumed by the military institution as prerogatives or internal matters, into the public policy arena.

The conduct of internal security operations remains the holy grail of military autonomy and where attempts at civilian oversight has seen uneven local applications. Except for a few noteworthy cases, Peace and Order Councils in conflict areas are either not present or ill-functioning; they are not the preferred platforms for local security decision making by deployed military units. Ceasefire mechanisms in the Bangsamoro zone appear to work in terms of moderating the military's combat operations, but the recent Mamasapano incident reveals inherent weaknesses in the links between the military and the police as state security forces. Regional planning convergence for construction projects by the military and other civilian agencies was tried, but ultimately abandoned in place of civilian agencies (e.g., Department of Public Works and Highways, Department of Social Work and Development) contracting with the military to undertake construction projects in the frontline. This contrasts sharply with disaster response as a mission area for which military role has been delimited (logistics service provider to the DSWD) and more readily subsumed under local risk reduction and management councils. No definitive argument can be made with respect to election monitoring and environmental law enforcement in the absence of studies on CMR in these mission areas.

Local CMR has seen improvements largely owing to changes in the military's ISO strategies towards engaging civilians, broadly speaking. From the Bantay Laya campaign plan in 1987 to the current Internal Peace and Security Plan Bayanihan, the military has become more open to interfacing with local authorities, civil society formations and community groups in order to accomplish an ever increasing array of non-traditional tasks in the frontline. Apart from construction and civic action activities, local military units are organizing youths and ex-rebels; brokering deals with the private sector and national government agencies for public service projects in choice localities; mediating clan conflicts; training special armed units for agri-businesses among others. The military's public image has improved considerably but local civilian oversight or checks are hardly present in these endeavors.

Where are we now? Civil-military relations depict continued imbalance owing to the military's continued prominence in areas of policymaking, particularly internal security and military organization (Chambers 2012, 156; Croissant et al. 2012). For the most part, the military has succeeded in cordoning off this policy area from the public arena and projecting that as an institution; it is doing something internally to address the matter. There is a strong imprint of military preference in policy crafting, decision making and implementation, largely because civilian authorities are unwilling or lack competence in exercising oversight. Unlike disaster response (which the military considers a secondary mission anyhow and not as important as

internal security), attempts at institutionalizing oversight mechanisms for security at the local level have met with little success. The shift to territorial defense from an internal security role is a classic example of this policy debilitation largely because the relevant national civilian authorities (President, Congress, Defense Secretaries) share the military's apprehension and therefore are willing to acquiesce (Heiduk 2011, 212). The next civil-military policy battleground will be in this role-shift as it stands to remake the very military institution as we know it.

Notes

1 CMR could also be manifested as a reversed hierarchy where the military is the politically dominant actor. Whether ruling as a junta, enjoying veto power on political outcomes, exercising residual authority or reserved rights, possessing prerogatives that put certain issues outside of the government policymaking agenda, the military participates politically in a manner that tips the balance of power in its favor (Welch 1976; Fitch 1998; Stepan 1988). These situations are deemed inimical to the health of the state and of the well-being of the military as an institution. In the same vein, military intervention in politics (i.e., staging of coups) is generally seen as an indicator that civilian supremacy has been breached.

2 This development role is fundamentally different from the civic action programs under President Magsaysay as the latter was part of the military's overall counterinsurgency strategy. Under Marcos, the military undertook construction activities and delivered public services with funding under the Office of the President and in areas not necessarily connected to its anti-insurgency mission.

3 Abinales (2005, 29) argues that on the contrary the military was not as politicized under Marcos. Military participation in politics was restrained by Marcos' use of civilian supremacy principles although of an authoritarian variety. He provided strong constitutional justification to the military's expanded role while keeping a tight leash on the institution through crafty appointment decisions based on personal loyalty to him. Rather than pinpointing the Marcos dictatorship as a critical juncture, other scholars argue that problematic CMR is rooted in the historical ways in which the state civilian authorities have organized and deployed violence (Lotte-Hedman and Sidel 2000; Lotte-Hedman 2001). The privatized and localized nature of law enforcement, and the centrality of the AFP's constabulary function, rather than territorial defense, are illustrative of these hybrid formulations. If the military is assumed as an agent of the state (implementing the state's directives, and under Martial Law, by the dictator Marcos), its abnormality rests in that it was mainly used as local brokers for the government's anti-insurgency campaign. In those circumstances, the soldier-agent could defy the state's order and subsequently redefine such relationship. Former officer-turned Governor and Congressman Rodolfo Aguinaldo was a key example of that soldier-rebel-politician who played local politics in the same way as civilian-politician rivals (with private army and financial support from the illegal numbers game or *jueteng*) (Wong 2008).

4 As precedent, President Ramos granted immunity to putschists involved in the 1986–1989 coups and to those who may have committed human rights violations during counterinsurgency operations from 1972 to 1986 (McCoy 1999, 301). This grant of immunity conveyed a symbolic message that human rights lie outside of the bounds of public policy.

5 The military's counterinsurgency program in Bohol was modified to suit the provincial government framework, with military commanders working closely with civilian teams in community-based activities. The North Cotabato Crisis Management Committee was formed to address displacement and parallel local security concerns from Bangsamoro Islamic Freedom Fighter (BIFF) and communist threats.

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PART II

Foreign relations



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12

FOREIGN RELATIONS BETWEEN THE PHILIPPINES AND THE UNITED STATES

Howard Loewen

This chapter focuses on the foreign relations between the Republic of the Philippines and the United States of America. The main argument is that there is more continuity than change in this bilateral linkage. The foreign linkage between the countries evolved in the colonial era, when the Philippines was a colony of the U.S. from 1898 until 1946. Moreover, both countries had been allies in the fight against the then aggressor Japan during World War II. A "Mutual Defense Treaty" concluded in 1951 between the two countries is an essential component in a security relations network between them. However, the Philippine Senate decided not to renew the leasing contract with the U.S. over the use of the Clark Air and Subic Naval Bases in 1991. Subsequently, the Philippines turned towards Southeast Asia and increased its engagement in questions of regional cooperation. Yet already by 2001 the Philippines decided to support the U.S. in its worldwide effort to curb international terror and especially to mitigate its spread in the southern Philippines and in Southeast Asia. The withdrawal of the small army and police contingent from Iraq in 2004 marred the relations with the U.S. once again. Seven years later, U.S. Secretary of State Hillary Clinton and the then Philippine Foreign Minister Del Rosaria signed the so-called Manila Declaration, which invigorated the existent bilateral security-cooperation and fostered maritime cooperation in the South China Sea. This pointed to the central role Philippine-U.S. security relations played as part of the U.S. "pivot" to East Asia. It appears most likely that the anti U.S.-rhetoric of the current Philippine president Rodrigo R. Duterte will not mark a structural change in Philippine-U.S. relations.

How can we explain continuity in Philippine-American security relations? The main argument of this chapter is, first, that there is a normative consensus in terms of foreign policy principles and ideologies between the U.S. and the Philippines. This explains why the otherwise unobstructed relations had been significantly marred only once in 1991 with specific conditions such as the open geopolitical situation, strong anti-U.S. opposition and a societal opinion that was reflected in the decision of the Philippine Senate not to renew the bases agreement with the U.S. Second, structural or geopolitical developments such as WWII, the Cold War and the spread of communism, end of the Cold War, the rise of China and the U.S. pivot to East Asia were vital factors that can explain the Philippine foreign policy bias toward the United States. The dominant position of the U.S. in the region, the preference of the Filipinos being faced with the economic and military rise of China that manifests itself in the surge of maritime conflicts over respective borders, exclusive economic zones and resources in the South China Sea

or West-Philippine sea are independent variables that can account for the interests of both countries to foster mutual security cooperation. Third, the bilateral security treaty of 1955 has often been supplemented by other treaties in order to adapt it to changes that affect security issues in the region and internationally. As part of the so-called security architecture in East Asia, the bilateral treaties between the U.S. and the Philippines are essential linkages of this cooperative security system that has been dominated by the U.S. since the Cold War.

A brief history of foreign relations between the Philippines and the U.S. until the fall of Marcos

Since obtaining independence in 1946 Philippine foreign policy has been influenced by close economic and strategic ties with the United States, by the Cold War and its end in 1989, the economic and military rise of China as well as the war against terror since 2001. Philippine foreign policy since independence can be divided into four phases: in the first phase from 1946 to 1972 it was largely influenced by the colonial dependence on the U.S. The interval between the proclamation of martial law in 1972 to democratic revolution in 1986 constitutes a second phase. The next phase, from 1986 until 2001, begins with the transition to democracy and ends with the international fight against terror. In this phase a gradual loosening of U.S. ties as a security partner went along with the continuation of "open" foreign policy practiced by Marcos. The fourth phase, from 2001 to 2016, encompasses Philippine foreign policy since the beginning of the international fight against terror, which inter alia meant a renewed rapprochement of the Philippines and the U.S. This can be seen not only as a reaction to the terrorist danger in Southeast Asia, but also as a security-related reaction to the rise of China.

In the remainder of this chapter I will describe the formation of Philippine foreign policy on the basis of its different phases with an emphasis on the interaction with the U.S. by implicitly referring to the international or structural factors mentioned above.

Foreign relations in the colonial era and during WWII (1898–1946)

Due to a military incident in Cuba, the U.S. went to war with Spain which eventually led to the defeat of the latter. On February 15, 1898 Spanish troops supposedly sank the American battleship "Maine" in the harbor of Havana. At the same time an indigenous revolution took place both in Cuba as well as in the Philippines. Both processes signaled the deterioration of the Spanish Empire and the rise of the American Empire. As a retaliatory action, the Americans sank the ineffective and outmoded Spanish fleet in Manila Bay on May 1, 1898. The Spaniards retreated swiftly in the face of the superior firepower of the U.S. troops. At the same time the U.S. initially supported the Philippine revolutionaries' fight for freedom, but turned against them as its colonial interest was threatened. On August 13, 1898 Spain surrendered to the U.S. Based on the treaty of Paris, Spain relinquished Cuba, Guam, Puerto Rico and the Philippines to the United States. The Philippines was handed over for a symbolic sum of money, namely 20 million U.S. dollars. The ensuing power vacuum was used by General Emilio Aguinaldo to set up an independent state of the Philippines. On January 23, 1898 the first republic of the Philippines was proclaimed in the town of Malolos. The so-called Malolos Republic constitution was written with reference to Western constitutional models. It thus contained the usual catalog of basic human and civil rights. The constitution also laid the foundation for a government emanating from relatively free elections (Abueva 1997: 32). This first democratic episode in the Philippines was short-lived, however. After that the Philippines was annexed by the U.S. and burgeoning armed resistance was brutally repressed by American troops (Agoncillo 1990:

149–197). It is estimated that the conflict cost the lives of roughly 22,000 revolutionaries and 500,000 civilians (Abinales and Amoroso 2005: 117).

These atrocities did not mitigate U.S. assertiveness as the new colonial power in the Philippines. There are several reasons for this. One is that, in contrast to Spanish forces before, the U.S. was willing to grant more political participation to the land-owning elite. This led to the rise of the so-called political clans or families, many of whom still have a significant impact on the local, regional, and national politics today. The clientelistic and personalistic character of Filipino politics was based on the access of these families to the public resources through their patron-client networks. Moreover, the active and passive rights to vote secured the elite's continued "legal" access to state power and resources. The "Philippine Act" of 1902 laid the foundation for the introduction of a more pluralistic political process. Subsequently elite parties competed for power in a newly established legislative assembly. Based on the constitution of 1935 the Philippines was granted Commonwealth status.

Postwar foreign relations: dependency despite independence (1946–1972)

Following the Japanese occupation during World War II – which lasted from 1941 to 1945 and during which about one million Filipinos lost their lives – the Philippines was granted independence by the U.S. in 1946. World War II had left the Philippines in a desolate situation economically with little functioning infrastructure remaining. At the same time the state was concerned with fighting a growing communist insurgency that manifested itself in the so-called Hukbalahap Movement and later the New People's Army. That said, it is understandable that the first three presidents of the young democratic republic, Manuel Roxas, Elpidio Quirino and Ramon Magsaysay, were willing to surrender considerable state autonomy in favor of a close economic and military cooperation with the Americans at the beginning of the postwar foreign policy relations. This strategy of close cooperation between the two states corresponded to the geopolitical interest of the U.S. that manifests itself in the unfolding network of predominantly bilateral military alliances in the Asia Pacific. This strategy is based on the Truman doctrine that aimed at the establishment of a network of military alliances in order to contain the spread of communism in the region. In this context the Philippines and the U.S. concluded a number of treaties, some of which still form the basis of the foreign security relations between the two countries to this day, most importantly, the mutual defense treaty of 1951 (Wurfel 1990: 162; Ronas 2006a).

A contract for military bases (1947) allowed the American to use military facilities on the Philippines for a period of initially 90 years. Due to the persistence of the Garcia government the term was reduced to 25 years on the legal basis of the Bohlen-Serrano Agreement. The military assistance agreement aimed at the delivery of weapons and military equipment as well as training assistance for the benefit of the just established Philippine Army. In order to help implement these goals the Americans founded the U.S. Advisory Group. Finally, the mutual defense pact is an accord which obliges the partners to help each other in crisis situations, but only if this action is in accordance with the "constitutional processes" of the two parties. This implies on the one hand that for instance the security guarantee of the U.S. for the Philippines can only be activated if military actions are approved of by the American Congress (Mutual Defense Treaty 1951). On the other hand, Article 5 of the NATO treaty of 1949 provides for individual or collective self-defense without the explicit mention of parliamentary legitimation should one or more European or North American NATO-Parties be attacked (North Atlantic Treaty 1949).

It is obvious that security cooperation between the United States and its European Alliance partners is largely multilateral, as it encompasses a large number of parties from North America

and Europe, and has binding features, whereas the cooperation with the Philippines and other security partners in East Asia is predominantly bilateral and less binding due to the mentioned constitutional provisions. Hemmer and Katzenstein (2002) explain this preference variance of the U.S. by referring to different American perceptions of collective identities in the cooperation with Europeans and Asians, whereupon the latter are seen more as aliens and the former as equal partners.

While the Cold War sustained a cold peace in Europe based on a policy of deterrence between two antagonistic multilateral security organizations, NATO and the Warsaw Pact, systemic bipolarity in East Asia manifested itself in the two proxy wars, the Korean War (1950–1955) and the Vietnam War (1946–1954 and 1965–1975). The Philippines played a role in both conflicts, albeit to varying degrees.

The Korean War started off with the division of the country into two parts after the end of World War II due to the competing hegemonic ambition of the two superpowers, with the northern section occupied by the Soviet Union and the southern part administered by the U.S. The division of Korea deepened with the proclamation of the Republic of Korea on August 15, 1948 in the South and the Democratic People's Republic on September 9 in the same year in the northern part of the country. The delicate security situation escalated in an open war when North Korean troops crossed the border to the south in 1950. The U.S. was quick to obtain a mandate of the UN Security Council to expel North Korean troops from South Korea. As a United Nation member state and a close ally of the U.S. then Philippine President Quirino quickly decided to provide military support and sent the Philippines' 10th battalion combat team to fight in Korea. There Filipino soldiers fought side by side with U.S. troops and other allies. After intense fighting, the North Korean army was driven back and in the year 1953 the war ended with a truce between the former conflict parties.

After the end of World War II France was confronted with a growing communist insurgency in the northeastern part of its colonial territory "Indochina," which is now the northern part of Vietnam. This conflict acquired geopolitical significance as the U.S. supported the French troops and the North Vietnamese guerilla troops were backed by China and the Soviet Union. This first Indochina War lasted from 1946 to 1954. It ended with the defeat of the French colonial troops. At the Geneva Conference it was decided that Vietnam would be divided between a communist north and a western-oriented south. Yet, the fighting between North and South Vietnam continued and the second Indochina War, which lasted from 1955 to 1972, began. The U.S. soon became actively involved in this war backing the government of South Vietnam.

In contrast to its engagement in the Korean War, the Philippines was only passively involved in this second Indochina war. Instead of committing combat troops, so-called Civic Action groups that served civil and medical aims were sent to Vietnam between 1964 and 1996. The logistical support was significantly bigger. The American bases in the Philippines, namely Clark Air Base and the Naval Base Subic Bay, have been a significant strategic determinant of the American War against the Viet Kong. Philippine president Diosdado Macapagal, who was the country's chief executive between 1961 and 1965, stood for a relatively nationalist foreign policy. This tendency manifested itself first in the support of the 1962 claim by the Sulu Sultanate in the southern Philippines to Sabah which was a part of Malaysia. Second, Macapagal supported the vision of a pan-Malayan federation in order to balance rising Chinese influence in the region. To this end he and the heads of state of Indonesia and Malaysia established a trilateral intergovernmental institution, named Maphilindo[1] in 1963. This subregional cooperation met with little success, however, and soon became insignificant. Despite these foreign policy initiatives the Philippines did not conduct an entirely independent foreign policy under the

leadership of Macapagal. The reason is that even during the nationalist phase of foreign policy the influence of the U.S. on Philippine foreign policy was significant and was even bound to increase under the next president of the Philippines, Ferdinand Marcos.

Foreign policy and martial law: more continuity than change (1972–1986)

The declaration of martial law by Ferdinand Marcos in the year 1972 took place in an international environment that was influenced by factors such as the end of the Vietnam War, the subsequent phase of elongated détente, as well as the Cambodian conflict. In his economic policy Marcos tried to emulate the success of developmental states such as Singapore, Taiwan, South Korea and Japan, yet with little positive effect. Moreover, Marcos had to combat two armed underground movements, the Moro National Liberal Front in Mindanao (MNLF) and the communist movement New People's Army (NPA), which operated countrywide. While the U.S. remained the most important political anchor of the Philippines in the international system, Marcos stressed economic openness and used the political space provided by a period of détente to have a more open foreign policy.

With the end of the Vietnam War in 1975 tensions eased between the two geopolitical blocks, NATO and the Warsaw Pact and between the U.S. and the Soviet Union in particular. As a consequence the U.S. decided to change its regional strategy for East Asia on the normative basis of the Nixon Doctrine: instead of deploying more troops in the region security alliances with states such as Japan, South Korea, Taiwan, Thailand and the Philippines were strengthened (Ronas 2006b: 505). East Asian alliance partners reacted by intensifying security and diplomatic relations with other states in the region in order to compensate for the apprehended military retreat of the United States from East Asia.

This strategy implied a more prominent role for the Association of Southeast Asian Nations (ASEAN) in regional security management. ASEAN was founded in 1967 by the Philippines, Singapore, Indonesia, Thailand and Malaysia with the aim of fostering welfare, peace and stability in Southeast Asia without interference from external actors. Beyond these declaratory goals ASEAN actually started out as a security community from 1967 until 1975 in order to hedge the non-communist sphere of East Asia backed by the U.S. But as the Americans reduced their military engagement after the end of the Vietnam War, ASEAN member countries decided to devote more resources into regional cooperation in general and this regional forum in specific. By doing so they hoped that ASEAN and its specific form of informal and non-binding cooperation, the so-called ASEAN Way, would contribute to the stability and security of the whole region. Vietnam's invasion of Cambodia in 1979 that resulted in the toppling of the totalitarian Khmer Rouge regime was the first test of ASEAN's ability to contribute to conflict management. As a result of its diplomatic activities with and within the United Nations, ASEAN contributed greatly to the withdrawal of the Vietnamese army and to the political solution of the conflict. The latter was accomplished through the Paris Conference on Cambodia in 1991 that ended with the signing of the Paris Peace Accords that officially ended the war and marked the beginning of the UN as the provider of political stability by performing quasi-government functions in Cambodia (Busse 1998: 137ff.).

Domestically Ferdinand Marcos justified the declaration of martial law in 1972 by arguing that it first helped to effectively fight the Islamist and communist underground movements and second would contribute to the establishment of a "new society." As guiding examples for this notion of development Marcos identified South Korea and Taiwan that successfully managed to foster economic and social modernization. The Marcos government's economic policy strategy was based on export-oriented growth to be implemented by a state free from the influence of

the particular interests of traditional elites. But although the Philippine state became indeed somewhat freer from traditional elite preferences, a new influential regime elite emerged: Marcos' relatives, friends and supporters. This new elite and their corrupt practices rendered the process of catch-up development or late development dysfunctional, for instance in the banking sector (Ferdinand 2012: 122–123).

The foreign policy of Ferdinand Marcos can be understood against the background of the mentioned international and domestic factors. On the one hand, the "independent" foreign policy strategy as it was propagated by his government manifested itself on a multilateral level, sought to foster relations with other developing countries in the United Nations and to strengthen links with the Association of Southeast Nations, the Organization of Islamic Conference (OIC) as well as with states from the former socialist bloc. Compared to the first phase of Filipino foreign policy between 1946 and 1972 the independent foreign policy of Ferdinand Marcos had a strong declaratory notion to it as economic and security relations with the United States were actually still the main constant in outward relations.

The interest of the Marcos government in multilateral diplomacy encompassed diplomatic initiatives in the institutional context of the United Nations and ASEAN. Besides the active support of Security Council reform proposals the Philippines acted as an agent for the establishment of a development perspective within the UN system, especially by supporting the G-77 group, the UN Conference on Trade and Development (UNCTAD) and the UN Development Program (UNDP), all of which are now elemental parts of the development regime within the UN system. The fact that the fifth UNCTAD conference was held in Manila in May 1979 underlines the aspiration of the Philippines to become an active part of developmental multilateralism (Ronas 2006b: 508).

The political thawing between the United States and the USSR had direct consequences for the diplomatic relations between the Philippines and the former member countries of the Warsaw Pact as well as other socialist or communist countries. For with the end of direct military involvement of the Americans in the region diplomatic blank spaces emerged, which Ferdinand Marcos was willing to fill especially under the impression of the oil crises of the 1970s. Subsequently formal diplomatic relations and later on trade relations with the People's Republic of China in 1975, the USSR in 1976 and other socialist countries in Eastern Europe such as Romania in 1975, Poland (1973) and CSSR (1973) were established (Ronas 2006b: 508).

Despite this differentiation of foreign policy under Marcos, diplomatic relations with the U.S. did not suffer. Although the military presence of the U.S. was not reduced, the Philippines was able to assert its sovereignty rights through the Marcos-Mondale Communiqué on the bases territory, yet only on a declaratory basis. For the Americans could actually fully uphold their operational control over its military on Philippine soil. With regard to trade relations a similar assessment applies: A trade agreement between both countries that rested on the GATT principle of most-favored-nation-treatment was rendered ineffective as the American side applied the U.S. Trade Reform Act from 1975 which made it possible to withdraw the duty free status of the goods that were covered in the first treaty. This implied that the important GATT norm was not valid for some products that were vital for Philippine exports, such as sugar (Hawes 1986; Larson and Borrell 2001).

Post-authoritarian foreign policy: proximity despite distancing (1986–2016)

The Philippine revolution of 1986 resulted in a partial reorientation of Philippine foreign policy that coexisted with more traditional approaches. On the one hand, the rejection of the bases

treaty, the intensification of diplomatic relations with other ASEAN member states as well as the focus on non-traditional security issues (i.e., migration, environment, development) and the populist challenge of the current president Rodrigo Duterte can be seen as new elements in foreign policy characterized by the emergence of cleavages between the U.S. and the Philippines. On the other hand, there is the emphasis put on economic cooperation as a contribution to the socioeconomic development as well as a rapprochement of the Philippines with its traditional alliance partner the U.S. which linked to the international fight against terror and the rise of China as aspects of continuity.

Foreign policy under Corazon C. Aquino (1986–1992)

The most important issue affecting the Philippine-U.S. relationship under President Aquino was with no doubt the non-renewal of the bases treaties. Another issue that was indirectly linked to U.S. foreign policy is the decision of the Philippines to help return its overseas workers from the Middle East due to the effects of the second Gulf War. There was a direct link between domestic and foreign policy in the debate about the renewal of the bases agreement. While Corazon Aquino opted for a renewal by emphasizing the economic advantages of such a strategy, opponents argued that the non-renewal of the treaty would enhance Philippine sovereignty. After lengthy discussions in the Philippine congress and in the media the opposition camp prevailed: in September 1991 the Philippines Senate rejected the renewal of the bases treaty by a narrow margin. The U.S. decided to give up Clark Air base and Subic Naval Base forces completed withdrawal in November 1992 (Ricklefs 2010: 423). The relations between the Philippines and the U.S. hit a low point.

The second Gulf War began in 1990 and ended in 1991. It was a war led by the United States and its allies against Iraq as a reaction to Iraq's invasion of Kuwait. As a consequence the Philippine government repatriated roughly 30,000 Filipinos mainly from Kuwait. Subsequently this led to a new foreign policy emphasis which dealt with the demands and interests of Filipinos working abroad. Two more reasons can be identified for this strategy. First, remittances from the large overseas workers community in the 1990s amounted to 5–10 percent of the Philippine gross domestic product. Second, media in the Philippines started to report on the often difficult living conditions of Overseas Filipino Workers (OFWs), creating greater public awareness and concern.

Foreign policy under Fidel Ramos (1992–1998)

The second president post-Marcos, Fidel V. Ramos, made economic development as the main goal of domestic politics. This strategy also manifested itself in the foreign policy of his administration. Labeled "diplomacy for development," efforts to achieve greater trade liberalization were initiated, regional and interregional cooperation through ASEAN and APEC was strengthened but also additional measures taken to improve the protection of OFWs (Morales 2006: 517).

It was also a clear imperative of the Ramos administration to improve the complicated U.S.-Philippines relations still affected by the non-renewal of the bases treaty and the subsequent withdrawal of U.S. troops from the Philippines. Like many of the other allies of the U.S. in Asia such as Japan, Taiwan, South Korea, Thailand and quasi-ally Singapore, the Philippines still viewed the U.S. as the main security guarantee against big powers, especially China. Against this backdrop, during the Ramos presidency the Philippines began negotiating the Status of Forces Agreement, a precursor to the subsequent Visiting Forces Agreement (VFA). This was not

concluded during Ramos' presidency, however, due to fear of a resurgence of anti-American opposition and sentiments (Pattugalan 1999: 140).

Foreign policy under Joseph Estrada (1998–2001)

While foreign policy played a prominent role during the Ramos administration the opposite was true in the short presidency of Joseph Estrada who took to power in 1998 and was removed from office only three years later by the People Power II movement. The absence of new foreign policy priorities became apparent when Estrada's inauguration speech concentrated on domestic issues. Despite his earlier opposition as senator to the renewal of the U.S. bases treaty, as president Estrada nevertheless contributed to the stabilization of U.S.–Philippines relations. During his term the "Philippines–United States Visiting Forces Agreement" was signed and came into force in May 1999 after having been ratified by the Philippine Senate. The treaty is a visiting forces treaty and contains provisions with regard to U.S. troops that are temporarily in the Philippines. It grants the U.S government means to secure its jurisdiction over cases where U.S. armed forces personnel have committed crimes on Philippine soil. Moreover this agreement also allowed Philippine and American troops to conduct joint exercises which have been carried out yearly since then (USA, Department of State 1998).

Foreign policy under Arroyo (2001–2010)

The presidency of Gloria Macapagal Arroyo was characterized by more ambivalent relations to the alliance partner the U.S. and the intensification of economic and political linkages with China. After the terror attacks of September 11, 2001, the Philippines committed to fight with the U.S. and its other allies against international terrorism in the so-called "coalition of the willing." Yet, the decision of the Philippines in July 2004 to withdraw 51 soldiers and police-staff from Iraq in order to prevent the execution of a Philippine guest worker who had been kidnapped by rebels put a significant strain on its alliance with the U.S. Washington complained that by this withdrawal Manila had also marooned the international coalition. But the U.S. was also quick to stress that the Philippine status as an allied non-NATO partner was not jeopardized. In 2006 a new agreement on the consolidation of security relations between the two states was concluded. The so-called Security Engagement Board (SEB) is a consultative mechanism that aims at fostering cooperation in non-traditional security issues such as terrorism, maritime security, environmental disaster as well as epidemics. The American side pointed out that the SEB would strengthen Philippine-American relations in general and would complement a long tradition of close security linkages between the two countries.

At the same time, diplomatic relations with the rising regional power China were strengthened. Three respective initiatives that were set in motion during Arroyo's presidency illustrate this strategy: First, there was cooperation between state-run oil companies from the Philippines, China and Vietnam for the purpose of conducting joint seismic studies in the range of the Spratly Islands in the South China Sea. This measure was meant to provide clarity on the composition and quantity of oil and gas occurrence of this specific maritime area. The Philippine government underscored in this context that cooperation with China and Vietnam was a blueprint for further collaboration and that it complied with the regional "Declaration on the Conduct of Parties in the South China Sea," a treaty concluded in 2002. Second, both sides agreed on fostering a dialog on possible natural resource conflicts. Third and lastly Arroyo intensified trade and cultural relations between both countries in general with a subregional focus on the economically thriving Chinese province Fujian.

Foreign policy under Benigno S. Aquino III (2010–2016)

A major foreign policy development under President Benigno Aquino III, who governed the Philippines between 2010 and 2016, was the conflict-prone relations with China linked to territorial disputes in the South China Sea which worsened during his presidency. A second development, and also closely linked to the first aspect, is the intensification of security relations with the United States. The obvious reason for this is the Philippines' perception of China as a source of uncertainty and even danger.

Relations with China reached a new low in 2011 and 2012 when near clashes between Philippine and Chinese vessels were reported in the area of the disputed Reed and Scarborough reef. Both maritime areas are located in the exclusive economic zone or 200 nautical miles zone of the Philippines, in which it has according to Art. 55 of the United Nations Convention on the Law of the Sea (UNCLOS) sovereign power and is thus allowed to exploit resources. While the Chinese insist that nearly the total area of the South China Sea is justly claimed by it on historical grounds and that all conflicts regarding sea borders and resources ought to be solved bilaterally between China and other states, the Philippines argues that the conflict should be solved in the interest of all involved parties and that UNCLOS should be applied to these issues. This is the position put forth by the Philippines since 1980s, but Aquino was the first president who took a firm and unyielding stance against China's aggressive policy. Until 2014 the Philippines had to cope with this conflict with China single-handedly without any help or significant support from the region, but some support from the United States. The proposal of the Philippines to mention the South China Sea issue in the final communiqué of the 21st ASEAN summit meeting in Cambodia in 2012 as well as a similar effort during the ASEAN Defense Ministers' Meeting (ADMM-Plus) in 2015 was rejected. However, when the Chinese positioned an oil rig in Vietnamese coastal waters, ASEAN joined the Philippine and Vietnamese position and criticized China's behavior for the first time since the onset of the conflict roughly 20 years ago (Cook 2015: 272).

Moreover, the Philippines propagated a multilateral and thus norm-based solution with the riparian states of the South China Sea over the disputed territories. China has always rejected this strategy and has instead proposed bilateral negotiations with the Philippines. The main problem from the Philippine point of view is that China's claim to sovereignty, which encompasses 90 percent of the South China Sea, overlaps with Philippine waters in its 200 nautical miles zone, based on norms of the UNCLOS. In 2013 the Philippines brought an arbitration case to an international tribunal in The Hague and asked it to reject China's claim on the grounds that it violates international law. In July 2016 the tribunal ruled in favor of the Philippines. It argued that there was no legal basis for the Chinese to claim rights to resources or waters. This means that the court found no evidence for China's claim that it had historically exercised control over the sea in the past. Any such rights have also been nullified with China's ratification of UNCLOS. Although China ratified the convention it rejects the ruling as it fears that it could structurally undermine its bilateral power projection in the South China Sea.

Beyond traditionally close economic relations between the U.S. and the Philippines, bilateral defense cooperation has steadily intensified in recent years owing to the South China Sea territorial disputes. While President Arroyo had been reluctant in that respect because of her close political relations with China, her successor Benigno Aquino III placed the consolidation of the security alliance with the U.S. in the center of his transpacific foreign security policy. This perfectly fit the pivot to Asia strategy of the U.S. that inter alia aims at strengthening bilateral and multilateral strategic links with selected East Asian states, among which the bilateral security relations with the Philippines are of prime importance. With regard to the South China Sea, the

United States has time and again stated that freedom of navigation and the seas should be respected and that multilateral solutions should be strived for. It is obvious that the U.S. shares fundamental norms and strategic interests with the Philippines. Against this background the establishment of the "Enhanced Defense Cooperation Agreement" in 2014 can be viewed as a manifestation of the strategic consensus between the Obama and the Aquino III administrations. This defense agreement forms the legal basis for the deployment of American soldiers, vessels and fighter jets, something that was not possible within the framework of the bilateral visiting forces treaty of 1999. Under the new agreement the Philippines currently enables the U.S. to use four military air bases and one military barracks (Wall Street Journal 2016).

Foreign policy under Rodrigo Duterte (since June 2016)

When Rodrigo Duterte became president of the Philippines in June 2016, it was feared that his populist style would have a negative impact on the relations with the United States. His rhetoric and his proclamations as well as his rapprochement with China seem to support this assessment. On the other hand, it is not entirely clear if the otherwise sound relations with the U.S. will suffer in the medium to long term. Duterte insulted Barack Obama for criticizing his contentious war on drugs and he also called for the end of joint naval patrols with the U.S., of the strategic support for the fight against radical Islam in Mindanao and even claimed that it is not clear whether the U.S. would help the Philippines should it be attacked by a third party, thus questioning the main premise of the Mutual Defense Treaty. At the same time Duterte has been open to advances by the Chinese to lure him away from the U.S. Duterte's October 2016 state visit to China showed how interested he was in improving relations with China. He clearly hopes Philippine businesses will gain much needed access to Chinese markets, which they have been largely denied due to the strained relations between the two countries. Moreover the Philippines desperately needs to revamp its infrastructure and would largely profit from cheap Chinese loans and projects targeted at this.

Yet, it is not really clear if Duterte will steer directly towards a bandwagoning strategy regarding China and dispense balancing possibilities that the bilateral alliance with the U.S. brings about. Most likely, his populist rhetoric will cool down after a while and the Philippines foreign policy will resemble again those of other Southeast Asian countries such as Singapore and Indonesia. In other words: he will likely bandwagon economically with China while balancing its feared dominance by upholding a security alliance with the United States. Although the Trump administration has withdrawn from the economic pillar of the U.S. pivot to Asia by leaving the Trans-Pacific Partnership (TPP), it is not very likely that the U.S. will also initiate a strategic retreat from the region. The likelihood is high that the close diplomatic relations between the Philippines and the United States based on shared normative and strategic interests will continue despite populist presidents currently in power in both countries.

Note

1 Maphilindo is an acronym for the participating states, namely Malaya, the Philippines and Indonesia.

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FROM ANTAGONISTIC TO CLOSE NEIGHBORS?

Twenty-first century Philippines–China relations

Renato Cruz de Castro

On April 8, 2012 the Philippine Navy's (PN's) flagship, the *BRP Gregorio Del Pilar*, tried to apprehend several Chinese fishing boats at the Scarborough Shoal. However, two Chinese maritime surveillance vessels arrived and prevented the arrest of the Chinese fishermen who were hauling corals, clams, and live sharks into their boats. Realizing that the incident might escalate into an armed confrontation, the Philippines replaced its surface combatant with a smaller coast guard vessel. Instead of reciprocating, China raised the stakes by deploying the Yuzheng 310 – the most advanced and largest patrol ship equipped with machine guns, light cannons, and electronic sensors. When the Philippines filed a diplomatic protest, the Chinese Embassy contended that the three Chinese surveillance vessels in Scarborough Shoal are "in the area fulfilling the duties of safeguarding Chinese maritime rights and interests," and added that the shoal "is an integral part of the Chinese territory and the waters around the traditional fishing area for Chinese fishermen" (Hookway, 2012, 2). These incidents underscore an international reality – Chinese naval power casts a long shadow over the Philippines which (along with Vietnam) is at the forefront of the South China Sea dispute with China (Chong, 2012).

In 2011, the Aquino Administration adopted a balancing policy in the face of China's assertiveness and expansion in the South China Sea. In June 2011, it decided to pursue the substantial modernization of the Armed Forces of the Philippines (AFP) that was still focused on internal security operations against domestic insurgent groups. President Benigno Simeon Aquino ordered the PN to acquire second-hand cutters from the U.S. Coast Guard, and the Philippine Air Forces (PAF) to scour the international market for affordable jet fighters to rebuild the country's air defense system. His administration also acknowledged the need for U.S. diplomatic support and military assistance in view of the Philippines' territorial row with China. During the tense 2012 Scarborough Shoal crisis, Philippine and Chinese civilian ships confronted each other in a two-month-long stand-off near the shoal. In late April 2014, the Philippines signed the 2014 Enhanced Defense Cooperation Agreement (EDCA) with its strategic ally – the U.S. Designed to constrain China, the agreement provides American forces strategic footprint through rotational presence in Philippine territory. It allows American forward-deployed forces in East Asia the most extensive access to Philippine military facilities since the U.S. vacated its vast air and naval installations at Clark Air Base and Subic Naval Base in the early 1990s. The Philippines has also strengthened its security ties with Japan – China's traditional rival in East

Asia. The country also filed a case against China's expansive claim in the International Tribunal of the United Nations Law of the Sea in January 2013.

These events were unimaginable during the first decade of the twenty-first century. In 2005, bilateral relations between the Philippines and China dramatically improved as the countries' cooperation in the fields of security, economics, and socio-cultural intensified. There was increased frequency in the number of high-level exchanges of visits, and increasing number of bilateral agreements, and sister-province/city links. On April 26–28, 2005 then President Hu Jintao visited Manila to reciprocate President Gloria Macapagal Arroyo's state visit in September 2004. During his visit, President Hu predicted that Philippines–China trade would double in the next five years. He also declared that the Chinese-funded North Luzon Railway project is the symbol of a "new and friendly relations and cooperation between the Philippines and China" (BBC Monitoring Asia Pacific, 2005a, 1). For her part, President Arroyo declared that the Philippines reciprocate China's efforts by increasing the exchange visits of officials and in expanding cooperation in the areas of energy, infrastructure, agriculture, and mining. She also reiterated her government's adherence to the One China policy and respect for Beijing's position vis-à-vis Taipei. Observing Philippines–China relations in the aftermath of President Hu's visit to Manila, former Philippine President Fidel Ramos stated that Philippines–China relations is "now at its best in history and China has become an important partner of the Philippines in trade and investment for the first time in history" (Xinhua News Agency, 2005, 1).

More than a decade after then President Hu's state visit to Manila, the Philippines and China have forgotten these lofty declarations on the golden age of Philippines–China relations. These two countries are now engaged in a tense and protracted territorial dispute over the South China Sea. Since diplomatic ties between the Philippines and China were established in the mid-1970s, the two neighbors' bilateral relations have undergone a cycle of indifference, suspicion, cooperation, bickering, and now outright antagonism that might lead into a full-blown conflict. This chapter examines the vagaries in Philippines–China relations since 1975. It addresses the main question: How have Philippines–China bilateral relations evolved since the mid-1970s? It also explores the following questions: What factors account for the ups and downs in Philippines–China relations? What is the current state of Philippines–China relations? And what is the future of Philippines–China relations?

From distant to suspicious neighbors

Diplomatic/political relations between Manila and Beijing were officially established on June 9, 1975 when the two countries signed the "Joint Communiqué on the Establishment of Diplomatic Relations between the People's Republic of China (PRC) and the Republic of the Philippines." Upon signing the communiqué, both sides agreed to conduct their politico-diplomatic relations at the ambassadorial level. In 1986, the mechanism for bilateral consultations on a number of regional and international issues was established. High-level visits and exchanges of officials began in the early 1990s. After almost of a decade of diplomatic exchanges and political consultations, however, the two countries' overall relations had been described as "cordial at the political level and only limitedly successful at the economic level" (Baviera, 2000, 23). The lack of rapport in Philippines–China relations could be attributed to fact that the relationship had been conducted on the basis of sheer hard-nosed *realpolitik*.

Manila established diplomatic ties with Beijing in the mid-1970s primarily because it found it expedient to lessen Chinese support to the local communist movement and strengthen as well its non-alignment credentials in international affairs with the socialist world. However, these *realpolitik* motives were constrained by a more overriding strategic consideration – Manila has

always viewed Beijing as a long-term security challenge. Concern with China's long-term strategic intention made the Philippines (along with other ASEAN states like Malaysia and Indonesia) extremely wary of its capability to provide assistance to the local communist insurgency, increase its naval build-up, and pursue its irredentist claim in the South China Sea (Baginda, 1991). This lingering fear of China, along with a then prevailing view that Beijing has nothing substantive to offer to Manila, prevented both countries from pursuing comprehensive and close relations with each other (Yuyitung, 1991). However, developments in the mid-1990s forced both countries to examine the state of their bilateral relations.

The PRC's promulgation of its territorial law claiming a large portion of the South China Sea in 1992, and Manila's discovery of the Chinese construction on Mischief Reef in 1995 changed the Philippine view of its relations with China. Prior to these developments, both countries avoided any direct confrontation in the South China Sea and limited their own cordial détente to economic cooperation. Moreover, this relationship gradually evolved free from any developments in U.S.–China relations (Zha and Valencia, 2001, 2). In January 1995, a Filipino fishing vessel was reportedly detained by Chinese troops on Mischief Reef. Subsequent reconnaissance flights conducted by the Philippine Air Force (PAF) planes revealed astonishing photographs of four octagonal structures with a satellite dish on the contested reef. Then President Fidel Ramos immediately condemned the construction of the structures and ordered the reinforcement of the token Philippine garrison in the South China Sea. The tension over Mischief Reef temporarily subsided in May 1996 when the two sides signed a code of conduct regarding the deployment of forces in the area, and China reportedly ordered its warships to steer clear of the disputed maritime territory. Tension flared up again, however, in early 1997 when a minor skirmish erupted between Chinese and Philippine warships over reports that the structures on Mischief Reef had been upgraded (Storey, 1999). The following year, the tension was further inflamed when eight Chinese warships were sighted around the contested reef and a new structure was built six miles off the Philippine-held Kota Island in the Spratlys. Consequently, then Philippine Defense Secretary Orlando Mercado accused China of "creeping assertiveness" and of applying a policy of "talk and take" in the South China Sea. Accordingly, creeping assertiveness pertains to China's policy of establishing a greater presence in the South China Sea without recourse to actual military confrontation (Storey, 1999). This policy further reinforced the Philippine view that China is indeed a long-term security challenge.

By the mid-1990s, Manila had accepted the stark reality that a militarily strong and irredentist China was literally knocking on its door. Consequently, the Philippine government realized the importance of American military presence in maintaining the balance of power in the Southeast Asian region (The Philippine Star, 1999). Furthermore, given its failure to upgrade its armed forces, the Philippine government saw its revitalized security ties with Washington as crucial in securing American support for the modernization of the ill-equipped AFP (Villanueva, 1999). The Philippine-Chinese dispute over Mischief Reef caused a positive shift in the popular perception about the value or utility of a proposed Visiting Forces Agreement (VFA) with the U.S., despite pronouncements from American defense officials that the U.S. would not automatically come to the aid of its ally in the event of a conflict in the South China Sea. Nevertheless, in 1999, the Philippine Senate ratified the U.S.–Philippines VFA. The agreement provides the legal framework on the treatment of American troops taking part in defense-related activities covered by the 1951 Mutual Defense Treaty (MDT) and, thus, effectively reviving military cooperation between the two allies. In February 2000, the large-scale military exercise called *Balikatan*, an annual undertaking suspended in 1996, was staged. The agreement also reinvigorated the two countries' security relations in terms of developing an effective program to meet the requirements of the AFP in the face of an emerging Chinese "threat." Washington also

began extending modest assistance to develop the AFP's operational and maintenance capabilities through the transfer of Excess Defense Articles, the continued funding of Manila's Foreign Military Financing (for equipment purchases), and the conduct of the International Military Educational Training Program (IMET).

Beijing, however, did not allow its political ties with the Philippines to deteriorate because of the disputes over the Spratlys and Manila's efforts to strengthen its security relations with the U.S. Obviously, it was alarmed by the fact that during the debate regarding the VFA, the Philippine government openly argued that U.S. presence in East Asia serves as a deterrent against Chinese expansion in the South China Sea (Zha and Valencia, 2001, 6). Thus, Chinese leaders quickly and quietly defused the Mischief Reef incident. From 1996 to 2000, Beijing consistently disavowed any intention to dominate Southeast Asia and campaigned for the ASEAN states to accept a substantial Chinese naval presence in Southeast Asian waters without inflaming these states' sensitivities. It was also extra tactful in its efforts in pressing its sovereign claim to the Spratlys. In March 1996, China and the Philippines held their first annual vice-ministerial talks to resolve problems caused by the conflicting claims to the Spratlys (Cheng, 2001). Earlier in 1995, Beijing agreed to discuss the South China issue on a multilateral basis with ASEAN. Beijing also indicated that China would abide by international law in settling the territorial dispute with other claimant states. It also signed an agreement with the Philippines on further confidence-building measures and to shelve the dispute temporarily in favor of joint development (Ba, 2003).

From 1998 to 2000, China and the Philippines conducted frequent but low-key high-level contacts and official/state visits which enabled them to exchange views and coordinate positions on bilateral concerns as well as on major international and regional issues of shared interests. During the deposed President Joseph Estrada's state visit to Beijing in May 2000, the two countries signed a "Joint Statement on Framework of Bilateral Cooperation in the 21st Century." The agreement laid down a strategic direction for Philippines–China cooperation in defense, trade and investment, science and technology, agriculture, education and culture, in the judiciary, and in other areas. More significantly, it provided the political framework for strengthened bilateral consultations between the two countries on military, defense, and diplomatic issues affecting their mutual interests in the early twenty-first century.

From suspicious to cooperating neighbors

The 9/11 terrorist attacks in the U.S. and the global war on terror created the opportunity for Manila to enlist Washington's support for its internal security agenda. In 2001, after its quasi-constitutional seizure of political power from then President Joseph Estrada, the fledgling Arroyo Administration needed American aid to boost the AFP's counter-insurgency and counter-terrorism capabilities. Then President Gloria Arroyo declared her all-out support for Washington's global anti-terror campaign and allowed American military access to the country's air-space and the conduct of training operations between the AFP and U.S. Special Forces in Basilan, Mindanao. These developments gave the impetus for revival of the Philippines–U.S. alliance.

Consequently, the Philippines became a major beneficiary of American security assistance, and an important front in the U.S. military's operations against the al-Qaeda in Southeast Asia. For the AFP, American military assistance was deemed more important than its planned modernization program because the shipped American second-hand equipment could be cannibalized for spare parts to refurbish the AFP's aging equipment. Thus, U.S. military assistance became crucial in sustaining the AFP's combat capabilities while it awaits for substantive modernization (Franco, 2007).

Unfazed by the revitalized Philippines–U.S. security relations in the early twenty-first century, China applied co-optive or soft power to create a wedge between the Philippines and the U.S. This was Beijing's way of preventing Washington from strategically "boxing in" China after an increased American military presence in South and Southeast Asia relative to the global war on terror. Beijing offered the Southeast Asia states during the 5th China–ASEAN summit in November 2001 a free-trade deal. During the next year's summit, the two sides signed the Framework Agreement on China–ASEAN Comprehensive Economic Cooperation, particularly for the formation of a China–ASEAN free trade zone. Consequently, China succeeded in boosting its economic ties with traditional U.S. allies in Southeast Asia such as the Philippines.

From 2001, bilateral trade between the Philippines and China increased by 41 percent (Office of the Asia-Pacific Affairs, 2007). In 2003, the value of one trade went up from US$5.26 billion to US$9.4 billion or an increase of about 78.7 percent. In 2006, it amounted to US$23.4 billion, an increase of 33.3 percent over the 2005 figure of US$17.6 billion. Consequently, Philippines–China trade became the fastest growing in Southeast Asia, making Beijing Manila's third largest trading partner after Washington and Tokyo. China also invested heavily in the Philippine agricultural and mining sectors. It funded the Philippine-Sino Center for Agricultural Technology worth US$8.75 million in the province of Nueva Ecija, the country's rice basket. It also financed the Philippine-Fuhua Sterling Agricultural Technology Development Corporation. The biggest Chinese investment to the Philippines, however, was in infrastructure development. In 2005, China infused US$450 million for the rehabilitation of the North Luzon Railway System (Xinhua News Agency, 2005a, 2).

The improvements in Philippines–China trade relations coincided with a major diplomatic crisis in mid-2004 between the Philippines and the U.S. To support America's expanded war on terror in the Middle East, the Philippines sent a humanitarian and non-combat contingent to Iraq in June 2003. Composed of 60 medical personnel, 25 police, 50 soldiers, and 39 social workers, the mission extended medical and civic assistance to the Iraqis affected by the Second Gulf War. On July 1, 2004, an Iraqi insurgent group calling itself the *Khaled bin Al-Waleed Brigade* abducted a Filipino truck driver named Angelo de la Cruz. A week later, the Iraqi insurgents demanded the immediate withdrawal of the Philippine humanitarian mission before July 20 or else de la Cruz would be executed. The airing of the insurgents' demand via *Al-Jazeera* generated a public clamor for the government to withdraw the Filipino contingent from Iraq to save Mr. de la Cruz. The U.S., however, immediately warned its ally that making any concession to de la Cruz's abductors would only encourage more kidnappings in Iraq.

Fearing that the execution of the Filipino hostage would trigger a major political backlash that could undermine her fledgling administration, then President Arroyo gave in to the kidnappers' demand. Immediately, a U.S. State Department official criticized the Philippine government's decision as sending a wrong message (Al Jazeera, 2004). Despite the U.S. protestation, the Philippines withdrew its small contingent and placed the bilateral security relations in jeopardy, especially when the American ambassador suddenly left Manila to consult with officials in Washington.

The alliance underwent a critical period as Washington reviewed its military assistance to the AFP and assessed the long-term consequences of the Philippine action on the global war on terror.

President Arroyo's decision elicited angry responses from Washington and cooled off Philippines–U.S. relations. A few weeks later, she went to China for a state visit. This fueled speculations that she was playing "the China card" to gain some diplomatic leverage against Washington (Robles, 2004). During her visit, then President Arroyo had a high-level dialog with then Chinese Premier Wen Jiabao. The two leaders identified key areas of defense

cooperation such as sea rescue, disaster mitigation, and exchange of training. They also decided to set aside their territorial claim to the Spratlys and to engage in the joint development of the disputed area.

During April 26–28, 2005, then President Hu Jintao visited Manila to reciprocate former President Arroyo's 2004 state visit. During his visit, then President Hu predicted the doubling of Philippines–China trade in the next five years. He also declared that the Chinese-funded North Luzon Railway project is the symbol of a "new and friendly relations and cooperation between the Philippines and China" (BBC Monitoring Asia Pacific, 2005). Moreover, he challenged Manila to foster a strategic cooperative relation with Beijing based on peace and economic development. To realize this strategic partnership, he proposed the following measures: increased exchange visits of officials; rise in the level of bilateral trade; a joint underwater seismic study to explore and to develop the maritime resources in the South China Sea; heightened cooperation to combat international terrorism and transnational crimes; and policy coordination in implementing the ASEAN–China Free Trade Agreement (Xinhua News Agency, 2005b, 1).

In August 2005, the two countries jointly conducted a joint marine seismic survey (along with Vietnam) of the South China Sea. The survey involved a three-phase program of data-gathering, consolidation, and interpretation of about 11,000 kilometers of 2D seismic data on the South China Sea. The initial phase ended in November 2005 and the second phase began early 2007. The project was completed in June 2008. In December 2005, former President Arroyo met separately with then Chinese Premier Wen in Kuala Lumpur during the First Meeting of the East Asian Summit where the two leaders again reaffirmed their commitment to the pursuit of regional peace and development. The former Chinese premier promised to work closely with Manila in the delivery of quality projects like the Luzon North Rail System and to expedite Chinese participation in energy development, infrastructure building, and agricultural improvement (BBC Monitoring Asia Pacific, 2005b). In the aftermath of the January 2007 East Asian Summit in Cebu City, then Premier Wen met former President Arroyo and key members of the Philippine Congress in Manila. He signed 15 agreements to accelerate Philippines–China economic and cultural relations. The two leaders also instructed their respective foreign ministries to set the strategic direction of Filipino-Chinese relations in the twenty-first century.

In the aftermath of the summit, Premier Wen met President Arroyo and key members of the Philippine Congress in Manila during his official visit. During his short visit, Premier Wen signed 15 agreements aimed at accelerating the two countries' economic and cultural relations. The two leaders also instructed their respective foreign ministries to formulate a joint action plan that will provide a strategic direction in the Philippines–China bilateral relations in the twenty-first century. In the aftermath of the visit, a U.S. State Department News service curtly observed:

> the visit underscores the growing Chinese influence in the Philippines and the region. Premier Wen Jiabao's visit to Manila was relatively low key, but during the trip he witnessed the signing of several development and trade deals worth billions of dollars.
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> *(Fed News Service, 2007)*

From cooperating to bickering neighbors

In 2010, President Benigno Simeon Aquino III won the presidential election by capturing 42 percent of the votes cast, the largest margin of victory since the Philippines adopted a multi-party system in 1987. In his first two years in office, he waged an Anything-But-Arroyo (ABA) campaign with the rallying cry "there can be reconciliation without justice" against the previous

administration (De Jesus, 2011). As a result, former President Arroyo's harmonious diplomacy and Philippines–China entente became casualties of President Aquino's intention to disassociate his administration completely from its predecessor.

Initially, President Aquino tried to maintain cordial relations with China. In late 2010, the Philippines joined a 19-state coalition led by China that boycotted the awarding ceremony in Oslo, Norway for Nobel Peace Prize winner, Chinese dissident, Liu Xiaobo. In February 2011, President Aquino ordered the extradition to China of 14 Taiwanese accused by Beijing of committing electronic fraud against Chinese nationals. This caused a major diplomatic ruckus between Manila and Taipei. In due time, however, President Aquino realized that kowtowing to China does not exempt one from being singed by Chinese aggressiveness in the South China Sea (Wall Street Journal, 2011).

On March 2, 2011, two Chinese patrol boats harassed a survey ship commissioned by the Philippine Department of Energy (DOE) to conduct oil exploration in the Reed Bank (now called Recto Bank), 150 kilometers east of the Spratly Islands and 250 kilometers west of the Philippine island of Palawan. The Aquino Administration was stunned by this maritime encounter which happened within the Philippines' Exclusive Economic Zone (EEZ). Two days after the incident, the Philippine government filed a protest before the Chinese embassy in Manila. A Department of Foreign Affairs spokesperson commented that "the Philippines is [simply] seeking an explanation for the incident." Brushing aside the Philippine complaint, a Chinese embassy official insisted that China has indisputable sovereignty over the Nansha Islands and their adjacent territory. Beijing then went on to demand that Manila first seek Chinese permission before it can conduct oil exploration activities even within the Philippines EEZ. China, in fact, was badgering the Philippines and other claimant states to recognize China's sovereign claim over the South China Sea (BBC Monitoring Asia Pacific, 2011). Its heavy-handed attitude and arrogant pronouncements against the Philippines and Vietnam in the first half of 2011 escalated the territorial dispute. By then, President Aquino unmistakably saw that the Philippines was on a direct collision course with China vis-à-vis the South China Sea issue.

With these incidents, the Aquino Administration hastened to develop the AFP's territorial defense capabilities. In June 2011, the executive branch of the Philippine government and the AFP agreed on a multi-year, multi-billion peso defense upgrade spending and military build-up. In October 2011, Department of National Defense (DND) Secretary Voltaire Gazmin released the Defense Planning Guidance (2013–2018) restructuring the AFP to a "lean but fully capable" armed forces to confront the challenges to the country's territorial integrity and maritime security.

The Philippines' immediate territorial defense goal is to establish a modest but "comprehensive border protection program" anchored on the surveillance, deterrence, and border patrol capabilities of the PAF, the PN, and the Philippine Coast Guard. This monitoring and modest force projection capability should extend from the country's territorial waters to its contiguous EEZ (National Security Council, 2011). The long-term goal, according to the 2011 *AFP's Strategic Intent*, is to develop the force structure and capabilities necessary to maintain a "credible deterrent posture against foreign intrusion or external aggression, and other illegal activities while allowing free navigation to prosper" (Office of the Deputy Chief-of-Staff, 2011).

An important factor behind the Aquino Administration's balancing policy on China, despite the latter's preponderant economic and military capabilities, is the strengthened and reconfigured Philippines–U.S. security relations. At the height of the Philippines' territorial row with China in mid-June 2011, the Aquino Administration publicly acknowledged the exigency of U.S. diplomatic and military support. Executive Secretary Pacquito Ochoa expressed hope that Washington would come to Manila's assistance if an armed confrontation breaks out in the

Spratlys. He added that the Philippines could invoke the 63-year-old MDT if the Spratly dispute becomes an armed confrontation (McIndoe, 2011). Then U.S. Ambassador to the Philippines, Harry Thomas, reaffirmed the U.S. security guarantee to the Philippines, and stated: "The Philippines and the U.S. are long-standing treaty allies. We are strategic partners. We will continue to consult each other closely on the South China Sea, Spratly Islands, and other issues" (Torode, 2011). Conscious of its military inadequacies, Manila has asked for an unequivocal U.S. commitment to Philippine defense and security as provided for in the 1951 MDT, specifically American naval/air support in the Spratlys. Philippine officials rationalized that an armed attack on Philippine metropolitan territory and forces anywhere in the Pacific, including the South China Sea, should trigger an automatic U.S. armed response.

Aside from strengthening its alliance with the U.S, the Philippines is also building up its security relations with Japan, China's main rival in East Asia. Since 2011, Japan has been closely observing China's assertiveness over a territorial dispute in the South China Sea dispute, in which initially, it has no direct interest. In July 2011, then Prime Minister Yoshihiko Noda and President Aquino bolstered security relations between Japan and the Philippines. After President Aquino's third visit to Japan, Tokyo and Manila held high-level talks on maritime and oceanic affairs, exchanges between Filipino and Japanese defense and maritime officials, as well as Japan's capacity-building training of the 3,500-strong Philippine Coast Guard (Jane's Country Risk Daily Report, 2011). In September 2011, then Japanese Prime Minister Naoto Kan and President Aquino issued a joint statement in Tokyo, affirming that the South China Sea is vital as "it connects the world and the Asia-Pacific, and that peace and stability therein is of common interest to the international community" (Esguerra, 2011, 1). Prime Minister Kan also instructed the Japanese Coast Guard (JCG) to further train the Philippine Coast Guard, consult regularly with Filipino naval officers, and increase joint coast guard exercises (Hookway and Koh, 2011).

From bickering to antagonistic neighbors

From April 9 to June 18, 2012, the Philippines was pitted against China in a tense naval stand-off at the Scarborough Shoal. Triangle-shaped, with 150 square kilometers of barren reefs and rocky islets, the shoal is about 135 miles from the Philippines and 543 miles from China. Both countries have staked a claim to the shoal and have figured in hostile encounters over control of the area since the late 1990s. The stand-off underscores China's preferred maritime strategy. It involves "drawing a line" in the sea using civilian vessels to challenge littoral states that run the risk of exacerbating a critical situation by resorting to military means and engaging the PLAN ships lurking in the background (Chong, 2012). China's stratagem is to put the onus on the use of force on these small littoral states – outclassed by its naval prowess – by bringing them to the brink of a naval confrontation to resolve what is essentially a maritime jurisdiction issue (Chong, 2012).

After the easing of tension at the Scarborough Shoal, China began consolidating its control over the area. Crew members from the Chinese Maritime Surveillance vessels constructed a chain barrier across the mouth of the shoal to block the Philippine access to it. China also deployed these ships to protect the fleet of Chinese fishing boats operating deep into the Philippines' EEZ. In October 2012, Chinese Foreign Minister Fu Ying, seeking a diplomatic solution to the dispute, visited Manila. However, instead of finding a mutually acceptable solution, the high-ranking official warned Manila not to do the following: (1) appeal to the UN; (2) internationalize the issue in forums such as ASEAN; (3) coordinate with other countries such as the U.S.; and (4) issue any press release regarding the negotiations (The Wall Street Journal Asia, 2013). In effect, she goaded the Philippines to accept in silence China's de facto occupation of the Scarborough Shoal.

The Scarborough Shoal stand-off and, later, China's occupation of the shoal made it crucial for Manila to negotiate the "Framework Agreement on Increased Rotational Presence and Enhanced Agreement (IRP)" with Washington. The agreement facilitates the deployment of American troops and equipment on a rotational basis, thus skirting the controversial issue of re-establishing U.S. bases in the country. Curiously, the negotiation was conducted against the backdrop of recurring tension between the Philippines and China over the South China Sea. With its small and obsolete naval force and an almost non-existent air force, the Philippines relies on the U.S. for technical military assistance through the periodic visits of American forces conducting joint training, humanitarian missions, and disaster response operations. More significantly, the Philippines banks on the deterrent effect that is generated by the temporary deployment of U.S. forces and their equipment in its territory.

On April 28, 2014, the Philippines and the U.S. signed the Enhanced Defense Cooperation Agreement (EDCA). Actually, EDCA is not a new security pact; it is simply an updated and enhanced version of the 1951 MDT (Philippine News Agency, 2014). This executive agreement provides the framework by which the two countries can develop their individual and collective (defense) capabilities. Such a task can be accomplished through the rotational deployment of American forces in Philippine bases (Garamone, 2014). However, though the American forces are allowed to utilize AFP-owned and -controlled facilities, the Philippine base commander has unhampered access to those locations. Likewise, the infrastructure built or improved by the U.S. can be used by the AFP. With the implementation of the agreement, a small contingent of U.S. forces would be deployed in Philippine territory temporarily.

On January 12, 2015, the Philippine Supreme Court came out with a decision reaffirming the constitutionality of the 2014 EDCA. During the Sixth Annual Bilateral Security Dialogue (BSD) held in Washington D.C. on March 18, 2016, American and Philippine defense officials announced that U.S. forces will be allowed access to five AFP bases: Antonio Bautista Air Base in the westernmost island of Palawan; Basa Air Base and Fort Magsaysay in the main island of Luzon; Lumbia Air Base in northern Mindanao; and Mactan-Benito Ebuen Air Base in the Central Philippine island of Cebu. The two allies' utilization of these AFP facilities will enhance their respective security interests in the light of China's maritime expansion in the South China Sea in terms of expanding their joint military exercises/training and more significantly, enabling the U.S. to deploy (again after 1992) a credible deterrent force in Southeast Asia on a rotational basis.

The Aquino Administration demonstrated strong political will in facilitating greater U.S. strategic access to the Philippines through the EDCA despite the opposition of nationalist elements and militant left-wing organizations. However, close security ties with the U.S. leave little room for diplomatic maneuvering if China opts for an amicable settlement of the territorial row. Similarly, closer security relations with the U.S. would affect the already vibrant Philippines–China trade. The Aquino Administration, nevertheless, was willing to stake its political capital as it prepares to weather local protest and the economic fall-out with China that a U.S. strategic footprint in the Philippines could generate.

The Philippines and Japan are also currently exploring a strategic partnership to complement their respective bilateral alliances with the U.S. This partnership is made operational by the two countries' regular bilateral consultations between their heads of states, defense exchanges between the Philippine Department of National Defense and the Japanese Ministry of Defense, naval exercises between the PN and Japan Maritime Self Defense Force (JMSDF), provision of defense equipment by Japan to the Philippines, and possibly, the Japan Self Defense Force's (JDSF) access to Philippine bases to enable its planes and ships to conduct long-range patrols in the South China Sea.

Adding fuel to the fire: the Philippines files a claim

In January 2013, the Philippines directly confronted Chinese expansive claims in the South China Sea head-on by filing a statement of claim against China in the Arbitral Tribunal of the United Nations Convention on the Law of the Sea (UNCLOS). In its Notification and Statement of Claim, the Philippines asked the arbitral tribunal to determine the country's legal entitlements under the UNCLOS to the Spratly Islands, Scarborough Shoal, Mischief Reef, and other land features within its 200-mile EEZ. These entitlements are based on the provisions of UNCLOS, specifically with respect to the Philippines' rights to a Territorial Sea and Contiguous Zone under Part II, to an EEZ under Part V, and to a Continental Shelf under Part VI (Department of Foreign Affairs, 2013).

As expected, China refused to participate in the international mediation and openly expressed its opposition to the Philippines' filing of a case with the arbitrage tribunal. On February 20, 2013, the Chinese ambassador in Manila returned the notice of arbitration to the Department of Foreign Affairs. At the same time, Mr. Hong Lei, Chinese foreign ministry spokesperson in Beijing, branded the filing as "factually flawed" and accused Manila of violating the non-binding 2001 Declaration of the Code of Conduct of the Parties in the South China Sea which provides for ASEAN and China to settle their maritime disputes among themselves.

From July 7 to 13, 2015, the Permanent Court of Arbitration in The Hague held its first hearing on the Philippine claims against China in the South China Sea. Philippine Foreign Secretary Del Rosario made a presentation before the five-member tribunal. He admitted that the tribunal does not have the authority to make decisions on the issue of sovereignty. However, he said that the Philippines wanted to clarify its maritime entitlements in the South China Sea, a question over which the tribunal has jurisdiction (Ching, 2015). He also argued that the 1982 UN Convention on the Law of the Sea does not recognize nor permit the exercise of so-called "historic" rights in areas beyond the limits of maritime zones that are recognized or established by UNCLOS (Callar, 2015, 1). He then lamented that China has acted forcefully to assert its so-called right by exploiting the living and non-living resources in the areas beyond the UNCLOS limits while forcibly preventing other coastal states, including the Philippines, from exploiting resources in the same areas (Callar, 2015, 1).

Again China did not participate in the proceedings, citing its policy of resolving disputes on territorial and maritime rights only through direct consultation and negotiation with the countries directly involved (BBC Monitoring Asia-Pacific, 2015). Representatives from Indonesia, Japan, Malaysia, Thailand, and Vietnam were present during the hearing. The tribunal was expected to come up with a decision on whether it would assume jurisdiction over the case by the end of the year. On October 29, 2016, the tribunal unanimously decided that it has jurisdiction over the maritime dispute between China and the Philippines in the South China Sea. In its decision, the tribunal held that both the Philippines and China are parties to the Convention and are bound by its provisions on the settlement of the dispute (BBC Monitoring Newsfile, 2015). It also stated that China's choice not to participate in the proceedings does not deprive the tribunal of its jurisdiction over the case and that the Philippine decision to commence arbitration was not an abuse of the UNCLOS dispute settlement procedure (BBC Monitoring Newsfile, 2015). The tribunal's verdict meant that it would hold further hearings to settle the highly contentious territorial dispute between the Philippines and China in the South China Sea.

On November 30, 2015, the Philippine panel concluded the presentation of its claims against China to the tribunal. The Permanent Court of Arbitration ruled in favour of the Philippines as it declared that China's nine-dash line has no legal basis under the UNCLOS. Even before the

ruling came out, however, China made it clear that it rejected the entire procedure and would move quickly to bolster its maritime claim through its artificial island construction activities in the Spratlys in order to build airstrips and other military facilities.

From antagonism to renewed friendship

President Aquino's main foreign policy agenda in his six-year term was to challenge China's expansive maritime claim in the South China Sea. President Aquino challenged China by shifting the AFP's focus from domestic security to territorial defense, bolstering closer Philippines–U.S. security relations; acquiring American military equipment; seeking from Washington an explicit security guarantee under the 1951 Mutual Defense Treaty (MDT); and promoting a strategic partnership with Japan. In late April 2014, the Philippines signed the 2014 Enhanced Defense Cooperation Agreement (EDCA) with its strategic ally – the U.S. Designed to constrain China, the agreement provides American forces strategic footprint through rotational presence in Philippine territory. In the process, American forward-deployed forces in East Asia are provided the most extensive access to Clark Air Base and Subic Naval Base, which U.S. forces vacated. Expectedly, the consequence of the Aquino Administration's challenge against China's maritime claim in the South China Sea is two-pronged: it strengthens Philippines–U.S. alliance (as well as Philippines ties with Japan) and inescapably strains Philippines–China bilateral relations.

President Rodrigo Roa Duterte, however, is currently undoing the Aquino Administration's balancing policy on China. His goals are to foster closer economic and diplomatic relations with China while strategically distancing the Philippines from its formal treaty ally, the U.S. Less than three months in office and after the Permanent Court of Arbitration's (PCA) landmark decision favoring the Philippine claims in its territorial row with China in the South China Sea, he launched a diplomatic offensive to earn Chinese goodwill and confidence. He downplayed the South China Sea dispute in the Association of Southeast Asian Nations (ASEAN) summit meeting in Laos. Shortly after, he announced that the Philippine Navy (PN) would no longer join the U.S. Navy in patrolling the South China Sea to avoid upsetting Beijing. He also wanted U.S. Special Operation Forces (SOF) supporting the Philippine Army's (PA) counter-terrorism missions in Mindanao to withdraw from the island. Then he sought Chinese assistance for the building of drug-rehabilitation centers for Filipino drug dependents, soft loans for of railroad construction in Mindanao, and the purchase of Chinese-made weapons for the Philippine military. In October 2016, President Duterte announced that he would distance the Philippines from the U.S. This decision which has altered the region's strategic balance is a dramatic departure from the Philippines' longstanding policy of maintaining close security ties with its traditional and only strategic ally. President Duterte's subsequent pronouncements and actions to appease China have triggered a crisis in the Philippines–U.S. alliance.

Recent developments indicate that the current administration is gravitating from a tactical toward to an outright or strategic appeasement of China as shown by its pronouncements and efforts. President Duterte is determined to take advantage of China's emergence into a major economic powerhouse in East Asia and, in the process, replace the Philippines–U.S. security relations with the Philippines–China economic ties as the country's most important bilateral relationship. This is because, like some East Asian states, he believed that the Philippines does not have the capabilities to challenge China relative to the South China Sea dispute. He has also spoken more critically about the U.S., doubting its willingness to back the Philippines militarily in any future confrontation with China over competing territorial claims in the South China Sea

(Thompson, 2016). For him, the only option for the country is to foster economic interdependence with this emergent power that might reduce the likelihood of outright armed confrontation between the two neighboring countries.

Twenty-first century Philippines–China relations: from mutual antagonism to renewed friendship?

The Philippines' and China's efforts to pursue a smooth and cooperative relations from the mid-1970s to the second decade of the twenty-first century have been beset by two systemic factors – the South China Sea dispute and the presence of the United States as a Pacific power. In this bilateral relations, Manila was a reactive participant that merely reacts to China's actions in the South China Sea and takes advantage of China's dynamic relations with the U.S., which incidentally is a treaty ally of the Philippines. Manila established diplomatic ties with Beijing in the mid-1970s. Unfortunately, improvement in the two countries' bilateral relations has always been constrained by a more overriding strategic consideration – Manila has always viewed Beijing as a long-term security challenge because of its expansive and irredentist claim in the South China Sea. Manila's fear of China's expansion into the South China Sea became a reality in the mid-1990s with the PRC's promulgation of its territorial law claiming a large portion of the South China Sea in 1992, and Manila's discovery of Chinese construction on Mischief Reef in 1995.

Manila's concern over Chinese maritime expansion waned in the early twenty-first century as Philippines–China economic relations improved dramatically because of the latter's emergence as a major economic power in East Asia. During this period, Beijing's provision of economic largesse – part and parcel of its charm offensive – was designed to wean the Philippines away from its traditional ally (the United States) and to draw the country into China's economic sphere of influence. China's charm offensive toward the Arroyo Administration, however, failed to achieve its goals because the Philippines is an entrenched ally of the U.S. and was still deeply suspicious of China's territorial ambitions in the South China Sea.

President Duterte's pronouncements and actions are undoing President Aquino's geopolitical agenda of balancing China's expansive claim in the South China Sea. He distances his country from its longstanding treaty ally and gravitates toward an emergent regional power bent on effecting a territorial reconfiguration in East Asia. His foreign policy is aimed at appeasing China in contrast to then President Aquino's balancing strategy. This is shown by his efforts to harness China for several major infrastructure and investments projects in the Philippines and to resort to bilateral negotiations with Beijing. Strategically, President Duterte initiates efforts to show his sensitivity to Chinese security interests. He distances his country from the U.S. by watering down the Aquino Administration's balancing policy on China, terminating joint patrols in the South China Sea, limiting the scope and reducing the number of interactions between the Philippine and U.S. militaries, and threatening to unilaterally abrogate the EDCA.

The Duterte Administration's appeasement policy on China stems from its calculation that the U.S. will not assist the Philippines in case of an armed confrontation with China in the South China Sea, and that geography dictates that the country has no choice but to co-exist and even cooperate with this emergent power in its own backyard. Consequently, President Duterte's appeasement of China expands Chinese clout in Southeast Asia, and might convince other Southeast Asian claimant states to negotiate directly with China to manage or eventually resolve the territorial row. This will consequently decrease American (and even Japanese) status and influence in maritime Southeast Asia.

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14

TOWARDS STRATEGIC PARTNERSHIP

Philippines–Japan relations after seventy years

Dennis D. Trinidad

The relations between the Philippines and Japan are historically rich, multi-faceted, and at times asymmetrical. The two nations traded with each other as early as in the late-sixteenth century. Japanese settlements can be found in Manila shortly after the Spanish conquest in 1570. The Philippines became a refuge to Christian Japanese who escaped persecution in Japan. Contacts were cut off by the Tokugawa shogunate's *sakoku* (isolationist) policy and resumed during the Meiji rule (Ikehata, 2003). Japanese emigrated in large numbers during this period (Yamato, 1931, p. 620; Iwao, 1943; Goodman, 1976). Based on Yamato's (1931, p. 621) account, about 1.8 percent of Japanese emigrants between 1885 and 1924 went to the Philippines. The Japanese consulate in Manila was established in 1889.

The strategic importance of the Philippines to Japan in the age of imperialism was acknowledged by some Japanese writers who in the mid-1880s advocated for Southward Advance or *nanshin-ron*. This called for Japan's "southward expansion" through trade and commerce and, eventually, colonization of the Philippines to enhance the defense of Japan's southern borders (Ikehata, 2003). Although never officially pursued, *nanshin-ron* was later reintegrated into Japan's "Asia co-prosperity sphere" rhetoric. It also helps explain Japanese interest in the outcome of the Philippine Revolution.[1] Filipinos, for their part, were evidently aware of the growing Japanese military might after the 1894–1895 Sino-Japanese war. In fact, the *Katipunan*[2] tried to procure funds and arms from Japan.[3] Recognizing its great power status, Japan was one of the few countries where diplomatic missions were created to seek recognition for the first Philippine Republic.

As a U.S. colony, it was inevitable the Philippines would be targeted in Japan's brutal conquest and occupation of much of Southeast Asia. But unlike some of its neighboring countries which also suffered heavily from Japanese aggression during World War II, most Filipinos chose to move gradually toward restoring strong relations with Japan after the war ended. During the early post-war years, Filipinos approached their relations with Japan with caution, fearing Japanese remilitarization. With U.S. prodding and Japan's agreement to pay war reparations, the two former adversaries concluded a Treaty of Amity, Commerce, and Navigation in 1960. In 1977, then Prime Minister Fukuda sought closer relations with Southeast Asian countries with his "heart-to-heart diplomacy."

By the 1980s and 1990s, the Philippines consistently received a large amount of Japanese official development assistance (ODA) and investments. Moreover, efforts had been exerted by

both sides to cultivate goodwill through cultural, social, intellectual exchanges and scholarship programs. The Japanese government scholarship or *monbukagakusho* led to the formation of a community of Filipino scholars who specialize in Japanese studies. Likewise it fostered academic networking with Japanese academics whose field of research is the Philippines. These periods also witnessed a remarkable increase of Filipinos, many of whom were women, migrating to Japan for work in the services sector, particularly the entertainment industry (Ballescas, 2003).

In the new millennium the two nations have strived to deepen further their political and economic relationships through bilateral and regional cooperation and institutionalization. Both nations have increasingly worked together to address common interests. The Philippine government vocally supported Japan's bid to obtain a permanent seat at the United Nations (UN) Security Council (Kyodo News International, 2004). For its part Japan has continually provided the Philippines with foreign aid. In 2013 Japan was the Philippines' largest source of development assistance with a value of US$3.23 billion or 27.4 percent of the total assistance received for that year (National Economic and Development Authority (NEDA), 2013). Japan is also among the top three major trade partners of the Philippines (see Table 14.1 below) together with China and the U.S.

Since the 1990s Japan and the Philippines have explored cooperation in maritime safety and security. From seminars and dialogues on emergency relief, international peace-keeping, counterterrorism, maritime safety, and anti-piracy, Japan and the Philippines have increasingly moved towards strategic partnership in the twenty-first century. De Castro (2009, p. 696) asserted that this was part of Tokyo's effort to "cement the security bonds between Washington and other East Asian countries" in its desire to "link two spokes together amidst China's regional ascendancy." Another observer concurred that the "vibrancy of partnership (between the Philippines and Japan) is influenced by the perception of a common security threat from China and domestic and economic concerns" (Trajano, 2013).

From adversaries during World War II to strategic partners, the relationship between the Philippines and Japan has never been as vibrant and dynamic as it is at present. The rest of the chapter attempts to provide a comprehensive discussion of domestic and international factors that made such transformation in their bilateral relations possible. Moreover, Japan's foreign relations with the Philippines cannot be disentangled from its overall policy towards East/Southeast Asia. Likewise, the Philippines' change of perception toward Japan as a trustworthy partner is driven by both domestic and international exigencies.

Contradictions in the bilateral relations

Villacorta (2003) correctly pointed out that Philippines–Japan relations are not a simple case of interaction between a powerful and a weak country, as realists envisage. Since the enunciation of the Yoshida doctrine Japan had relied mainly on economic statecraft specifically ODA to alter specific external or internal policies of its target state. For realists, the use of economic statecraft is intended to enhance overall strategic and security advantages vis-à-vis other specific states or in the international system (Baldwin, 1985). As a foreign policy instrument, aid relations create either absolute or relative commitment for aid providers and asset or source dependency for recipients (McKinlay and Little, 1977, pp. 62–64). Commitment represents the importance (or relative importance) that aid providers attach to recipients, measured in terms of aid volume and size while dependency pertains to the recipients' level of dependence on the aid provider.

In their seventy years of postwar relations, Japan has tried on various occasions to apply negative sanctions against the Philippines using foreign aid. During the height of negotiations for the extension of American military bases in the Philippines, the Kaifu government reportedly

Table 14.1 Volume of trade with major trade partners, 2010–2013 in US$

Countries	*2010*		*2011*		*2012*		*2013*	
	Exports	*Imports*	*Exports*	*Imports*	*Exports*	*Imports*	*Exports*	*Imports*
Singapore	7,318,943	5,186,995	4,278,559	4,899,445	4,866,641	4,405,069	4,142,004	4,235,571
Thailand	1,782,640	3,870,778	1,906,006	3,463,955	2,445,857	3,461,411	1,909,021	3,385,325
China	5,724,467	4,627,559	6,237,326	6,085,075	6,169,285	6,680,352	7,025,215	8,072,328
Japan	7,841,291	6,744,364	8,886,140	6,516,380	9,880,510	6,469,596	12,048,496	5,224,449
Hong Kong	4,335,689	1,469,677	3,701,460	1,510,037	4,775,944	1,465,656	4,541,473	1,298,324
Republic of Korea	1,450	3,832,938	2,237,228	4,419,530	2,882,067	4,525,950	3,399,765	4,821,727
USA	7,559,105	5,886,656	7,101,909	6,536,264	7,417,441	7,123,937	8,318,181	7,019,911
Canada	333,616	410,296	416,273	379,304	508,183	307,588	538,456	457,100
Germany	2,657,262	1,111,794	1,729,758	1,419,376	1,956,092	1,471,701	2,338,880	2,349,647
Saudi Arabia	69,502	2,407,788	62,602	3,223,996	85,823	3,438,514	79,489	2,831,736

Source of raw data: Philippine Statistics Authority–National Statistical Coordination Board (NSCB). Available from: www.nscb.gov.ph/secstat/d_trade.asp.

threatened to reduce Japanese aid to the Philippines in the event of the bases' pullout (Rivera-Yu, 2009, p. 144). In another incident, pressure was exerted on the Philippine government to put a cap on the exposés related to the Marcos bribery case[4] in order not to embarrass big Japanese businesses and powerful politicians with connections to the former dictator (Rivera-Yu, 2009, p. 163).

Philippine-Japan relations are also replete with cooperation at various levels[5] and genuine support for each other's domestic and foreign policies as liberalism would envisage. Japan was among the first countries to recognize the legitimacy of the Aquino government that was installed by a People Power revolution. It also supported the country's efforts to restructure its foreign debts during the mid- and late-1980s; maintained a huge amount of capital in the form of ODA and direct investments especially in the manufacturing sector (Tecson, 2003); and provided humanitarian assistance in times of calamity.

Manila reciprocated Japan's gestures of friendship in different ways such as providing relief assistance and deploying search and rescue and medical teams after the Tohoku earthquake; supporting Japan's expanded regional security role (Dizon, 2014), and concluding the Japan–Philippines Economic Partnership Agreement (JPEPA) in 2006.[6] More importantly, Filipinos tend to view Japanese aid and direct investments as generally positive for the economy[7] (Rodriguez, 1994; Tullao and Shujiro, 1995; Tecson, 2000). As in the case of other recipients, Japanese ODA to the Philippines contributed significantly to infrastructure development (Rivera, 2003, pp. 534–535).

The Philippines' relationship with Japan had also suffered from sporadic episodes of exploitation. As the more dominant (core) state in the partnership, Japan was criticized for exploiting the Philippine economy and Filipino labor on various occasions. There were perceptions that Japanese firms were self-serving and motivated only by profit (Rivera-Yu, 2009). Marubeni Corporation, a Japanese firm, was responsible for the conversion of Cavite farmlands into industrial enclaves which displaced hundreds of farmers. Japan is also infamous for trafficking women to work in its entertainment industry.

There were cases of ill-fated Filipino workers in Japan who allegedly were forced by Japanese employers to work in brothels (see David, 1991). The victims were mostly women who were lured to go to Japan by some unscrupulous agencies with promises of greener pastures by working as cultural entertainers. According to Ballescas (2003, p. 551) in 1991 42,867 or 39.6 percent of Filipino entrants to Japan had entertainers' visas. That year the death of Maricris Sioson, a 22-year old "*japayuki*," brought the issue of exploitation and vulnerability of Filipina entertainers in Japan to the fore. Senate hearings probing her death were conducted and independent investigations by various Philippine media and even by the Department of Justice were made. In spite of evidence of foul play, the Japanese government stood by the report of its National Police Agency that her death was caused naturally by illness. This was one episode of a country's helplessness that had no political or economic leverage against a more dominant partner.

Perhaps the most dynamic aspect of their relationship is economic. The Japanese are among the most dominant foreign capitalists in the Philippines (see Table 14.2 below). Their direct investments during the periods 1995–2005 and 2005–2012 were valued respectively at US$3.1 billion and 2 billion. In cumulative terms, investments from the U.S., the Association of Southeast Asian Nations (ASEAN), and China/Hong Kong were also valuable.

Their terms of trade have been starkly unequal. Figure 14.1 indicates that Japan enjoys a trade surplus with the Philippines although the export–import gap tapered in 2013. Japanese exports to the Philippines were mainly manufactured goods like iron and steel products and electrical machineries and transport equipment including motor vehicles and ships. Meanwhile, Japanese

Table 14.2 Cumulative FDI in the Philippines by source country, in US$ million

Source/cumulative years	*1995–2004*	*2005–2012*	*Total*
ASEAN	1,355.2	418	1,773.2
Hong Kong	486	1,155	1,641
South Korea	238	94	332
Taiwan	206.4	33	239.4
Mainland China	303.9	–7	296.9
India	3.9	–1	2.9
Japan	3,099.3	2,027	5,126.3
EU-15/EU-28	1,389.8	–594	795.8
Other EU	93.8	0	93.8
Canada	3.6	15	18.6
USA	2,967.6	4,816	7,783.6
Australia	98.6	223	321.6
New Zealand	–3.8	0	–3.8
Others	1,969.7	8,930	10,899.7

Source of raw data: ASEAN Statistical Yearbook 2005 and 2013.

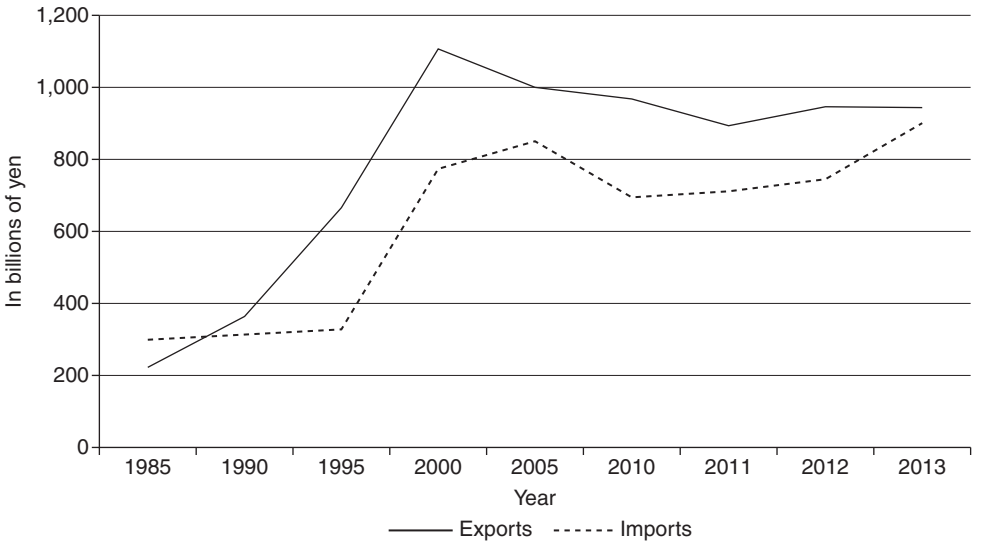


Figure 14.1 Japan's exports to and imports from the Philippines

Source of raw data: Statistics Bureau, Japan's Ministry of Internal Affairs and Communications. Available from: www.stat.go.jp/english/data/nenkan/1431-15.htm.

imports from the Philippines in 2013 include electrical machineries and manufactured goods (possibly from Japanese firms operating in the Philippines) and food stuffs including agricultural commodities such as bananas (Statistics Bureau, Ministry of Internal Affairs and Communications, 2015).

The discussion above shows the multidimensional aspects as well as contradictions in the bilateral relations of the two countries. The Philippines is clearly the more dependent partner while Japan is the more dominant one. Nevertheless pragmatism has sustained their relationship

over the last seventy years. As will be shown in the next sections, their relations are shaped by both domestic and external exigencies. The same factors have also made strategic partnership a defining character of their relations in the twenty-first century.

Domestic and international imperatives of foreign policy choices

How nations deal or relate with each other in the international system and choose their strategies and posture toward global issues is officially the functions of foreign policy. The politics of foreign policy tells us why a particular state attaches relative importance to one state over another. To understand foreign policy outcomes, it is imperative to examine the dynamic interaction between agents or "entities that are capable of making decisions" and structures or "sets of factors which make up the multiple environments in which agents operate and they shape the nature of choices, by setting limits to the possible … by determining the nature of problem that occur there" (Hill, 2003, pp. 26–27). Agents and structures mutually influence each other in a dynamic way. In the following section the preferences of policy-making agents and the structures that shape their foreign policy decisions are tackled.

Philippines–Japan relations: historical and institutional contexts

Japan's aggression and its eventual defeat in World War II have had the greatest impact on its relations with neighbors. Seventy years after the war ended, Japan is still hounded by its wartime past most especially in China and South Korea. In the Philippines the issue of "comfort women"[8] has not yet been resolved with finality primarily because "the Japanese political establishment has been reluctant to admit official government involvement in the system of comfort women" (Kimura, 2013). Moreover, visits to Yasukuni shrine, where Japanese war dead including Class A war criminals are enshrined, still cause aversion not just in East Asia but even in the United States.

Japan's humiliating defeat and Article 9 of its constitution dictated the course of its postwar foreign policy choices characterized by reliance on American military power and emphasis on economic rehabilitation. It was in this context that the policy of *seikei bunri* (separation of politics and economics) was adopted to enable Japan to trade with neighboring socialist countries while adhering to the political values of the western camp of the Cold War. Trade resumption was also the main incentive why Japan had agreed to pay war reparations. In the Philippines, government officials used the issue of war reparations as leverage before a peace treaty with Japan could be ratified formally (Yoshikawa, 2003).

Because war reparations were paid in goods, Japan succeeded in regaining access to Southeast Asian markets. In a study by Yoshikawa (2003) a huge amount of reparations to the Philippines were used for acquisition of Japanese-built commercial sea vessels. Japan also began its career as an aid donor during this period. The Garcia administration (1957–1961) attempted unsuccessfully to obtain "reparations-secured commercial" loans from Japan to be repaid in ten years using yearly allotments from the reparations budget (Yoshikawa, 2003). Eventually, the reparations scheme together with the U.S. procurement system during the Korean War would become the basis of Japan's foreign aid system which was infrastructure-focused and heavily tied to Japanese businesses (Arase, 1995).

Postwar Japanese investments started to enter the Philippine economy after the Amity Treaty was ratified. Tecson (2003, p. 446) noted that these investments were largely market-seeking types which were intended to circumvent trade barriers against imports during the height of import-substituting policy regimes. Many Southeast Asian countries were critical of Japan's

increased economic presence in the 1970s. Anti-Japanese protests were held in Jakarta and Kuala Lumpur during the visit of then Prime Minister Tanaka on January 1974.

Later, the Plaza Accord of 1985 compelled many Japanese manufacturers to relocate overseas thereby creating an upsurge of Japanese FDI in Southeast Asia and elsewhere. In the Philippines, the yen appreciation (*endaka*) was complemented by liberalization programs of then Presidents Aquino in the late-1980s and Ramos in the 1990s. Even so, legal restrictions and the high cost of doing business in the Philippines have impeded efforts to attract FDI in general. A comparative study conducted recently by the Japan External Trade Organization (JETRO) (2013, p. 11) shows that the cost of electricity in the Philippines is one of the most expensive in Asia and Oceania.

Japan's initial attitude towards ASEAN was ambivalent. It was perceived at first as part of the growing resource nationalism that emerged among Third World countries. In 1977, then Prime Minister Fukuda sought to improve relations with ASEAN with his "heart-to-heart" diplomacy. Japan and ASEAN collaborated in a number of projects in the 1980s and strengthened aid relations. As ASEAN shifted its focus to economic integration Japan gradually developed a distinct ASEAN policy. In 2008 it appointed its first "ambassador" to ASEAN. In December of that year the Agreement on Comprehensive Economic Partnership between Japan and ASEAN entered into force. Moreover, summitries like the annually held Japan–ASEAN commemorative summit have strengthened their institutional linkages since the onset of the new millennium.

Bilateral relations in changing domestic and external environments

As noted earlier, a defining trend in Philippines–Japan relations since the 1990s has taken shape. The two countries have since strengthened cooperation in maritime safety and recently in the area of security. Japan's quest for "normalcy" began in the early-1990s. It learned during the first Gulf War that checkbook diplomacy was inadequate as international contribution. Faced with strong country-peer pressure to contribute proactively to peace, the Japanese Diet passed its first Peacekeeping Operations law in 1992, which mandated the dispatch of its Self-Defense Force to Cambodia to participate in the UN-led peacekeeping missions there.

Aside from external factors, Japan underwent profound changes in its domestic political economy in the 1990s. Various reforms in politics and economy were instituted. Shinoda (2013) asserted that institutional reforms have accorded greater political power to the executive branch (*kantei*). These changes have empowered prime ministers like Junichiro Koizumi and Shinzo Abe to pursue their preferred policy agendas using a top-down process.

Following the bursting of the bubble economy, budget deficits had swollen to great proportion. Under an increasingly tight budget and desire to contribute to human security and peace, the Japan International Cooperation Agency (JICA) explored new types of assistance. In the Philippines the Japan-Bangsamoro Initiatives for Reconstruction and Development (J-BIRD) was launched in December 2006 "to contribute to the peace process and development in the Conflict-Affected Areas in Mindanao (CAAM) and the surrounding areas in the Autonomous Region in Muslim Mindanao (ARMM)" (The Embassy of Japan in the Philippines, 2012).

On the part of the Philippines, the country also underwent political and economic reforms after Marcos was deposed. A new constitution was adopted and liberalization was pursued. There were three significant episodes in the Philippines that had direct implications on its relations with Japan during this period. One was the People Power revolution which toppled the Marcos dictatorial regime. His ouster led to the discovery of bribery involving Japanese ODA funds. This episode was a catalyst in Japan's ODA reform. Two, when she assumed the

presidency, Cory Aquino decided to honor the debts incurred by her predecessor to regain international credit standing. Her term in part was devoted to lengthy negotiations for debt restructuring, which the Japanese government supported. Three, Manila's need for fresh loans to kick-start the post-Marcos economy had drawn the country further towards Japanese capital.

In the 1990s the Philippines had confronted its biggest security problem since the Cold War ended when China laid claim to the entire South China Sea/West Philippine Sea. The standoff began when China laid boundary markers and later constructed structures and occupied the Philippine-claimed Mischief Reef between 1994 and 1998. Since then, China has maintained its presence in the nearby area and increasingly asserted its ownership of the entire South China Sea using the nine-dash line. In 2012, Chinese presence was again sighted in another Philippine-claimed island, the Scarborough Shoal.

Alarmed by China's "creeping invasion" Filipino leaders have appealed for international assistance to resolve the prolonged standoff. One study describes the strategy of the Philippines in handling the territorial dispute as a two-track diplomatic strategy which consists of "a balancing policy … and a liberal-legal approach that relies on the instrumentalities of a regional organization … and international law … to constrain an increasingly assertive China" (De Castro, 2015, pp. 72–73). Indeed, the Philippines has tried to internationalize the issue by appealing to the United States, Japan, and the UN for support (Zha and Valencia, 2001). In 1999 the late senator Blas Ople appealed to Japan for assistance, claiming that the Philippines "objectively defends Japan's survival" because the South China Sea is a strategic sea line of communication (SLOC) to Japan (Ople, 1999 cited in Zha and Valencia 2001, p. 90). The Estrada administration (1998–2001) continued the strategy of dialogue and appeal for international assistance to resolve the dispute. In January 2013, the Philippines officially filed arbitral proceedings against China in the Permanent Court of Arbitration under the terms of Article 287 and Annex 7 of the UN Convention on the Law of the Sea (UNCLOS).

While the Philippines was grappling with Chinese incursions in the West Philippine Sea the Japanese government had increasingly faced Chinese incursions on its own territorial waters near the Senkaku, which China also claims as theirs. In September 2012, the Democratic Party of Japan (DPJ)-led government under Prime Minister Noda nationalized the Senkaku islands. The Chinese government fired back at Japan and strongly denounced the change of status quo. Since then, Chinese incursions on Japanese territorial waters have become more frequent and adventurous. In November 2013, China declared an Air Defense Identification Zone (ADIZ) in the East China Sea which overlaps with Japan's own ADIZ. *The Japan Times* (2014) reported that Chinese vessels had entered Japanese territorial waters in the East China Sea near Senkaku twenty-three times in 2014 alone.

China's recent aggressive stance is evidently supported by its rising economic strength. In the 1990s China's economy was growing annually at a double-digit percentage rate. In 2010 its Gross Domestic Product (GDP) surpassed Japan's and became the world's second largest economy. China has also become one of the major donors of foreign aid that is not a member of the Organisation for Economic Co-Operation and Development (OECD). In light of its economic gains, China has embarked on naval military modernization since the 1990s (O'Rourke, 2015). The politico-security implications of China's economic ascendancy have led to perceptions of China as a threat, reinforced by its increasing aggressiveness in both the South China Sea and East China Sea.

Japan's response to the Philippines' appeal for support in the face of Chinese incursions in the Spratlys in the 1990s was passive. Its attitude significantly changed under the second term of Prime Minister Abe who is known for his hawkish views. Abe led his Liberal Democratic

Party's (LDP) return to power after a resounding electoral victory against the DPJ during the December 2012 Diet elections. Since his reelection, Prime Minister Abe has succeeded in significantly steering Japan's security policy towards proactive pacifism. Along this line, the National Security Council was established and a National Security Strategy, which sets out the Three Principles of Transfer of Defense Equipment and Technology, was adopted in December 2013. The following year the Abe cabinet ended Japan's self-imposed ban on arms export.

Under Abe's government, Japan has become more receptive to the Philippines' appeal for support in light of China's "creeping aggressiveness" in the West Philippine Sea. In December 2013, the two countries signed the exchange of notes on the provision of patrol vessels to the Philippine Coast Guard. Under this agreement, a yen loan worth 18.7 billion was allotted for the purchase of ten patrol vessels and maritime communication systems. In January 2015 the Philippines and Japan signed a security agreement to hold joint naval exercises. Tokyo also reportedly expressed its plans to provide financial assistance to improve infrastructure around a Philippine military base on Palawan Island (Kelly and Kubo, 2015). Finally, the Philippines and Japan institutionalized their strategic partnership when Prime Minster Abe and President Aquino signed a Joint Declaration during the latter's recent visit to Japan in June 2015.

Conclusion

Philippines–Japan relations have gone through power relations, cooperation, and exploitation. Due to domestic and international exigencies, the two countries have strived to deepen their strategic partnership in the twenty-first century. Japan's domestic frontier was marked by the rise of right-of-center and hawkish Japanese officials like Koizumi and more particularly Abe Shinzo. The institutional reforms that were adopted in the 1990s strengthened the *kantei* particularly the role of the Prime Minister in security policy-making. Meanwhile Filipino leaders have pragmatically looked upon Japan as a source of ODA and FDI to assist in the country's economic development. Pragmatism dictates that Filipinos must look forward to their relations with Japan.

The external exigency is caused mainly by China's alarming aggressiveness in the South and East China seas. As vital sea lines of communications it is important for Japan that freedom of navigation is maintained in the South China Sea. Moreover, both countries are linked by their security relations with the U.S. But while the U.S. has been clear about its position of defending Japan over the Senkaku islands, American commitment in defending the disputed islands in the Spratlys is ambiguous. One observer doubts "whether the U.S. would be willing to endanger its relationship with China in order to support the Philippines over its territorial disputes" (Hugh White as quoted in Talev and Mattingly, 2014). This ambiguity is creating a centrifugal force that pushes the Philippines toward Japan to ask for assistance. In this sense, the Philippines is supporting Japan's shift to right-of-center politics. Greene (2014, p. 217) however argues that this drift to the right "focuses on 'civic nationalism' or pride in the trappings of sovereignty and Japan's own democratic norms rather than the nativism and/or racist views of the past."

Notes

1 Major Japanese newspapers included the uprising in their reportage (see Ikehata, 2003).

2 The Katipunan, also known by the acronym KKK, was the secret organization founded in Manila in 1892 by Andres Bonifacio, Ladislao Diwa, Teodoro Plata, and other Filipino patriots, which aimed to liberate the Philippines from Spanish colonialism through a revolution. KKK stands for *Kataastaasang Kagalanggalangang Katipunan ng mga Anak ng Bayan*, literally Supreme and Most Venerable Society of the Sons and Daughters of the Nation.

3 In May 1896, a delegation was sent to meet the Japanese emperor to solicit funds.
4 Papers that were confiscated from Marcos in Hawaii revealed that he received kick-backs from Japan's ODA-funded projects in the Philippines.
5 Both inter-governmental and grassroots, people to people levels of cooperation.
6 Japan opened its labor market for Filipino nurses and caregivers under the JPEPA.
7 For critical views of Japanese aid and/or investments see Constantino, 1989; for effects of Japanese firms in the Philippines on industrial relations see Maragtas, 1992; for reasons why spillover effects of FDI to Philippine manufacturing industry are limited see Aldaba and Aldaba, 2010.
8 Pertains to women and girls who were forced into sexual servitude by Japanese Imperial Army during the war.

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15
DIASPORA DIPLOMACY[1]

Joaquin Jay Gonzalez III

The global perception of the Philippines is heavily influenced by major television news networks. Watching news and social media coverage has been frustrating for the domestic and international Filipino communities. The mainstream media, including BBC, CNN, and FOX, seem to downplay much of the good news and often play up the bad news: violent volcano eruptions, massive flooding after typhoons, overloaded ferries sinking, political scandals, terrorist bombings, al-Qaeda/ISIL cells, and insurgent kidnappings. The latter three eventually moved the U.S. State Department to issue strongly worded travel warnings to American citizens about the personal risk of doing business or tourism to the Philippines especially in Mindanao.

Countering this negative publicity is a daunting, often frustrating, task for Philippine government officials, especially those who work at diplomatic postings abroad. With the media and State Department warnings and advisories, who in their right mind would risk traveling to Manila or Cebu or Davao as an investor, not to mention as a tourist?

Nevertheless, even with a strongly worded U.S. State Department travel warning, San Francisco Mayor Gavin Newsom and a 140-member delegation went on a goodwill and business mission to Manila, San Francisco's sister city. All were U.S. citizens; more than half were Filipino Americans. Mayor Newsom chose to heed the credible advice of the Filipino American chair of the San Francisco–Manila Sister City Commission. The chair reassured the mayor that travel to the Philippines was safe, a view echoed by the FilAm (short for Filipino-American) community in San Francisco. Sister cities are a common form of public diplomacy. They are an agreement between government officials, business, and non-governmental actors from two cities, from two countries, to nurture cultural, sports, arts, and business dialogue and understanding. San Francisco has 19 sister cities.

The mayor and his San Francisco–Manila Sister City delegation brought with them 180 wheelchairs for distribution to Manila's physically challenged and a US$10,000 check for the Philippine Philharmonic Orchestra. There was little coordination with the U.S. Embassy in Manila or the State Department in Washington, D.C. The San Francisco–Manila Sister City Commission communicated directly with the Philippine Departments of Tourism and Foreign Affairs, as well as the Manila Mayor's Office. Many people-to-people trips have followed thereafter defying formal travel advisories and relying solely on the credibility of FilAm diaspora members' hearts and minds.

Aggressive diplomacy for developing states

Why should diplomacy through diaspora be a concern for scholars and practitioners of international relations? The answer is simple: According to the World Bank (2015), there are over 200 million migrants, and mainstream theories of international relations have not adequately explained their role and influence in global ties, particularly in terms of their soft power influences. Very few international relations textbooks analyze this phenomenon in depth. However, the refugee crisis in Europe, the exit of the U.K. from the European Union because of perceived out of control cross border movement, and the dysfunctional immigration situation of the U.S., have underscored the critical importance of migration to the study and practice of international politics. Textbooks have to be revised!

Moving away from realist and liberal norms which rely largely on the "official" and "practical," Mayor Gavin Newsom went for what he perceived to be as more real-time intelligence and security assessment from the San Francisco–Manila Sister City Committee. Ironically, international relations theory and practice continue to point to the supposed pragmatism of hard power – large military presence, high Gross National Product (GNPs), and so forth – which developing diaspora states, such as the Philippines, do not have. What the Philippines offers, however, is on-the-ground, culturally sensitive knowledge from its millions of citizens and surrogates in diaspora which has power and influence as illustrated by the Newsom decision.

What is stressed here is not just conventional soft power diplomacy but a more aggressive international relations approach for developing states who have masses of nationals spread across the globe. The dominant America-centered soft power ideas that Harvard professor Joseph S. Nye, Jr. promotes in his seminal work in this area, *Soft Power: The Means to Success in World Politics*, and many other scholars (Fraser 2005; Karns 2008; Kiehl 2006; Matsuda 2007; Rugh 2005) seem to place them on their back burners. In this chapter, I would like to place them in front by analyzing the case of the contemporary Philippine migration phenomenon.

Demographic and economic impacts

Why is the Philippine diaspora important to the study of contemporary international relations and soft power diplomacy? Because, as alluded to earlier, it is one of the fastest growing and thus one of the most significant soft power movements in the world today. Since the 1970s, the Philippine diaspora nation has rapidly grown to more than 10 million strong in 200 countries, territories, and ships. A quarter of a million seafarers, or one-quarter of the world's total, are Filipinos plying the planet's oceans and seas. Filipinos live, work, socialize, and worship in more than a ten thousand cities. The aggregated diaspora population is twice the size of New Zealand's and is equivalent to the total population of Switzerland. Table 15.1 below is a listing of the top ten destinations for 2013 according to the Commission of Filipinos Overseas (CFO).

Given the long historical ties, it is not surprising that the United States is the number one destination and has been for decades. The continued economic growth of Saudi Arabia and the UAE driven by their oil-based economies is the reason for their second and third place ranking. Meanwhile, neighboring Malaysia is in fourth place due to the large number of temporary and irregular Muslim Filipinos in Sabah. In terms of regional breakdown, more than 40 percent of diaspora diplomats are in the Americas, mainly in the United States and Canada. One-quarter of them are in Western Asia while 16 percent are in East and South Asia.

Table 15.1 Top ten destinations, 2013

Rank	*Country*	*Number*
1	United States of America	3,535,676
2	Saudi Arabia	1,028,802
3	United Arab Emirates	822,410
4	Malaysia	793,580
5	Canada	721,578
6	Australia	397,982
7	Italy	271,946
8	United Kingdom	218,126
9	Qatar	204,550
10	Singapore	203,243

Source: Commission on Filipinos Overseas (2014).

The CFO (2014: 22) categorizes overseas Filipinos as below:

> **Permanent migrants** are overseas Filipinos whose stay abroad is not dependent on employment, a category which includes legal permanent immigrants, permanent residents abroad, those naturalized in their host country as well as those abroad who have reacquired Filipino citizenship (dual citizens).
>
> **Temporary migrants** are those whose stay overseas is employment-related and who are expected to return to the Philippines at the end of their work contracts. Although most temporary migrants are overseas Filipino workers (OFWs), they also include students, trainees, entrepreneurs, businessmen and their accompanying dependents, whose stay abroad is six months or more.
>
> **Irregular migrants** are those not properly documented, without valid residence or work permits, or who are overstaying in a foreign country.

In 2013, more than half of the 10 million plus were permanent migrants while the rest were temporary and irregular migrants.

Diaspora diplomacy's economic impact on the Philippines is quite significant, year on year, month on month, is illustrated in Figure 15.1. Based on Bangko Sentral ng Pilipinas (BSP) statistics, in 2015, Filipino diaspora diplomats sent back to the Philippines more than US$25 billion, which is more than Nepal's Gross Domestic Product (GDP) and more than the national income of 60 developing economies.

Thirty-five percent of remittances in 2015 came from overseas Filipinos in the Americas followed by 27 percent from the Middle East and then 19 percent from Asia. This trend has continued for decades. The impact of the consumer spending, housing, investments, entrepreneurship, healthcare, education, and infrastructure has been felt by almost every Philippine city and *barangay* (village). Families have become wealthier and more secure. Some have been lifted out of poverty. Women have become empowered.

In 2015, overseas Filipinos also shipped more than two million *balikbayan* boxes (care packages) all over the archipelago. Lingkod sa Kapwa Pilipino (LINKAPIL) or Link for Philippine Development Program, an initiative by the CFO to cultivate and nurture giving directly to

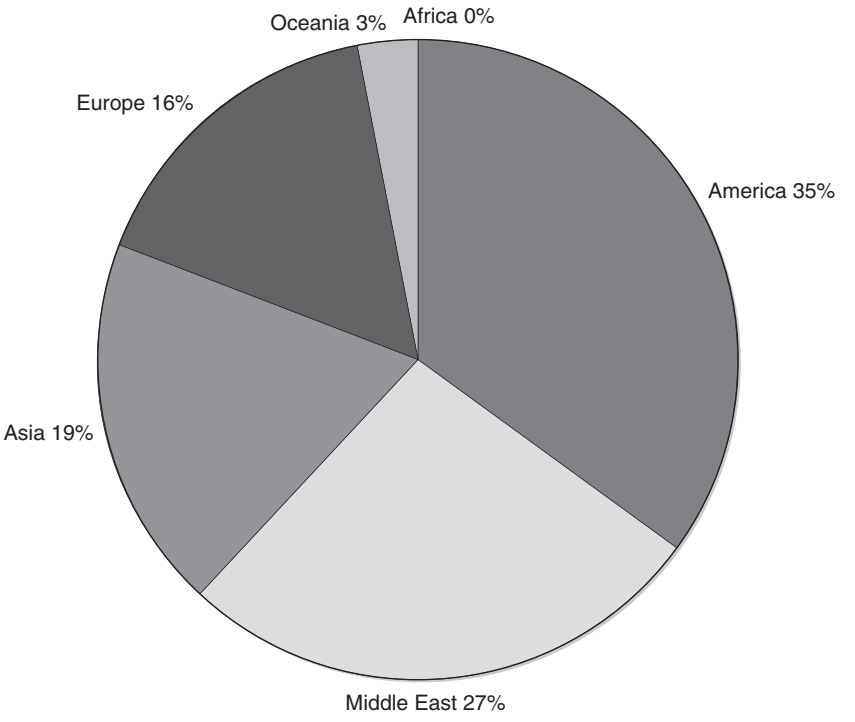


Figure 15.1 Cash remittances, 2015
Source: Bangko Sentral ng Pilipinas.

community development projects and programs, has documented their establishment of scholarship grants, donations of books, information technology equipment, school supplies and other educational materials, funding of livelihood, conduct of medical missions and skills transfer projects, providing of medicines and medical supplies, building of schools and water systems, and donation of relief goods in times of natural disasters and states of calamity (CFO 2014: 56).

The U.S. accounts for one-quarter of the migrant stock and half the total remittance and *balikbayan* box volumes. Because of their increasing numbers, FilAm influence on the U.S. ballot box and public policies has gained considerable attention from political parties, individual candidates, policymakers, locally, nationally, and internationally. The FilAm bloc's existence in the U.S. Census Bureau's statistics began with a mere 160 respondents in 1910. But by the 2010 Census Filipinos were counted at 3,416,840, a million more than in the 2000 Census. The Filipino voting bloc in the U.S. will continue to surge into the future at a rate of 100,000 legal immigrants annually or one million every decade. They have lobbied hard in U.S. Congress and protested in front of Chinese consulates on the issue of China's encroachment on Philippine-claimed islands in the South China Seas (Gonzalez 2016).

There are more than one million Filipino workers in the Kingdom of Saudi Arabia. From the high seas, Filipino officers and engineers, deck and engine crew, on all kinds of commercial cargo ships, tankers, cruise liners, and some U.S. military vessels sent back to their families in 200 hometowns around US$3 billion in 2015. Their remittances have helped insulate the country from the global economic crisis and devastation from natural disasters, and have contributed to the surge in economic growth in the last years – one of the strongest in the Asia-Pacific.

Governance and political impacts

Prior to the mass dispersion of its nationals, the basic function of Philippine diplomacy was to promote the economic, political, cultural, and consular interests of the republic. Foreign Service Officers (FSOs), Foreign Service Staff Officers (FSSOs), and Foreign Service Staff Employees (FSSEs) comprised an elite corps that associated only with an elite Filipino expatriate community, the powerful local politicians and the wealthy socialites in their country of posting. In my interviews, a number of FSOs stated that eating with Filipina domestic helpers at a park in Singapore or Hong Kong was not the reason why they joined the diplomatic corps. Some felt they had earned this elite diplomatic stature by virtue of a highly selective examination and interview process.

When posted overseas, government diplomats received all the diplomatic courtesies, plenipotentiaries, and immunities accorded by the host country, and earned ten times more than their civil service counterparts in the Philippines. They traveled on diplomatic passports which automatically got visas and paid no taxes to the host government, based on reciprocity agreements and treaties. They were detached from the bulk of the diaspora except through routine consular work – passport renewals, repatriation requests, and visits to the jailed.

But the Migrant Workers and Overseas Filipinos Act of 1995 (or Republic Act 8042) changed the nature of their ritzy, glitzy lifestyle. The catalyst for this law was a tragic event thousands of miles away. Flor Contemplacion, a Filipina domestic helper in Singapore, was hanged for the alleged double murder of a fellow Filipina care worker and the Singaporean child she was caring for. Doubts about Contemplacion's culpability led to a serious diplomatic row between the Philippines and Singapore, two regional partners.

There were allegations from the Filipino public that the government, particularly the highly paid, highly trained foreign service officials, did not do enough to defend and protect Contemplacion because she was "just a maid." Contemplacion symbolized the plight of the millions of Filipino diaspora diplomats that needed better care, protection, and social safety nets. Prior to her hanging, the number of problematic cases had been accumulating in Singapore and many other countries of destination. The Philippine Congress responded with a long overdue legislation benefitting the multitudes in diaspora.

From then on, a series of diaspora-friendly laws were enacted. In 1997, a Comprehensive Tax Reform Law was passed exempting the income earned by overseas Filipinos from Philippine taxation. Overseas Filipinos gained an elected representative in the Philippine Congress. Overseas absentee voting, retirement incentives, and dual citizenship laws were also enacted into to law, formalizing a legal regime just for the Filipino global nation. In the 2016 Philippine Presidential elections, more than 400,000 overseas Filipinos voted making them an important bloc vote especially in tightly contested electoral races. Consequently, the Philippines has become the largest labor, faith, and cultural exporter among the ten Association of Southeast Asian Nations (ASEAN) member states.

Diaspora diplomacy, Philippine-style

Unlike other soft power diplomacies, Philippine diaspora diplomacy is people-propelled rather than product- or propaganda-driven. It is the collective action of Filipinas and Filipinos emanating from Philippine towns and villages. There are globally recognizable Filipino personalities, such as boxer Manny Pacquiao, but Filipinos are also visible just by their sheer numbers in the public and private spaces and events at their countries of residence or destination.

Diaspora diplomacy enables the Philippines and other diaspora states to overtly or covertly influence another country's culture, politics, and economics. Public policies and business models

are amended or changed to acknowledge them and essentially their nation of origin. Dual citizenship allows dual loyalties, in effect, institutionalizing dual influencing. Public policies enacted in the name of diaspora diplomacy allow the Philippines to be smart and aggressive without being hegemonic and arrogant. Realists write about the exercise of hard power such as Mutually Assured Destruction (MAD). Diaspora diplomacy, on the other hand, achieves a different form of soft power.

The underlying drivers of diaspora diplomacy are the basic needs of home and family, as opposed to national economy and security. For Filipino migrants, the structure of home and family is often large and complex. A typical household may include, aside from the basic family unit of spouses and children, siblings, in-laws, uncles, aunts, grandparents, nieces, nephews, and grandchildren. It can also extend outwards to friends, strangers, churches, charities, hometown associations, and other organizations. Household income generation is based on this extended kinship structure; each family member of legal age is expected to contribute to household expenses, which may include education, medical expenses, and mortgage.

Beyond the home, extra disposable income ends up helping in the rehabilitation or construction schools, chapels, and roads in the Philippines. Many migrants meet their family obligations while at the same time contributing to the betterment of their homeland, especially their hometowns. Given these extended meanings of household and income, it is not surprising to see Filipino migrants consider their churches as part of their families. Many feel that they are being sent out to the world as church members who have a "calling" to spread the word of God, so they assume such roles as pastors, lay workers, bible readers, and choir singers, among others.

Governments of developing countries with very limited budgets for bilateral relations are able to outsource some of their diplomatic functions to migrants who share their culture, politics, and economics with the societies where they live and work. Although the Philippines has close to 100 diplomatic missions, these missions do not begin to cover and serve the more than 2,000 cities globally where Filipinos reside. Thus, Filipino migrants have adapted the traditionally governmental role of serving as ambassadors of Filipino culture and traditions. Through their many organizations, they assist in diplomacy by working independently or alongside efforts by the Philippine diplomatic corps. Since migrant workers use time outside of work and church to socialize and interact with the "locals" in their adopted countries, they contribute to the cultural sophistication and diversity of their locality through their religious events, musical groups, sports tournaments, and the like.

Filipinization of global cities

The power of Philippine diaspora diplomacy comes from its capacity to influence, charm, persuade, and assert, in order to solidify ties. It is not meant to dominate, but is instead creating two-way, open, consensual, and respectful relations.

In my more than two decades of living in the U.S. and visiting Filipino communities in four continents, I have been studying and documenting how this evolving "Filipinization" process facilitates transnational integration, adaptive spirit, and inter-generational cohesion. If Americanization is the output of U.S. public diplomacy internationally, then varying degrees of Filipinization results from Philippine diaspora diplomacy in global cities.

Filipinization could be categorized further into three types: (1) religious Filipinization or influences emanating from churches or places of worship, as well as spiritual energy, passion, action, and advocacy; (2) occupational Filipinization or influences associated with their work, labor, English proficiency, inter-personal communication skills, formal education, informal training as well as the sending care boxes or remitting money; and (3) associational Filipinization

or influences that come from their participation and organization of public held ethnic and cultural shows, parades, Philippine independence day commemorations, and mass Sunday gatherings.

Religious Filipinization

Globally, churches are the most visible space influenced by Philippine migrant soft power. Catholic, Protestant, Evangelical, and Independent churches see Christian migrants as church planters, missionaries, or tentmakers (from the fact that the apostle Paul supported himself by making tents while living and preaching). As overseas Filipino workers (OFWs) or overseas Filipino immigrants (OFI), they are able to spread the word of Jesus Christ and showcase their Christian faith where formal religious missions and professional missionaries have failed or are unable to go and work effectively. Geographically, Philippine migrants are able to highlight Christianity in under-evangelized areas, referred to by Christian tentmaker ministries as the critical 10/40 corridor, covering Northwest Africa, the Middle East, South Asia, and Southeast Asia.

The 1991, 1998, and 2008 *International Social Survey Programme* reported that Filipinos are the most religious people in the world. Where they came from, it is common to see worship, devotion, and prayer, in many forms, being displayed by leaders and citizens on the street, in offices, and in homes. Catholic mass services are held on the street, in the airport, in the office, at home, at the park, at the mall, and almost everywhere with no restrictions. They start events and meals, big or small, with a prayer or invocation. Sunday is a religious day of obligation for Filipino Catholics, Protestants, and Independent churches, with certain exceptions like the Seventh Day Adventists who are obligated to come to Saturday service.

Religious Filipinization is manifested in their forming of churches, renewal of faith, introduction of new religious traditions, spreading of inter-faith respect, praying and meditating in church or public spaces, among others. This could be witnessed and felt whether it's Novena Church in Singapore, Saint Abraham's in Tehran, Saint Remi in Brussels, San Agustin Church in Barcelona, Westminster Catholic Cathedral in London, Saint Patrick's Church in San Francisco, Saint Joseph's Cathedral in Hanoi, Saint Ignatius Church in Tokyo, or Notre Dame Cathedral in Paris, every Saturday and Sunday, Filipino migrants help fill the pews of Catholic services internationally. Because of its more than 150,000 Filipino migrants, Saint Joseph's in Hong Kong has scheduled three Tagalog masses every Sunday, and both English and Tagalog masses are packed. Just like entering a rock concert, there are very long lines to get in every Sunday and once inside it's standing room only. Looking around for space, I found one inside a big altar alcove. I turned my head to check on who was this large brown wooden statue behind me and my gaze fell on the face of the San Lorenzo Ruiz, the first Filipino saint. Catholic church leaders in mother Spain, mother United States, and even mother Italy would be drooling to have this volume of response every Sunday. In Vienna, I found the Filipino Catholic Chaplaincy had masses, bible studies, and a conglomeration of inter-generational charismatic and devotional groups: Couples for Christ, Divine Mercy Devotees, El Shaddai, Followers of the Good Shepherd, Lay Ministers, Legion of Mary, Mary, Mother of Christ, Music Ministry, Sacristans, and a Youth Group. Migrant Filipino priests and nuns were also there for their faithful in diaspora.

Undoubtedly, the country's second largest church with close to two million members, the Iglesia ni Cristo is not too far behind in planting congregations and worship services overseas. It is spreading the teachings of an independent Philippine Christian church through 97 ministries based in the U.S. and Canada and 17 outside of North America. At the Daly City service I observed, it was also standing room only. Filipino evangelical groups are also making their

presence felt in the cities I visited in Asia, Europe, and the Middle East. From the Filipino International Christian Church in Orlando, Florida to Victory Christian Fellowship in Dubai, United Arab Emirates. Spreading the word of God from a Filipino perspective has gone global with its many migrant faithful diplomats.

Thus, Philippine migrants unconsciously become part of a global religious crusade, from Global South to Global North and from Christian states to non-Christian countries. Heralded by popes as the "new apostles for the church," Filipino migrants are helping spread the word of God through their participation in Catholic, Protestant, and Independent services and festivities at their new homelands. They weave their own Filipino spiritual practices into these local faith communities from introduction of familiar iconography to Tagalog language services. This approach is a more peaceful and non-violent way to integrate Philippine culture into mainstream communities.

Occupational Filipinization

Given their skills, training, education, work ethic, and English comprehension, Philippine migrants have a high capacity to influence occupational practices, products, and services in many international cities. Generally Filipino and Filipina migrants, as global workers, are valued for their respectful English communication skills, responsible, cheerful disposition, industriousness, ability to blend in and be a team player, creative abilities, being easily trained or taught, as well as can-do and never-say-never attitudes, among others. Ironically, these are the same reasons why international investors are drawn to offshore, outsource, invest, and call centers in the Philippines. Many global companies go to the country to recruit since the Philippines produces more than half a million college graduates per year across a range of disciplines from arts to engineering. Nearly 150,000 graduate from business-related programs, while another 100,000 are from engineering or information technology (IT) programs. The Philippines is also one of the few countries that can boast this rich pool of high quality and hardworking English-speaking college graduates each year. Even those that possess high school diplomas or do not complete their college education have relatively good English proficiency and competitive skills and talents. These allow them to earn money and help out both in host country or new homeland social concerns as well as family and hometown needs. The remittances and their development impact is the most tangible evidence of their transnational influence.

This comes as no surprise since the Philippines is one of the largest English-speaking nations in the world besides having a 92.6 percent UNESCO literacy rate. There are more English speakers in the Philippines than in the United Kingdom. The universities, colleges, and technical institutes produce world-class doctors, nurses, engineers, teachers, managers, technicians, scientists, accountants, lawyers, etc. In many countries, labor deficiencies at critical sea-based and land-based occupations are filled by skilled Filipino migrants, for instance: maritime crew on commercial and military vessels; domestic work in Singapore, Hong Kong, Malaysia, the United Kingdom, Italy; health care and allied work in the United States, Canada, Australia, Austria, and the United Kingdom; tourism and retail employment in Saudi Arabia, the United Arab Emirates, Qatar, Kuwait, Oman, and Bahrain as well as Spain, Italy, and Mexico; light manufacturing contracts in Taiwan and South Korea; garments industries work in Sri Lanka, China, India, and Bangladesh; as well as entertainment and hospitality gigs in Japan. Both developed and developing country economies benefit as illustrated by the succeeding cases from the United Kingdom and Bangladesh.

The high performing economies of Singapore, Hong Kong, Malaysia, the United Kingdom, and Italy would not be possible without the double-income productivity from families. Filipino

migrants in these countries provide the necessary child care and household cleaning to allow mothers and fathers to both seek gainful employment. Longer life spans and aging populations have also created an urgent demand for hospital and home health care in the United States, Canada, Australia, Austria, and the United Kingdom. Thus, we have the inflow of Filipino doctors, dentists, nurses, physical therapists, and other health care professionals into the public and private health care systems of these countries.

Second and third generation Filipino migrants have also followed their parents into these high paying occupations. In the 1970s, Philippine construction workers on contract with multinational engineering companies helped build the infrastructure, from airports to malls in petroleum-states like Saudi Arabia, the United Arab Emirates, Qatar, Kuwait, Oman, and Bahrain. Now the current wave of migrant workers is part of the sales personnel at the duty free shops and food concessions in the airports as well as the marketing staff at the mega shopping malls, international hotels, and chain restaurants. After saving money in the Middle East some migrants move on to Western Europe and North America.

Filipino migrants are entertainers in Japan, domestic helpers and customer service personnel in Singapore and Hong Kong. They make contributions as professional, technical, computer, health care, artistic, education, and scientific workers in the bustling economies in the United Kingdom, Australia, Canada, and the United States.

Some Philippine migrants are also involved in business and investments in their new homelands and infuse influences via individual philanthropy or through their corporate social responsibility initiatives. In the United States, the U.S. Census Bureau Survey of Business owners found that there were over 125,000 Filipino-owned firms in the U.S., employing nearly 132,000 workers, and generating nearly US$14.2 billion in revenue in 2002. Filipino entrepreneurs invested in health care and social assistance, professional and consulting services, as well as scientific and technical services.

Associational Filipinization

When they are not in church or at work, most migrants from the Philippines influence global cities and societies through their establishment of new associations and vibrant gatherings. Their memberships in existing local non-governmental organizations, interest and advocacy groups, and other civil society gatherings or celebrations transform their bonding social capital into bridging social capital or willingness to help others. In the Philippines and abroad, Filipinos and Filipinas are making waves as leaders in the global environmental movement. Greenpeace warrior Von Hernandez was awarded the 2003 Goldman Environmental Prize, the equivalent of the Nobel Prize. Not to be outdone is *Time Magazine*'s 2003 Asian Woman heroine, actress Carminia "Chin-chin" Gutierrez for her work on environmental causes.

In some countries, the presence of their associations is even more pervasive than Philippine consulates and embassies. There are more Ilocano hometown associations than Philippine diplomatic posts in the United States and Canada. Many Philippine towns and cities receive more remittance dollars from formers residents, their hometown associations, school alumni associations, than bilateral official development assistance (ODA) from donor agencies like the United States Agency for International Development (USAID), Canadian International Development Agency (CIDA), Australian Agency for International Development (AusAID), UK Department for International Development (DFID), or Japan International Cooperation Agency (JICA). Filipino associations in the United States and Canada also give out more high school scholarships benefitting Filipino American, Filipino Canadian, and Philippine youth than the governments of the United States and Canada. In terms of pageants, the Cebuano, Ilocano,

Kapampangan, Bicolano, Pangasinan, and Quezonian hometown associations in the United States organize more beauty contests than Donald Trump's Miss America Organization. Titles at stake range from Miss and Mrs. Pangasinan International, Miss Philippines America, Mrs. Ilocandia, Miss Sampaguita, Little Miss Philippines, Miss Bicolandia, Mrs. Philippines, among others. There are 24 Philippine overseas elementary and high schools scattered all over the Kingdom of Saudi Arabia, more than the American, British, Dutch, and other western international schools combined. By the way, speaking of Filipinos in Saudi Arabia, they also host one of the largest and most tightly contested Philippine diaspora beauty pageants in the world, "The Miss United OFW Saudi Arabia."

Filipino migrants socialize and civically engage around various types of geographic regions in the Philippines, from small areas such as their home cities or municipalities (e.g., Pasiguenans of Northern California and the Naga Metropolitan Society) to larger areas such as their home provinces or regions (e.g., the Aklan Association and Marinduque Association).

Language and dialects could also be the basis for the segregation of communities from one another – the Philippines has more than a hundred. This is, therefore, the reason why there are so many Philippine home province and hometown (cities and municipalities) associations in global cities. Home province associations subdivide into hometown associations. For instance, the home province association called Pangasinan International Charitable Foundation based in California is an umbrella organization for the following Pangasinan hometown associations: Balungao Association of America, Banians of the USA, Inc., Bonuan International, Dagupan Association of Stockton & Vicinity, Dagupenians Association of America, Inc., Dagupenos Charitable Foundation International, Inc., Federation of Dasol Associations of America, Laoac Association of Northern California, Mangaldan Association of Northern California, Rosales United Club, San Carlenians of Pangasinan, USA, United Binalonians, Urdaneta Association of America, Inc., and Villasinians of America, Inc. Home province and hometown associations organize dances, language and dialect classes, beauty pageants, raffle draws, bingo and bowling nights, sports festivals, picnics, and neighborhood cleanups, preserving cultural capital from the Philippines and adding them into whatever society and culture they settle in, temporarily or permanently. Their fundraisers benefit old and new home base, homeland, and international causes.

Worldwide professional associations of Filipino migrants include organizations of nurses (e.g., Philippine Nurses Association), engineers and architects (e.g., Marianas Association of Filipino Engineers and Architects), teachers, doctors (e.g., Philippine Medical Association), lawyers (e.g., Philippine Lawyers Association), executives (e.g., Filipino Association Singapore), and public employees (e.g., Pacific Gas and Electric Filipino Employees Association). Educational and alumni associations in the U.S. represent high schools (e.g., Morong High School Alumni Association), universities (e.g., University of the Philippine Alumni Association), and combined regional schools and universities (e.g., Samahang Ilocano). I also found multitudes of Filipino cultural, sports, history, performing, literary, as well as visual arts associations. There are more than 10,000 active Order of the Knights of Rizal members globally.

In the sprawling Kingdom of Saudi Arabia, where there are more than one million Filipino migrant workers, no churches, masses, rituals, or festivals are permitted. Nevertheless there are around 200 Philippine associations registered with the Philippine Embassy in Riyadh and the consulate in Jeddah. The largest numbers are professional associations as well as sports and martial arts clubs. There are professional associations for computer technicians (e.g., Association of Computer Enthusiasts), engineers (e.g., Philippine Society of Mechanical Engineers – Jeddah Chapter), nurses (e.g., Filipino Nurses Society in Saudi Arabia), and even ex-soldiers (e.g., Philippine Guardians Brotherhood).

Conclusion

Over the past decades, the Filipino diaspora has increased the soft power of the Philippines in the absence of military and trade influences. This influence is drawn from the millions of permanent, temporary, and irregular migrants in close to 200 countries, territories, and ships globally. Filipino diaspora diplomats far outnumber Philippine foreign service officers in formal diplomatic missions. Their demographic, economic, political, and governance impacts are significant for both their country of destination and their Philippine homeland. They Filipinize international cities, towns, provinces, and municipalities in three ways: religiously, occupationally, and associationally. Thus, Philippine policy-makers, business, and civil societies should continue to formulate ways and means to cultivate their rich contributions. Social safety nets that protect their welfare, health, and old-age security should be reinforced at both fronts.

Note

1 This chapter is a revised and updated excerpt from Gonzalez's *Diaspora Diplomacy: Philippine Migration and its Soft Power Influences* (De La Salle University Publishing House and Mill City Press, 2012).

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PART III

Economics and social policy



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BYPASSING INDUSTRIAL DEVELOPMENT

Eric Vincent C. Batalla

On the surface, the economic situation in the mid-2010s is far better than that of two or three decades ago. Both by design and accident, the country has "leapfrogged" industrial development and weathered external and domestic shocks with relative success. However, the Philippines is still beset with serious problems of poverty, income inequality, and unemployment/underemployment. Likewise, governance issues such as corruption, regulatory capture, and the lack of observance of the rule of law continue to obstruct the path to rapid progress.

This chapter provides a brief overview of the contemporary Philippine economy. It is divided into three sections. The first revisits the 1980s, a critical period in the country's economic history. The second dwells on the major institutional reforms and contributions to contemporary economic performance. The third and final section presents the Philippines as a consumption-driven, service-oriented economy in need of diversification in order to accelerate and sustain economic growth and development. Due to limitations of space, the overview is presented in a narrative based on a macroeconomic management perspective.

The lost decade

For a long time, the country's long-term economic performance has baffled scholars and observers. From the 1990s to the 2000s, the modest, some say "mediocre" growth record has been framed as a "development puzzle" or "enigma" given the country's initial advantages in human capital and natural resources as well as relatively high per capita incomes post independence in 1946 (Fitzgerald, 1996; Balisacan and Hill, 2003; Usui, 2011). Attempts to solve the puzzle have mostly come from single disciplinary perspectives but in vain. It seems that pieces of the puzzle contain a variety of factors not necessarily confined to economic and domestic political ones. It is therefore important to pick up these pieces in order to understand the past and the present state of the economy.

An important piece of the Philippine development puzzle is the lost decade of the 1980s and its extension to the early 1990s. Particularly, the period 1983–1992 saw the virtual destruction of the country's competitive industrial capabilities and potentials, paving the way for a reliance on overseas remittances and service industries in order to generate much needed foreign exchange revenues and ease domestic employment problems. In the 1980s, while neighboring industrializing economies such as Thailand, Malaysia, South Korea, and Singapore were enjoying

brisk economic growth, the Philippines' economic performance was dismal. From 3 percent per year in the 1970s, the average growth of real per capita GDP fell by about –1 percent per year in the 1980s. The sharp decline in income per person could be attributed to the economic crisis of 1983–1985 (also referred to as the balance of payments [BOP] crisis and debt crisis). This was a tumultuous period in the 20-year rule of President Ferdinand Marcos. GDP growth in constant 2000 prices registered over –7 percent each year from 1984 to 1985. The economic plunge set the country back for at about 12 years, with average income per person in 1985 dropping to the level experienced between 1972 and 1973. It would take more than 20 years for the Philippines to regain this level of economic performance in real per capita terms.

Yet rather than attributing the economic crisis simply to the government's foreign debt strategy or greed as are the dominant narratives, it could be argued that layers of political-economic events and agential decisions brought the government to its knees and to declare a debt moratorium in October 1983. The Marcos government could no longer fulfill its short-term foreign obligations and had to seek relief from the International Monetary Fund (IMF). Unfortunately, in December 1983, the IMF discovered discrepancies in the international reserves reported by the Central Bank (CB). This "window-dressing" incident resulted in the IMF refusal to give its seal of good housekeeping to the Philippines, thus delaying the infusion of urgently needed rescue funds. The prolonged crisis produced a deep economic impact in terms of a heavy debt burden, capital flight, and destruction of firms and industries.

The BOP crisis of 1983 was not simply a matter of the country's accumulation of foreign debt. For both economic and political reasons, industrial upgrading or economic restructuring away from predominant colonial-era primary export production orientation typically necessitated the support of foreign debt or equity. Comparing the Philippines to South Korea and Thailand – two other countries undergoing the World Bank's structural adjustment program at that time – suggests that foreign debt accumulation alone was not a sufficient reason for getting caught in the debt trap. All three chronically suffered from large BOP and budget deficits. But cheap, external funds made available to the Marcos regime increasingly became scarce especially after mounting criticisms that foreign loans and public funds were being misappropriated. Exacerbating the country's persistent and large current account and fiscal deficits were regime excesses, uncertainty in presidential succession, the mishandling by the Marcos government of domestic and external shocks (e.g., banking crisis, high oil prices, high interest rates, Aquino assassination) since the beginning of the 1980s, and the loss of international support for the authoritarian regime. All of these combined eventually led to the debt crisis in the Philippines (Batalla, 2011).

The outcomes that the financial distress produced along with the government's policy responses were economically destabilizing. Foreign exchange scarcity became pronounced and the government's response of imposing import and exchange controls further dampened domestic economic activity. The economy experienced cycles of peso devaluation and rapid inflation resulting from speculative attacks on the peso as well as from the excessive growth of money supply since 1983. To address this cycle, the CB issued special bills (also called "Jobo" bills after the nickname of then CB governor, Jose B. Fernandez, Jr.). These bills, bearing interest rates that went as high as 40–50 percent, virtually cut the credit lifelines of production-oriented enterprises. Equally painful were the contractionary fiscal policies adopted during the crisis period, which, combined with monetary tightening, served to depress aggregate demand (Canlas, 2012). Consequently, the period saw negative growth in investment and government spending as well as import contraction. Likewise, growth of consumption expenditures significantly slowed down. Many firms, especially banks and import-dependent manufacturing firms, closed shop. Real GDP dropped by 7.3 percent each year from 1984 to 1985. The economy's

collapse during the first half of the 1980s paved the way for the ouster of the Marcos dictatorship in February 1986.

In a way, the new government established in February 1986 was fortunate because as Dohner and Intal (1989) had argued, the costs of economic stabilization were already paid for by the authoritarian regime. Still the post-Marcos economy was fragile. The new government led by President Corazon Aquino resumed tariff reforms and introduced measures to liberalize certain sectors of the economy. With economic revival as an urgent priority, the government worked hard to restore favor among foreign creditors and investors to the extent that it decided to "fully and unconditionally" honor all debts contracted by the Marcos government (De Dios and Hutchcroft, 2003). Thus the bulk of the scarce fiscal resources went to debt-service repayments which in turn led to large fiscal deficits, increased interest rates, and limited public investments in social overhead capital. Foreign aid and borrowings largely supported the economy during this time.

By the turn of the decade, the weaknesses of the economy and its governance were once again exposed. In late 1989, a prolonged and crippling energy crisis began to set in. The crisis stemmed from government neglect of the energy sector, particularly power generation, arising from the dissolution of the Marcos-era Ministry of Energy. Brownouts were experienced daily for more than two years, which discouraged manufacturing investments from locating to the Philippines. The energy crisis was followed by a major coup attempt in December 1989, natural disasters in 1991 and 1992, the rise of kidnappings, terms of trade losses, and high oil prices as a result of the 1991 Gulf crisis. All this led to adverse output effects and a highly unstable macroeconomic environment toward the end of Corazon Aquino's term. Government acquiesced to an IMF program of macroeconomic discipline even if others in the international financial community had deemed such a program as "restrictive" (Zanini, 1999). For the second time in ten years, GDP registered negative growth in 1991 and stagnated in the following year. A new government headed by Fidel Ramos was elected in May 1992.

Economic revival

In hindsight, while the Aquino government paved the way for economic liberalization, it was during the succeeding presidency of Fidel Ramos that market-oriented reforms were decisively instituted. The Ramos government's reform policies invited a renewed confidence in the economy and laid the foundations for future macroeconomic stability. After the successful albeit costly resolution of the energy crisis, the government championed the idea of levelling the playing field and raising Philippine international competitiveness. It successfully freed a number of sectors from the domination of monopolies and cartels (e.g., banking, civil aviation, telecommunications) through privatization and deregulation. Government withdrew state support of private monopolies and privatized many government-owned and controlled corporations (GOCCs). Albeit belatedly, a comprehensive tax reform package was launched in order to simplify tax rules and raise revenues.

A defining set of reforms was targeted at the financial system from 1993 to 1995. Up to that time, the financial system was weak and poorly regulated, which made the economy highly vulnerable to domestic and external shocks. The most painful memory was the banking and financial crisis of 1981 triggered by the Dewey Dee scandal. Dee, an industrialist, fled the Philippines leaving a huge pile of debt from banks and other financial institutions. The discovery of his departure caused bank runs and the failure of several banks and large firms. The Marcos government decided to bail out some large firms, including those owned by cronies. The decision widened the fiscal deficit, which was in turn largely financed by foreign borrowings of the

CB (Lamberte, 1989). With international credit tightening and terms of trade still unfavorable, the Philippines eventually fumbled into a debt crisis.

The painful experience of the 1980s necessitated an institutional framework to strengthen the financial sector, a framework which the Ramos government laid down during the period 1993–1995. First, in July 1993, a new monetary authority, the Bangko Sentral ng Pilipinas (BSP), was established to replace the old and financially strapped CB. The new law gave the BSP fiscal and administrative autonomy to effectively pursue its mandate of maintaining price and monetary stability independent of the fiscal authority. Another reform measure involved the liberalization of the banking industry. The reform allowed new entrants to participate and open branches in both urban and rural areas. Also on a limited basis, foreign banks were allowed to participate in the domestic financial market. A third area of reform involved ensuring the sound operation of financial intermediaries. The BSP improved its prudential supervision and regulation of financial intermediaries. It raised the minimum capital requirements of banks, imposed restrictions on bank policies regarding single-borrower limits and loans to directors, officers, stockholders, and related interests (DOSRI), and required banks to observe stricter risk reporting practices. These measures led to a financial system that was sounder than in earlier times.

Another important Ramos-era economic reform measure was the liberalization of the foreign exchange market and of the capital account. Although foreign exchange market controls were gradually eased during Aquino's tenure, the CB's issuance of Circular 1353 in September 1992 virtually removed restrictions on inward and outward capital flows. This had at least two important consequences. First, it encouraged overseas Filipinos to easily remit earnings from abroad. Second, it encouraged foreign debt and equity funds to enter the country. Soon after, the Philippines experienced a boom in lending and real estate based on overseas remittances and supported by external short-term debt and portfolio investments.

However, the risks of capital account liberalization became evident when billions of dollars fled the region in the aftermath of the Asian financial crisis of 1997. The BSP reacted quickly to the contagion. It defended the peso, raised liquidity, and upon advice from the IMF, adopted monetary tightening policies. A recession set in in the following year as the financial and real estate sectors staggered from the effects of the contagion and the associated government policy responses (Lim, 2009). Nevertheless, it has been observed that compared to other countries in the region, the Philippines relatively escaped the effects of the Asian financial crisis in 1997. In Noland's (2000) assessment, this was due to the evolved risk-averse bank lending practices and the country's minimal exposure to Japanese investments that flooded Southeast Asia since the mid-1980s.

Public finances however took a heavy toll from the ensuing economic slowdown and sharp peso depreciation. Despite tax reform legislation in 1997, the economic downturn led to a declining tax effort in 1998 which became evident after the new government led by President Joseph Estrada was elected. Former Estrada budget secretary Diokno (2010) argued that the comprehensive tax reform program (CRTP) of the Ramos government had in fact contributed to the decline by producing a narrower tax base. Accordingly, the CRTP reduced the corporate income tax rate while granting new fiscal incentives and increasing personal and other tax exemptions.

The Asian financial crisis caused the value of the peso to depreciate by about 40 percent. Among others, this meant higher repayments on foreign-denominated obligations. Incidentally, on the first year of the Estrada administration, the government began to settle large amounts of foreign payables, some of which were contracted by the Ramos government in order to address the power crisis (Diokno, 2010). Among the hardest hit by the peso depreciation was the National Power Corporation (NPC), a government-owned monopoly engaged in power

generation and distribution. In the past, the NPC was among the country's most profitable firms. However, from 1998, it began to suffer losses annually as foreign debt repayments nearly doubled in peso terms. From P3.6 billion in 1998, losses peaked to P117 billion in 2003 (Cham, 2007). Along with the deteriorating tax effort, NPC losses widened the public sector deficit (Lim, 2009) and ushered another serious round of fiscal imbalances in the early 2000s.

A coup d'etat (dubbed as "People Power II") cut short Estrada's tenure following a failed impeachment conviction trial. He was succeeded by Vice-President Gloria Macapagal-Arroyo whose government immediately moved to restructure the electric power industry. In June 2001, the government enacted the Electric Power Industry Reform Act (EPIRA), which among others transferred the power generation assets and liabilities of the NPC to the Power Sector Assets and Liabilities Management Corporation (PSALM), a new state enterprise. A universal charge, collected by PSALM, was imposed on electric consumers to recover the stranded debts and contract costs of the NPC and other eligible distribution utilities. By law, PSALM was tasked to collect the NPC's share of the universal charge. These helped alleviate the NPC's financial woes. The NPC turned around in 2005 and by 2006 the company generated a net income of close to P90 billion.

An economist by training, President Arroyo led the government in instituting reforms aimed at improving public finances in the backdrop of a declining tax effort. First her government streamlined government procurement processes resulting in substantial savings. Second, it strengthened revenue administration at the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC). Third, a reformed value added tax (RVAT) law in 2005 was passed even amidst widespread opposition. The law increased the value added tax (VAT) from 10 to 12 percent in 2006, expanded its coverage, and lifted previous VAT exemptions. The measure resulted in the increase of tax revenues by 22 percent and the tax effort from 12 to 14 percent of GDP in the following year.

Improved public sector finances were accompanied by favorable current account balances realized in much of the 2000s. Beginning in 2003, the Philippines enjoyed current account surpluses based on billions of dollars in current transfers (principally, worker remittances) and service income (including business process outsourcing operations). The massive inflows of remittances benefitted the economy in several ways. First, a large and continuous supply of foreign exchange lowered exchange rate uncertainty. Second, remittance inflows of the 2000s increased liquidity which kept interest rates low. And third, the peso's appreciated exchange value maintained low inflation rates (Paderanga, 2014).

With a strong peso regime in the horizon, the independent BSP adopted inflation-targeting as a monetary policy rule in 2002. Inflation-targeting was deemed a more responsive tool in promoting price and macroeconomic stability than the old tools based on exchange rate targeting and monetary aggregate targeting paradigms. The new approach, in which the government announces a range of inflation targets in order to condition inflationary expectations, involved active coordination between fiscal and monetary authorities. Except for a few years since the policy's adoption, actual inflation rates generally fell below inflation targets.

Based on the fiscal, financial, and monetary reforms built through the years, the resiliency of the economy was tested in 2008 when the global financial and economic crisis struck. The crisis was triggered by the bursting of the housing bubble in the United States and produced a contagion worldwide. In the Philippines, the immediate effect was the increase in headline inflation to 8.3 percent but this was quickly controlled to 4.2 percent in the following year. Though the economy slowed down, the country averted a recession in 2009. And despite decreased public revenues arising from the economic slowdown, a massive deficit-spending program was launched in order to counter the threat of recession.

Increased national government borrowings continued under the government of Benigno Aquino III, who was elected president in 2010. The national government's total outstanding debt increased by P1.7 trillion, from P4.2 trillion in 2008 to P5.9 trillion in 2015. However, unlike in earlier times, increased debt was somehow manageable. The economy in the latter half of the 2000s experienced substantial relief as the country's external debt-service burden exhibited a pattern of decline. In 2006, the debt-service burden registered only about 5 percent of GDP compared to 9.5 percent in 2002–2003. By 2015, the debt-service ratio had fallen to 1.6 percent of GDP (Figure 16.1). Figure 16.2 suggests that the country has escaped the debt trap in the 2000s.

Under the presidency of Benigno Aquino III, the Philippine economy enjoyed a higher-than-usual performance record. Real GDP growth averaged 6.1 percent a year during the period 2010–2014. Except for exports of goods and services, average growth of all demand expenditure items accelerated at their highest levels compared to previous periods (Table 16.1). This recent economic performance was based on the expansion of domestic demand rather than of foreign trade, which in part had been affected by the global economic slowdown.

By industrial origin, economic growth during the same period has been fastest in the secondary and tertiary sectors, especially financial intermediation, construction, real estate, manufacturing, transportation and communication, and trade industries (Table 16.2). Agriculture had a relatively disappointing performance, growing at an average of only 2 percent per year in real terms.

As the global crisis extended, the country's revenue effort declined, bottoming out at 13.4 percent of GDP in 2010. Under the Aquino government, revenue collections, particularly tax revenues, gradually improved. The revenue effort regained its pre-crisis level in 2015. Likewise, the economy continued to exhibit a strong BOP position despite a –US$2.8 billion deficit in 2014. The deficit was caused by capital outflows reacting to the U.S. Federal Reserve's decision to end its six-year quantitative easing policy. The policy was intended to lower interest rates and



Figure 16.1 Debt service burden (DSB) as a percentage of GDP and gross national income (GNI), 1985–2015

Source: BSP.

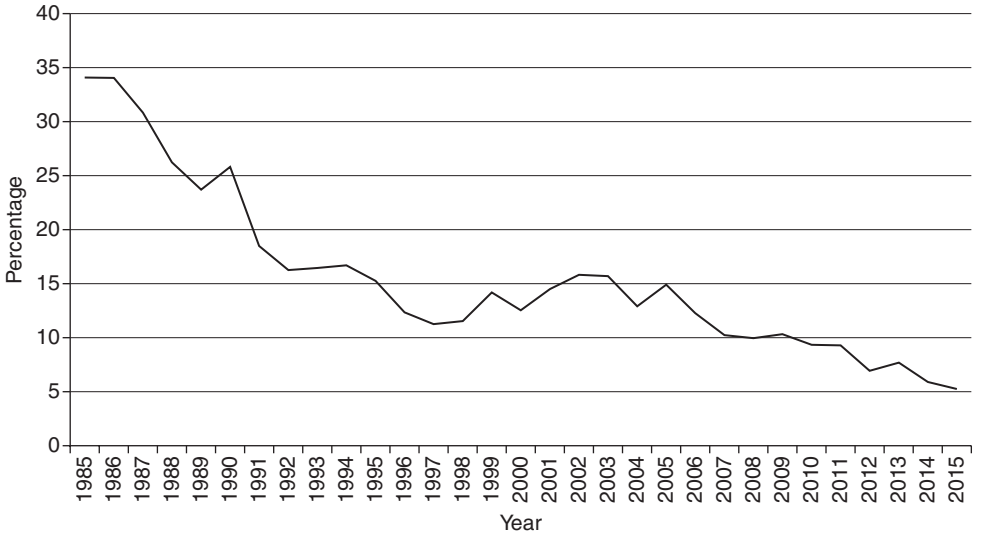


Figure 16.2 DSB as a percentage of current account receipts, 1985–2015

Source: BSP.

boost economic activity in the United States. The Philippines at the end of 2015 showed healthy macroeconomic fundamentals with low inflation rates as well as primary budget and current account surpluses.

Consumption-driven, service-oriented economy

As is now widely acknowledged, the growth in domestic demand has been fueled by the massive inflows of overseas remittances. Remittances from abroad amounting to US$6 billion in 2000 have risen to US$26 billion in 2015 at an average growth rate of about 10 percent per year (Figure 16.3). The 2015 Philippine Statistics Authority survey estimates about 2.4 million overseas Filipino workers (OFWs), most of whom are contract-based. This represents more than 5 percent of the Philippine labor force. However, the Commission on Filipinos Overseas reveals that over 10 million Filipinos were overseas in 2013. Earnings remitted from abroad have supported the growth of household consumption expenditures, which in turn contributed to the expansion of the fiscal space via the VAT and other forms of government revenue.

The Philippine economy has retained its long-term pattern of a consumption-oriented economy. Household consumption expenditures shares more than 70 percent of GDP while investment and government expenditures, while growing respectably in recent years, have on average remained flat at 20 percent and 10 percent of GDP, respectively. Likewise, net exports have remained at −4 percent of GDP since the 2000s.

The Philippines has shown a different pattern of economic structural transformation compared to Indonesia, Thailand, and Malaysia. The latter countries have succeeded in bringing manufacturing to play a greater economic role in terms of revenue generation and employment. In these countries, a significant portion of employment has moved from agriculture to manufacturing. In contrast, the share of manufacturing to total employment in the Philippines has been on the wane since the great economic plunge of the 1980s. The Philippine manufacturing sector maintains a quarter of the total gross value added and its share of employment has dropped

Table 16.1 Average annual growth rates of GNI by expenditure shares, by presidential administration, 1986–2015, at constant 2000 prices (%)

Item	*C. Aquino 1986–1992*	*F. Ramos 1992–1998*	*J. Estrada 1998–2000*	*G. Arroyo 2001–2010*	*B. Aquino III 2010–2015*
I Household final consumption expenditures	4.3	3.6	4.6	4.4	5.9
II General government consumption expenditures	4.3	4.0	–2.3	4.5	6.9
III Gross domestic capital formation	9.1	5.3	–6.3	1.6	9.3
IV Exports of goods and services	7.2	9.7	11.9	5.7	5.1
V Less: Imports of goods and non-factor services	12.1	10.7	6.6	3.3	6.4
Expenditures on GDP	3.5	4.1	3.7	5.0	6.1
Net primary income		24.2	14.8	8.7	6.8
Expenditures on GNI	5.9	5.6	5.2	5.7	6.2

Source of basic data: BSP.

Table 16.2 Average annual growth and shares of gross value added by industrial origin, 1998–2014, at constant 2000 prices (%)

Sector	*Share of total gross value added*		*Average annual growth rates*	
	1998	*2015*	*1998–2010*	*2010–2015*
I Agriculture, fishery, and forestry	**13.3**	**9.5**	3.5	1.7
II Industrial sector	**35.3**	**33.4**	4.0	6.9
A Mining and quarrying	**0.7**	**1.1**	10.4	4.2
B Manufacturing	**24.5**	**23.2**	3.7	7.2
C Construction	**6.5**	**5.9**	3.9	7.9
D Electricity, gas, and water	**3.6**	**3.2**	4.4	4.1
II Service Sector	**51.4**	**57.1**	5.5	6.5
A Transportation, communication	**5.8**	**7.7**	7.7	6.3
B Trade and repair of motor vehicles, motorcycles, personal and household goods	**14.6**	**16.7**	5.6	6.2
C Financial intermediation	**5.3**	**7.2**	6.9	8.4
D Real estate, renting, and business activities	**9.9**	**11.3**	5.4	7.9
E Public administration and defense; compulsory social security	**5.6**	**3.9**	2.8	3.4
F Other services	**10.2**	**10.3**	4.5	5.8
GDP	**100.0**	**100.0**	4.7	6.1

Source of basic data: BSP.

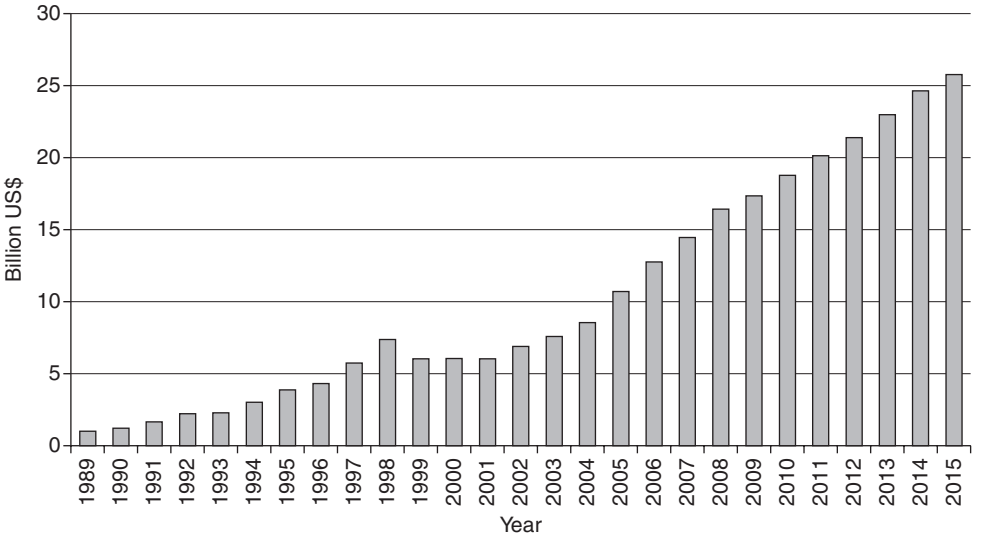


Figure 16.3 OFW remittances, 1989–2015

from 11 percent in 1981 to 8 percent in 2014. Employment in the manufacturing sector registered a little over 3 million in 2014. Manufacturing firms in the Philippines' top thousand corporations are dominated by multinational corporations. However, a few Filipino-owned corporations engaged in food and beverage manufacturing consistently stand out in the list.

Much of the labor surplus has moved from the agricultural sector to services and other parts of the industrial sector especially construction. The services (tertiary) sector accounted for 56 percent of GDP in 2014 while the secondary and primary sectors trail at 33 and 10 percent of GDP. Trade, real estate, transportation and communication, and financial intermediation comprised more than 40 percent of the Philippines' total gross value added in 2014. While assuming the lion's share of total gross value added, the services sector at the same time also absorbed the bulk of total employed labor (Table 16.3). It employs more than 20 million people, with close to 10 million absorbed by the trade, transportation, and communication industries.

Of particular note to the development of the services sector is the emergence of the information technology and business process outsourcing (IT-BPO) industries as an important source of employment and foreign exchange revenues. The IT-BPO industries include contact (call) centers, transcription, software development, animation and others. Total revenues in 2004 registered US$1.3 billion, rising to US$15.3 billion in 2013. Export receipts constituted 92–93 percent of revenues, with more than half attributed to contact center activities. In 2004, total employment in IT-BPO industries was just less than 95,000. By 2013, employment had risen to 851,782 (BSP, 2015). The IT-BPO industry association announced that total employment had already breached the 1 million mark in 2015, or about 5 percent of the total employment in the services sector.

Conclusion

Despite the recent economic surge and apparent escape from the debt trap, the Philippines is not about to get out of the "middle income trap" soon. Economic performance is still below par. Among the ASEAN-5, the Philippines has the lowest income per capita. In 2014, based on purchasing power parity exchange rates, it trails behind Thailand's and Indonesia's GDP per

Table 16.3 Employment by industry, 2014 (in thousands)

Industries	*Number of employed persons*	*Share of total employment (%)*
All industries	**38,651**	**100.0**
I Agriculture, fishery, and forestry (primary)	**11,801**	**30.5**
Agriculture, hunting, and forestry	10,405	26.9
Fishing and aquaculture	1,396	3.6
II Industry (secondary)	**6,166**	**16.0**
Mining and quarrying	239	0.6
Manufacturing	3,212	8.3
Electricity, gas, steam, and air conditioning supply	86	0.2
Water supply; sewerage, waste management, and remediation activities	51	0.1
Construction	2,578	6.7
III Services (tertiary)	**20,682**	**53.5**
Wholesale and retail trade; repair of motor vehicles and motorcycles	7,248	18.8
Transportation and storage	2,686	6.9
Accommodation and food service activities	1,694	4.4
Information and communication	352	0.9
Financial and insurance activities	491	1.3
Real estate activities	168	0.4
Professional, scientific, and technical activities	209	0.5
Administrative and support service activities	1,085	2.8
Public administration and defense; compulsory social security	1,964	5.1
Education	1,254	3.2
Human health and social work activities	480	1.2
Arts, entertainment, and recreation	349	0.9
Other service activities	2,187	5.7
Activities of households as employers; undifferentiated goods and service producing activities of households for own use	508	1.3
Activities of extraterritorial organizations and bodies	7	0.0

Source: Bureau of Labor Statistics.

capita by several times. Likewise, the Philippines' average rate of economic growth is not fast enough for it to catch up quickly with more advanced economies. Based on its present average rate of growth of 4.2 percent, it would take 13 years for the country's GDP per person to double. Even then, the projected value would still fall short of Thailand's GDP per capita in 2014. As such, the country has to achieve higher rates of economic growth in order to catch up with more prosperous countries. For an economy relying on overseas remittances for the growth of household spending and the services sector, this suggests tapping other sources of medium-term and long-term growth.

Usui (2011) has suggested economic diversification, particularly following the traditional route of export-oriented industrial development. However, several bottlenecks exist that discourage this path and in general reduce the ease of doing business in the Philippines. The country continues to experience a decline in international competitiveness due to (1) bad governance and regulatory capture that discourage business and investments, (2) costly and

inadequate infrastructure, particularly in energy and transport, (3) poor economic planning and coordination, (4) inefficient and trade-impeding government policies and regulations that promote market failures, and (5) lack of export-financing and market access particularly for small and medium enterprises (Paderanga, 2011; Usui, 2011; PhilExport, 2015). Such bottlenecks continue to adversely affect the economy's labor absorption capacity, the low level of which is one of the major reasons behind lingering problems of unemployment/underemployment, poverty, and socio-economic inequality.

Poverty and unemployment/underemployment continued to affect at least a third of the estimated population of 100 million in 2015. Economic inequality is one of the worst in the region. The lowest 20 percent of income groups share only 6 percent of the total income while the highest 20 percent takes half. Arguably, the country's great economic divide and employment problems reinforce enduring socio-political instabilities, including the Moro and communist insurgencies, corruption, and widespread criminality.

In June 2016, the government of newly elected president, Rodrigo Duterte, unveiled a ten-point socio-economic agenda. Amidst fears of political and economic instability arising from Duterte's hardline stance and controversial public statements, the socio-economic agenda assured the public of the continuity of the country's monetary, fiscal, and trade policies. It also signaled important changes for government and economy, vowing improved competitiveness and the ease of doing business, tax reform, acceleration of infrastructure spending to 5 percent of GDP with public-private partnerships playing a key role, promotion of countryside development by raising rural enterprise development and rural tourism, enhanced human capital development and innovation through the promotion of science and technology, and improving social protection. The Duterte government has further expressed the desire of pursuing industrialization as an economic development strategy.

The new government seems to have gained initial success in pursuing initiatives aimed at ending the Moro and communist insurgencies. Nevertheless, political and economic anxieties remain. In less than two months in office, Duterte has mounted a bloody campaign against drugs and crime, extrajudicially claiming hundreds of lives. While public support for a Philippine president has reached a historic high, there is also discomfort in many quarters about the blatant disregard of human rights and due process. Likewise, the president's public statements continue to alienate key strategic groups and allies such as the Catholic Church and mass media, the United States, and the United Nations.

It is comforting to note however that the Philippines' macroeconomic performance has somehow been insulated from the divisiveness of its politics. Looking back at the last two decades, despite the political turbulence characterizing the Estrada and Arroyo presidencies, Philippine economic performance has managed to continue its upward trend (Table 16.4).

Table 16.4 Political stability and economic performance by presidential administration since 1992

President	*Election year*	*Number of votes*	*Percentage of total votes*	*Political situation*	*Average real GDP growth (%)*
Fidel Ramos	1992	5,342,521	23.58	Generally stable	4.1
Joseph Estrada	1998	10,722,295	39.86	Unstable	3.7
Gloria Arroyo	2004	12,905,808	39.99	Unstable	5.0
Benigno Aquino III	2010	15,208,678	42.08	Generally stable	6.1
Rodrigo Duterte	2016	16,601,997	39.01	?	?

Source: Batalla (2016, 183).

Estrada was deposed in January 2001 but during his term of office the economy grew by an average of 3.7 percent per year in real terms while East Asian economies struggled to recover from the 1997 contagion. The Arroyo presidency witnessed real GDP growth averaging 5 percent per year while experiencing at least three coup attempts and considerable mass opposition.

As this chapter has discussed, contemporary macroeconomic stability and performance depended on 1) the increasing supply of foreign exchange revenues, principally from overseas remittances and the IT-BPO industries, 2) increased supply of international reserves, 3) strong banking/financial system based on reforms started in the 1990s, and 4) effective monetary and fiscal policies. In addition, it is important to highlight the role played by professionals of top caliber and integrity in promoting macroeconomic stability. These sources of macroeconomic stability provide some assurance of improved economic performance in the coming years despite constant threats of political and economic shocks from within and abroad.

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17
CAPITAL FLIGHT

Edsel L. Beja Jr.

The balance of payments (BOP) presents an accounting of the foreign exchange flows between a country and the rest of the world. Earlier studies on the Philippines, for example, found that some flows are unreported or misreported in the BOP like trade misinvoicing and financial flight (Boyce and Zarsky 1988; Boyce 1992, 1993; Lamberte et al. 1992; Vos 1992; Vos and Yap 1996; Beja 2005, 2006).[1] Earlier studies on the Philippines also found that such flows have implications not only on the accuracy of the country's BOP but also on its macroeconomic performance (Vos and Yap 1996; Beja 2009; see also Pastor 1990 and Lopez 1998).

While yet another investigation on the unreported components of the Philippine BOP, this chapter is different because it puts emphasis on the direction of the flows in the computation. In particular, I present estimates of the total volume of unreported flows to and from the country; and, in this regard, I hope this chapter contributes to the literature on computing unreported flows. At the same time, this chapter updates Beja (2005, 2006).

There are three sections after the introductory remarks. The methodology is in the second section, and the results are in the third section. The last section concludes the discussion.

Methodology

The measurement and recording of unreported transactions must conform to the BOP accounting principles, and the first concerns a double-entry reporting procedure: an unreported inflow needs a counterpart unreported outflow, and vice versa. If so, an unrecorded outflow like financial flight of, say, $10 requires a counterpart unreported inflow of $10 as well.

The second principle is about the placement of appropriate directional notations: an inflow takes a positive notation; an outflow then takes a negative notation. Consider the financial flight of $10 and, say, export overinvoicing of $15. The main entries are thus –$10 and –$15, respectively; and their counterpart entries are +$10 and +$15, respectively.

The third principle stipulates an equilibrium condition: inflows equal outflows, and so the overall balance is zero. An item in the BOP called "errors and omissions" (EO) is available to capture the inaccuracies in data reporting and compilation. If the proposition that the BOP components are independent of each other is valid, then data errors are random. As such, the size of EO does not say anything about whether the BOP is accurate or not. But EO is important because it plays the role of a residual account to get a BOP balance of zero.

The last principle describes the BOP main accounts. Specifically, the BOP components are current accounts (CA), capital and financial accounts (KA), EO, and net of financing (NF).[2] Conceptually,

$$CA + KA + EO - NF = 0. \tag{1}$$

Given the above principles, the introduction of +X and –Y in Equation 1 requires the introduction of –X and +Y in order that BOP = 0; that is,

$$CA + KA + EO - NF + X - X - Y + Y = 0. \tag{2}$$

In the following paragraphs, I describe the adjustments involving CA and KA. I also propose the following categories. First, an unreported flow is considered de facto whenever it involves actual funds. This case applies to trade misinvoicing and financial flight as to be expected. Second, an unreported flow is considered *de jure* whenever it involves no actual funds. Foreign exchange valuation and other accounting adjustments are such type. The EO nonetheless reflects both types of flows given its role of a residual account. Moreover, the total volume of de facto and *de jure* unrecorded flows comprises what I label as "capital flight."

Unrecorded trade flows

One type of unreported flows is trade misinvoicing, which is a de facto amount. It can be computed using data from the *Direction of Trade Statistics*.

Following Gulati (1987), trade misinvoicing has two components:

$$X_{MIS} = M_{PARTNER} - CIF^{\star}X_{OWN} \tag{3a}$$

where X_{MIS} is export misreporting, $M_{PARTNER}$ is the reported imports of the trade-partner from the reference country, X_{OWN} is the reported exports of the reference country to the trade-partner, and CIF is the c.i.f./f.o.b. for cost of freight and insurance.

$$M_{MIS} = M_{OWN} - CIF^{\star}X_{PARTNER} \tag{3b}$$

where M_{MIS} is import misreporting, $X_{PARTNER}$ is the reported exports of the trade-partner to the reference country, and M_{OWN} is the reported imports of the reference country from the trade-partner.

From Equations 3a and 3b, $X_{MIS} > 0$ means export under-reporting; and $X_{MIS} < 0$ means export over-reporting; correspondingly, $M_{MIS} > 0$ means import over-reporting; and $M_{MIS} < 0$ means import under-reporting. Positive export and import misinvoicing are de facto unreported inflows; their converse values are de facto unreported outflows. Putting the entries for, say, export and import under-reporting into Equation 1 produces

$$(CA - X_{MIS} + M_{MIS}) + KA + (EO + X_{MIS} - M_{MIS}) - NF = 0. \tag{4}$$

Notice that trade misinvoicing is reported together with CA and the counterpart value is with EO.

To illustrate the above adjustments in the BOP, suppose the export under-reporting is $15 and the import under-reporting is $10. The BOP entries in this case are, as follows:

Table A Balance of payments of the Philippines (US$ millions)

CA: exports under-reporting	+15
CA: imports under-reporting	–10
EO: de facto adjustment, net: +5	–5
BOP balance	0
Unreported flows, net value	+5
Unreported flows, absolute value	+25

The above table shows $5 as the net unreported outflow and $25 as the total unreported flows involving CA.

Unrecorded financial flows

Another type of unreported flow involves KA like financial flight (KF), which is a de facto amount. Following Erbe (1985), World Bank (1985), and Morgan Guaranty Trust Company (1986), KF is a residual flow; that is,

$$\text{CDET} + \text{NFI} - \text{CAB} - \text{CRES} - \text{EO} = \text{KF}. \tag{5}$$

Data are from the *International Debt Statistics* and *Balance of Payments Statistics*. In Equation 5, CDET is net debt inflows; NFI is net financial investment inflows; CRES is net change in reserves; CAB is net current account; and EO is as defined earlier.[3] KF > 0 means financial flight (de facto unreported outflow), but KF < 0 means "reverse" financial flight (de facto unreported inflow).

Putting a negative notation on KF makes the reporting consistent with the BOP principles. Thus, Equation 1 becomes

$$\text{CA} + (\text{KA} - \text{KF}) + (\text{EO} + \text{KF}) - \text{NF} = 0. \tag{6}$$

Notice that –KF is reported in KA (since the outflow is a type of investment abroad) and +KF is with EO.

There are associated adjustments involving Equation 5 like on CDEBT, for instance. Given that external debts come in different currencies and the reported amounts in the BOP are in US dollars, the reported value of CDET can be problematic because of exchange rate variations. Following Boyce and Ndikumana (2001), I compute debt adjusted for currency variations ($\text{NEWDEBT}_{\text{FX t-1}}$) as

$$\text{NEWDEBT}_{\text{FX},t-1} = \sum_i \alpha_{i,t-1}\text{DEBT}_{\text{LONG, t-1}}\frac{\text{FX}_{i,t}}{\text{FX}_{i,\,t-1}} + \sum_j \beta_{j,\,t-1}\text{DEBT}_{\text{LONG, t-1}} + \text{IMF}_{t-1}\frac{\text{SDR}_t}{\text{SDR}_{t-1}} \tag{7}$$

using data from the *International Debt Statistics*. In Equation 7, $\text{DEBT}_{\text{LONG}}$ is long-term debt; $\text{DEBT}_{\text{SHORT}}$ is short-term debt; and IMF is use of IMF credits. The shares of the Euro, Japanese yen, British pound, and Swiss franc in $\text{DEBT}_{\text{LONG}}$ is α_i; shares of US dollars, multiple currencies, and others are reflected in $\text{DEBT}_{\text{LONG}}$ is β_j. FX is the exchange rate between a major currency

and the US dollar. SDR is the exchange rate between special drawing rights and the US dollar.

The *de jure* debt increase due to exchange rate variations is $FXDEBT_{ADJ,t} = NEWDEBT_{FX,t-1} - DEBT_{t-1}$, where DEBT is total debt including use of IMF credits. Putting the entries into Equation 1 results in

$$CA + (KA + FXDEBT_{ADJ}) + (EO - FXDEBT_{ADJ}) - NF = 0. \quad (8)$$

Debt reductions or forgiveness, debt rescheduling, and similar items can also be reported as *de jure* debt flows. The reporting entries for such items are similar to Equation 8.

NFI in Equation 5 may also need an adjustment because of reporting errors and exchange rate effects. Discrepancies between source- and receiving-countries on their foreign direct investments (FDI) and portfolio equities (PORT) figures are reported as de facto unreported flows. These adjustments can be computed using a procedure similar to the trade misinvoicing formula earlier provided the data are available. In addition, exchange rate variations affect the US dollar value of FDI and PORT, but such amounts are *de jure* unreported flows. Their computation can follow the same procedure as NEWDEBT above provided the data are available. The BOP-consistent entries are straightforward to implement (cf. Equation 8).

To illustrate the foregoing items involving KA, consider the following: financial flight of $15 (de facto), unaccounted FDI inflow of $10 (de facto), debt adjustment for currency fluctuation of $5 (*de jure*), and debt stock-flow reconciliation of $15 (*de jure*). The BOP entries for this example are as follows:

Table B Balance of payments of the Philippines, adjusted for unreported flows (US$ millions)

KA: financial flight	–15
KA: unreported FDI	+10
KA: debt adjustment for FX fluctuation	+5
KA: debt stock-flow reconciliation	+15
EO: de facto adjustment, net: –5	–15
De jure adjustment, net: +20	
BOP balance	0
Unreported flows, net value	+15
Unreported flows, absolute value	+45

The above table shows $15 as net unreported outflow and $45 as total unreported flows involving KA.

Results

The official Philippine BOP is in Table 17.1. I also show the unreported flows in the same table. The "modified" Philippine BOP is in Table 17.2.

Consider the current accounts (CA) in Table 17.1. In 2000, for instance, the official figure is a deficit of $2.2 billion. There are unreported flows during the year like export under-reporting of $5.3 billion and import under-reporting of $14.5 billion. Table 17.2 shows the adjusted CA, which is still a deficit but only larger at $11.4 billion. Thus, the official CA in 2000 is underestimated by $9.2 billion due to the trade misinvoicing.

Next, consider the capital and financial accounts (KA). Table 17.1 indicates KA is a surplus at $3.4 billion in 2000 – the KA balance is determined mainly by the financial accounts.

The unreported flows for the year include $2.0 billion for financial flight and $27.5 million for (net) capital flow adjustment. Adjusted KA in Table 17.2 remains in surplus at $4.5 billion after incorporating the unreported flows. Table 17.2 implies that the official KA in 2000 is underestimated by at least $2.0 billion in large part because of the financial flight.

In total, the foregoing unreported flows involving both CA and KA comprise $7.1 billion of (net) de facto unreported outflows and $27.5 million for net (*de jure*) unreported inflows. The official EO is thereby underestimated by at least $7.1 billion. In terms of total volume, though, unreported flows in 2000 reached $22.6 billion (27.4 percent of GDP).

The results for the succeeding years are interpreted in the same way. Accordingly, for 2013, CA is positive (Table 17.1); but it becomes negative after accounting for export under-reporting of $11.4 billion and import under-reporting of $34.9 billion (Table 17.2). In addition, KA is positive (Table 17.1) but its adjusted balance is negative (Table 17.2) after accounting for financial flight of $9 billion and (net) capital flow adjustment of $4.2 billion. For the year, then, there are (net) de facto unreported outflows of $32.5 billion and (net) *de jure* unreported inflows of $4.2 billion. The total volume of unreported flows was $65.6 billion (42.2 percent of GDP) for the same year.

Tables 17.1 and 17.2 are contrasting pictures of the foreign exchange flows between the Philippines and the rest of the world. The more important point for this study is that Table 17.2 reconfirms the findings of earlier studies that large amounts of flows are unreported in the Philippine BOP. What is perhaps more interesting from Table 17.2 is that the total volume of unreported flows appears to have almost doubled since 2007 (i.e., about 28.4 percent of GDP for 2000–2006 versus 45.7 percent of GDP for 2007–2013). In fact, the total volume of unreported flows averaged 48.5 percent of GDP for the period 2010–2013 alone.

Evidently, there are not only sizeable but also increasing amounts of unreported flows in the 2000s. Yet, interestingly, the situation does not seem to be causing any trouble to the economy. I think this seemingly harmless impact of unreported flows could partly explain why the Philippine government appears indifferent to the situation. That is, the government sees a "hands off" policy stance as appropriate given the strong macroeconomic performance of the Philippines in recent years.

Yet, on closer inspection, one actually finds that the introduction of deregulation and liberalization programs beginning in the early 1990s despite a weak capacity of the Philippine government to regulate finance has produced opportunities for trade misinvoicing and financial flight. Indeed, as the findings in this chapter suggest, the avenues for unreported flows have been exploited quite well. More importantly, I argue that the total volume of unreported flows could now be utilized as an instrument to prevent government from taking actions that seek to reinstitute and/or strengthen measures for regulating foreign exchange flows, for example. The abovementioned policy stance can then be viewed as an outcome of a dilemma between continuing with the deregulation and liberalization programs and instituting the appropriate regulations on foreign exchange flows. So, in the meantime, large amounts of unreported flows occur unabated.

The situation still points out another problem. In particular, unreported flows imply a fundamental weakness in the Philippine government's capacity to direct investments into productive domestic endeavors that help enlarge output and create jobs, for instance. They put to doubt the capacity of government to promote domestic industrialization, achieve broad-based economic participation, and ultimately improve the condition of the people. Beyond the fact that foreign exchange flows end up as unrecorded flows, the situation further implies that foreign exchange flows are likely to be short-term, speculative, and non-productive that only fuel financial and asset bubbles, encourage risky investments, and produce financial and economic crises in the

Table 17.1 Balance of payments of the Philippines (US$ millions)

Main accounts	*2000*	*2001*	*2002*	*2003*	*2004*	*2005*	*2006*
Current accounts	–2,225	–1,744	–279	288	1,633	1,990	6,963
Capital accounts	138	62	27	54	17	79	103
Financial accounts	3,234	366	394	481	–1,671	4,244	5,453
Errors and omissions	–1,624	629	33	–902	–282	2,174	–1,613
Overall balance	–477	–687	175	–79	–303	8,487	10,905
Net financing	477	687	–175	79	303	–8,487	–10,905
Unreported flows							
1 Export misreporting	5,306	5,365	5,349	9,559	11,624	15,157	15,934
2 Import misreporting	–14,473	–9,939	–7,546	–10,045	–9,819	–8,769	–11,862
3 Capital adjustments	28	6,450	–2,126	–5,178	–2,200	490	387
4 Financial flight	2,018	472	–3,039	–3,398	–397	–6,259	–11,406
Summary							
1 Unreported flows, net	–7,122	2,348	–7,362	–9,062	–792	619	–6,947
1.1 De facto unreported flows, net	–7,150	–4,102	–5,236	–3,884	1,408	129	–7,334
1.2 *De jure* unreported flows, net	28	6,450	–2,126	–5,178	–2,200	490	387
2 Unreported flows CA + KA, volume	22,563	22,227	19,009	28,180	24,039	32,235	40,514
2.1 Hidden transactions in CA, volume	19,779	15,304	12,895	19,605	21,442	23,927	27,795
2.2 Hidden transactions in KA, volume	2,783	6,922	6,114	8,576	2,596	8,308	12,719
3 Share of unreported flow to GDP (%)							
3.1 De facto and *de jure*, net	–8.65	2.77	–8.38	–9.83	–0.80	0.60	–6.40
3.2 De facto entries, net	–8.68	–4.84	–5.96	–4.21	1.43	0.12	–6.76
3.3 *De jure* entries, net	0.03	7.61	–2.42	–5.62	–2.24	0.48	0.36
3.4 Unreported flows CA + KA, volume	27.40	26.23	21.64	30.57	24.44	31.28	37.35
3.5 Unreported flows in CA, volume	24.02	18.06	14.68	21.26	21.80	23.21	25.62
3.6 Unreported flows in KA, volume	3.38	8.17	6.96	9.30	2.64	8.06	11.73

	2007	2008	2009	2010	2011	2012	2013
Current accounts	8,072	144	8,448	7,179	5,643	6,949	10,393
Capital accounts	36	110	90	88	160	95	115
Financial accounts	8,386	1,458	5,525	3,752	6,081	2,488	7,357
Errors and omissions	277	1,204	–3,013	–3,515	279	–4,556	–3,151
Overall balance	16,771	2,917	11,049	7,504	12,163	4,976	14,715
Net financing	–16,771	–2,917	–11,049	–7,504	–12,163	–4,976	–14,715
Unreported flows							
1 Export misreporting	19,917	16,646	8,005	14,011	19,781	15,207	11,369
2 Import misreporting	–15,634	–20,153	–17,215	–23,935	–28,279	–32,943	–34,914
3 Capital adjustments	–1,697	–4,181	–7,496	–5,029	–4,254	–843	4,233
4 Financial flight	–23,863	–4,248	–10,724	–25,926	–20,667	–13,526	–9,031
Summary							
1 Unreported flows, net	–21,276	–11,936	–27,430	–40,879	–33,418	–32,105	–28,344
1.1 De facto unreported flows, net	–19,580	–7,754	–19,933	–35,850	–29,164	–31,262	–32,576
1.2 *De jure* unreported flows, net	–1,697	–4,181	–7,496	–5,029	–4,254	–843	4,233
2 Unreported flows CA + KA, volume	61,110	45,229	43,441	68,902	72,981	65,930	65,601
2.1 Hidden transactions in CA, volume	35,550	36,800	25,221	37,946	48,060	48,151	46,283
2.2 Hidden transactions in KA, volume	25,559	8,429	18,220	30,956	24,921	17,780	19,318
3 Share of unreported flow to GDP (%)							
3.1 De facto and *de jure*, net	–18.40	–9.91	–22.51	–31.17	–24.58	–22.11	–18.22
3. De facto entries, net	–16.93	–6.44	–16.36	–27.34	–21.46	–21.53	–20.94
3.3 *De jure* entries, net	–1.47	–3.47	–6.15	–3.84	–3.13	–0.58	2.72
3.4 Unreported flows CA + KA, volume	52.84	37.55	35.66	52.54	53.69	45.41	42.16
3.5 Unreported flows in CA, volume	30.74	30.55	20.70	28.94	35.36	33.17	29.75
3.6 Unreported flows in KA, volume	22.10	7.00	14.95	23.61	18.33	12.25	12.41

Sources of raw data: *Balance of Payments Statistics*, *Direction of Trade Statistics*, *International Debt Statistics*, and *World Development Indicators*.

Notes

1 Computations do not include de facto and *de jure* unreported flows involving foreign direct investments, portfolio equities, and income remittances.

2 The amounts do not include illegal flows like money laundering, smuggling, etc.

Table 17.2 Balance of payments of the Philippines, adjusted for unreported flows (US$ millions)

Main accounts	*2000*	*2001*	*2002*	*2003*	*2004*	*2005*	*2006*
Current accounts	–11,393	–6,318	–2,476	–198	3,438	8,379	11,035
Capital accounts	166	6,512	–2,099	–5,124	–2,183	569	490
Financial accounts	5,252	838	–2,645	–2,917	–2,068	–2,016	–5,953
Errors and omissions	5,499	–1,720	7,395	8,160	510	1,555	5,334
Overall balance	–477	–687	175	–79	–303	8,487	10,905
Net financing	477	687	–175	79	303	–8,487	–10,905
	2007	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*
Current accounts	12,355	–3,363	–762	–2,744	–2,855	–10,786	–13,153
Capital accounts	–1,660	–4,071	–7,406	–4,941	–4,094	–749	4,348
Financial accounts	–15,477	–2,789	–5,199	–22,174	–14,585	–11,038	–1,674
Errors and omissions	21,554	13,140	24,416	37,364	33,697	27,549	25,193
Overall balance	16,771	2,917	11,049	7,504	12,163	4,976	14,715
Net financing	–16,771	–2,917	–11,049	–7,504	–12,163	–4,976	–14,715

Source of data: Table 17.1.

end. Naturally, the government misjudges the large volume of foreign exchange flows as votes of confidence on the state-of-affairs and thinks that withdrawing from macroeconomic management and acquiescing to unrecorded flows are acceptable policies and that getting rid of the remaining regulations is the appropriate next step to pursue.

There is therefore a need to reconsider policies with regard to foreign exchange flows. A key step in this direction is a reapplication of the so-called "capital flows management techniques" in order to regain control over foreign exchange flows and of the macroeconomy in general (cf. Rodrik 1998; Stiglitz 2002; Palma 2003; Epstein et al. 2005). Such techniques do not mean a return to economic repression; but, rather, they introduce mechanisms that enable the government to influence the direction of the economy. Such techniques also create the needed space for the government to design policies that are more appropriate to the domestic conditions. Of course, programs that help strengthen the macro-organizational fundamentals of the country are needed as well, such as enhanced institutional capacity to deal with internal and external conflicts and structures for information sharing. In short, where deregulation and liberalization programs are in place, it is even more imperative for the government to introduce compensating policies and programs so it is able to cope with the challenges that come with changing economic settings.

Conclusion

The study found that large amounts of flows remain unreported in the balance of payments of the Philippine, amounting to US$612 billion for the period 2000–2013. It also found that the volume of unrecorded flows was increasing throughout the period and reached unprecedented amounts from 2010 onwards. The findings point to a serious problem in the government's management of the macroeconomy in general and in its control of foreign exchange flows in particular.

In a way, part of the problem is that the Philippine government did not strengthen its regulatory apparatus when it embarked on deregulation and liberalization in the 1990s. Thereafter, the ensuing foreign exchange flows in the 2000s were viewed as "votes of confidence" on the

macroeconomy and the government's progressive withdrawal from macroeconomic management. Policy makers were also encouraged to carry out more deregulation and liberalization programs. Consequently, there are now more opportunities for trade misinvoicing and financial flight. Indeed, as the results suggested, these avenues for unreported flows were exploited very well given a permissible environment.

Lastly, it is now necessary to revisit capital flows management techniques in order to regain and strengthen the government's capacity for managing the macroeconomy in general and regulating foreign exchange flows in particular. It is also important to challenge the government to rethink about reforms to reduce internal and external economic vulnerabilities, reestablish its autonomy, and maintain an effective base to carry out its programs. Unless the government responds proactively to reconsider alternative policies, it is condemning the country to the continuity of narrow, shallow, and hollow macroeconomic performance and the permanence of poverty of the Filipinos.

Notes

1 Lessard and Williamson (1987), Pastor (1990), Anthony and Hallett (1992), Boyce and Ndikumana (2001), Epstein (2005), Beja (2007), Zheng and Tang (2009), and Ajayi and Ndikumana (2015) present results for selected developing countries.

2 NF covers items like international foreign reserves, exceptional financing, short-term external borrowings, and/or IMF credits. I set NF fixed on the assumption that monetary authorities have effective social control over such funds.

3 Equation 2 is called "indirect measure" of financial flight. It has two versions: "derived method" (Dooley 1986, 1988) and "residual method" (Erbe 1985; World Bank 1985; Morgan Guaranty 1986). A "direct measure" of financial flight is available in Cuddington (1986).

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18

THE CHANGING CONFIGURATION OF CAPITALISM

Antoinette R. Raquiza

Philippine capitalism has long been an underdeveloped area of research. Much of the work on the country's political economy focuses on the nature and role of the state without, however, providing a more pointed analysis of the changing configuration of the domestic capitalist class. Some analysts seeking to explain the Philippines' failure to industrialize at the pace of other liberal economies in the region, focus on weak state institutions and the prevalence of rent-seeking (De Dios and Williamson 2013). On the other hand, economic analyses of the country's current growth trajectory stress the importance of capital inflows, notably foreign investments (Mercado-Aldaba 1994). More recently, economists have also noted the dramatic rise of service industries on the back of a stagnant or declining manufacturing sector (Usui 2011). Such narratives discuss economic performance as mainly a function of state-society relations and increased capital inflows, and say little about this in relation to the changing contours of Philippine business itself. As such, even as these analyses contribute to clarifying the country's changing economic fortunes, they do not discuss how domestic business elites play a role in facilitating or are impacted by these shifts.

This chapter addresses this gap by studying domestic business elites, particularly those leading and benefitting from the country's current growth economy. I argue that to fully understand the changing Philippine economy, one needs to more thoroughly examine the interaction between sectoral development and the nature and economic activities of the country's business leaders. Capitalist development proceeds along sectoral lines, with each sector requiring distinct, often competing, policies and resources for capital accumulation. Depending on which industries and sectors business elites make their fortunes, they link up with the state and foreign capital differently. Hence, a full understanding of Philippine capitalism requires the investigation of the relationship between a business elite with interests and skills forged in the service sector, and the range of consequent business institutions and practices that structure Philippine economic development.

The chapter has four parts. The first section engages two schools of thought that explicitly use the concept of capitalism in explaining Philippine economic performance. The state-society approach studies Philippine capitalism based on the relative power of these two actors, positing a propensity for rent-seeking or outright corruption (Ferrer 1986; Hutchcroft 1998). The varieties of capitalism (VoC) framework focuses on business systems and categorizes the Philippines under Southeast Asian capitalism (Tipton 2009; Witt and Redding 2013). Though these schools

have made important contributions to the study of Philippine political economy, most works treat business elites and sectors as a homogenous group, interacting with the state and global markets in similar fashion. The second section analyses the country's robust growth and examines the top ten wealthiest business groups' economic activities, drawing out distinct patterns of investment behaviour and business trends. This reveals the dominance of commercial interests that cut across different sectors, particularly the service sector. This domination, in turn, leads to a capitalism characterized by a particular set of business institutions and practices – the focus of the third section. The chapter concludes with the theoretical implications and lays out questions for future research.

Capitalism in the Philippine setting

The rise of capitalism in developing countries has been a subject of debate. Modernization theory identified capitalism with industrialization in terms of the rise of manufacturing and a modernizing sector – the self-propelling capitalist class. Many, however, have critically observed that most developing countries experience a less straightforward transition from agrarian societies to modernity compared to early capitalist countries. In developing settings, patterns of state-society interaction have proved key in capital accumulation (Chang 2002; Khan and Jomo 2000), so the debate often revolved around the relative power between the state and social forces. One pioneering study of market institutions in China, for instance, argues that a market economy can only be considered capitalist if the state itself is subordinated to capitalist interests (Arrighi 2007). Analysts have noted that, due to liberalization and the globalizing economy, developing countries have different transitional pathways, with services replacing manufacturing as the driver of economic growth (United Nations Research Institute for Social Development (UNRISD) 2010: 32–33).

The Philippines has been characterized as having a state captured by special interests (Abinales and Amoroso 2005; Simbulan 2005; Wurfel 1988) such that the dominant role of the state is perceived to distort not only markets, but the nature of capitalism itself. Philippine capitalism has been called 'booty capitalism' (Hutchcroft 1998) and 'crony capitalism' (Kang 2002) – defined broadly as the use of public office by political and economic elites for personal gain. An earlier formulation linked 'bureaucrat capitalism' with the maintenance of a 'semi-feudal economy' (Ferrer 1986) – wherein political elites and the landlord class use the state to gain economic power. Such conceptualizations directly link the state and state-society relations with the nature of the economy, suggesting that capitalism is a derivative of the political system. Therefore, wealth creation is mainly attributed to the generation and capture of rents (or monopoly rights), and changes in economic growth rates can be traced to changes in rent-seeking patterns. With the Philippines entering a period of sustained high growth, analyses of economic performance attributed this to good governance institutions, largely predicated on anti-corruption reforms (Aquino 2014).[1]

The good governance narrative deserves careful scrutiny. The causal mechanism between good governance (broadly defined as credible, stable, and effective rule) and rapid growth is rising business confidence and increased investments. As the National Economic Development Authority (2011) states, 'political instability, corruption, and weak rule of law' raise the costs of doing business and discourages new investors – linking quality of governance and investment levels. Yet, recent history belies such claims. The country became one of the emerging economies in the mid-2000s, when the Arroyo administration had begun its slide into ignominy with multi-million dollar corruption cases. Moreover, three years into the Benigno Aquino administration, direct investments did not pick up. In 2012, the country's gross fixed capital

formation-to-GDP ratio was 19 per cent, lower than the 23.9 per cent average for the ASEAN region, and equal to the 2009 level under President Arroyo (Habito 2014). Without accounting for relatively middling investments, analyses present economic growth as proof of good governance – reversing the causal arrow.

This suggests the need to decouple development issues from those of good governance. Reconciling previously critical assessments of the state and today's rosy economic projections brings out an empirical puzzle: might relatively weak state institutions preside over today's impressive growth?

This assumption is not far-fetched: comparative studies of Asia's fast-rising economies are replete with cases of growth under conditions of corruption (Khan and Jomo 2000; McVey 1992), leading scholars to seek non-statist, complementary, or alternative explanations to economic performance. Noting the absence of developmental states that proved instrumental in Northeast Asia's industrialization, Richard Doner (1991) suggests including the study of organizations, alliances, and the nature of business groups.

In this connection, the varieties of capitalism (VoC) framework used in studying the Philippines and other emerging regional economies needs to be examined. This approach takes off from Peter Hall and David Soskice's pioneering work that asserts that 'firms perform some types of activities, which allows them to produce some kinds of goods more efficiently than others because of institutional support they get from the political economy' (2001: 37). Therefore, economies differ based on how institutions (e.g. the corporate structure, management-labour relations, and capital markets) combine in specific ways to reduce uncertainty and promote coordination (Carney *et al*. 2009; Hall and Soskice 2001; Whitley 2002). At its core, the framework argues that variations in institutional complementarities represent distinct typologies of capitalism.

From this perspective, the Philippines falls under 'Southeast Asian capitalism'. While Southeast Asian VoC is not yet fully fleshed out, there is a growing consensus on its institutional features: (1) the dominance of business conglomerates revolving around families who flourished through political connections; (2) interpersonal (vs institutional) trust as the main source of social capital; (3) dominance of ethnic Chinese and foreign capital; (4) relatively limited human capital development; and, (5) hierarchical, centralized, and personalized management systems (McVey 1992; Tipton 2009; Witt and Redding 2013). These institutional characteristics, shared by the Philippines with Malaysia, Thailand, and Indonesia (heretofore referred to as the ASEAN-4), explain their late economic take-off and make them distinct from their Northeast Asian neighbours. Using VoC, new investors in the ASEAN-4 economies contend not only with government, but also a highly concentrated market structure dominated by a handful of business families.

That said, the VoC approach glosses over important distinctions among developing countries still undergoing structural transformation. The framework's reference points were the advanced industrialized countries that have fully developed markets and stable institutions. While analyses of Northern VoC identify distinct and stable patterns of business structure and market interactions, analyses of developing countries such as the Philippines are more open-ended, often tackling different industrialization pathways. This open-endedness leaves a decisive imprint on these countries' capitalist development. In such settings, there is a need to more fully account for the interplay of economic interests and sectors in order to better understand the dynamics and direction of developing countries' structural transformation.

This study advances an approach that combines analyses of sectoral development with that of domestic business groups' investment preferences (conceived in terms of interests, industries, and organizations). By doing so, it provides the basis for a more detailed structure-agency study

of how domestic economic activities and changing interests of leading Philippine capitalists contributed to the transition toward a service economy.

Sectoral development and investment patterns

The Philippines took its place among the region's emerging markets in the last decade. Its recent turnaround is exceptional even in a region that has produced 'economic miracles' (Ito 1996; World Bank 1993). From 2001 to 2010, the economy registered a gross domestic product average annual growth of 4.7 per cent, up from the previous decade's 3.1 per cent; from 2010 to 2013, the economy expanded by an annual average of 6.3 per cent, with 2013 registering a growth rate of 7.2 per cent (Asian Development Bank (ADB) 2014; Batalla 2012).

Yet, the similar growth rates among the Philippines, Thailand, Malaysia and Indonesia mask key differences in sectoral development between the Philippines and the rest. A disaggregated, historical analysis shows three clear trends in sectoral development, based on the changes in each sector's contribution to gross domestic product up to 2010. Briefly, Philippine manufacturing peaked early, contributing 26 per cent to GDP in 1980; it declined to a mere 21 per cent in 2010. This same trend is evident in the agricultural sector, although the decline was steeper; from 25 per cent in 1980 to 12 per cent in 2010. In contrast, services had grown dramatically, from 36 per cent to 55 per cent during the same period. (See Table 18.1.)

This sectoral development is distinct from that experienced by Thailand, Indonesia, and Malaysia where the expansion of services complemented industrial development (Usui 2011).

There are two general explanations to this specific pattern of sectoral development in the Philippines. One focuses on the decline of agriculture and manufacturing, attributed to the sectors' reliance on state patronage and rents (Navarro and Yap 2013). Because the service sector rarely figures in this analysis, its rise may be seen almost to have taken place by default: driven from other activity, investors had no place to go except the service sector. The other approach attributes the rapid growth of services as a consequence of macro-level policy or politics. Lim and Montes (2002), for instance, suggest that structural adjustment programs adopted by government since the 1980s affected manufacturing and service industries differently: the service sector is more resilient in times of currency and economic crises (and the resulting restrictive financial and liberalization policies) than the manufacturing sector because it is less dependent on credit and imports. While these analyses partially explain the country's changing sectoral configuration, they do not account for the timing or strength of the country's economic take-off.

In fact, economic analyses offer another factor that can more directly account for the rise in the service sector: the creation of a strong domestic market due to the dramatic increase of remittances, which amounted to almost US$25 billion in 2012. Remittances over the last decade help explain how private consumption in a low middle-income country, where the poverty rate

Table 18.1 Gross domestic product growth rate and sector, value added (% of GDP)

	1980	*1985*	*1990*	*1995*	*2000*	*2005*	*2010*	*2012*
GDP	5.15	27.3	3.04	4.68	4	4.78	7.63	6.81
Agriculture	25	25	22	22	14	13	12	12
Manufacturing	26	26	25	23	24	24	21	21
Services	36	40	44	46	52	54	55	57

Source: World Bank (2014).

stands at a high 25 per cent and joblessness at 7 per cent, can contribute about 57 per cent to GDP growth (ADB 2014). Moreover, while this income stream has been an important source of foreign exchange since the 1970s, remittances only played an increasingly significant role in the economy during the 2000s, when they tripled from US$6.96 billion in 2000. When compared to recent foreign investment figures, the economic significance of remittances becomes apparent: Table 18.2 shows that what the country receives in foreign direct investments in one year is equal to its monthly remittance receipts.

What is the impact of remittances on domestic markets? As stated earlier, remittances fuelled private consumption, which grew by 5.6 per cent and contributed 57 per cent to GDP growth in 2013 (ADB 2014). Moreover, economic studies found that remittances increased recipient households' spending on education, housing, healthcare, durable and other consumer goods, as well as leisure (Ang *et al*. 2009; Tabuga 2007). In this light, one would expect a match between this consumption pattern and the investment behaviour of the business community.

The link between remittances and service sector growth is solidified if there is a domestic entrepreneurial sector that can shift resources in response to opportunities presented by the migration of Filipino workers – estimated at 9.45 million in 2010 (National Tax Research Center (NTRC) 2012). What does the rise of a service economy tell us about the overall dynamic of the Philippine economy? What are the implications of this trend on the organizations and alliances of domestic businesses? These questions allow us to explore the impact of this trend on the institutions and practices undergirding Philippine capitalism.

To explore these questions, I examine the nature and economic activities of the country's ten richest individuals and families, based on Forbes's 2013 list. Using previous studies, news reports, and career and business profiles found from their corporate websites, I follow these elites' economic activities to determine what factors influence shifts in their preferences.

A quick background check on the ten richest confirms that Philippine economic elites often started as traders (Carroll 1965; Yoshihara 1985). Note that these elites emerged during three distinct periods, each marked by new opportunities for merchants and traders: first, the American colonial period that set up preferential trade regime for raw materials and semi-processed goods; second, the post-Second World War period when Filipinos were taking over the retail trade business from the departing American colonizers; and, third, the current decade of trade liberalization and globalization. As Table 18.3 shows, these elites would branch out and build their fortunes in different economic endeavours: some would solidify their position as primarily commercial elites (broadly defined as those who make and grow their money from the exchange of goods and services); others would move on to manufacturing or other industrial concerns.

In order to determine how business elites respond to new domestic and global opportunities, I begin by identifying their original core interests – i.e. the businesses that these individuals (or families) began in or eventually acquired. Table 18.3 classifies the ten business titans and

Table 18.2 Breakdown of net capital inflows (in millions, current US$)

	Foreign direct investments (net inflows, BOP)	*Remittances (received)*
2008	1,340	18,851
2009	2,065	19,960
2010	1,070	21,557
2011	2,007	23,054
2012	3,215	24,610

Source: World Bank (2014).

Table 18.3 Top ten wealthiest business individuals and families

Forbes 2013 rank	*Business groups/ individuals*	*Nature of business*	*Initial flagship co.*	*Date of incorporation*
1	Henry Sy and family	Retail	Shoemart	1958
2	Lucio Tan and family	Manufacturing	Fortune Tobacco	1966
3	Andrew Tan	Real estate	Megaworld	1989
4	Enrique Razon, Jr.	Port services	International Container Terminal Services, Inc.	1987
5	John Gokongwei, Jr.	Manufacturing	Universal Corn Products (later known as Universal Robina Corp.	1954
6	Jaime Zobel de Ayala and family	Real estate, banking	Ayala Corporation	1968
7	Family Aboitiz	Hemp trade, shipping, agribusiness	Aboitiz & Co.	1920
8	David Consunji	Construction	DMCI	1954
9	George Ty and family	Banking	Metrobank	1962
10	Lucio and Susan Co	Retail	Puregold	1998

Source: Forbes (2013); corporate websites.

identifies the first flagship companies and specific industries from which they began to build or consolidate their early fortunes. Tracing the original business of their flagship companies, these individuals and families may be sorted into two broad categories: the service sector and the agricultural-industrial sector (including manufacturing). Seven built their fortunes in the service and services-related sectors: Henry Sy (retail); Andrew Tan (real estate); Jaime Zobel de Ayala (banking, telecommunications, and real estate); Enrique Razon Jr. (port services); George Ty (banking); Lucio and Susan Co (retail); and David Consunji (construction). Three began in the agricultural and-manufacturing sectors: Lucio Tan (Forbes's no. 2), John Gokongwei Jr. (no. 5), and the Aboitiz family (no. 7).

By categorizing each business's starting point, we determine that most started with one company that grew to dominate a specific industry before branching out. Diversification among these ten groups meant crossing over to businesses, often unrelated to their core interests (Gutierrez and Rodriguez 2013). Diversification among the country's top business groups happens in two ways. First, business groups identified with commercial interests take on manufacturing concerns. The other pattern is for business groups to shift resources from manufacturing to service industries. The business elites' interests since the 1980s have converged in the service and high-yielding, services-related (e.g. power, water, and construction) sectors. Apart from the rise of a consumer market driven by overseas remittances, a series of laws privatizing and incentivizing businesses shifted investor priorities toward key service activities. It was the interaction of new markets, the changing policy framework, and competitive pressures that accelerated the shift in business activity and interest.

Service industries

All ten business elites experienced rapid expansion in the service sector. The most important businesses involved foreign exchange remittance transactions: the commercial banks.

According to the National Statistics Office, from 2004 to 2010, overseas Filipinos' remittances that coursed through banks grew from PhP42.84 billion to PhP77.26 billion (NTRC 2012). Bangko Sentral figures show that overseas Filipinos sent about US$22.97 billion through domestic commercial banks in 2013, registering an annual growth rate of 7.4 per cent (Bangko Sentral ng Pilipinas (BSP) n.d.). Hence, ownership of banks has become the way to capture windfall gains from remittances, and of the ten under consideration here, the majority established or acquired control over commercial banks (see Table 18.4).

Three trends are evident in the operation of these banks. First, many set up special accounts or programs – such as Lucio Tan's PNB's webremit program, the Bank of the Philippine Islands's BPinoy service, and Banco de Oro's Kabayan programs – all offering services such as quick cash or credit delivery. Second, most established a wide network of remittance centres and foreign correspondent banks in areas with significant Filipino overseas populations. In 2012, eight commercial banks had an estimated 310 branches or remittance centres in 109 countries (NTRC 2012) while Gokongwei's Robinsons Bank partnered with Western Union to facilitate money transfers. Finally, top banks also set up and strengthened subsidiary savings banks or thrift banks to expand consumer lending to enable large purchases like cars and houses – two commodities

Table 18.4 Banks and flagship real estate companies owned or controlled by the business groups

2013 rank	*Business groups*	*Banks*	*Flagship real estate and property devt. companies*
1	Henry Sy and family	Banco de Oro Unibank China Banking Corp.	SM Prime SM Development Corp.
2	Lucio Tan and family	Philippine National Bank Allied Savings Bank	Eton Properties
3	Andrew Tan	NL	Megaworld
4	Enrique Razon, Jr.	NL	SuresteProperties[a]
5	John Gokongwei, Jr.	Robinsons Bank	Robinsons Land
6	Jaime Zobel de Ayala and family	Bank of the Philippine Islands BPI Family Savings Bank	Ayala Land
7	Family Aboitiz	Union Bank City Savings Bank	AboitizLand
8	David M. Consunji	NL	DMCI Homes
9	George Ty and family	Metro Bank and Trust Co. Philippine Savings Bank	Federal Land
10	Lucio and Susan Co	NL	Ellimac Prime Holdings Inc.

Source: corporate websites.

Notes
NL – None listed.
a Bloomberg Businessworld (2014).

these elites also deal in (see Tables 18.4 and 18.5). Banks have not only given elites access to fresh sources of capital, but also influenced consumption patterns.

Regardless of the industries they lead, all ten business groups are today also major players in the real estate and property development industry. (See Table 18.4.) In 2012, real estate grew by 18.9 per cent; from 2010 to 2012, its average growth rate of 8.2 per cent was the highest since 1997 (World Bank 2013: 33). This suggests that landowners are responding to relatively new market opportunities.

The participation of the top ten in the business process outsourcing (BPO) industry is also noteworthy. At least two have set up companies offering technical and back office services. The Ayala Corporation set up LiveIt Investment Ltd as a holding company for its BPO concerns in 2006 while the Gokongweis added I-tech Global Business Solutions to their group of companies in 2010. Yet, domestic big business mainly participates in the BPO industry through the construction and leasing out of world-class information technology (IT) centres – making it essentially a real-estate transaction. In fact, the BPO industry in the Philippines began in 1997 when, following the Asian financial crisis, Megaworld's Andrew Tan transformed unoccupied high-rise residential and commercial buildings into IT centres for foreign locators. Thus, the Eastwood City Cyberpark was born. This led to the campaign to amend the Special Economic Zone Act of 1995, which authorizes the Philippine Economic Zone Authority to provide tax and non-fiscal incentives to ecozone developers and enterprises located in these zones, to cover IT centres and parks. Since then, at least four others in the study have begun building and operating BPO facilities.

Investments are pouring into retail, gaming and tourism, education, and the healthcare industries. The Philippine retail industry brought in PhP1.43 trillion in 2011 and is projected to be worth PhP20 billion more in 2016 (Cuaresma 2013). The local industry has attracted US, European, and other international retail giants to partner with domestic mall operators, the biggest of which are the SM and Robinsons retail groups as well as Ayala Corporation. Tourism, which has grown dramatically since 2004 and includes the development of medical tourism, has also been a major draw for the ten business groups. Another discernible trend is that some in the sample group have entered the education and health sectors. Table 18.5 below provides the major investments of these ten groups in these service industries.

Two investment patterns may be gleaned from this list. First, service sector investments closely reflect the consumption patterns of the overseas remittance-recipient households, as discussed earlier. Second, land is the key resource among these businesses, reflected in the construction and leasing of commercial spaces and the operation of retail outlets. A recent trend in property development is mixed-use facilities – integrated residential and commercial complexes, many servicing the BPO offices and staff.

Services-related sectors

Big business ventured into construction and invested in power, gas, and utilities.[2] From 2006 to 2010, the construction industry grew at an annual average of 10.5 per cent and contributed an average of 5.2 per cent to total GDP. This is partly due to the real estate boom. On the other hand, the government's public-private partnership (PPP) program in infrastructure development has incentivized the private sector to participate in the financing, construction, and operations of infrastructure projects, prompting the biggest domestic conglomerates to go after government contracts. As of April 2014, the Aquino administration's PPP program has awarded seven projects and will reportedly roll out fifteen more, worth over US$14 billion, within the year (Desiderio 2014). See Box 18.1 for the specific projects. To meet this need, at least three

Table 18.5 Business elites and flagship corporations or subsidiaries in service industries

2013 rank		*Retail (listed holding corporations or subsidiaries)*	*Gaming and tourism*	*Education and healthcare*
1	Henry Sy and family	SM Retail Inc. SM Malls Savemore	SM Hotels and Convention Corp. Belle Corporation Sinophil Corp. (gaming)[a]	National University[b] Far Eastern University[b]
2	Lucio Tan and family	Eton Centris	Century Park Hotel[c] Philippine Airlines[c]	University of the East[b]
3	Andrew Tan	Golden Arches Devt. Corporation (holder of McDonald franchise, 49% equity) Alliance Golden Brands Inc. (marketer of Piknik snack products)	Global-Estate Resorts. Inc. Travellers International Hotel Group (casino-gaming)	NL
4	Enrique Razon Jr.	NL	Bloombury Resorts Corp. (Solaire Resort and Casino)[d]	NL
5	John Gokongwei, Jr.	Robinsons Retail Group (department stores and supermarket, True Value and Handyman hardware stores, Ministop convenience store, Toys R Us, Daiso Japan, etc.)	Robinson Land Corporation hotel division (Crowne Plaza Galleria Manila) Holiday Inn Galleria Manila, gohotelsph, etc.)	South Star Drug drugstore chain[e]
6	Jaime Zobel de Ayala and family	Ayala malls under Ayala Land (Glorietta, Greenbelt, Trinoma, etc.) Ayala Automotive Holdings Corp. (car dealership for Honda, Isuzu, and Volkswagen) Wellworth department store chain (with the Tantoco family of the high-end Rustan's dept. store)[f]	Ayala Land Hotels and Resorts, Inc. (Intercontinental Manila, Holiday Inn & Suites Makati, Cebu City Mariott Hotel, Seda Hotels, etc.)	Affordable Private Education Center (APEC) Inc. (joint venture with UK-based Pearson★[g] QualiMed Clinics (joint venture with Mercado General Hospital Inc.)[h]

continued

Table 18.5 Continued

2013 rank		*Retail (listed holding corporations or subsidiaries)*	*Gaming and tourism*	*Education and healthcare*
7	Family Aboitiz	The Outlets at Pueblo Verde (under Abotizland)[i]	Seven Seas Resort and Leisure Inc.	NL
8	David Consunji	NL	NL	NL
9	George Ty and family	Toyota dealership	NL	Manila Doctors Hospital[j] Manila Tytana College (previously Manila Doctors' College of Nursing)[k]
10	Lucio and Susan Co	Puregold S&R Membership Shopping Office Warehouse[l] Premier Wine and Spirits Inc. Montosco Inc. (wine and liquor distributor)	NL	NL

Source: corporate websites.

Notes
NL – None listed.
⋆ Memorandum of agreement of joint venture signed, project still for implementation starting 2014.
a GMA News (2004).
b Carino (2004).
c Reyes (2013).
d Dumlao (2012).
e Cabuag (2013).
f Cabuag (2014).
g Flores (2014).
h Dumlao (2014a).
i Ynclino (2014).
j Manila Doctors Hospital (n.d.).
k Manila Tytana Colleges (n.d.).
l Dumlao (2014b).

Box 18.1 PPP infrastructure projects and estimated costs (Desiderio 2014)

Bulacan Bulk Water Supply Project (US$542.22 million)
Laguna Lakeshore Expressway Dike project ($1.44 billion)
New Centennial Water Supply Source Project ($417.33 million)
Laguindingan Airport operation and maintenance (O&M) ($354 million)
New Bohol (Panglao) Airport O&M ($52 million)
Puerto Princesa Airport O&M ($71.13 million)
Davao Airport O&M ($476.39 million)
Bacolod Airport O&M ($208.98 million)
Iloilo Airport O&M ($322.34 million)
Integrated Transport System Southwest Terminal ($115.56 million)
Motor Vehicle Inspection project ($313.16 million)
Mass Transit System Loop ($3 billion)
North South Commuter Rail ($6.03 billion)
Light Rail Transit Line 2 O&M and extension (NL)
New Prison Facility ($895 million)

business groups in the top ten have their own construction firms: the Ayalas (Makati Development Corporation); Aboitizes (Metaphil); and Consunjis (DMCI Project Developers Inc.).

The biggest business groups often bid for contracts. To illustrate, the December 2013 public bidding for the PhP17.5 billion Mactan-Cebu International Airport Passenger Terminal Building Project saw these domestic conglomerates partnering among themselves and with foreign airport operators. Besides the Gokongwei, Ayala, Aboitiz as well as the Lucio Tan and Henry Sy groups of companies, the bidding also drew in the following: food and beverage giant San Miguel Corporation, led by Eduardo Cojuangco and Ramon Ang (Forbes's no. 20 and no. 31, respectively); investment house Metro Pacific of Manuel V. Pangilinan (no. 50); Megawide, led by Michael Cosiquien and Edgar Saavedra (no. 43 and no. 44); and the First Philippine Holding Corporation of the Lopez family (no. 22). Box 18.2 shows that, for this specific bid, the domestic groups formed joint ventures with a wide array of foreign and domestic partners.

The energy sector also became a major investment destination. Business elites mobilized in response to the Electric Power Industry Reform Act (EPIRA) in 2001, which privatized the National Power Corporation (NPC) including the sale of its power plants, and restructured the power industry into four separate operations: generation, transmission, distribution, and retail electricity supply (Patalinghug and Llanto 2005). Aboitiz Power Corporation (AP) owns, or has interests in, at least twenty power plants and seven distribution facilities throughout the country. Others in the top ten have also invested in the power sector, as Table 18.6 illustrates.

On a similar track, government privatization policies also led big business to set up utility companies. Consunji's DMCI formed Maynilad Water Services with Metro Pacific Investment Corporation (MPIC) to supply water to the western side of Metro Manila. Maynilad's counterpart, supplying water to the eastern side, is the Ayalas' Manila Water Corporation. The Gokongweis have likewise signalled their interest in the utility industry by purchasing a 27 per cent stake in the Manila Electric Company (Meralco).

The cases discussed here show trends relating to how domestic conglomerates have entered and added capital-intensive, high-yielding service-related activities to their business empires.

Box 18.2 Bidders for the Mactan-Cebu International Airport Passenger Terminal Building Project (Rubio 2013)

Bidders	*Main Consortium foreign partners*
MPIC-JGS Airport Consortium (JG Summit and Me Investment Corp)	Aeroports de Lyon of France Metro Pacific
AAA Airport Partners (Ayala Land and Abotiz Ventures)	ADC & HAS Airports Inc. (US) Equity
Henry Sy's Premier Airport Group	Zurich Airport International AG
San Miguel Corp. and Lucio Tan Group	Incheon Airport International Corp. (South Korea)
Megawide Construction Corp.	GMR Infrastructure Ltd. of India
Filinvest Development Corp.	Changi Airports Mena Pte. Ltd. (Singapore)
Lopez-led First Philippine Holdings Corp.	Infratil Asia Ltd. (New Zealand-based)

Table 18.6 Business groups and wholly or partially owned companies in power, utilities, and gas

2013 rank	*Business groups*	*Companies in power, utilities, gas*
1	Henry Sy and family	Phil. Geothermal Corp (w Chevron)[a]
		National Grid Corporation of the Philippines (major stakeholder)[b]
2	Lucio Tan and family	NL
3	Andrew Tan	NL
4	Enrique Razon, Jr.	Monte Oro Resources and Energy Inc. (gas and oil exploration)[c]
5	John Gokongwei, Jr.	Meralco (major stakeholder) Sonedco Power Plant[d]
6	Jaime Zobel de Ayala and family	AC Energy Holdings, Inc. (conventional and renewable power generation) Manila Water Co.
7	Family Aboitiz	Aboitiz Power Corp.
8.	David Consunji	DMCI Power Corp. Maynilad Water Services (co-owner)
9	George Ty and family	Global Business Power Corporation
10	Lucio and Susan Co	Alcorn Petroleum and Minerals Corp (gas and oil exploration)

Source: corporate websites.

Notes
a Morales (2013).
b Remo (2010).
c Bloomberg Businessworld (2014).
d GMA News (2014).

One, by fragmenting what were once monopolistic operations, the government's privatization and deregulation drive in the power and utilities industries lowered the cost of entry and participation for Philippine big business. Two, participation usually came in the form of joint ventures with foreign companies providing resources and technical expertise. Such partnerships allow local firms to bring their commercial skills to the arrangement, rather than acquiring full technical skills or capital-intensive equipment.

The character of aggressive diversification among the biggest Philippine businesses demands attention. Most of these expansions depart from established core business interests. Moreover, the most prominent modes of business expansion require commercial and other service skills rather than engineering or manufacturing skills. One analysis attributes the movement toward services to the sector's 'fragmented' nature so that, versus manufacturing, services have lower capital and proprietary technology requirements (Gutierrez and Rodriguez 2013: 78). Core elements of service-sector activities and skills are also fungible across industries. Hence, a firm interested in acquiring a diversified portfolio may not need to acquire new skill sets or change the nature of wealth creation to accommodate each new business. The fragmented nature of today's booming industries, in effect, makes it relatively easy for entrepreneurs to move resources from one business to the next.

At the heart of this explanation is the changing nature of the business class. While manufacturing gains from a growing consumer market, investing in services has fast become the main mode of capital accumulation. Over the past decade, those who made the biggest leap did so in the service industries. The explosion of the remittance-led economy, in which the growth of the consumer market does not rest on the generation of mass employment in the country, has created opportunities for those whose main businesses lay in the circulation of goods, capital, and labour.

Indeed, the profile of the Forbes wealthiest business groups and individuals today is vastly different from 2006, when the forty Filipinos who made it to the 2006 list were the poorest when compared to their counterparts in Indonesia, Malaysia, Singapore, and Thailand. At that time, there were only three billionaires in the list and the whole group had a total net worth of just US$16 billion (Doebele *et al.* 2006). Today's Philippine tycoons stand more on par with the region's billionaires. Table 18.7 shows where the Forbes 2013's top ten stood in 2006.

Table 18.7 Ten business groups' net worth in 2006 and 2013

	2013 net worth ($)	*2006 rank*	*2006 net worth ($)*
1 Henry Sy (SM group)	12 billion	1	4.0 billion
2 Lucio Tan (LT group)	7.5 billion	2	2.3 billion
3 Andrew Tan (Megaworld)	4.6 billion	8	480 million
4 Enrique Razon (ICTSI)	4.5 billion	11	285 million
5 John Gokongwei Jr (JG Summit)	3.4 billion	6	700 million
6 Jaime Zobel de Ayala (Ayala Corp.)	3.1 billion	3	2.0 billion
7 Family Aboitiz (AEV)	3.0 billion	13	275 million
8 David Consunji (DMCI)	2.7 billion	21	145 million
9 George Ty (Metrobank)	2.6 billion	5	830 million
10 Lucio and Susan Co (Puregold)	1.9 billion	NL	NL

Sources: Doebele *et al.* (2006); Forbes (2013).

Note
NL – Not listed.

While land has remained the key resource for wealth creation, its use has dramatically shifted from agriculture to real estate. While family conglomerates have long been a fixture in the Philippine economy, those at the top have come to represent commercial (or transactional) rather than agricultural or manufacturing interests. As we will see, the relationship of the institutional features and contexts of capitalism with the economic elites' activities is recursive: as key tycoons immersed in the commercial sector, they also developed business institutions that deepened that relationship, and can be expected to place more demands on the larger institutional context.

Institutional arrangements

To gain a hold in the service sector, these business groups developed distinct institutions and business practices. In their recent histories, two organizing strategies stand out: (1) the preference for a holding company corporate structure to represent their brand (see Table 18.8), and (2) the prevalence of strategic partnerships, mergers, and acquisitions as a way to gain entry and dominance in specific industries.

As a business model, a holding company is a way to manage diversification and risks in a highly competitive, fluid environment. The corporate structure is highly decentralized: the holding company sets and monitors financial targets and lays down strategic objectives, while subsidiaries are treated as stand-alone units with considerable operational autonomy (Aguilar and Biondi 2010: 4). It is an institution that seems particularly suited to an economy increasingly dominated by the service sector.

Holding companies also ensure conglomerates' greater flexibility to mobilize resources with relative speed: for instance, both holding companies and their subsidiaries can raise funds as distinct units through public listing or strategic partnerships, usually with foreign companies. In this connection, resource mobilization has frequently led to the formation of entirely new companies with new partners. To illustrate, in 2009, SMIC and Chevron formed the Philippine Geothermal Corporation. George Ty's Metrobank partnered with National Mutual Holdings Ltd. of Australia and established its subsidiary AXA Life Insurance Corporation.

Moreover, the formation of strategic partnerships aligns with mergers and acquisitions (M&A) as a way to increase market dominance in their core businesses. This is particularly true among banks. The largest Philippine bank today, Banco de Oro Unibank Inc., began as Acme Savings Bank that was acquired by the Henry Sy group in 1975. From 2001 to 2010, BDO's assets grew

Table 18.8 Business groups and their listed flagship holding companies

	Flagship holding companies	*Date of establishment or reorganization as holding companies*
Henry Sy and family	SM Investment Corporation	2005
Lucio Tan and family	LT Group	2012
Andrew Tan	Alliance Global Inc.	1999
John Gokongwei, Jr.	JG Summit	1990
Jaime Zobel de Ayala and family	Ayala Corporation	1976
Family Aboitiz	Aboitiz Equity Ventures	1994
David Consunji	DMCI Holdings Inc.	1995
George Ty and family	GT Capital	2007
Lucio and Susan Co	Cosco Capital	2012

Source: corporate websites.

from PhP77 billion to PhP1.0 trillion, partly by acquiring and merging other banks, such as the country's then third largest bank, Equitable PCI bank. The Ayalas' strategy with the Bank of the Philippine Islands (BPI) consists of a string of M&As of other banks: Peoples' Bank and Trust Company (1974), Commercial Bank and Trust Company (1981), Family Bank and Trust Company (1985), CityTrust Banking Corporation (1996), Far East Bank and Trust Company (2000), and Prudential Bank and Trust Company (2005).

Mergers and acquisitions also enable these business groups to gain a beachhead in a new business relatively quickly. For instance, the dominant players in the retail business resort to these strategies to keep ahead of the competition. In 2012, Lucio and Susan Co acquired small grocery chains (e.g. Eunilaine and Parco) and merged these with Puregold Price Club Incorporated. In 2013, Puregold set up another subsidiary, Estenso Equities Inc., to handle portfolio investments in other groceries whose owners are seeking strategic partners but want to retain control – a move that would enable Puregold to attract partners as a way to defend its market share against competitors (Dumlao 2013). In the same year, the Estenso Equities forged an agreement with a subsidiary of Ayala Land to develop mid-level supermarkets in the latter's development projects. Similarly, the Gokongweis' Robinsons Retail continuously adds to its 90 supermarkets and 1,064 retail stores as of end-2013 (Rivera 2014). SMIC partnered with the real estate company of Jollibee-founder Tony Tan Caktiong to develop a community mall chain. Mergers and acquisitions in the service sector, therefore, are greatly facilitated by the fact that assets are relatively easy to divide and consolidate toward increasing market power. Because such assets are fungible across different business concerns, they lower the transaction and information costs of putting different businesses together.

The institutional arrangements discussed here are not unique to Philippine capitalism. Holding companies and strategic partnerships, mergers, and acquisitions are important elements that facilitate the decentralization and disaggregation of capitalist production and distribution. In the Philippines, however, these arrangements gain greater currency as the country transitions to a full-blown service economy. They seem tailor-fit for a highly fragmented service sector, allowing big business to diversify and quickly lay claim to new areas for wealth creation while minimizing risks to their core businesses. This trend suggests a recursive relationship between the development of political and economic institutions and the logic of a capitalist system's sectoral foundations.

Conclusion

This paper analyses Philippine capitalism as a product of the interaction between its sectoral base and the larger economic and policy context. Capitalist practices emerge when business people, endowed with established practices and capacities, identify and respond to opportunities in the market and policy context. Consequent practices, regularized in business institutions and practices, shape the capitalist system. With this approach, I have sought to establish some main guideposts for the examination of Philippine capitalism. I have followed the lead of analysts in the VoC literature, to the extent that I accept the notion that businesses create some of the core institutions that structure capitalism; I depart from it in the assertion that (at least in developing settings like the Philippines) the sectoral location of dominant business interests profoundly influences those institutions and the nature of capitalism.

Moreover, comparison among the ASEAN-4 emerging economies suggests that even economies viewed as relatively similar have strong and consequential differences in the sectoral distribution of their economic activity. My work suggests that attention to sectoral composition is important in order to understand the bases of growth among emerging economies and the different institutions that grow within it.

My inquiry into the economic activities of the richest Philippine conglomerates suggests two points about the nature of capital accumulation. One, as they turn their attention toward commercial activities, business elites are also adopting new business models and expansion strategies that allow them to raise and shift resources quickly in response to market demands. Two, the boom in trade in services (e.g. BPO, tourism, and migrant labour) is changing investment patterns, pulling resources into the service industries. Studying how structural change both gives rise to and is facilitated by institutional arrangements might partly explain the Philippines' rapid growth paradox: how a country with such high growth rates can also have one of the highest unemployment rates in the region. Agriculture and manufacturing have declined since 1980. On the other hand, the booming service sector gets its dynamism from mergers and acquisitions – perhaps a cause of the country's jobless growth. We have learned that Philippine capitalists are attuned to this reality, shifting investments and establishing institutions designed to profit from, rather than reverse, this state of affairs. Can we expect an economy driven by such forces to resolve or take issue with a seemingly intractable level of unemployment?

Exploring how sector-specific economic activities interact with the basic institutions of capitalism brought out two sets of questions. First, how do different sectoral configurations interact with the institutional settings identified with Southeast Asian capitalism? Do capitalists moving into commercial activities need different things from basic economic institutions than those deepening their industrial activity? Moving forward, future research must expand the range of data considered here to include not only more of those at the pinnacle of power, but also those who fell off the grid – many of whom were business elites identified with the import-substitution industrialization period until the 1970s (Carroll 1965; Rivera 1994; Yoshihara 1985). Corporate governance, labour market and organization, interfirm relations, etc. – all co-evolve to produce a distinct business system that may favour one economic sector over another.

The second set of questions tackles the larger institutional context in which the shift from manufacturing to a service economy takes place. The study of domestic capitalism cannot be divorced from the role of state action and the global economy. In the Philippines, the transition toward a full-blown service economy meant the passage of legislation and the implementation of government programs that profoundly changed the institutional context of Philippine capitalism. Specific policies include: the incentivization of land and property development under the Special Economic Zone Authority Act and infrastructure development under the Build-Operate-Transfer (BOT) law passed during the Ramos administration; the deregulation and decentralization of the energy sector during the Macapagal-Arroyo administration; and the Aquino administration's private-public partnership projects (Gutierrez and Rodriguez 2013). Under this policy regime, commercial elites both flourished and developed new opportunities in the service sector – and in the process, constituted themselves into a more commercially centred policy constituency. Has the interaction between policy and policy constituency dynamics amplified commercial and service activity patterns in ways that will be difficult to reverse?

Finally, the present work has only suggested the extent to which new sources of funding and activity, many of which are rooted in a more globalized economy, influence the Philippine economy. Although it has been analytically convenient to consider a limited range of capitalists and a set of national institutions to determine the key elements of my research program, future work will need to recognize how porous the boundaries of our economic and political world have become – and, in response, render our analytic categories in terms that are more universalizing and comprehensive.

Notes

1 The National Economic Development Authority provides a minimalist definition of good governance as 'the rule of law, that is, the impersonal and impartial application of stable and predictable laws, statutes, rules, and regulations, without regard for social status or political considerations' (NEDA 2011: 206).

2 These industries are classified under services-related sectors in the International Standard Industrial Classification of All Economic Activities (ISIC) Rev. 4, Sections D-F (Serafica 2014).

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19

ECONOMIC NATIONALISM AND ITS LEGACY

Yusuke Takagi

Economic nationalism has been a focal point of academic as well as policy debates across disciplines and provides important insights into the Philippines. This chapter begins by showing that existing studies of protectionist policies or ethnic discrimination assume economic nationalism to be a reflection of vested interests or of stereotypes in society respectively. Against this background, this chapter then traces emergence of the economic nationalist policymakers and argues that they did not represent vested interests but rather attempted to transform existing interest structures. In other words, a study of economic nationalism involves a search for nationalism in actual policymaking.

Introduction

Under the umbrella of Philippine Studies, scholars have not reached any consensus about the nature of economic nationalism in the Philippines. Some have taken it for granted that the Philippine government promoted economic nationalism through protectionist policies (Sicat 2002) while others have countered that the government failed to represent the national interests of the Filipino people because of colonial and neo-colonial rule by the U.S. and its domestic allies (Constantino and Constantino 1978). Other studies have emphasized the sectoral, family, or individual interests of politico-economic elites whose rent-seeking activities have prevailed over any attempts for economic growth as a nation, i.e., no national interests in the weak state (McCoy 1994).

It is worth mentioning the fact that studies often begin their analysis from the 1930s regardless whether they criticize excess or absence of economic nationalism. Some find the origins of economic nationalism in the 1935 constitution followed by how the Central Banks encouraged import substitution industrialization through the use of exchange controls in the 1950s. Moreover, there were several cases of economic policymaking motivated by anti-Chinese sentiment in the 1930s and 1950s. Other historians, however, point to the fact that in 1946 Philippine Congress accepted the combination of the Philippine Trade Act (commonly known as the Bell Trade Act) and the Philippine Rehabilitation Act, in which the U.S. gave the Philippines funds for postwar reconstruction in exchange for economic "parity rights" to U.S. citizens and corporations which was seen as a surrender of national sovereignty and a symbol of neo-colonialism.

What is intriguing is that the same policymakers continued to play key roles in national politics throughout the entire period. For instance, Claro M. Recto, a prominent nationalist senator

in the 1950s, was chair of the Constitutional Convention in the 1930s. Manuel A. Roxas, who accepted the Philippine Trade Act as the first President of the Philippine republic after independence, was once the Speaker of the House during the U.S. colonial period and had once advocated economic nationalism as a founder of *Ang Bagong Katipun*, as will be discussed below. Miguel P. Cuaderno, the founding governor of the Central Bank, was a member of the drafting committee in the Constitutional Convention.

This chapter revisits the origins and the subsequent development of economic nationalism in policymaking since the 1930s. By studying major policies and policymakers, this chapter not only summarizes conventional wisdom about economic nationalism but also attempts to shed new light on our understanding nationalism in actual policymaking process. As a recent work on economic nationalism argues, scholars can study economic nationalism not just as a particular set of economic policies but also as an expression of nationalism in economic policymaking (Helleiner and Pickel 2005). It is especially important in the context of Philippine studies where most of the scholars underestimate the role of nationalism in political process in the context of a weak state. A comparative study on nationalism in Southeast Asia by a Philippine specialist, for instance, assumes that genuine nationalism in the Philippines is popular nationalism which is embedded in society rather than government (Sidel 2012).

The first section of the chapter summarizes conventional knowledge on economic nationalism with emphasis on the 1935 constitution as well as import and exchange controls and the retail trade nationalization law in the 1950s. It reveals two different features of economic nationalism, trade protectionism and ethnic discrimination. After the critical review of existing study on economic nationalism, the second section reconstructs the actual policymaking process from the perspective of policymakers. Who were they? What did they think about and why? The conclusion summarizes the findings and points to the key characteristics of economic nationalism in the Philippines.

Economic nationalism as protectionism and ethnic discrimination

It is often the case that the most critical observers can succinctly describe what they are attacking. One of the leading technocrats in the Philippines, Gerardo Sicat, has criticized the Philippine's trade policy regime for its protectionist tendencies by saying that "the fear of exploitation by foreigners" has prevailed in economic policymaking (Sicat 2002, p. 1). He finds the "the original sin" of the 1935 constitution to be due to the framers' fears of exploitation, which led them to limit the usage of natural resources and land ownership to Filipino people (Sicat 2002, p. 5). Frank Golay, another influential economist in Philippine studies in the 1960s, points to an additional feature of the constitution in which the framers adopted *jus sanginis*, descent of blood, rather than *jus solis*, place of birth, regarding the citizenship without any opposition emerging during the debate on this issue (Golay 1969, p. 46). Miguel Cuaderno, a member of the draft committee of the constitution and the future governor of the Central Bank, argued that the goal of the above-mentioned citizenship principle was economic rather than political (Golay 1969, p. 43).

The target was the Chinese because of their strong presence in the commercial industry (Golay 1961, p. 27). Anti-Chinese sentiments were fueled by antipathy toward the roles of middlemen who did not produce anything but bought products at a low price. An obvious example was the Tutuban Rice Exchange which dominated rice trade in Central Luzon, the largest rice producing and consuming area in the country (Wong 1999). In an attempt to dismantle the rice exchange in 1936, the Commonwealth government organized the National Rice and Corn Corporation to control the rice and corn trade in reaction to speculation and hoarding after a

bad rice harvest in 1934 (Wong 1999, p. 109). In addition, some scholars highlight the fact that several Filipino business leaders organized the National Economic Protectionism Association (NEPA) to promote local production and consumption in 1934 (Wong 1999, p. 104).

Once the Philippines had more or less recovered from the massive destruction caused by World War II, the government implemented protectionist economic policies with import and foreign exchange controls in 1950 (Power and Sicat 1971). Facing a serious balance of payments crisis in 1949, the government strengthened import and imposed exchange controls, which stimulated import substitution industrialization (ISI) in the 1950s. Even critics such as Power and Sicat admitted that the Philippines enjoyed rapid industrialization during that time, especially in the consumer products industry. Under the exchange controls consumer goods imports decreased from 37.3 percent to 13.9 percent while producer goods imports rose from 62.7 percent to 86.1 percent (Power and Sicat 1971, p. 39).

ISI in the 1950s created a so-called national bourgeoisie producing goods for domestic market thanks to the government's ISI policies (Rivera 1994). The Chamber of Commerce and Industry, however, did not work with the government to make industrial policy, rather it played the role of pressuring group to strengthen the protective measures retroactively (Sicat 2002, p. 16). It is telling that the famous phrase "Filipino First" was endorsed by President Carlos P. Garcia not in 1949, when the government began the exchange controls, but in 1958 when the government actually began to consider whether it should abandon the measures or not (Takagi 2016, ch. 5).

A devout nationalist senator Claro M. Recto was not an architect of the policy but a supporter of it who had not been involved in the policymaking (Takagi 2016 ch. 5). Moreover, he was not an active supporter of land reform as he assumed it was an agenda of the neo-colonial Americans who prevented the Philippines from industrializing its economy (Putzel 1992, ch. 3). As Rivera (1994) argues, the Filipino national bourgeoisie failed to promote land reform which might have expanded the domestic market. Alejandro Lichauco, a devout economic nationalist since the 1950s and a member of the Movement for the Advancement of Nationalism, MAN, was part of the nationalist opposition rather than a part of official nationalism (Lichauco 1988). The ISI did create new industrialists but failed to consolidate its supporters in society and politics and to expand the domestic market which could have sustained further industrialization in the country.

Another symbol of economic nationalism after independence is the Retail Trade Nationalization Law (Republic Act No. 1180) of 1954 under the administration of Ramon Magsaysay (Agpalo 1962; Golay 1969). The law prohibited foreign businesses from engaging in the retail sector. Given the dominance of the ethnic Chinese in retail, it was an attempt by the government to encourage Filipino businesses to participate more in this economic field. Filipino importers increased their share of total imports from 1948 to 1957 from 23 percent to 54 percent while the share of Chinese importers decreased from 39 percent to 14 percent (Golay 1961, p. 318).

Carol Hau explains the anti-Chinese sentiments as the "politics of displacement" involving a redirection of an emotion or impulse from the original object (Hau 2000). In this context, anti-Chinese sentiments were a redirection of anti-colonial sentiments. The CIA-supported Ramon Magsaysay administration attempted to redirect attention from its neo-colonialism. During the same period in which Chinese importers lost a significant part of their share of total imports, U.S. American importers experienced only a slight decrease from 28 percent to 24 percent (Golay 1968, p. 318).

This explanation of anti-Chinese sentiments seems to reflect the reality of Philippine society. However, viewed comparatively, it might be asked how strong anti-Chinese sentiments in the

Philippines really were. For instance, in Indonesia, there were several outbreaks of violence against ethnic Chinese. Malaysia had a major racial riot in 1969. It is true that there were anti-Chinese sentiments and policies reflected this, but it is also true that there have been no anti-Chinese riots in the postwar Philippines. This makes it hard to prove that anti-Chinese sentiments have dominated economic policymaking in the Philippines.

We should not overemphasize ethnic aspects of the control measures, however. In line with this, we should revise our understanding of Cuaderno's remark about *jus sanginis* and *jus solis* for nationality during the Constitutional Convention debate about citizenship. Cuaderno was once a working student in Hong Kong but did not like its economic structure where merchants dominated economic activity (Galan 2010). Instead, Cuaderno believed in the importance of manufacturing. After he returned from Hong Kong, he joined the U.S. colonial administration and worked toward the creation of a Central Bank not to change the racial allocation of economic activities but to transform the economic structure of the nation (Takagi 2016, ch. 1). The time lag between the imposition of control measures and endorsement of Filipino First is indicative of the lukewarm attitude of policymakers towards putting ethnic aspects at the center of policymaking. The private sector attempted to increase allocations of the foreign exchange based on racial difference but was unable to find strong support among government policymakers.

Distance between the policymakers and the private sector is clearer once we consider the policy debate in the 1950s in which the private sector led by the sugar bloc attacked the exchange controls by the government (Takagi 2016, ch. 4). When the Central Bank imposed exchange controls, there were no strong domestic supporters in the private sector whose interests would be protected (Maxfield and Nolt 1990). Rather, the private sector led by the export industry strongly and publicly opposed the import and exchange controls. It even sent its representative in the government to promote their agenda. Alfredo Montelibano, a former governor of Negros Occidental where sugar production was a main industry, was the chair of the national economic council under the Magsaysay administration and argued that the government should abolish the exchange controls involving an artificially high exchange rate. Aside from Montelibano, Salvador Araneta, a member of the council, opposed the exchange controls and suggested that the government promote primary products export with a devaluated currency (Takagi 2016, ch. 4).

The voices of the export industry maintained their influence for more than five years within the government, although they finally resigned from the government because of their disappointment that the controls remained in place. The whole process of the policy debate reflects an interesting nature of Philippine colonial economy in which the Filipino entrepreneurs could join economic activities even under U.S. rule. The Philippine government therefore faced fellow Filipino businesses which had established their business during the colonial era and who attempted to continue them after independence. In this context we should ask: Who were the policymakers? Why could they stand up to political pressure from the vested interests? The rest of this chapter traces the emergence of these policymakers underpinning economic structural change in the 1950s.

Economic nationalism for state transformation

The policymakers were part of the Filipino struggle for independence from colonial rule in the 1930s. The politics of the movement changed after the U.S. government began considering granting the Philippines independence during its own efforts to recover from the Great Depression. Filipino politicians realized the fact that the U.S. colonial authorities seeking to retain

control of the colony faced pressure from the domestic agricultural lobby suffering from the cheap imports from the Philippines. While the development of the politics of independence itself is an issue deserving further study, the focus here is on an emerging generation of Filipino policymakers who began to consider the impact of independence on the Philippine economy which had been virtually integrated into the American market.

Manuel Roxas organized the new *Katipunan* in 1930. It was a movement to advocate a readjustment of the economy of the Philippine Islands to plan for independence. Roxas argued the Philippines should promote more local production and consumption because of changing economic relations with the U.S. that had imported Philippine-made agricultural products. But it is an interesting question who supported the movement considering the fact that the advocacy of economic structural change was against the interests of the established Filipino politico-economic elite dependent on the export industry. In fact, Manuel Quezon and his allies moved to suppress Roxas' movement (Golay 1997).

One of the journals in which Roxas expressed his views was the *Philippine Finance Review* which was a journal for treasurers who were working in the colonial administration both in Manila and the provinces (Doeppers 1984; Takagi 2016, ch. 2). A prominent figure, who often contributed to the journal, was Cornelio Balmaceda who graduated from Harvard University as a *pensionado*, or the scholar funded by the American colonial administration. Balmaceda joined the bureau of commerce then under the Department of Agriculture and Commerce and worked closely with Secretary Vicente Singson Encarnacion who organized the annual made-in-the-Philippines week to promote domestic production and consumption (Takagi 2016, ch. 2).

While Roxas lost the initial round of a political power struggle, Elpidio Quirino became a close aide to Quezon. Quirino, as a young senator, was assigned to be the chair of the committee on tariffs that was to study a topic unfamiliar to most senators who were traditionally not economists but lawyers. Quirino organized the Philippine Economic Association, PEA, to study the economic impact of independence in 1933 (PEA 1933). The PEA was a group of economic bureaucrats and economists. One prominent member, Miguel Unson, was from the Department of Finance, another, Cornelio Balmaceda, was from the Department of Agriculture and Commerce. In sum, they belonged to the first generation of economic bureaucrats in the Philippines. Abdon Llorente of Far Eastern University, who was a member of the PEA and NEPA, had been influenced by his education in the U.S. He applauded Quirino's understanding of Alexander Hamilton who was the founder of protectionist economic policy in the U.S. (Takagi 2016, ch. 2).

The PEA led by Senator Quirino published the first comprehensive policy proposal in 1934. The 270-page proposal suggested that the Philippine government readjust its economy to make it more suitable to being an independent state and that the government should lead the process of structural change. The report was critical of the existing economic structure that was too dependent on export crops such as sugar cane, coconut, and tobacco. It suggested that the Philippines focus more on food production for the domestic market (PEA 1934, ch. 2). Regarding economic nationalism, the PEA observed that the world was witnessing a rise of economic nationalism, in which every government promoted protectionism and aggressively intervened in the market economy to promote its own national interests (PEA 1934). Generally speaking, the PEA's proposal did not represent the economic interests that had arisen during the colonial period, rather it reflected policy ideas widespread around the world at that time.

Considering the nature of this policy proposal by Filipino economic bureaucrats and economists, we should now revise our understanding on constitution making. In his short but

impressive essay, Emanuel De Dios argues that the two features of the 1935 constitution reflect international trends in the 1930s when the policymakers were interested in a strong executive branch and protectionism (De Dios 2002). De Dios finds that as a result of great depression in the U.S. and the rise of the Soviet Union, Filipino framers searched for the middle ground between a free market economy and socialism. Some of the framers were in fact supporters of the idea of the New Deal by President Franklin D. Roosevelt of the U.S. (De Dios 2002).

A common feature of the members of the PEA and the Constitutional Convention was their middle-class background. In his important study of the colonial middle class, Daniel Doeppers shows how the aggressive recruitment of Filipino bureaucrats under the Filipinization policy of Governor-General Francis B. Harrison (1913–1921) as well as expansion of basic education created the colonial middle class (Doeppers 1984). They were professionals mostly working at the colonial administration. They were beneficiaries of the institutional development of the colonial state but were not satisfied with the status quo and looked for paths beyond the colonial state (Takagi 2016).

Political developments after the 1930s, particularly the impact of WWII and the rehabilitation policy of the U.S., hindered these policymakers in their efforts to achieve economic decolonization through industrialization and agricultural diversification. The U.S. government compelled the Philippine government to accept the Philippine Trade Act as a condition for a full implementation of the rehabilitation act. The policymakers were however not docile followers of the U.S. They worked toward changing the interpretation of the Trade Act through the activity in the Joint Philippine American Finance Commission whose report created room for maneuver for the Filipino policymakers drafting the central bank charter and studying import and exchange controls (Takagi 2016, ch. 3). Without independent-minded policymakers and their long-term experience in the colonial administration, the swift introduction and management of the controversial import and exchange controls in the 1950s would not have been possible.

Conclusion

Existing studies of economic nationalism have discussed the topic from the perspective of their respective disciplines. Economists, for instance, use the terms of protectionism and economic nationalism almost interchangeably and highlight protectionist policy in the Philippines. Meanwhile, those who are interested in identity and ethnicity highlight ethnic aspects of economic policy. The legacies of these types of economic nationalism are also evident, for instance in the 1987 constitution which prevented foreign investors from establishing firms based exclusively on their own capital.

This chapter has argued that economic nationalism in actual policymaking is not limited to protectionism or ethnic discrimination. By tracing the emergence of Filipino economic policymakers in a relatively long-term time perspective, this chapter finds that the policymakers in the 1950s gradually nurtured their knowledge and experience from the 1930s. They did not represent existing economic interests but rather had their own vision based on ideas discussed globally. They analyzed the existing socio-economic structure and then designed concrete policy proposals to restructure it in a way they believed would best serve the country after independence.

A study on economic nationalism is thus a study on the contested nature of Philippine politics. The politics of independence created a new arena in which the younger generation of policymakers emerged and worked to change the existing interest structure. The politics of

economic nationalism is a politics where the representative of the vested interests and proponents for the reform clash with each other over the commanding heights of economic policymaking.

The brief sketch offered in this chapter also reveals the dynamic nature of Philippine politics in which policymakers in a newly independent state failed to cooperate with the private sector but rather faced political pressure from fellow Filipino business interests. Self-proclaimed nationalists, in fact, were not necessarily close to the policymakers but rather critical of the government. In this sense, we can find a tension even among the proponents for change; while activists challenged the government, policymakers faced social pressures from vested interest. Because economic nationalism may involve the protection of vested interests or offer a vision for national transformation, it necessarily remains highly controversial.

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20

TECHNOCRACY AND CLASS POLITICS IN POLICY-MAKING

Teresa S. Encarnacion Tadem

In the Philippines, technocracy has generally been viewed with ambivalence among the various classes of society. For those in the upper class, not only is their expertise crucial in the charting of the country's economic policies but more importantly, they are perceived to be politically "neutral" being technicians by nature, and thus "apolitical." Although there is a recognition that technocrats also act on the behest of the political leadership, the martial law experience in the Philippines from 1972 to 1986 also revealed an aspect of the technocrats which seemingly disdained the corruption which was going on under the dictatorship. Thus, they were also even viewed as a bulwark against corruption by members of the business community and even the country's multilateral lending institutions such as the International Monetary Fund (IMF) and the World Bank (WB) against crony capitalism. Such a situation has been replicated during the post-martial law period (1986 to the present).

For the middle class there is a kind of identification with the technocrats as being educated and technically trained, thus giving them the specializations which have brought them into the top economic positions they have assumed. This is generally in relation to the definition of the "new middle class," i.e., professionals, technicians, managers in corporations and bureaucrats in the state apparatus (Heffren 1982, 156). This characterization is different from the "old middle class" which C. Wright Mills identifies with small businessmen, shopkeepers and professionals who are independent from political and economic control (Glassman 1995, 61). It is this technocratic quality of "meritocracy" which members of the middle class view as bringing about the needed political and economic stability in developing societies which is generally wreaked by patronage politics and clientelism. Like the upper class, for the conservative sector of the middle class, there is the appreciation of the "apolitical" and seemingly "neutral" disposition of the technocrats. Thus, it does not matter whether society is "democratic" or "authoritarian," what is important is that the technocrats get the economic job done.

Technocracy also seems well placed in linking the upper and lower classes. As it is situated between these two classes, it is viewed as being in a pivotal position in seeking a compromise in addressing their needs. Technocracy thus seems to be well positioned to bring about the economic policies which will not only facilitate development but also the political stability needed to convey the country closer to the very essence of democracy. In the Philippine experience, however, this seems to have fallen short of its expectations. Under the country's authoritarian regime, large sectors of the business community joined the anti-dictatorship movement and

denounced the policies of the technocrats. As for the middle class, a substantive segment of this provided the leadership of the Communist Party of the Philippines (CPP), its military arm, the New People's Army (NPA) and its illegal united front, the National Democratic Front (NDF) or the CPP-NPA-NDF. The left movement burgeoned under the dictatorship because technocratic policies did not alleviate the plight of the majority of the Filipino people.

Despite these technocratic failings, the post-martial law period nevertheless seems to have welcomed back the technocracy as they continue to remain as fixtures in key government economic positions. It is thus of importance to map out the nature of the class politics of technocracy policy-making during this period and to determine to what extent this has resulted in facilitating and/or hindering the democratic process in Philippine society.

This chapter will, thus, look into the nature of the impingement of class politics, i.e., inter-elite as well as intra-class conflicts, on technocratic decision-making which characterizes the post-martial law period. The first section will examine the conflicts within the technocracy and inter-elite dynamics in policy-making as it is also shaped by the issues of corruption and elite relationships with the president. The second section, on the other hand, will highlight the role of left-wing civil society organizations (CSOs) in intervening in technocratic policy-making. It will look into the factors which have facilitated as well as hindered this. The chapter will argue that class politics has indeed impacted on technocratic policy-making, producing both positive as well as negative results for the country's democratization process.

Technocracy and class politics during the post-martial law period (1986 to the present)

Technocracy, "in classical political terms refers to a system of governance in which technically trained experts rule by virtue of their specialized knowledge and position in dominant political and economic institutions" (Meynaud as cited in Fischer 1980, 17). In relation to this,

> In pure technocracy, technical knowledge would serve as the base of power, with education and training providing credentials for access to it. Those who rule would justify themselves by appealing only to technical expertise grounded in scientific forms of knowledge … Such a project of course, remains utopian.
>
> *(Fischer 1980, 18)*

Technocracy is also more than just expertise as it also refers to the adaptation of expertise to the tasks of governance. Thus, it gives "rise to a theory of governmental decision-making designed to promote technical solutions to political problems. The theory, in turn, supports a political project that advocates experts as the dominant basis for organizing political power" (Fischer 1980, 18). Such a political project is generally defined by the state whereby state technocrats and state managers "have played a strategically critical role in the economy, and the consequent patterns of economic development bear the strong imprint of state orchestration" (Robinson and Goodman 1996, 7).

In terms of their integration into the state, in the Philippines, the concept of "technocracy"

> emerged in the 1950s as a spin-off of the Keynesian revolution which placed emphasis on the role of government intervention in the economy. Technocracy was looked upon as a select few who had the expertise in economics management and thus could take on the lead in this endeavor on behalf of the government.
>
> *(Bello et al. 1982, 28)*

As developed further by the IMF and the WB, in the 1960s, technocracy was made to look at itself as an elite corps of experts who have the last word in development planning (Bello et al. 1982, 28).

Thus it was during this period whereby the technocrats were brought in under the Macapagal Administration (1962–1965) in its two key economic agencies, the National Economic Council (NEC) and the Project Implementation Agency (PIA). The technocrats in these two agencies clashed because of their differing economic perspectives. The NEC was for a protectionist economic policy with emphasis on nationalist industrialization while the PIA was for liberalization and the attraction of foreign investments. Under the pre-martial law Marcos Administration (1965–1972), the economic perspective of the PIA was upheld by the leadership, a development vision which would persist during the martial law regime (1972–1986) and was further elaborated with the martial law technocrat's export-oriented industrialization policy.

The post-martial law period (1986–present) continued to witness the persistence of the same technocratic policies which were pursued by the Marcos technocrats. This was within the development paradigm of neo-liberalism in an era of globalization. This meant a more intensified call for liberalization, free trade as well as "further deregulation, privatization and the breakup of monopolies" and "capitalist market-led development as opposed to the authoritarian state-led development" (Tadem 2016, 330). During the martial law period, such a development paradigm led to the escalation of the communist insurgency under the leadership of the CPP-NPA-NDF which allied with disgruntled members of the business community and traditional politicians to spearhead the anti-dictatorship movement leading to the ouster of President Ferdinand E. Marcos in what is known as the 1986 People Power Revolution.

Conflict within the technocracy

Under the Corazon Aquino Administration (1986–1992), her technocrats who were now referred to as "economic managers"[1] all shared the same neo-liberal perspective. A debate which, however, ensued among her technocrats was concerning the US$26 billion loans accrued by the Marcos dictatorship. Aquino's National Economic and Development Authority (NEDA) Director-General, Solita Monsod, a University of the Philippines School of Economics professor, agreed with the popular stance that the government should advocate for a selective debt repudiation of the Marcos debts which did not benefit the country. This position lost to a "pragmatic" commitment by Aquino to make all loan payments in full on time. Aquino's unpopular position was heavily influenced by her economic and financial advisers, who had close ties with foreign capital. Monsod was also subsequently replaced by Cayetano Paderanga Jr., a colleague of hers from the University of the Philippines School of Economics who shared more the IMF/WB paradigm of development (Tadem 2005, 92).

Inter-elite dynamics in policy-making

The post-martial law period also witnessed inter-elite conflicts which impacted on technocratic policy-making. An example of this was when the Ramos Administration (1992–1998) broke up the country's monopolies in certain sectors such as in the telecommunications industry, signaling his commitment to market reform and full economic liberalization. Under the Corazon C. Aquino presidency "crony capitalism" through monopolies continued to prevail. An example was "Mrs. Aquino's natal family, the Cojuangcos, who continued to monopolize the telecommunications industry through the Philippine Long Distance Telephone (PLDT)

Company, prompting the criticism that she was protecting her own crony network" (Tadem 2005, 92–93). Such a network was referred to as Kamag-anak Inc. (Relatives Inc.).

Technocracy and corruption among the elites

As during the martial law period, technocratic policy-making was also stymied by corruption by the president as well as his/her presidential cronies. This was seen with the ouster of President Joseph Estrada (1998–2001) in what was dubbed as People Power 2 or EDSA Dos (EDSA 2)[2] due to corruption scandals emanating from his involvement in *jueteng*, an illegal numbers game. With the downfall of Estrada was also the demise of his technocrats reminiscent of what happened to Marcos and his technocrats.

Corruption also hounded the fate of technocracy under the Arroyo Administration (2001–2010) which ascended into the presidency with the ouster of Estrada as Gloria Macapagal Arroyo was his vice-president. Because of perennial questions on her legitimacy, Arroyo wanted to win the 2004 presidential elections by a wide margin of votes over her main rival, the Estrada candidate Fernando Poe, Jr. A way she was perceived to have done this was to pad the electoral votes in her favor as was highlighted in the "Hello Garci" scandal which erupted in May 2005. This scandal exposed her calling up a Commission on Elections commissioner Virgilio Garcellano to request him to increase her votes so she could win by at least 1 million votes to give her a formidable mandate over her chief presidential rival Fernando Poe Jr. (Tadem 2008a, 147). "Because the political scandal was getting in the way of implementing government and economic policies, her economic and social technocrats pressured her to confess to the public that it was indeed her voice" (Tadem 2008a, 147). Arroyo acceded to this request but not to the demand of her technocrats to get rid of allegedly corrupt government officials who were identified with Arroyo's husband. Because of Arroyo's refusal to do so seven of her cabinet secretaries and three bureau directors consisting of economic as well as social technocrats resigned on July 10, 2005. Led by Arroyo's Secretary of Finance Cesar Purisima, they became known as the Hyatt 10 as they announced their resignation at the Hyatt Hotel. This was the first time there had been a massive resignation of technocrats in a government administration (Tadem 2008a, 147).

It was also the first time whereby the technocrats politically involved themselves in the presidential campaign of a candidate whereby the resigned Arroyo technocrats actively supported the candidacy of B.S. Aquino. With B.S. Aquino's presidential win in the 2010 national elections, also came the appointments of a number of the Hyatt 10 technocrats to his Cabinet to positions they previously held.

The impact of the presidency and elite conflicts on policy-making

In general, therefore, although the Philippine presidents generally recruited technocrats who represented the neo-liberal development paradigm, elite conflicts associated with the president obstructed economic policies. In the case of President Corazon Aquino, the eight coup d'etats launched against her which were supported by former Marcos elites, e.g., Juan Ponce Enrile as well as elites who were suspected to still continue supporting Marcos, made it difficult for her to focus on the country's economic development. The political stability, which President Aquino, however, established during her term enabled her successor President Fidel Ramos to focus on implementing the economic policies he set forth with his technocrats. It also helped that Ramos assumed the presidency at a time when Asia was experiencing an economic boom brought about by rapid globalization. Moreover, Ramos also had ties with both the former Marcos elites, of which he was also one of them being the dictator's Philippine National Police

(PNP) chief and Marcos' second cousin, as well as the support of the Corazon Aquino elites who were thankful to him for the crucial role he played in preventing the success of any coup.

President Ramos was also the darling of both the local and foreign business communities as his administration's technocrats were able to bring forth high growth rates, as high as 7 percent, for the country. Thus, there was a clamor among the elites who benefitted from this for Ramos to run for a second term as president. To do this, however, a "charter change" would have had to be brought forth as the Philippine Constitution only allows for one term of six years for the Philippine president. Former President Corazon Aquino and Manila Archbishop Jaime Cardinal Sin, the 1986 People Power democracy icons, were in the forefront of staging demonstrations and protest action to stop this. For them, and their supporters, charter change meant heading towards authoritarianism which would reverse the democratic gains of the country.

The popularity of President Ramos was also not shared by the vast majority of the Filipino people who did not benefit from the country's high economic growth rates. As noted, more than halfway through his term, at least "14.8 million Filipinos tried to survive on less than USD1 a day, accounting for 1.5% of the people in the world currently trapped in extreme poverty according to World Bank estimates" (Dumlao 2007, A1 and A15 cited in Tadem 2008a). Such a situation was further aggravated with the adverse impact of the 1987 Asian financial crisis on the country's economy.

Ramos' unpopularity saw the overwhelming victory of Estrada as president. Estrada ran under a populist platform of "Erap[3] para sa mahirap" (Erap for the poor) of which the Filipino lower class could identify with. He had around 38 percent of the votes which was 50 percent more than the Ramos Administration's presidential candidate Jose de Venecia who received just 16 percent of the votes. Despite recruiting technocrats who continued to espouse the virtues of trade liberalization, foreign investments and privatization, there was a faction of the Filipino elites, however, who could not accept an Estrada victory. They did not agree with his "populism" aggravated by the fact that he was not one of them. They also viewed him as unfit to be president being a high school dropout highlighted further by issues of being an alcoholic and womanizer. This faction of the elite played a crucial role in galvanizing sectors of society in the EDSA 2 upheaval against Estrada.

The ascendance of Arroyo to the presidency was thus marred by the conflict of elite factions which supported Estrada and those who were against him. "Her rise to power was the product of patronage politics, mutual accommodation, and backroom horse-trading that had long been the hallmark of the Philippines' cacique democracy" (Tadem 2005, 97–98). Given the context of EDSA 2, what emerged was the politics of instability which witnessed the sacrificing of economic policies which President Arroyo feared would be unpopular and would make her more politically vulnerable. This tenuous situation led to the resignation of her Finance Secretary Isidro Camacho, a former investment banker.

For the elites who deemed Arroyo as unpalatable and who did not see themselves as part of the Estrada elite faction, the emergence of B.S. Aquino as a presidential candidate in the advent of the death of his mother Corazon, an icon of democracy vs. the corrupt Marcos dictatorship, seemed to be a viable alternative for the presidency. Aquino won by a big margin over Gilbert Teodoro, the Arroyo Administration's presidential candidate.

The B.S. Aquino Administration, pursuing the same economic policies of his predecessor, also witnessed high growth rates of as much as 7.8 percent in 2013, the highest in the region during that period. But there was no improvement in the poverty rate. Halfway through his term in the second quarter of 2013, some 4.9 million families went hungry in the second quarter of year, up by around one million from the previous quarter according to the Social Weather Station (SWS) Survey (Inquirer Research 2013). Thus, the growth has been described as a jobless and exclusive one, i.e., the rich are getting richer and the poor are getting poorer.

Such a reality is attributed to one of the major reasons for the crushing defeat of the Aquino Administration's candidate, Manuel "Mar" Roxas II who lost by more than 9 million votes to President Rodolfo Duterte, then mayor of Davao City who presented himself as a strong leader. An important message which Duterte carried was inequality, particularly regional inequalities. Duterte's win is thus also viewed as a triumph of the provincial elites who are based in Mindanao, a region which has been long been exploited by what is termed as "imperial Manila." The elites in the Visayas also identified with their counterparts in Mindanao. Thus, Duterte's technocrats sought to continue to pursue the same policies of neo-liberalism but with the promise of focusing on these neglected regions of the country.

Left-wing politics and technocratic policy-making

The 1986 People Power Revolution and the ushering in of a "democratic dispensation" albeit under elite rule, has also opened several avenues for the left movement to intervene in policy-making. Previously, during the martial law period, left activists also engaged in NGO development work in the rural areas which were not benefitting from the economic policies of the Marcos technocrats. But this endeavor was looked upon by the Party as secondary to the armed struggle. With the split in the CPP-NPA-NDF in 1992 between the "reaffirmist" or the "RAs" and the "rejectionists" or the "RJs" whereby the former reaffirmed the CPP's orthodox Marxist-Leninist party-line while the RJs were those who rejected this (FOPA 1993, 12), former CPP cadres now looked at NGO development work as the way to bring about change in society, i.e., how to alleviate the impoverished state of the neglected sectors of Philippines society and to address the widening socio-economic inequalities between the rich and the poor.

An important issue which led to the formation of one of the broadest left coalitions, the Freedom from Debt Coalition (FDC), was the Marcos debts. FDC represents the various left political blocs[4] and members of the business community among others. Like Monsod it also advocated for a selective debt repudiation, as well as debt moratorium, i.e., not to pay the Marcos debts to allow the country to develop first; or debt repudiation of all the illegal debts (see Ariate and Molmisa 2009). During the time of President Corazon Aquino, the total annual debt service payments was US$3.6 billion in 1990 and this increased to US$10.2 billion in 2003 a year after she left office (Ariate and Molmisa 2009, 27).

One of the FDC strategies which was also pursued by CSOs during the post-martial law period was to work closely with members of Congress. In the case of the FDC, it was able to gain Congressional allies to move for an imposition of a debt ceiling on the debt payments for the Marcos debts. Another of its major achievements was the formation of the Joint Legislative-Executive Foreign Debt Council through Republic Act (RA) 6724 (Ariate and Molmisa 2009, 36). As policy-making continues to be dictated by multilateral institutions which have further been intensified in a period of globalization, left-wing CSOs have also brought their campaigns at the international level. In the case of the FDC, at the global level, it was in the forefront of the establishment of the Structural Adjustment Participatory Review International Network (SAPRIN) which called for popular participation in the structural adjustment process and a change in the orientation of the IMF towards short-term solutions (Ariate and Molmisa 2009, 47).

Working with "reformist" technocrats

Another way in which left-wing CSOs are also able to intervene in technocratic policy-making is through the institutionalization of their participation in this process. This was seen under

the Estrada Administration (1998–2001) when the Department of Agriculture (DA), which established the Task Force on WTO Agreement on Agriculture (Re)negotiations or TF-WAAR, was organized in September 1988 by then DA Secretary William Dar through a special order. "TF-WAAR (which later became TF-WAR in 2001) is a multisectoral consultative body composed of twenty-eight representatives from state institutions and agencies, which have a key participation in trade policymaking, and stakeholders" (Tadem 2009, 47–48). The creation of the TF-WAR came in the aftermath of the 1997 Asian financial crisis and the "deepening institutional crisis within the WTO as epitomized by the stalemate between developed and developing countries" which brought forth "the pressure to include civil society actors who questioned the neoliberal paradigm in the negotiating process" (Tadem 2009, 43). The "popularization" of technocratic decision-making is "also due to the presence of what is referred to as 'reformist' technocrats." These are those "who are not hardcore neoliberals and are open to other paradigms" (Borras 1998 as cited in Tadem 2009, 45). These "reformist" technocrats are also referred to as "institutional activists," who although they are not part of the state apparatus assure civil society of open channels for dialogue and facilitated interaction with well-disposed key individuals (Quinsaat 2006, 50 as cited in Tadem 2009, 45). There are, however, also "reformist technocrats" within government agencies as in the case of DA Undersecretary Segfredo Sereno, one of the country's WTO Agreement on Agriculture (AoA) trade negotiators. Sereno shepherded the TF-WAR's crucial role in bringing forth the Philippine trade negotiation position on agriculture in the WTO.

Limits to CSO intervention in policy-making

Despite this headway which CSOs have made in intervening in policy-making, a reality which remains is that the elites, through the technocrats, still have the hegemony in determining the country's economic policies. This was seen in the struggle of the CSOs against the privatization of two major basic sectors in the country, i.e., energy and water. In the case of the privatization of the energy sector, FDC, together with other CSOs such as the Aksiyon for Economic Reform (AER), the Philippine Rural Reconstruction (PRRM) and the NGO Forum on the ADB raised their arguments against this with their allies in the executive and legislative branches of government. They also forged networks and alliances with sectors of the community and sympathetic individuals and groups. Although increments were attained such as making the power bill as one of the major issues of the Estrada and Arroyo administrations and bringing forth a public uproar against the high power purchase adjustments (PPAs) in their electricity bill (Nemenzo 2003 as cited in Tadem 2008b, 208), there were limitations too. A major one was "the failure of public interest advocates to intervene in the independent power producer (IPP) episode due to the lack of public space in the IPP project approval process" (Tadem 2008b, 209). There was a lack of transparency, accountability and democratic ownership and control. This can be mainly attributed to the wide gap between the private companies, like the Meralco, the biggest electric company owned during that time by the powerful and influential sugar landed-elite Lopez family, and a "poor" NGO (Tadem 2008b, 210).

> A repercussion of the privatization of the energy sector was that the government had to assume the entire P500 billion debt of the cash-strapped National Power corporation. This move was viewed as completing the reform program of the country's ailing power structure.
>
> *(Remo 2004 B1 as cited in Tadem 2008b, 210)*

Economic technocrats vs. social technocrats

Philippine presidents have also played a crucial role in opening the door for left-wing CSOs and social movement players for positions in their respective administration's policy-making. But this has generally been limited in the arena of social policies. Under the Ramos Administration, there was an attempt by the president to address the problem of "exclusive growth" through his Social Reform Agenda (SRA), an anti-poverty program aimed at addressing social inequalities. He tapped academic allies as well as members of NGOs identified with the moderate left to chart this program but this was to no avail (Tadem 2005, 95). This was also the same for the succeeding administrations under Presidents Estrada, Arroyo and B.S. Aquino which sought to come out with social policies which will bring about "inclusive growth." The agency which is tasked to do this is the National Anti-Poverty Commission (NAPC). The NAPC, however, is a "marginalized" government agency which has generally taken a back seat to the more dominant economic agencies such as the Department of Finance and Department of Trade and Industry where the economic technocrats reigned. But under the Ramos, Estrada, Arroyo and Aquino administrations, there did not seem to be a clash among the economic and social technocrats as the presidents made it known that their priority was the former over the latter.

The "socialist" Duterte Administration

Under the current Duterte Administration (2016 to present), however, President Rodolfo Duterte has put in the center of his government's policy the anti-poverty programs of his government which includes the NAPC. He has appointed his close aide Executive Secretary, Leoncio "Jun" Evasco, to coordinate all of these anti-poverty agencies. Furthermore, Duterte's social technocrats are identified with the mainstream left, i.e., the CPP-NPA-NDF. Among these are retired University of the Philippines professor Judy Taguiwalo as Secretary of the Department of Social Work and Development and Liza Maza as head of NAPC with Secretary rank. Maza used to be a member of the House of Representatives representing the party-list party GABRIELA[5] Women's Party which is identified with the CPP-NPA-NDF. This was unlike the previous post-martial law administrations where the social technocrats came from the moderate left, i.e., the social democrats or socdems, who were joined by members of *Akbayan*,[6] a left movement which became a party-list party and which is identified with the "RJ" faction, under the B.S. Aquino Administration.

This is not surprising as President Duterte styles himself as a "socialist" and has close associations with members of the CPP, foremost of whom is CPP founder Jose Ma. Sison as well as close advisers who were former CPP members, e.g., Evasco. Duterte has also appointed the first peasant Cabinet Secretary, Rafael "Paeng" Mariano. Mariano, a peasant leader and former head of the Kilusang Mambubukid ng Pilipinas (KMP) or "Movement of Farmers in the Philippines," was appointed to head the Department of Agrarian Reform (DAR). Mariano was formerly a House of Representatives member under the party-list party Anakpawis which is identified with the mainstream left. Mariano has blamed the "landowner-oligarchs" for the "continued poverty of farmers in the country, 28 years since the implementation of the Comprehensive Agrarian Reform Program (CARP)." This is despite the fact that 88 percent of agrarian reform lands have already been distributed (Gamil 2016).

Given such a set-up, clashes of economic perspectives inevitably occur between Duterte's economic technocrats, who continue to pursue the neo-liberal agenda for economic growth and his social technocrats who want to implement policies for the radical redistribution of wealth. An example of this is the support which Duterte has given to Secretary Mariano's call

for a two-year moratorium on land conversions. This has been strongly opposed by Duterte's NEDA Director-General Ernesto Pernia who believes that such a policy will not be good for foreign investors and the real estate sector. Pernia's position has been backed by the business community, in particular, the Chamber of Real Estate and Builder's Association (CREBA) as well as by Vice President Leni Robredo who is also the head of the government's Housing and Urban Development Council (HUDCC).

President Duterte has also called for the termination of the end of contract scheme or "endo" practice of "hiring employees for five months to circumvent labor laws providing them benefits and job security." The practice is also referred to as contractualization. He has even threatened "to kill" businessmen engaged in this illegal practice (Sauler 2016). According to Secretary Silvester Bello of the Department of Labor and Employment (DOLE), who is at the forefront of putting an end to the "endo," the employers have agreed to stop it (Sauler 2016). In the ideological spectrum in the Duterte Cabinet, Bello is identified as being sympathetic to the CPP-NPA-NDF. Bello is also currently the presidential adviser to the peace process between the Government of the Philippines (GPH) and the CPP's National Democratic Front (NDF). Duterte's Secretary of Trade Ramon M. Lopez, however, does not see "endo" as totally wrong and he has recently announced that he is close to coming out with a "win-win" solution to the "endo scheme" which will be acceptable to the stakeholders, i.e., the business community and the workers.

Duterte's anti-US/anti-EU rhetorics

The Duterte economic technocrats as well as politicians who are identified with him have also expressed concern with the president's pronouncements of a "separation from the U.S." and even the European Union (EU). This comes in light of U.S. and the EU criticisms on the Duterte government for not stopping the extrajudicial killings of alleged drug users and drug pushers in the country which has raised the ire of the Philippine president. As expressed by a Duterte ally in the Senate, Senator Miguel Zubiri, which is shared by members of the business community, Duterte's anti-U.S. pronouncements "might affect the business processing outsourcing (BPO) industry that benefits 1.1 million Filipinos" (Silva and Gomez 2016). Sixty-five percent of the country's BPO is anchored on the U.S. (Dumlao 2016). This has prompted Trade Secretary Lopez to assure the business community, specifically the IT-business process management (IT-BPM) industry, that the country's business environment would remain stable (Remo 2016).

Conclusion

The post-martial law period, therefore, highlighted the varying nature of class politics which impinged on technocratic policy-making as well as vice versa. Under the Corazon Aquino Administration, although there was a shared view of the neo-liberal paradigm by her economic managers, there was a difference of opinion in the manner in which the Marcos debts were to be treated. The technocratic view which won out was that which adhered closely to the IMF/WB perspective that these debts should be paid. The neo-liberal bias though for the need for market reform and economic liberalization was stymied by familial business monopoly interests during this period. The Ramos Administration sought to address this by putting an end to the domination of particular industries by a few. Another factor which impacted on technocratic policy-making was corruption not only among the elites but also by the president as in the case of presidents Estrada and Arroyo. This brought about the ouster of the former and the political

vulnerability of the latter. Arroyo was ultimately abandoned by a number of her technocrats because of the scandals involving her administration which was getting in the way of the implementation of economic policies.

In relation to this is the impact of the nature of the presidency on elite conflicts on policy-making. During the Corazon Aquino Administration, this was greatly hindered by the eight coup d'etats which characterized the country's transitioning from authoritarianism to democracy. As for the Ramos Administration, the boost which the economy received from the Asian economic boom during his term marked high economic growth rates which did not benefit the majority. Thus, these economic gains which focused mainly on the business community were ignored after his term in office by those who were excluded by it, especially the lower classes who voted for President Estrada who vowed to address the plight of the masses. Despite having the technocrats who shared the same neo-liberal perspectives as their predecessors, Estrada seemed to have been unacceptable to the establishment elites and his involvement with a corruption scandal paved the way for his ouster through people power.

Elite class politics would also continue to hound the Arroyo Administration as her political vulnerability made her an easy target. This was particularly so with her involvement with corruption scandals which sacrificed the economic policies of her technocrats. Thus, despite the high economic growth rates which ensued in her term, her administration candidate lost out miserably to President B.S. Aquino. His technocrats followed the same neo-liberal prescriptions of their fellow technocrats in the previous administration producing the same high growth rates which however remained "exclusive" leading to the overwhelming victory of Duterte over the B.S. Aquino presidential candidate Manuel "Mar" Roxas in the 2016 national elections.

Simultaneously with these elite conflicts which affected technocratic policy-making, class politics as instigated by the left movement through their left-wing CSOs were also making headway in impacting on the government's economic policies. An example of this was on the debt issue which found allies in both the executive and legislative bodies of government. These left-wing CSOs also allied with like-minded "reformist" technocrats in government to institutionalize civil society participation in policy-making like in the case of the establishment of the TF-WAAR to craft the country's negotiating policies in the WTO AoA. Despite these increments, the reality is that elite interests continue to dominate technocratic policy-making.

The Duterte Administration, however, brings to the fore another dimension to these class dynamics in this arena, i.e., putting into the forefront social policies over that of economic policies. Thus, the emergence of the conflicts between his economic technocrats vs. social technocrats. During the previous post-martial law administrations, the formers' policies were given priority by the president over the latter. The current president, however, seems to give more significance to his social policies. This was epitomized by the appointment of Cabinet officials in key departments and positions who have been former members or allied with the CPP-NPA-NDF. It may, however, be too early tell whether this will bring forth a radical rupture to the mainstream technocratic perspectives of development. But for the moment, this class dynamic is certainly presenting a formidable challenge to this.

Notes

1 This was to take away the term's association with the Marcos dictatorship.
2 EDSA refers to Epifanio de los Santos Ave., a highway in MetroManila where the 1986 People Power Revolution and EDSA 2 occurred.
3 "Erap" is Estrada's moniker. It stands for the word "pare" spelled backwards which means "friend."
4 These left political blocs included the national democrats (NDs) identified with the CPP-NPA-NDF as well as former CPP members who left the Party after the split; social democrats (socdems) identified

with the Jesuits of Ateneo de Manila who are anti-communist; the democratic socialists (demsocs), a progressive-wing of the socdems who are not anti-communist; and members of the Bukluran sa Ikauunlad ng Isip at Gawa (BISIG) or the Movement for the Advancement of Socialist Thought and Action. BISIG consists of former members of the Partido Komunista ng Pilipinas or old Communist Party of the Philippines; independent socialists, demsocs and former NDs.

5 GABRIELA stands for General Assembly Binding Women for Reforms, Integrity, Equality, Leadership and Action which started out as a women's party and later on transformed itself into a political party.

6 Akbayan generally consists of three major left political blocs, i.e., the popular democrats or popdems which is part of the "RJ" faction, the democratic socialists or the demsocs and BISIG.

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21

THE ALLURE OF *PANTAWID PAMILYA*

The conditional cash transfer program

Ma. Victoria R. Raquiza

The conditional cash transfer (CCT) program exploded onto the development scene in the 1990s and has increasingly become an important component of many anti-poverty strategies in a number of developing countries since then. During a "peak period of neoliberalism" – the late 1990s, up to the global financial crisis of 2008 – social protection measures emerged "across the developing world … seeking to alleviate pressures on sectors and communities that are most adversely affected by the advances of global economic integration and recurring external shocks" (Curry et al. 2013, p. 2). For example, extremely poor families in mid-1990s Brazil were provided cash transfers in exchange for sending their children to school (Aguiar and Araujo 2002 and Godoy 2004 in Cecchini and Madariaga 2011, p. 9).

As a national social policy, the CCT program can be traced back to *PROGRESA* or *Programa de Educacion, Salud y Alimentacion* (Education, Health, and Nutrition Program) in Mexico in 1997 as a way to address market failures more equitably and efficiently than food subsidies or the so-called "universal tortilla subsidies" (Curry et al. 2013, p. 2). The *PROGRESA* program transferred "cash, food supplements, and access to basic health service packages to rural families living in extreme poverty on the condition that they undertake specific education and health care commitments" (Levy and Rodriguez in Cecchini and Madariaga 2011, p. 9). This was CCT in its purest and earliest form; its chief architect, Santiago Levy, explained that "the economic crisis that crippled the country sparked a motivation to change its poverty reduction strategy to that which fosters a sustained improvement in the living standard of the poor, and ultimately an accumulation of human capital" (2006: 14–15 in Dadap 2011, p. 9). In 2003, Brazilian president Luiz Inácio Lula da Silva consolidated various anti-poverty polices and cash transfer programs into one, called it the *Bolsa Familia*, and had it administered with a new structure (Barbosa et al. 2012, p. 30).

Only a handful of Latin American countries were operating CCTs in the 1990s. Today, also in part because they have been championed by international financial institutions (IFIs), there are now over forty countries with "large-scale national CCT programs operational across Central and South America, as well as in Bangladesh, Indonesia, the Philippines and Turkey. Moreover, many smaller-scale pilot CCT programs dot sub-Saharan Africa in countries such as Zambia and Angola" prompting the United Nations to remark that CCT has become "one of the most significant developments in global social policy since the expansion of social security in industrialized countries" (Troilo 2012).

CCT in the Philippines

One of the earliest moments Filipino government officials took notice of the CCT program was when the World Bank invited them to attend the Third International Conference on Conditional Cash Transfers in Istanbul, Turkey, in June 2006 (Raquiza 2010, p. 4). Raquiza (2010) cites that in October of that same year, the World Bank organized an interagency conference in the Philippines and invited a CCT expert from Colombia, Dr. Tarcisio Castañeda, to provide technical advice. By November, the Department of Social Welfare and Development (DSWD) received technical assistance from the World Bank for the government's reform agenda under the National Sector Support for Social Welfare and Development Reform Project (NSS-SWDRP) which included the conditional cash transfer program (Raquiza 2010). By March 2007, the *Ahon Pamilyang Pilipino* program – later renamed the *Pantawid Pamilyang Pilipino* Program (then referred to as the 4Ps) – was ready for presentation to the Cabinet and up for approval of then President Macapagal-Arroyo (Raquiza 2010). In that meeting, the president not only roundly approved of the program, but significantly expanded its coverage from an initial 20,000 household-beneficiaries to a whopping 300,000 (Raquiza 2010).

In May 2007, DSWD officials, once again under the auspices of the World Bank, visited Colombia to study how its version of the CCT program, called *Familias en Accion*, operated. There the Philippine government delegation studied the "targeting mechanism, selection process of beneficiaries, funding requirements and other operational procedures. In September 2007, the pilot implementation of the *Pantawid Pamilya* Program commenced, and the program was launched on a national basis in 2008" (Raquiza, 2010, p. 4). According to the *Official Gazette*, as of August 2015, there were

> 4,353,597 active household-beneficiaries, of which 570,056 are indigenous households and 217,359 have at least one PWD (persons with disability).[1] The program also covers 10,235,658 schoolchildren aged 0 to 18, from the total registered with an average of two to three children per household.

The *Pantawid Pamilya* program: aims, features, and status

There is some confusion about the anti-poverty objectives of *Pantawid Pamilya*, in particular, and at what period it takes place. In a number of recent news articles and studies, and even in some of my interviews,[2] there is an observation that poverty reduction was never envisioned in the short term. The logic runs thus: Support for CCT is derived from results of how it worked in other countries – *Bolsa Familia* in Brazil, and also in Mexico. In the Philippines, its rationale is that it addresses the intergenerational cycle of poverty, especially by developing human capital, with no expectations of immediate effects on poverty levels, as these will only be felt in the medium and long term.

A 2015 Philippine Institute of Development Studies (PIDS) paper underscores this position, averring that "some also suggest that *Pantawid* has not brought down poverty rates and is thus ineffective. Actually, *Pantawid* was not designed to be a quick fix to reduce poverty" (Albert et al. 2015, p. 42).

However, a factual recounting of the history of the *Pantawid Pamilya* program will show that when it was first introduced in 2007/2008, the Arroyo government did claim that the goals of the program were to reduce extreme poverty and promote the human development goals of the poorest households with *no qualifications about the time frame*. Given the urgent need to address the high levels of poverty in the country, many expected the reduction of poverty sooner, rather

than later. Moreover, government officials and program materials all stated that the objectives of the program were to address specific Millennium Development Goals (MDGs): (1) reduce poverty and hunger; (2) achieve universal primary education; (3) promote gender equality and women's empowerment; (4) reduce child mortality; and (5) improve maternal health (Pablo et al. 2009). Finally, "the success of CCT programs in Latin America, specifically Brazil's *Bolsa Familia* … was cited by the DSWD … in its rationale for the continuation of 4Ps (CCT) until 2014" (Curry et al. 2013, p. 3).

In the 2011–2016 Philippine Development Plan under President Benigno Aquino III, the *Pantawid Pamilya* (together with another anti-poverty program, the *Kapit-Bisig Laban sa Kahirapan* – Comprehensive and Integrated Delivery of Social Services [KALAHI-CIDDS]), was presented as one of "two major strategies towards asset and human capital formation for the poor" (National Economic Development Authority [NEDA] 2011, p. 29). Here it was explicitly stated that the goals of the *Pantawid Pamilya* were to reduce "*poverty both immediately (through the cash transfer itself* and in the long run (through human capital formation)" (NEDA 2011, p. 29, italics added). As such, it is clear that, as late as 2011, the government believed that CCT could reduce poverty in the short term, through the cash grant component.

Other specific objectives of the program are to: "(i) keep children in school, (ii) keep children healthy, and (iii) invest in the future of children" (Chaudhury et al., 2013, p. 9). Another objective of *Pantawid Pamilya* was "to help poor households with short-term consumption needs while promoting investments in the education and health of their children to help break intergenerational transmission of poverty" (Chaudhury et al. 2013, p. 14). It is no wonder then that part of the scope of the first round of impact evaluation on *Pantawid Pamilya* conducted in 2012–2013 was indeed to gauge improvement in terms of consumption spending and poverty levels of program beneficiaries.

Pantawid Pamilya was introduced to the public with much fanfare in its first few years of implementation; government presented it as its flagship anti-poverty program, a reasonable tack given that official figures reveal that at least one-fourth of the population lived below the poverty line, while self-rated poverty levels at this time, monitored by the Social Weather Stations, covered about half of the population. Given this dire situation, many stakeholders were expecting palpable results in the anti-poverty front even in the short term.

Why then is there considerable backtracking among many analysts about the short-term poverty reduction objectives of CCT? To be sure, the findings of the two official evaluations of the program, released in 2012 and 2014, show that while there appears to be slight incremental progress on some goals, reducing poverty incidence and increasing consumption spending of CCT beneficiaries are not among them.

Erlinda Capones (author interview, 2014), NEDA Director of the Social Development Staff, gives the clearest explanation about whether or not *Pantawid Pamilya* is supposed to reduce poverty in the short term:

> At the start, it was the centerpiece of the anti-poverty program but we saw during the implementation that you can't immediately reduce poverty; it will take time. So we're looking at the health status, education status because once these are improved, we will have poverty reduction in the long run.

This point was reinforced by *Pantawid Pamilya* Program Manager Leonardo Reynoso (author interview, 2014).

Going by the literature, however, that CCT could reduce poverty in the short term to medium term was not an unfair, fairy-tale expectation. According to Cecchini and Madariaga

(2011, p. 117), "the impact of transfers on the incomes of recipient families can be substantial in the short-term, although this varies from program to another." For example, it seems that within five years after the implementation of Brazil's *Bolsa Familia*, it had managed to bring the "extremely poor families above the indigence line … as the maximum transfers cover more than 100% of the resource deficit of the indigent population" (Cecchini and Madariaga 2011, p. 118). Given all these, rather than deny that poverty reduction was one of the objectives in the short term, government should just readily admit that this goalpost has been shifted from the short to medium and even long term. However, even achieving poverty reduction in the medium term is now subject to question given one of the findings in the second impact evaluation of *Pantawid Pamilya*. This will be discussed in the next section.

The *Pantawid Pamilya* program: by the numbers

Pantawid Pamilya is supposed to provide cash grants to extremely poor households in particular to children and young adults eighteen years old and below, up to a maximum of three children per family. Originally, *Pantawid Pamilya* targeted youth until fourteen years old but in 2014, this was adjusted to eighteen years old, allowing them to complete their high school education. Furthermore, originally, the monthly cash grant for education, whether for grade school or high school, was PhP300 for ten months a year; however, in 2014, cash grant for high school youth was increased from PhP300 to PhP500. Further, households who have complied with health-related program conditions such as health center consultations for pregnant mothers and children up to five years old receive a health cash transfer of PhP500 per household per month or PhP6,000 per year.

In exchange, beneficiary households must meet the following conditionalities (also referred to as "co-responsibilities"):

- pregnant mothers shall get prenatal and postnatal care; childbirth shall be attended to by skilled/trained health professionals;
- children 0–5 years old shall get regular preventive health check-ups and receive immunization, such as BCG, DPT-OPV, anti-measles, and hepatitis vaccines;
- children 6–14 years old shall receive de-worming pills twice a year (scheduled every five months, or every January and July of the elementary school year);
- children 6–18 years old must be enrolled in school and should attend classes 85 percent of the time;
- household grantees and their spouses should attend sessions on parenting education, responsible parenthood, mothers' classes, and other topics that are relevant to their needs and interests.

A number of steps are undertaken in identifying household beneficiaries: "First the DSWD conducts geographic targeting of the poorest provinces and municipalities using data from the 2006 Family Income and Expenditure Survey and the 2003 Small Area Poverty Estimates" (Raquiza 2013, p. 149), "while the cities are selected based on the pockets of poverty data of the Presidential Commission for the Urban Poor" (Dadap 2011, p. 27). In these areas, poor households are selected based on "an assessment of their socioeconomic conditions using proxy variables that determine the estimated annual per capita income of households" (Raquiza 2013, pp. 149–150) and the "list of households to be included in the program is published at the *barangay* hall for community validation before any of the names are enrolled as program beneficiaries" (Dadap 2011, p. 27). In 2009, building on the earlier process of identifying the poor, the

Listahanan (list) – earlier called the National Household Targeting System (NHST)-Poverty Reduction, a management information system which identifies who and where the poor are – was installed.

The *Listahanan*/NHTS came with a hefty price tag of PhP1.7 billion pesos for it to be fully functional (NHTS website in Dadap, 2011, p. 28) – this on top of the funds needed to pay the 21,900 workers and enumerators who conducted house-to-house surveys nationwide (Philippine Center for Investigative Journalism [PCIJ] 2011 in Dadap 2011, p. 28).

Since allocations in the national budget are a definitive signal of the priorities of government, it can be said that *Pantawid Pamilya* was among the top priorities with its budget growing by leaps and bounds with each passing year and across two administrations, to the point that it had dwarfed all other programs within the DSWD itself (Table 21.1). Although the increase in budget allocation was directly linked with the increase in the number of households covered, it is interesting how the bigger budgets were approved even *without* the benefit of an official evaluation of the outcomes and impact of the program (Raquiza 2013, p. 168) as the first impact evaluation was completed only in 2012.

As the Social Protection Cluster of the Alternative Budget Initiative–Social Watch (Social Watch Philippines–Alternative Budget Initiative 2012, p. 97) observes, "the tremendous priority placed in the 4Ps program [the earlier shorthand of *Pantawid Pamilya*] has resulted in a huge spending splurge that has increased by 14,724 percent in a matter of five years. If we stretch the rate of CCT budget expansion to 2014, its budget expanded [from 2008] by 20,872.8 percent!" Furthermore, the World Bank provided a loan of US$405 million dollars, and the Asian Development Bank provided US$400 million dollars for CCT to the Philippine government in 2009 and which expired in 2015. It is worth noting that the top three biggest World Bank loans for a CCT program are in the following countries: Mexico (contracted in 2009) at US$1.5 billion dollars; Colombia (contracted in 2008) at US$636 million dollars; and Brazil (contracted in 2004) at US572 million dollars.[3] This makes the WB loan to *Pantawid Pamilya* the fourth biggest one, internationally speaking, and the biggest one, outside of Latin America. Furthermore, in February 2016, the Philippine government once again contracted new loans for *Pantawid Pamilya* to the tune of US$450 million and US$400 million from the World Bank and Asian Development Bank (ADB) respectively, to run until 2019, although the latter provided an additional technical grant of US$1million for policy and advisory services.

Table 21.1 Pantawid Pamilya allocation and percentage of DSWD budget, 2008–2017

Fiscal year	Pantawid Pamilya *allocation (in Philippine pesos)*	*% of DSWD budget*
2008	298,550,000	6.16
2009	5,000,000,000	47.07
2010	10,000,000,000	65.30
2011	29,194,117,000	85.23
2012	39,444,651,000	80.88
2013	44,255,644,000	78.56
2014	62,614,247,000	75.16
2015	62,322,890,000	57.66

Source of data for budget of the *Pantawid Pamilya* program is from the General Appropriations Act 2008–2015 and computation of percentage of *Pantawid Pamilya* allocation in DSWD budget is from the Social Protection Cluster of Social Watch Philippines.

Program effects and impact

The massive publicity and budgetary support lavished on *Pantawid Pamilya* by government across two administrations have further whetted expectations about the capacity of the program to realize its stated objectives. After over six years of program implementation, has the program lived up to its promises? While the program has generated a lot of praise and some criticism in the media, and while varied assessments have been made by academics, think tanks, civil society groups, and multilateral institutions like the World Bank, this author will not privilege any of these but instead only rely on the results of the two *official* impact evaluations of the program conducted thus far. The first evaluation was undertaken under the aegis of the World Bank; the second evaluation was contracted to independent researchers but with the World Bank still significantly engaged in the process. Given that the World Bank is a donor of the program, and has championed CCT in the Philippines (and elsewhere), this, in a sense, poses a possible conflict of interest potentially undermining the credibility of the findings. Nonetheless, let us consider the findings of these two official assessments.

The first round of impact evaluation conducted in 2012 (the results were released on January 2013) assessed the first two and a half years of *Pantawid Pamilya* program implementation which according to the report "is generally considered enough time to observe impact on short-term outcomes but not long enough to assess impacts on long-term outcome measures" (Chaudhury et al. 2013, p. 10). The study measured short-term impact on education, health (maternal and child health), spending patterns, and poverty incidence of beneficiaries vis-à-vis non-beneficiaries.

The first evaluation shows that *Pantawid Pamilya* has had very limited impact in terms of improving education and health outcomes. For example, the program was seen to improve performance in an area (school enrollment for 6–11 year old children) that was already doing well (the baseline enrollment rate was a high of 93 percent, and this improved by 4.5 percent) but did not address a long-term problem area: transition or dropout rates from primary to secondary schooling. On health, one important gain noted was the reduction in severe stunting among poor children 6–36 months of age by 10 percent. Moreover, availment of health supplies and services (e.g., regular growth monitoring, de-worming pills, vitamin A supplementation) was higher among *Pantawid* beneficiaries compared to non-beneficiaries. However, the study noted that there was no significant impact on increased full immunization for BCG or the measles vaccine of *Pantawid* beneficiaries nor did the program make an impact on reducing the country's high maternal mortality rates. Lastly, there was no impact in terms of improving the consumption spending, per capita incomes, and poverty rates of household beneficiaries.[4]

The second evaluation was released on November 20, 2014. It must be emphasized that there was no strict continuity in the monitoring of all the targeted indicators from the first to the second wave evaluation. For example, the second evaluation did not include progress on the country's maternal mortality rate, per capita incomes, and poverty rates of household-beneficiaries which were part of the first evaluation. Moreover, it introduced new indicators such as the use of modern family planning methods, employment of adults, and parents' outlook on their children's future, which were not part of the first wave. While these other aspects are important, the author will focus on the findings of the targeted indicators that were part of the first wave in order to gauge progress across time.

One disturbing finding from the second evaluation is that no significant impact was noted on the enrollment of *Pantawid* preschool children and enrollment of elementary-aged children, which runs counter to the findings of the first evaluation. One important gain, however, was that enrollment among *Pantawid* high school children was slightly higher than non-beneficiaries,

and that dropout rates were lower for Pantawid vis-à-vis non-*Pantawid* children at age 12–15 years old. On dropout rates for children 12–15 years old, the evaluators, however, claim that "there is not enough evidence to show that this will be the case in repeated samples" (Orbeta et al. 2014, p. 20). The incidence of child labor was also the same for both *Pantawid* children and non-beneficiaries (meaning the program had no impact in this regard) although the findings suggest that number of working days are less for Pantawid beneficiaries compared to non-beneficiaries.

Furthermore, consistent with the findings of the first evaluation, more *Pantawid* mothers make use of pre- and postnatal care but unlike in the first evaluation, this time more mothers delivered their babies in a health facility compared to non-beneficiaries. However, no statement was made of the program's impact on the country's high maternal mortality rate. In fact, the 2011 Family Health Survey has shown that maternal mortality even increased from 162 per 100,000 livebirths in 2006, to 221 per 100,000 livebirths in 2011 (NEDA and UNDA 2014, p. 73).

Like in the first evaluation, more *Pantawid* children had higher availment of health supplements like vitamins, iron supplementation, including receiving de-worming pills. The evaluation however noted that the challenge was to increase the intake of beneficiaries to the recommended dose; for example, in the case of de-worming pills where the recommended dosage is twice a year, "sample estimates show that at the threshold, only half of the beneficiary and non-beneficiary children received de-worming pills at least twice a year" (Orbeta et al. 2014, p. 19). Furthermore, there was no observed impact on full immunization rates (for BGC,[5] measles, three doses of DPT,[6] polio, and Hepa-B up until one year old).

Another disturbing finding was that no impact was noted on improved nutrition outcomes (wasting, being underweight, and stunting) of *Pantawid* children aged six and below, which puts into question the findings of the first evaluation in relation to this outcome. As if to underscore this point, the 2015 Food and Nutrition Research Institute (FNRI) survey revealed that while the percentage of overweight children significantly declined (from 5.1 percent to 3.9 percent), the percentage of underweight children worsened from 20 percent in 2013 to 21.5 percent; stunting, on the other hand, significantly deteriorated from 30.3 percent in 2013 to 33.4 percent. Stunting is a well-known indicator of children's health and is associated with chronic malnutrition.[7]

Consistent with the finding from the first evaluation, spending for education and health among *Pantawid* families was higher compared to non-beneficiaries which underscores the positive behavioral changes where beneficiaries are spending more for human development. However, no significant impact was noted on per capita expenditure (or consumption spending) between *Pantawid* and non-*Pantawid* families and no report was made on per capita incomes and poverty rates of *Pantawid* families.

In general, the findings of the second wave once again reveal, among other things, only modest gains in the areas of health and education. While there is significant improvement in the behavior of *Pantawid* beneficiaries to access more education and health services, it would seem that these behavioral changes have not led to significant health and education outcomes such as improved full immunization rates, or significant decreases in stunting and wasting, or even decreases in dropout rates at the high school level, cases which require further investigation. On the contrary, there is worsening even in some of these indicators such as those of stunting and maternal mortality rates at the national level.

Moreover, given the silence on the status on the per capita incomes and poverty rates of household beneficiaries in the second evaluation, it can be surmised that the first evaluation results – that the *Pantawid Pamilya* program has no impact on per capita incomes and on the poverty levels of household beneficiaries – stand.

On this note, it is relevant to cite the second impact evaluation which clearly states that "the program design does not realistically allow moving poor *Pantawid* households above the poverty line in the short to medium term" because the "average shortfall (poverty gap) of *Pantawid* beneficiaries' income from the poverty line is 24 percent" while the "maximum grant received at the time of data collection is only 13 percent of the annual poverty threshold for a family of six (the average number of *Pantawid* household members)" (Orbeta et al. 2014, p. 29). Based on this, it was unrealistic to expect household beneficiaries to move out of poverty in the short and even in the medium term.

Furthermore, exercising caution is critical when making attributions regarding program impact because as Cecchini and Madariaga (2011, p. 117) remind us, there is also a need to consider other factors such as national food and nutrition policies, or education policies and programs which may play an equal if not a greater role in explaining the performance of health and education indicators. For example, CCT's impact on health and education outcomes will definitely be influenced by the education and health infrastructure found in CCT communities. This is because while CCT is a demand-side intervention, a fundamental prerequisite to its success is that the infrastructures are in place (Son 2008 in Raquiza 2013, p. 161). In the Philippines, evidence shows that

> more than two-thirds of elementary schools in CCT areas have not met seven of the nine quality benchmarks of the Department of Education and that half of the cities and municipalities with CCT programs have not met all three benchmarks on health personnel set by the Department of Health.
>
> *(Tables 21.2 and 21.3)*

In this context, it is worth considering a point raised by Son (2008 in Raquiza 2013, pp. 161–162) who argues that "for as long as these supply-side issues remain, pouring resources into a CCT program may lead to policy incoherence and resource wastage."

Here, the experience of Brazil is instructive as it "deliberately increased investments to boost the supply of health and education services in conjunction with their CCT programs" (Troilo 2012). The situation in the Philippines is very different because of the enormous gap in social infrastructure which Troilo (2012) sees as the biggest threat to *Pantawid Pamilya*. Raquiza (2013) likewise observes that the jury is still out as to whether demand-side intervention is the more cost-effective option to improving education and health outcomes and

Table 21.2 Performance of Philippine municipalities/cities with CCT on meeting Department of Health standards (as of November 2010)

Indicator (benchmark ratio)	*No. of municipalities/cities meeting DOH standards*	*Percent*	*No. of municipalities/cities not meeting DOH standards*	*Percent*
Doctor to population ratio (1:20,000)	124	30.32	285	69.68
Midwife to population ratio (1:5,000)	172	42.05	237	57.95
Nurse to population ratio (1:20,000)	175	42.79	234	57.21

Sources: Philippine Center for Investigative Journalism (2011) as cited in the Congressional Policy and Budget Research Department (CPBRD) Policy Brief (2011, p. 5).

Table 21.3 Performance of Philippine elementary schools on meeting Department of Education standards in CCT-covered areas (as of November 2010)

Indicator (benchmark ratio)	*No. of schools meeting DOH standards*	*Percent*	*No. of schools not meeting DOH standards*	*Percent*
Pupil to de-worming pills ratio (1:2)	555	10.63	4,665	89.27
Pupil to seat ratio (1:1)	1,896	36.32	3,324	63.68
Pupil to classroom ratio (45:1)	4,573	87.61	647	12.39
Pupil to teacher ratio (45:1)	4,923	94.31	297	5.69
Pupil to science textbook ratio (1:1)	422	8.08	4,798	91.92
Pupil to English textbook ratio (1:1)	901	17.26	4,319	82.74
Pupil to Math textbook ratio (1:1)	901	17.26	4,319	82.74
Pupil to HEKASI textbook ratio (1:1)	1034	19.81	4,186	80.19
Pupil to Filipino textbook ratio (1:1)	1091	20.90	4,129	79.10

Sources: Philippine Center for Investigative Journalism (2011) as cited in the Congressional Policy and Budget Research Department (CPBRD) Policy Brief (2011, p. 5).

impact, compared to supply-side intervention especially in the Philippine context. What can be troubling about the "over-focus" on demand-side interventions (as in the case of *Pantawid Pamilya*) is that

> their success in raising outcomes may make them appear able to solve completely the problem of inequities in human capital, thus diverting resources and/or attention away from essential investments in health and education which may be the only way to sustain the long-term investment in human resources required to reduce poverty.
>
> *(Handa and Davis 2006, p. 19)*

Given all these, the age-old need to significantly increase public investments for public schools and health centers even (or "especially") in the context of a program like CCT remains paramount.

Conclusion

International finance institutions (IFIs) like the World Bank and the ADB have championed the adoption of CCT by the Philippine government and have remained among its most avid supporters. IFIs' support for CCT is key in boosting its political acceptability and legitimacy in the development scene given that they have become powerful interlocutors who currently define what constitutes "conventional wisdom" in international development discourse (Saad-Filho, 2012, p. 131) and from whom policy makers, especially technocrats in many developing countries, take their cues from.

Of its benefits, Cayetano Paderanga (author interview, 2014), former Director of NEDA, has said the CCT aims to produce "the next generation of workers," possessing the minimum requirements – good health with a high school degree – for an open market economy.

There is another "accomplishment" of CCT which its interlocutors often do not highlight but may help explain its "popularity" among politicians in particular. It is that CCT tends to generate positive political impact – brownie points – for politicians. According to Labonne (2013, p. 73), the CCT is a highly effective clientelistic tool to enhance "political support for, and the re-election prospects of, the governments that implement them." Evidence for

generating positive political impacts of CCT on governments is revealed for countries like Brazil, Colombia, Mexico, and Uruguay (Labonne 2013, p. 73).

The *Pantawid Pamilya* program in the Philippines has been the flagship anti-poverty program of choice even if it has yet to prove its effectiveness in the fight against poverty. Nevertheless, technocrats favor it because of its consistency with the neoliberal economic project: it provides social assistance to many of its casualties, lending the country's development strategy some degree of political legitimacy, and aims to develop society's future workers with the right qualifications – good health and a high school education – for the open market economy. Furthermore, the political dividends enjoyed by many Filipino politicians (including those of other countries) make CCT a temptation difficult to resist.

It must be noted from the outset that the underwhelming outcome of *Pantawid Pamilya* does not necessarily detract from the hard work and commitment performed by the DSWD workers and other relevant staff who oftentimes labor under less than optimal conditions. As this chapter has shown, many factors to explain *Pantawid Pamilya*'s performance are based on factors beyond their control.

To explain why CCT has effectively reduced poverty and inequality in other countries like Brazil in the past, one must interrogate not only the CCT program itself but, as importantly, the development strategy the program is embedded in. This is an area worth exploring, if only to address the expectations of a public hungry for palpable results in the anti-poverty front.

Notes

1 A 2013 study of the *Pantawid Pamilya* program entitled "Incorporating Disability in the Conditional Cash Transfer Program" found that while the program does not exclude poor households with family members who have disabilities, the policy on non-selection of children with disabilities deemed incapable of fulfilling the education conditionality, is viewed as discriminatory from the perspective of the Philippine Coalition on the United Nations Convention on the Rights of Persons with Disabilities.

2 All interviews conducted in Filipino and English; all translations mine.

3 This is based on an email exchange with World Bank economist Pablo Ariel Acosta dated December 9, 2015.

4 One finding from the first impact evaluation (2012) was that 85 percent of *Pantawid* household beneficiaries received an average of PhP1,740 for the last bimonthly payment. According to the study,

> assuming this happened six times a year (which in fact they do not, because the grant only covers 10 months of the year) on a per capita basis, each household beneficiary would receive PhP5 per day (equivalent to US$0.11/day) representing 11 per cent of the household's per capital consumption.

In 2012, this was way below the subsistence line of PhP36 per person per day, or the poverty line of PhP52 per person per day. This is very different compared to the case of Brazil's *Bolsa Familia* where the size of the cash grant was enough to bring beneficiary families above the indigence (subsistence) line, which partially explains why CCT in Brazil managed to reduce poverty and inequality in the past.

5 Bacillus Calmette–Guérin (BCG) vaccine is a treatment for tuberculosis.

6 DPT is a class of combination vaccines against three infectious diseases – diphtheria, pertussis (whooping cough), and tetanus.

7 The percentage of wasting among children also went down from 8 percent to 7.1 percent but this is not seen to be significant.

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22

INFORMALITY AND LEGALITY IN WOMEN'S LIVELIHOODS IN BAGUIO CITY

B. Lynne Milgram

The steady growth of cities worldwide and the shortage of income-generating opportunities, mean that increasing numbers of people in urban areas of the Global South, in particular, make a living by working on the margins of the law and society. Such workers usually lack protection from formal state regulations and enjoy few substantive rights, relying for their subsistence needs on what is often referred to as the "informal economy." Despite their numbers and contribution to society, these men and women are often politically marginalized and in many contexts are portrayed as illegal workers by the judiciary and broader discursive means (e.g., popular media). When organized, their associations may lack de facto recognition from authorities irrespective of members' status as legal and formal citizens. Women, and particularly poorer women, comprise the majority of informal sector workers and often occupy jobs in the low-paid echelons of the sector. While there is no simple relationship between working "informally" and being poor, there is a significant overlap between being female, informal, and poor (Lloyd-Evans 2008, p. 1887).

Against this background, a range of political-economic processes in the urban Global South especially, continues to exert pressures on people working in the urban margins. Local-to-national governments, for example, strongly favor planning models that privilege large-scale infrastructure projects (e.g., shopping malls, apartment complexes) that tend to benefit more economically secure urbanites. Such visions of appropriate urban development – tidy, centrally controlled cityscapes – mean that Global South governments increasingly sanitize and revamp their cities through evictions and face-lifting problematic areas such as the interstitial niches created by those engaging livelihoods on-the-edge (Brown 2006; Cross and Karides 2007). A growing scholarship thus continues to investigate the extent to which the substantial numbers of men and women working informally can operationalize work opportunities and mitigate the constraints they face in order to improve their standing in society. These studies also analyze the avenues through which governments try to control and galvanize such aspects of informality for their own political and economic benefit.

In this light, since the 1970s in the Philippines, as throughout regions of the Global South, rural-to-urban migration and the liberalization of economies have left many people little choice but to find alternative types of income-generating work, enterprises that often contravene municipal laws (Bello 2005; Hutchcroft and Rocamora 2012). Rather than leave the Philippines for wage labor jobs overseas – a well-documented employment option – some men and women,

in Baguio, northern Philippines for example, have forged innovative avenues of work by gaining municipal permission to establish a permanent night street market for manufactured goods, while others have obtained government tolerance for their "extralegal" (Smart and Zerilli 2014) transnational trade of secondhand clothing. For most of these men and women, labor mobility through such "informal" and sometimes "illegal" initiatives is a strategy of dire necessity to enable their household subsistence.

In this chapter I engage these issues by analyzing the aforementioned forums of Philippine women's work in Baguio – trading secondhand clothing between the Philippines and Hong Kong, street vending, and vending in public market aisles. I argue that women, building on their history as the country's foremost public market traders and primary household financial managers, activate practical sideroads and engage both "advocacy" and "everyday" politics (Kerkvliet 2009) to effectively integrate their already-viable, but edgy trades, into the urban economy. That the Baguio government variably enables street and public market vending and largely tolerates the illegal importation of used clothing demonstrate that authorities are complicit in constructing the continuum along which legal/illegal practices and formal/informal economies operate. By considering the roles both women workers and the state play in enabling emergent urban livelihoods we can expand our understanding of such self-made occupations that are often marginalized in government agendas seeking appropriate modern development.

In the following section I situate the channels through which Baguio women realize livelihood options by first reviewing studies on the informal economy and legal/illegal practice. I then illustrate how women's work in marginalized forums links segments of society not previously connected or links them in new ways.

Informality and economy

The informal economy very generally refers to a heterogeneous group of usually small-scale activities and employment relationships that share a common characteristic, namely, that they "lie beyond or circumvent state regulation" and protection and may take place beyond official recognition or record (Lindell 2010, p. 5). Activities such as small-scale enterprises and trade, street vending, and homework, however, do not suggest a dualistic economic structure in which the informal is positioned as marginal and destined, over time, to be subsumed by capitalist practice (Lindell 2010, p. 5). Rather, formal and informal activities interconnect to varying degrees and in multiple ways such that actions in both spheres are interdependent.

In the early 1970s, Keith Hart introduced the term "informal economy" – a term that has subsequently been blamed for positing the informal sector as distinct from wage-earning employment (the formal sector) and for neglecting the ways in which these two economic spheres are enmeshed with one another. As Smart and Zerilli note however (2014, p. 227), Hart had originally identified that large-scale enterprises practiced informal activities in the spirit of those found in marginal operations (e.g., contracting out services, drawing on employees' personal networks).

The resultant dualism emerged instead from the International Labor Office and associated agencies viewing informal activities as an opening for development. Later, addressing this criticism, Hart (2010, p. 145) argued that wage employment and informal work are distinguished from one another mainly by "the degree of rationalization of working conditions." But working from the ILO's earlier bifurcated model,

> economists saw the idea [the informal sector] in quantitative terms as a sector of small-scale, low-productivity, low-income activities without benefit of advanced machines;

> whereas I stressed the reliability of income streams, and the presence or absence of bureaucratic form.
>
> *(Hart 2010, p. 146; see also Smart and Zerilli 2014, p. 227)*

Informality emerges then as a style or "a set of practices rather than as a distinct sector" (Smart and Zerilli 2014, p. 227) to challenge taken-for-granted assumptions about economic organization.

Informal economies thus constitute a last frontier for capitalist expansion whereby governments and corporations devise strategies to penetrate segments of the informal economy or adopt new ways of extracting value from it. In the livelihood examples I analyze here, for example, the Baguio government collects taxes from women entrepreneurs who "informally" and "illegally" import used clothing into the country while permanent storeowners negotiate personalized rental agreements with street vendors allowing the latter to trade outside their stores. Such a repositioning of economic sectors highlights the "now widespread realization that the informal economy … is no longer restricted to the small-scale and survivalist activities of the poor, but is also a sphere of accumulation in which the non-poor operate" (Lindell 2010, p. 6). Studies further suggest that although informal activities are considered as "unregulated" since they often occur outside prescriptive state systems, such economic relations are in fact regulated through the context-specific rules, associations, and institutions that actors establish to achieve their ends, albeit within parameters that may be beyond the state (Humphrey 2004, pp. 419–420) – a practice materialized in the vendor associations Baguio women establish to assert their demands.

Legality, illegality, and extralegality

Throughout the Philippines, the vacillating laws and policies regarding "informal" livelihoods are due to different urban sectors applying locally formulated interpretations of "legality" and activating different degrees of law enforcement and adherence. Recent scholarship thus suggests that the term "extra-legal" (Nordstrom 2007, p. 211) or "extralegality" (Smart and Zerilli 2014, pp. 222–223) more applicably captures the meaning of "all activities that fall outside legality as it is formally defined and used in law and law enforcement" (Nordstrom 2007, p. 211, Endnote 3). "Extralegality," Smart and Zerilli (2014, p. 222) argue, is comprised of three domains – "the illegal; the informal; and the not-yet-(il)legal, the latter involving issues not yet decided by a legal system," and each domain continues to shape urban landscapes and organization in both visible and in not-so-evident ways.

Indeed, state representatives often allow activities to continue when they know such actions are illegal if officials can derive some benefit (e.g., tax income) as noted above (Smart and Zerilli 2014, p. 226). I suggest like Abraham and van Schendel (2005, p. 4) then, that rather than looking to the state as the sole authority of whether a trade is legal or illegal, we consider a distinction between what states consider to be legitimate ("legal") and what people involved in such in-between enterprises consider to be "legitimate" ("licit") (see also Milgram 2014, p. 157). As this research argues,

> There is a qualitative difference of scale and intent between the activities of internationally organized criminal gangs or networks and the scores of micro-practices that, while often illegal in a formal sense, are not driven by an organizational logic or a unified purpose to break national laws (Abraham and van Schendel 2005, p. 4).

To capture the complexity of people's livelihoods which may straddle "legality at its margins" means focusing on the particular social and political "construction and contestation of the 'limits' or boundaries of different forms of il/legality" and how "the distinction between legal, illegal, and not-yet-legal is unclear and subject to ongoing struggle" (Smart and Zerilli 2014, pp. 225–226). Considering how such "extralegal forms … articulate with multiple, alternative and often coexisting sovereignties and sources of authority" can further our understanding across sectors about why certain "il/legal" and "not-yet-(il)legal forms" have remained prevalent while others have assumed "subordinate" positions, disappear, or reemerge in different circumstances (Smart and Zerilli 2014, p. 238) as the following case studies demonstrate.

Locating Baguio, Philippines

The forums of women's work I discuss here are rooted in the vibrant economy of Baguio, northern Luzon, Philippines. With a population today of approximately 300,000, Baguio is the government, education, and administrative center for the region's mountain or Cordillera provinces. The city supports numerous "colleges and universities that along with its government services, retail stores, extensive public market, and new shopping malls provide the customer base that those starting new businesses seek" (Milgram 2014, p. 159). Baguio is thus the urban destination for rural migrants from across the Cordillera. Throughout business sectors, however, individuals must negotiate personalized strategies to maximize this urban market given the dearth of employment opportunities, a situation common to urbanizing centers throughout the Global South (Milgram 2014, p. 159; see also Bello 2005; Hutchcroft and Rocamora 2012).

The Hong-Kong-Philippine secondhand clothing trade

In Baguio, as in urban centers throughout the Philippines, secondhand clothing "has shifted from its humble origin as an inexpensive functional commodity fulfilling the clothing needs of the poor, to a fashionable and inexpensive product that people actively pursue across class and space" (Milgram 2012, p. 123). The dramatic increase in the North's export of used clothing to countries such as the Philippines began in the mid- to late 1980s fueled by a surplus of these goods in the North and the economic liberalization of Southern economies that enabled more people to purchase imported goods.

As I have documented in earlier publications (Milgram 2008, 2012, 2014), buying and selling used clothing has provided viable livelihood options for Philippine businesswomen with Baguio emerging as one of the country's major hubs for this trade. While retail sales of used clothing occur in a variety of budget to higher-end stores and in street sites, here I focus on women entrepreneurs with some accumulated capital who have established viable but on-the-edge wholesale businesses importing secondhand clothing from nearby Hong Kong.

These transnational entrepreneurs operate cognizant of the still-enforced Philippine Republic Act (Government of the Philippines 1966) that prohibits importing secondhand clothing into the Philippines for commercial resale. Secondhand clothing already in the country, however, can be legally offered for sale by retailers with business licenses and even by street sellers (Milgram 2012, p. 121). Secondhand clothing enters the Philippines through two main channels. Tightly controlled and long-standing Manila-based trading cartels work with international clothing brokers to import used clothing packaged in 45-kilo bales of garments. Since the 1970s, with Hong Kong's economic rise and with Philippine women already working in the city as domestic helpers, a new source of used clothing emerged for independent Philippine entrepreneurs and for women already working in this field. Filipina domestic helpers working in Hong Kong

began to purchase used clothing from charitable organizations such as the Salvation Army and mail these goods to family members in the Philippines. Throughout the 1990s, in order to gain direct access to these commodities in Hong Kong, Filipina entrepreneurs drawing on kin and community networks in the city, traveled to Hong Kong – a two-hour flight – and arranged to ship boxes of used clothing to the Philippines (see Milgram 2008).

These cross-border Filipina used-clothing entrepreneurs make frequent trips to Hong Kong throughout the year entering as tourists. In Hong Kong, they purchase used clothing from charitable organizations and from freelance collectors and they establish business partnerships with resident Hong Kong entrepreneurs already engaged in this trade. In this arrangement, Filipina entrepreneurs rent the latter's warehouse spaces in which to sort, pack, and ship their garments back to the Philippines for wholesale and retail sales. To fulfill their labor needs, entrepreneurs hire Filipina women already working in Hong Kong who want to earn extra income, and they bring family members, men and women, from the Philippines (see Milgram 2008).

Filipina Hong Kong entrepreneurs' under-the-radar enterprises thus challenge the state's control over its territory – a rule customarily activated by controlling people's mobility and that of the goods that move through national spaces (Abraham and van Schendel 2005, p. 14). By engaging in mainstream capitalist trade but through informal personalized channels, these women, in effect, materialize the permeable borders between formal and informal enterprises and enable a "non-hegemonic grassroots" form of globalization (Ribeiro 2009, pp. 298, 324). Their "brokerage practices" (Ribeiro 2009, p. 324), however small-scale, thus enable these women to operate viable livelihoods that, in turn, make a range of connections between interdependent systems of the formal/informal and legal/illegal (Milgram 2012, p. 121).

Repositioning a night street market

Lacking the accumulated capital and personal networks required to engage in cross-border trade such as that in secondhand clothing, many Baguio residents seeking work have taken up street vending. Street enterprises selling fresh produce, cooked foods, selected manufactured goods, and used clothing have emerged as viable income-generating options given the low capital investment vendors need to engage business. But, while vendors generate income for their families and fulfill the consumption needs of urban residents their presence on city streets frustrates municipal governments' vision of uncluttered cityscapes.

The tension created by such urban dynamics is particularly evident in Baguio where a mushrooming street trade has given rise to ongoing disagreements and confrontations among street sellers, large retailers, and the municipal government regarding who has rights over city streets for commerce. The ideology of what constitutes "appropriate" (Cross and Karides 2007, p. 19) urban livelihoods as noted, has become "unhinged" and variably "informalized" such that local authorities, caught between urbanites' requests for tidy streets and street vendors' demand for work, maintain shifting agendas that periodically tolerate, regulate, prohibit, or penalize street-selling enterprises (Milgram 2014, p. 154).

To maintain their informal and extralegal livelihoods, Baguio street vendors organized into location-based associations – an intentional and public action that Kerkvliet terms "advocacy politics" (Kerkvliet 2009, p. 232). Through their associations, vendors consistently lobbied municipal councilors such that, in 1996, the Baguio government granted selected vendors working in the city's Central Business District the status of "maximum tolerance." This permission enabled vendors to sell their goods in particular street locations at particular times (Milgram 2009, p. 119). As Philippine municipal elections occur every three years, however, a change in mayoral leadership potentially brings a shift in street vendor policies depending upon which

voter constituency city councilors favor. Thus, vendors may periodically lose their hard-won rights for extended periods of time, regaining these only after exercising public and consistent advocacy politics with city authorities. Such a "semiformal" and "extralegal" sphere of government toleration and regulation emerges as a "concession" rather than as a "right," and "semiformal regulation" is often subject to change when the state decides the system "no longer meets its interests or new strategies for control of informal activities emerge" (Cross 1998, p. 35; see also Smart and Zerilli 2014, p. 229).

In this light, in mid-2011, in response to some residents' repeated complaints that street vendors block pedestrian and vehicular traffic, city councilors unilaterally moved most maximum tolerance sellers (excluding some street food sellers) from their long-standing, albeit often extralegal sidewalk locations, to a vacant field outside the Central Business District. During the six months that vendors occupied this poorly accessible location, they petitioned city councilors for an alternative downtown site reminding officials that the thousands of men and women engaged in street sales hold power as a significant block of Baguio voters. As a result of vendors' persistent and organized advocacy politics, in August 2011 the city established a legal permanent night market for manufactured goods located along one-half of Harrison Road, a main city artery for pedestrian and vehicular traffic that has hosted itinerant vendors in the past (Milgram 2014, p. 162).

The ongoing success of the night market led city officials, by mid-2014, to clear downtown streets of many of the food vendors, relocating them to a substantially expanded section of the Harrison Road Night Market where these relocated food sellers currently comprise a major market attraction. Despite their new-found security or legality, Harrison Road Night Market vendors still want to maintain their autonomy. Vendors explain that they do not want to be "too legal"; rather, they want to "police" themselves such that they can administer penalties or benefits to "members on a case-by-case basis" (Milgram 2014, p. 169).

That the Baguio government facilitated establishing the Harrison Road Night Market highlights how formal-sector institutions use informality as an urban organizing logic when such initiatives work to their advantage (AlSayyad 2004, pp. 8–10). By formalizing and later expanding the Harrison Road Night Market, Baguio municipal councilors gain increased revenue from the mandatory rental payments that over 1,000 "legalized" street market vendors submit each day (Milgram 2014, p. 163). To this point, as Ananya Roy (2009b, p. 10) argues, informality does not "lie beyond planning; rather it is planning that inscribes the informal by designating some activities as authorized and others as unauthorized." Any "splintering of urbanism" then, "does not take place at the fissure between formality and informality," but "in fractal fashion *within* the informalised production of space" (emphasis in original) (Roy 2009a, p. 82; see also Milgram 2014, p. 157).

From street to public market: blurring boundaries

Before the establishment of the Harrison Road Night Market in late 2011, the shortage of viable and available street-selling sites meant that some Baguio street vendors moved their trade into the wide aisles of the centrally located Baguio City Public Market. Rather than working as ambulant sellers within the public market, however, these vendors established permanent business locations in the market aisles. The laws for conducting business in the Baguio City Public Market, relevant primarily to permanent leaseholders (e.g., allocating stalls, collecting fees), is outlined in the Baguio City Tax Ordinance 2000–2001 (City Government of Baguio 2000–2001). The market manager who administers the Ordinance's everyday implementation enables trade to take place fairly freely using his discretion to allow any policy exemptions. By forming location-based vendor associations and scheduling ongoing meetings with the market

manager – their advocacy politics – the newly located extralegal street vendors eventually secured formal permission from the market manager to sell their goods in selected aisle locations paying a ten-peso daily rent – the same rent street vendors outside the market had paid under the "maximum tolerance" agreement (see Milgram 2013).

Street vendors who had moved into the Rice Section of the public market, for example, sell lowland vegetables (eggplant, squash, beans) that they purchase from wholesalers traveling daily to the city from neighboring provinces. After Rice Section storeowners' attempts to remove the aisle vendors failed, one permanent trader summed up the section's attitude when she stated, "As long as these peddlers' products do not compete with our goods, we will give their aisle sales a chance" (Milgram 2013, p. 85). To capitalize on Rice Section retailers' acceptance of aisle vending, some lease-holding storeowners became complicit by similarly occupying these public spaces. One rice dealer, for example, expanded her business to a middle aisle site opposite her store where she offered sacks of rice for sale and paid her ten-peso daily rent to do so (Milgram 2013, p. 85). She explains that it is more convenient for her to sell her products from this open storage area rather than carrying sacks from the back of her store. Another long-time rice dealer outlined that when the vegetable aisle sellers became a permanent fixture, she extended the length of her store by one meter into the aisle in order to sell special varieties of rice. By paying rent to occupy this new economic zone, this storeowner, like the aforementioned rice dealer, emerges as simultaneously a "legal" permanent merchant and an "extralegal" market aisle vendor (Milgram 2013, pp. 85–86).

The aisle vendors selling homemade peanut butter and fresh fish near the Wholesale Vegetable Section have initiated business tactics similar to those of the Rice Section vegetable vendors by establishing fluid spatial trade relations with that section's storeowners. These market aisle vendors display one or two baskets of vegetables along with their own goods, but the vegetables belong to the permanent store in front of which vendors sell. Aisle vendors agree to sell wholesale dealers' vegetables, but instead of earning cash for their work, the two parties trade in-kind services. In return for aisle vendors' labor, vegetable dealers gift some of the day's extra produce and allow vendors to store their unsold goods overnight in the latters' stores (Milgram 2013, p. 87). This practice of selling one's goods in market aisles through a second seller is a common strategy also used by the market's permanent fresh produce merchants. Although the market's formal guidelines (City Government of Baguio 2000–2001, p. 154) prohibit this initiative, the market manager still collects the ten-peso daily rent from merchants who hire employees to engage such aisle sales at peak selling times (see also Milgram 2013, p. 88).

Each day then, when market staff visit the market sections in which aisle vendors operate, they collect the ten-peso rent from the "extralegal" aisle vendors, from permanent storeowners occupying the middle-aisle locations, and from the permanent storeowners who have extended their retail premises into the same central aisle locations occupied by the extralegal vendors (Milgram 2013, p. 86). Such circumstances of market aisle trade suggest that distinctions between formal/informal or legal/illegal work emerge more as elastic gradients than as discrete categories. As aisle vendors collaborate with market storeowners and have the ear of city councilors such that the latter adapt selected municipal policies in their favor, mean that both permanent merchants and city government are complicit in enabling this conversion of space-use. That many market aisle vendors have maintained their fixed-location operations for almost twenty years, at least until the draconian 2013–2014 street clearances, highlights the need to add this new category of market player to the types of businesspeople we most often include in explorations of changing market dynamics (e.g., retailers, wholesalers, ambulant vendors).

Conclusion

The legal ambiguity of Filipina entrepreneurs' cross-border trade of used clothing like the government's vacillating policies regarding street and public market aisle vending underscore the interdependence of formal and informal economic activities and the fuzzy distinction between legal and illegal practice in Baguio, Philippines. On one hand, by supporting the edgy niche spaces entrepreneurs and vendors have forged, the city government and permanent storeowners also derive economic benefit. For their part, secondhand clothing traders and street and market aisle vendors do not regard their enterprises as informal or illegal. Rather, they claim that their businesses represent their right to make an integral living through their personal ingenuity, cross-sector networks, and hard work. As Carolyn Nordstrom (2007, p. 98) explains about one of her research respondents, "Tiago doesn't think in terms of being legal or illegal; he thinks in terms of development. What works best, given the circumstances at hand?"

Government authorities and urban vendors are thus complicit in creating in-between or "gray spaces" (Yiftachel, 2012, p. 153) of livelihood practice that serve both parties. Such "gray spaces" emerge as "enclaves" and "transactions" situated along a continuum between the "'lightness' of legality [and] approval" and the "darkness" of the extralegal, eviction, and potentially "destruction" (Yiftachel, 2012, p. 153). By understanding how different market actors refashion such socioeconomic spaces in quiet ongoing processes to fulfill their respective needs, we can dissolve the dichotomies between legal/illegal and formal/informal to yield an informed sphere of social inquiry that makes room for everyday "niches that escape state control" but do not necessarily imply any illegal intent (Abraham and van Schendel 2005, p. 31). In the Philippines then, the continued growth of enterprises on-the-edge such as cross-border entrepreneurial trade and street vendor operations makes nuanced analyses of such previously marginalized and demonized activities even more important to policy makers and social scientists investigating workers' rights with transformations in the politics and economy of urban public space.

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23

PERSISTENT POVERTY AND ELITE-DOMINATED POLICYMAKING

David G. Timberman

The pervasiveness of poverty and inequality – and not GDP growth rates – should be viewed as the principal indicators of the quality of a country's economic development. In the Philippines, poverty has remained high – in 2016 about one-quarter of all Filipinos were poor – despite a decade of moderate to strong macroeconomic growth. The Philippines also has been and remains one of the most unequal societies in Asia.

The persistence of poverty and inequality in the Philippines – especially in the context of economic growth and increasing affluence – can no longer be viewed principally as a "technocratic" or "development" problem. Rather, they should be viewed as being symptomatic of the failure of elite democracy to advance the interests of the poor. More specifically, they are an indictment of the country's inter-locking political and business elite, who have preserved and advanced their own interests at the expense of poor Filipinos. This demonstrates the elite's disregard for the social justice provisions of the 1987 constitution as well as for the country's Millennium Development Goal (MDG) commitment, which was to halve poverty incidence from 34.4 percent in 1991 to 17.2 percent in 2015.[1] It also calls into question the efficacy of other important social actors, including the left, the Catholic Church and the emergent middle class.[2]

While poverty and inequality are the products of the Philippines' elite-dominated political system, they also have important ongoing impacts on the country's politics. At the local level, they foster economic and political dependency, clientelism and vote selling. At the national level, they animate leftist and populist politics, fuel armed insurgencies and influence the mission of the Catholic Church.

To be sure, poverty and inequality need to be analyzed and addressed using economic and "development" frameworks. But the thrust of this chapter is that the root problem is principally a political/governance one and less an economic or technocratic one. That is, that policies and programs necessary to reduce poverty in the Philippines haven't been implemented not because the solutions aren't known, but rather because of the unwillingness of political and business elites to adopt the necessary policies. That said, this chapter also underscores that poverty is a complex and multidimensional phenomenon. Therefore, there is no single or simple solution – reducing poverty requires making changes to multiple policies and institutions, and thus involves and affects numerous political and economic interests.

Characterizing poverty in the Philippines

Viewed in purely economic terms, poverty is an inadequate level of resources needed to provide an individual or household with basic necessities, including food, clothing and housing. But poverty also has to be thought of more broadly as an absence of economic security, a lack of access to opportunities for personal advancement (such as education) and a high degree of vulnerability to the capriciousness of nature, disease, markets and those more powerful. Poverty in the Philippines can best be understood in terms of three fundamental characteristics: (1) its persistence, (2) its complexity and (3) its rootedness in policies that have been detrimental to the poor.

1. The persistence of pervasive poverty and inequality. The two most striking features of poverty in the Philippines are that (1) the incidence of poverty – currently approximately 22 percent of Filipinos are poor – is high for a lower middle income developing country, and (2) despite moderate to strong macroeconomic growth over the last decade, the incidence of poverty has declined only slightly and only very recently.

Table 23.1 Poverty headcount ratio at national poverty lines (% of population)

Year	*Indonesia*	*Vietnam*	*Malaysia*	*Cambodia*	*Thailand*	*Philippines*
1991	–	–	–	–	–	34.4
1996	17.5	–	–	–	–	–
1999	23.4	–	–	–	–	–
2002	18.2	–	6.0	–	32.4	–
2003	17.4	–	–	50.2	–	24.9
2006	17.8	–	–	45.0	21.9	26.6
2009	14.2	–	3.8	23.9	17.9	26.3
2012	12.0	17.2	1.7	17.7	12.6	25.2
2014	11.3	13.5	0.6	–	10.5	–
2015	–	–	–	–	–	21.6

Source: World Bank – World Development Indicators.

Poverty incidence is just one way to quantify a complex condition. Surveys regularly conducted by the Social Weather Station (SWS) indicate that a much larger proportion of the population consider themselves to be "poor." The third quarter 2016 SWS found that 42 percent of families (9.1 million families) consider themselves to be *mahirap* or poor.

The Philippines has always had one of the highest levels of inequality in Asia and it has not changed significantly over the past 30 years. The Philippine's Gini ratio currently is about 0.43, little changed from 2003 when it was 0.44. Indonesia's is about 0.34, Vietnam about 0.38 and Thailand about 0.40. Only Malaysia's Gini is consistently higher than the Philippines'. Moreover, over time, rural inequality has increased. The Gini ratio for rural areas has increased from 39.41 in 1991 to 44.71 in 2012 (NEDA 2014b).

A clearer illustration of the huge and largely unchanged gap between the rich and the poor is shown by the following data on income distribution:

Table 23.2 Philippine income shares

	1991	*1994*	*2000*	*2006*	*2009*	*2012*
Income share of the richest 10%	35	36	36	34	33	33
Income share of the poorest 20%	5.9	6.0	5.4	5.6	–	5.9

Source: World Bank.

Who are the poor? It is important to move beyond numbers and ratios to have a clear picture of who comprises the nearly 25 percent of the population who are poor. Very briefly, they are:

- ***Predominantly rural***: About two-thirds of the poor live in rural areas. This characteristic is declining slowly over time as poor Filipinos in rural areas continue to move to cities in search of employment and educational opportunities.
- ***Most are employed or underemployed.*** The poor need to work in order to have food and shelter. But most work in the informal sector, often engaged in multiple income generating activities and rarely earning the legal minimum wage. A recent World Bank (2016) study on labor markets in the Philippines notes that "People are poor in the Philippines because they earn little, not because they do not work … Having a job does not provide a pathway out of poverty, and in-work poverty is pervasive in the Philippines."
- ***They are predominantly engaged in agriculture and fisheries.*** This includes not just landless agricultural workers, but also owners of small plots of land planted in low income crops like coconut and corn. Farmer incomes vary greatly by crop, region and location, but in general rice farmers, especially those with access to irrigation, tend to have higher incomes than coconut and corn farmers. Fisherfolk are among the poorest Filipinos.
- ***They are poorly educated.*** Not surprisingly, poverty correlates with lower educational attainment. Typically the poor are unable to afford the time or the cost of pursuing schooling beyond primary education. Absent a high school degree, the poor are relegated to doing unskilled and lower paying jobs, thus perpetuating their poverty.
- ***They have larger families.*** The poor tend to have larger than average family size (six or more members). The larger family size correlates with lower knowledge and demand for family planning methods among less educated.

2. Poverty is a complex phenomenon. Poverty is a complex and dynamic phenomenon. To begin with, the incidence of poverty varies greatly across regions. In the National Capital Region (NCR) the poverty incidence was only 3.9 percent in 2012, and across most of northern and central Luzon the poverty incidence is below the national average. Moving into the Visayas and Mindanao, the incidence of poverty is at or above the national average (25.3–39.5 percent) in the western Visayas and central Mindanao while it ranges from 39.6–55.8 percent across the eastern Visayas and western Mindanao. The Autonomous Region in Muslim Mindanao (ARMM) has the highest incidence at 55.8 percent (NEDA 2014b).

Additionally, there are different "types" of poverty. Poverty can be chronic (or intergenerational) or transient (Aldaba 2016). The characteristics and dynamics of urban poverty – concentrated as it is in urban slums – are different from rural poverty. While the percentage of the urban population living in slums has declined from 54 percent in 1990 to 38 percent in 2014, the absolute number of slum dwellers has remained about the same because of urbanization. Households living in urban slums pay more for basic services (i.e., water and electricity), have poorer health status, have poorer school performance, have lower productivity and are vulnerable to crimes and violence (Ballesteros 2010).

Poverty also is a dynamic condition. Not all of the approximately 25 million Filipinos who are poor at any one time have always been poor or will remain poor. The chronic poor tend to be those who possess no land, have very little education and few skills, and the elderly. But many "near poor" Filipinos go from being above the poverty line to being below it due to job insecurity, spikes in food and commodity prices, health crises, bad

weather and other natural disasters, and conflicts. And some move out of poverty by finding steady or better paying employment, benefitting from assistance from better off family members, migrating, etc. One study found that between 2003 and 2009 62 percent of Filipinos never experienced poverty, 14.4 percent moved out of poverty, 12.3 percent experienced poverty for part of the period and 11.1 percent were chronically poor (NEDA 2014b).

Finally, poverty is a complex social and political phenomenon. Among the poor there are subtle gradations of affluence, status and influence. The poor develop a variety of coping strategies to try to minimize the insecurity and vulnerability they almost always face. And they have multiple ways of interacting with those who are better off and/or more powerful, ranging from patron-client relationships to "everyday forms of resistance." The poor's tolerance of poverty depends on subjective perceptions of relative status, fairness and future opportunities for advancement. Therefore, from a social and political perspective, relative poverty/deprivation may be as or more important than absolute poverty.

3. Pervasive poverty is the product of decades of elite-dominated policymaking that has disregarded or damaged the interests of the poor. As other countries in East and Southeast Asia have shown, it is possible to dramatically reduce poverty – and in relatively short periods of time (meaning in one to two decades). Therefore, there is nothing "inherent" or immutable about poverty in the Philippines – rather, persistent poverty is the result of numerous policy choices made over the last three decades. As such, poverty is an extension of politics. Although writing about wealthier Western democracies, David Brady's observation also holds true for the Philippines:

> At the end of the day, poverty is the consequence of a society's failure to collectively take responsibility for ensuring the economic security of its citizens … As long as debates about poverty are more about the poor than about state and society, poverty will continue to haunt the progress of affluent Western democracies. Poverty is truly a political problem.
>
> *(Brady 2009, p. 181)*

Persistent poverty is, then, a consequence of how political and economic power has been exercised over many decades and multiple presidencies. In the Philippines, a relatively small elite dominates elections, law and policymaking, access to government resources and control of legal and regulatory functions. Describing this elite simply as "oligarchs" doesn't accurately describe its heterogeneity. The elite includes national and local level political families; the owners of large businesses; the leaders of illicit activities such as gambling, smuggling and drug trafficking; and other individuals such as military and religious leaders and Supreme Court justices who, because of their influence over important institutions, can exercise significant influence in certain situations.

The Philippine elite can be thought of as a hybrid political-business elite. The political elite springs predominantly from long-established political families who typically have an urban or provincial political and economic base. The business elite overlaps with the political elite – especially at the subnational level where political families invariably have business interests – but also includes the owners of large businesses that individually and collectively seek to influence government policymaking without overtly participating in politics. The business elite is not entirely homogeneous: it includes Filipino and Chinese-Filipino businesses and ultra-wealthy families that own or control huge publicly traded conglomerates as well as lesser billionaires with smaller family-owned businesses.

This hybrid elite has dominated the Philippine state and derived economic opportunities and rents from it; so it has wanted a state that will succor and protect it. It is notable for its highly selective and self-serving adoption of neo-liberal economic policies – it has preferred collusion and protection over robust economic competition and has opened the domestic economy to foreign competition only slowly and begrudgingly. A final trait of the elite is its complacency and fundamental conservatism which is in large measure due to the financial support received from the US, Japan and the World Bank, the export of the country's surplus labor, and the resulting inflow of remittances.

Poverty as the failure of elite-dominated policymaking and governance

Persistent poverty in the twenty-first century should be thought of as the *failure of development* – that is, the failure of a state and society to pursue socio-economic development in ways that are beneficial across socio-economic classes, ethnic, gender and age groups, and regions. The reasons why countries fail to develop are multiple and extensively debated – and will not be reviewed here. Suffice it to say they include: (1) history, culture, geography and resource allocation; (2) institutional weaknesses, ranging from weak or non-existent property rights to dysfunctional political and economic institutions; (3) the failure of ruling elites; and (4) external forces, including colonialism, imperialism, neo-liberalism and globalization. All four of these broad categories have played a role in the Philippines' failure to develop, but the author's view is that the most important cause, broadly speaking, is the continued dominance of a hybrid political and business elite over policymaking and governance. This of course has complex historical, institutional and international underpinnings; but what is most striking about the Philippines 30 years after the restoration of democracy is the durability and power of the hybrid elite and the relative weakness of non-elite social and political groups.

This section briefly surveys the multiple factors that have produced persistent poverty in the Philippines, with a focus on the political and governance dimensions.

1. A failure to support family planning. The Philippine's population growth rate has been among the highest in Asia. In just 25 years the country's population has grown by 40 percent from 70 million in 1990 to over 100 million in 2015. The growth rate has slowed to about 1.7 percent per annum, but still is one of the highest in Asia. And there remains a significant difference between urban and rural areas: in 2011 the Total Fertility Rate was 2.7 in urban areas but 3.6 in rural areas (NEDA 2014b).

The consequences of rapid population growth – especially for the poor – are multiple and profound. A larger family size is associated with higher poverty incidence and vulnerability to poverty. Absent labor-intensive economic growth, rapid population growth results in a labor surplus, driving down wages in the informal sector and compelling millions of Filipinos to work abroad. It also puts unrelenting pressure on the government to provide social services – a task it has failed at for the most part. And finally, it also puts huge pressure on land and natural resources, especially on upland areas.

It did not have to be this way. Other Southeast Asian countries, particularly Indonesia and Thailand, have adopted effective family planning programs. Previous attempts at family planning by the government have failed. In 2012, after almost 14 years of discussion and debate, the Congress passed the Responsible Parenthood and Reproductive Health Act (or "RH Act"). The RH Act guarantees universal access to methods of contraception, fertility control, sexual education and pre- and post-natal maternal care. It was passed (narrowly) by a combination of presidential leadership and the efforts of a broad coalition of civil society groups.

2. Economic policies that have produced poor and erratic macroeconomic growth – and more recently, growth that is not pro-poor. Over the last 30 years the Philippines' economic development has suffered from two closely related problems: (1) abnormal sectoral transformation and (2) erratic and low quality macroeconomic growth. Additionally, although the Philippines has had periods of respectable economic growth, compared to other East and Southeast Asian "tiger" economies, it hasn't sustained them for very long. During periods of fairly robust GDP growth, it hasn't created higher paying or more secure jobs. A labor market review prepared by the World Bank in 2016 offers a highly disturbing picture of the low quality of employment in the Philippines. According to the study, "Contrary to what was claimed in some earlier studies, economic growth was not jobless." Rather, the problem is with the quality of employment being generated. The economic growth in the last decade has created jobs, but it has hardly brought about structural change. The newly created jobs are still "bad" jobs – they are informal and precarious, pay little and often do not lift workers out of poverty. Strikingly, real wages have remained flat despite growth in labor productivity, in a stark contrast to strong wage growth in other countries in the region (World Bank 2016).

The World Bank (2016) study paints a grim picture of employment in most of the informal sector. About three-quarters of all jobs are informal and 90 percent of all low paying jobs are in the informal sector. Most workers in the informal sector have not benefitted from growth in terms of higher real wages. In the informal sector 56 percent of workers are "low paid" whereas in the formal sector only 7 percent of workers can be categorized as "low paid." According to the study, this is due to the weak bargaining power of low skilled workers and the downward pressure on wages exerted by new labor market entrants.

Even in the formal, corporate sector, there is significant "informalization" of the labor market. This process is the result of the widespread practice of "contractualization" or "casualization" (also referred to as "*endo*") in which businesses hire employees using short-term contracts, without benefits or the expectation that employment will be extended. The reason for this is the Philippine Labor Code, which makes it difficult for employers to fire "regular" employees, but also allows employers to hire workers for up to six months on "probation," without any obligation to retain them.[3]

3. Inadequate and misused government spending. The Philippine government historically has suffered from fiscal underperformance and recurring fiscal crises. Low levels of revenue collection have resulted in inadequate government spending on social service and infrastructure. From 2000 to 2010 the share of the budget spent on social services averaged about 29 percent. (During the Benigno Aquino administration it increased to about 35 percent.) Over the last 40 years the Philippine government has performed poorly in the provision of roads, railways, seaports, airports, power and communication. Between 1986 and 2009 public spending on infrastructure as a percentage of GDP reached or exceeded 2 percent only in 2008–2009. Since 2012 it has been increasing and was targeted to reach 5 percent in 2016.

While the government's weak fiscal position has hurt all Filipinos, the poor are far more dependent upon government social services and basic infrastructure than the relatively more affluent, who can pay for private education and health services. Similarly, government monetary and other policies that affect inflation, and in particular the price of food (and especially rice) also have a disproportionate impact on the poor, who spend about 25 percent of their income on food.

Corruption and rent seeking can be viewed as a form of underspending in that they siphon off or divert funds from social programs and infrastructure most needed by the poor. Corruption also contributes to environmental degradation, which the poor are more vulnerable to than the

more affluent. Finally, petty corruption is a regressive tax on the poor: even small bribes paid by the poor represent a significant share of their income.

4. A long history of neglect of agriculture.[4] Today only about half of all Filipinos live in rural areas and only about 32 percent of the work force is in agriculture/fisheries.[5] But for historical, socio-economic and political reasons, agriculture – and therefore land ownership – holds a residual power on the Filipino psyche and on policymaking. Agricultural land was the original basis of wealth and power in the Philippines – and problems associated with land grabbing, tenancy and landlessness have fueled recurring armed insurgencies. Since the 1970s, with rapid urbanization and globalization, access to urban land – for use as industrial parks, commercial and residential complexes, and resorts and golf courses – increasingly has been the basis for wealth.

When it comes to poverty reduction the significance of the country's agricultural sector still looms large. About 70 percent of the country's poor are in rural areas, and about 65 percent of them are engaged in agriculture. Given that agriculture contributes only 10 percent of GDP – and is a declining share – most people engaged in agriculture receive low incomes. The reasons for low agricultural productivity and incomes are complex and include geography, history, politics and policy choices.

Over the last 30 years the most politically contentious agricultural issue has been agrarian reform. Agrarian reform, in the form of land redistribution, has been a central goal of peasant groups, the communist movement, progressive groups and many technocrats since the 1950s. In 1988 the Comprehensive Agrarian Reform Law (CARL) was passed in response to the post-Marcos clamor to address social inequity as well as to undercut the communist left. The law mandated the implementation of the Comprehensive Agrarian Reform Program (CARP) over a ten-year period. In August 2009 a new law (CARPER) extended funding for CARP until 2014.

CARP was a significant departure from past land reform initiatives because it applied to all crops and all forms of agricultural tenure and labor. But it called for compensation of land owners to be based on the market value of their land, which made the process both complex and expensive. The law also prioritized the distribution of government-owned land and land already covered under prior land reform laws; so the redistribution of private lands, which was inherently more complex, contentious and time consuming, was postponed, contested or circumvented. Under CARP/CARPER, a total target of about 9.2 million hectares (has) of the country's 30 million has of land were to be distributed. According to former DAR Secretary de los Reyes, a total of almost 7.3 million has of land (of which only 2.6 million has were of private land) were distributed to about 5.5 million agrarian reform beneficiaries (ARBs) from 1972 to 2015 (DAR 2016). As of mid-2016 about 600,000 has of mostly private land still was slated to be acquired and distributed.

It is notable that after almost 30 years of agrarian reform there still is an unresolved debate over whether it has significantly improved the welfare of poor farmers. It isn't clear if agrarian reform has reduced rural inequality. Apparently the Gini for wealth in the form of land holdings hasn't been calculated. But the Gini ratio for income inequality in rural areas has been increasing. So either agrarian reform hasn't had an impact on rural income inequality or rural income inequality would have increased even more without land redistribution. There also is a continuing debate over whether ARBs are better off as small scale farmers.[6] A number of studies indicate that the income growth of ARBs in Agrarian Reform Communities (ARCs) has outperformed national averages. Critics of CARP assert that the program has produced non-viable small farms as well as seriously hurt the rural land market and hampered the provision of agricultural credit.

5. A rice policy that increases the cost of rice for most poor Filipinos. For decades the government has had incompatible goals regarding the production and pricing of rice, the staple in most Filipinos' diets. The government has sought to keep the retail price of rice low, especially in urban areas. But it also has sought to keep the price that rice farmers receive for their *palay* relatively high. Clearly it cannot do both – at least not by relying on market forces. Hence the role played by the National Food Authority (NFA), a government-owned and controlled corporation (GOCC) attached to the Department of Agriculture, whose mandate is to manage the supply and therefore the price of rice in the domestic market. The NFA buys rice from producers at a floor price and then sells to consumers at a lower price. This "buy high, sell low" operation requires huge government subsidies, but at the same time isn't large enough in scale to affect the price of rice for most producers or consumers. Most rice farmers have not benefitted from the NFA support prices owing partly to poor targeting and partly to the fact that NFA procurement represents only a small part (typically less than 5 percent) of total rice production (Balisacan and Ravago 2015). For a variety of reasons, the Philippines doesn't produce enough rice to meet domestic demand and it can't produce rice as cheaply as countries like Thailand and Vietnam.[7] The Philippines rice imports are controlled by the NFA and are subject to WTO-approved Quantitative Restrictions (QRs).

The durability of food policies that hurt the majority of poor Filipinos is due to the political influence exerted by special interests as well as a dogmatic attachment to the goal of "self-sufficiency." As Christina David (2003, p. 216) has noted:

> Rice market interventions and the use of quantitative trade restrictions have persisted because the economic cost and even some portion of the financial cost are not readily apparent to the general public. Meanwhile, the bureaucracy has become used to receiving commissions, bribes and other rents typically involved in government procurement and import licensing, making it even more difficult to effect trade liberalization.

Additionally, the debate over rice policy is influenced by ideological contestation pitting economic nationalists who favor rice self-sufficiency against proponents of free trade and comparative advantage who promote "food security" (meaning having the foreign exchange to pay for any needed food imports). As is often the case in the Philippines, essentially protectionist "nationalist" ideology is appropriated by a small group of vested interests, including suppliers/contractors who benefit from Department of Agriculture (DA) programs as well as rice traders and importers close to the NFA.

6. An inability to end armed conflicts. The Philippines is home to the only remaining communist insurgency in Asia and one of the longest running separatist insurgencies in the world. Armed conflict – especially if it is long in duration – is a form of anti-development. It results in civilian deaths and casualties, the destruction of physical assets (personal, business and government), and the displacement and dislocation of populations, with the attendant negative impact on families, health, education and productivity). Moreover, government resources typically are diverted to bolster the military, and government "development" programs often are shaped by counter-insurgency objectives rather than poverty alleviation objectives.

The persistence of the communist and Muslim insurgencies is the product of policy choices made over several decades. To be sure, the blame does not rest only with successive Philippine governments – the insurgent groups share responsibility. That said, a more genuine government commitment to agrarian reform and rural development would have reduced the appeal of the Communist Party of the Philippines/New People's Army (CPP/NPA). And in the case of

successive governments' approaches to addressing the Moro National Liberation Front/Moro Islamic Liberation Front (MNLF/MILF) insurgencies, a reluctance to find a formula that would provide meaningful autonomy – even if it required adjustments to the constitution – has seriously hurt the prospects for a negotiated settlement. As a result, poverty and underdevelopment remain acute in Muslim Mindanao.

Summing up: Poverty as the result of elite-dominated policymaking and governance. As should be clear from the preceding pages, very few of the causes of poverty in the Philippines are "organic" or inherent. Rather, poverty is the result of policy choices made over decades combined with governance institutions that have failed to protect much less prioritize the interests of the poor. These fundamentally anti-poor policies and institutions are the handiwork of political and business elites that are remarkable for their ability to manipulate policymaking and governance in order to protect and advance their interests. It is important to understand how they have been so successful.

Elites have opposed the creation of a strong state. Philippine elites have sought to use the state for their particularistic benefit and therefore have had little interest in having a strong and autonomous "developmental state." This tendency has been reinforced by the country's negative experience with developmental authoritarianism, the Marcos dictatorship. The historical weakness of the Philippine state has had many negative consequences for the poor. First, as already noted, there has been inadequate spending on social services and infrastructure that are particularly needed by the poor. Second, governance has been weakened by clientelism and corruption. The elite have perpetuated a system in which the distribution of government resources has been heavily influenced by clientelism, which personalizes and politicizes the distribution of government resources. The elite also have perfected a system of governance pervaded by rent seeking and other forms of corruption.

Third, the Philippine bureaucracy is relatively weak and easily influenced: it has been and remains underpaid, under-resourced, and vulnerable to political influence and corruption. This lack of capacity and autonomy has limited the state's capacity to deliver services to the poor. Even when there is the political will to address poverty, the bureaucracy has limited capacity to design, coordinate and implement programs.[8]

Finally, legal institutions are weak, vulnerable to elite influence and not accessible to the poor. The political and business elites use the Philippines' ponderous legal system primarily to stymie threats to their interests. The poor, who are most vulnerable to the predations of officials, the police, criminals and private armies, receive little in the way of legal protection. Moreover, they are the ones hurt most by the government's failure to implement or enforce laws and regulations pertaining to the environment, land, housing, wages, etc.

Decentralization may not have contributed to poverty alleviation. The 1991 Local Government Code devolved to local governments responsibility for the delivery of various aspects of basic services that had been the responsibility of the national government. The functions assumed by Local Government Units (LGUs) include provision of certain health and social welfare services; community based forestry projects; agricultural extension; locally funded public works; school building; and local tourism development. Most of these are potentially significant to poverty alleviation.

Twenty-five years after the initiation of decentralized governance, it needs to be asked if decentralization, as it has been implemented, has helped or hurt efforts to reduce poverty. On the one hand, more resources have flowed to local governments which should be more responsive to their citizens, including the poor. However, decentralization may not have contributed to poverty alleviation for several reasons: (1) most LGUs haven't had sufficient resources to spend on devolved services that are most relevant to reducing poverty (e.g., health and

agriculture); (2) many LGUs haven't done a very good job at stimulating local economic development; (3) given the dominance of political clans, LGU resources may end up being used for partisan and clientelistic purposes and therefore don't necessarily reach the poor; and (4) there is poor planning/cooperation among LGUs, provinces and regions. This is not an argument for recentralization; it is simply an argument for a closer examination of the implications of decentralization for poverty reduction. This takes on greater importance as the Philippines considers shifting to a federal form of government.

The weakness of pro-poor groups and movements. Elite-dominated policymaking, by definition, reflects and perpetuates the relative weakness of non-elite groups and forces. To be sure, the elite's wealth and power give it a formidable advantage over the rest of society. In contrast, the poor have far fewer resources and skills at their disposal. But there also are aspects of Philippine society and politics that contribute to the imbalance in power. Personalistic and clientelistic relations remain powerful. As a result, collective action by the poor can be very difficult to organize and challenging those more powerful can be a very risky undertaking.

Many of the organizations that represent the poor in other countries are weak in the Philippines. Very few political parties represent defined constituencies or have visions or platforms rooted in ideology. Instead, most are elite-dominated and act principally as vehicles for undertaking electoral campaigns. Philippine civil society groups have impressive strengths but also serious shortcomings. Civil society is robust and diverse, with groups ranging in their orientation from leftist to faith-based. But it also suffers from ideological divisions, personal rivalries and a limited grassroots presence. Peasant organizations have tended to be divided along ideological and sectoral lines. Urban poor groups have been somewhat better organized and more successful, in part because of their urban-based activism allows them to engage directly with government officials, non-governmental organizations and the media. Labor unions have been riven by ideological differences, weakened by the preponderance of the informal and service sectors, and have tended to limit their focus to addressing the needs of their immediate membership rather than engaging on issues affecting the entire working class.

Since the late 1980s the communist and non-communist left – the segment of the political spectrum most closely associated with the poor – has been divided and largely dysfunctional. The Communist Party's prestige and influence were seriously damaged by its decision in 1986 not to support Corazon Aquino's electoral challenge to Ferdinand Marcos. After 1986 the extreme left was further weakened by the restoration of democracy, internal disputes and purges and somewhat more effective counter-insurgency operations. Longstanding ideological differences and factional rivalries continue to complicate coalition building and have stifled the emergence of new progressive thinking and strategies.

The extent to which the Catholic Church is a forceful and effective proponent of the poor is unclear. Church leaders have a long history of close ties to the political and economic elite and, not surprisingly, have been staunchly anti-communist. At the same time, the Church leadership supported Congress for a People's Agrarian Reform (CPAR) and the passage of CARL in 1988 and then pushed for speedy implementation of agrarian reform. When the Church convened the Second Plenary Council of the Philippines (PCP-II) in 1991 it proclaimed itself to be the "Church of the Poor." However, the larger impact of the Church on poverty and on the poor remains unclear. For example, there is only limited data on the size of resources that the Church and its affiliated NGOs actually spend on programs to help the poor. Another important question is the extent to which the Church's approach to reducing poverty addresses the underlying, structural causes of poverty or just the symptoms.

Finally, and perhaps paradoxically, the most significant mechanism the poor have to directly influence politics is through the election of the president and vice president every six years.

By dint of the sheer size of the electorate that is poor or near poor, they can determine the outcome of these elections. Because of this, candidates must appeal to poor voters by offering "pro poor" and in some cases "populist" policies and programs. But absent strong political parties, Filipino voting behavior is heavily influenced by regional and linguistic affinities as well by as by the personal narratives of the candidates. As a result, the poor rarely vote as a bloc.

Government anti-poverty policies and programs

Since the restoration of democracy in 1986 every president has promised to improve the plight of the poor. But macroeconomic and fiscal conditions have not always been conducive to reducing poverty and most anti-poverty programs have suffered from inadequate funding, poor coordination, targeting and implementation, and corruption and elite capture. Corazon Aquino's most significant pro-poor initiative was the CARP, passed in 1988; but the program was designed to delay and minimize the impact of land distribution on landowners. Fidel Ramos accelerated implementation of CARP, initiated an ambitious Social Reform Agenda (SRA) and created the National Anti-Poverty Commission (NAPC) to coordinate the government's anti-poverty efforts. Joseph "Erap" Estrada ran for president using an explicitly pro-poor slogan, "Erap for the poor" (*Erap para sa mihirap*), but his short-lived administration was unable to mount a major anti-poverty initiative. Gloria Macapagal Arroyo, for all her other faults, initiated what have become two of the longest-running and best-designed development programs: Kalahi-CIDSS community driven development program and the *Pantawid Pamilyang Pilipino Program* (4Ps) conditional cash transfer program.

The Benigno Aquino administration continued and expanded the Kalahi-CIDDS program and the 4Ps. Over the course of the administration, as funding for 4Ps grew – it rose from P10 billion in 2010 to P62 billion in 2015 – it became the administration's centerpiece social development program. The politics of 4Ps are instructive: Social conservatives have criticized it for being a dole out to the poor that discourages work. Meanwhile, some on the left have viewed it as a thinly disguised counter-insurgency program. Some local government officials have criticized it for essentially bypassing them. But it is a rare example of a major program that was continued across administrations, and in the 2016 presidential election no candidate proposed ending it.

Capitalizing on the president's popularity, the Aquino administration flexed its reformist muscles in 2012, with its support for two major legislative initiatives with significance for the poor: passage of the Reproductive Health (RH) bill and a "sin tax" on tobacco products and alcohol. The RH bill, which was passed (narrowly) over the vehement objection of the Catholic Church, provides better family planning and maternal health care health for women. This is particularly important for poor women, who have a higher unmet demand for family planning as well as higher health risks associated with pregnancy. Passage of the sin tax significantly increased health care financing, nearly doubling the Department of Health's (DOH) budget in its first year of implementation and financing the extension of fully subsidized health insurance to the poorest 40 percent of the population (Kaiser et al. 2016). By 2016, the DOH budget was triple its 2012 level (in nominal terms), reaching P122.6 billion.

But like administrations before it, the Aquino administration was unwilling to tackle reform of the agricultural sector. The Secretary of Agriculture, a friend of the president, showed little interest in reform and eventually part of the agriculture portfolio was hived off to a cabinet-level "special advisor." Government policy remained focused on rice self-sufficiency and no effort was made to reform the NFA (NEDA 2014a). The five-year life of CARPER came to an end in 2014. The remaining balance of about 550,000 hectares of mostly private land to be acquired

and distributed will require significant annual budget appropriations. One informed estimate places the cost of redistributing the remaining land to be P131.5 billion (DAR 2016).

Conclusion: the challenge of pro-poor policymaking

Developmentally speaking, what is required to reduce poverty in the Philippines is not a mystery – the basic ingredients needed for poverty alleviation have been well-known for a long time. These include sustained commitment to population management; sound monetary and fiscal policies; economic policies that stimulate the creation of labor-intensive, export-oriented agribusiness and manufacturing; a more nuanced and holistic approach to agricultural development; and adequate spending on human resource development (particularly education and health) and rural infrastructure.

The challenge facing the Philippines is how to put in place and sustain a critical mass of genuinely pro-poor policies, institutions and programs. As already noted, this is ultimately a political and governance challenge – one that involves overcoming elite- and special-interest dominated policymaking as well as bureaucratic weakness and corruption at both the national and subnational levels. This is a huge, difficult and necessarily long-term project. What follows are just a few thoughts on what is needed to advance pro-poor policymaking.

First, there needs to be new thinking – and ideally movement in the direction of a national consensus – on long divisive issues pertaining to agriculture, food and labor policies. The lack of serious attention paid to a range of key agricultural issues – agrarian reform, rice policy and the coco fund – is both striking and deplorable. Additionally, given the profitability of most of the Philippines' large firms, there also is need to take a fresh look at the status of labor in the informal as well as the formal sector. To be successful, this will require breaking out of the limiting confines of leftist, nationalist and neoliberal dogma.

Second, greater attention needs to be paid to the impact of decentralization – and potentially federalism – on poverty reduction. A serious examination of the successes and shortcomings of decentralization is long overdue, and its impact on poverty alleviation needs to be better understood.

Third, achieving peace in Muslim Mindanao has the potential to significantly improve socioeconomic conditions in the country's most impoverished region. However, peace won't automatically produce development or reduce poverty. And while pumping money into the region in the form of a "peace dividend" will have beneficial results, it also can further entrench clientelism, corruption and inequality. As at the national level, it will be the nature of politics and governance that will determine if peace leads to reduction of poverty.

Fourth, there is a need for new thinking and strategizing on how to compel politicians and policymakers to support pro-poor policies and programs rather than the clientelistic and particularistic distribution of government largess. One way is to broaden the constituency for poverty alleviation to include the country's growing middle class. Another way to generate support for pro-poor policies might be to emphasize the moral and religious dimension of persistent poverty. Religious organizations, foundations and corporations should be challenged to demonstrate that they are genuinely pro-poor.

Finally, and perhaps most problematically, new forms of political organization and participation are needed. This includes creating political parties that are genuinely pro-poor, building broader and more effective NGO coalitions, and revitalizing and reforming labor unions.

It is often said that policy reform in the Philippines depends on "political will" being exercised by the president. While this is largely true, in the case of poverty alleviation, political will alone is not enough. Poverty reduction requires the commitment of multiple actors to the

implementation of a variety of pro-poor policies and programs over an extended period of time. This requires that political will be sustained across administrations and that the government has the capacity and the motivation to effectively execute pro-poor policies and programs. It also requires broad-based and effective societal involvement and pressure.

Notes

1 Article II, Section 9 of the 1987 Constitution says:

> The State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living and an improved quality of life for all.

2 Contrary to some portrayals, the Philippines' class structure is not simply bifurcated between a small group of very wealthy people and a vast majority of poor people. Fueled by increased economic stability, remittances and, more recently business process outsourcing (BPO), a sizable urban middle class has developed, including outside of Manila. The size of the middle class depends on the criteria used to define it, but credible estimates range from 15–20 percent of families.
3 For a critical assessment of labor trends in the Philippines see Ofreneo (2013).
4 Agricultural problems and policies, including but not limited to agrarian reform, are extremely complex – in part because of variation across crops and regions. Space limitations require a degree of brevity and generalization that don't do justice to the complexity. For an excellent analysis of the agricultural sector see Balisacan and Ravago (2015).
5 Fisheries represent a significant contribution to agricultural income, but fisherfolk are the poorest segment of the agricultural sector. However, due to space constraints the discussion of agricultural will be limited to crops.
6 See the exchange between Raul Fabrella and Toby Monsod/Sharon Piza in *The Philippine Review of Economics* (Fabrella 2014 and Monsod and Piza 2014).
7 For more on rice policies see Dawe et al. (2006) and Davidson (2016).
8 For an informative overview of the bureaucratic challenges associated with poverty reduction, see Aldaba (2016, pp. 17–21).

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24

FROM *PAMILYA* TO *GRASYA*

Microfinance

Asuncion Sebastian

Most poor households in the Philippines do not have access to formal financial services and instead rely on informal sources. The July 2016 data from the Bangko Sentral ng Pilipinas (BSP), the country's central bank, show that 47 percent of adult Filipinos borrow money; of this number, 72 percent borrow from informal sources that include family and networks, and informal lenders.

The national government's efforts at providing credit to the poor has proved unsustainable and inefficient. Lending programs to the poor which began in the 1970s suffered from high delinquency rates. The global scenario was not any different. Between the 1950s and the 1970s, governments of many developing countries implemented large-scale, subsidized credit programs (Kono and Takahashi, 2009). The government credit programs in large number of countries had the same result: insufficient outreach to the rural poor farmers, serious loan repayment problems, and inefficiencies in financial markets with unnecessary subsidies (Adams et al., 1984; Robinson, 2001). They were also politicized: lending institutions viewed credit provision as a political entitlement while borrowers, who were often local political leaders, took advantage of the cheap money in exchange for political support of government (Robinson, 2001).

Around this time, too, microfinance started gaining popularity as an alternative development strategy that does not rely on donors' funds and government subsidy, boasting of 100 percent on-time loan recoveries over the years. In 1993, the Philippines' Presidential Commission to Fight Poverty (PCFP) thus adopted the Bangladeshi microcredit technology called Grameen to alleviate poverty in the country. In 1998, Republic Act No. 8425 or the Social Reform and Poverty Alleviation Act was signed into law, highlighting microfinance as one of the four cross-sectoral flagship programs under the national anti-poverty agenda. Later, the Philippine Development Plan from 2011 to 2016 included microfinance as a tool for inclusive growth.

Initially, many of the microfinance institutions (MFIs) in the Philippines adopted the Grameen methodology. Like the government lending programs, however, they eventually confronted delinquency problems. The MFIs usually experienced a "honeymoon period" of good repayment during the first two years of operations. By the third year, operational and organizational problems set in, prodding them to improve loan recovery strategies (Marin et al., 2008). Thus, the Philippine MFIs have since explored various lending methodologies to see which best supported financial sustainability. Two decades later, only a minority of the conservative estimate of 1,889 MFIs in the country was solely using the original Grameen method (Sebastian, 2014).

The rest either started to combine the group mechanism with individual liability – also called "group lending" or Grasya – or adopted individual liability as practiced by the traditional banking system.

Families, networks, and other informal credit sources

Family (or *pamilya* in vernacular) and networks play an important role in the credit behavior of Filipinos. Filipinos would rather borrow from individuals than from banks because in case of default, the banks would foreclose their mortgaged property and not lend to them again. Thus, for the family members, helping each other would keep them from borrowing from banks, thereby retaining their ownership over their assets. Further, extended family is a means of spreading risk. For example, a sibling growing vegetables could borrow cash when needed from another who is raising cattle for a living, and vice-versa, because they operate in different markets with different risks. In short, the members of extended family affect a family's capacity to make and repay loans (Peterson, 1993).

Informal lending became popular in the rural areas because the repayment schedule matched the cash flow patterns of the farmers (Lamberte, 1992). In the early 1980s, people appreciated the role of informal finance in the domestic economy. The Philippine government, in fact, made traders, millers, and input dealers active in lending to farmers as conduits for government funds. Repayment rates in these programs were much better than those in the usual agricultural credit programs because of the informal lenders' better access to information on borrowers (Esguerra, 1987). The Philippines was cited alongside Bolivia as a country suffering substantial economic stress, yet saw informal finance thrive. Informal lenders recovered most of their loans, while formal lenders had huge defaults; and while banks had trouble building deposits, informal lenders were able to mobilize large amounts of voluntary savings (Adams, 1992).

Another popular informal source of credit is "five-six" (5–6) – so called because for a PhP5 loan, moneylenders would collect PhP6. These are either Indian or Filipino financiers who do not require collateral or documents from their borrowers, and gauge the borrowers' creditworthiness according to their business success and loan repayment history. The loan arrangement is flexible. If the client fails to pay one day, it is understood that he or she would pay for the day missed the next time around. Collection is done daily: in the morning, afternoon, or both. A delinquent borrower might try to hide, but 5–6s lenders, who are residents of the town, could simply visit the borrower's house.

The early formal credit programs

Various formal credit programs and institutions have been launched to cater to the poor, especially those from the rural areas, for the past decades. The first of these were the cooperatives, which started in the early twentieth century by virtue of the Rural Credit Law of 1916. At the end of 1926, there were 544 rural credit cooperatives organized in the 42 provinces and, by 1930, there were 571 associations formed all over the country. In 1927, the Cooperative Marketing Law was enacted and approved to bring agriculture products to the market more efficiently. In 1935, however, about 90 percent of these cooperatives were inactive with no funds left in their treasury. By 1939, only 164 societies were actually organized with a total membership of around 5,000 farmers and of the total, only 20 percent were active. The experiment on rural financing through cooperatives was thus deemed a failure (Cooperative Development Authority, 2011).

Beginning 1952, the Rural Banking Act allowed the establishment of small, regulated banks to promote the rural economy, targeting low-income, rural entrepreneurs. They reached 591

banks by 1972 and almost doubled to 1,033 by 1982. The government made these banks the conduits of its unsecured loans to small farmers, issued through its various programs such as the Masagana 99. To encourage the participation of rural banks, the BSP excluded the arrears in the computation of the participating banks' past-due ratios, hence allowing them to continue borrowing from the BSP even when their actual past-due ratios exceeded the set 25 percent ceiling. Further, the rural banks were threatened by the opening of new ones in their geographic areas if they were to cease participation in the government credit programs (Charitonenko, 2003).

As a result, the government's efforts to extend direct lending to the farmers did not do well. This poor credit performance was due to the government's excessive focus on equity at the expense of efficiency. Besides, government agencies did not have the capacity to assess the viability of projects and to monitor them, to collect loans, and to provide services at prices that ensured sustainability. It did not help either that loans were mistaken for welfare – that is, any disbursement from the government was perceived as dole-out. Worse, patron-client relationships characterized credit allocation and opened the possibility of corruption. Unsurprisingly, repayment rate averaged 49 percent from the 1970s to the 1980s (Dingcong et al., 1990) and was estimated to have improved to 65 percent in the 1980s (Alip et al., 1990).

During the first Aquino administration, government changed its role from direct lender to enabler of rural credit programs. Instead of functioning as a banker of which it was ill equipped, it created an environment supportive of the growth of the agricultural sector. The farmers' organizations, cooperatives, credit unions, non-government organizations (NGOs), self-help groups, and self-help promoting institutions were then made credit conduits in the countryside through group lending. These organizations had a wider reach and more cost-effective monitoring and evaluation mechanisms. They fostered close linkages among members that were believed to promote credit discipline. In the case of cooperatives, they helped members save and build their capital. The government's new credit program included institution building in order to strengthen the management capability of the conduit organizations, as well as savings mobilization that helped enhance the borrowers' creditworthiness. Consequently, repayment rates of the government lending programs improved. Three of these programs presented in a study (Alip et al., 1990), for instance, had improved repayment rates ranging from 80 percent to 93 percent.

Microfinance in the Philippines

Microfinance evolved from the concept of microcredit, which is defined as a small amount of uncollateralized loan, repaid at a frequent interval, targeted at low-income micro entrepreneurs, with non-traditional guarantees. When micro loans were later packaged with savings and loan insurance products, microcredit came to be known as microfinance.

The origin of microfinance in the Philippines could be traced back to 1989 when three NGOs pioneered the Bangladeshi, group-based Grameen lending technology in the country. These are, to wit: 1) Ahon Sa Hirap, Inc. (ASHI); 2) Negros Women for Tomorrow Foundation (NWTF); and 3) Center for Agriculture and Rural Development (CARD) (Yunus, 2007). In 2000, the Philippine General Banking was enacted and defined microfinance as

> the provision of a broad range of financial services – such as deposits, loans, payment services, money transfers, and insurance products – to the poor and the low-income households, for their microenterprises and small businesses, to enable them to raise their income levels and improve their living standards.

The law recognizes microfinance as part of the formal financial sector. The MFIs are allowed to extend uncollateralized loans of up to a maximum of PhP300,000, as stipulated in Circular No. 744 issued in December 2011 by the BSP.

By the standards of developed countries, the Philippine MFIs charge high interest rates at 60 percent per annum. By Asian standards, they operate on a relatively small scale, with the median MFI having only 10,000 borrowers in 2005. Despite the presence of MFIs, informal credit sources remain prevalent (Karlan and Zinman, 2010).

Microfinance lending methodologies may be classified into two broad categories: (1) group liability and (2) individual liability, which includes the traditional bank lending. Under the group liability scheme such as the Grameen methodology, clients are organized into small units or groups. A group consists of five members, who are held accountable for one another's loans; eight groups (i.e., 40 members) make up a center. The weekly center meeting is the primary administrative venue for the collection of loan repayments and the resolution of grievances among group members. On the other hand, the individual liability scheme organizes the borrowers into units, each consisting of 20 individuals or more. Liability is limited only to the borrower and her co-maker or co-guarantor, and is not extended to the other members of the unit.

Grameen methodology

Grameen lending is built on the solidarity of self-selecting groups characterized by collective guarantee, mutual support, and peer pressure to keep the members in line with the objectives of the credit program. The release of loans to the rest of the group depends on the repayment performance of the first two members who get their loans ahead. The amount of the loan in the next loan cycle depends on the designated loan amount in the predetermined, graduating scheme and on the group's repayment performance of the previous loan. Default of just one member disqualifies the entire group from subsequent loans until the repayment is made (Yunus, 2007).

The Philippine MFIs using this group-based lending methodology hardly use the term "Grameen" in referring to their programs, if at all, and call it "group-based" instead. The only exception perhaps could be Kazama Grameen. The reason is that these MFIs, including the Grameen replicators, no longer adhere strictly to the Grameen principles and have modified the program design (see the next section on modified Grameen). Those who still identify themselves with Grameen mostly do so merely for branding purposes.

Group lending or modified Grameen

Group lending or modified Grameen still relies on group solidarity of borrowers who form a group of five or so. It extends loans to the group members simultaneously. Although MFIs still follow a graduating scheme, which puts a cap to the amount of loan a borrower may take per cycle, the increase in loan size in the succeeding cycles is not automatic. The loan amount is determined mainly by the cash flow – either of the financed micro business itself or of the household of the borrowers – subject to the group members' approval. Loan terms in the group lending model may range from 1 to 12 months, and repayment is scheduled weekly. In case of default, group guarantee applies.

Community-based lending

A few MFIs have been developing community-based lending, based on the principle of local economic development. These MFIs determine economic interventions in a community in order to help the members improve their livelihood. The members are then organized, usually with the help of informal or formal community leaders. Depending on the nature of the intervention, repayment may be weekly, monthly, or a lump sum at the end of the loan term. An example is the loan extended to build a common milling facility for a farming community. In this case, collection is lump sum made through the traders. As of 2013, community-based lending was not widely practiced and was usually done on a project or an experimental basis.

Traditional bank model

Lending of this type is similar to traditional bank loans, but is not collateralized and may not exceed the PhP300,000-limit set by the BSP. The loan amount is determined by the borrower's capacity to pay, which is usually based on his or her business cash flow. The loan term is flexible and may be good for more than a year; repayment is likewise flexible, but is made monthly. Some MFIs require post-dated checks for the monthly repayments. This type of microfinance lending is usually practiced by rural banks, many of which also have group-based loans.

ASA model

ASA Philippines is the sole MFI in the country that uses the original ASA model of Bangladesh. The model determines the repeat loan amount based on the repayment performance of the borrowers, uses a graduated loan scheme that increases the loan amount over time, and employs individual liability. While the members are organized into groups, these are used as venues for collection more than a social support system.

The ASA model uses a standardized system that enables efficient operation and easy monitoring. For example, the loan amount can only be in the thousands, between PhP1,000 and PhP6,000 (the maximum loan limit for the first cycle). Repayment period is 23 weeks and the weekly due is PhP50 for every thousand borrowed. Its loan sizes are relatively small. In other MFIs, first cycle loans usually start from PhP3,000 to PhP5,000, although some do start at PhP10,000. ASA employs the traditional sit-down or doorstep collection technique (that is, the loan officer does not leave the borrower's house until she settles her weekly repayment). Many MFIs are already doing away with this collection technique as part of their client protection programs.

Individual lending with group mechanism or Grasya model

This lending method requires borrowers to organize themselves into groups of 10–50 members, bigger than those in group lending. Loans are released simultaneously to all members, the amount of which depends on the cash flow of either the financed micro business itself or the household of the borrowers, or both. Terms may be 3, 6, 9, or 12 months, to be repaid weekly. Loans are secured by a co-maker or an individual guarantor. Although the loans entail individual liability, the members still meet as a group weekly. The weekly meetings serve as venue for collection, education and training, information dissemination, or social support, depending on the intention of the MFIs. Similar to Grameen, the ASA replicators no longer identify themselves with the ASA brand. The MFIs that adopt this model call it either individual lending or Grasya

– a play with words that combine the first syllable of "Grameen" and the last syllable of "ASA" (pronounced as "asya" in Bangla) into a local term that means "grace."

Table 24.1 summarizes the features of the various microfinance models in the country.

Many MFIs have adopted both group-based and individual lending simultaneously. The group method is usually applied to new members with no credit history, those with start-up businesses, and those in areas with a relatively low population density. Loan amounts granted under the group method are generally smaller (the maximum limit may range from PhP25,000 to PhP30,000) than the MFIs' individual loans (up to the allowable PhP300,000), thus group liability makes the risks inherent in the aforementioned conditions more manageable. Ideally, too, good repaying group members graduate to the individual program once they have established their creditworthiness and business acumen. As their enterprises grow, so do their required capitalizations. Thus, the group mechanism may no longer be appropriate to the needs of borrowers with bigger businesses. Some group-based MFIs do not have individual lending programs under their own names, but have affiliate institutions such as banks that capture this market.

What makes microfinance work in the Philippines?

The nature of microfinance – unsecured loans extended to a large number of individuals or groups of borrowers – and the strong contagion effect of repayment problems in this market

Table 24.1 Summary of microfinance models in the Philippines

Category	*Group liability*			*Individual liability*		
Model	Grameen I	Group-based	Community-based	ASA model	Individual with group mechanism or Grasya	Individual à la bank
Features						
Loan amount	Graduating scheme depending on repayment performance of group members	Cash flow-based	Demand-driven	Graduating scheme from PhP1,000 to PhP6,000	Cash flow-based	Capacity to pay
Loan term	12 months	6 or 12 months	6–12 months	6 months	3, 6, 9, or 12 months	Flexible
Repayment term	Weekly	Weekly	Weekly, monthly, or lump sum	Weekly	Weekly	Monthly
Guarantee	Group	Group	Traders; other arrangements	Co-maker or guarantor; substitute collateral	Co-maker or guarantor	Co-maker or guarantor or postdated checks

Source: Sebastian (2014).

make MFI loan portfolio quality volatile. Hence, if effective delinquency management is critical in the sustainability of credit programs in general, even more so in microfinance.

The key issues in the financial sustainability of MFIs are having the appropriate organizational form, working on strong equity and financial base, and employing suitable systems and procedures. The last item includes sound financial reporting and monitoring systems, portfolio management, assessment and management of risks, product packaging and pricing, management of loan arrears, strategic business planning, appreciation of loan default and aging of delinquent accounts, and appropriate accounting and internal audit systems (Llanto et al., 1996). In short, management systems are deemed crucial in delinquency management.

On the other hand, social capital has been identified as the critical factor in delinquency management in that "financial intermediation depends on social capital … [or] trust between the borrower and the lender" (Ledgerwood, 1999, p. 77). Social capital is understood as "an instantiated informal norm that promotes cooperation between two or more individuals" or "a norm of reciprocity" (Fukuyama, 2001, p. 7). The MFIs employing individual liability, as well as the informal credit sources in the country, are able to manage loan repayment defaults mainly because of the social capital embedded in their lending.

A study (Sebastian, 2014) of high performing MFIs in the Philippines – namely ASA Philippines and Kasagana-Ka Development Center, Inc. (KDCI), which uses Grasya – shows that both social capital and management systems are necessary in managing delinquency effectively. While social capital between borrowers and MFIs makes borrowers stay and encourages repayment, it is insufficient for effective delinquency management. The two top MFIs implement policies such as same-day collection of payments when they fall due and acceptance even of partial payments when the borrowers are short of funds. Further, these MFIs promote self-sufficiency by allowing their borrowers to use their savings within the allowable limits to repay loans. Since the top two MFIs employ different loan guarantees, they only prove that the enforcement of credit or financial discipline is more important than the microfinance models the institutions adopt.

The presence of social capital facilitates certain functions such as client selection and collection. Horizontal social capital, or social capital among borrowers, contributes to delinquency management in that borrowers recruit only the creditworthy. This case is particularly true in rural and suburban areas where the migration rate is relatively low and, hence, people know one another well. Local culture, kept preserved by the low migration rate, is recognized for contributing to effective delinquency management as well. Culture includes attributes such as willingness of the borrowers to help one another, prudence in not taking out all loans made available to them, and repaying loans out of *hiya* or shame, or possible embarrassment from causing their group mates trouble if they fail to pay their dues and not necessarily due to social sanctions imposed by the lending programs.

The efficacy of social capital seems to be overused in some instances though: for example, the job of the loan officers becomes so much easier if the responsibility of collection or payment is passed on to the group of borrowers. Borrowers, on the other hand, may also cover up for one another to the disadvantage of the MFIs. Table 24.2 shows how social capital may result in negative externalities.

An MFI must then have its management systems in place to keep its operations going and its delinquency performance in check, should social capital work against it. The best performing branches of MFIs, for example, establish strong credit risk and strong agency management system where horizontal social capital is high, in order to counter its possible negative consequences. Similarly, in branches characterized by the low levels of both horizontal and borrower-loan officer social capital, having management systems in place accounted for their

Table 24.2 Effects of social capital on MFIs

	ASA Philippines	*KDCI*	*MFI C*	*MFI D*
Effectiveness of delinquency management	Highly effective (0.93%)	Highly effective (3.13%)	Moderately effective (9.72%)	Below industry average (16.63%)
Universal standard of delinquency indicator <=5%				
Industry average = 11%				
Borrower-MFI social capital	Borrowers' loyalty to MFI	Borrowers' loyalty to MFI	Borrowers' loyalty to MFI	Borrowers' loyalty to MFI
Borrower-loan officer social capital	+/– effect on repayment	+ effect on repayment	+/– effect on repayment	
		– leads to fraud	– leads to fraud	– leads to fraud
Borrower-group leader social capital	+ effect on collection	+ effect on collection	+ effect on collection	+ effect on collection
	– leads to fraud		– leads to fraud	– leads to fraud
Horizontal social capital	+/– client selection	– client selection	– client selection	+/– client selection
	– collection	+/– collection	+/– collection	

Source: Sebastian (2014).

good delinquency performance. In this case, borrowers do not care about the staff's attitude for so long as the staff members do their jobs well and the policies remain suitable to the borrowers' needs. The borrowers likewise do not mind the staff's job rotation, for so long as the transition is smooth and does not affect their records or loans.

While management systems cushion the negative effect of strong social capital and compensate for the low levels of horizontal and borrower-loan officer social capital in the abovementioned case, the high level of horizontal social capital can compensate for other MFIs' (MFI C and D in Tables 24.2 and 24.3) weak agency management. Weak agency management herein is defined as the inconsistent implementation of policies and procedures related to the agency at the branch level, rather than to the inadequacy of the agency management system per se at the institutional level. The reverse has also proven to be true: weak agency management without the benefit of high-level horizontal social capital leads to high delinquency. Specifically, the elements of the credit management system that make up for the low level or absence of social capital, or counter social capital's negative externalities are the following: client selection policies implemented in the field; proactive risk mitigation mechanisms; strict collection policy, including same-day collection of dues; comprehensive and effective monitoring systems; and combined behavior- and output-based rewards. Table 24.3 summarizes these elements across the subject MFIs.

Conclusion

Microfinance is important to local economic development in the Philippines in that it serves the unbanked, low-income financial market, left out by informal sources, government programs,

Table 24.3 Common variables between the two highly effective MFIs

	ASA Philippines	*KDCI*	*MFI C*	*MFI D*
Effectiveness of delinquency management Universal standard of delinquency indicator <=5% Industry average = 11%	Highly effective (0.93%)	Highly effective (3.13%)	Moderately effective (9.72%)	Below industry average (16.63%)
Client selection	Strict enforcement of client selection policies by loan officers	Strict enforcement of client selection policies by loan officers	Client selection based on power struggle between loan officers and borrowers	Client selection based on power struggle between loan officers and borrowers
Program design	Proactive risk mitigating measures	Proactive risk mitigating measures	Reactive risk mitigating measures	Reactive risk mitigating measures
Collection	Strict same-day collection	Strict same-day collection	Leeway extended until the 30th day from due date	Leeway extended until the 30th day from due date
Information and monitoring	Comprehensive and efficient monitoring	Comprehensive and efficient monitoring	Hierarchy- and report-based monitoring	Hierarchy- and report-based monitoring
Rewards and incentives	Behavior- and output-based, accepted by the organization	Behavior- and output-based, accepted by the organization	General feeling of demotivation due to new incentive scheme	Target-based, criteria not clear

Source: Sebastian (2014).

and the other formal, private credit initiatives. While the informal sources offer flexible terms, convenience, and far less demanding screening of loan applications, they have limited reach, charge high interest rates, and do not ensure repeat loans. On the other hand, government credit programs – although they have wider reach and entail low, often subsidized, interest – fail in collecting payments and are thus unsustainable. It is because people tend to perceive loans from government as dole-outs that need not be repaid. Government agencies, as well as many well-meaning civil society organizations (CSOs), do not have the capacity either to evaluate loan and project proposals, monitor borrowers' performance, and promote financial discipline, all of which are mechanisms to mitigate risks inherent in lending. Besides, government programs often get politicized.

With the innovation introduced by microfinance, the low-income households have gained access to financial products that match their cash flow, paying capacity, and needs sans the stringent requirements of banks, the usurious interest rates and/or unstable supply of informal lenders, and the risk of unsustainable credit programs of government and other CSOs. Over time, microfinance has proven to be both sustainable and scalable, reaching the frontiers that no

formal lending institutions have gone to before. MFIs now extend even non-financial services to their clients, aimed at reducing the vulnerabilities of these households. Despite the contributions and achievements of microfinance, the sector as a whole still faces two main challenges: (1) the prevalence of informal credit sources in the market; and (2) delinquency management.

In their search for effective means to manage non-repayment of loans, the MFIs have adopted and, later on, developed microfinance models. The effectiveness of an MFI's delinquency management practice, however, does not depend on its lending methodology – be it group or individual liability, or Grasya – but on the dynamics of social capital in and the management system of the MFIs. Although social capital is a necessary condition, it in itself is insufficient for effective delinquency management practice. While strong social capital between the borrowers and the MFIs makes the borrowers stay in the program and repay their loans, having strong credit risk and strong agency management makes for effective delinquency management, regardless of the levels and types of social capital present in the area of microfinance operation. Some forms of social capital are double-edged – they may or may not work to the MFIs' advantage – and hence, a strong management system can cushion its negative effects. On the flipside, social capital may compensate for the weakness of the MFIs' management, specifically its agency management.

Ultimately, the result of the study demystifies what accounts for an effective delinquency management in microfinance: balance of social capital and elements of management systems, building one to compensate for the weakness of the other. With the intensifying competition and continuing problem of delinquency in the microfinance sector, it would help its members to know how they could balance social capital and specific elements of management systems, and incorporate them in their credit program management. The cases of ASA Philippines and KDCI only showed that the right combination of social capital and management systems is effective in managing delinquency, and hence in enhancing the financial sustainability of the MFIs, regardless of their growth strategy, lending methodology employed, and product variety and design. Since the Philippine economy heavily relies on micro enterprises – comprising almost 90 percent of the total business enterprises in the country in 2012 – keeping the microfinance sector robust remains critical not only in the country's economic development but also in its thrust to alleviate poverty.

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PART IV

Cultures and movements



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25
A SYNCRETIC CULTURE

Paul A. Rodell

This chapter must begin with the key question: What is "culture"? A useful definition is that culture encompasses the full range of human creativity and daily life. Under this expansive notion obvious cultural productions such as music, dance, painting, sculpture, film, literature, and so forth all fit comfortably. However, this broad definition also encompasses less obvious aspects of culture in daily life such as architecture, food, clothing, gender relations, religion, games, and lifestyles including social forms of interaction.

Before examining any aspect of culture, it must be recognized that culture is not static. All of human culture is in constant motion as new styles replace old, so "change" as an influence on culture must be accounted for. For this reason, it is often necessary to look at the historical roots of cultural practices to gain an understanding of their social role. Central to our discussion of Philippine culture is the concept of syncretic adoption where aspects of foreign cultures are integrated into the local culture. In a sense, all cultures do this, but this process is especially important because Filipinos have had to adapt themselves to other cultures, but do so within the boundaries of their own values and traditions.

If change is constant and an historical perspective is critical to understand culture, what additional influences operate on culture over time? In the Philippine case, a good starting point is the composition of the archipelago's people. Although the population is overwhelmingly Malay, there are differences within the majority's ethno-linguistic composition ranging from the Ilocano speakers of the north to the various indigenous and Muslim peoples of Mindanao. Each grouping contributes to the whole of the nation's culture. Additionally, the country has integrated other peoples such as Spaniards, Chinese, Americans, and other Asians and Europeans. These additional groups have also contributed to Philippine culture, sometimes in significant ways.

A discussion of Philippine culture should include the archipelago's geography and climate that has influenced various aspects of the country's culture including architecture where Philippine dwellings have been adapted to various temperatures and climatic conditions. Examples range from the stone houses on the far north's typhoon plagued Batanes Islands, to the warm, enclosed dwellings of Luzon Island's central Cordillera mountains where temperatures drop at night, to the light airy bamboo homes in the hot and humid coastal regions and broad floodplains of the country's rich agricultural areas all the way to the Sulu Archipelago where the Sama Bajau people live most of their lives on their fishing boats (Rodell 2002a, 77–96 and Lico 2010 *et passim*).

Geography is also central to the Philippine's history of adopting external cultural influences. Although at the far eastern edge of Southeast Asia, the Philippines still received cultural influences, especially religious and philosophical, from distant India and the Middle East, however, physical distance and the mediating effect of the Philippine's Southeast Asian neighbors both acted as buffers to temper the original teachings of strict South Asian and Middle Eastern religions. Meanwhile, the influence of the Philippine's Chinese neighbor to the near north for a long time remained limited to a relatively few merchants whose impact was overshadowed by numerous Arab and Indian traders. Large scale Chinese migration accelerated when European colonizers arrived and Chinese merchants began a mutually beneficial symbiotic relationship with the newly arrived Westerners.

Foreigners initially sought ports that offered contact with the local population and shelter for their ships. The Spaniards first landed on the southern island of Cebu and then transferred to the better situated Manila Bay to the north. Islamic influence entered the archipelago in the far southern Sulu Sea and spread to Mindanao and was headed northward through the Visayan Islands until the arrival of Spanish priests halted and reversed the most recent conversions. Meanwhile, merchants from near and far traveled up and down the islands seeking customers living in numerous river inlets and bays. The extensive waterways also served as liquid highways for the introduction and spread of external cultural influences.

Even the European presence was conditioned by the Philippines' geographic position. The distance from Madrid made the Philippines a far outlier in the Hispanic global empire. This distance limited the value of the archipelago to the profitable Galleon Trade (1571 to the 1820s) and Spain's cultural influence was long focused on the religious work of missionary religious orders. Civilian Spaniards usually did not venture far from their residences safely inside the walls of Manila's Intramuros district and protected by the guns of Fort Santiago.

While largely urban based, the colonial domination of Spain and later the United States facilitated Western cultural influences over time. The cultures of these colonizers became the markers of status for the indigenous population to emulate as local workers produced the cultural goods demanded by foreign patrons. The colonizers also linked the islands more firmly into the increasingly complex web of international linkages as sailing ships gave way to steam powered vessels and the Suez Canal shortened travel times making distance less of an obstacle to cultural exchanges and cross fertilization. Especially from the United States' colonial period to the present, the rise of public education further disseminated foreign cultural influences. And in today's global culture of instant communication and information exchange the flow of cultural productions has reached a level undreamt of only a few short decades ago. The Philippines is a participant in all of these twentieth and twenty-first century developments.

So what is the Philippine's syncretic culture?

With so many external cultural influences on Philippine culture the question can legitimately be asked, "So what remains after syncretic adoption that is truly Filipino?" All of the factors already introduced, both domestic and foreign, natural and man-made, have shaped and continue to reshape Philippine culture. But the important point is that Filipinos are the ones who do the shaping and they do so based on their own sensibilities. It is the nuances of this process of combining influences and factors that make Philippine culture its own. To the first-time observer the Philippines and its culture may not seem unique but there is a difference between initial appearances and underlying reality. The use of English by many clothing styles, media outlets, brand names, and so forth all evoke a distinctly Western and international culture. However, the perceptive observer soon realizes that there are a number of distinct local variations.

Even the food in international fast food outlets has a local flavor because Filipinos prefer their own tastes and look on meals at Western fast food chains as "snacks" and not real meals. Social interactions are also very different and business is not conducted until a personal rapport is well established. A few years ago, I took a group of faculty on a trip to the Philippines. A number of Filipino friends of mine were puzzled by how I could do business with a travel agent who helped me set up the trip when I had never met her, didn't even know just where her office was, and had only talked with her over the phone. In local Philippine markets you go to your "suki" with whom you always do your business and that personal relationship will assure that you are getting good service and fair deal. Going to anyone else should be avoided. This same business culture in the local village marketplace is also found in some of the country's largest corporations (Roces and Roces 1994, pp. 121–132).

Our search for an answer must look to the pre-Hispanic past when Filipino core values were first developed in small villages comprised of close knit families held together by mutually beneficial personal alliances. Because the family is the repository of basic social values our discussion will begin with the family and gender. This examination will go beyond the core nuclear family to the extended family and the importance of fictive kin. Next, the chapter will examine Philippine cuisine which is an excellent example illustrating the combining of indigenous resources and external influences to create a Filipino cuisine. Moving beyond the family and food, the final section will look at music and the role that syncretic adaption has played and continues to play in the cultural life of the country. This discussion will reference not just music but its relationship to cultural values, gender relations, and dance even while illustrating the incorporation of external influences. Clearly, this discussion will leave many aspects of culture unexamined, many of them important. Unfortunately, in a brief survey chapter extremely difficult decisions have to be made since space does not allow for a full discussion of a number of topics.

Traditional family and gender relations in change

Like most of its Southeast Asian neighbors, Philippine families were based on bilateral kinship where neither the male nor the female side was privileged over the other in terms of descent or superiority. As a consequence of bilateral kinship pattern, in traditional Philippine society women held prominent social roles in the community and were partners in marriage rather than subservient to husbands as were women in patrilineal societies such as traditional China. But what does this mean in a practical sense? Beyond the relatively prominent role of women, youngsters as they reach marriageable age have relatively significant latitude in making dating and marriage choices. Similarly, newlyweds are also free to choose where they will live as they establish their independent household. All of this sounds very familiar to Westerners, but there are additional aspects of Filipinos family life that are different and more in keeping with the Philippines' traditional past that are still very much alive; this is especially true of the extended family and gender power relationships within the marriage.

The extended Philippine family includes two distinct components. The first component is composed of all relatives connected by biological and marriage relationships. This familial core is critical because it sets the parameters for an individual's identity and status in society. A Filipino's relatives and their social, economic, and political status defines an individual much more so than does a family's social-economic position in the West. Elite families will be in a position to ensure that their children will go to the best schools and will have access to the connections they need for success. Conversely, someone who comes from a less well-off family will have fewer advantages. There may still be room for an individual with talent to improve, but it is more difficult to do so – far more so than in the West. So, when Filipinos first meet, it is not

unusual for stock to be taken of a person's family as an important marker of place in the social hierarchy.

The second component of a Filipino extended family are "fictive kin" who enhance the family's strength which is especially true of ritual relatives who act as sponsors at a baptism or marriage. While ritual sponsors are common in the West, the importance of acting as a sponsor in the Philippines is much greater and involves a set of mutual obligations that unite families. While many sponsors are friends, it is also common to seek alliances with social-economic superiors such as a landlord or local political leader. Sponsors have strong obligations to the child or newlyweds while the recipients can be called upon to support their landlord or politician sponsor. This practice is different from the West where being a sponsor is seen as a one-time thing denoting mutual friendship but not as a set of long-term mutual obligations between families and for the long-term material benefit of the child or married couple.

An additional type of "fictive kin" is the *barkada*, a friendship group that can often trace its roots back to childhood associations such as childhood play groups, a graduating class, or, later, workplace friends. While the *barkada* is not inherently gender specific, since boys and men are expected to spend most of their time outside of the home, most *barkadas* are male even though female groups are not unknown. The importance of the *barkada* should not be underestimated because it is long-lasting and can even rival loyalty to one's family (Rodell 2002a, p. 136 fn. 9). Especially important classmate *barkadas* are often formed in extra-curricular associations such as fraternities or are graduating classes of elite institutions. As well, the *barkada*'s importance in the modern urban context should also not be neglected. For example, President Marcos staffed top government offices with his fraternity "brods." More dramatic were the many post-Marcos coup attempts that exposed fault lines between different graduating classes of the Philippine Military Academy who squared off against each other attempting either to topple the government or support it (McCoy 1999 *et passim*).

Despite the importance of fictive kinship networks, the basic Filipino family closely resembles that of the West. However, in the area of gender relationships significant differences can be found because the traditional "double standard" is still the norm despite recent gains in women's equality. Under this standard, the woman rules the household, including managing the family budget and all expenditures, while the men spend much of their lives outside the home. Girls stay with their mothers to learn the basic skills needed of a future wife and mother and young women are watched closely to ensure that they will not shame themselves which could ruin their chances for a suitable marriage and dishonor the family. Meanwhile, the men spend their time working outside the home and later escape to their *barkadas* for recreation. Young men are also give a great deal of latitude sexually which continues later during marriage. While not universal, it is not unusual for men to have extra-marital relations and even second families. Traditionally this behavior was tolerated and even admired as a sign of masculinity.

When a couple begin to date they will often be supervised by having roommates or friends accompany them. Later, when the relationship is advanced, couples will go out on their own, but open sexuality is still not displayed. Pre-marital co-habitation common in the West is only practiced by a small number of Manila's young people. Though young people have the freedom to choose their partners, it is not uncommon for the parents to encourage matches they feel especially appropriate for their child and actively attempt to discourage less desirable prospects. Since familial pressure can exert a strong influence, there is still the tendency for couples to be from the same town and social-economic class and "mixed" marriages of different religions are also rare. Once a marriage has been agreed to, the family mobilizes to ensure the best affordable wedding ceremony that must take place in a church since God's sanction is essential for a union to be real and truly blessed (Rodell 2002a, pp. 126–129).

Once a child is born, the new family truly comes into being. Although bilateral, the new family suddenly becomes matrifocal and the father is increasingly distant. If the father carries on an active sex life outside the family, the child's focus will be all the more centered on the mother. Since the mother is ever present and the source of all good, the child can never repay her and their relationship is forever unequal and requires complete loyalty. Meanwhile, the distant father is respected, but his relative absence makes him difficult to approach and somewhat forbidding. The consequences of the matrifocal family are unclear because while the child may have a secure base from which to launch into the world, the child may also become subordinate to the family and sacrifice themself to it (Mulder 1997, pp. 42–44).

Despite the hold of tradition, new forms of gender relations are making inroads that promise to reshape the future Filipino family to some degree. Men are spending more time with their children and are more openly affectionate. As more women pursue careers after birthing, duties are increasingly shared and societal attitudes are shifting to accept the professional working mom. A dramatic illustration of this shifting attitude toward women can be seen in the career of former president Joseph Estrada. His cavalier attitude towards women and his many mistresses backfired on him and was one of the motivating factors for the second People Power Revolution that led to his ouster. Especially powerful was the tearful testimony of the immensely popular actress and singer Nora Aunor who was one of his mistresses and described how he used her "like a punching bag" (Rodell 2002b, p. 218). Meanwhile, the increasing availability of birth control is clearly reflected in the smaller number of children born to middle class families, this despite best the efforts of the Roman Catholic hierarchy. While these changes are significant and should not be discounted, ultimately the family will remain strong in Philippine life and culture.

Food and syncretic Philippine culture

After the family, nothing is more fundamental and reflective of a society than food, its preparation and social role. The Philippine table displays the wealth of the archipelago's land and surrounding waters and food is prepared in a way that reflects the culture's syncretic nature by combining influences from Asian and world food cultures and the country's historical development (Fernandez 1998, pp. 7–9 and 15–17). There are some variations based on regional tastes including the Bicol peninsula's preference for spicy food and the sour taste of the Ilocano region's *pinakbet* that makes heavy use of *ampalaya*, a bitter melon. Meanwhile, the country's Muslims follow the religious stricture against eating pork. Additionally, some differences are concessions to local agriculture variations such as the use of corn as an inexpensive supplement to rice in some parts of the Visayan Islands and Mindanao (Alvina 1998, pp. 10–13).

One constant in the Philippine diet is rice, the basic building block that appears at every meal and as between meal snacks. Even the word for cooked rice, *kanin*, is the root of the whole nomenclature of eating: *kain* is to eat; *pagkain* is food; *kumain* is to take a meal; *pang-kain* is money set aside for food, and so forth. In contrast, the word *ulam*, the generic term for victuals of meat, fish, or vegetables, has only that one application. Second to rice is fish whether from the surrounding oceans, shallow coral reefs, freshwater rivers, or rice paddies. Fish and shrimp are even used for flavoring as sauce (*patis*) or paste (*bagoong*) and used in many recipes and as a condiment on Filipino tables. Rounding out the diet are a number of root crops, vegetables such as *kangkong* which is grown in swampy conditions, and fruits. While chicken is readily available, red meat is usually limited to the tables of middle class and wealthy Filipinos because of its relative expense (Rodell 2002a, pp. 99–101).

A near universal Philippine dish is *adobo*, a simple stew of either chicken or pork flavored with vinegar and spices such as garlic and peppercorns and often with the addition of soy sauce (Gapultos 2013, pp. 68–81). Another common dish is *sinigang*, another stew with wide variations combining vegetables and any available fish or meat and flavored with acidic fruits such as tamarind, green mango, guava, or tomato. The broth cools the body and is welcome in the country's tropical climate. In addition to these stews, Filipinos dry and salt fish and meat to preserve the flesh while other *ulam* such as chicken or fish is often roasted. Whole roasted pork, or *lechon*, slow cooked over a pit is especially prized and is often consumed at festive occasions such as during the town or barrio fiesta or special occasions such as a wedding. Fish and meats, including goat, are also marinated in vinegar and lime juice, the acids of which "cook" the raw foods without the use of fire. This method is called *kinilaw* (Alejandro 1998, pp. 33–101). The country has an abundance of fruits for natural desserts, but this part of the meal is largely a foreign addition to the Philippine table. While natural fruit drinks are consumed, soft drinks, especially Coca-Cola, are often a staple, despite, or perhaps because of, their high sugar content. Also enjoyed are San Miguel beer and fermented drinks such as palm "wine" and *lambanog*, a powerful alcohol made from fermented coconut juice. Meanwhile, sugar cane juice is fermented to make the alcohol drink *basi*. While beer is relatively common and may accompany a meal the other forms of alcoholic drinks are usually reserved for social consumption along with "finger food" that encompasses a range of foods from peanuts to various meats such as goat to more exotic foods such as frogs, squid, and even dog in some parts of the country (Alegre 1992, pp. 29–77).

Because China's southern coast is so close, Filipino and Chinese merchants regularly traded with each other in the pre-Hispanic era; this two-way traffic's impact on the islands' cuisine was great. Adoptions from China include a variety of rice noodles especially the ubiquitous noodle dish *pancit*. As well, it is probable that *lumpia* (vegetables wrapped in thin rice crepes), *siopao* (meat encased in cooked balls of rice dough), and dumplings (*soimai*) had Chinese origins. Spain's impact was not to the same degree since many ingredients like olives cannot be grown locally and the cuisine of the Iberian Peninsula uses far more meat than the average Filipino family budget can afford. Dishes such as *relleno* (stuffed capons), *cocido* (sausage stews), and rich desserts like *Brazo de Mercedes* (the Arm of Mercedes) were reserved for very special occasions as a display of wealth. Still, some affordable dishes were incorporated into the Filipino diet including the Spanish paella that became *bringhe*. Spanish sausage has become the popular breakfast meat *longaniza* served alongside *pan de sol* (bread of salt). Meanwhile, some egg yolk desserts such as *leche flan* and *yemas* became incorporated without being changed. And finally, Spanish galleons brought a number of fruits and vegetables from the Americas such as corn, tomatoes, peanuts, the humble sweet potato (*camote*), pineapples, avocados, and others that fundamentally changed local recipes (Rodell 2002a, pp. 104–106 and Newman 2014, pp. 83–86).

The contribution of the United States has pretty much been limited to some snack foods such as pizza and hamburgers and the fast food industry. This, too, has been syncretically adopted and the Jollibee chain of restaurants is giving McDonalds and other American franchises a run for the Peso even as these foreign chains attempt to syncretically transform their menus to match Jollibee. The growth of fast food also reflects the increased urbanization of the entire country and not just Manila. As more and more people are jamming into the country's urban centers, the number of restaurants has grown exponentially and has spawned the ancillary growth of takeout businesses that serve the needs of busy working professional parents. Increasingly, the Philippines resembles any other developing country in the twenty-first century even if the taste palate and ingredients are unique and locally based.

Music and syncretic Philippine culture

Whether for courting or other purposes such as storytelling, celebrating a birth, burying the dead, and work activities including planting or harvesting, anyone could, and would, be called on to participate in group music. Gender relations were reflected in oral traditions that formed the basis of the earliest Filipino music. For example, in courting songs couples were called on to create impromptu lyrics. This tradition lived on in the traditional *kundiman* and even resonate in contemporary Filipino love songs that stress everlasting love and are presented in heart wrenching lyrics and performances. Even today, the impromptu nature of shared music at Filipino gatherings catches foreign visitors by surprise when they are called on to sing. The foreigner will attempt to render a song perfectly and will not realize that what is really important is not the quality of their singing, but their enthusiastic participation in the group activity.

European musical influence began with liturgical music which fit neatly into indigenous worship practices. This is especially prominent in the traditional pre-Hispanic *pabasa*, a group recitation of religious texts done in the *punto* musical fashion. Today, this form of musicality is used in the public readings of the Passion of the life and death of Christ recounted during Holy Week. Meanwhile, secular forms of Spanish music were introduced, often accompanied by social dancing, but were also modified to fit Philippine culture (Hila 1989, pp. 13–15). So, the enthusiastic *habanera* became the more subdued Filipino *dansa* that was eventually transformed to include the music of the *harana*, a serenade of courtship. A traditional dance featured at many a public celebration has a woman balancing a lamp on her head and two more on the backs of her hands while executing complicated cross-over steps. This dance had its origin in the Spanish *fandango* (Urtula and Arandez 1992, pp. 34–35).

Traditional Philippine musical instruments included brass gongs, bamboo versions of the "Jew's harp," hollowed out logs that could be beaten, bells, and so forth. These were then supplemented by a wide array of Spanish instruments such as the guitar, mandolin, piccolo, and others to form *rondalla* orchestras that were later supplemented by the piano. Meanwhile, American influence saw the introduction of brass bands and dance bands with a new and expanded array of instruments and the introduction of new musical genres like ragtime, blues, and jazz. Under this later colonial assault, Filipino music culture faced a greater challenge than ever but was able to rebound thanks to yet another foreign innovation. It was the Filipino vernacular film industry catering to the broad population that kept traditional music alive. Filipino films gave local composers an audience and a livelihood and produced some of what remains today as iconic Philippine songs. Examples include Miguel Velarde, Jr.'s "Dahil Sa Iyo" (Because of You) that the late president Ferdinand Marcos always sang at campaign rallies in a duet with his wife Imelda. That a thoroughly modern politician like Marcos would choose such a sentimental *kundiman* as his signature song shows the residual strength of traditional culture.

Before World War II, national pride also kept earlier music forms alive thanks to composers such as Juan S. Hernandez and Hilarion Rubio and the prodigious body of work by Nicanor Abelardo. In all cases, these and many other composers sought to incorporate traditional musicality, themes. and instruments into modern works. Nationalist musical production continued thanks to Lucrecia Kasilag whose compositions in the 1950s and 1960s won numerous awards and the strong influence of the Cultural Center of the Philippines as well as the Bayanihan Philippine Dance Company that showcases highly stylized traditional music and dance to the world (Castro 2010, pp. 61–104).

However, the international music scene's influence continues unabated and has even accelerated and only a few local record labels such as Villar Records could hold their own against the foreign influx. What began a turnaround was the protest music of the Martial Law period with

nationalist groups such as the APO Hiking Society whose song "Hindi Ka Nag-iis" (You Are Not Alone) was composed in protest of the 1983 assassination of Benigno Aquino, Jr. They were joined by a generation of "folk" style protesters such as Freddie Aguilar whose signing of "Bayan Ko" (My Country) to the crowds in 1986 played a part in toppling the Ferdinand Marcos regime (Rodell 2002a, pp. 179–180). Others such as Florante de Leon, Heber Bartolome, and Joey Ayala, after he left APO, fell into this same category of nationalist composer/performers of popular music (Castro 2010, pp. 167–190 and Rodell 2002a, pp. 184–186). Their efforts were mirrored by Ruben Cayabyab in Manila's jazz scene, classic Filipino songbook singers Celeste Legaspi and Kuh Ledesma, and even "Pinoy" rockers Mike Hanopol and his Juan de la Cruz band featuring the wild Joey Smith whose very name references a popular folktale character. In fact, Pinoy Rock became quite popular by the 1980s and was, in part, responsible for a requirement that radio stations include Filipino compositions in their playlist (Caruncho 1996, pp. 115–133 *et passim*).

Today, contemporary Western music remains popular as Taylor Swift, Adele, and others can be heard over the airwaves and are popular downloads. Still, Filipino musicians are now known for their own music and not just for their ability to mimic popular Westerners and their music is also selling. Prominent among a new generation of such artists are the Eraserheads (Caruncho 1996, pp. 103–109) and for a time Pinoy rapper Francis Magalong who interpreted contemporary Philippine life. While Filipino films are no longer as strong as they were, they continue to feature local musicians. Meanwhile, in the provinces, local dialects continue to be sung while brass bands and rondalla ensembles still make their music and even by the late 1990s Kasilag produced new compositions for orchestra that featured indigenous instruments as vital components of the orchestra. Philippine music and musical sensibilities remain vital as syncretic adoption adds new and exciting new dimensions to the evolutionary process.

At many different levels syncretic Philippine culture remains alive and well.

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26

GENDER, NATION, AND FILIPINO CATHOLICISM PAST AND PRESENT

Coeli Barry

It is difficult to overstate the importance of Catholicism in the Philippines with almost 80 percent of the population adhering to this faith, making the Philippines the third most populous country in the world with a majority Catholic population. Catholicism plays an integral role not only as a set of beliefs but in everyday cultural, social and political life. Since the introduction of Catholicism at the hands of the Spanish priests in the sixteenth century the religion has been woven into the fabric of the country. Through assimilation, adaptation and transformation, this religion became the dominant faith for a majority of Filipinos.

The influence of Catholicism in the personal and social realm of life is everywhere visible in the Philippines. Though Islamic holy days were more recently made national holidays, national holidays have historically been oriented to the Catholic calendar, even for individuals who are not Church-going Catholics. The country virtually shuts down for the Christmas season; shopping and socializing with friends and family taking precedence over other obligations. Lights and decorations can be seen in the lead-up to Christmas Eve. Every year there are re-enactments of the crucifixion that take place in the country on the Catholic holy day of Good Friday which precedes Easter Sunday.

The richness of the visual markers of Catholicism are striking and what often impress a first-time visitor to the country: there is religious décor in public buses and jeepneys (the most popular public transit vehicle in cities), rosary beads hang from rear view mirrors, there are chapels in shopping malls and in homes, and crucifixes and images of the holy family are in public spaces. Shrines and churches can be seen everywhere throughout the country.

Given the central place of Catholicism in the Philippines, it is not surprising that it is implicated in the politics of the country on many different levels. In the realm of formal politics, the Catholic bishops and members of religious congregations, such as the Jesuits, weigh in on elections as well as public policy – such as reproductive health. Nuns, priests and lay people are seasoned in the realm of civil society building and many are "veterans" of the fight for justice and human rights waged against the repressive regime of Ferdinand Marcos.

This chapter examines Catholicism in the Philippines as it took root and grew in times of colonial rule first by Spain and then by the United States, focusing on negotiations between the institutional Church and the laity that occurred across different political regimes. Catholicism influenced the shape of the modern nation, and it continues to adapt in response to globalization and a diasporic population that reaches to many parts of the world. Working within a historical

perspective this chapter highlights nationalism, Church and state relations as well as the importance of gendered social norms in ensuring that Catholic religiosity continued to have an important place in the lives of Filipinos and Filipinas across the centuries.

Catholic faith or "Catholic nation"

Catholic nationalist Filipinos in the 1930s through the 1960s pointed with pride to the fact that (at that time) the Philippines was the "only Catholic country in Asia." Church leadership sought to instill the idea that Catholicism was integral to the nation. A recent study argues that Catholic bishops of the Philippines promoted the idea of the Philippines as a Catholic nation through its official pronouncements, even to the point of advocating that to be Filipino is to be Catholic. But the same study argues that even within the Church itself there are differences about how far the Church should try to go in matters of national identity (Francisco 2014). During the worst of the country's internal conflicts that flared from the late 1960s through the 1980s there was little that resonated in the term. As Filipinos became more mobile and society became more pluralistic in the past 20 years the assertion of being a Catholic nation does not resonate as forcefully as it once did. There is more heterogeneity in the Manila landscape as Filipino Muslims from the Southern Philippines migrate for study and work (Barry 2008).

But Filipino intellectuals and social activists have different interpretations of what it means to be a majority Catholic nation. The leadership of the Catholic Church, particularly the bishops and some prominent priests, certainly wields influence on the national stage and the relative autonomy of the Catholic Church from the Philippine state distinguishes this country from its neighbors. A dramatic demonstration of that autonomy could be seen in the way the Church conducted itself throughout the long decades of anti-democratic rule in the 1970s and into the 1980s. The authority the Church could exercise even at the height of the authoritarian regime of Ferdinand Marcos meant that activist priests and nuns – in the main – were spared some of the worst that democracy and leftist activists experienced elsewhere in the region. There were notable and very brutal exceptions to this, including cases of "disappeared" priests whose bodies were never recovered (Gaspar 2014). In less politically fraught, more ordinary times the parish priest is regarded as an authority figure whose opinion may be listened to, though on what issues and under what circumstances is not easy to say with certainty.

Catholicism in the lives of Filipinos who may have very little to do with the institutional Church is a topic to which many anthropologists and sociologists are drawn. Popular Catholicism, also called "folk Catholicism," has been one of the most enduring paradigms for the study of Filipino Catholic practices and beliefs. The anthropologist Deirdre De la Cruz has written that the category can be found in book titles, buried in footnotes, or subtly present in the theoretical underpinnings of many ethnographies of Filipino Catholicism (De la Cruz 2014). The scholar of religion Jayeel Cornelio incorporates the phrase "everyday Catholicism" to capture a wide range of religious experiences that include "beliefs in local spirits and healing practices, crucifixion rituals, feasts dedicated to saints, Marian piety, and even charismatic Christianity" (Cornelio 2014, p. 475).

While studies on popular religiosity describe and assess how pervasively and richly the inner lives of Filipinos are infused by Catholic symbols and faith, the picture that comes into focus is of the tremendous variety that exists in how Filipinos express and inhabit their religious selves. The relationship between the laity and the institutional Church is complex as well and the Church at present is made up of people from different cultural and socio-economic backgrounds who bring their own views on spirituality choosing for the most part to play down the doctrines that are core to the Roman Catholic Church the world over but not especially easy

to adhere to at all times. These varied and sometimes contradictory faces of Catholicism and politics in the Philippines continue to shape perceptions about the role of this religion.

Christianizing society

The roots of this interconnection of Church and politics are lodged in the history of Spanish colonization of the Philippines that began in the sixteenth century and ended at the end of the eve of the twentieth century. Spanish colonization of the Philippines was both political and religious in its aims. Conversion to Catholicism was central to the Spanish imperial project in the Philippines as it was elsewhere. Catholic Spain had just concluded the *Reconquista* during which they expelled North African Muslims, Spanish Muslims and Jews from the peninsula and Spanish religious zeal; consequently anti-Muslim fervor found expression in the Philippines.

Throughout the Spanish colonial period the process of conversion displaced some indigenous religious practices. This displacement was also accompanied by a reconfiguration of sexuality and gender norms. The work of Carolyn Brewer has detailed the processes by which a feminine ideal of chastity, as projected in the image of the Virgin Mary and other saints, supplanted the accepted sexual norms of Philippine women which were generally more tolerant of sexual freedom for women. The place of traditional religious leaders was less fixed as well. One example Brewer offers is the changed position of the priestess as midwife. St. Ignatius of Loyola – the founder of the religious order of priests known as Jesuits – was promoted by Spanish Jesuits as the special protector of women in childbirth (Brewer 2004). The priestess continued to perform her functions as a midwife but her status as a spiritual figure was reduced. The institutional support of only some types of acceptable faith practices as well as the gradual overlay of Spanish-imported gender roles had a lasting influence on the country.

The space for traditional religious beliefs never disappeared entirely and the fact that Catholicism flourished reflects the fact that Filipinos brought their own spiritual beliefs to the "imported" icons, symbols and meaning systems. Statuary, sculpture, painting and woodcarvings in the Philippines are infused with the colors, textures and values indigenous to the Philippines. Devotion to the Virgin Mother was also cultivated by Spanish missionaries, but it thrives into the present partly because, in her capacity as mediator between the faithful and her son Jesus, Mary has a function that resonates with Filipinos of all backgrounds. She is prayed to by those asking for compassion and mercy, fertility, good health and a host of desires Filipinos feel are more likely to be fulfilled through the intervention of a more powerful, yet "approachable" presence.

The path-breaking work of the Filipino historian Vicente Rafael shifted the way that the history of Spanish colonialism and the conversion of the Philippines could be understood in his book *Contracting Colonialism*. Where mainstream scholarship had tended to treat colonization as a process of transplanting Spanish institutions and culture, Rafael's history of the seventeenth century argued that Filipinos were engaged in a far more complex process and one that accorded native Filipinos far more space for rendering meanings of their own from the conversion. Rafael argues that "Christian conversion and colonial rule emerged through what appeared to be a series of mistranslations." It was precisely in these mistranslations where possibilities could emerge. Each group read into the other's language and behavior possibilities that the original speakers had not intended or foreseen (Rafael 1988, p. 211). Conversion of the lowland populations gave way to economic change and colonial governance and through these processes the colonial state relied more and more on the Catholic Church allowing religious orders to acquire more property and for Church leadership to become more powerful.

A religious state: some important legacies of Spanish colonialism

Over a period of roughly 200 years (from the late sixteenth through the late eighteenth century) Spanish religious and administrative rule shaped the colony economy so that by the nineteenth century the Philippine economy was integrated in the world capitalist system. Spanish colonial officials were relatively few in number therefore it was the priests who enforced administrative orders and actively took part in the economic and cultural transformation of the country. Their influence grew and the intertwined relationship between Church and state in the colony meant that there were few checks on the authority of the Church. There were long-lasting social consequences from the colony's economic and political development: only a small proportion of the (Chinese-native Filipino) mestizo population were more prosperous while many among the native population were economically deprived.

By the middle of the nineteenth century the Church began to accept native and mestizo men into its ranks but they were often poorly trained or blocked from advancing very far because of the prejudice of the Spanish priests and bishops. A handful of these Filipino priests played an important part in the early stages of nationalism. In 1872, the colonial government executed three Filipino priests (of mixed ancestry) for allegedly masterminding a mutiny in a shipping yard in the city of Cavite. This event made a deep impression on a generation of the public and particularly on politically minded young intellectuals, for whom it became a rallying cry in the growth of Filipino anti-colonial nationalism. During the last quarter of the nineteenth century Filipinos from different classes and geographic regions organized in more cohesive ways to fight for reform or outright toppling of colonialism.

Spanish priests and much of the hierarchy were becoming more defensive throughout this time, fearing that the anti-clerical nationalism that had swept across Spain's Latin American colonies and the anti-Church politics that grew in Spain itself would influence the Philippines as well. Politically and economically the Spanish crown steadily weakened and the empire began to fall apart: From 1810 to 1825 Madrid lost almost all its colonies to the first generation of nationalist movements – except Cuba, Puerto Rico and the Philippines. The Philippines had come to be seen as the place where the Church should defend itself from nationalism and anti-clericalism and there was a hardening of conservative and often anti-native views. The conservatism of Spanish Catholic priests in the Philippines that alienated many and lay the seeds of a nationalist consciousness made an already privileged and unreformed colonial institution into the object of enmity.

The gifted writer and nationalist intellectual Jose Rizal gave voice to these feelings in his novel *Noli me Tangere* in which he depicted the friars (as the members of religious congregations were known) as embodying many of the worst aspects of the corrupt colonial institution the Catholic Church had become. Rizal's *Noli* also dramatized the society of his time with its hierarchies and rivalries. Catholic ideals of gender, sacrifice and family honor appear alongside the aspirations of Filipinos for liberation from its colonial power. Those aspirations for liberation were thwarted by the intervention of the United States for whom the Philippines was one of a handful of "possessions" the growing empire claimed for itself as the spoils of war with Spain in 1898. During the Malolos government, the short-lived but symbolically very important period of self-rule between the collapse of Spanish rule and before the U.S. fully annexed the Philippines, Filipino intellectuals and political leaders drew up blue-prints for more educational programs to be established – free from Church interference and with more opportunities for women.

From colony to nation: the reconstitution of the Catholic Church and the reproduction of gender norms

When the United States colonized the Philippines at the close of the nineteenth century, the confessional state through which the Spanish colonial powers ruled for three hundred years was dismantled in favor of a separation of Church and state. The religious congregations were forced to relinquish ownership of the agricultural lands they had owned. The Church's direct involvement in formal politics was curtailed.

American Protestantism as well as local Filipino religious sects and churches original to the Philippines also offered alternatives to Catholicism and many Filipinos embraced these, although so comfortable were ordinary people with their interpretation of faith that they did not necessarily perceive the participation in one church as meaning they could not also belong to another. The social norms of middle- and elite-families were more directly influential in inculcating Catholic gender ideologies. These gendered norms that gave great weight to a woman's role as mother did not exclude women from taking advantage of educational opportunities offered by the expanded educational system. The boundaries on acceptable behavior for women had to be made more flexible to allow for women to move upward in work and educational settings; nonetheless expectations of caring for younger siblings, for example, were kept intact. Even as colonial and then independent era democracy offered opportunities for women to assume more public and political roles, the Catholic ideas of sexuality and family were successfully re-inscribed.

American colonial administrators recognized the stabilizing effects of elites that cohered around the practice of this religion. Domestic religiosity, inasmuch as it helped strengthen the identities of families, proved useful in a political system based on elections where families could be powerful political forces. Colonial democracy favored the landed elite and when the Philippines became independent after World War II elections were the forum wherein rival clans and dynasts competed for the spoils of the state (Barry 2005, p. 161). American rule made it possible for newer political and cultural forms to take root in the Philippines but the secular Protestant-informed views of public and political life that American colonial leaders brought with them were also embedded in a morality which relegated women to particular places and roles. In spite of the dramatically different character of colonial rule between the Spanish era and the American, Catholic education and Catholic devotional practices thus thrived in the American era.

Catholic schools were particularly important to re-enforcing the values of motherly sacrifice and female virtue. Bringing more women's orders to the Philippines to run the Catholic schools was an important change in the character of the Catholic Church from the 1900s through the 1930s and 1940s. Barry's research demonstrates that women's orders played an important role in the transition of the Philippine Church from a landholding, colonial administrative institution into an educational institution that was by the 1940s running many of the country's secondary and tertiary schools. "By mid-century the schools founded by women's orders developed into prestigious women's colleges that educated the daughters and wives of the Philippine elite as well as the growing middle class" (Barry 2014, p. 384).

Catholic women played important roles in the public (Catholic) rituals which flourished in the Philippines of the twentieth century and these rituals were often associated with the middle classes or the elite (Pertierra 1988). The Irish archbishop of Manila, Michael O'Doherty, was a key figure in pushing for Catholic lay organizations and actively sponsored large scale public religious events in Manila that were broadcast over radio, reported on in the press and included prominent guests from outside the Philippines. The messaging of how important Catholicism

was to the colony/nation was intended to reach beyond the geographical and physical limits of the country and into the realm of the spiritual and supra-national. The Church leaders were aware that their hold on the faithful needed to be made more evident to the state, especially in the face of communism and socialism which were making themselves felt in the form of peasant movements in the central region of the major island Luzon starting in the 1930s.

On the eve of World War II and in the pivotal years of independence in the late 1940s and 1950s the vision of this Catholic nation reiterated a fixed understanding of the social order and one which pivoted on the family. This membership in the Catholic nation, which the bishops and others in the Catholic elite sought to make a reality, was not based on equality: the role of women was marked clearly and their primary responsibility lay with the family (Estrada-Claudio 2004).

Nationalism and the Catholic Church in the 1950s and 1960s

The claims the Church makes to serving as the moral guardian of the nation are a refrain in Philippine politics. By the period of the newly independent Philippines, the Catholic bishops were a more cohesive group ready to do battle on elections, on education policy and a host of other issues they deemed relevant to the spiritual and moral well-being of the country. The Church hierarchy defended the right of the Church to exert its influence over the state for moral and political ends consonant with Catholic values, including claiming the right of Catholic school-children to not be forced to read books written by anti-clerical nationalists (such as Rizal's novel *Noli me Tangere*).

The Philippine Catholic Church leaders and intellectuals of the mid-twentieth century were deeply ambivalent about accepting Filipino nationalism. During the 1950s, the Church had not yet seriously dealt with nationalism in its own ranks. A few Filipino priests led a Filipinization movement in the 1950s calling attention to the low rate of Filipino priests and in the leadership in men's religious congregations. Though women religious were not then vocal about the tensions within their communities between Filipina and European or American sisters, research on this issue conducted after women were freer to express their views openly reveals how challenging it could be to accommodate the desire to live together and the cultural conflicts (Barry 2014). "Anti-foreign sentiments which were silenced inside the Church in the 1950s were given fuller hearing in the 1960s when a major reform movement inside the worldwide Church endorsed the indigenization of Churches worldwide, administratively and culturally" (Barry 1999, p. 74).

This was not a monolithic institution, however, and there were many different responses taken to the changing social and political landscape. These included anti-communist campaigns, Catholic media involvement in elections, priests working with labor movements, and intellectual and institutional growth inside Catholic campuses. As Mario Bolasco noted, anti-communism of the 1950s developed in two directions: the first reactionary and backward looking and the second combined with militant reformism (Bolasco 1984). These pulls within the Philippine Catholic Church became all-out divides starting with a world-wide reform movement. The Second Vatican Council, held from 1962 to 1965, also called for the Church to abandon the security of convent and classroom and direct their resources towards the poor (Barry 1999). Within a few years of implementing the reforms introduced by Vatican II, martial law was declared in 1972.

Political and intellectual landscape of contemporary Catholicism

The latter part of the twentieth century witnessed profound changes in Catholicism globally. The Philippine Catholic Church went through a thorough-going reform guided by the directives that came out of the Vatican II meetings. Doctrines, rituals and teachings were all adapted to make Catholicism more responsive to the contemporary world. In the case of the Philippines these invitations to change meant many lay Catholics as well as priests and nuns became more directly engaged with the poor, and, in some cases, joined forces to fight against the repressive government of Marcos by taking up human rights work. These shifts were also accompanied by a long-overdue Filipinization of the religious congregations.

With the intellectual and political changes of the 1960s in the Philippines and in the American or European universities where many Filipinos trained for PhDs, the study of history became more open to the role of ordinary people and of the religious beliefs that animated their actions in the social world. For history-writing about the Philippines, this shift meant that Catholicism during the Spanish colonial period could now be approached as an idiom through which resistance to Spanish colonial rule had been articulated. In 1979 a work was written which took the study of Catholicism and politics in the Philippines in a new direction. Reynaldo Ileto's *Pasyon and Revolution Popular Movements in the Philippines, 1840–1910* argued that the *pasyon*, or account of Christ's life, death and resurrection recited and even re-enacted during the Holy Week which precedes the feast of Easter, provided the cultural framework of popular movements, even to the point of informing the revolutionary consciousness that took shape in the anti-colonial Katipunan movement. This reading of the nationalist movement firmly located its animating force not in the minds of the educated elites (as other writings had), but in the traditions and beliefs of ordinary Filipinos.

Throughout the Marcos years, the Church became deeply divided on how to protect its own interests and continue to have the influence it wanted as well as the freedom to work as it wanted (Youngblood 1990). Many in the hierarchy settled on a position of "critical collaboration" with the Marcos government but others within the Church felt the situation called for them to join hands with groups actively working to resist the (U.S. supported) regime (Youngblood 1990). For some this meant leaving the classroom or parish church for more direct involvement with the poor, even if that meant rubbing shoulders with and supporting the radical left: including those from within the Communist Party of the Philippines.

Church personnel and the Archbishop of Manila, Jaime Sin, played highly visible roles in the overthrow of Marcos in the People Power Revolution in February 1986. During the restoration of democracy under the presidency of Corazon Aquino (1986–1992), the Church confirmed for itself a place in the public sphere in the Philippines and in the popular memories of many from around the world as a crucial force in the overthrow of authoritarianism. In the post-authoritarian Philippines, the Catholic Church embraced its role as guardian of democracy, constitutionalism and peaceful presidential succession (Barry 2005). Institutionally the Church secured for itself a prominent place on a Philippine political landscape that touted these norms even more loudly as a result of having had them greatly weakened during the Marcos years (Barry 2005, p. 157). But there are also other religious institutions who want to contend in the arena of national politics: for example, the Iglesia Ni Cristo, an indigenous church, has come to be an important force in elections as its church members are required to vote as their leaders direct them to (Tolentino 2010).

As the Philippines was pulled more fully into the globalized, post-Cold War world, Catholicism among ordinary people and inside the institutional Church came to wear different faces. For many the pursuit of radical social change has been channeled into battles for the environment,

and the women's orders that once ran homes for unwed mothers offer support to victims of trafficking and services for women preparing to migrate overseas for work. The liberation theology which had taken hold in some grassroots communities throughout the country (never as forcefully as it had done in Latin America) left its mark by changing the way lay parishioners see their place in parish and community work. But Filipinos have increasingly been drawn to the spirituality offered by more politically conservative Pentecostal and evangelical movements which have found firm footing throughout the Philippines from the 1990s onward.

The shifting shape of the spiritual-cultural landscape is one reason why the position of the Catholic Church is undergoing change. But the institution has also been subject to different types of scrutiny. The Catholic Church lost some of its standing when sex scandals came to the surface in the late 1990s and early 2000s. In 2002, the president of the Catholic Bishops Conference of the Philippines Archbishop Orlando Quevedo issued an apology to all the victims of priests accused of sexual abuse since the 1980s. These scandals never reached the scale they did in other churches around the world. But the handling of the scandals revealed how resistant the male leadership remained to what many lay people as well as key women religious leaders saw as an imperative to reform the clerical culture within the institution (Barry 2005; Rufo 2013). While in some communities priests continue to be given latitude by their parishioners when they are involved with local women, more Filipinos of the younger generation are holding the bar higher for how Church leadership handles transgressions either sexual or financial (Rufo 2013).

In the lead-up to Pope Francis' visit to the Philippines in 2015 a poll conducted by the Catholic Bishops' Conference of the Philippines – Episcopal Commission on the Youth revealed that young Catholics are not as attracted to pursuing a religious vocation as in the past. This shift in attitudes is attributed to the scandals that embroiled the Church in recent years and is cause for concern for a Church which has always suffered from low numbers of religious (especially priests) relative to the populations it serves.

Contraception, national identity and Filipino Catholicism

Many in the Church hierarchy want to have a role in public policy, particularly over issues that cut to the heart of some of the Catholic Church's most controversial teachings prohibiting divorce and the use of contraception. While other majority Catholic nations such as Poland and Ireland passed laws that contravened Church teaching, the Philippines continued to resist legal change until very recently. Divorce still remains illegal but in 2012 the country passed a Reproductive Health bill. The RH bill, as it came to be known, allows for public monies to be used in distribution of contraception at government health centers and mandates reproductive health education in government schools. Opposition to the RH bill remained strong even after its passage. In April 2014, eight provisions of the bill were struck down as unconstitutional by the Supreme Court. And in January 2016 the Department of Health's 2016 budget for contraceptives was scrapped. Anti-RH Catholics, lay men and women, as well as Church leaders, remain a powerful force in the country.

The fact of this bill having passed, however, reveals that the social and cultural landscape of the Philippines has changed, although there is no consensus on what it means for the future of Filipino Catholicism. There is a precedent of Philippine formal politics sidelining or going openly against the wishes of the Catholic hierarchy, as this chapter noted in the discussion of nationalism in the 1950s when the bishops lobbied to keep the novel by Rizal out of Catholic classrooms. The strategy the bishops used during that time period is one that the scholar Sylvia Estrada-Claudio concluded was double-edged: on the one hand the bishops positioned

themselves as defenders of individual conscience arguing that the government could not force Catholic students to read a book which might offend their faith. On the other hand, the bishops felt that their authority extended into the private sphere of family and did not hesitate from exerting this authority publicly (Estrada-Claudio 2004, p. 100).

As this chapter has emphasized, the religiosity of ordinary Filipinos has a complex relationship to the institutional Church and its leaders. This point is relevant in assessing the significance of the historic legislation that will allow and even actively support greater access to birth control. Many Filipinas from different social backgrounds, but particularly among the poor, do not make life choices based on the teachings of the "official" Church and so it remains to be seen how extensively they will take advantage of contraception to either space their children more or reduce the number they choose to have. One thing that was clear in the public debates that centered on the RH bill: there was widespread resistance to Church interference in contraception (Social Weather Stations 2011). What is less certain is how pushing further with reproductive rights might have a positive spillover effect for formalizing rights of same-sex couples.

After the referendum in Ireland in 2015 legalized same-sex marriage, advocates for the legalization of same-sex marriage in the Philippines hoped there might be a possibility for change there as well. The Philippines ranks highly in gay-friendly country rankings. "The Global Divide on Homosexuality," a survey conducted by the Pew Research Center (2013), reported that 73 percent of adult Filipinos agreed with the statement that "homosexuality should be accepted by society." The Catholic Bishops Conference of the Philippines (CBCP) remains opposed to the idea and legalization of same-sex marriage does not seem likely in a country where divorce is not legal (Cruz n.d.).

While still seeing themselves as Filipino Catholics, more Filipinas and Filipinos are claiming the right to define that differently from how the Church leadership might want them to do. There has not been a long enough time with greater access to birth control and consistent support in the media and from the government to determine if the kind of cultural shift that accompanies greater use of contraception will take place in the Philippines as it has in neighboring non-Catholic majority countries as well as Catholic-majority nations elsewhere in the world.

Conclusion

This chapter has looked at the integral role Catholicism has played in the national cultural, social and political life of the Philippines. The Spanish era bequeathed to the colony-nation a legacy that was very mixed in its character. This included the rise of an excessively powerful Church along with a symbolic universe from which both elites and lower class Filipinos drew for their visions of the possible and the desirable. American-era colonial nation-building reframed the space in which popular Catholicism and the Catholic Church functioned. Catholic ideals of family with the mother at the center were integral to the social and cultural norms of the twentieth century; these were norms that could also accommodate the expanding educational paths open to upper- and middle-class women proving compatible with the electoral politics of American-style democracy in which family relationships played such an important part.

Public iterations of faith inscribed Catholicism into the core of the emergent nation, though this was not uncontested or uniformly welcome. Anti-Church sentiment in the writings of Filipino nationalist politicians and nationalist intellectuals became a refrain in public life as well. Church leadership of the 1950s, 1960s and 1970s went to great lengths to prevent the success of more radical socialist and communist movements from coming to power and came through some of its most challenging internal divisions to claim its place in the democratic nation of the 1990s and 2000s. Catholics in the Philippines at present continue to find meaning and appeal in

fundamentalist movements as well as Catholic evangelical movements. And as the preceding discussion indicated, the country is sitting at a historical juncture with the possibilities of ongoing and ever more wide-ranging changes that may come about if people are given the chance to actively plan their family size. There is a great deal that remains to be seen about how the country's economic development may be affected and great hope that reduced family size might help reduce the high levels of poverty in the country. Whatever comes, it is clear that Filipino national identity will not remain unchanged.

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27

BETWEEN RIGHTS PROTECTION AND DEVELOPMENT AGGRESSION

Indigenous peoples

Oona Paredes

'Indigenous peoples' is a political term used globally in reference to natives who have been displaced from their homelands by other ethnic groups who are able to dominate them politically, economically, and socially. Originally, the term was used literally to distinguish the plight of indigenous peoples who were displaced by foreign settlers, turning them into oppressed minorities in their native lands, such as Native Americans in North America or Aborigines in Australia. It involves a specific political dynamic of colonization, racial differentiation, and internal displacement that is found all over the world.

In the Philippines, the term is applied in a purely political sense, given that, with relatively few immigrants, virtually all Filipinos are, in a literal sense, indigenous to the Philippines. It is routinely abbreviated by both the government and citizenry to the initials 'IP'. Though other countries in Asia use terms comparable to 'Indigenous peoples', the Philippine government is unique in adopting the English term for official usage, despite problems with its literal applicability in the Philippine context. Politically, however, the term is applicable because it references universally recognized dynamics of marginalization, displacement, and minoritization – an experience shared by all the Philippine 'IP' groups.

Philippine IPs can be described generally as the minority ethnic groups that remain distinctive culturally and linguistically from mainstream Filipino majority ethnic groups. These populations are also characterized by specific territorial attachments, which today are normally the interior upland areas of the archipelago – in contrast to the majority ethnic groups that by now have colonized most lowland and coastal spaces. In general, IP communities tend to be comparatively small-scale, with little or no internal social stratification, and practice subsistence-level agriculture of one type or another, from wet-rice agriculture to shifting cultivation, as well as foraging. Some ethnic groups had settlement patterns that, historically, shifted with agricultural seasons, while others were nomadic foragers. Today, however, due to the scarcity of available land, permanent settlement, usually in compact villages patterned after lowland settlement patterns, has become the norm among all IPs. Consequently, agricultural practices have intensified, often supplemented, or else supplanted altogether, by wage labour and varying degrees of involvement in the mainstream market economy.

Terminology and government response

The term 'Indigenous peoples' came into popular and official use in the final decades of the twentieth century, as the term became ubiquitous globally. Previously, however, other terms were applied in official as well as popular use.

During the Spanish colonial period, there were no special terms for the ancestors of the people we now identify as IPs. In part this is due to the fact that the political and cultural transformations that led to the ethnic differentiation we observe in the present day were still in process at this time. Spaniards applied the generic terms *indios* (indians) and *naturales* (natives) to refer to all natives of the archipelago. The term *montés*, meaning 'wild', was later used to distinguish between the natives who had not yet accepted Spanish authority, for whatever reason, from those who already had. The term also carried a geographical aspect in that the *monteses* or 'wild ones' were understood to be dwelling in areas where Spanish jurisdiction could not be enforced. Though it is often confused with the term *montaña* (mountain), especially because IPs today are associated with upland areas, the term actually comes from *el monte* or hinterland which, while it may also refer to an elevated area such as a hill, pertains more generally to an uncultivated area, such as one overgrown with vegetation.

By the American colonial period, there were much clearer distinctions between the natives who had been under more direct and extensive colonial influence, and those who remained largely unincorporated. Being a member of the mainstream Catholic majority was the single most important factor in making this determination. As such, those who remained non-Catholics, and were found in what by then had become peripheral zones of the archipelago, were considered to be distinct from the majority of Filipinos not only religiously and culturally, but also in an evolutionary sense, following the intellectual trends of the late nineteenth to early twentieth century. This is reflected in the official use of the term 'Non-Christian tribes' to categorize the people we now refer to as IPs. The Americans created the Bureau of Non-Christian Tribes to administer them separately from both the Muslim Moros and mainstream (Catholic) Filipinos, following the logic that they were at different stages of cultural development and therefore required fundamentally different responses from the government.

Since independence in 1946, the Philippine government has employed several terms, including 'national minorities' and 'indigenous cultural communities', as reflected in the agency names of the Philippine Assistant on National Minorities (PANAMIN) and later the various Offices of Northern (or Southern) Cultural Communities (ONCC and OSCC, respectively). 'Tribal Filipinos' has also been in use, as reflected in the Catholic Church's Ecumenical Commission on Tribal Filipinos (ECTF). Despite being out of fashion among anthropologists and other social scientists due to its evolutionary and other negative implications, the English word 'tribe' and its Filipino equivalent, *tribu*, remain the most commonly used terms among Filipinos, including, most notably, the IPs themselves.

In 1997, the Indigenous Peoples' Rights Act (IPRA) was passed into law after years of appeals from IP communities and their advocates. Today, the Philippine government's response to the needs of IPs is through an agency called the National Commission on Indigenous Peoples (NCIP), following IPRA requirements. The IPRA law also codified the certification and titling of the ancestral lands of IPs, known officially as Ancestral Domains. The greater portion of the NCIP's work revolves around the processing of applications for the recognition of indigenous territories as Ancestral Domains, which in theory preserves these areas for the community's benefit and protects them from land-grabbing by settlers and unregulated corporate exploitation.

It is important to note that state and popular terminology has always distinguished those we call IPs today from other natives of the Philippines, equally indigenous, who were associated

with either Christianity or Islam. From the beginning of the Spanish colonial period, the archipelago's indigenous Muslims were labelled 'Moros' (Moors) by Spaniards. The Americans likewise made a clear distinction between the so-called 'Non-Christian tribes' and the Moros, who they considered to be more advanced culturally due to their association with the 'great tradition' of Islam. The Philippine government has maintained this distinction, such that both legal and popular usage of the term 'IP' excludes the indigenous peoples also known as the Moros.

Population estimate

There is no reliable population estimate for IPs in the Philippines. Various sources estimate their total population to be anywhere between 6 million and 15 million, out of a national population of 92 million. According to the most recent census in 2010, an estimated 10–20 per cent of all Filipinos are IPs. However, there is no way to gauge the validity of these estimates due to the fact that there has never been a complete census of IPs. The national census of the Philippines did not include information on ethnicity or identity until the 2010 census, and even then the results appear indeterminate due in part to the methodology used for self-identification, and the logistical challenges presented by upland communities to census takers. Moreover, the National Statistics Office (NSO) has not yet published what data, if any, it has indeed collected on IPs. At present, any estimate of the IP population is a hazardous guess at best. The identification of IP groups is also highly variable – anywhere from forty to sixty distinct groups – due to such factors as self-identification and the absence of a reliable official census of the various ethnolinguistic groups.

Citing no specific sources of information, the United Nations Development Program estimates that there are 14–17 million IPs in the Philippines, with the Lumads of Mindanao comprising the majority at 61 per cent, the Cordillerans at 33 per cent, and other groups scattered in the Visayas region and elsewhere comprising the rest (UNDP 2010). Similar statistics are reported by the International Fund for Agricultural Development (IFAD), which estimates the total IP population at 12–15 million (IFAD 2012, p. 3). The IFAD report attributes these numbers to an 'unofficial survey' by the NCIP from 2009, but provides no actual reference document in their bibliography, listing instead the home URL for the NCIP website. In a 2013 essay, citing information provided by a student who also worked for NCIP, IP advocate and missionary Brother Karl Gaspar also pointed to 14 million IPs, or 15.2 per cent of the total Filipino population, with slightly over half of all IPs living in Mindanao (Gaspar 2013). In 2014, the Foundation for Philippine Environment published an undated NCIP table listing the number of IPs per administrative region of the country, with a total (undated) IP population of 11,320,476 (FPE 2014).

However, despite all the references to NCIP data, it is important to note the NCIP itself does not have any actual data, precise or otherwise, as to the population of IPs in the country. While advocacy groups and NGOs have taken many localized surveys and population counts of IPs over the years in their areas of operation, a systematic census of IPs in the Philippines has never been undertaken, by either the NCIP or the NSO.

Major sub-categories

IPs in the Philippines can be categorized into several groups. The two largest sub-groupings of IPs in the Philippines are referred to collectively as the Lumads of the south, followed by the Cordilleran peoples of the north. Although many different ethnic groups are named in this section, it is important to recognize that naming practices among the IPs remain highly

contextual, even fluid, and depend highly on positionality and political perspective. The names presented here do represent specific populations, but ethnic identity is, more often than not, a matter of self-identification. All these categories represent diverse collections of peoples whose main commonalities are their respective geographies and their formative experiences with marginalization and land alienation.

While this categorization is useful as a way of managing information about IPs in the Philippines, it is important to note that intermarriage and cultural assimilation are common features of IP life today, and that the boundaries between the various ethnic groups are often difficult to draw. IPs intermarry among themselves as well as with their lowland neighbours, such that many IPs today are often of mixed parentage. In the twenty-first century, ethnic identity among the IPs is maintained primarily as a conscious choice for a wide range of cultural, social, political, and economic reasons. With no systematic registration of citizens entitled to be recognized as IPs, any categorization or identification relies exclusively on self-identification, with no real method of verification or validation. This in turn creates many openings for fraudulent claims by non-IPs for the few benefits to which IPs are entitled under current government schemes.

Lumad

'Lumad' is an exonym that designates the eighteen or so ethnic groups indigenous to the southern island of Mindanao who had not yet converted to Islam, the area's dominant pre-colonial religion, by the beginning of the Spanish colonial period in 1521. The Lumads are regarded as the largest ethnic category, by population size, of IPs in the Philippines, followed distantly by the Cordillerans. The Lumad ethnic groups include the Higaunon, Bagobo, Mandaya, Kalagan, Banuwaon, Teduray, Lambangian, T'boli, B'laan, Dibabawon, Mansaka, Subanen, Manguangan, Tagakaolo, Ubo, Tagabawa, Mamanwa, as well as the many Manobo sub-groups such as the Arumanen, Agusanon, Ata, and Tigwa-Salug, among others.

The term 'Lumad' is a Cebuano word meaning someone or something that is native to a particular place. It was applied to the indigenous non-Muslims of Mindanao beginning in the 1990s by indigenous leaders who drew on the area's non-indigenous lingua franca to foster unity among the disparate tribes, all of whom speak mutually unintelligible languages. Despite this mutual unintelligibility, most of the Lumad languages are related to each other, classified by linguists as part of the Manobo family of languages (Elkins 1974). Though the Mamanwa are considered a Negrito group, they are also Lumad or indigenous to Mindanao. Today, the term is considered uncontroversial and is embraced by all the Lumad groups, and there have even been some attempts by mainstream Filipinos to apply the term by default to all IPs in the Philippines, in place of the currently used English term(s).

Cordilleran

The Cordilleran peoples consist of ten or so diverse ethnic groups found primarily what is now known as the Cordillera Administrative Region (CAR) in northern Luzon island. Within the Philippines' local government unit (LGU) system, CAR is a landlocked region that includes the provinces of Benguet, Ifugao, Mountain Province, Kalinga, Abra, and Apayao. The principal indigenous language groups for this area are the Bontok, Ifugao, Isnag, Itneg, Balangao, Kankanaey, Ibaloi, Kalanguya, and their various sub-groups. Meanwhile Ilocano, the language of the north's dominant population, is spoken throughout as a lingua franca. While the language groups mentioned above correspond broadly to several key Cordilleran ethnic groups, their many cultural and political sub-groups, and the existence of other distinct communities that

identify by place-name, as well as the continued circulation of exonyms such as Tingguian (for Itneg), have given rise to a large number and confusing array of named groups. Some of these include (but are not limited to): Applai, Ikalahan, and the various Ifugao ethnic groups such as the Kiangan, Mayaoyao, Gaddang, Ayangan, Tuwali, Yattuka, and Ibanag.

Previously, the term 'Igorot' – Tagalog for 'mountaineer' – was used routinely by outsiders in reference to the Cordilleran peoples. The term was in fact proposed by historian William Henry Scott as a common name to promote unity among the various groups. However, among all the groups mentioned above, only the Ibaloi of Benguet and the Kankanaey-speaking groups of Mountain Province consider themselves to be 'Igorot'. Other groups, particularly the Ifugao and Kalinga, are vehemently against the use of this term in reference to themselves, due to its colonial connotations.

Aeta/Negrito

The Aeta are a smaller sub-category of IPs in the Philippines, and are identified as such because they appear to share physical similarities with other populations in Southeast Asia. 'Negrito', a diminutive Spanish term for dark, literally 'black', people, was applied to such populations because, when compared to most Southeast Asians, they are noticeably smaller in stature (hence they were sometimes referred to as pygmies), generally darker in complexion, and have curly or frizzy hair. While Aetas are usually categorized together due to superficial physical similarities, there are in fact no territorial, linguistic, or cultural connections between these groups. In fact, they are more likely to be culturally, linguistically, and even genetically related to their neighbours than to other Negrito populations in the region. In the Philippines, they are separated geographically, scattered across the archipelago from the Agta and Pugot of northern Luzon, to the Aeta of central Luzon, to the Ati and Ita of the Visayas, to the Mamanwa (Lumad) of Mindanao, among twenty or so communities in all. What is most notable about the Philippine Negritos is their very small population size, such that it is a rarity for most Filipinos to encounter them on a daily basis. Historically they lived as hunter-gatherers, often trading with or otherwise economically linked to their settled non-Aeta neighbours.

Mangyan

Other examples of IPs are the Mangyan peoples of Mindoro island, in the central Philippines, which includes the Buid, Iraya, and Hanunoo ethnic groups.

The Moros and their second-order minorities

A major sub-category of IPs is the Moros of Mindanao island and the Sulu archipelago in the south. Moro is the generic term that has long been applied to the archipelago's indigenous Muslims, and has been embraced by this population in recent decades. However, Moros are sometimes excluded from discussions of IPs because they tend to avoid using 'IP' as a term of self-reference. Moros are also dominant politically and demographically in some parts of Mindanao and Sulu, such that their situation is quite distinct from that of their Lumad neighbours and other indigenous minorities. Nonetheless, like other IPs, the Moros have become minorities in their own land due to the influx of Filipino settlers into the southern Philippines since the early twentieth century.

As an ethnic category, the Moros consist of thirteen or so diverse ethnic groups that have an historical association with Islam. The groups range from 'sea gypsies' in the Tawi-Tawi and Sulu

archipelagos to land-based royal sultanates in the lowlands of western and northern Mindanao. The term 'Moro' comes from the Spanish word for Moor (or Muslim), which then became the official colonial-era designation for the indigenous Muslims in the Philippines. While originally a derogatory term, it has since been embraced by many Moros as a way of acknowledging the commonalities of their colonial experiences and fostering political unity across diverse ethnic and linguistic groups. The term itself has an important historicizing dimension that allows Moros to distinguish themselves from other Muslim Filipinos who are relatively recent converts to Islam but are members of the dominant Filipino majority groups. As such, the term Bangsamoro, or 'Moro nation', has lately been proposed by former Moro secessionists in a concerted bid for territorial autonomy currently being negotiated with the national government.

That said, while all of the Moro ethnic groups have historical and/or cultural links to Islam, not all Moros identify themselves as Muslim. Moreover, two of the groups normally listed under the Moro category – the Kalagan and Kolibugan – could also be considered Lumad following historical criteria. The Kalagan are routinely recognized as a Lumad group, and are not Muslim, but they are often listed as Moro due to their long, historical association with the Moros of the Maguindanao sultanate. The Kolibugan, however, are a small but growing community of relatively recent converts to Islam among the Subanen Lumad.

The Moros have avoided using the term 'Indigenous peoples' politically, although they do regard themselves as indigenous in a literal sense, at least in the southern Philippines. Instead they prefer to differentiate themselves, both administratively and culturally, from the types of ethnic groups designated in the Philippines as IPs for various reasons. Given their pre-colonial association with the 'great tradition' of Islam, including a political tradition of powerful sultanates, with royal families ruling over socially stratified societies that engaged in international trade, most of the Moro ethnic groups prefer to maintain their distinctiveness from the Lumads, who were largely animist, small-scale, and much less developed politically. In fact, these were the populations that, in previous centuries, the Moro sultanates had often targeted for slave-raiding.

Politically, the Moros have consistently agitated for autonomy, even independence, from the Philippine state. This is unsurprising when we consider the enduring political heritage of the various sultanates. More recently, a cross-section of Moro groups have chosen to fight for their cultural rights and territorial autonomy separately as Bangsamoro peoples, rather than through the 1997 IPRA. As such, they do not fall under the jurisdiction of the NCIP, which caters administratively to the special political and other needs of IPs. This follows the bureaucratic trend since the American colonial period, when the Moros were first administered separately from the people we now call IPs, and have been ever since.

In western Mindanao, Moro and Lumad communities have historically co-existed with the former long dominating the latter politically, militarily, economically, and socially. In this complex relationship, the Lumads are regarded as the 'little brother' of the presumably more culturally advanced Moros. Since the arrival of settlers from the northern islands, most of them Christianized Filipinos from the mainstream ethnic groups, both Moros and Lumads have lost considerable home territory, and have become minorities in their own lands. With these radical demographic changes, Lumads in Moro-dominated western Mindanao have become even more disadvantaged politically, living as second-order minorities relative to the larger, more organized Moro groups. As such, the concerns of settlers and Moros dominate electoral politics in these areas, and unlike Lumads elsewhere on the island, the Lumads in the Moro-dominated areas, such as those under the jurisdiction of the Autonomous Region of Muslim Mindanao (ARMM), have to date been prevented bureaucratically from securing their land and other rights guaranteed under the 1997 IPRA law. Lumads in these areas also experience considerable pressure to

assimilate to the dominant Moro culture, and support the Bangsamoro cause. While Lumads, as fellow indigenous peoples of Mindanao, have been invited to embrace Bangsamoro citizenship in the proposed new Bangsamoro sub-state currently under negotiation with the national government, most Lumad leaders have resisted out of fear that allowing themselves to be subsumed legally under the 'Bangsamoro' name will result in a total loss of their cultural distinctiveness (Paredes 2015).

Origins of differentiation

What makes the IPs so different from other Filipinos? Most Filipinos regard IPs as not only culturally distinct, but also easily distinguishable from mainstream Filipinos, who by an overwhelming majority tend to be Catholic and concentrated in the lowland and coastal regions of the archipelago. Indeed, even today the IP groups remain distinctive significantly in terms of culture, and political and social organization. Despite some major linguistic differences amongst the mainstream Filipino ethnic groups, such as the Tagalogs and Cebuanos, they are recognized generally as being heavily Hispanized, or influenced very strongly by Spanish culture. To the extent that they do not appear so obviously Hispanized as their lowland compatriots, IPs are often regarded as having had no meaningful contact, if any contact at all, with colonial power during the Spanish period. This, in the minds of most Filipinos, and other casual observers, explains their enduring cultural distinctiveness. Hence the resonance of the earlier label of 'non-Christian tribes'.

However, as William Henry Scott (1974) and Felix Keesing (1962) have shown for northern Luzon, and Oona Paredes (2013) has shown for Mindanao, the Igorots and Lumads also had meaningful contact with colonial power, resulting in their own formative colonial experiences. Indeed, the populations we recognize today as IPs are as much a product of colonialism and Hispanization as the mainstream Filipino culture groups. From the perspective of history, the main differentiation seems to have resulted from the fact that some populations chose wholesale to follow Catholicism in terms of religious affiliation, while others did not. The subject requires more study, but it appears that among the IPs there are also histories of conversion to Catholicism, though limited. In colonial times, individuals from these communities who converted to Catholicism would have been assimilated into the larger, lowland Catholic communities that had already formed by that time, or perhaps even formed breakaway Christian communities in their own right. There is also evidence that some IP communities may have been missionized in the early colonial period, but eventually broke, or perhaps simply were unable to sustain, this affiliation with Christianity over the centuries. In the present day, many – perhaps even a majority – of IPs are affiliated with a Christian denomination, whether Catholic or Protestant. As a result, even though most Filipinos continue to imagine IPs largely as non-Christians, such religious distinctions are no longer valid, for the most part, in the twenty-first century.

Racial theories and discrimination

The single most influential explanation for present-day ethnic differentiation in the Philippines is the so-called Wave Migration Theory, popularized by the American colonial administrator and ethnologist H. Otley Beyer, who is also widely regarded as the father of Philippine anthropology (Aguilar 2005). Wave Migration Theory proposed that the cultural diversity of the twentieth century Philippines could be explained by a series (or waves) of prehistoric migrations to the Philippines from outside the archipelago.

The first wave brought the 'Negritos', ancestors of the Aeta peoples, based on the fact that, in the early twentieth century, they were the most primitive-appearing amongst all the Filipino ethnic groups, given their nomadic, foraging lifestyle and physical distinctiveness. The second wave brought the 'Indonesians', ancestors of the majority of today's IPs including the Cordillerans and the Lumads who, according to Beyer and others, were more advanced than the Aetas yet still primitive compared to mainstream Filipinos. The final wave brought to the archipelago the 'Malayans', ancestors of today's mainstream, primarily Catholic, Filipinos, as evidenced by their comparably more advanced cultures. They were also regarded in this theoretical framework to be physically distinct from the 'Indonesians'. The majority of the Moro groups, with their links to the great tradition of Islam, were also presumed to have been part of the final wave. In other words, Wave Migration Theory equated ethnic and cultural differences to genetic or 'racial' differences, and promoted the idea that the tribes we refer to as the IPs are not only distinct genetically from mainstream Filipinos but also inherently primitive, both genetically and culturally, because they came on the earlier, less evolved waves.

It should be noted that the designation of particular ethnic groups and categories to specific 'waves' was based entirely on twentieth century biases regarding culture and physical beauty, and disregarded completely any historical processes that could have brought about such ethnic diversity in more recent centuries. Moreover, there is no archaeological or anthropological evidence whatsoever in support of this theory which, ultimately, has been discredited scientifically. However, until very recently, Wave Migration Theory was presented in primary and secondary educational curricula as science, and its vestiges remain in school textbooks to this day. It remains a very popular and widespread notion throughout the Philippines, such that the average Filipino regards IPs as not only culturally backward but also genetically distinct from the majority of Filipinos.

This racialization of ethnic differences has only engendered the continued discrimination of the already marginalized IPs. While outright racial discrimination is becoming less common, with cultural sensitivity increasing over the generations, it remains a daily reality for IPs who interact with other Filipinos in the lowland cities and towns. IPs are often stereotyped as unintelligent, unhygienic, and having other undesirable traits, and have sometimes become targets for exploitation, abuse, and physical violence.

Another significant impact of this racialization is that the serious political, economic, and social problems of IPs have become, for the most part, effectively normalized as a consequence of their perceived primitivity. For example, the underperformance of IP children in primary schools is typically explained away as an unavoidable result of their genetic inferiority rather than ineffective, linguistically unqualified, or perhaps even racially prejudiced teachers whose regular absence from upland classrooms typically result in IP students being left behind by their mainstream counterparts. The impact is similar with regard to poverty alleviation and economic development in that any failures of such programmes that may in fact be due to poor project design, lack of funding, ineffective leadership or management, or other factors, are more readily attributed to the inherent incapacity of IPs to improve due to their cultural backwardness, inferior intelligence, or other genetically determined factors.

Development aggression and related issues

IPs in the Philippines tend to be found in the most peripheral areas of the Philippine archipelago, in particular its interior uplands. They have both the fortune and misfortune of having established themselves mostly in areas where the natural resources remain undeveloped or underdeveloped due in large part to their geographical isolation. In some cases, the IPs were

pushed into these areas as they sought to escape the encroachment of colonial power, the Philippine government, lowland settlers, and the arrival of corporate interests. This combination of factors renders IPs particularly vulnerable to development aggression, as the state and private interests seek to exploit the few remaining natural resources in the archipelago. These resources include timber products to be logged, minerals to be mined, and most of all, vast tracts of land that are considered suitable for plantation crops (palm oil, pineapple, bananas), cattle ranching, and other such industries.

Until recently, national land laws restricted the titling of upland areas, such that IPs, despite long histories of documented settlement and occupation of their ancestral lands, were regarded technically as squatters on government land. As such, they were routinely subjected to eviction and other violence in order to clear the lands for more 'productive' use and highly profitable economic exploitation. In this context, the IPs were seen as standing in the way of economic progress. In the latter decades of the twentieth century, IPs all over the Philippines began to resist development aggression more directly and forcefully, with some communities even taking up arms in attempts to retain control over their lands. The resulting violent clashes brought death and disorder, and often drove IPs off their lands. The IPRA was legislated in part to respond to these excesses of development aggression. However, some IP advocates allege that there are instances in which the NCIP itself has actively engaged in development aggression, by manufacturing consent and forcibly resettling IP communities from their ancestral lands in order to make way for corporate interests.

Even with the IPRA enshrined into law, which requires outsiders to seek free prior informed consent (FPIC) prior to entering ancestral domains, development aggression continues to plague IP territories in different ways. For one, the FPIC process is vulnerable to corruption both inside and outside the affected communities. Second, the geographical isolation that characterizes many IP communities often makes them extremely vulnerable to what Filipinos call 'peace and order problems' that require some form of government intervention, usually a military response. The Philippines is home to several long-standing armed insurgencies, such as the communist New Peoples' Army rebels, that use the hinterlands as a base of operations. Such armed insurgents tend to have complex relationships with IP communities that allow them to coexist without incident in the hinterlands. However, even relationships of avoidance are then routinely interpreted by the state as material support or political sympathy for the rebels. As a result, those IP communities are typically harassed or otherwise punished by the military or its auxiliary forces. In these cases, the IPs are unfortunately caught in the political and literal crossfire between two equally violent armed forces, neither of which are concerned about breaking the IPRA law. Displacement often follows after the violence, and communities risk losing control over their ancestral lands by evacuating.

This pattern is also associated with development aggression in that once IPs evacuate their ancestral lands, those areas become far easier to open up to highly profitable extractive industries. In fact, IP advocates have alleged time and again that the Philippine military manufactures conflicts with insurgent groups with the ultimate objective of compelling the IPs to evacuate their lands to make way for corporate interests. Even the establishment of alternative schools in IP territories has drawn unwanted attention from the military, who allege that such schools promote the Marxist ideology being advanced by the rebels. In recent years in Mindanao, several IP communities with alternative schools have been subjected to military intervention for this very reason, resulting in civilian deaths. There have been similar violent outcomes in areas where IPs have resisted giving permission to, for example, a mining company or an oil palm plantation to use their ancestral lands.

Other challenges faced by IPs

Despite the passage of special laws to protect IPs, discrimination and economic marginalization are realities that many IPs still face as part of their lived experience. They also face related challenges in other areas such as education, health care, employment, and poverty alleviation. Beyond these technical and bureaucratic challenges, IPs face other, less tangible but nonetheless serious challenges.

One challenge, thanks to their marginal place in society, is the full recognition and exercise of their citizenship rights. The Philippines is quite nationalistic, with highly racialized notions of citizenship, such that even in the present day, Filipinos of Chinese descent are regularly dismissed as not being 'true' Filipinos, even if they may have been citizens by birth, raised all their lives in the Philippines, and are indistinguishable culturally and linguistically from other Filipinos. As such, the long-standing educational misinformation regarding historical experiences with colonialism has supported a perception that IPs are somehow less 'Filipino' by not having participated in revolution against Spain (centred in Luzon) and other formative colonial struggles that gave birth to the idea of being 'Filipino'. The cultural and linguistic distinctiveness of IPs gives them an added air of unfamiliarity, even as IPs are roundly nostalgized as survivals of the archipelago's pre-colonial cultures. Due to these two factors, combined with the racial theories described above that promote the falsehood that IPs come from a separate genetic pool altogether, it is not difficult to appreciate the exclusion of IPs from nationalistic Filipino ideas about proper cultural citizenship, even as their legal citizenship is never called into question. On top of it all, the discrimination and bureaucratic disadvantages they face mean that their participation in Filipino citizenry is always fraught with challenges and complications. In many places, the assertion of their basic legal rights as both citizens and IPs is routinely met with suspicion and attempts at exploitation by the mainstream population.

The other, less tangible challenge is the preservation of their cultural distinctiveness in the face of modern pressures such as Filipino popular culture, consumer capitalism, globalization, assimilation (whether voluntary or forced), public education, and other compelling factors that are slowly but surely dissolving the ethnic boundaries of indigenous cultures. The desire to assimilate is especially powerful when considered in tandem with IP attempts to assert full citizenship. As they fight for their rights, the necessity to interact productively and extensively with both state bureaucracies and mainstream Filipino culture compromises, in some ways, the reproduction and integrity of indigenous traditions. These traditions, in turn, sometimes undergo significant change in response to modern pressures.

For example, the retention of indigenous languages across generations often suffers given the critical importance of acquiring effective fluency in the languages of bureaucracy and activism, English and the national language, Filipino (Tagalog). The reproduction of indigenous knowledge – whether it be oral traditions, religious rituals, music and dance, crafts, or other cultural phenomena – also suffers serious neglect as younger generations are encouraged, often by their own elders, to pursue mainstream educational and employment goals. More tangibly, IPs may also face some difficulties in maintaining their traditional material culture given the dwindling of the necessary natural and other resources to produce native textiles, dyes, beads, etc. Moreover, traditional subsistence practices become more and more difficult to sustain as available land and forest resources dwindle in the face of the nation's rapid population growth.

As these losses in cultural distinctiveness continue to mount, it becomes more challenging for IPs to retain their own ethnic boundaries. Other factors such as intermarriage with non-IPs and overseas employment mean that the preservation of cultural distinctiveness is reduced more and more to a matter of political identity and nostalgia that is asserted and felt, rather than one that

can be recognized easily by others. Given the added economic challenges of IPs it is quite possible that some populations, whether displaced or remaining on their ancestral lands, may eventually lose their distinctiveness altogether, with the exception of extreme poverty and severe dysfunction relative to mainstream Filipinos. This grim process was already recognized over three decades ago, identified as 'detribalization' by anthropologist James Eder in his landmark study of adaptive well-being among the Batak Negritos in Palawan (Eder 1987).

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THE RESILIENCE OF THE PEASANTRY

Eduardo C. Tadem

Agrarian studies and works on the peasantry have become rare in this age of heightened globalization. The peasantry was considered not merely to be marginalized but whose death as a class was also grandly proclaimed (Elson, 1997; Hobsbawm, 1998). However, such declarations have proved premature as peasants and peasant societies have persisted and in some instances have openly challenged the logic of expanded capitalism, the market economy, and globalization in general as seen in the upsurge of agrarian and peasant unrest in Latin America, China, and Vietnam against market-oriented and modernizing regimes.

Governments and other official institutions have often grossly underestimated the importance of family farms. Yet in in the Philippines in 2005 of the 750,000 new jobs created all over the country, 42 percent of these were in unpaid family labor in agriculture (Habito, 2006, p. B2). Over the past decades, state-led development strategies have been biased towards urban and industrial development premised on the eventual disappearance of the peasantry and the diminution of agriculture's share of the national product. It would, however, appear that, for small family-run farms, and by implication for the peasantry in the greater part of such farms, their predicted end is not yet in sight.

This chapter first looks at the nature of peasant society and peasantry as a class. It then turns to the experience of the peasantry in the Philippines based in research in three villages (*barangays*) of San Vicente and Santo Niño in Bamban, Tarlac and Calumpang in Mabalacat, Pampanga. It will examine the peasant moral economy, the subsistence ethic, and everyday politics. Finally it considers the resilience of the peasantry despite a decline of the peasant mode of production. The field data and analysis presented demonstrate that the peasantry as distinct social formation has persevered.

The nature of peasant society and the peasantry as a class

Scholarly work on peasant societies is generally divided into two major traditions: the "essentialists" and the "non-essentialists." The former is represented by the works of Alexander V. Chayanov who, in 1925, developed "a theory of peasant behavior at the level of the individual family farm" that gives rise to an economy "with its own growth dynamic and economic system" and driven by subsistence needs rather than by profit (Kerblay, 1987, p. 177; Bryceson, 2000, p. 11). His approach was to claim for the peasant economy the characteristics of "a general (and generic)

'type,' akin to a mode of production (MOP)…," the core elements of which "produce (or express) a distinctive *internal* logic or dynamic, whether cultural, sociological, economic, or in some combination" (Bernstein and Byres, 2001, p. 2, original emphasis). Simply put, an MOP can be construed as "all social relations which include political, ideological, as well as economic relations" (Fine and Harris, 1979, pp. 12–13). This chapter adopts the latter more inclusive definition of mode of production.

Moreover, for essentialists, peasant society, as a distinct and relatively stable socio-economic system that has persisted throughout human history, consists of the following interdependent and mutually reinforcing facets:[1]

- family-based labor; production for basic needs (use value) and not for profit (exchange value), but not entirely isolated because of involvement in markers for goods and labor;
- simple divisions of labor and low specialization;
- kinship social organizational patterns (reciprocity);
- self-sufficiency and capacity to reproduce itself;
- the feeling of community in relation to external forces appropriating the farm surplus product and exercising political hegemony over it; and
- distinct cultural norms, cognitions, practices (world view), and experiences that breed an "us" vs. "them" cultural divide.

On the other hand non-essentialists deny the concept of a specific peasant mode of production, pointing out that peasants actually constitute a class or a fraction of a class that can be found in both pre-capitalist and capitalist modes of production.[2] For orthodox Marxists, the peasant economy is "a form of incipient capitalism, represented by petty commodity production" (Kerblay, 1987, p. 177).

To the above characterizations, one can superimpose the aforementioned conceptualization of MOP, which will enable this study to: (1) partially refute the charge of "economic determinism" that is often leveled at Marx and his followers; (2) bring the notion to bear on a generally essentialist view of the peasantry; and (3) enable one to ascribe to peasant society a specific and unique mode of production. Furthermore, this usage is flexible enough to allow the use of non-essentialist alternative approaches for analyzing peasant society, e.g., "tendencies to peasant differentiation," and "linkages of peasant production and wage labour, … and its implications for peasant class formation and location in social divisions of labour" (Bernstein and Byres, 2001, p. 8).

A similar all-inclusive standpoint is taken with respect to the concept of the peasantry as a "class." Contending that "Marx did not see class in the mechanical way that many Marxists do," Roseberry (1983, pp. 74–75) pleads for a broader inclusive notion of class to cover not just production relations but also "the formation of a feeling of community," the latter being considered as "basic to Marx's definition of class." In line with this Chayanov contrasted peasants "with proletarians on one hand [and] market-oriented and entrepreneurial 'farmers' on the other" (Bernstein and Byres, 2001, p. 10). Relations with external groups such as landlords, large capitalist farms, merchants, the state, and urban forces are marked by "subordination and exploitation." But these relations lie outside the sphere of the essence of peasant society.

For Hobsbawm on the other hand (1998, pp. 198–199), the peasantry, in a historical sense, is not just a class "in itself" but also exhibits the traits of a class "for itself" having formed the greater part of humanity for the greater part of history and who were "aware of their distinction from, and … oppression by, the minorities of non-peasants, whom they did not like or trust."

Moreover "class" can be taken in a political sense as when peasants, during crisis situations, are driven to struggle against "capitalist landowners, various groups of capital-related townsmen,

and the state" no matter that these are often characterized by "inescapable fragmentation … into small local segments" and "diversity and vagueness of political aims" (Shanin, 1987b, p. 357). For Roseberry (1983), a historical analysis would show that multiple roles and various economic activities (other than farm work) have long characterized peasant societies and that the totality of these functions is what makes for a peasant class.

Simply put, in our typology of the "peasantry" as a class, the term refers to small and medium-sized rural producers who are either share tenants, leaseholders, owner-cultivators, or any other similar type as well as to rural wage workers or rural semi-proletariats who either still maintain their smallholdings or their ties (kinship or otherwise) with small-scale rural production units or a rural community in general.

Agrarian change and the "disappearing peasantry"

The classical Marxist notion of rural change derives from the view that when capitalism is ascendant, it sweeps aside all previous modes of production and transforms them into the new mode. In agriculture, this change may take the form of two complementary stages: (1) the separation (forcible or otherwise) of the smallholding peasant from the means of production (land) and their transformation into either a rural or urban wage-earning class (proletariat) and/or, (2) along with (1), the concentration of land in the hands of large capitalist farms utilizing wage labor and advanced machinery where production is purely for profit; thus replacing the small household-run farms.[3] Lenin (1956, p. 68) in echoing Marx argued that "the separation of the direct producer from the means of production" signified "the transition from simple commodity production to capitalist production." He also pointed out using the case of late nineteenth century Russian agrarian society that peasant differentiation is characterized by the transformation of rich peasants into a rural capitalist class with the poor peasants being transformed into a rural proletariat and most of the middle peasantry joining the ranks of the latter.

Departing significantly from classical Marxist notions of agrarian change, Kautsky (as cited in Alavi, 1987, p. 192), saw the development of a symbiotic and complementary relationship between family farms and large capitalist holdings with the former providing the latter with a supply of cheap labor which enables the big farms to maximize profit as labor reproduction is borne entirely by the peasant household. Thus the rise of large capitalist farms and their domination over small peasant farms does not cause the dissolution of the latter. Lacking enough land to sustain themselves, peasant households are forced to sell their labor but are not dispossessed of the means of production. Despite Kautsky's faith in the efficiency of large farms, he acknowledged that "there is no tendency for them to replace the small farms" (Hussain and Tribe, 1981, p. 107).

From Kautsky's analysis, one may conclude that the peasantry may not disappear at all given that in the interactions with external forces, the "various forms of appropriation" are all "*external* to the inner essence of peasant existence, which can thus not only survive … but subsequently, and consequently, flourish" (Bernstein and Byres, 2001, p. 7). In Southeast Asia, persistence of the family farm has been a feature of rural change and this phenomenon is sustained precisely by "the involvement of farm families in non-farm industrial activities" (Rigg, 2001, p. 17).

Even in conditions where the majority of rural labor is now wage-earning and landless, many still "retain their quality of peasants" by virtue of their "ties with the peasant form of existence of their rural communities" (Harris, 1978, p. 8). The maintenance of these ties enables many rural inhabitants to straddle the line between the self-sufficient smallholder and the rural proletariat. This can be interpreted as a form of "resistance against capitalist penetration" and "being totally dependent upon wage earnings for their subsistence" given the precarious conditions of

wage labor – job insecurity, low wages, seasonal labor demand, and the constant threat of unemployment.

In the Philippines, "many of the wage-earning proletariat retain access to land through family ties or through sharecropping and tenant farming" (Banzon-Bautista, 1984, p. 174). This is true even of the labor sector that is considered the most "proletarianized" in the country – the migrant sugar workers of Negros province who, between their seasonal work in sugar *haciendas* or a slump in sugar production, cultivate subsistence plots in marginal lands around the plantation or are subsidized by their farming families back home. Larkin (2001, pp. 175–176) describes an entire peasant household in the 1920s "conscripted" to provide labor for a Philippine sugar plantation who have at their disposal "a bit of land" and sometimes farm animals and where division of labor is according to age and gender. Understandably, the ranks of the peasantry have not produced capitalist farmers "despite the development of an agricultural labor market … and of capitalist farmers in some areas" (Banzon-Bautista, 1984, p. 178).

At this point, it is necessary to introduce two sets of concepts that do not belong to the tradition of Marxist thought but which could complement the above discussion and strengthen the view of a distinct peasant mode of production. These are: (1) the twin concepts of peasant moral economy and subsistence ethic and (2) everyday forms of peasant resistance and everyday politics.

The peasant moral economy, the subsistence ethic, and everyday politics

In pre-modern, pre-capitalist, or non-capitalist societies, the notion of a peasant moral economy based on the subsistence ethic arose out of poor cultivators "living so close to the margin" and having a consequent fear of food shortages (Scott, 2001). The peasant family's main concern was to meet the daily household needs as well as the claims of elites and the state. However, along with these political-economic concerns are the following: (1) upholding the "notion of economic justice" through "patterns of reciprocity, forced generosity and communal land and work sharing [to] assure every community member access to resources to perform obligations to the community" (Moore, 1966, p. 97; Scott, 2001, p. 3); (2) a working definition of exploitation, i.e., "which claims on their product was tolerable and which intolerable"; (3) application of the "safety first" or "risk avoidance" principle in farm production where the principal test is "What is left?" rather than "What is taken?" In peasant societies where capitalist inroads have been made, poor villagers' demands are not limited to subsistence needs but also involve "a set of cultural decencies that serve to define what full citizenship in that local society means" (Scott, 1985, pp. 236–237). Dignity, respect, and "a fully human existence" are essential themes, the fulfillment of which requires access to "a certain level of material resources" (Scott, 1985, pp. 236–237; Kerkvliet, 1991, pp. 17–18).

The social pressures attendant to the moral economy applied to relatively well-off community residents and to relations with "outside elites." Any violation of social equity and justice can provoke resentment and resistance, not only because of unsatisfied needs but also of a perceived violation of rights. Some peasant rebellions have been traced to such transgressions and in looking at the history of peasant societies from the ground uncovers forms of resistance that are part of the day-to-day struggles of the peasantry against external impositions. Distinct from outward forms such as rebellions and revolutions, "everyday forms of peasant resistance" are "passive, spontaneous, and stop short of collective outright defiance." They include "foot dragging, dissimulation, desertion, evasion, flight, false or passive compliance, pilfering, feigned ignorance, slander, arson, subtle sabotage, squatting and encroachment, and so on" (Scott, 1985, pp. 28–37).

As authentic peasant rebellions are rare occurrences that often end in defeat and violent repression or, if successful, offer mixed blessings for the peasantry, Scott deems it more important to understand "the prosaic but constant struggle between the peasantry and those who seek to extract labor, food, taxes, rents, and interest from them" (*ibid*.).

Also called "weapons of the weak," these actions "rely on individual actions and are aimed more at self-help than in achieving reforms." They are thus "informal, often covert, and concerned largely with immediate, de-facto gains" although they may at times be informally guided by "networks of understanding and practice." In typical peasant fashion they "avoid any direct symbolic confrontation with authority or with elite norms" and thus are an option that can be "safely" undertaken. The intensity and level of resistance are often calculated to minimize risk and retaliation and in some instances, the immediate appropriators are not directly confronted. Scott avers that these "guerrilla" techniques of resistance are well suited to the peasantry due to their "diversity and low-classness, their dispersed locations, undisciplined nature, and lack of leadership" (*ibid*.).

There is however a link between certain everyday forms of resistance and open rebellion. The most ardent supporters of rebellions were often those who had earlier abandoned the center and withdrawn to the periphery of mainly mountainous areas – the classic flight syndrome as a mode of everyday resistance (Ileto, 1998, pp. 110–113).

Forms of everyday resistance also carry us into the realm of "everyday politics" or "politics in everyday life" (Kerkvliet, 1991, p. 11). This entails looking at politics as it pervades the daily lives of people as they come together and interact "in different class and status positions." Kerkvliet defines the politics of everyday life as consisting of "the conflicts, decisions, and cooperation among individuals, groups, and organizations regarding the control, allocation, and use of resources and the values and ideas underlying those activities" (Kerkvliet 1991, p. 14). In the context of rural inequalities, he adds that everyday politics depict how "people try make claims on each other and on a range of resources according to their relationships to those superordinate or subordinate to themselves and in terms of their interests and values" (*ibid*.).

Study area and research methodology

The three villages (*barangays*) of San Vicente and Santo Niño in Bamban, Tarlac and Calumpang in Mabalacat, Pampanga are located amidst rolling hills and mountains in the Central Luzon region in the Philippines. Collectively known as Sacobia (after a major river that runs south of the area) its history was tracked by this study from its beginnings as a settled peasant community in the late 1940s to the early 1990s. This study utilized an interdisciplinary social science framework that paid attention to all human aspects of a development project, specifically, inquiries were made on the following:

- the political economy of village society;
- public administration and organizational systems;
- the area's historical development, and social issues and problems;
- the geography and ecology of the area were important concerns;
- psycho-behavioral patterns observed (i.e., the world outlook and consciousness, attitudes, perceptions, and aspirations of the settler residents and the management authorities were chronicled); and
- the dynamics of rural transformation and continuity triggered by the state-initiated integrated rural development (IRD) project handled by the Sacobia Development Authority (SDA).

Historical background of the cases

Farmer-settler families from lowland areas moved to the area during the late 1940s and early 1950s due to the deteriorating economic and political conditions brought about by the destruction wrought by the war years, the return of landlordism, and the outbreak of a major armed peasant rebellion. The area, however, has always been classified as a military reservation dating to the time when it was under the jurisdiction of the American-run Clark Air Base up to the first decade of the twenty-first century. Thus, the settlers were disqualified from owning the lands they tilled or the houses they built and were thus regarded as illegal settlers or "squatters." To get around these legal impediments, the peasant-settler resorted to informal land and housing market mechanisms.

Cultivable area was scarce and this limited farm sizes and created a relatively egalitarian distribution of land while precluding the growth of a full-blown landlord class. Farm sizes ranged from one to three hectares each. A few landholders however had bigger farms and employed seasonal farm labor and occasionally had "tenants." But these were not landlords but middle peasants as they also did farm work, engaged in productive activities, and did not rely on rent for their livelihood. The three villages' relatively inaccessible location and the vulnerability of the established farm households to government expropriation at any time created feelings of solidarity and collectivity among the residents that were probably greater than what can be found in other peasant communities in the lowland areas. The family farms were also relatively self-sufficient and to a large extent production was subsistence-oriented.

Basic for the Sacobia peasantry was that having a parcel of farm land (no matter how small the size) still constituted a meaningful safety net that at least assured them that the subsistence ethic would always be upheld. Perhaps as important as the direct economic benefits in terms of a more or less stable livelihood was the fact that the peasant settlers had been able to reassert control over their own farmlands even if the option of full legal ownership was still unavailable to them.

Impositions and harassments, and later, expropriations of the surplus came from forces outside the villages: (1) the American-controlled Clark Air Base; (2) sugar capitalists who intruded into the area in the 1960s; (3) a major state-initiated and high profile integrated rural development (IRD) project begun in 1979; (4) a government rehabilitation and relocation program in the wake of the 1991–1992 Mount Pinatubo eruptions; and (5) a special economic zone under the Clark Development Corporation (CDC) established in the mid-1990s. In addition two generations of left-wing guerrillas tried to exert their political influence on the villages but with mixed results. With the exception of the Clark Air Base, the above external agents tried to transform the villages and wean them away from the peasant mode to a modern capitalist system in the case of the sugar capitalists, the IRD project, and the Mount Pinatubo relocation program, and to a Marxist revolutionary base in the case of the left-wing guerrillas identified with the Communist Party of the Philippines' military arm, the New People's Army (CPP-NPA).

Peasant moral economy and the subsistence ethic[4]

A form of peasant moral economy based on the fulfillment of primary subsistence needs pervaded the Sacobia villages since they were first settled. The subsistence character of production was defined by (1) the limited cultivable area, (2) low productivity due to lack of irrigation, (3) high costs of production and transportation, (4) low market prices, and (5) a scant surplus. The ethic that accompanied this situation forced most of the settler-peasant families to minimize their risks and (except for certain required technologies like high yielding seeds, fertilizers, and

pesticides) rely on traditional farming modes. The utilization of the new technologies however was not maximized because Sacobia peasants often scrimped on their use of fertilizers and pesticides since the costs were burdensome.

Moreover, work sharing and patterns of reciprocity were practiced as applications of notions of economic justice, but the lack of peasant differentiation and the absence of internally exploitative class-based relations (e.g., landlord-tenant ties) meant that such notions were applied more to the relations with outsiders and to the latter's interventions in the normal course of village life. The absence of such ties also implied that, compared to other peasant households in Central Luzon and other regions of the country, Sacobia cultivators could retain a higher percentage of the surplus. This advantage may not be as significant as it appears since in general, among Philippine tenanted farms, land rent as a percentage of farm costs had declined considerably as early as the 1980s.

The set of cultural decencies that peasant households strongly feel an entitlement to was violated when the IRD project deprived the Sacobia cultivators of their land. Insult was added to injury when they were forced to work for a daily wage in their farms. For several peasants this was the last straw and they took to flight rather than subject themselves to what they perceived to be a humiliating reversal in their social status. A similar reaction occurred when the SDA attempted to impose rules and exact rent for the use of state-provided housing. For the settlers, the housing project was the least that they were entitled to in "compensation" for the major disruption in their lives that the IRD project had caused. They therefore saw no moral obligation to pay for the units.

Peasant resilience

In terms of the economic modes, it would appear that, by 1992, the small peasant mode of production had been undermined. The household surveys showed that relative to workers, the peasant population had progressively decreased its share from a high of 68 percent in 1979 to 32 percent in 1990 and further to 26 percent in 1992. More non-farm activities and sources of livelihood have also been introduced. Residents identifying themselves as laborers or workers have increased their share of the labor force from 30 percent in 1979 to 38 percent by 1990. Despite a decline to 32 percent after the eruptions, they still had a larger share than the farming class. These figures however do not tell the whole story and need to be interpreted and placed in their proper context.

During the 1990s, despite the apparent ascendancy of a working class at the expense of the peasantry, a majority (or 60 percent) of those identifying themselves as workers were actually SDA laborers, positions which were temporary (renewable on the whims of the SDA authorities), extremely unstable as these were dependent on a dwindling budget provided by the state, and a source of patronage relations between favored residents and the SDA administration. A typical work contract carried no benefits and lasted for only three months after which a new appointment had to be made.

The type of work these laborers engaged were not far removed from peasant activities as these were in the agroforestry projects of SDA and consisted in grounds clearing, weeding, trimming of trees, planting and transplanting, general tree maintenance, and harvesting and transporting of fruit crops. If we factor in the below-subsistence wages received from the aforementioned activities, and the fact that these workers maintained economic, social, and personal (family) links with the smallholding peasant sector, one can make a strong case for arguing that these "workers" were actually still part of the peasant mode of production in Sacobia. The actual separation from the means of production, a prerequisite for capitalist development,

was temporary, superficial, tenuous, and reversible. As there were times when work contracts were not renewed for months and retrenchments were common, these workers often alternated between peasant farming and wage work for the SDA. Given these, the SDA laborers could be classified as a rural semi-proletariat whose continuing ties with small farm cultivators fits in with our typology of the peasant class.

For the category "others," these are non-agricultural occupations that include pedicab or jeepney drivers, military servicemen, lottery (*jueteng*) collection agents, paramilitary security, teachers, household help, and handicraft contract workers. As this was mostly service-related work that was highly dispersed and, moreover, was not tied to any particular social formation, in no way can these other occupations be identified with a particular and specific mode of production that can parallel or replace the peasant mode. In many cases these other non-farm income generating activities were often viewed either as stop-gap measures or supplementary to farming.

The advantage of smallholder farming over the wage work available for Sacobia residents was its stability and reliability as far as a subsistence source and money income are concerned. Moreover, the control over the means of production and the relative autonomy over economic decisions exercised by the peasant cultivator were strong positive factors in the equation. The class character of the peasant-cultivators was also more clearly defined than the worker-laborers or those in service-related occupations. At the same time, some Sacobia peasant household members participated in non-agricultural activities (e.g., employment in construction sites outside their village) while waiting for harvests. If not for anything other than maintaining a distinct social identity as well as a feeling of community, this trait gives the peasantry an additional advantage over the other occupation groups. It would be no exaggeration to state that it was the peasant farming sector that served to keep the collective rural identity of the Sacobia community intact and resilient in the face of the various adversities that have descended on the three villages.

The changes in occupations among the population took place in a non-linear fashion. For one it would be difficult to argue that the shift from peasants to wage workers or from agricultural work to non-agricultural jobs constituted an advance or an improvement in personal circumstances among the people. Moreover, the insecurity and transient nature of non-farm occupations kept the option of returning to farm work open and this was taken up quite regularly.

By all indications, the family farms in the three villages generally fulfill (with slight variations) the characteristics of a peasant mode of production as analyzed above. They have persisted through the years in the midst of two major encounters with external commercializing agents that could have transformed the peasant mode – the sugar capitalists of the 1960s and the Sacobia IRD project of the 1980s.

Focusing on the latter, the plan to proletarianize the population through the IRD project had fallen through because it was anchored upon the model of modern corporate rice farms whose implementation floundered at the early stage. It was in pursuit of this model that the SDA took over the lands of the original settlers who were then made to work for daily wages on their own farms for a period of two years. Other projects that could have created an authentic working class such as the dendro thermal plant and the mini agro industrial estate failed to proceed beyond the preliminary planning stage. The privatization of the anemic SDA-initiated livelihood projects also created few opportunities for employment among the residents who were not the beneficiaries. Not only did a working class not materialize, the SDA even tried (unsuccessfully) to establish landlord tenant type arrangements with the rice farmers. For instance, the certificates of land awards for croplands and forestlands contained a provision for determining the rent to be paid by the farmer awardees to the SDA.

Even before the IRD project's complete breakdown, Sacobia farmers continued their cultivation on small farm plots ranging from 0.5 hectares to 3 hectares and averaging 3.5 to 4 tons of unhusked rice per hectare. The low productivity and low market prices assured a level that did not exceed subsistence needs. The family (sometimes in extended form) was the main source of labor while hired labor (from other peasant families) was utilized for only a small proportion of the total number of working days. Other crops such as sugar, tubers, legumes, vegetables, and fruits supplemented the rice incomes although for a few families, incomes from fruit tree orchards were the main source of livelihood. Preliminary 2009 data from the Municipal Agricultural Officer's office in Bamban, Tarlac show the continued importance of agricultural activities among the residents of San Vicente and Sto. Niño. In San Vicente, out of 120 households, 104 were engaged in various forms of agricultural production in rice, corn, mango, and vegetables and in livestock raising (i.e., carabao, goat, cattle, and swine), while in Sto. Niño, 66 households (out of 260) were involved in sugar, rice, and mango production and in livestock raising (i.e., carabao and goat).

As there was no landlord or internal ruling class, appropriation of the surplus took the form of high prices and low quality of agricultural inputs, the low prices for the farm products, and interest rates on farm loans from the informal credit market. In summary, on such small farm plots with low productivity as well as the limited cultivable area, the process of peasant differentiation could not effectively take off. Moreover, the following traditional cultural norms and practices persisted:

- customary land market dictated by a traditional concept of land and property rights, modes of settling internal village conflicts and disputes;
- placing a high value on family and kinship ties, cooperative and reciprocal forms of labor;
- the special status accorded to village elders; and
- informal credit systems.

In general, recognition of legal structures emanating from the central state was more formal than real and the common practice was to behave as if they did not exist. In general, customary law took precedence over formal laws of the government. A strong sense of community and collectivity ironically was strengthened by the IRD project and its impositions on village life.

Conclusions

The field data and analysis presented in this chapter show that the essential features of a household-based peasant society in the three villages studied have remained basically intact and the peasantry as distinct social formation has persevered. This has taken place despite changes in certain features and aspects of traditional rural communities such as new farm technologies, wider market linkages, growth of a wage-earning working class, increased interactions with the non-peasant world, the physical separation of families, and the establishment of more formal political structures.

Notwithstanding the emergence of what appears to be a working class, a majority of these were actually employed as temporary SDA laborers, on extremely unstable terms and hired on the basis of patronage relations. Furthermore, in addition to below-subsistence wages, the types of work these laborers engaged in were closely related to peasant activities as these were in the IRD project's agro-forestry sector. Because of these limitations, these "workers" continued to maintain economic, social, and personal (family) links with the smallholding peasant sector. In this sense, therefore, it can be argued that these "workers" were still part of the area's

peasant mode of production since "the actual separation from the means of production, a prerequisite for capitalist development, was temporary, superficial, tenuous, and reversible" (Tadem, 2005, p. 253).

The class character of the peasant-cultivators was more clearly defined than the worker-laborers or those in service-related occupations. With its distinct social identity and a strong feeling of community, the Sacobia peasantry exhibited an additional advantage over the other occupation groups and this served to keep the collective rural identity of the community intact and resilient in the face of the various adversities and interventions that descended on the three villages.

Traditional cultural norms continued to be practiced such as

> a customary land market dictated by a traditional concept of land and property rights, modes of settling internal village conflicts and disputes, placing a high value on family and kinship ties, cooperative and reciprocal forms of labor, the special status accorded to village elders, and informal credit systems.
>
> *(Tadem, 2005, p. 257)*

In general, customary law was prioritized over formal laws and instructions coming from the central state.

For the three villages in this study, the history of external interventions is continuing with the establishment of a special economic zone in 1997 where the American air base used to be located. Tensions are already evident between the villagers and the Clark Development Corporation (CDC), which manages the government-run economic zone, as the latter seeks to extend its control over the peasant community that lies just outside its main perimeter.

Since this chapter focused on only three villages in one region of the Philippines, it would be difficult to generalize that the peasant mode is resilient in all instances. It could be that the Sacobia villages had specificities that would not be found in other rural villages. In any case, as a future direction in the field of peasant studies, there is need to seek further validation of this chapter's findings in other Philippine rural areas and in other countries as well. However, in a recent global study on farm size, Eastwood et al. (2004, pp. 1–62) noted that while "in Europe and North America farm sizes have been increasing on average since 1950, in Africa, Asia and Latin America, by contrast, farm sizes seem to have been declining in the late 20th century." The authors noted that "smallholder individual tenure typifies South and East Asia" and that "over 70 per cent of farms are largely family-cultivated" with most having farm areas "below 1 ha of irrigated land (or 2 ha of rainfed land)." The implication of the findings in this paper therefore is the need for policy makers and other concerned players to rethink their assumptions about the peasantry and the policies and programs they have imposed on rural communities.

Notes

1 The characteristics of the peasantry enumerated here are culled from the works of Wolf (1966), Marx (1969), De Janvry (1981), Shanin (1987a, 1987b), and Hobsbawm (1998).

2 See the works of Alavi (1987) and De Janvry (1981).

3 This is discussed in Marx (1967), *Capital*, Vol. 1, Part 8, Chapter 29: "Genesis of the Capitalist Farmer." In this section, Marx clearly wished to make a distinction between the "farmer" (a capitalist) and the "peasantry." On conditions of the rural proletariat, see "The British Agricultural Proletariat" in Chapter 25, Section 5: "Illustrations of the General Law of Capitalist Accumulation" in the same volume.

4 See Tadem (2012) for a more detailed account of the data gathered on the case of the Sacobia peasantry.

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THE MIDDLE CLASS IN SOCIETY AND POLITICS

Temario C. Rivera

As a subject of study, the middle class commands attention in the Philippine context for at least two important reasons. The first concerns a more traditional interest in the middle class as an indicator and driver of economic growth and development. The second focuses on a less studied aspect of the middle class – its role in the political development of the Philippines, particularly with the country's history of contentious politics.

However, there is no common international standard for defining the "middle class." Two basic approaches exist in understanding the concept of social class: a gradational and a relational one (Poulantzas, 1975; Hunt, 1977; Wright, 1985, pp. 38–57). In a gradational approach, classes differ by the quantitative degree of some attribute such as income, status, education, quality of housing materials, etc. In this approach, the names of classes also have a quantitative character such as upper class, upper middle class, middle class, lower middle class, lower class, etc. In contrast, relational concepts of class seek to situate classes in the overall context of understanding trajectories of social change and argue that classes are linked in social relations of production that are essentially antagonistic and exploitative. In this view, class relations generate opposing interests and the realization of these interests necessarily results in some form of conflict.

In understanding the political role of the middle classes, it should be stressed that this class is not a homogeneous entity but is in fact divided into fractions whose concrete political practices and tendencies are further shaped by factors such as religion, ideology, cultural traditions, gender, political institutions and other non-class elements.

This chapter reviews the more recent studies in clarifying the emergence and development of what might be considered as the middle class in the Philippine context. For the main part, the chapter examines the broader social and political implications of actions identified with this class by illustrating its key interventions in the political life of the country at important historical junctures.

In search of the Filipino middle class

In 1996–1997, a pioneering comparative survey study on middle classes in four major Southeast Asian cities (Manila, Bangkok, Jakarta, and the Klang valley in Malaysia) showed a significant variety in the factors that account for the origins, intergenerational class mobility, impact of the rate of industrialization on class size, class differentiation and class identity, and the political

attitudes of the middle class (Bautista, 2001; Hsiao, 2001; Rivera, 2001b, pp. 209–265). The study used a three-level internal differentiation of the middle class (new middle class, old middle class, and marginal middle class) based on occupational categories with the capitalist and working class samples as control categories in the survey. As class-occupational categories in the Philippines, the "new middle class" refers to professionals, managers and administrators, higher-grade technicians, and supervisors of non-manual employees in both large and small establishments; the "old middle class" to small proprietors and artisans with or without employees; and the "marginal middle class" to routine non-manual employees in administration and commerce, sales and services.[1]

Reflecting the lack of sustained high economic growth in the country during the last three decades in contrast with that of East Asia and the more robust economies of Southeast Asia, the middle classes in the Philippines constituted a smaller proportion of the population. Surveys and studies using either the gradational or relational methodological approaches to social class in the Philippines estimate that the middle classes by the end of the 1990s ranged from 10 to 12 percent of the working population or of total households.[2] There is a much higher proportion of middle class households living in urban centers and in Metro Manila in particular. One study published in 1983 using market survey methodology estimated that 20 percent of all urban households can be considered as middle class (Roberto, 1987). Various studies in the 1990s showed that middle class households in Metro Manila constituted between 32 and 40 percent of all households although a major surveying organization, Trends MBL, Inc., had a lower estimate of 24 percent (Bautista, 2001, pp. 45–47).

More recent studies using gradational criteria have shown significant increases in estimates of middle class households, especially in Metro Manila. For instance, using an absolute definition of per capita consumption of US$2–20 for the middle class, an Asian Development Bank (ADB) study of Asian countries estimated that in the Philippines the "middle class population increased from 44% of the population in 1988 to 54% in 2006, about 45 million people" (ADB 2010, p. 12).

In 2009, a cluster analysis of income distribution in the Philippines yielding three income groupings (low, middle, high income) estimated that 25.2 percent of all families were middle income, in gradational terms the equivalent of a middle class (Virola et al., 2013). The same study showed that in 2009, a little more than half of all families in Metro Manila, 53.6 percent, were middle class. Moreover, the authors also estimate that 28.3 percent of all middle income families nationwide were living in Metro Manila, by far the largest concentration of the middle class among all regions. Region IV-A (Batangas, Cavite, Laguna, Quezon, Rizal) hosted the second biggest concentration with 17.5 percent in 2009; and Region III (Aurora, Bataan, Bulacan, Nueva Ecija, Pampanga, Tarlac, Zambales), the third biggest with 12.7 percent (Virola et al., 2013).

Using also a gradational approach to class, another study defines the middle class in the Philippines as those with incomes between four and ten times the poverty line in 2012 prices (Albert et al., 2015). The authors use a seven-income grouping (poor, lower income but not poor, lower middle income, middle income, upper middle income, upper income, and rich) based on absolute thresholds and some multiple of the official poverty line. Under this definition, an average household of five is considered middle class if its total monthly family income ranges from around 30 to 80 thousand pesos (with the 2012 poverty line at P6,312–15,779 on average per person). If the three middle income groupings in the study are combined (lower middle income, middle income, and upper middle income), the same authors estimate that about 45 percent of all households were middle class in 2012.

The study by Virola and associates (2013) also shows some revealing socio-economic attributes about the middle class. Their research indicate that an average of 52 percent of middle

class families in three periods surveyed (2003, 2006, 2009) had an overseas Filipino worker (OFW). However, this phenomenon was equally true for the low income families for the same period, with an average of 48 percent of such families having an OFW. Such findings are consistent with the substantial numbers of OFW deployments each year since the 1980s, with an average annual deployment of about 1.7 million for the last five years alone (The Labor Assistance Center of the Philippine Overseas Employment Administration [POEA], 2015). Not surprisingly, OFW remittances as a share of GDP has been substantial, averaging about 11 percent each year for the last ten years (World Bank, 2015).

All of these data lend strong support to the argument that many recent cases of middle class formation in the country have been rooted in the OFW phenomenon, particularly for those families that have been the recipient of higher remittances for significant periods of time. A related development, although not yet well studied, lies in the business process outsourcing (BPO) industry which already directly employs about a million college graduates and skilled technicians. If sustainable, the BPO industry could yet be another incubator for a new generation of the middle class in the country. The OFW and BPO experiences provide a new dimension in understanding the processes of class formation and differentiation which have been driven traditionally by internal changes in production relations such as in the development of the agricultural and manufacturing-industrial sectors. However, this seemingly more normal route to class formation and differentiation has been much weaker in the Philippine experience and thus the role of globally driven production activities such as the OFW and BPO phenomena in driving changes in class structure has been quite significant.

The middle classes: historical and socio-economic context[3]

There are a number of important factors that account for the political role of the middle classes in the country on a scale seemingly out of proportion to their actual numbers. First, an educated middle class highly concentrated in Metro Manila and later in the major urban centers emerged as early as the American colonial period. Manila's role as a center of the export and import trade in the country spawned a lot of diverse professional and technical services. In this context, American colonial policy introduced a system of mass public education and initiated the Filipinization of the civil service which opened up new opportunities for employment as professionals in the civilian bureaucracy. Thus, by the twilight of American colonial rule in 1939, one author estimates that those employed as professionals (accountants, engineers, lawyers, physicians, and college professors), teachers, and government civil servants including those performing clerical tasks constituted 18 percent of the labor force in Manila (Doeppers, 1984, p. 53).

By the 1950s, a remarkable economic growth initially propelled by exchange controls and import substitution took shape. This resulted in the growth of the manufacturing sector at an average annual rate of 12 percent and nurtured a generation of new middle classes rooted in the private business sector and outside the state bureaucracy. This economic growth also sparked an education boom at the tertiary level resulting in the proliferation of numerous colleges and universities providing relatively cheap education, albeit of very uneven quality. As economic growth slowed down and later stagnated in the ensuing decades, the relatively large sector of college-educated individuals with middle class outlooks who could not find stable and satisfying jobs proved to be a potent factor for the political activism of this segment of the middle classes.

A second factor for the significant political presence of the middle classes lies in the country's legacy of a formal electoral system which allowed for a far greater space in articulating and organizing class interests of various kinds. Thus, the country's history of regular electoral contestations, relatively free media, and formal guarantees of civil and political rights have also

served to develop the political skills and confidence of key factions of the middle classes. For instance, not even the authoritarian rule of Mr. Marcos was able to effectively stifle the activism of civil society organizations even while many were forced to go underground at the height of martial rule.

Finally, the development and growth of a significant segment of the new and old middle class factions outside of the direct control of the state has enhanced the role of the middle classes in waging political actions. Thus the lower middle classes directly nurtured by the state such as the huge numbers of public school teachers and other civil servants have not developed any strong sense of professional or institutional loyalty to the state, making them more open to oppositionist activities against the state itself. In contrast, the state in the newly industrializing economies (NICs) of both East and Southeast Asia exerted a more direct and pervasive control in the growth of its own middle classes.

Since the postwar years, a number of outstanding features and tendencies have underpinned middle class politics and social behavior in the Philippines. First, all of the major oppositionist political projects and movements during these years had middle class leaderships. In turn these activist movements relied strongly on constituencies of university students and college educated professionals as their initial base of political support even while such projects self-consciously aimed at organizing other social classes and sectors for their ultimate political goals. Second, these major organized political movements led by middle class personalities have been invariably influenced by the following ideologies: Marxist-Communist, conservative and radical schools of Christianity, syncretic versions of liberal-pluralist views, and in particular in the Southern Philippines, Islamic fundamentalism and radicalism. Third, as noted earlier, there is a substantial concentration of middle class households in Metro Manila which, when combined with the other socio-political factors, explains why this region has traditionally served as the country's political and cultural center. Fourth, there has been a significant rate of out-migration whether as permanent residents (mainly to the United States, Canada, and Australia) or overseas contract workers (Middle East, Southeast Asia, Japan, and Europe) particularly by the various factions of the middle classes. Finally, a new generation of middle class families have emerged, sustained primarily by incomes from a substantial number of Filipinos who have been working abroad during the last three decades.

Middle class politics during the postwar period, 1946–1972

During the postwar period up to 1972, middle class involvement in politics ranged from conservative to moderate and radical projects. Among the educated progressive middle classes during this period, the most compelling political issue focused on fleshing out a nationalist and democratic alternative political program to what was perceived as a government run by the country's most powerful dynastic political clans largely subservient to American political and economic interests. In the context of the economic downturn that overtook the manufacturing growth in the 1950s, two major oppositional political responses emerged. The first was Marxist-Maoist inspired and gathered strength with its militant youth-student organizations in the 1960s and climaxed with the launching of a new communist party in 1968 (Nemenzo, 1984; Jones, 1989; Sison, 1989; Weekly, 2003). Moreover, during the formative years of the new party the majority of the party's initial core of cadres were university students and intellectuals from middle class families. The guerrilla movement founded by the new party in 1969 also gained its momentum with cadres recruited from militant student and youth organizations. Under the direct influence of the new party, several sectoral and people's organizations were formed in the 1960s and 1970s and most of these were also led by cadres with middle class backgrounds.

The second significant oppositional political response to the crisis of the 1960s and 1970s centered on a grouping of parties and organizations directly inspired by Christian reformism and radicalism. These church-based movements also emerged as a direct response to what was then perceived as the developing hegemonic political threat posed by Marxist-inspired organizations (Fabros, 1987; Youngblood, 1990; Bolasco and De la Torre, 1994). Among the Catholic-based organizations, the influence of the social activism of the papal encyclicals of the 1960s was significant with much of the initial political guidance coming from Jesuit priests and theologians. One concerted attempt to develop a formal national political party anchored on principles of Christian social democracy was exemplified by the founding of the Christian Social Movement in the 1960s and later the National Union of Christian Democrats. A more radical version of Christian activism also emerged under the influence of Marxism, Maoism, and the liberation theology of Latin America and took root with the founding of the Christians for National Liberation (CNL) in the early 1970s. Like the Marxist inspired parties and organizations that were formed during the 1960s, the church-based reformist and radical movements were also led and staffed by middle class professionals and college graduates.

A third strand of middle class politics during the 1950s and 1960s was seen in the reformist liberal activism of professionals and business entrepreneurs who founded citizens' parties for good government or sought to safeguard and reform the electoral process. For instance, during these decades there sprouted several middle-class based Citizens for Good Government parties that actively contested local elections in Manila and other key cities. The best example of a middle class organization best known for its continuing project of monitoring electoral processes and results is the National Movement for Free Elections (NAMFREL). Founded in 1951 under American auspices and staffed by professionals, church, and business personalities, the organization has succeeded in institutionalizing itself as the country's unofficial guardian of electoral contests, particularly of the counting of votes. Middle class liberal activism during this period was also dramatized by the mobilization of political support for many independent candidates during the election in 1971 for members of the Constitutional Convention to draft a new constitution.

Finally, reflecting its structural weakness as a political constituency, the middle class-led political movements during this period deliberately sought and cultivated systematic linkages and coalitions with other social classes and sectors, primarily those of the peasantry and agricultural workers, and the urban poor and industrial workers. Whether as a product of conscious ideology and strategy or a pragmatic political response, these political and organizing efforts by the middle class-led political movements and parties largely defined their political credibility and organizational strength.

Middle class politics during the authoritarian rule of Marcos, 1972–1986

During the authoritarian rule of Marcos, middle class politics took shape in the context of the struggle against the dictatorship. Rooted in the earlier alignment of political forces during the 1960s, the organized involvement of middle class factions against authoritarian rule was mediated through three basic political forces: 1) the Marxist-Maoist inspired organizations under the leadership of the new Communist party and the much smaller independent Marxist-socialist organizations; 2) the Christian-rooted political movements and parties with the more militant ones adopting variations of Christian social democratic ideologies; and 3) the organizations propelled by liberal democratic ideologies such as KAAKBAY (Movement for National Independence and Sovereignty) headed by the well-known liberal oppositionist politician, the late senator Jose W. Diokno. Along the same mold were organizations such as Movement of Attorneys for

Brotherhood, Integrity and Nationalism (MABINI) and the Free Legal Assistance Group (FLAG) made up of human rights lawyers opposed to the dictatorship.

In the southern part of the country in Mindanao, middle class opposition to authoritarian rule took on a special dimension due to the region's unique history of internal colonialism and marginalization, religious ethnic factors, and international Islamic ties. Among the ethnic Muslims, middle class participation in the struggle was principally mediated through the originally separatist Moro National Liberation Front (MNLF) whose leadership also included many university educated intellectuals and students including its founding head, Nur Misuari, who once taught at the University of the Philippines.

A new process of middle class radicalism took place during the period of authoritarian rule with the politicization of the military. As an institution, the military in the Philippines has an officer corps made up overwhelmingly of recruits from lower middle class families. By the early 1980s, the protracted war with the communist-led guerrillas and the separatist Muslim armed parties in the context of the cronyism and lack of professionalism of the top loyalist Marcos generals had demoralized the younger battle-hardened officer corps. Spearheaded by the class of 1971 graduates of the Philippine Military Academy (PMA), a reformist faction identified with then Secretary of National Defense Enrile developed within the military. This constituted the nucleus of the mutinous faction that ignited the February 1986 uprising. Unlike other processes of middle class activism whose success usually required systematic linkages and coalitions with other social classes and sectors, the middle class military officers saw little need for a social and political base at least in the initial stage of seizing power.[4]

In terms of the composition of the middle classes, another important feature of authoritarian rule under Marcos was the rapid expansion of the state bureaucracy. With its direct intervention and control of various aspects of the economy, the Marcos administration created several government owned and controlled corporations (GOCCs). In 1975, employment in GOCCs totalled 41,250; by 1984, employment in these same government corporations reached 134,453, an increase of 226 percent. During the same period, the entire government civil service also experienced a 145 percent increase from 533,284 in 1975 to 1,310,789 in 1984 (Civil Service Commission, 1986). Among the civil servants, public school teachers at varying levels proved to be the most responsive to the anti-dictatorship struggle and a number of both aboveground and clandestine militant organizations emerged from their ranks.

During the twilight years of the authoritarian regime some of the most vivid open protests erupted in the very centers of high commerce and finance involving the professionals, white collar workers, and the anti-crony business personalities (Bautista, 1985). Through four days of military mutiny and a people's uprising from February 22–25, 1986, the struggle against the dictatorship climaxed with Mr. Marcos fleeing to Hawaii under American auspices (de Dios et al., 1988). It has become fashionable to refer to the four days of mutiny and uprising in February 1986 as the "middle class revolution" that signaled the end of the dictatorship. It is of course true that many of those who played leadership roles during the uprising, particularly at EDSA,[5] were professionals and middle class personalities including the mutinous military officers and the ubiquitous priests and nuns. It is also true, however, that in other areas of the popular uprising, in particular the Mendiola area in the vicinity of the presidential palace, left-wing organized labor organizations had a pronounced political presence. What needs to be explained more carefully is the genuinely popular nature of the uprising that galvanized the participation of the people from all walks of life, rich and poor alike at that dramatic conjuncture.[6]

On the whole, the struggle against the Marcos dictatorship showcased the political strengths and weaknesses of the middle classes in their political practices as class factions. As a source of political leadership, the middle classes, especially its most educated segment, have indeed

responded to all kinds of political projects: as technocrats of the Marcos dictatorship, cadres of revolutionary parties, church-based activists, or army coup leaders. But it is this same flexibility and contradictoriness which stress the limitations of the middle class as a constituency for political action.

Middle class politics: the post-Marcos period since 1986

With the restoration of formal democratic rule following the popular ratification of a new constitution and the holding of elections in 1987, the electoral system once again has become the main arena for legitimizing political contestations in the country (Miranda et al., 2011). The transition to democratic rule, however, has been extremely contentious and protracted. Reflecting the problem of a politicized military, the Aquino-led successor administration to authoritarian rule had to weather no less than seven coup attempts in its first four years in office. It took the next administration under former General Ramos, elected as president in 1992, to successfully conclude a political settlement with the military rebels in 1995 and a peace accord with the MNLF in 1996. However, political negotiations to end the armed conflict with the local communist movement have failed so far. Moreover, the government also continues to pursue peace talks with the Moro Islamic Liberation Front (MILF), a breakaway armed movement from the MNLF.

For many middle class-led organizations and middle class personalities, the opening up of democratic space and the restoration of electoral contests in the post-Marcos period signaled a serious reexamination of strategies and tactics for political practice and contestation. Many have opted to explore the opportunities and possibilities provided by electoral politics in spite of all its faults and weaknesses. The passage of the Local Government Code in 1991 further provided incentives for NGOs and smaller, new political parties to contest political power at the local levels of government.

In taking advantage of these new arenas of organizing and mobilizing, many developmental NGOs and people's organizations (POs) have formed political networks to support progressive candidates or work out coalitions with the existing political parties. More recently, these networks have formed new political parties in response to the party list system, resulting in the first set of elected party list candidates in the lower house of Congress in the 1998 national elections (Tuazon, 2011). Another tendency has been reflected in simply maximizing the political and organizational reach of developmental and advocacy NGOs and POs but uncoupling this effort from any armed political movement. A good example of this is the political activism that has animated the Philippine Rural Reconstruction Movement (PRRM), a prominent developmental NGO (Ferrer, 1997; Wui and Lopez, 1997).

In response to the restoration of formal democratic rule, all of the oppositional formations and parties influenced by Christian social activism have embraced the electoral system as the legitimate arena for political contestation. Following the successful peace negotiations concluded with the government in 1995, the once clandestine military rebel formations have also come out in the open. With the active participation of personalities with military backgrounds in electoral contests, a new generation of soldier-politicians has emerged in fact.[7]

The middle classes and the rise and fall of Estrada[8]

Riding high on a populist appeal to uplift the poor majority in the country, Joseph Ejercito Estrada, better known as "Erap," won the presidential elections in May 1998. He received 40 percent of the total votes cast and a huge margin of more than 6 million votes over his closest

rival.[9] A popular movie star who cut his political teeth as a town mayor, then as senator and vice-president, Estrada won overwhelmingly the support of the lower and poor classes which constitute about 88 percent of the voting households.

What was surprising about Estrada's electoral victory was his creditable performance among the upper and middle class voters, a small section of the voting population (only about 12 percent) but its most moneyed and educated sector. Spurned by the influential Cardinal Sin and the Catholic church hierarchy for his well-known womanizing and profligate lifestyle, dismissed by many educated upper and middle classes for his lack of a college degree, a lackluster legislative record, and lack of managerial skills, Estrada was not expected to do well with the class ABC voters. However, he ended up receiving the second highest percentage of votes for class ABC, trailing Senator Roco, the winner of this voting segment, by only 3.1 percent.

A confluence of two major developments can explain Estrada's relatively good showing among the class ABC voters. First, a major political party headed by Senator Edgardo Angara (who ended up running as Estrada's losing vice-presidential candidate) decided to ally with Estrada thus allaying to some extent the fears of the middle classes about a lightweight presidency.[10] Another important support for Estrada's candidacy and eventual accession to the presidency emerged when a core of middle class intellectuals, some developmental NGOs, and party-list groups decided to work for Estrada's campaign.

Estrada dissipated his initial base of political support with an inept leadership style and a hedonistic lifestyle fueled by corruption at the highest levels. Before his midterm incumbency was over, Estrada succeeded in provoking a wide-based multi-sectoral opposition which brought together key players and organizations from the leftwing parties and formations, Christian churches, organized higher business, civil society and peoples' organizations, and the opposition mainstream political parties. This unprecedented coalition of forces against a sitting president eventually forced the withdrawal of military support from Estrada in the aftermath of sustained peoples' demonstrations following an aborted impeachment trial in the Senate.

However, Estrada's forcible ouster through the confluence of a popular mobilization, middle and upper class support, and the withdrawal of military support raised once again the constitutionality and legitimacy of the incumbent president's termination of office as provoked by the anti-Estrada forces. Not surprisingly, Estrada's arrest and detention in April 2001 sparked a violent protest orchestrated by his elite political supporters and mass following from the poorer classes, claiming that their action to reinstall Estrada as president was more reflective of the people's will. Such a tumultuous turn of events presaged what would be one of the most contentious political periods after the Marcos dictatorship under the eight-year term of President Macapagal-Arroyo.

The Macapagal-Arroyo administration, 2001–2010

Pushed into presidency by the turbulent ouster of President Estrada, the Arroyo administration (2001–2010) faced a series of crises that included two military mutinies (2003 and 2007), and charges of electoral sabotage, corruption, and human rights abuses filed against Arroyo. However, Arroyo managed to survive such challenges till the end of her term through the systematic use of massive government material and coercive resources to buy off support from the military, local government officials, and the church hierarchy (Thompson, 2014, pp. 433–460).

In the 2004 presidential election where Arroyo sought her own mandate for a regular six-year term, the president made a telephone call to a Commission on Election national official, seeking assurance for an electoral victory. However, this clandestine call was wiretapped by some government security officials and later exposed, igniting a wide public clamor for Arroyo's

resignation or impeachment.[11] At least four impeachment raps were filed against Arroyo in the House of Representatives but the president's majority coalition blocked the further progress of the complaints. Arroyo was also able to weather the mass resignation of seven of her department secretaries and three bureau heads.

In the aftermath of the electoral crisis, a public opinion poll by Pulse Asia showed a big plurality of Metro Manilans (41 percent) preferring that "Pres. Arroyo resigns or is impeached and snap elections are held," as the most beneficial/constructive political scenario (Ulat ng Bayan Metro Manila Survey, 2005). This plurality is registered by all social classes with classes ABC (where "C" represents the middle classes in market terms) showing 36 percent for the resign/impeach/snap election scenario; class D with 41 percent; and class E with 53 percent. Interestingly, this same survey also showed that a big majority (74 percent) disagreed with the probe statement that "martial law is necessary to solve the nation's many crises."

In an earlier poll survey by Pulse Asia after the 2004 presidential election, only 22 percent of respondents nationwide preferred a scenario where "the Arroyo administration completes its constitutionally-mandated term of office" (Ulat ng Bayan Metro Manila Survey, 2005). In terms of class-based responses, however, 33 percent of class ABC were in favor of this outcome as the most beneficial/constructive scenario, compared with only 21 percent for class D and 20 percent for class E. It also appears from the same survey that middle class responses as reflected in class ABC on the most beneficial/constructive political scenario in the aftermath of the 2004 electoral crisis are split between: 1) those favoring the completion of Arroyo's constitutionally mandated term, 33 percent; and 2) those favoring the resignation of Arroyo and her replacement by a temporary group that will govern and immediately prepare for electing either a new president or prime minister, 31 percent.

The survey results in June and July 2005 by Pulse Asia seem to show that Filipinos, on the whole, were more cautious in their choice of constructive responses to major crisis situations. Thus, martial law-type responses, including outright coup attempts, had little support in the aftermath of the failed military mutiny by junior officers in 2003 (the Oakwood mutiny) and the political instability triggered by the "Hello Garci" electoral scandal.

The Benigno S. Aquino III administration, 2010–2016

President Aquino III won the presidential elections in 2010 by a significant plurality on a campaign narrative to pursue the straight path (*daang matuwid*) by addressing corruption and poverty. He finished his term with the highest average trust ratings among all post-Marcos executives and presided over the country's highest growth rates during the last 30 years. During his term, an incumbent Supreme Court Chief Justice, Renato Corona, was successfully impeached and three sitting senators (Juan Ponce Enrile, Jinggoy Ejecito Estrada, and Ramon Revilla, Jr.) had been detained on plunder charges. Paradoxically, however, such seemingly impressive achievements did not translate to an electoral legacy in the 2016 presidential elections as Aquino's anointed successor failed to win the presidency.[12]

The middle classes, particularly its upper faction of professionals and skilled white collar workers, together with the owners and top managers of big business corporations, were the main beneficiaries of the economy during the Aquino administration. Two sectors of the economy continued to propel economic growth during this period: the OFWs through their significant remittances and the economic output of the increasing number of educated workers in the BPO industry. But this non-inclusiveness of the economic growth which barely changed poverty incidence and further left behind the poor in the rural agricultural sectors and the stagnant manufacturing sector tarnished the overall political legacy of Aquino.

Many middle class civil society organizations actively participated in the passage of such key legislation such as the Sin Tax Law, the Reproductive Health Law, and the Human Rights Victims Compensation Law during the Aquino administration. However, there was also widespread outrage at Aquino's propensity to protect his allies and friends in government accused of corruption or incompetence; the administration's failure to decisively address crises situations dramatized by the devastation brought by Typhoon Yolanda; the perceived connivance of key administration officials in the corrupt practices made possible by the PDAF and DAP policies;[13] the non-passage of desired legislation such as the Freedom of Information Act (FOI); and the debacle that led to the Mamasapano massacre in Maguindanao province in January 2015.[14] Arguably, the most innovative middle class-led mass protest action took shape in the so-called "Million People March" in August 2013 when various professionals used social media (mainly Facebook and Twitter) to initiate and organize the protest to call for the abolition of the PDAF. Estimates of the actual mobilization at Luneta Park, Manila alone ranged from 200,000 to half a million but parallel mass protests were also held in major cities in the country and foreign capitals with significant numbers of OFWs.

The most damaging failures of the administration that also hit badly the middle class included the continued breakdown of law and order as seen in escalating common crimes and drug use; the inability to fix the daily traffic mess and the frequent operations stoppage of the mass train system; the inconveniences suffered by traveling OFWs including the notorious "tanim bala" (bullet-planting) incidents in various local airports; and the taxation system that grossly disadvantages the fixed income earners to which most of the middle class belong.

These were the same material issues that enabled the new president, Rodrigo R. Duterte, to capture the electoral support of all social classes, including the ABC classes and also the National Capital Region which by far has the biggest concentration of the middle class. In helping elect a new president with a radical populist narrative fueled by decisive, nay, authoritarian leadership style, the middle classes have opened up new opportunities but also risks provided by this alternative governance system.

Conclusion

The middle classes have played important roles in the historic episodes of political struggles in the country. With their special skills and training, a sharpened sense of "modernity," and the particular political opportunities opened up during these conjunctural struggles, the middle classes have assumed leadership roles in various organizations and movements. Their participation, however, was articulated and pursued through different political idioms and political alliances, dramatizing the many contradictory aspects of their social, economic, and political embeddedness.

With the ineptness of state agencies and the lack of accountability of many of the elites, middle class participation in politics has assumed a number of trajectories. It has led to a cynical depoliticization where the middle classes try to prosper without consciously engaging the effete state agencies or by simply voting with their feet by exploring opportunities outside the country. It has also pushed the middle classes to explore other forms of political alliances, for instance with a politicized and radicalized faction of the military in a variation on a "revolution from above" project. Within a reformist agenda, the middle classes have tried to reinvigorate existing political institutions particularly the electoral process and political parties through alliances with reformist politicians and bureaucrats. Finally, in a more revolutionary mode, middle class militancy and skills have been harnessed to strengthen and deepen the political capacities of the poorest and most disadvantaged classes.

As shown in past historical conjunctures, middle class factions had provided the leadership for almost all kinds of political projects in the country. They are politically important not because of their numbers or cohesiveness but because of their possession of technical competencies and political-organizational skills, highly prized by both the elites and oppositional movements of the disadvantaged classes. Organically linked to other social classes or political movements, middle class competencies, skills, and aspirations can have a far reaching impact on the state and society.

Notes

1 For a full discussion of the difficult conceptual and methodological issues in the study of the Philippine middle class in the Southeast Asian comparative survey project on the middle class, see Bautista (2001).

2 Surveys conducted by the Social Weather Stations (SWS) and Pulse Asia in the Philippines as well as several market consumer research companies typify gradational approaches to identifying social class which use key indicators of socio-economic status such as the durability of the home, maintenance of the house, condition of the yard, type of neighborhood, educational attainment and occupation of the household head, and home facilities. Thus both SWS and Pulse Asia use classes ABC, D, and E to capture these gradational class categories. In this categorization, the middle classes are represented by class C although some fractions of class D may also be middle class. See also Bautista (2001, pp. 41–89).

3 This section on the politics of the middle classes from the postwar period to the Ramos administration (1992–1998) is based on a revised version of Rivera (2000).

4 Various aspects of the politicization of the military are analyzed in the following works: *The Final Report of the Fact Finding Commission (pursuant to R.A. No. 6832)* October 1990. This was the report of the presidential commission created by President Aquino to conduct a fact-finding investigation of the 1989 military rebellion and the involvement of military and civilian officials and private persons in this failed project. See Philippine Center for Investigative Journalism (1990) and Miranda (1995).

5 EDSA stands for the initials of the highway named after Epifanio de los Santos, a historian of the Philippine revolution against Spain. The major part of the people's uprising in February 1986 converged at a portion of EDSA which runs between the two major military camps where the rebellious factions of the military launched their mutiny against Marcos. A religious shrine was subsequently built in one section of EDSA and has served as the convergence point for many political rallies and mass services.

6 Seeking a more culturally nuanced explanation for the participation of workers and the urban poor in the popular uprising, Michael Pinches (1991) deploys the notion of *communitas*. This captures the extraordinary sense of camaraderie generated by the event while explaining the management of shame in its contradictory aspects of resistance and accommodation to the established order.

7 Aside from General Ramos who was elected president in 1992, other former military officers elected into national positions include: former colonel and coup leader Gegorio Honasan and former generals Rodolfo Biazon, Panfilo Lacson, Alfredo Lim, and Navy Lt. Antonio Trillanes who were all elected to the Senate. A few others have been elected to the lower house of Congress and local government positions.

8 This section draws from Rivera (2000).

9 A total of 11 candidates contested the 1998 presidential elections but only 4 got more than 10 percent of the total votes cast. Estrada, who received 39.86 percent of the votes, was followed by the following: former speaker of the House Jose de Venecia, 15.87 percent; Senator Raul Roco, 13.83 percent; and former Cebu Governor Emilio Osmena, 12.44 percent. These figures are from official electoral results issued by the Commission on Elections (COMELEC).

10 For the upper and middle classes, Angara's record as a well-established lawyer, former president of the University of the Philippines, and former Senate president, provided some balance to what was perceived as Estrada's lack of intellectual and managerial skills.

11 This expose became known as the "Hello Garci" scandal in reference to Mr. Virgilio Garcillano, the COMELEC commissioner called up by President Arroyo, appointed by the president herself to the country's highest poll body.

12 President Aquino's party, the Liberal Party, won the vice-presidential seat and majority of the contested positions in both houses of Congress in 2016. However, in the country's highly personalistic and unitary system of government with weak political parties, winning the presidency is all that matters.

13 The Priority Development Assistance Fund (PDAF) is an annual allotment (Congressional pork barrel) provided to legislators of both houses (P200 million for each senator and P70 million for each member of the lower house) but oftentimes privatized through corrupt, non-transparent practices such as in manipulated bidding exercises. The Disbursement Acceleration Program (DAP) was done by the Aquino administration to facilitate the usage of budgetary funds for development projects. This included the arbitrary realigning of budgeted funds or unwarranted usage of prematurely declared savings in different departments. Both the PDAF and DAP were declared unconstitutional by the Supreme Court in 2013 and 2014, respectively.

14 The Mamasapano clash in Maguindanao province was a military operation initiated by the government to capture a Malaysian terrorist operative, Zulkifli Abdhir (popularly called Marwan). In the firefight that ensued between the Special Action Force (SAF) of the Philippine National Police and the forces of MILF and the Bangsamoro Islamic Freedom Fighters (BIFF), 44 members of the SAF and 23 from the MILF and BIFF were killed. President Aquino was widely condemned for assigning the suspended head of the PNP, General Purisima, to be on top of the operation, bypassing in the process the acting head of the PNP and the incumbent secretary of the Department of Local Government and Interior (DILG).

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30
NGOs IN THE POST-MARCOS ERA

Gerard Clarke

Since the late nineteenth century, non-governmental organizations (NGOs) have been an important force in the Philippines, complementing the state and market as providers of public goods and services while supporting large numbers of people marginalized from effective participation or affected by natural or man-made disasters. NGOs have also been an important force in the context of contentious politics in the Philippines, important actors in partisan struggles to challenge or defend key features of governance or social structure. Today, the Philippines is home to tens of thousands of NGOs and, collectively, they represent a varied and dynamic landscape. In recent years, for instance, Philippine NGOs have attracted both positive and negative publicity, illustrating the complex social and political environment in which they operate (and documented elsewhere in this volume).

The humanitarian response to Typhoon Haiyan (or Yolanda, as it was known in the Philippines) in 2013 showed NGOs in the Philippines at their best.[1] International NGOs, including Catholic Relief Services, Oxfam and Plan International, channelled foreign funding and material support to affected communities in the Eastern Visayas and worked closely with Philippine NGOs, including the Philippine Red Cross, local Rotary Clubs, religious organizations, philanthropic foundations and community and development NGOs, together providing food, water, clothing and temporary shelter in the immediate aftermath and then helping to rebuild homes, promote economic opportunities and regenerate community resilience in preparation for future storms. Large numbers of the estimated 4 million people displaced have not received official institutional support and have been forced to rely on the their own wits, but Philippine NGOs filled a significant gap stemming from the weakness of central and local government responses and helped (and continue to help) tens of thousands of people who would otherwise have gone unaided.[2]

The long-running 'Peace Bonds' saga, however, illustrates the darker side of Philippine NGOs and their links to the murkier practices of Philippine politics. In 2001, and through an intermediary, the Caucus of Development NGO Networks (CODE-NGO) purchased PhP 35 billion ($778 million) of ten-year government bonds on generous terms and through an opaque auction process.[3] The transaction yielded a significant tax-free profit over the life of the bonds, at significant cost to the Philippine taxpayer, which CODE-NGO ploughed into a new subsidiary, the Peace and Equity Foundation. Widely viewed at the time as rent-seeking (a phenomenon previously criticized by CODE-NGO and other NGOs) and as a reward from the Macapagal-Arroyo administration for political support,[4] the Peace Bonds saga returned to

prominence in 2011, when the Bureau of Internal Revenue (BIR) ordered the retention of PhP 5 billion ($111 million) of the PhP 35 billion due to CODE-NGO, as back taxes, only for the Supreme Court to overrule the BIR in 2015 and order the funds to be returned to CODE-NGO (see Torres-Tupas 2015). For almost 15 years, therefore, the Peace Bonds saga has mired CODE-NGO in a bitter political controversy and raised questions about the probity of Philippine NGOs. In the sections below, I try to capture key features of the NGO landscape in the Philippines in the light of these contrasting vignettes and to explain the significance of Philippine NGOs both in domestic and in international terms.

NGOs and civil society in the Philippines

Views vary on what constitutes a non-governmental organization in the Philippines, and hence how they should be defined, counted and assessed. In the broadest sense, an NGO is any organization which does not make a profit, which is independent of the state and which does not aspire to state power. Organizations such as the Securities and Exchange Commission and the Philippine Council for NGO Certification embrace this broad understanding in their registration protocols. In a narrower sense, an NGO is an organization which aims to promote development and/or democracy or to tackle poverty and social exclusion, and many academics and NGO activists embrace this more normative understanding (see Coronel-Ferrer 1997: 7). In this chapter, I adopt a median position between these two poles. As such, NGOs are 'private, non-profit, professional organizations with a distinctive legal character concerned with public welfare goals', a definition which includes philanthropic foundations, church development agencies, human rights organizations and academic think tanks but which excludes other non-profit organizations such as private schools and hospitals, religious congregations, sports clubs and QUANGOs (quasi-autonomous non-governmental organizations established by government fiat) (see Clarke 1998: 2–3). NGOs can be distinguished in the Philippines, and elsewhere, from 'People's Organizations' (POs), 'local, non-profit membership-based associations that organise and mobilise their constituents in support of public welfare goals', although professionally constituted NGOs play an important role in supporting more locally rooted POs (ibid.: 3). Here, POs include local community associations, cooperatives, peasant associations and trades unions, but not professional, business or trade associations nor basic Christian communities. In the sections below, however, POs are treated as a sub-category of NGO and subsumed within the analysis presented.

These definitions allow for an estimate of the number of NGOs in the Philippines and an assessment of their place in Philippine civil society. Not all NGOs register with the government, but according to data from a number of government agencies, more than 124,506 non-profit organizations or non-stock corporations were registered in the Philippines in 2007 (see Clarke 2013: 101). These include large numbers of organizations which are not considered as NGOs here, including 9,434 religious congregations or organizations, 8,989 education providers and 8,534 housing associations (ibid.: 104).[5] But registered organizations include 19,939 cooperatives, 14,489 trades unions, 9,701 foundations, 8,101 transport operators and drivers associations (TODAs), 6,319 livelihood associations and 6,586 farmer, irrigation or agro-forestry associations. Collectively, these organizations account for 65,135 organizations, or more than half the 124,506 non-profit and non-stock corporations registered in 2007. How many of these organizations would self-identify as a non-governmental organization or people's organization is open to debate, but in theory at least, and on the basis of the 'big tent' or inclusive formula used here, NGOs and POs (including cooperatives) account for over half of registered civil society organizations in the Philippines.

NGOs in the Philippines in comparative context

Many people in the Philippines see NGOs as a modern and institutionalized form of *bayanihan*, a distinct norm in Philippine culture which obliges Filipinos to come together and to help each other out in times of difficulty (for instance, when typhoons lay siege to whole communities). As a norm, however, *bayanihan* is overlain by complex layers of class and social hierarchy that result in different forms of inequality, and which condition who will and who will not receive support (and on what basis). This influences both the nature of the NGO community in the Philippines and the challenges which it faces. NGOs are also an important part of the institutional landscape in the Philippines and an important counterpart to the state and market in the context of constitutional democracy. However, Philippine NGOs, and the civil society of which they are a key component, are a smaller part of the economy than in other countries, limiting their influence vis-à-vis the state and market.

According to Cariño *et al.* (2004), drawing on detailed calculations in Racelis (2002), civil society organizations (CSOs) in the Philippines generated $1.2 billion in expenditure in 1997, equivalent to 1.5 per cent of Gross Domestic Product (Cariño *et al.* 2004: 186).[6] This is significantly lower, however, than the average of 5.4 per cent for the 36 countries in the Johns Hopkins Global Civil Society Index (JHGCSI) (Salamon *et al.* 2004: 15–16). According to the same source, 92 per cent of the income of Philippine CSOs comes from fees for services, property income and membership dues, 5 per cent from the public sector and 3 per cent from private philanthropic sources, including individuals and organizations (Cariño *et al.* 2004: 193–194). Across the 36 countries surveyed in the JHGCSI, however, the state sector accounts for 34 per cent of the revenue of CSOs, but only 5 per cent in the Philippines, suggesting that the Philippine state provides minimal financial support to CSOs, including NGOs, undermining their financial viability (see Salamon *et al.* 2004: 30). Similarly, philanthropic sources provide 12 per cent of CSO income across the 36 countries in the JHGCSI, compared to 3 per cent in the Philippines, suggesting that the well-off in the Philippines provide significantly less generously for their fellow citizens than in other countries (see ibid.). As a result, Philippine CSOs (including NGOs) are dependent on unpaid volunteers for 64 per cent of their labour input, compared to an average of 38.4 per cent for the same 36 countries, undermining institutionalization and professionalization (see ibid.: 21).

The financial environment in which Philippine NGOs labour may be harsher than suggested by Cariño *et al.* (2004). As the data in Table 30.1, below, reveals, organizations such as non-stock savings and loan associations, professional organizations and education providers (i.e. organizations which cater disproportionately to the comparatively well-off) have significantly greater annual income than trades unions, livelihood associations or 'civic organizations for environmental concerns' (i.e. organizations which cater disproportionately for the less well-off).

Resource inequalities affecting Philippine NGOs stem from a broader range of societal cleavages in the Philippines, many of them discussed elsewhere in this volume. Among the important roles that Philippine NGOs play is the organization and mobilization of social groups traditionally excluded from effective political participation, including the urban and rural poor. But available statistics point to the significant challenge that NGOs face in this regard. Data for 2001 from the World Values Survey presented in Table 30.2, below, reveal that 'lower class' and 'working class' Filipinos are significantly less organized and less involved in civil society than the middle or upper classes, with 'lower class' involvement, for instance, equivalent to 43 per cent of the level of involvement of the 'upper class'. This includes different types of NGO, including human rights organizations or peace groups. But this ultimately underlines the political role that Philippine NGOs play in supporting associational activity among disadvantaged segments of the population.

Table 30.1 Types of non-stock corporation by average annual income, 2006

Category of non-stock corporation	*Average income (PhP)*	*Average income ($)*
Non-stock savings and loans associations	57,932,634	1,327,512
Radio and television service providers	53,986,393	1,237,085
Professional organizations	49,326,945	1,130,315
Education providers	25,700,794	588,927
Political organizations	4,978,970	114,091
Foundations	4,522,404	103,629
Business or employers' associations	2,511,823	57,557
Miscellaneous service providers	2,233,760	51,186
Other membership organizations	1,622,164	37,171
Religious organizations	971,305	22,257
Tenants associations	898,103	20,579
Alumni associations	512,949	11,754
Civic organizations for environmental concerns	440,043	10,083
Cultural organizations	381,262	8,736
Trades unions and employee associations	315,499	7,229
Livelihood associations	235,107	5,387
Irrigation associations	190,208	4,358
Transport (drivers and operators) associations	75,024	1,719
Sports clubs and associations	31,625	724
Farmers or agro-forestry associations	11,196	256
Neighbourhood associations	6,803	155
Parent-teacher associations	0	0

Source: Clarke (2013: 120). Based on a survey of the records of 915 non-stock corporations registered with the Securities and Exchange Commission in 2007. Exchange rate (1 June 2008) of Philippine pesos (PhP) 43.64 = $1.00.

Key characteristics of Philippine NGOs

Given the variety of organizations that can be labelled as NGOs in the Philippines, there are hazards in generalizing about their key characteristics. But certainly when viewed from an international and comparative perspective, Philippine NGOs seem to share some general properties. Some of these stem from the institutional and dominant ideological context in which they operate, labelled here as neo-Tocquevillean. In *Democracy in America*, published in the mid-nineteenth century, Alexis de Tocqueville wrote of America's vibrant local and national associationalism and the role it played in constraining US state and federal government, helping to maintain democracy and social equality (i.e. meritocracy) (see Tocqueville 2003). Tocqueville was much less worried, however, by the inequality-inducing features of civil society wrought by the industrial revolution, which troubled G.W.F. Hegel in Europe some decades earlier (see Hegel 2008). In the early twentieth century, American colonial administrators sought to transplant this liberal or Tocquevillean form of civil society and democracy to the Philippines, with an active market economy and a voluntarist civil society largely unencumbered by a state kept at bay by low levels of taxation and civil service employment.

The Tocquevillean civil society which survived the post-independence period was largely destroyed, of course, by the Marcos regime, especially between 1972 and 1983, the autonomy of civil society constrained as the role of the state and security forces expanded. With the

Table 30.2 Self-defined membership of civil society organizations in the Philippines by social class (subjective)

Category	*UC%*	*UMC%*	*LMC%*	*WC%*	*LC%*
Sample	*2.9*	*13.9*	*33.8*	*20.6*	*28.9*
Social welfare service – the elderly	8.8	7.3	8.4	8.6	8.2
Religious organizations	52.9	36.6	32.5	29.8	30.2
Educ., arts, music or cultural orgs.	23.5	11.5	6.0	2.0	5.9
Labour unions	5.9	4.8	2.7	6.1	3.9
Political parties	11.8	8.5	4.0	2.0	3.8
Local political organizations	14.7	9.7	7.4	8.6	3.8
Human rights groups	14.7	4.8	4.7	5.7	4.1
CEEAR⋆	5.9	8.5	7.2	9.4	8.2
Professional associations	20.6	13.3	3.5	2.4	4.5
Youth and youth work orgs.	14.7	13.3	9.2	5.7	5.5
Sports and recreation	29.4	20.0	14.4	13.5	7.6
Women's groups	20.6	12.7	8.2	11.0	10.3
Peace groups	26.5	12.7	9.2	15.5	10.5
Orgs. concerned with health	26.5	7.9	11.0	8.1	9.2
Other organizations	2.9	6.1	3.7	2.9	4.1
Total scores (not per cent)	**279.4**	**177.7**	**132.1**	**131.3**	**119.8**
As a % of UC score	**–**	**63.6**	**47.3**	**47.0**	**42.9**

Source: Clarke (2013: 111), drawing on Philippine data (n = 1,094) from the World Values Survey (2001).

Notes
Key: UC = Upper Class; UMC = Upper Middle Class; LMC = Lower Middle Class; WC = Working Class; LC = Lower Class. Figures quoted are within class rather than as a percentage of the sample.
⋆ CEEER = Conservation, Environmental, Ecology and Animal Rights Organizations.

collapse of the Marcos regime in 1986, the process was reversed, and civil society re-emerged to great hopes that it would be substantially different to its pre-martial law form, especially in being more inclusive and better able to represent the interests of social groups long excluded from meaningful participation. Much of this hope stemmed from the 1987 constitution, which NGO and PO activists helped to draft,[7] and its provisions for an active civil society in which NGOs were an important constituent part. Article 2, section 23, for instance provided that 'The state shall encourage non-governmental, community-based or sectoral organizations that promote the welfare of the people', while Article 13, Section 5, provided that 'The state shall respect the role of independent people's organizations to enable the people to pursue and protect, within the democratic framework, their legitimate and collective interests and aspirations through peaceful and lawful means.'

But that was not to be. The restoration of electoral democracy, the privatization of state assets and the introduction of radical local government reforms helped restore the power of local and national elites marginalized by the Marcos regime. On the other hand, harsh policies of counter-insurgency led to the harassment of left-leaning NGOs and cause-oriented groups, especially in the Aquino (1986–1992), Estrada (1998–2001) and Macapagal-Arroyo (2001–2010) years. Under Estrada, for instance, an estimated 1,000 people died between January and August 2000 amid renewed fighting between government forces and the Moro Islamic Liberation Front (Clarke 2013: 91). The security services continued to exert undue influence under the

Macapagal-Arroyo government and human rights abuses increased, many of them directed at NGO activists. In late 2001, for instance, after '9/11', the Al Qaeda attacks on the US on 11 September 2001, the government launched Operation *Bantay Laya* (Free Guard), a reinvigorated counter-insurgency campaign. In 2008, UN Special Rapporteur on Extra-Judicial Killings, Philip Alston, pointed to the effects of government policy on NGO/PO activists:

> Over the last six years there has been a spate of extrajudicial executions of leftist activists, including human rights defenders, trade unionists, land reform advocates and others. The victims have disproportionately belonged to organizations that are members of the *Bagong Alyansang Makabayan* (Bayan, New Patriotic Alliance) or that are otherwise associated with the 'national democratic' ideology also espoused by the CPP/NPA/NDF. These killings have eliminated civil society leaders, intimidated a vast number of civil society actors and narrowed the country's political discourse.
>
> *(Alston 2008: 7–8)*

Government counter-insurgency strategy had a number of consequences for the NGO community. As the embers of armed insurgency endured and the government pursued harsh policies of counter-insurgency, local elites felt emboldened to target opponents, including NGO activists, who threatened their interests.[8] The result was a process of demobilization and renewed marginalization. From the mid-1990s, NGOs previously united in opposition to Marcos began to splinter as democracy stabilized, insurgency waned and reforms stalled, especially left-wing NGOs allied or sympathetic to the National Democratic Front. And as the Philippines transformed from a low- to a middle-income country, NGOs reliant on foreign funding began to close as donors diverted funding to poorer countries. Finally, the restoration of a light regulatory regime after 1986 allowed for the proliferation of bogus NGOs, diminishing the reputation of NGOs in the eyes of the public.

Today, Philippine NGOs are predominantly small, typically with staff numbers in the tens and, less typically, in the hundreds, and with no organization employing more than 400 staff. This contrasts dramatically with countries such as Bangladesh where NGOs such as BRAC or Grameen have staff numbers in the thousands. Big, long-established and well-resourced NGOs such as the Philippine Rural Reconstruction Movement, the Ayala Foundation and Philippine Business for Social Progress have yet to be joined by significant new peers. The Peace and Equity Foundation (PEF), for instance, is one of the few NGOs to be established in the last 25 years or so and to have grown significantly in size or resources, but as noted above, PEF originates in one of the murkier episodes of recent Philippine politics and is therefore anomalous. One result of the generally small size of Philippine NGOs is that relatively few are sufficiently institutionalized or professionalized to successfully register with the Philippine Council for NGO Certification (PCNC), an organization established in 1999 to promote self-regulation within the NGO community based on high standards of probity and efficacy. In 2007, barely 439 organizations were registered with the PCNC, partly due to the demanding nature of the accreditation process but emblematic of wider problems in terms of professional standards and sustainability (see Clarke 2013: 88).

Philippine NGOs typically compensate for their small size, however, through networking and coalition-building, and CODE-NGO has been an internationally significant model of coalition-building among Philippine development NGOs since the early 1990s (see Constantino-David 1992). This can be formal (involving membership in organized networks or coalitions) or informal (involving ad hoc cooperation on specific activities or campaigns). Equally, some networks and coalitions can be loose and provide members with significant autonomy while others

are tightly organized and maintain relatively tight discipline, often around ideological stances. In contrast to the 1980s and 1990s, Philippine NGOs, especially development NGOs that espouse a progressive line, have enjoyed less access to foreign funding and have suffered as a result. Compounding the effects, many have been scarred by ideological battles amid the post-1986 transition from authoritarian to democratic rule. The 'reaffirm' vs 'reject' dispute within the national democratic movement in the 1990s, for instance, pitched adherents of the traditional Marxist-Leninist-Mao Tse Tung Thought philosophy of the Communist Party of the Philippines against activists and organizations keen to move away from armed struggle and centralized political movements and to embrace new methods of working in the context of democratic reform. It split NGOs and coalitions, destroying many while weakening others.[9]

As a result, many NGOs formed in the period of authoritarian rule (1972–1986) and, used to the ideological battles lines of the 1980s and 1990s, have struggled to deal with the politics of the new century, paving the way for new organizations. Human rights and community development organizations have been especially affected along with peasant, women's and environmental organizations. The context in which such organizations work has also been transformed since the events of '9/11'. Since then, Western countries have put significant pressure on developing countries, including the Philippines, to clamp down on organizations perceived as radical or supportive of violence, for instance by making it more difficult to register certain types of organization or having closer scrutiny by the security forces.[10]

Nevertheless, the formal environment in which NGOs operate in the Philippines is comparatively liberal. One result of the neo-Tocquevillian environment in the Philippines is frequent interchange of personnel between the government and NGO community, a product of both the latent (if often unrealized) reforming potential of the post-Marcos state and the difficulties of scaling up impact which constrain development NGO strategies (see Lewis 2008). NGO leaders, such as Horacio 'Boy' Morales of the Philippine Rural Reconstruction Movement, who served as Agrarian Reform Secretary in the Estrada government (1998–2001), or Corazon 'Dinky' Soliman of CODE-NGO who served as Social Work and Community Development Secretary in the Macapagal-Arroyo (2001–2010) and Aquino (2010–2016) administrations, have helped to bring progressive NGO developmental perspectives into government while helping NGO peers to negotiate the labyrinthine features of Philippine bureaucracy and to organize and lobby with political guile.

A second implication of the neo-Tocquevillean environment in which they operate is that NGOs can opt to focus on socio-economic activities such as service delivery or the softer aspects of community development or, alternatively, on more political activities such as advocacy and campaigning, with militant or more moderate objectives. Equally, they can choose to work in a variety of sectors or on a variety of issues, leading to significant differentiation and fragmentation. Partisan political activity by NGOs in a political system in which there are relatively few mass-membership and programmatic political parties adds further to this differentiation and fragmentation, and in some respects, harming the professionalization and institutionalization of NGOs. Such differentiation and fragmentation was a distinct asset in the Marcos years, making it more difficult, for instance, for the security forces to repress the hydra-headed NGO community but in contemporary times, it has proved significantly less relevant or useful.

For many long-established NGOs, however, the policies of President Rodrigo Duterte, including extra-judicial killing, arrest and detention, and harassment of opposition activists, revive memories of the grim martial law years and have forced them to revert to old techniques of militant organizing, networking and campaigning, helping to mobilize a new generation of activists. Long-established human rights NGOs, such as Task Force Detainees of the Philippines, and new cause-oriented groups, such as the In Defence of Human Rights and Dignity

Movement (*iDefend*), have been to the forefront, supported by international partners.[11] These organizations have provided services to victims and have campaigned against the mass imprisonment and killing of suspected drug dealers and addicts, the arrest and harassment of political opponents, the renewed politicization of the security services, the proposed restoration of the death penalty and the widespread breach of international human rights standards. In contrast to the martial law years, however, contemporary NGO activism draws on a new panoply of resources, including multiple social media channels, encrypted messaging apps and cheap cellphone and broadband services, to organize, mobilize and campaign in a digital age.

Conclusion

As this short analysis suggests, NGOs are today an important part of the institutional landscape in the Philippines. Although they date back to the final decades of the nineteenth century, NGOs grew enormously in numbers and in importance during the 1970s and early 1980s and in the context of authoritarian rule, providing an avenue for activists to challenge the martial law regime, sometimes independently from, but often in alliance with, more militant social movements allied to the National Democratic Front. In the immediate years following the restoration of democratic rule, NGOs helped to populate the 'democratic space' which opened up after 1986 and helped government departments to roll out programmes of reform, including redistributive land reform, and nurturing ideologically plural discourses addressing specific sectoral challenges in areas such as health, the environment, human rights and land reform. Other NGOs, however, continued to press for structural reforms that transcended the restoration of electoral democracy and remained committed to contentious politics and many of them became caught up in the internecine conflict that engulfed the national democratic movement in the 1990s, weakening them as a collective force.

Today, the Philippines has a large NGO community but individual NGOs are predominantly small in nature and the NGO community as a whole is relatively diffuse and fragmented. Some might ask whether the NGO community retains the relevance of the martial law days or of the immediate post-Marcos years when democracy was fragile and the latent potential for reform significant. Certainly, it has been weakened by the split in the national democratic camp, the decline in foreign funding and the failure to attract significant and sustained government funding, but NGOs retain a vital relevance to the present. After years of relative stability (and accompanying demobilization), the Duterte administration has plunged the country back to the grim days of martial law, partially revitalizing the movements that thrived in the conditions which it created. Similarly, stubbornly persistent socio-economic difficulties in the Philippines, including high levels of poverty and inequality and enduring vulnerability to climatic and environmental shocks, mean that millions of Filipinos remain dependent on the public goods and services provided by NGOs and on their organizing and networking activities. Features of the institutional landscape also remain relevant. Because the Philippines still lacks mass membership and programmatic political parties, for instance, social movements consisting of coalitions of NGOs and POs remain important political actors and vital representatives of the interests of the poor. And because of the enduring weaknesses of the Philippine state in promoting sustained and broad-based development, NGOs remain vital to the cause of equitable and sustainable development in the Philippines.

NGOs, and the civil society of which they form apart, are themselves affected by many of the inequalities that plague the Philippines more pervasively. But as relatively small and flexible actors, NGOs continue to be an important part of the democratic space and the development enterprise in the Philippines. Where they work independently or in collaboration with

government departments and foreign donors, NGOs continue to represent the hopes of many for broad-based and sustained social, economic and political reform in the Philippines, for a more modern, a more institutionalized and a more effective *bayanihan*.

Notes

1 Striking the Eastern Visayas on 8 November 2013, Haiyan killed more than 6,000 people (with 1,785 still recorded as missing in 2014), destroyed more than a million homes and directly affected more than 14 million people (Lum and Margesson 2014: 209).
2 The official response, 'Task Force Yolanda', was marred by fighting between central and local government, fuelled in part by personal and familial rivalries (see Santos 2013).
3 The exchange rate used here, PhP 45 = $1 (as at June 2015) is used throughout this chapter, except where a separate rate is mentioned.
4 See Clarke (2013: 82–87) for an account of the Peace Bonds saga. It was claimed at the time that CODE-NGO was rewarded for its role in *Kompil II*, the mass movement and NGO coalition that helped precipitate the removal from office of Macapagal-Arroyo's predecessor, Joseph Estrada.
5 Some of these, especially some religious organizations, could be considered as NGOs. For analytical convenience, however, I exclude these categories from the definitions above.
6 See Clarke (2013: 117–121) for alternative and more recent estimates.
7 NGO/PO leaders accounted for about 20 per cent of the 48 member constitutional commission, including prominent NGO activists Ponciano Bennagen, Ed Garcia, Jose Luis Gascon, Minda Luz Quesada, Rene Sariemento and Sr. Christine Tan and PO leaders Jaime Tadeo and Jose Suarez (Clarke 1998: 72–73 and 225).
8 In the most extreme example, 57 people, including 30 journalists (most members of the National Union of Journalists of the Philippines) and 2 human rights lawyers attached to the Union of People's Lawyers in Mindanao, were abducted and murdered in the province of Maguindanao on 30 November 2009. The massacre was widely blamed on provincial governor Datu Andal Ampatuan, and his wider family (see Clarke 2013: 93).
9 For example, both Task Force Detainees of the Philippines and the Philippine Alliance of Human Rights Activists, the leading human rights NGO and human rights NGO/PO network respectively of the Marcos, Aquino and Ramos years, were weakened significantly by the split, haemorrhaging staff, funds and influence (Clarke 2013: 180).
10 Since 2004, for instance, an organization must have capital reserves of PhP 1 million ($22,000) to register as a foundation, up from PhP 100,000 ($2,200) prior to 2004 (Clarke 2013: 79).
11 For further details, see, www.facebook.com/iDEFENDHumanRightsandDignityMovement/, https://hronlineph.com/tag/idefend/ and www.tfdp.net.

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31

CROSSOVERS DOUBLE-CROSSED

NGOs, semi-clientelism and political reform

Ben Reid

An extensive associational/civil society sector exists in the Philippines, alongside formal constitutional democracy, political elite-led clientelism and high levels of poverty and economic inequality (Silliman and Noble, 1998). More recently, one facet of social reform was the 'crossover' of personnel from the development non-government organisations (NGO) within the associational sphere over to occupying government positions. Benigno Aquino's government incorporated both important development NGO leaders and a non-mainstream political party – Akbayan (the Citizen's Action Party) – into a formal coalition. The hope was that these alliances between sections of the political elite and civil society leaders would result in substantive social and economic reforms.

Arguably, the process of crossover was a reflection of two broad trends. On the international scale, development policy became increasingly preoccupied with problems of governance and the state since the late 1990s. One solution was the promotion of greater collaboration between state actors and civil society. A Neo-Tocquevillean conception of governance emphasised complementarities between state and civil society institutions (Putnam, 2001; World Bank, 2003). Within the Philippines, the restoration of constitutional democracy after 1986 imposed significant challenges, such as reducing poverty and social exclusion. The executive form of government provided avenues for presidential appointments as heads of state departments and agencies. Such actions started with the Corazon Aquino government and further accelerated during the Estrada, Arroyo and second Benigno Aquino governments (Reid, 2008). These political regimes, however, primarily comprised alliances between semi-dynastic political clans (Sidel, 1999).

These crossover appointments achievements were modest at best. At worst, they tended to confirm the consent-generating role of the state and civil society that Gramscian analyses suggest. For Gramsci (2000), civil society is an 'outer rampart' of the state that helps to maintain the hegemony of ruling historical blocs of power. An important mechanism of hegemony in the Philippines was semi-clientelist alliances between sections of the elite and different 'camps' of NGOs. This chapter provides a historical overview of the crossover process in the Philippines and assesses the applicability of the Neo-Tocquevillean and Gramscian frameworks. The first section provides a brief theoretical overview of the issues of states, civil society cooperation and development policy. It then assesses the experiences of 'crossover' during the Estrada, Arroyo and Benigno Aquino governments.

From crossover...

The phenomena of crossover emerged in the context of global and national-based trends concerning civil society, governance and economic development. The limits of these trends in the Philippines was not difficult to anticipate.

On the global scale, development thinking and policy began to promote state and civil society cooperation. One channel for increasing the capacity of the state to deliver more efficient outcomes was through cooperation with non-state agencies and actors (World Bank, 2003). The primary theoretical rationale was the Neo-Tocquevillean analysis of governance (Putnam, 2001). 'Good governance' can emerge via the cooperation of state and civil society. 'Democracy in America' – using de Tocqueville's classic case – succeeded through institutions based on cooperation and reciprocity that complemented market processes (De Tocqueville, 1863). In neo-classical economic terms, the principal-agent problem was best overcome via developing relationships of trust (social capital). Building the confidence of citizens can increase the effectiveness of the state and facilitate better development outcomes. One way is through fostering cooperation with civil society groups that are 'closer' to communities (Harriss, 2002). The Tocquevillean conception of civil society, therefore, underpinned a considerable portion of policy initiatives after the late 1990s.

However, a rival theoretical approach to civil society takes a contrary view. The Gramscian method focuses on how non-state institutions can reinforce the hegemony of the state and exploitative social class relationships (Gramsci, 2000). In the Italian case, the *risorgimento* (national unification) and passive revolution of the late nineteenth century left in place institutions such as the church and other associative groups. These became institutions that helped maintain the power of the new ruling historical bloc over subaltern social classes. The application of such an analysis for developing societies suggests that the state and dominant classes use associational groups and non-state institutions to consolidate their rule. Notionally 'independent' civil society groups – such as development NGOs – may become incorporated into a hegemonic bloc of power.

Moreover, the forms of the hegemonic utilisation of non-state institutions are varied. They can include the life backgrounds and linkages between personnel; funding conditions; and legislation that circumscribe the independence of non-state bodies (Howell and Pearce, 2002). One mechanism that Gramsci did not explicitly specify was clientelism and semi-clientelism. Classic accounts of political development regarded clientelism as a ubiquitous facet of governance in neo-patrimonial societies (Huntington, 1951). Overt coercion exists alongside bargaining processes between clients and patrons over resource distribution. Clientelism is a means of promoting consent alongside more overt forms of coercion. It is both a barrier to and declines with modernisation.

In actuality, the forms of clientelism may only *alter* with the emergence of mass social movements. Elites may facilitate newer patterns of semi-clientelism that entail the manipulation of key social movement leaders (Luccisano and Macdonald, 2012). A dominant historic bloc can co-opt limited numbers of personnel from NGOs historically linked to mass social movements into the state itself. Alternatively the state machinery incorporates NGOs into policy making and service delivery. The resulting ties and flows of resources consolidate the hegemony of the state and elites.

These processes are evident in Philippine politics and society. Re-democratisation has led to a general disenchantment with political processes. The disillusionment is linked to perceived widespread failures of the state to provide improvements in human development. The general opinion of politicians is that they are primarily self-interested with little separation between private interests and public resources (Abinales and Amoroso, 2005). The allocation of public

resources often occurs on a clientelist basis. Electoral competition results in 'vote buying' and poor design and delivery of public goods.

One response has been to reform the Philippine state on a Neo-Tocquevillean basis. The practice of crossover emerged as a form of institutional and normative change to facilitate the better performance of political actors and state bureaucracies. The Philippines' adoption of United State-style constitution enabled the movement of personnel from outside the state into the executive. Presidential regimes can appoint the departmental and agency leaders that comprise the cabinet.

However, any analyses that is conscious of the exclusionary characteristics of power in the Philippine political economy casts doubt on the effectiveness of such measures (Kasuya, 2008; Reid, 2008). Many of the problems of Philippine politics and economic development are the product of the hegemonic bloc. The predominance capital from unproductive sectors and land ownership over the state has had negative consequences. It has acted as a break on any continued accumulation of capital in critical industrial and manufacturing sectors. The resulting lower levels of income growth and high levels of poverty tend to reproduce the social and political exclusion of large sections of the population (Reid, 2000). The representative and bureaucratic functions of the state, therefore, reflect the underlying pattern of class relationships and accumulation. Semi-dynastic families combine a basis in land ownership with control of the state for wealth accumulation.

In this historical context, notions of governance reform via cooperation with civil society relationships confront intractable problems. Clientelist electoral competition becomes complemented with semi-clientelist co-option and manipulation of NGO and social movement leaders.

… to double-cross

Indeed, a review of the historical experiences confirms the limited efficacy of crossover in the Philippines. Prior to Benigno Aquino, the two most notable cases were during Joseph Estrada and Gloria Macapagal-Arroyo's administrations.

Prior to these governments, the continued existence of high levels of income poverty had already led to limited and recurring efforts at social reform involving civil society actors.[1] The first Aquino administration (1986–1992) abandoned any substantive efforts at social reform in favour of its commitment to meeting structural adjustment targets. Fidel Ramos' government primarily focused on economic liberalisation and growth until its final years in office. A 'Social Reform Agenda' was devised that institutionalised sectoral participation of development NGOs via a National Anti-Poverty Commission (NAPC) (Reid, 2008). These institutions provided some of the frameworks for the subsequent periods of crossover.

The short-lived Estrada government (1998–2001) promoted the crossover of a faction of civil society leaders. Estrada was a former movie star who established a 'pro-poor' policy rhetoric. Although not directly a member of any of the main political clans, he came to power on the basis of firm alliances with business figures that had long subject to claims of corruption and 'cronyism'. One way to promote the pro-poor image was to appoint leaders from the NGO and other social reform-minded sectors. Some leaders from the development NGO sector had already theorised a strategy of aligning with 'elite clans' with an interest in facilitating more inclusive processes of economic growth and transformation (Reid, 2008). Prominent figures from the Movement for Popular Democracy (that had broken with the revolutionary left in the late 1980s) were appointed as principal advisors and department heads. Others came from academia and different NGOs.

However, the Estrada government became quickly embroiled in a myriad of internal contradictions and collapsed. Although an expansion of social spending occurred, little headway was achieved in redressing poverty. Areas such as agrarian reform experienced slowdowns in the rate of land tenure transfer (Bello *et al.*, 2005). There was also an acceleration of the armed conflict in Mindanao with the Moro-Islamic Liberation Front (MILF). Eventually, accusations surrounding Estrada's receipts of gambling funds from the illegal *Jueteng* syndicate in 2000 culminated in impeachment proceedings in the Philippine Senate. When the pro-Estrada bloc voted to prevent the consideration of critical evidence in the procedure, already existing opposition coalitions led mass demonstrations. The government quickly collapsed with much of the cabinet resigning and the military and police withdrawing support for Estrada. The first round of crossover, therefore, came to an end with few results.

In practice, semi-clientelist processes were occurring that led to little effect on policy implementation. While Estrada was beholden to elite clan-based political interests, his ability to retain power depended on his popularity with poorer voters (Reid, 2001). One way of appealing to them was through the mechanism of clientelist programmes, combined with the semi-clientelist appointment of personnel from the development NGO sector. The outcomes of agrarian reform and the Bangsamoro conflict were negative and would no doubt be replicated in other areas. Some leaders, however, remained loyal even continuing to claim that elites hostile to Estrada's 'pro-poor' ambitions ended the government.

Nevertheless, the subsequent Arroyo government (2001–2008) engaged in a similar process of crossover (Reid, 2008). Arroyo – a daughter of a former president – was a more obvious member of the traditional political clans with a base of political support amongst middle- and upper-class voters. Any appeal to lower wage and poorer constituents, however, required developing an anti-poverty agenda. Arroyo also had to forestall any backlash from Estrada's base of support, especially after they staged mass protests in May 2001. Arroyo revived the consultative mechanisms such as the NAPC. She placed people aligned with a different section of development NGOs in the cabinet. The *Kongreso ng Mamamayang Pilipino* II (*Kompil* II) was established to act as a secretariat of the anti-Estrada movement. Centred on the Congress of Development NGOs (CODE-NGO) – one of the main NGO federations – it became a mainstay of the new government.

Indeed, Corazon Soliman was one of Arroyo's foremost appointments as the head of the Department of Social Welfare and Development (DSWD). Soliman helped lead the *Kompil* II and had a long history as an advocate in the development NGO sector (Reid, 2008). The previously marginal DSWD had its capacity strengthened with it beginning (or at least being seen) to develop a social protection strategy. The largest single component of this was the *Kapit Bisig Laban sa Kahirapan* – Comprehensive and Integrated Delivery of Social Services (*KALAHI*-CIDSS) project that was primarily funded by the World Bank. On the surface, *KALAHI* aimed to combine the objectives of governance reform with poverty alleviation via 'community-driven development'. It supported local government units to enact existing provisions in the Local Government Code to convene village assemblies to deliberate and decide on poverty alleviation expenditures. The aim was to prevent the clientelist capture of funds aimed at community-based infrastructure by local mayors and political clans.

The sophisticated design notwithstanding, *KALAHI* had limited impacts. With an initial budget of $200 million over three years, the scale of the programme had very limited coverage and was narrowly targeted on some heavily impoverished communities. At best it was a very residual approach to poverty alleviation, limited to less than 5 per cent of municipalities. The overall proportion of expenditure devoted to social services either remained stagnant or fell in the first years of Arroyo's government. The use of local assemblies and similar participatory

methods did not bypass the ability of local authorities to engage in clientelist activities (Reid, 2011). Although *KALAHI* provided funds for much-needed community assets such as schools and child care centres, local landowning and political families provided access to land and other vital resources.

More broadly, there was a sense that appointments, such as Soliman, were mostly cosmetic measures. The elements of the political Left, for instance, that had backed deposing Estrada recognised that elite-linked actors controlled the central areas of the new government. Joel Rocamora (2003), an influential figure amongst left-leaning development NGOs, surmised:

> You [the crossover appointments] are not even going to be in the second stream. You're going to be the water boy. You won't have any overall impact on the thrust of the administration. What's going to happen is that you'll just get used. You'll get used to drum up some kind of organized manifestation of mass support … You'll be given small chunks of the bureaucracy.

Rocamora was recommending that Soliman and others 'bail out' from the government by the end of 2002. Arroyo subsequently claimed that she was not going to seek a second term to accomplish significant reforms and won some crossover supporters back.

In any event, Arroyo did run for and won the presidential position in 2004. There were important consequences when it became apparent that she achieved this through massive electoral fraud. A political crisis ensued when a recording emerged of Arroyo colluding with the head of the Commission on Elections in June 2005. Many supporters from amongst the development NGOs – such as CODE-NGO – distanced themselves from the government. Any explicit commitment by the government to social reform largely disappeared. What emerged in its place was an explicitly 'national security'-based agenda, which effectively entailed the government's survival.

By July seven cabinet members and three agency heads, including almost all of the civil-society sector reformers, had resigned from the government. Soliman (2003) recounted:

> What broke the camel's back – so to speak – was on July 5th [2005]. We were having a cabinet meeting and she said, 'Okay, the framework for governance now is national security. We will bring in the muscle and we will bring in the fear factor and we will increase the funds of DSWD so that the poor will be always loyal to us', and one of the cabinet members said: Yes, yes, yes. If they're paying the poor PHP200,000.00 to come up into the valleys, we will give them mobile phone cards and sacks of rice to buy their loyalty, and I said – I couldn't help myself – 'Hey, wait a minute. Isn't that the right of the people to be served and it's our responsibility to serve, especially the poor?' And someone said, 'Dinky, stop that. This is already political survival. We have to think in a different way.' And in my mind I said, 'Okay, good-bye. I'm not going to join you in thinking in a different way.' I'd compromised too much. In fact, I think this is a little too late, and when I left they really gave it to me and have, up to now, made it a point to diminish my integrity, and it's the cultural value of loyalty that they keep chipping – that I have been disloyal to my best friend.

Eventually, a limit to the semi-clientelist co-option of the development NGO representatives was reached. It became apparent that the aim of any anti-poverty measures was obtaining support from poor constituencies. The consultative bodies, such as the NAPC, largely ceased to function.

Hence, another cycle of reform came to a close with few results. As with Estrada, select groups of development NGOs and leading personnel were given favourable access to resources and received appointments in the Arroyo government. Both regimes had an at best, residual commitment to anti-poverty measures. The character of these alliances was semi-clientelist. Highly selective arrangements with little basis in agreed policy goals were made to maintain a 'pro-poor' face to elite clan-led governments.

From crossover to 'non-conventional' coalition …

Arroyo's government survived until the end of its term, with continual political crises and record levels of unpopularity. As Arroyo's government was concluding, figures within 'civil society' again began to consider forming new alliances. These would have significant implications for the next presidential regime under Benigno Aquino II (2009–2015). What emerged was a more formal coalition with the political party Akbayan and a collection of development NGO leaders.

The inclusion of these social reformers within the Aquino government originated with the disintegration of Arroyo's cabinet in 2006. Many of these figures became the basis of a campaign to support a presidential bid by Manuel Roxas: a member of the 'reform bloc' within the traditional clan-based Liberal Party. Roxas, however, eventually abandoned his attempt and ran as the vice-presidential candidate on Aquino's ticket. The campaign consisted of conventional (comprising the party apparatus) and 'non-conventional' wings. The 'non-conventionals' came from various non-party campaign organisations and Akbayan (Villacorta, 2011). Some Akbayan and civil society leaders subsequently became members of Aquino's cabinet.

Here, the issue of civil society crossover becomes more complex as political parties like Akbayan occupy an ambiguous position. Political parties have a contradictory character of being both voluntary associations and (usually) concerned with obtaining control over the state's representative and executive functions. There is also wide variation in the forms of political parties. Some are primarily electoral organisations that comprise staff and nominal memberships for the purpose of contesting elections. Others have a deeper base amongst associations such as trade unions, other social movements and NGOs (Morales, 2009). Akbayan, while a small party, was more like the latter. As such it can perhaps be regarded as a political party based amongst and to some degree representative of a section of development NGOs and membership-based organisations (broadly defined).

Notionally committed to 'participatory democracy, participatory socialism', Akbayan managed to find enough points of agreement with the Aquino campaign to support it (Akbayan, 2015). Akbayan, therefore, allied itself with a 'traditional politician' who was a member of one of the principal political and landowning clans. The 'platform' of the Aquino campaign was the 'Social Contract with the Filipino People' (Villacorta, 2011). It was a mostly rhetorical rather than ideological or policy document, primarily limited to promoting a 'good governance' agenda. 'Transformational leadership' and anti-corruption measures were needed in the aftermath of Estrada and Arroyo's numerous scandals. It entailed 'a re-awakened sense of right and wrong, through the living examples of our highest leaders'. The text also invoked nostalgia for Aquino senior, claiming she 'represents the reverent memory of a good leader in the past and the firm hope of having a similarly good leader in the future'. While the moral and anti-corruption themes predominated, there was little reference to poverty. The one exception was a call for moving away from 'anti-poverty programs that instil a dole-out mentality to well-considered programs that build capacity and create opportunity among the poor and the marginalized in the country'. There was also a minor reference to gender equality.

Once in office, the 'non-conventional' supporters of Aquino continued their support in three main ways. First, there were a considerable number of appointments to executive posts. From Akbayan, this included Etta Rosales (Commission on Human Rights), Joel Rocamora (NAPC) and Ronald Llamas (Special Advisor to Aquino). Corazon Soliman was again appointed as Secretary of the DSWD. Second, Akbayan's Congress members (elected under the party-list system) provided critical support and legislative initiatives. Third, there were various (usually modest in scale) extra-parliamentary protests aimed at providing support for select policies.

Over the next four years, the Aquino regime's 'reform' initiatives were primarily limited to areas of corruption and governance (Akbayan, 2013). The administration referred to its priorities as the *Daang Matuwid* (straight road) approach. It meant dismantling much the Arroyo government's network of appointments and subsequent barriers to legal reform. Examples included the impeachment of Arroyo's last minute appointment to Chief Justice of the Supreme Court Vincent Corona and the filing of plunder charges against Arroyo. The legislative agenda focused on these and other minor reforms such as the Government Owned Corporations Act in 2011. The emergence of episodic political scandals led to some other changes. The most notable was the 'abolition' of the Presidential Accelerated Development Funds (discretionary funds granted to members of Congress), widely regarded as the primary 'pork barrel'. Other crucial measures – such as the Freedom of Information Bill – were much slower to implement.

However, these initiatives were not matched by fundamental social reforms. By 2013, Akbayan conceded that there were limits to a 'good governance paradigm if unaccompanied by structural reforms addressing critical issues of poverty and inequality' (Akbayan, 2013). On the one hand, the biggest initiative was undoubtedly the passing of the Reproductive Health Act, despite opposition from the Catholic Bishops Conference and the Supreme Court striking out several provisions in 2015. Aquino's primary anti-poverty policy – the Conditional Cash Transfer (CCT) project – was expanded. The Arroyo government had already adopted the CCT scheme that was funded by various donors. A crucial non-conventional appointment – Corazon Soliman of the DSWD – implemented the project. Not surprisingly, however, the model the World Bank chose to apply was the highly intrusive approach adopted in Colombia. The Colombian programme entailed a high level of surveillance of recipients and was unaccompanied by measures such as increases in minimum wages and pensions (Reid, 2013). These had been crucial to reductions in poverty in other CCT-implementing countries such as Brazil.

Indeed, the small amount of attention granted to social reform reflected more fundamental problems within the government's economic and development strategy. These led to considerable tension with at least some elements of Akbayan and other non-conventionals. Akbayan Congress member Walden Bello (2014) argued:

> Continuous adherence to the old neoliberal model can erode the gains that the administration has made in the last four years, probably much faster than the schemes mounted by the detained plunderers to undermine President Aquino. The President still enjoys a popular mandate, and that political capital must be used to mobilize institutions to the path of a new and progressive macroeconomic model.

The lack of substantive movement away from 'the old neoliberal model' meant the social reforms that did take place had little relationship with overall strategies of economic growth and development. The early alienation of the trade union sector reflected the government's stance of continued support for outsourcing with their associated barriers to unionisation. Much of the rest of the political Left continued to characterise the Aquino's administration as a 'neoliberal government'.

Eventually, the central issue that led to a collapse of at least some of the non-conventional support for Aquino was the Bangsamoro peace process. Aquino adopted a dual approach to the conflict in the south. There were, on the one hand, formal negotiations with the main insurgency group the MILF on demilitarisation and a basis for autonomous self-government. Quite clearly, however, there remained an actively military-based strategy notionally aimed at foreign supported groups and rival insurgent groups. One eventual consequence was the entry of Special Action Force into restricted MILF territory and a resulting ambush that claimed the lives of 44 of these troops. Aquino effectively denied responsibility, despite being the head of the Philippine National Police and clearly aware of the operation. Walden Bello resigned as an Akbayan Congress member in response to Aquino's shirking of responsibility for a disastrous military action in Mamasapano in Mindanao. The contradictions between an avowed commitment to peace and responsible governance and the actuality of clumsy militarism were eventually too much for Bello and other Akbayan figures such as Ricardo Reyes. The government faced its first serious crisis and fall in popularity, although it was not of the scale that Arroyo confronted. The non-conventional constituency remained largely supportive of Aquino. The majority of the Akbayan party also continued its coalition with Aquino.

Therefore, both similarities and contrasts existed between the semi-clientelist crossover process with Estrada and Arroyo and the coalition with Aquino. It's hard to interpret policy documents, such as the 'Contract', as discerning substantive proposals let alone transformative approaches to development and poverty. The non-conventional alliance with Aquino followed a semi-clientelist pattern of policy vagueness and the inclusion of prominent personalities from development NGOs and Akbayan. Aquino was an establishment (or 'trapo') politician that (like Estrada and Arroyo) cultivated a rhetoric and façade of political and social reform. There was a formal process of coalition formation with the 'non-conventionals' being included in the presidential campaign. The boundary between civil society crossover/coalition also altered with a critical role being played by a marginal political party (Akbayan). These differences notwithstanding, the experiences of the Aquino government were disappointing in terms of substantive results. As Akbayan acknowledges, there were no substantial alterations in fundamental areas of development and economic policy.

… still double-crossed?

Therefore, the primary trend has clearly been processes of generating consent to elite-based rule via semi-clientelist processes. There has been the integration of competing sections of civil society – especially development NGOs – into different political regimes.

The outcomes of policy measures were limited. The Estrada government's initiatives in services provision did increase expenditures but had no tangible impacts. The rate of agrarian reform slowed, and militarisation of conflict increased. In any event, the regime quickly collapsed under the weight of corruption allegations and inertia. Arroyo's government, likewise, commenced with a rhetoric of social and political reform. NGO leaders crossed over to implement significant changes, such as the KALAHI community-driven development project. These and other measures had limited effect on poverty levels. The political situation deteriorated even further, and most of the 'crossovers' left the government in 2006. While the Aquino government is still in play, serious contradictions have also emerged leading to the departures of some of the 'non-conventional' coalition members.

The evidence overwhelmingly supports a Gramscian perspective on development NGO and non-conventional crossover/coalitions. Gramsci regarded civil society institutions – such as NGOs – as critical to maintaining the hegemony of elite over society and ensuring consent.

The Neo-Tocquevillean approach to civil society has limited utility in the context of exclusionary politics based on elite political clan alliances. In practice, the Estrada, Arroyo and Aquino governments implemented little substantial political or social reform. The crossover and coalition components of these administrations remained either marginal or responsible for implementing residual poverty alleviation projects.

The generation of consent through crossover/coalition was based on semi-clientelist processes that were the historical product of Philippine political and social development. The presidential system rewards power to the fractions of the historic bloc that can mobilise sufficient support from sections of the elite and via clientelist voting processes amongst the population. What emerged was an additional layer of alliance formation with camps within the development NGO sector and key personalities. The political basis was usually unclear beyond very general gestures in favour of social reform. Resources and status were the rewards for organisations and personalities. The legitimisation of ruling fractions of the historic bloc occurred through the appearance of them undertaking some measures of social reform and poverty reduction.

Finally, what the experience of coalition and crossover suggests is that the process of alliance formation perhaps needs to be re-thought. A political position of unifying development and poverty-reduction oriented action around an alternative framework of governance would probably generate higher rates of success. Both the longer-term transformation of Philippine politics and economics and the obtaining shorter-run measures of poverty alleviation would be better conducted through a framework of independent popular mobilisation and protest.

Note

1 The National Statistics Office estimates suggest levels of income poverty have remained unchanged since the early 2000s (National Statistics Office, 2013).

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32
THE LEFT
Struggling to make a comeback

Nathan Gilbert Quimpo

Prior to the contemporary post-authoritarian period, the left had been a significant force in Philippine politics twice since the country gained independence in 1946. Amid great agrarian unrest in the late 1940s, the Partido Komunista ng Pilipinas (PKP) and its armed group – the Huks – launched a rebellion against the government. With the help of U.S. counterinsurgency experts, the government crushed the rebellion in the mid-1950s. In the 1970s and 1980s, particularly during the dark years of the dictatorship of President Ferdinand Marcos, another communist group, Maoist in orientation, the Communist Party of the Philippines (CPP) and its New People's Army (NPA) posed an even more formidable challenge, organizing a nationwide insurgency that effectively combined guerrilla actions with mass protest movements. Following its boycott of the snap presidential election of February 1986, however, the revolutionary left was left out of the "People Power" uprising that toppled Marcos. Despite the major role it played in the anti-dictatorship struggle, the CPP-NPA was completely excluded from the government of the Philippines' newly restored democracy.

In the immediate post-authoritarian years, certain developments did not seem to augur too well for a comeback of the Philippine left. Apart from having to live the boycott fiasco down, the left had to deal with the popular Corazon Aquino, who, riding on her "People Power" mandate, restored the elite-dominated democracy of the pre-authoritarian period. The problems of the Philippine left were compounded a few years later by the collapse of communist regimes in Eastern Europe and the Soviet Union in 1989–1992. Even before the end of the Cold War, many armed revolutionary movements of the left were already declining worldwide.

Despite all the changes in the national and global contexts, however, a lot of conditions in post-authoritarian Philippines still seemed to provide the Philippine left with enough openings to rejuvenate its program for structural change, advance once again and possibly even come to power, as its counterparts in many Latin American countries had done since the turn of the century. Poverty in the Philippines remained widespread and inequality remained high. Workers suffered from job insecurity and decreasing real wages. Wealth, land and power continued to be concentrated in the hands of an elite few. Political dynasties proliferated, some maintaining private armies with impunity. Corruption scandals abounded. The country experienced periods of turbulence or instability, such as during the "People Power II" uprising in 2001, which ousted the corrupt President Joseph Estrada; and the many coup attempts during the

administrations of Corazon Aquino and Gloria Macapagal Arroyo. Through most of the post-authoritarian period, the Philippines lagged behind many of its neighbors in economic growth – "the sick man of Asia."

Since the fall of Marcos, how has the Philippine left fared?

Not too well. It is argued in this chapter that the left has no longer been a major player in Philippine politics for most of the post-authoritarian era. The split in the ranks of the CPP-NPA in 1992–1993 certainly played a part in the left's decline. The two sides of the split reflected the two main trajectories that the left groups pursued in the post-Marcos period: continuing "protracted people's war," and taking the parliamentary path. Neither side has made substantial progress in the trajectory it has followed. The CPP-NPA's main body, which has persisted in armed struggle, claims to have made some military and political gains over the last 15 years or so. But its guerrilla actions have not had much political impact. Thirty years after Marcos's fall, its "people's war" has not advanced beyond the level of guerrilla warfare and "strategic defensive." Still fixated on the primacy of armed struggle, it has been unable to move beyond a tactical and instrumental view of both peace negotiations and elections and thus not made much progress in either arena. On the other hand, other left groups, including those that bolted away or were expelled from the CPP-NPA, have been weakened by splits and breakaways, although they have maintained a strong presence in the mass movements, particularly those of the basic sectors. Limited to only a few party-list seats and a sprinkling of local elective posts, they still have hardly made a dent on the virtual stranglehold of patronage-oriented traditional politicians on Philippine politics.

Historical background

The beginnings of the left in the Philippines can be traced to the 1930s when the Partido Komunista ng Pilipinas (PKP) and the Socialist Party of the Philippines (SPP), which merged in 1938, established a strong base among workers in metropolitan Manila and peasants in Central Luzon. In 1932, the U.S. colonial regime proscribed the PKP, but lifted the ban some years later following a thaw in U.S.-Soviet relations. The Popular Front, which included PKP-SPP members, won mayoral and other local positions in several towns in Central Luzon in the 1937 and 1940 elections. The PKP-SPP would have made further electoral and other political gains had not World War II intervened. During the Japanese occupation, the PKP set up the *Hukbo ng Bayan laban sa mga Hapon* (Hukbalahap or Huks, for short) – People's Anti-Japanese Army – which waged guerrilla war against the Japanese in Luzon. After the war, Central Luzon became a hotbed of dissent following mounting agrarian tensions, the unseating of six leftist congressmen-elect and increased militarization. As it prepared for rebellion, the PKP transformed the Hukbalahap into the *Hukbong Mapagpalaya ng Bayan* (HMB and still Huks, for short) – People's Liberation Army.

The defeat of the Huk rebellion was a big blow to the revolutionary left. The enactment of the Anti-Subversion Law in 1957, which outlawed the PKP and similar organizations, had a somewhat constraining effect on leftist movements in general as anyone taking a leftist stance could be tagged a "subversive."

In the 1960s, social ferment slowly built up once again. PKP-aligned forces stirred anew, setting up or reviving peasant, labor and youth and student associations. Social democratic (socdem) groups emerged, seeking to define a "third force" distinct from traditional parties and the communist movement. Inspired by the social vision of Vatican II, they organized students and reached out to large organizations of farmers and workers already active in the social justice movement since the 1950s. For their mode of struggle, the socdems chose "the

legal-parliamentary and extra-parliamentary route through militant reformist electoral and pressure politics" (Tolosa 2011: 3).

In December 1968, a group of young cadres led by former University of the Philippines instructor Jose Ma. Sison broke away from the PKP and established what would soon become the dominant force in the Philippine left. The CPP embraced "Marxism-Leninism-Mao Tse-tung Thought" as its guiding ideology. To overhaul the Philippines' "semicolonial, semifeudal society," the CPP called for the revolutionary overthrow of the "reactionary" state and the establishment of a "national democracy" patterned after the People's Republic of China in Mao's time. It adopted the Maoist strategy of "protracted people's war," in which armed struggle would be the principal form of struggle, and open, legal struggle, secondary (see Guerrero 1970). To wage such a war, the CPP formed the NPA in March 1969.

In the early 1970s, the "national democrats" (natdems), as the CPP-aligned forces were called, took to the fore during the upsurge of the youth and student movement which soon turned into a broad, multisectoral movement on civil liberties and social justice. Because of their militance and zeal, the ranks of the natdems swelled. They quickly far outnumbered the socdems and the PKP-aligned groups.

After Marcos' imposition of martial law in September 1971, the left experienced a downturn, as thousands of activists, cadres and guerrilla fighters were arrested, thrown into prison or killed. By the late 1970s, however, the CPP-NPA had succeeded in setting up guerrilla zones in strategic highlands all over the country (except in Muslim areas). The mass movements revived. The revolutionary left became the biggest, most organized and most militant anti-dictatorship force. Meanwhile, socdem groups worked closely with the traditional elite opposition in the 1978 interim legislature elections and in organizing two short-lived urban guerrilla groups.

The revolutionary left, however, faced logistical and strategic dilemmas. After botched attempts to bring in arms from China in the early 1970s, the CPP-NPA had never been able to solve the problem of securing a reliable source of arms needed for advancing from guerrilla warfare to regular warfare, and from "strategic defensive" to "strategic stalemate" in accordance with its "protracted people's war" strategy. The Maoist strategy itself was put into question, as some leading cadres in Mindanao advocated a shift to a more politico-military version of "people's war" used by the Vietnamese, or to an "insurrectional strategy" used by the Sandinistas in Nicaragua. But the CPP leadership cleaved to Maoist doctrine.

The huge protest rallies and the fissures in the ruling class that followed the assassination of opposition leader Senator Benigno Aquino in August 1983 indicated the emergence of a "revolutionary situation."[1] Yet the CPP-NPA did not prepare itself for a possible insurrectional denouement of the political crisis, or for Marcos' possible fall within a few years. Nearly right up to the end of the Marcos dictatorship, the CPP was still declaring that the revolutionary movement was in the "late sub-stage of the strategic defensive." Its ill-judged boycott of the 1986 election sealed its political isolation from the momentous events that followed it: a civil disobedience movement, a military revolt and, finally, a popular uprising. Not all of the left boycotted – the socdems and some independent socialists supported Corazon Aquino's candidacy. They joined her government after the "People Power" uprising.

CPP-NPA: possibly increased armed strength, but little political impact

In April 1986, the CPP Politburo admitted that the boycott had been "a major tactical blunder," and that "[t]he snap election became the main channel for the large-scale mobilization and deployment of the masses for the decisive battle to overthrow the fascist dictatorship." However, many important issues, such as the analysis of the post-Marcos situation, overall strategy, internal

party democracy and party-mass movement relations, remained unresolved and continued to be debated intensely within the movement's ranks.

For a few years after the 1986 uprising, the CPP-NPA still managed to sustain or even step up its guerrilla actions, not just in the countryside, but also in some cities, including Metro Manila. But the revolutionary movement suffered political reverses. Its open, legal protest actions dwindled. Peace talks between the government and the CPP-NPA's politico-diplomatic arm, the National Democratic Front (NDF), quickly collapsed. The natdems fielded candidates in the 1987 senatorial and congressional elections and the 1988 local elections, but only two congressional and a few local candidates won. Still reeling from the effects of the 1986 boycott blunder, the movement was further tarnished by revelations that the CPP-NPA had arrested, tortured and summarily executed hundreds of suspected government infiltrators during the latter years of the Marcos dictatorship and early years of the post-authoritarian period. This soon became another issue of debate and recrimination within the movement. The fall of the socialist states in Eastern Europe and the Soviet Union in 1989–1992 triggered yet another big internal debate – on why these states fell and on what sort of alternative society the CPP-NPA envisaged.

The debates came to a head in 1992 when CPP founding chairman Sison released a paper calling for the party's reaffirmation of basic Maoist principles (such as "protracted people's war," vanguard Communist Party, centrally planned economy and democratic centralism) and for the repudiation of party leaders who had deviated from these principles. The CPP-NPA and the entire natdem movement split into two: the "reaffirmists" and the "rejectionists." After numerically gaining the upper hand, the reaffirmists expelled the rejectionists from the CPP-NPA and even from open, legal natdem organizations. Through the rest of the 1990s, the revolutionary movement suffered an ebb. Hoping to take advantage of the CPP-NPA's much weakened position, the government of President Fidel Ramos opened peace negotiations with the NDF anew in 1992. Neither Ramos nor his successor Estrada, however, managed to entice the NDF to sign a peace agreement.

In 2000–2001, the natdems made a bit of recovery through a series of startling political successes. They mobilized in full force in the campaign to oust the corrupt Estrada. Unlike in People Power I where they had had no visibility whatsoever, the natdems stood proudly among the forces at the forefront of "People Power II." The newly installed Arroyo government amply rewarded the natdems for their stellar role in the oust-Estrada campaign. With the ruling coalition's support, the natdems' open legal party, Bayan Muna, topped the 2001 party-list vote in its very first electoral venture, garnering three congressional seats. Then the government reopened peace negotiations with the NDF, this time with no less than the Norwegian government as host and third-party facilitator. The NDF had long wanted the involvement of a credible foreign government in the peace talks.

The political gains proved bounded. When the talks produced no comprehensive peace agreement, the Arroyo government resorted to more strong-arm tactics. First, it supported the designation of the CPP-NPA as a terrorist organization by the U.S. and the European Union. Inclusion in the U.S. and E.U. lists of terrorist groups meant such sanctions as the freezing of funds and other assets, ban on entry or transit to the U.S. and E.U., and prohibition of sale or transfer of weapons. This did not have much impact on the CPP-NPA, however, as its engagement in global financial or arms transactions was minimal. When terrorist tagging did not produce results, the Arroyo government turned to a more cynical and malevolent maneuver: forced disappearances and summary executions of leftist cadres and activists (see Alston 2008). Human rights groups castigated the government over these extrajudicial killings, but they did weaken the natdems' mass mobilization capacities greatly. In 2005, when the natdems worked

in alliance with other groups for the ouster of Arroyo, who turned out to be another plundering president, the mobilizations fell far short of "People Power" dimensions. The natdems made some gains, however, in the electoral arena. By fielding more party-list groups, they doubled their congressional seats from three in 2001 to six in 2004.

Despite the worsening repression, the NPA started to recover from its losses since the split and to grow again. NPA guerrillas intensified their tactical offensives and built up their capacities in order to engage in company-size operations, as in the 1980s. They became more aggressive in collecting "revolutionary taxes" from mining, agricultural, telecommunications and construction firms operating in the vicinity of NPA guerrilla zones, as well as "permit to campaign" (PTC) fees from candidates wishing to venture into NPA areas during election campaigns (Quimpo 2014). In armed strength, the NPA now claims to have a record 10,000 high-powered rifles, mostly captured from the Philippine military – up from the previous peak 6,100 in 1986. The NPA is strongest in Mindanao, where it is now said to have the equivalent of more than ten battalions, and where its tactical offensives are said to have increased from 250 in 2010, to 350 in 2011, about 400 in 2012 and over 400 in 2013.[2] The claims of the CPP-NPA are in stark contrast to those of the Armed Forces of the Philippines (AFP), which reports that the NPA guerrillas have dwindled to less than 3,000 as a result of the government's counterinsurgency program, "Oplan Bayanihan" (Aben 2015).

Whatever political and military gains the CPP-NPA may have registered in the new millennium, it still faces formidable challenges. With its fidelity to Maoist doctrine even after the fall of Marcos, the collapse of the Eastern European communist regimes and the decline of armed revolutionary movements worldwide, the CPP-NPA has not been able to appeal to a broader Philippine audience. The NPA's tactical offensives have been more for extorting "revolutionary taxes" and PTC fees and capturing arms, rather than for making political impact – a somewhat passive accumulation of forces. After 47 years of armed struggle, and after 30 years since the fall of Marcos, the CPP-NPA's "people's war" has not advanced beyond the level of guerrilla warfare and "strategic defensive." The CPP-NPA's chronic inability to establish an international network for securing large amounts of arms, including more sophisticated weaponry, makes the prospect of such an advance most unlikely.

For three decades now, the NDF has been holding on-and-off peace negotiations with the Philippine government – talks avowedly intended to put an end to one of the world's longest-running insurgencies, in which, according to the International Crisis Group (2011), over 40,000 have died. Instead of being serious about forging a comprehensive political settlement with the government, however, the NDF has followed a piecemeal approach in the negotiations, and tried to extract as much tactical gain – such as propaganda or the release of political prisoners – as it could at each step of the process. After the establishment of a Manila office of the joint monitoring committee on the implementation of a human rights agreement signed by the two sides, for instance, the NDF used it to issue daily press statements exposing alleged human rights abuses of the government. Protracted negotiations became a tactic of the CPP-NPA-NDF's "protracted people's war" strategy (Quimpo 2006).

The same tactical and instrumental view basically holds for the natdems' participation in elections, which for them have served as a venue for propaganda and for fund-raising – through PTC fees or through deals with traditional politicians. With such a cynical attitude towards elections, the natdems have reached a plateau in the number of their party-list congresspersons (seven or eight), and none of their senatorial candidates has come close to winning.

Time has taken its toll on the CPP-NPA-NDF, as many of its leaders are aging and not too healthy, and second-liners lack experience and stature. Many veteran cadres are urban- or foreign-based, no longer able or willing to endure the rigors of guerrilla life. Some top

CPP-NPA leaders have been captured (notably CPP Chairman Benito Tiamzon and Secretary-General Wilma Austria-Tiamzon) or killed (notably top NPA-Mindanao commander Leoncio "Parago" Pitao). While the CPP-NPA may arguably have increased in armed strength, the mass movements in general as well as those of the natdems have visibly remained at a relative low. Of late, the NDF has been much more active in pushing for the resumption of peace negotiations with the government, but the Aquino administration has insisted that the negotiations be conducted "on the basis of a time-bound and doable agenda" and without preconditions demanded by the NDF such as the release of political prisoners (Esplanada 2015).

The "democratic left": much too splintered

When the CPP split in 1992–1993, what united the different rejectionist groups was their opposition to the reaffirmists. Prior to the split, the rejectionists had not had much chance to sit down and compare notes. While all still defined themselves as socialist, each group grappled with its own political analysis, its positions on various issues and on strategy and tactics. Efforts to unite all the rejectionist groups fell through. The various rejectionist groups soon formed their own political parties or pre-party formations, mainly based on the regional or sectoral forces that they had administered while still in the CPP-NPA. Some coalesced, but not always successfully. While all of the groups put the main focus of their work on open, legal political struggle (mass movement, electoral engagement, alliance work, etc.), some maintained armed units for defensive purposes. A further split in the CPP-NPA in Central Luzon in 1997 added another group to the rejectionist ranks.

As had been the tradition in the Philippine left, the rejectionists, as well as the social democrats and independent socialists, strove to build strong mass movements, particularly among peasants, workers, urban poor, fisherfolk, women and youth and students. Despite some harassment from the CPP-NPA, they managed to build mass organizations among basic sectors in the regions where they operated, with some sectoral organizations even becoming the most dominant in certain areas.

Mulling how they could make a breakthrough in the electoral arena, long a weak spot of the left, the rejectionists, social democrats and independent socialists saw an opening in a party-list bill filed in Congress. The bill aimed to provide marginalized sectors with 20 percent of the seats in the legislature's lower house, to be chosen through a nationwide party-list vote. Due in part to the vigorous lobbying campaign of the non-CPP left forces, Congress passed the party-list law. In the first party-list elections in 1998, several left or left-leaning parties won, among them Akbayan and Sanlakas, which garnered one congressional seat each. Akbayan[3] was the merger of some rejectionists, independent socialists and social democrats; Sanlakas (United Force) was a Metro Manila-based rejectionist group.

After Estrada was elected president in 1998, some leftists – "popular democrats" (a rejectionist political bloc) and independent socialists – joined the government, but their stints were cut short by Estrada's ouster in 2001. Almost all left parties and groups participated actively in the oust-Estrada campaign and People Power II, but compared to the natdems, the non-natdem groups made more modest political gains afterwards. Akbayan increased its party-list seats to two and some of its members won in local elections (but mostly running under traditional parties). Sanlakas retained its party-list seat. Two newly established groups, both of rejectionist origins, Partido ng Manggagawa (PM) or Workers' Party, based mainly in Metro Manila, and Anak-Mindanao (AMIN) or Scions of Mindanao, based in Muslim Mindanao, also snagged one seat each.

The non-ND left parties had originally intended the party list system as merely their point of entry in the electoral arena, one that would facilitate or boost electoral engagement at other

levels – *barangay* (village), local, congressional district, etc. As early as 1997, NGOs which later aligned with Akbayan had already drawn up a model for village-level participatory governance known as Barangay Development Planning through Participatory Resource Appraisal (BDP-PRA). When it showed great promise in combating the usual patronage-based local governance, Akbayan and allied NGOs propagated it. The non-natdem left parties and groups supported candidates in the barangay elections of 2002, and many did manage to win. However, since the barangay elections are stipulated by law to be non-partisan, the left parties found it difficult to consolidate their gains. In 2004, BDP-PRA began to decline as foreign donors stopped funding it. Meanwhile, the left party-list groups – natdem and non-natdem – availed of Congress's Priority Development Assistance Fund (PDAF), which was openly known to be a pork barrel fund. Although the non-natdem left groups did channel their PDAF allocations to worthy development projects, the top-down, patronage politics that pork barrel represented was a sharp contrast to the participatory governance that they espoused.

The formation of an alliance of non-ND left groups occurred at just about the same time that the case of the rigging of the 2004 presidential election implicating President Arroyo was unravelling. The long-awaited coming together of non-natdem left groups finally transpired with the formation of Laban ng Masa (LnM) or Struggle of the Masses in May 2005. The groups referred to themselves as the "democratic left" (demleft) to distinguish themselves from the CPP-NPA. As more evidence implicating Arroyo in electoral fraud and corruption surfaced, LnM joined the natdems and other groups in campaigning for her ouster. The newly formed demleft alliance called for a transitional revolutionary government to end elite rule. Despite the strong clamor, Arroyo did not budge. LnM appealed to "patriotic" soldiers to unite with protesters in toppling Arroyo. The planned endgame scenario in February 2006 was reminiscent of People Power I: military rebellion followed by a popular uprising. The military revolt, however, was preempted, the mass mobilization fizzled out and Arroyo declared a state of emergency. The government again quelled another military revolt-cum-popular uprising attempt in November 2007. Unbeknown to many, the left had played a major role in two failed coup attempts against Arroyo.

When Senator Benigno Simeon Aquino III, the son of Corazon Aquino, ran for president on an anti-corruption and anti-poverty platform in 2010, some demleft groups supported his candidacy. Aquino won by a comfortable margin. A senatorial candidate of Akbayan, which had joined the Aquino coalition, almost made it. Akbayan became part of Aquino's ruling coalition and two Akbayan-identified personages joined the Cabinet. Another demleft group, AMIN, which had maintained a party-list seat in Congress since 2001, also joined the ruling coalition.

Although Aquino did go after corrupt officials, including no less than his predecessor, Arroyo, and undertook some reforms, some demleft groups became increasingly disenchanted with his inaction on agrarian reform, adherence to neoliberal policies and pro-US military presence stance. After the PDAF-DAP exposés[4] and the Mamasapano fiasco,[5] most of the demleft groups took a much more critical stance toward Aquino, and some even called for his ouster. Akbayan and AMIN stayed on in the Aquino coalition, even though labor and peasant organizations aligned with Akbayan had favored pulling out of the coalition.

After more than 20 years, the demleft has remained a minor player in Philippine politics. The demleft forces have built strong and vibrant organizations and alliances in various sectors, most especially labor, peasants and urban poor, but mass mobilizations have not yet been as large and sustained as aspired for. The demleft groups still do not have much electoral clout. Only Akbayan and AMIN have managed to hang on to their party-list seats. A newcomer, Abang Lingkod (Humble Servant), a Western Visayas-based group with rejectionist roots, won a seat in the 2013 party-list vote. In local politics, the demleft groups have been limited to a sprinkling of local elective posts, as none of them has really put sustained priority on studying the intricacies

of local elections and governance, building strong mass bases that also serve as electoral bailiwicks, and doing battle with traditional politicians. Since the failed oust-Arroyo campaign, the LnM has encountered great difficulty in getting its affiliate organizations to work out a common program.[6] Most of the LnM groups have themselves fractured, as much of the political culture of the "old left" has persisted in internal organizational dynamics. Differing positions on issues, for instance, have often been quickly cast into irreconcilable ideological frames.

Prospects

In both periods when the left became a major player in Philippine politics – from the late 1940s to the early 1950s and from the 1970s to mid-1980s – it was engaged in a revolutionary war aiming to overthrow the state. In post-authoritarian Philippines and in a post-Cold War world, taking or continuing on such a path would no longer be attuned to the times and would present hardly any prospects for political advance or victory.

In the case of the CPP-NPA, the likelihood in the coming years is that it will continue waging its "protracted people's war" and using peace negotiations and elections for tactical purposes. "Strategic stalemate" will remain a pie in the sky, but the AFP will not be able to decisively defeat the revolutionary forces either. With the passing of the CPP-NPA's old guard within a couple of years, however, there is a distinct possibility that the new batch of leaders would not be able to hold the revolutionary ranks together and the CPP-NPA could break up into little fiefdoms. Perhaps the only viable means for the CPP-NPA to make a political comeback is to seriously work out a comprehensive peace agreement with the government and then use the power and mobilizing skills it has accumulated to try to defeat traditional politicians in the arena they have long dominated – elections. For the CPP-NPA, however, this would mean having to shed certain *idées fixes*, as its Maoist counterpart in Nepal has managed to do.[7]

The sectoral organizations and alliances aligned with the demleft seem likely to grow further and take to the forefront in the event of another flow or surge of the mass movement. Clout in the mass movement, however, would not necessarily translate into electoral gains. Demleft groups have thus far been largely ineffective in countering the use of patronage, vote-buying and other dirty tricks of traditional politicians in the electoral game. Victories of a few demleft candidates in the senatorial or district congressional elections could boost the morale and organizing efforts of groups concerned. The only way for a demleft party or coalition to become a truly major national political force, however, is – sooner than later – to build a strong politico-electoral mass base from below.

Notes

1 According to Lenin (1964: 213–214), the symptoms of a revolutionary situation are:

> (1) when it is impossible for the ruling classes to maintain their rule without any change; when there is a crisis, in one form or another, among the "upper classes," a crisis in the policy of the ruling class, leading to a fissure through which the discontent and indignation of the oppressed classes burst forth. For a revolution to take place, it is usually insufficient for "the lower classes not to want" to live in the old way; it is also necessary that "the upper classes should be unable" to live in the old way; (2) when the suffering and want of the oppressed classes have grown more acute than usual; (3) when, as a consequence of the above causes, there is a considerable increase in the activity of the masses, who uncomplainingly allow themselves to be robbed in "peace time," but, in turbulent times, are drawn both by all the circumstances of the crisis *and by the "upper classes" themselves* [original emphasis] into independent historical action.

2 CPP-NPA figures have been taken from its main website: Philippine Revolution Web Central, www.philippinerevolution.net/.
3 The Filipino term "akbayan" means "to put one's arm across another person's shoulders as a show of solidarity or support."
4 The PDAF scam involved the embezzlement over an 11-year period (2003–2013) of a total of P10 billion in pork barrel funds channeled to fake NGOs, with as much as 60 percent of a particular project's funds ending up with a senator or congressperson. The Disbursement Acceleration Program (DAP) scandal exploded after one of the senators accused in the PDAF scam revealed that he and other senators had received at least P50 million each month as "incentive" for voting for the impeachment of former Chief Justice Renato Corona. In the wake of the PDAF and DAP exposés, Aquino's critics have railed against his allegedly extensive use of discretionary funds – especially "presidential pork" – for political patronage.
5 On January 25, 2015, a counterterrorist operation in Mamasapano, Maguindanao province, which had the blessings of Aquino, went awry, ending in a bloody gunbattle in which 44 police commandos, 17 fighters of the Moro Islamic Liberation Front (MILF) and five civilians were killed. The Mamasapano fiasco has put the peace agreement between the government and the MILF in peril.
6 Other major demleft groups, all of rejectionist origins, are: Rebolusyonaryong Partido ng Manggagawa-Mindanao (RPM-M) or Revolutionary Workers' Party – Mindanao; Kilusan para sa Pambansang Demokrasya (KPD) or Movement for National Democracy; Partido ng Laban ng Masa (PLM) or Party of the Struggle of the Masses; Alab Katipunan (AK) or Katipunan's Flame; and Arya Progresibo or Progressive Advance.
7 The Communist Party of Nepal (Maoist) signed a peace agreement with the Nepalese government in 2006 and became the ruling party through democratic elections in 2008–2009.

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33
TRADE UNIONS
"Free" but weak

Carmel Veloso Abao

Philippine trade unions have been in existence for more than a century. The first Philippine union in 1892 – the Democratic Union of Lithographers, Printers, Bookbinders and other Workers – was initiated by highly skilled workers who sought to protect themselves against what they deemed were unacceptable labor conditions (Scott 1992, p. 8). The first Filipino federation or movement – the Union Obrero Democratico (UOD) – was organized in 1902 by leading nationalist leaders at the time such as Isabelo de los Reyes, Dominador Gomez and Crisanto Evangelista. Filipino unions were considered legal only in 1908 when the American colonial government established the Bureau of Labor to facilitate the recognition and registration of unions (Wurfel 1959, p. 585). The modern Philippine union, thus, is a product of the struggle of Filipinos to break free from their Spanish and American colonizers and negotiate the terms of work under the auspices of an independent state.

Today, the right of Filipino workers to organize unions is enshrined in the country's constitution and stipulated in numerous labor laws. Despite this constitutional right and freedom, Philippine unions are weak. This chapter examines this state of weakness and asks why Philippine unions remain weak despite their embeddedness in a free, democratic environment.

Defining union freedom and strength

Freedom is central to the definition of trade unions. According to the ILO, trade unions are "independent associations of workers constituted for the purposes of furthering and defending workers' rights" which "have the right to draw up their constitutions and rules, to elect their representatives in full freedom, to organize their administration and activities, and formulate their programmes" (International Labour Organization [ILO] 2003).

The 1998 ILO Declaration on Fundamental Principles and Rights at Work considers "freedom of association and the effective recognition of the right to collectively bargaining" as one of four core labor standards, the three others being "the elimination of all forms of forced or compulsory labor," "the effective abolition of child labor" and "the elimination of discrimination in respect of employment and occupation" (ILO 2010). ILO Conventions 87 on the "Freedom of Association and the Right to Organise (1948)" and 98 on the "Right to Collective Bargaining" are now core ILO conventions. The Philippine government has signed and ratified Conventions 87 and 98 and all the eight core labor conventions of the ILO (ILO 2016).

The freedom of Filipino workers to form unions is also stipulated in the 1987 Philippine Constitution. Section 8 of Article III (Bill of Rights) of the constitution states that "the right of the people, including those employed in the public and private sectors, to form unions, associations, or societies for purposes not contrary to law shall not be abridged."

The discourse on union strength, meanwhile, can be located in the discourse on union renewal – given that union decline has been a global trend since the 1980s. Four dimensions have been identified as crucial for union renewal (Behrens et al. 2004, pp. 20–23). The *membership dimension* pertains to the increase in union membership and density and in the change of composition of union members (i.e., not limited to the traditional base of regular, industrial workers). The *economic dimension* refers to collective bargaining power and union ability to achieve economic benefits and wealth distribution. The *political dimension* pertains to the effectiveness of unions in influencing policy-making processes. The *institutional dimension* addresses organizational structures and governance as well as dynamics.

The endogenous factors that are considered important to union strength are union structure and government, and union activities and strategies (Gospel 2008, pp. 15–22). It matters whether a union is a craft/occupation, industrial, general or an enterprise union; whether membership is closed to particular types of workers or open and more inclusive of a broader group of workers; whether the leadership is democratic or oligarchic; whether the union is independent or not from the state. Union activities and strategies also matter, i.e., whether a union is focused solely on collective bargaining or engages in other methods of collective action; whether a union seeks to achieve limited or broader gains.

The exogenous factors that shape union strength or weakness, meanwhile, have been linked to global restructuring and its attendant structural and ideational shifts. Union decline in the United States, for example, has been explained by the shift of the country's political economy from one that is corporatist-regulated to one that is based on competition. Unions, being central to corporatist regimes, have become "peripheral in a liberal pluralist regime" (Wachter 2007, p. 23). Moreover, the theory of social compromise that underpinned corporatist regimes has been replaced with the corporate theory of society which argues that there are no conflicting interests, just dictates of the market (Cradden 2011). The state thus no longer needed to intervene in management–employee relations.

Global restructuring is believed to have impacted negatively on workers and unions because the freeing of borders has undermined national-level employment and thereby national-level union organizing and collectively bargaining. The "new economy" brought about by global restructuring has entailed the "decentralization and fragmentation of the production process itself" (Bieler and Lindberg 2011, p. 5). This dual phenomenon of decentralization and fragmentation is best seen in global commodity chains (GCCs) that are characterized by a multitude of employers and non-regular, non-permanent workers at the bottom of the chain and transnational corporations (TNCs) at the helm. These TNCs coordinate and control this new demography of employers and employees. In such a set-up, the question then arises: who negotiates with whom? Non-regular workers are often prohibited legally to organize into unions. The "management," meanwhile, may not have the authority to bargain with workers as decisions are often made by the global headquarters.

In the case of Asia, global restructuring meant the prevalence of export-oriented industrialization in the 1980s and 1990s, which included "increased foreign direct investment and market liberalization policies in many Asian countries (e.g. in the 1980s and 1990s)" and "expressed the *logic of competition*" (Frenkel and Kuruvilla 2002, p. 390, original emphasis). There are "export processing zones that are exempt from national legislation" in some parts of Asia such as the Philippines and Sri Lanka, and there are also parts like Singapore and Malaysia where

governments "use selective immigration as a means of ensuring an adequate and flexible supply of labor" (ibid.).

Historical development of Filipino unions

During the Spanish colonial period, Filipino trade unions were essentially mutual aid or self-help groups composed mostly of highly skilled workers. Being highly skilled, these workers were aware of the value of their labor and looked to each other to protect their jobs and improve their working conditions. According to Scott (1992, p. 15), the first unionists were "literate, well-informed and articulate."

The first workers' organizations were *gremios* or workers' guilds that were visible in the country as early as the 1870s. There were *gremios* of the *Obreros de Sampaloc* or the Workers of Sampaloc, the *Escultores del Barrio de Santa Cruz* or Carvers of Barrio de Santa Cruz, the *Carpinteros* or the Carpenters and the *Litograhos* or Lithographers (Bankoff 2005, p. 73). These guilds incited the concern of the Spanish government and were eventually banned in 1887 through Article 543 of the Penal Code.

The first trade union leaders were well educated. Isabelo de los Reyes is not only "the Father of the Philippine labor movement," he is also known as the "Father of Philippine folklore" and "Co-founder of Iglesia Filipina Independencia" (Bragado 2002, p. 50). De los Reyes took his early education from the Augustinians of the Vigan Seminary and there became interested in religion and folklore. Later, he became a propagandist and his newspaper columns were considered subversive. Exiled to Barcelona, Spain from 1897 to 1901 for his subversive writings, de los Reyes was a "colonial intellectual" and "a product of nineteenth-century Filipino Enlightenment" (Mojares 2006, p. 338).

Dominador Gomez, who succeeded de los Reyes as leader of the UOD, was also exiled to Madrid, Spain for his involvement in armed struggle against the Spanish and American colonial governments. He became known as an anti-American propagandist among the Filipino exiles in Madrid and when he went back to the Philippines in 1902, he gained the reputation as a "radical" with "seditious tendencies" (Cullinane 2009, p. 70).

There was also Crisanto Evangelista, a trade union leader who organized the Congreso Obrero Filipinas (COF) in 1913, the short-lived Partido Obrero or Labor Party in 1924 and the Communist Party of the Philippines in 1929.

While the seeds of unionism were sown through the workers' guilds of the Spanish colonial period, wage labor was actually existent only during the American period. According to Bankoff (2005, p. 66), the American colonial government was confronted with the problem of labor shortage and could not even find Filipino workers "to load and unload their ships in 1898 and had to use Chinese in their place." The said labor shortage problem that the American colonial government faced was more "perceptual" than "actual." While it was true that a significant portion of the economically active section of the population had died during the war against the Spaniards – estimated to be somewhere between 200,000 and 600,000 – there were still available Filipino workers but very few wanted to work for the colonial government in exchange for wages. Moreover, unlike the Spanish, the Americans created large-scale enterprises to implement large-scale infrastructure projects and thereby needed a much larger labor market.

Given this context, the American regime had to formulate policy that encouraged the entry of Filipinos into the labor market. This included a policy of the US administration offering higher wages to Filipino workers and "qualified encouragement" for unionization (Bankoff 2005, p. 61).

The policy of expanding the labor market evidently paid off. By the late 1950s or a decade after the Philippines gained independence, there were already visible indicators of economic growth and political development. Wurfel (1959, p. 582) observed that the Philippines, "in its 13 years of independence" was "already the most industrialized country in Southeast Asia" and "the only country in Southeast Asia where an existing administration has been peacefully turned out of office by a national election." He further observed that "Philippine labor organizations have both shared in and contributed to this progress in the economic and political life of the nation." Trade unions were said to have contributed most to political stability and the raising of wage levels.

Still according to Wurfel (Ibid.), the early development of Filipino unions entailed three stages: repression from 1901 to 1907, recognition from 1908 to 1935 and regulation and protection from regulation from 1936 to 1953.

During the first stage – when the American colonial government was first established in the country – union repression involved mainly the arrest of union leaders alleged to have masterminded the formation of subversive unions.

During the second stage, unions technically became "free" because the colonial government created rules and institutions that recognized the right of unions to exist. In 1908, through Act No. 1868, the Bureau of Labor Relations was established as part of the Department of Commerce and Police and was tasked with overseeing union registration and conciliating labor disputes.

As a result of such recognition, union "strength" became visible during this period. In 1919, there were only 31 unions with 42,000 members but in five years' time, in 1924, the number of unions rose to 145 and union membership rose to 90,000 (Wurfel 1959).

Union activities increased in the 1920s not just because unions started to gain legal status but also because communism emerged and enhanced the militancy of unions. Two foreign communists are said to have influenced the entry of the communist ideology into the Philippine labor movement. Tan Malakka, an Indonesian communist and William Jacquette, an American Communist organizer, had visited the Philippines in 1925 and invited Filipinos to attend the First Congress of the Oriental Transportation Workers in Canton. One of those who attended was the trade union leader-turned-Communist Crisanto Evangelista (Wurfel 1959; Carroll 1961).

In 1931, along with 26 other Communist leaders, Evangelista was arrested on charges of illegal assembly, sedition and rebellion. Also in 1931, the Communist Party was declared illegal.

The third stage of union development, from 1936 to 1953, emerged from the context of labor unrest, Communist infiltration of the union movement and union militancy. Manuel L. Quezon, the first President of the Commonwealth Republic, tried to quell this unrest by instituting a social justice platform that included the following: eight-hour labor law, extension of workmen's compensation, minimum wage legislation, establishment of the Government Service Insurance System and legal protection to members of legitimate labor unions. Crisanto Evangelista was also released from prison in 1938 by virtue of a presidential pardon (ibid.).

Quezon's actions were clearly part of a broader strategy to keep communism at bay. Thus, while seemingly protecting and opening up the space for unions to flourish, Quezon actually institutionalized greater governmental control over unions. Aside from his social justice program, Quezon promoted two labor policies that were clearly directed at instituting government control over unions. The policy of compulsory arbitration – including the creation of the Court of Industrial Relations in 1936 – meant that government had greater leeway to control work stoppages. The other policy involved union registration. Unions were free to exist but they had first to be investigated and deemed legitimate by the constabulary and the Department of Labor.

A union found to have subversive objectives or to have links with subversive movements were denied registration. Only the registered unions could be legally protected.

Despite the restrictive legal environment, the unions remained militant and could not be easily controlled. Strikes and lock-outs were at their peak during this period with 662,399 man days lost, despite compulsory arbitration. The biggest and most sustained strike was also launched during this period. In August 1934, upon the influence of Communist leaders, some 8,000 cigar workers waged a six-week strike. Nonetheless, the government's policies did have some effect because by 1937, strikes had dropped to 18,097 man days (Wurfel 1959).

Quezon's policies did not achieve the desired outcome of keeping in check the radical wing of the trade union movement. In 1939, there were more union members in unregistered unions, most of whom were aligned with the Communist-led Collective Labor Movement (CLM). This union organization had been formed a year earlier with 76 affiliates including the National Labor Union and the Federacion Obrero de Filipinas which were among the most prominent unions at the time. When union activity was suspended by the Japanese between 1942 and 1945, many labor leaders joined the Communist-influenced Hukbalahap.

The modern Filipino trade union was thus established during the prewar years of the early American period and the transition from colonial to independent rule.

The tug-of-war between government and Communist-influenced unions resumed in the early postwar period. The *Committee* on Labor Organization, formed in early 1945 by known Communist leaders Guillermo Capadocia and Mariano Balgos, was transformed into the *Congress* of Labor Organizations with a 31-person central committee. By 1950, CLO was the dominant labor organization with 78 affiliate unions and 100,000 members (Sibal 2004, p. 34).

In 1951, Amado Hernandez, then-CLO President, was arrested in 1951 by the Military Intelligence Service and charged with rebellion, multiple murder, robbery and arson, and sentenced to life imprisonment in 1952. Soon after, the Communist wing of the CLO was disbanded.

Aside from directly prohibiting Communists from participating in unions, postwar governments also directly supported non-Communist unions. One of those which received governmental support and protection was the National Confederation of Trade Unions (NACTU) which was headed by Jose Figueras, then an Undersecretary of the Department of Labor. In 1950, NACTU made claims of a membership base of 392 affiliates, 450 registered unions and 2 million members. In 1953 NACTU made even more exaggerated claims and declared that it had 1,376 affiliates and a total of 836 registered unions. Also in 1953, Figueras became a Senatorial candidate for the Liberal Party and lost (Wurfel 1959, p. 588).

NACTU's biggest challenger at the time was not the CLO but the Federation of Free Workers (FFW) which was founded in 1950 by Juan C. Tan who was influenced by American Jesuits notably Fr. Walter Hogan who had led the formation of the Institute for Social Order (ISO). The avowed mission of FFW was to organize unions free from the control of companies/company unions, governments and union leaders-racketeers. Figueras, while still at the Department of Labor, tried to deny FFW unions of registration and even charged some FFW locals with subversion but FFW prodded on with its organizing.

Unions experienced respite from government control only in 1953 with the passage of Republic Act (RA) 876, Industrial Peace Act or the Magna Carta of Labor. Under this law, the Secretary of the Department of Labor no longer had discretionary powers over the registration of unions. The Department's function became ministerial and was limited to ensuring that unions submitted documents required for registration.

The results of the Magna Carta were palpable. Not only did the number of union registration cancellations decline, union registration grew from 836 unions in 1953 to 2,180 in 1956. Union

membership grew from 151,000 in 1951 to half a million or 25 percent of the labor force in 1956. The number of collective bargaining agreements forged and filed increased from 41 in 1953 to 159 in 1955. Even the number of strikes increased from 13 in 1953 to 43 in 1955.

Unions thus grew once freed by virtue of union-friendly legislation. There were other obstacles, however, to the further development of unions. For one, the labor movement was highly fragmented. At the time, there were six major trade union centers, the alignments of which shifted based on the preferences and ambitions of union leaders. Moreover, only about 20 percent of the unionized were affiliated with any of the union centers.

The context of unemployment – 7 percent of the labor force – and underemployment also presented another problem as surplus labor often erodes the bargaining power of unions.

The labor movement at the time was thus not entirely free to grow even as it was free to exist. In the words of Carroll (1961, p. 252), "one is tempted to believe that the Philippine union movement is relatively free only because it is weak, or free from government domination only because it is divided and practically under management domination." Carroll posited that the freedom experienced by unions in the postwar era followed the freedom of a market orientation whereby government intervention was absent – even in cases where workers had to demand for government assistance, e.g., when companies create "company unions" to thwart efforts of workers to build independent unions. He further argued that worker and union-friendly legislation such as the Minimum Wage Law could only be enforced if there were free unions to police its implementation.

Contemporary trends and challenges

The relative freedom of unions was eroded further during the time of the Marcos dictatorship. The erosion, however, was not total. While there was a crackdown on unions influenced by the Communist Party of the Philippines, Marcos also reached out to and consolidated the support of non-Communist unions for his regime. At least two developments galvanized this "divide and rule" Marcosian tactic.

In the 1970s, the Philippine economy that was hitherto experiencing growth was by then deteriorating and the Communist movement had been revived in the late 1960s. The said context served as Marcos' justification for tightening governmental control over labor – through legislation and direct intervention in the labor movement.

First, Marcos created a Labor Code through PD 442. In its "declaration of basic policy" the Labor Code was clearly pro-labor, to wit: "The State shall assure the rights of workers to self-organization, collective bargaining, security of tenure, and just and humane conditions of work." The Code, however, had several restrictive provisions: (i) stricter requirements for issuance of union registrations resulting to decline in number of union registered (e.g., by 1977, 5,000 registrations were revoked; (ii) exemptions of certain types of workers from unionism (e.g., supervisors, security guards, government employees); (iii) stricter requirements for certification elections petition (e.g., signature of 50 percent of workers to get a CE petition); and (iv) ban on all strikes (Sibal 2004). Through these policies, Marcos enabled government to gain a more direct influence in union affairs, a role that was clearly eschewed by the 1953 Magna Carta for Workers.

Marcos also initiated "labor unity." In 1975, also upon the recommendation of the ILO, the Marcos government led the restructuring of the labor movement with the "one-industry, one union" concept (Magadia and Jose 2003, p. 67). The Trade Union Congress of the Philippines (TUCP) was to be the apex organization of all unions. Not all unions, however, joined the TUCP. The latter thus became a union associated with the regime while the rest of the unions were anti-Marcos and thereby anti-TUCP.

Marcos' restrictive labor policies evidently took a toll on union membership and power. Annual average union growth dropped from 480 unions in the years 1966–1973 to 165 unions in the years 1974–1981. The number of strikes also dropped from an annual average of 111 strikes in the years 1963–1971 to 0 strikes in the years 1973–1975.

Marcos, however, could only weaken but not take total control of the movement. His interventions, in fact, propelled the emergence of militant unionism. The Kilusang Mayo Uno or May 1 Movement became TUCP's strongest rival and Marcos' staunchest opponent in the labor front. Established on May 1, 1980, the KMU was founded "during the dark days of the Marcos dictatorship" as an umbrella organization of "seven federations and about 100 independent local unions representing 35,000 members under CBAs and another 15,000 members without CBAs" (Scipes 1996, p. 9). Three reasons have been given for KMU's formation: deplorable working conditions, traditional unions that had "sold out workers" and the need for unions "that would organize against foreign domination."

In 1982, KMU's radical unionism was bolstered with the arrest of its Chairperson, Felixberto Olalia and its Secretary General, Crispin Beltran. Consistent with its militant positioning, the KMU opted not to participate in and called for a boycott of the snap elections in 1986. KMU was thus not at the EDSA people power uprising that ousted Marcos and catapulted Corazon "Cory" Aquino as President of a restored democracy.

During the early years of the Cory government, KMU called for "critical collaboration" and, in fact, joined efforts at broad labor unity, particularly the Labor Advisory Consultative Council (LACC). This openness was said to be due in part to the appointment of Augusto Bobbit Sanchez, an ally in the radical anti-Marcos movement, as Secretary of the Department of Labor and Employment (Magadia and Jose 2003, p. 75). With KMU's entry and the participation of practically all then-existing labor associations – TUCP, FFW, Affiliates of the World Federation of Trade Unions (WFTU), the Lakas Manggagawa Labor Center – the LACC represented the broadest possible labor unity at the time.

Labor unity under LACC was short-lived however because immediately after a joint Labor Day rally on May 1, 1986, TUCP bolted the coalition claiming that it deserved greater voting power in LACC given its 1.1 million membership. The LACC survived this TUCP breakaway but in November 1986, after KMU Chairperson Rolando Olalia and his driver, Leonor Alay-ay were brutally murdered, the coalition folded up. KMU severed ties not just with the LACC but with the Cory government.

Despite the acrimonious relations between some sections of the labor movement and the Cory government, trade unions grew in number during the latter's administration and weakened starting the year 2000.

Tables 33.1 and 33.2 below show data about union development in 1980–2012 or in the decades that saw the end of the Marcos dictatorship, the beginning and end of the Cory Aquino administration – until the administration of Benigno "Noynoy" Aquino (Cory's son), which began in 2010.

Table 33.1 on unions, union membership and union density shows that in the course of two decades the number of unions has increased but the number of union members has decreased. There are thus more unions but with fewer union members. These data show that indeed the union movement is fragmented and organizationally weak.

The data also reveal that repression during the Marcos regime did have some impact on unions as there were big dips in 1983 in terms of unions, union membership and density but the union movement did not collapse. Evidently too, the opening up of the political system made a positive impact on the union movement. Union membership and density grew the most in 1994 with union density at 31.0 percent. The growth was not sustained, however, as union

Table 33.1 Union membership and union density (1980–2012)

Year	*Unions*		*Union members*		*Union density*	
	Number of unions	*Yearly variance*	*Number of union members*	*Yearly variance*	*Percent to total wage and salary workers (%)*	*Yearly variance (%)*
1980	1,747		1,920,623		27.0	
1981	1,890	143	2,220,528	299,905	30.2	3.2
1982	1,813	–77	2,239,369	18,841	30.7	0.5
1983	1,659	–154	2,057,803	–181,566	26.2	–4.5
1984	1,804	145	2,086,511	28,708	23.8	–2.4
1985	1,996	192	2,117,023	30,512	24.1	0.3
1986	2,353	357	2,167,881	50,858	24.6	0.5
1987	2,865	512	2,119,352	–48,529	23.2	–1.4
1988	3,468	603	2,180,437	61,085	22.8	–0.4
1989	4,084	616	2,972,427	791,990	29.4	6.6
1990	4,636	552	3,055,091	82,664	29.7	0.3
1991	5,236	600	3,112,993	57,902	29.7	0.0
1992	5,710	474	3,142,031	29,038	29.5	–0.2
1993	6,340	630	3,196,750	54,719	29.6	0.1
1994	7,274	934	3,511,084	314,334	31.0	1.4
1995	7,882	608	3,586,835	75,751	30.2	–0.8
1996	8,250	368	3,612,353	25,518	28.6	–1.6
1997	8,822	572	3,634,638	52,140	27.0	–1.6
1998	9,374	552	3,686,778	52,140	27.8	0.8
1999	9,850	476	3,731,076	44,298	27.1	–0.7
2000	10,296	446	3,788,304	57,228	27.2	0.1
2001	10,924	628	3,849,976	61,672	26.7	–0.5
2002	15,444	4,520	1,469,328	–2,380,648	10.0	–16.7
2003	16,091	647	1,516,862	47,534	9.9	–0.1
2004	16,723	632	1,572,000	55,138	9.5	–0.4
2005	17,132	409	1,910,166	338,166	11.7	2.2
2006	16,778	–354	1,854,772	–55,394	11.0	–0.7
2007	17,021	243	1,917,707	62,935	11.0	–0.0
2008	17,305	284	1,941,727	24,020	10.9	–0.1
2009	17,665	360	1,985,467	43,740	10.6	–0.3
2010	17,973	308	1,713,590	–271,877	8.7	–1.9
2011	18,242	269	1,778,824	65,234	8.7	0.0
2012	18,428	186	1,833,481	54,657	8.5	–0.2

Sources: OECD, *StatExtracts: Trade Union Density/Membership* and ILO, *Industrial Relations Data.*

density took a sharp decline from 26.7 percent in 2001 to only 10.0 percent in 2002. The latest, 2012 figure, shows that only 8.5 percent of the workforce belong to unions – the lowest in the past two decades.

Table 33.2 shows the coverage of collective bargaining agreements (CBAs). It reveals that not even 20 percent of those unionized are covered with CBAs. This is an indicator of the weakness of unions as strong unions are expected to have the capability to forge CBAs that institutionalize the terms of work that they have negotiated with employers. This dataset also puts into question if and/or how the 80 percent of the unionized negotiate with employers.

Table 33.2 CBA coverage (1980–2012)

Year	*Number of existing CBAs*	*Number of workers covered by CBAs*	*Total unionized*	*Percentage of workers covered by CBA vis-à-vis unionized (%)*
1980	1,720	321,661	1,920,623	17
1981	1,852	332,511	2,220,528	15
1982	1,729	285,394	2,239,369	13
1983	1,779	271,015	2,057,803	13
1984	1,785	242,342	2,086,511	12
1985	2,029	262,090	2,117,023	12
1986	2,347	313,244	2,167,881	14
1987	3,112	354,658	2,119,352	17
1988	3,644	377,430	2,180,437	17
1989	4,098	374,631	2,972,427	13
1990	4,982	497,317	3,055,091	16
1991	4,409	537,747	3,112,993	17
1992	4,537	571,056	3,142,031	18
1993	4,983	608,876	3,196,750	19
1994	4,497	532,185	3,511,084	15
1995	3,264	363,514	3,586,835	10
1996	3,398	410,777	3,612,353	11
1997	2,987	525,007	3,634,638	14
1998	3,106	551,021	3,686,778	15
1999	2,956	529,078	3,731,076	14
2000	2,687	484,278	3,788,304	13
2001	2,518	461,559	3,849,976	12
2002	2,700	528,029	1,469,328	36
2003	2,842	556,374	1,516,862	37
2004	2,798	555,000	1,572,000	35
2005	2,793	556,000	1,910,166	29
2006	1,670	235,887	1,854,772	13
2007	1,542	218,128	1,917,707	11
2008	1,456	227,403	1,941,727	12
2009	1,394	225,167	1,985,467	11
2010	1,413	212,054	1,713,590	12
2011	1,389	227,620	1,778,824	13

Sources: OECD, *StatExtracts: CBA Coverage* and ILO, *Industrial Relations Data*.

Table 33.3, meanwhile, reveals an even more discouraging picture. In the two-decade period, the number of actual strikes and the number of unionists who actually went on strike has declined. The data also reveal that unionists still want to go on strike as indicated by the number of strikes filed but for some reason fail to pursue such intentions. In 2011, for example, 240 notices of strikes/lockouts were filed but only 1 was pursued. In other words, there are practically no more strikes in the country. These data on strike coverage, especially when combined with datasets in Table 33.1 on union membership and density and Table 33.2 on CBA coverage, clearly indicate the extent of the bargaining power of Filipino unions.

Several reasons have been offered to explain the continuing decline of unions. According to Benson and Zhu (2008, p. 260), most unions in the developing world such as those in Asia

Table 33.3 Strike coverage (1980–2011)

Year	*Number of strikes/lockouts filed*	*Number of actual strikes/ lockouts*	*Percentage of actual strikes vis-à-vis strikes filed (%)*	*Workers involved*	*Total unionized*	*Percentage of unionists who went on strike (%)*
1980	362	62	17	20,902	1,920,623	1.09
1981	784	260	33	98,585	2,220,528	4.44
1982	743	158	21	53,824	2,239,369	2.40
1983	705	155	22	33,638	2,057,803	1.63
1984	960	282	29	65,306	2,086,511	3.13
1985	1,175	371	32	111,265	2,117,023	5.26
1986	1,613	581	36	169,479	2,167,881	7.82
1987	1,715	436	25	89,574	2,119,352	4.23
1988	1,428	267	19	75,848	2,180,437	3.48
1989	1,518	197	13	56,541	2,972,427	1.90
1990	1,562	183	12	68,412	3,055,091	2.24
1991	1,345	182	14	55,390	3,112,993	1.78
1992	1,209	136	11	47,797	3,142,031	1.52
1993	1,146	122	11	35,119	3,196,750	1.10
1994	1,089	93	9	48,849	3,511,084	1.39
1995	904	94	10	54,412	3,586,835	1.52
1996	833	89	11	32,322	3,612,353	0.89
1997	932	93	10	51,531	3,634,638	1.42
1998	811	92	11	34,478	3,686,778	0.94
1999	849	58	7	15,517	3,731,076	0.42
2000	734	60	8	21,442	3,788,304	0.57
2001	623	43	7	7,919	3,849,976	0.21
2002	752	36	5	18,240	1,469,328	1.24
2003	606	38	6	10,035	1,516,862	0.66
2004	558	25	4	11,197	1,572,000	0.71
2005	465	26	6	8,496	1,910,166	0.44
2006	353	12	3	1,415	1,854,772	0.08
2007	340	6	2	915	1,917,707	0.05
2008	362	5	1	1,115	1,941,727	0.06
2009	286	4	1	1,510	1,985,467	0.08
2010	276	8	3	3,034	1,713,590	0.18
2011	240	2	1	3,828	1,778,824	0.22

Sources: OECD, StatExtracts: Strike Coverage and ILO, Industrial Relations Data.

who have common political-economic histories, go through four phases of union development. The first phase involves anti-colonialism where unions emerge as pro-independence movements. In the second phase, the unions struggle for "independence and the right to true representation." In the third phase, economic demands of unions start to take center stage as this phase often coincides with industrialization. In the fourth phase, the unions have to confront "increased intensity of globalization" and "labour market flexibility."

Frenkel and Kuruvilla (2002, p. 391), meanwhile, argue that political as well as economic contextual factors shape dominant employment relations patterns and thereby union-management-government relations: economic development strategies, globalization intensity, labor market characteristics and government responsiveness to workers' demands.

The abovementioned explanations find a basis in Philippine realities. One of the major phenomena confronting Filipino labor and trade unions in recent years is contractualization and this is touted to be the reason why unions have continued to decline rather than recover. Ofreneo (2013, pp. 435–437) defines contractualization as the "increasing informalization and casualization of the formal economy" and considers the following as contractualization: (i) hiring workers as temporaries or on probation without intention of regularizing them, (ii) hiring workers as "project employees," (iii) hiring of trainees and (iv) job contracting within company premises. Ofreneo claims that contractualization has caused union decline because unionized jobs are replaced with contractual jobs – as with the Philippine Long Distance Company (PLDT) Union and the Philippine Airlines Employees Association (PALEA) which lost thousands of union members because of contractualization and outsourcing.

Serrano (2014, p. 84), meanwhile, claims that non-regular workers now account for around 30 percent of the labor force and that the top five industries that hire contractuals are real estate, renting and business activities, manufacturing, wholesale and retail trade, construction workers and hotels and restaurants.

According to Philippine law, contractualization is regulated, not banned. Only "labor-only contracting" is prohibited. Article 106 of the Philippine Labor Code states that labor-only contracting exists "where the person supplying workers to an employer does not have substantial capital or investment … and the workers recruited and placed by such person are performing activities which are directly related to the principal business of such employer."

The most recent Philippine Labor Code is the "Herrera Law" which was enacted in 1989 as RA 6715 which amended PD 442 or the Labor Code of 1974. Ernesto Herrera, who was a former Senator and former TUCP Secretary General, has claimed that the law is meant to protect unions against abusive contractualization. Trade unions, however, have lambasted this law as anti-worker. According to the KMU, the law "brought workers immense suffering" because "it legalized contractualization by giving the Labor Secretary the outstanding power to determine what is labor-only contracting and what is not" (KMU 2013a).

Department Order (DO) 18-A of 2011 of the Department of the Labor and Employment (DOLE) is the latest guideline regarding contractualization. It aims to protect the workers by prohibiting the repeated hiring of employees for a five-month duration, known as "5–5–5" (i.e., five-month work to avoid regularization after six months) and "end of contract" or "endo."

The KMU (2013b), with the Alliance Against Contractualization and Towards Significant Wage Increase Now! (ACTWIN) has criticized this DO because it seeks to "define and legalize contractual employment" and has called for the "junking of contractualization." The NAGKAISA, the umbrella organization of practically all non-KMU unions, has also argued DO-18 A has not been able to prevent the "increase of precarious work" but has opted to advocate for a security of tenure bill that will make the violation of contracting laws an "unfair labor practice" (Abao 2012, 2014).

The ECOP (2011), meanwhile, claims that the DO18-A "provides balance" between the rights of employers and the rights of workers but does not approve of the provision that requires them (employers) to consult unions before contracting out.

While contractualization was already a labor concern in the 1970s as this was already mentioned in the Labor Code of 1974, the phenomenon has been more pressing since the 1980s especially with the passage of the Herrera Law.

As of this writing, the Philippine electorate has recently elected a new President – former Davao City Mayor Rodrigo Duterte – who has vowed to end contractualization (Corrales 2016). The new President has also appointed a KMU official as Undersecretary of the Department

of Labor and Employment (Anakpawis 2016). While these new developments serve as a basis for optimism, they are offset by the fact that this same newly-elected President has also announced that he will "kill" union leaders who will get in the way of his agenda to attract investors into the country (Ranada 2016). This is an alarming development given not just the weak state of the Philippine union movement but also its fragile state of freedom. History – both remote and recent – shows that Filipino unions need more, not less, freedom.

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34
THE WOMEN'S MOVEMENT
Policy issues, influence and constraints

Diana J. Mendoza

The women's movement in the Philippines stands out in Asia. Unlike many colonized, developing countries, the Philippines had an "early" and relatively strong women's movement, the suffrage movement of the early 1900s.[1] From the late 1960s until the 1980s, women's struggle was inextricably linked to the struggle against class and foreign domination which was predominantly male-led (Eviota 1992). Women's groups joined the underground resistance movement against the Marcos dictatorship and U.S. imperialism (De Dios 1996). They also began to raise women's liberation as a separate issue from national liberation, an action which was met with ridicule and dismissal by men in and outside the broad national democratic movement (Eviota 1992).

The women's movement steadily became more active in the post-Marcos era by challenging the government to address gender-based discrimination and inequality and by engaging in transnational feminist networking. Several women's movement leaders were appointed into various key policymaking positions in the government. Some of them also chaired panels at United Nations meetings and conferences of international non-governmental organizations.

In the policy arena, a number of women's groups' demands were addressed by law or through the institutionalization of women's issues. All the movement's gains in various policy areas are recognized as important to advances in women's rights. Nonetheless, despite significant advances in women's rights, the ability of the women's movement to influence public policy and policymakers has been limited.

Policy initiatives which are relatively less contentious in other parts of the globe proved to be very controversial and divisive in the Philippine context. Laws such as the Anti-Rape Law, Anti-Violence against Women and their Children (Anti-VAWC) Act, Magna Carta of Women and Reproductive Health (RH) Law languished in the Philippine Congress long before their enactment due to opposition from conservative social and political forces. Moreover, these laws were passed only after women's movement organizations (WMOs) yielded to substantial changes in the policy frame and discourse to meet strong objections and when the country's president actively mobilized public support for these laws.

To date, the women's movement in the Philippines continues to struggle against strong opposition and counter-movement mobilization in other vital policy issues such as divorce, abortion and same-sex marriage. The Catholic Church has become the strongest force and voice against the women's movement's initiatives in these policy issue areas. After Malta legalized

its divorce law in 2011, only the Philippines and the Vatican city-state remain in banning divorce. Moreover, other restrictive law and policies remain in place in the country including the ban on abortion without any clear exceptions and the delisting of emergency contraception.

This chapter examines the factors and forces that shaped the relatively limited ability of the women's movement to influence the policy process and outcomes in the Philippines. The prominence of organized religion, i.e., the Roman Catholic Church, both in politics and public life as well as the fragmentation of the Philippine political left and the resulting political and ideological conflicts and competition among WMOs are discussed to help explain why the women's movement can have more influence in one policy issue area and less in another.

The women's movement and the political left in the Philippines

Like its international counterparts, the women's movement in the Philippines is not a homogeneous movement marked by a centralized organization, a common leadership or a single feminist agenda. WMOs do not share the same position on all policy issues concerning women or even on the strategies needed for action or change. They forge unities on some policy issues through tactical alliances and decentralized operations while remaining divided in others (Santos-Maranan et al. 2007).

Most often in the past, broad alliances of WMOs have been formed but have been short-lived and project- or issue-based (Raquiza 1997). Even within the same organization or political formation, WMO leaders did not agree over all the major issues as well as political tactics and strategies (Roces 2012). Moreover, conflicts of opinion on whether to collaborate with the state as well as personality differences and personal differences did not only cause disagreements but also divisions among the members (Santos-Maranan et al. 2007; Roces 2012). Nonetheless, whenever necessary, especially when confronted by a common opposition, WMOs can rise above divisions between them, set aside differences and join forces together to pursue a common goal.

According to Eviota (1992), WMOs in the Philippines remain heterogeneous and pluralist, reflective of the ideological, economic and political divisions in the country. Some women's groups tackle women's issues within traditional frameworks, while others aim at transforming the gender hierarchy and the social structures that breed and sustain it. Although they are largely led by middle-class activists, many of these groups have multi-class affiliations and have their memberships largely drawn from both women productive and reproductive workers in the cities and the countryside.

The separate organizational histories and ideological differences of WMOs have shaped their divisions into various political formations – national democrats, social democrats, independent socialists, liberals, conservatives, etc. (Angeles 2003). This feature of the Philippine women's movement makes it significantly different from its international counterparts.

Before its emergent identity as a feminist movement in the 1980s, the women's movement was inextricably linked with the radicalism of the forces of the Philippine political left. Intengan (2005) describes the Philippine left as composed of various groups with fundamental differences among them but share a similar advocacy and vision for a classless and more egalitarian society.

Two major political orientations make up the Philippine left – the national democratic with its followers referred to as Nat-Dems or NDs and the social democratic with its adherents labeled as Soc-Dems. Most Nat-Dems subscribed to the programs of the National Democratic Front (NDF) founded in 1973 and its allied organizations, namely, the Communist Party of the Philippines (CPP) and its armed-wing, the New People's Army (NPA). In contrast, Soc-Dems

rejected communism in favor of a kind of democratic socialism popular in Western Europe (Youngblood 1990).

The Nat-Dems followed the communist Marxist-Leninist tradition. The Soc-Dems subscribed to the democratic left side of the political spectrum, with the *Partido Demokratiko-Sosyalista ng Pilipinas* (PDSP) or the Philippine Democratic Socialist Party (PDSP). According to Siliman and Noble (1998), the social democratic orientation grew out of the search of many activists for an alternative to Marxism-Leninism.

Youngblood (1990) identifies the major differences between the Nat-Dems and Soc-Dems. The Soc-Dems were adamantly anti-communist and advocated the use of elections to achieve their goals once the Marcos regime was toppled. They were also less critical of the institutional churches than the Nat-Dems.

Most of the leaders of WMOs in the Philippines came from the ranks of the Nat-Dems and Soc-Dems. The *Malayang Kilusan ng Bagong Kababaihan* (MAKIBAKA) or the Movement for Freedom by Progressive Women, the first feminist group founded in 1969, had many of its members from the communist-led national democratic movement that broke away from the *Partido Komunista ng Pilipinas* (PKP) or the CPP (Raquiza 1997).

According to De Dios (1996), MAKIBAKA was the first women's organization that openly subscribed to an ideological framework, that of the national democratic (ND) movement. Unfortunately, the declaration of martial law by then President Ferdinand Marcos in 1972 forced the women's organization to go underground and merge with the CPP founded by Joma Sison in 1968, and consequently, subsumed the women's cause under the larger goals of the ND movement (Abao and Yang 2001).

The association of the women's movement with the broad political left in the Philippines was fraught with tensions and conflict. In the 1960s and the 1970s, the ND movement denigrated women's calls to include the women's cause in the broader context of class struggle by questioning whether this would lead to the prioritization of women's issues over class-based ones (Sobritchea 2004). The tensions between the women's groups and the broad ND movement had consequently caused some far reaching implications for the women's movement.

Various political formations within the movement ensued. Some women's groups chose to remain with the ND movement (by choice and by force) and hence, subordinating the women's agenda to the broader nationalist agenda. Others worked towards their autonomy from the ND movement.

MAKIBAKA was the first to challenge the assumptions of Marxist discourse on women's issues within the ND movement by questioning whether women's liberation was secondary to national liberation (Quindoza-Santiago 1995). Yang and Masilungan (2011) noted that MAKIBAKA succumbed to the pressures of the male-dominated leadership of the ND movement, embraced the ND movement's struggle for class issues and national liberation, and remained active to this date as the women's armed component of the CPP-NDF-NPA.

In the early 1980s, three women's formations espousing strong feminist discourses emerged. These are the *Kilusan ng Kababaihang Pilipina* (PILIPINA) or the Movement of Filipino Women in 1981, the *Katipunan ng Kababaihan para sa Malayan* (KALAYAAN) or the Women's Collective for Freedom in 1983, and the General Assembly Binding Women for Reforms, Integrity, Equality, Leadership and Action (GABRIELA) in 1984.

PILIPINA was initiated with the main purpose of mainstreaming gender issues in the social development sphere (Abao and Yang 2001) while KALAYAAN aimed at advancing feminist discourse within the national liberation movement (Raquiza 1997). PILIPINA was and continues to be identified with the social democratic movement while KALAYAAN is said to have connections with the communist-leaning ND movement (Abao and Yang 2001).

In its initial years, GABRIELA was formed as a broad-based, national women's coalition against the Marcos dictatorship. It was initially the General Assembly of Women Binding Together and had a membership of 41 organizations representing the middle class and basic sectors (Santos-Maranan and Estrada-Claudio 2005). While PILIPINA, KALAYAAN and ND organizations sit in GABRIELA's National Council, it is the national democrats who occupied key organizational positions and composed the majority of its grassroots members (Raquiza 1997).

GABRIELA faced the challenge of articulating feminist issues within the dominant class-oriented discourse and perspective (Santos-Maranan and Estrada-Claudio 2005). Some groups in GABRIELA "have assented to working with men within a broader framework and have been criticized as subservient to the broader forces advocating for national liberation" while KALAYAAN and PILIPINA insisted on autonomy for the women's movement (Quindoza-Santiago 1995).

GABRIELA was an attempt of the women's sector to form a broad coalition of women's groups from different sectors and ideological traditions. Soon after its founding, however, GABRIELA moved to become an organization in itself, competing with its founding organizations (Honculada 1999).

The divisions within the women's movement persisted over time and even became more intense when the CPP split in the 1990s into several groups but under two major categories, namely, the "reaffirmist" and the "rejectionist" on the basis of the dogmas and brand of communism acceptable to the groups. The reaffirmists remained loyal to the communist agenda under Jose Maria Sison as inspired by the teachings of Mao Zedong. The rejectionists sought reforms and a gentler brand of communism or socialism. GABRIELLA remained with the reaffirmists.

The fragmentation within the ND movement and the resulting divisions within the women's movement had, to some significant extent, shaped the activism and impact of the women's movement in politics and public policy since then. Three dominant patterns can be identified.

One, some WMOs functioned like non-governmental organizations (NGOs) serving or rendering various services to community-based groups or people's organizations (POs) as their beneficiaries. Dubbed as the "NGO-ization of the women's liberation movement," it has legitimated feminist issues as secondary to or outside the broad national issues of the broad national movement (Santos and Estrada-Claudio 2005), and threatened to undermine the women's movement's vision and political edge, which in the end could hamper the articulation and development of a sustained feminist political project (Santos-Maranan et al. 2007).

Second, some WMOs achieved autonomy while remaining tied to their political blocs (Santos and Estrada-Claudio 2005). The Democratic Socialist Women of the Philippines (DSWP) is one example. Founded in March 1987, the DSWP is a national federation of women's organizations which addresses gender issues with class and national issues (Abao and Yang 2011) and a partner organization of the PDSP.

The relationship between DSWP and PDSP is characterized as parallel organizations, separate but related. The DSWP enjoys the autonomy of being able to do what it wants without the party meddling in its affairs, and yet, still able to participate in the decision-making for the party's affairs being part of PDSP's steering committee (Angsioco 2000).

Third, women's groups independently initiated from social blocs or movements were also formed. According to Santos and Estrada-Claudio (2005) these formations were prompted by the following: (1) the need to translate feminist theory into concrete programmatic actions; (2) the necessity of an issue-based approach to address feminist issues such as sexual violence/rape, reproductive rights, sexuality and legislative reforms for women, which were relegated to

the back burner of the broad national movement; and (3) the growing interest of donors to address gender issues.

The splintering of the Philippine left and the resulting divisions among WMOs impacted on the women's movement's solidarity on various policy issues including the issue of violence against women. The Philippine Congress passed the Anti-Violence against Women and their Children (Anti-VAWC) Act in 2004 after more than a decade of extensive political advocacy and organizing by the women's coalition named *Sama-samang Inisyatiba ng Kababaihan para sa Pagbabago ng Batas at Lipunan* (SIBOL) or the Collective Initiative of Women for Transformation of Laws and Society. An examination of the passage of the law revealed that intra-coalition disputes between member organizations of the coalition over questions of policy and strategy were the primary causes of the long delayed passage of the law. These disputes were aggravated by ideological differences and competing organizational and political imperatives or commitments of the coalition members as well as personal differences and/or tensions between the movement leaders themselves (Mendoza 2013).

SIBOL was formed in 1992 as a broad coalition of 13 women's organizations to address the issue of violence against women. Its membership increased to 16 in 1994. Five years later, 7 member organizations left the coalition reducing the membership to 9. PILIPINA, KALAYAAN and GABRIELA and their partner organizations composed the 7 organizations. DSWP became the secretariat for the coalition after the "falling out."

Various organizational difficulties such as resource base and shifts in involvements were the main reasons for PILIPINA's withdrawal from the coalition (Muñez 2005). The other groups were either fledgling organizations and were in a difficult position to focus on coalition work or very selective in terms of the nature of their involvement and bound by their political ideologies or political lines (Mendoza 2013).

Not only in the policy arena are the divisions among WMOs very visible and intense. Conflicts between women's groups also affected collaborative efforts for implementing programs for women.

In 1991, a funding mechanism for women was initiated by the Canadian International Development Agenda (CIDA). The project, called the Development Initiatives for Women and Transformative Action Foundation (DIWATA), was aimed at scaling up capability programs for women.

The Women's Action Network for Development (WAND) and the Group of Ten (G-10) collaborated to jointly manage the DIWATA project which had a funding of CDN$3.5 million from CIDA. But the disagreements between these two groups prompted CIDA to provide funds to each to use for their network or partner organizations' human resource and development needs and for designing funding, management and administrative structures appropriate for CIDA's Women in Development (WID) NGO Umbrella Project. The project did not reach a second phase because funding was discontinued. Had consensus been achieved between WAND and the G-10 and the management structure been sustainable, continued funding for the WID NGO Project would have been guaranteed (Angeles 2003).

According to Guerrero and Miralao (1995, cited in Angeles 2003), the two women's formations differed in their views and expectations on the appropriate role of the DIWATA project. G-10 saw DIWATA solely as a funding mechanism while WAND wanted to give the DIWATA board greater decision-making authority and more responsibilities. Tensions between the two formations were intensified by differences in development orientations, philosophies, organizational and operational strategies, as well as communication difficulties.

These tensions and conflicts between WAND and the G-10 can be linked to the groups' different political and organizational histories or foundations. WAND was led by PILIPINA,

identified with the social democratic movement, and joined by other non-aligned social development NGOs. G-10 had founding members affiliated with the national democratic movement, for example, GABRIELA and KALAYAAN (Raquiza 1997).

The women's movement and the Roman Catholic Church

Like the Philippine political left, the Roman Catholic Church has also shaped the development and policy impact of the women's movement in the Philippines. Under the martial law regime of Ferdinand Marcos, the open mass movement was effectively stifled with an alarming number of activists including women either murdered or imprisoned. Under a repressive political order, the state actually pushed social movement organizations including women to ally with the political left and join the underground resistance movement against Marcos.

In the context of suppressed civil society organizations under Marcos, the Church became more politically and socially important, positioning itself at center stage (Barry 2006). As the only remaining institution of political significance during the Marcos dictatorship, the Church provided the only legitimate umbrella under which feminists, women's rights activists and other political activists of varied political formations organized (Mananzan 2002).

This has set the precondition for the Church to assume a leadership role beyond the religious realm, and to affirm Church doctrinal orthodoxy. The Second Vatican Council and the development of a socially-oriented theology also provided an impetus for the Church to take on such leadership role (Mananzan 2002).

The influence of the Catholic Church remained after the dismantling of the Marcos dictatorship. The Church became a powerful competitive political actor and power broker in the new democratic political environment. Acting like a specialized interest group in defense of its orthodox teachings, the Philippine bishops have intervened in the political and policy arenas by mobilizing constituents and delivering votes in order to block policies that conflict with its moral teachings. In so many instances, they have acted in ways to ensure that little electoral benefit will be gained by any politician who violates the Church's principles (Mendoza 2013).

The Reproductive Health (RH) law has been subjected to the most intense and organized opposition from the Church. The Church's vehement opposition functioned like an indirect, yet powerful veto as it took the Philippine Congress 14 years to finally pass the law. And when the law was finally passed in 2012, conservative allies of the Church immediately contested the constitutional and legal basis of the law before the court. It took the Philippine Supreme Court more than a year before it upheld the law but only after removing contentious provisions.

Prior to the passage of the RH law in December 2012, the Philippines had fragmented and shifting policies on population and family planning primarily due to the Church's interference. It is important to note that the Church's degree of influence on the country's population and family planning policies was at its highest during the presidencies of two women, namely, Corazon Aquino and Gloria Macapagal-Arroyo. It only shows that having a woman as president does not guarantee the inclusion of the women's agenda in the government agenda. Both Aquino and Arroyo undercut their predecessors' population and family planning policies because they were beholden to the Church. Both were catapulted into the presidency with the help of the Catholic Church.

Under the influence of the Church, Aquino, for instance, abandoned the fertility reduction objective of the Marcos government's population and family planning program and appointed a staunch Catholic as Secretary of the Department of Health which she delegated with the institutional and operational responsibility of the family planning program. She proscribed modern contraceptive services and supplies, and promoted natural family planning consistent with the

Church's teachings about contraception and the sanctity of life, family and marriage. Arroyo carried out a more conservative policy on reproductive health as a concession to the Catholic Church. She dismantled the national programs for the delivery of family health services and appointed two commissioners of the Population Commission from two conservative Catholic groups, namely, the Couples for Christ and the Opus Dei (Mendoza 2013).

So when a women's coalition, the Reproductive Health and Advocacy Network (RHAN), lobbied extensively for a RH law, member organizations and their leaders had to endure criticisms and attacks from the Church and its conservative allies. The Church used pastoral letters and homilies in masses to demonize leaders and members of RHAN, calling them devils and satans who are promoting abortion and contraception which the Church believes to be abortifacient. According to Aguiling-Pangalangan (2010), the Church's hierarchy "has adopted a fundamentalist and non-negotiable stance … and a hard-line 'shock-and-awe' by denying Catholics who support the RH law communion, baptism, confirmation, wedding, and burial rites."

The Catholic Church's resistance to the RH law reflects the institution's longstanding opposition to government's population policies that emphasized population and fertility reduction as policy goals and family planning that endorses the use of artificial contraception as a strategy to achieve those goals. The Church maintains its categorical and unequivocal opposition to any attempt that violates Church's teaching on the sanctity of life, marriage and family (CBCP 2009). Moreover, it believes that "[i]n discussion of matters regarding population control, it is the Pope and the Bishops alone that give the official, authoritative Catholic moral teaching regarding the principles involved" (CBCP 1990). These positions of the Catholic Church have become the sites of conflict between the Church and the government and between the Church and the women's movement in the Philippines.

Conclusion

The challenges that the women's movement faces in the Philippines are enormous. Emerging from different ideological moorings and organizational histories and bound by their political ties and commitments, it is really difficult for women's groups to form or initiate a single all-women's movement or even a sustainable coalition of forces. WMOs are obliged to support their own partner organizations and pursue their own organizational interests and agenda, sometimes at the expense of the women's agenda. The close alliance of some WMOs to the dominant political left in the country proves to be detrimental to the entire women's movement as the women's cause becomes hijacked by male-led communist-leaning organizations and subordinated to the broader issues of class and national struggle. Moreover, such close alliance makes these WMOs more critical of state collaboration or engagement, and hence, lose opportunities for making an impact on policy.

The immense influence of the Roman Catholic Church is another force that provides constant challenge to the ability of the women's movement to influence policymaking particularly on issues that are politically contentious and morally compelling. The Church has a wide-ranging organizational structure as well as immense material resources that allow it to exercise a great deal of influence over a substantial percentage of the country's population. Given its widespread organizational base, from the elite down to the grassroots, no political party or social movement in the country can form a large and active policy constituency as the Church. Moreover, no political party or group enjoys a degree of moral credibility as much as that of the Church. The Church remains the most accepted and trusted social institution in spite of controversies and scandals involving members of its hierarchy.

Another factor that significantly affects the ability of the women's movement to influence policy, but was not discussed in this chapter, is the lack of substantive representation of women in the Philippine Congress, in particular, and in politics in general. Despite considerable increase in the number of female legislators over time, it was from a tiny base and still below the United Nation's target of 30 percent.

Similar to other Asian countries, women's entry into politics in the Philippines is usually predicated on their being members of prominent political dynasties or political families. Based on familial succession and kinship politics, women's dynastic background – as wives, daughters or sisters of murdered or disgraced male leaders, guaranteed their entry into politics (Thompson 2007).

Despite all these challenges, the women's movement remains to be a relevant and significant force in the Philippine society. While it may never be a homogenous movement, WMOs can rise above their political, ideological and organizational differences when faced with a common enemy or opposition that threatens to undermine the women's cause.

Note

1 After the success of the suffrage movement in the 1930s, not much was written about the women's movement until the 1960s. Scholarly works in the 1940s and 1950s were dominated by brief biographies and case studies of some women rather than of collectivities of women. As in most historical accounts about the Philippines, for example, during the period of the revolution and the nineteenth century, women have been largely missing. Either women did not write about their roles in history or data about them have usually been taken from documents written by men.

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35
BANGSAMORO SECESSIONISM

Rizal G. Buendia

Muslim armed resistance against the Philippine state has deep historical roots. The conflict has been fought over two competing rights: the right to self-determination and the right of the sovereign state. In spite of several attempts to address the conflict politically, dialogue has not proved very fruitful for more than five decades.

The Muslim secessionists, who prefer to be called *Moros*,[1] believe that they have never been part of the Philippines and their current struggle is a continuation of their ancestors' war for independence, first launched against Spanish and American rule, and presently under the post-colonial "Filipino-run Philippine state." On the other side, the state contends that "independence" could be substantially resolved through the country's constitutional provisions on political autonomy and self-governance.

This chapter examines two competing perspectives in nation-state building espoused by the Muslim minorities and Philippine state. It traces the historical antecedents and consequences of *Moro*-state conflict, the vicissitudes in the conceptual creation of the *Bangsa Moro* (*Moro* Nation) and *Bangsamoro*[2] identity and consciousness, and the contentious process in resolving the age-old conflict and re-establishing a *Moro* homeland. It concludes that the armed conflict between the *Moros* and the state is a contestation for a more responsive, relevant, and democratic space where expansive and interactive governance can function and thrive for the Muslims and non-Muslims alike reflective of their respective political, social, and cultural domains.

Ethnogenesis of *Moro* and the colonial state

The claim of Muslims over Mindanao and Sulu as their homeland predates the Spanish colonization of the Philippines that began in 1565. About 200 years prior to colonial rule, three sultanates had been established: Jolo (seat of the first Muslim sultanate), Sulu, and Maguindanao. According to a 1573 Spanish record, three Muslim settlements in their nascent stage were found in Luzon (Corpuz 1989, p. 48). This signifies the rising influence of Islam in the country that could transform the entire archipelago into a Muslim nation. Clearly, Spanish colonialism in the sixteenth century aborted the spread of Islamic proselytization activities and reversed the trajectory of Islamic diffusion in the country.

As the Spanish monarchy ruled over most of the lands of the *indios* (Spanish word used for ethnic Malays to mean "native"), it failed to claim sovereignty over the territories of the *Moros*.

Historical evidence had shown that there was neither a unilateral nor single response to Spanish colonialism among Muslim communities (Ileto 1971; Laarhoven 1989; Arcilla 1990), thus no sense of *Moro* oneness ever occurred as a result of Muslim resistance against colonial rule.

On the contrary, a sense of "*Moro*-ness" among the Muslim populace had been developed into a transcendent and self-conscious Philippine Muslim ethnic identify in less than 50 years of American colonial rule rather than the more than three centuries of Spanish monarchial administration.

Najeeb Saleeby (cited in McKenna 1998), one of the most influential thinkers of the early American colonial administration, laid down the colonial genesis of *Moro*hood in his 1913 essay, *The Moro Problem*. Foremost was his campaign for a *datu*[3]-led development and unification of the Philippine Muslims through the formation of a new transcendent Muslim identity. Second was the intensification and deepening of the people's understanding as well as appreciation of Islam as their religion. And third, the precipitation of social osmosis to enable the *Moros* to acquire the level of economic and political development the Americans have bequeathed to Christian Filipinos.

In spite of America's fierce pacification operations in the Muslim south, benevolence was also pronounced (Tan 1977, pp. 21–22; Gowing 1979, pp. 77–106). As Abinales (1998) assays, a number of Muslims have made their relationship with Americans intimate and highly personal while more politically astute *datus* have established a long relationship with the new colonizers in the hope of soliciting political benefits.

In McKenna's review of US policies towards the end of American rule, he says:

> American colonial policies had the effect of ethnicizing Muslim identity in the Philippines. By "ethnicizing" Islam I mean to say that American colonial rulers encouraged the development of a self-conscious Philippine Muslim identity among a generation of educated Muslim elite who were otherwise divided by significant linguistic, geographic, and, to some extent, cultural barriers … [a]s the term "Moro" remained a pejorative among Philippine Christians, the most common alternative denomination became "Muslim Filipino," connoting a Muslim citizen of the new (or soon-to-be) Philippine nation.
>
> *(McKenna 1998, p. 132)*

Cognizant of the imminent granting of Philippine independence by the United States in 1946, Muslim politicians tried to project the image of a unified and revitalized populace in order to gain some power bases in a nation-state that would be controlled by Christian Filipinos. The amplification of a self-conscious transcendent identity as Philippine Muslims resulted not from their opposition to American colonial rule but adherence to the objectives of western-defined development and ideals of secularism.

The construction and reconstruction of the *Bangsa Moro* and *Bangsamoro* identity

The pursuit of Muslim to self-governance commenced in 1921 when Muslim leaders of Sulu petitioned the US President that they be governed separately from the Commonwealth and the forthcoming independent Republic. This was followed by another petition in 1924 from Muslim leaders of Zamboanga addressed to the US Congress expressing their desire that Mindanao and Sulu be a territory of the US Federal Government or be declared as a separate Muslim Nation in the event of the Philippines being granted its independence (Gowing 1979, pp. 168–169; Tan 1993, p. 11). Both petitions however were denied.

The rejection of their pleas led Muslim leaders to reconfigure their *Moro* identity in line with impending formation of the Philippine nation-state. Muslim politicians tried to project the image of a unified populace and declared themselves as "Filipinos" and considered *Moro* – pejoratively associated with piracy, savagery, slavery, treachery, and other negative connotations – as a name that is unacceptable. In the 1934 Constitutional Convention that framed the 1935 Philippine Constitution, several elected Muslim delegates, led by Alauya Alonto, called upon their fellow delegates not only to cease from calling Muslims *Moros* but also to accept Muslims as part of the Filipino nation (Alonto 1935, cited in Abinales 1998, p. 49).

Although Islamic education from the early 1950s until the late 1960s was geared towards the deepening of Muslim consciousness, it underscored the value of "good citizenship" and emphasized the importance of political participation of Muslims in the affairs of the Philippine Republic (Muslim Association of the Philippines [MAP] 1956, p. 31). The period was marked by ethnic self-recognition of the masses as Filipino-Muslims (foremost as a Filipino and second as a Muslim).

The emergence of new intellectuals and counter-elite among the Muslims and the political events that transpired in the late 1960s until the early 1970s triggered the reinvention of Muslim identity. The massacre of about 28 Muslim military trainees (called "Jabidah commandos") in Corregidor Island in March 1968 rekindled the quest of Muslims for independence after almost 50 years when it was first clamored for in the 1920s.

The Jabidah massacre[4] was perceived as the state's assault against Muslims. Muslim political elite and traditional leaders have experienced the contradictions in their hyphenated identity (Filipino-Muslim) and felt the frustrations in their bid to be integrated into the body politic. They saw an alternative: to separate themselves from those against whom they were judged unfavorably. They declared themselves "Moro" to denote as descendants of unsubjugated and uncolonized peoples and claimed their homeland as the *Bangsa Moro* (*Moro* Nation).

The carnage gave birth to the Muslim (later renamed Mindanao) Independence Movement (MIM) led by Datu Udtog Matalam, a *Maguindanaoan* and then Governor of Cotabato province (the biggest in the country at that time). Matalam called initially for secession but relinquished it soon after then President Marcos co-opted him and later appointed him as Presidential Adviser on Muslim Affairs.

Raschid Lucman, then member of the House of Representatives, took up the cudgels from what Matalam had left and pursued Muslim independence. He formed the *Bangsa Moro* Liberation Organization (BMLO) in 1971 but later dropped the name *Moro*, which remains unacceptable to many of the Muslims. Instead, it adopted the name *Bangsa Muslimin* Islamic Liberation Organization (BMILO) in 1984 (Jubair 1999, p. 152). Generally composed of the *Maranao* ethnic group, the BMILO was conceived to be the umbrella organization of all Muslim liberation forces (Canoy 1980, p. 27).

Nevertheless, the BMILO failed to sustain itself as an alternative to MIM when some of its key leaders negotiated with then President Marcos for Muslim Mindanao's political autonomy. The frustration caused by the leadership, by and large composed of Muslim politicians and traditional elite of Muslim society, led Nur Misuari and Salamat Hashim together with a number of young intellectuals of the BMILO to bolt out of the organization and eventually established the *Moro* National Liberation Front (MNLF) in mid-1971.[5] Chaired by Misuari, the MNLF conceived a rebellion with two fundamental objectives: set up a single independent homeland covering the 13 ethno-linguistic Muslim groupings[6] in the Philippines; and wage war against Muslim traditional politicians and aristocratic leaders who cooperated with the state (Mercado 1984, p. 160).

Misuari's vision of a secessionist war was emphatically secular rather than Islamic. It was neither ethnic nor religious. Its goal was to reclaim the *Bangsa Moro* – Muslims' homeland.

He transformed the epithet "Moro" into a positive identity of the Muslims and symbol of unity and pride in the course of national resistance against the Philippine state.

The ethnicizing of Muslim identity was a consequence of the awakening of Muslim self-consciousness. The *Moro* struggle was an expression of a "reactive nationalism," articulated by the new and non-traditional counter-elite, that resonated with Muslim society. It demonized the threats of the state and mobilized the masses to take collective action against such threats. It appealed to the educated Muslim middle class and mobilized the Muslim masses into politics.

Although the MNLF serves as the concentrated organizational expression of Muslim armed resistance against the state's domineering power, the precise definition of "Moro" identity and vision of a nation-state have been the subject of an impassioned debate among MNLF leaders. The inability to resolve the issue, among other reasons, led Salamat Hashim (MNLF's co-founder) to form the "New MNLF" in 1977 which advocated for autonomy rather than independence. Salamat later renamed it *Moro* Islamic Liberation Front (MILF) in 1984 and made Islam its official ideology contrary to Misuari's secular and nationalist orientation. Salamat challenged Misuari as the rightful leader of the *Bangsamoro*. He headed the MILF from its inception until his death on July 13, 2003.

Factionalism is rife within the *Moro* secessionist movement. It has suffered no less than seven major splits from the time Matalam founded the MIM in 1968 (Buendia 2005, pp. 116–118); a major breakup occurs every six or seven years on average. The latest was in 2008 with the formation of the *Bangsamoro* Islamic Freedom Fighters (BIFF),[7] bolting out of the MILF after having dissatisfaction with the way the latter, headed by Al Haj Murad, opted to pursue a peaceful political settlement of conflict.

Historically, ruptures in the Muslim secessionist movement happen whenever the state accommodates some of the political demands or acquiesces partly to certain grievances advanced by a particular *Moro* revolutionary organization to the exclusion of other rebel groups. The shifting loyalties and interests of leaders as well as their respective organizational strategies and tactics is more of a response to the vagaries of political priorities. Conceivably, *Bangsamoro* identities have been formed not only through the processes of self-definition but primarily according to the exigencies of power – the demands for political autonomy and independence as a consequence of the state's domineering role.

The contentious process in establishing a *Moro* homeland

In spite of the inability of Muslims to transcend their ethnic identities in peace and war, the quest towards building a *Moro* nation-state continues. The MILF remains the formidable armed force of the *Moro* movement after the MNLF opted for "political autonomy" within the confines of the Autonomous Region of Muslim Mindanao (ARMM)[8] as a result of the conclusion of the 1996 Final Peace Agreement [FPA] with the MNLF (GRP-MNLF FPA).[9]

The conclusion of the 1996 FPA did not terminate the secessionist movement. Instead it strategically co-opted Misuari to the government and bestowed upon him the post as third Governor of ARMM in an unchallenged election and Chair of the Southern Philippine Council for Peace and Development (SPCPD),[10] a transitory administrative arm under the Office of the President tasked to spur development in Mindanao and Sulu archipelago, known as the Special Zone of Peace and Development (SZOPAD).

Misuari's three-year term (1996–1999), extended until February 2001, failed to yield the promised development and meaningful self-rule for Muslims and Christians alike in Mindanao, Sulu, and Palawan. Subsequently, Misuari was not only ignominiously ousted as ARMM Governor and SPCPD Chairman but also as MNLF Chairman. He was replaced by MNLF's Foreign

Affairs Committee Chair, Parouk Hussin, who eventually became the new regional governor in November 2001.

In the attempt to draw the MILF into the negotiation table similar to what he did with the MNLF, then President Fidel Ramos caused the signing of the GRP-MILF Agreement for the General Cessation of Hostilities (AGCH) in 1997 but failed to yield any substantial results. The peace process was further stalled during the administration of President Estrada (1998–2001) who declared an "All Out War" policy against the MILF in 2000.

However, Estrada's policy was reversed by his successor, President Arroyo, to an "All Out Peace" with the signing of two major peace agreements with the MILF in 2001, namely: the GRP-MILF Agreement on the General Framework for the Resumption of Peace Talks in March; and the GRP-MILF Tripoli Agreement on Peace in June. The former signified the government's commitment to the peaceful resolution of conflict, the latter demonstrated the attempt to address the issues of security, relief and rehabilitation (later referred to as humanitarian aid and development), and ancestral domain. Among the three concerns of the GRP-MILF Tripoli Agreement on Peace, the ancestral domain was the most contentious and provocative.

The Memorandum of Agreement on Ancestral Domain (MOA-AD) has been the bone of contention. The controversy arises from the provision of the Agreement which aims to establish the *Bangsamoro* Juridical Entity (BJE), replacing the ARMM, and covers as many as 737 Muslim majority villages (*barangays*) outside the ARMM and the possible future inclusion of 1,459 other villages in conflict-affected areas.

Moreover, the BJE proposes to have an "associative relationship" with the Philippine government. Except for national defense, foreign affairs, monetary and postal systems, the BJE is empowered to create its own government, election and judicial systems, police force, banking system, and system of education. In a nutshell, the BJE encapsulates the wide-ranging self-governing political entity that MILF envisions compared to the MNLF's concept of political autonomy under the unitary setup.

The MNLF vehemently resisted the MOA-AD as it was thought to nullify the 1996 GRP-MNLF FPA forged with the Ramos administration. Rather than reinforcing the MILF's claim to re-establish a *Bangsamoro* homeland, it calls for Tripartite Talks, between themselves, the government, and the Organization of Islamic Countries (OIC) to revisit the 1996 Agreement.

The uproar generated by various interest groups against the draft agreement led the Philippine Supreme Court (PSC) to issue an injunction and aborted the scheduled signing ceremony between the government and MILF negotiating panels in Kuala Lumpur. In October 2008, the PSC declared the MOA-AD as unconstitutional. In a split 8–7 decision, it argued that the "associative relationship" implies the eventual independence of the BJE from the state.[11]

The latest attempt of the MILF to advance its right to self-determination was through the possible adoption of the *Bangsamoro* Basic Law (BBL). The recommended law is founded on the Framework Agreement on the *Bangsamoro* (FAB)[12] and the Comprehensive Agreement on the *Bangsamoro* (CAB)[13] signed between the Philippine government and the MILF representatives on October 15, 2012 and March 27, 2014 respectively.

The negotiating panels' experience from the 2008 debacle led them to abandon the use of "associative relationship." Instead, it used "asymmetric (political) relationship" that links the national and *Bangsamoro* government together. Pertinent to this, part of the proposed BBL's Preamble says:

> With the blessings of the Almighty, do hereby ordain and promulgate this Bangsamoro Basic Law, through the Congress of the Republic of the Philippines, as the basic law

> of the Bangsamoro that establishes the *asymmetrical political relationship* with the Central Government founded on the principles of subsidiarity and parity of esteem.
>
> *(Preamble, Bangsamoro Basic Law) (italics provided)*

The relationship is further defined in Secs. 1 and 3 of Article VI on Intergovernmental Relations:

> Section 1. Asymmetric Relationship – The relationship between the Central Government and the Bangsamoro Government shall be asymmetric. This is reflective of the recognition of their Bangsamoro identity, and their aspiration for self-governance. *This makes it distinct from other regions and other local governments.*
>
> *(Italics provided)*

> Section 3. General Supervision. Consistent with the *principle of autonomy and the asymmetric relation* of the Central Government and the Bangsamoro Government, the President shall exercise general supervision over the Bangsamoro Government to ensure that laws are faithfully executed.
>
> *(Italics provided)*

Currently, the deliberation on the proposed BBL has been suspended in the Philippine Legislature as a result of the 2016 national and local elections. But even if the BBL has been approved by the legislative body, its constitutional stipulations, especially on the "asymmetrical political relationship," will have to be decided by the Philippine Supreme Court as it ruled with finality on the issue of "associative relationship" on the MOA-AD in 2008.

Notwithstanding the legal and constitutional requisites that must be satisfied by the proposed BBL, the MNLF's and the BIFF's opposition against the pending law has to be dealt with. Now divided into three factions, two of the MNLF's groups censured the BBL as a violation of the 1996 FPA. One is led by former MNLF's Chair Nur Misuari and another by Habib Jujahab Hashim's MNLF National Islamic Command Council (NICC)[14] who decried the BBL as farce and called for armed secession (Mallari 2015) and "own autonomous region" (Marcus 2015) respectively instead. The BIFF likewise opted to secure *Moro* independence through armed struggle. On the contrary, the MNLF's third faction chaired by Abul Khayr Alonto (Nawal 2014), urged the Philippine Congress to "pass the BBL … and stand together with the MILF" (Dioquino 2015).

While it may seem that heads of different Muslim rebel organizations refer to the same "national past," the route towards realizing the "national future" has yet to be clearly determined and defined. The differences in charting the future had contributed in the contentious settlement of political conflict between the *Bangsamoros* and the state. However, despite the ideological variances between the MNLF and MILF, as well as with some smaller groups in the Muslim autonomy movement, they see themselves as one people, welded together by their common struggle to be self-ruled.

Although the infirmity in *Moros*' identity has persisted over time, identities as *Bangsamoro* have not been dissolved. They were rarely surrendered to the imposing power of the Philippine state. Ethnic ties have emotional, psychological, and religious depths that are not easily severed. These are human ontological factors which cannot be subjected to authoritative controls; thus, no amount of coercion or repression can contain *Moros*' aspirations to self-determination in an extended period of time.

State-nation building and *Bangsamoro* self-determination rights

The question of substantially resolving the *Bangsamoro* armed conflict rests, among others, in confronting the fundamental conflict between two modes of building and uniting the nation-state. Unfortunately, the discord could not be solely addressed under the current governmental and administrative structure nor within the bounds of existing statutes.

The divergence in which the Philippine state has been structured on the one hand, and the expressed vision of the *Bangsamoros* to rule over what they considered as their homeland on the other hand, had generally spawned nearly half-a-century of conflict. It is imperative therefore to examine the process and trajectory of the Philippine state's nation-building project and how it fueled the *Moro* movement's state-creation venture framed within the concept of the right to self-determination.

Philippine state-building

The general concept of Philippine statehood, i.e., notion of territorial jurisdiction, centralized government, system of governance, and political relationship between majority and minority peoples has been largely defined by centuries of colonial rule. The state as a political embodiment of the community, requires a hierarchy of institutions and structures as well as loyalty, discipline, and sacrifice from its constituents to protect and preserve the state's interests.

Since the post-colonial years the Philippine unitary state has worked towards the integration, assimilation, and transformation of multiple ethnic identities into a single national identity – a downward exertion of state nationalism. It is a nationalism undertaken through the assimilation and integration of minorities into the majority's culture, system of governance, and socio-economic structure. The state's nation-building is conceived of as a kind of super-ethnicity that supersedes all pre-existing ethnic identifications (in the case they are permitted to persist, they are considered as variations on the national theme).[15] Hence, while nationalism proclaims the intrinsic value of equality of people, the state compels them to succumb to the innate inequalities of statehood.

State nationalism is henceforth resisted by those groups who do not see themselves as part of the Philippine nation. They feel strongly against the erosion of their self-identity and see it as a gross violation of their political, economic, and cultural rights. Sub-national independence movements view their struggle as a type of safeguarding and defending their identity from the political transgressions, oftentimes undue centralist policies, of the state.

In as much as "nation" is an ethnical concept while "state" is a politico-legal one, the compound word "nation-state," a product of more than 200 years of European experience but a relatively new concept among de-colonized countries in Asia, Africa, and Latin America, implies unity and oneness of "nation" and "state." Given the heterogeneity of the world's population, conflict and violence rather than unity and peace have characterized the relationship between "nations" and "states" (Gellner 1983, pp. 43–50).

In this context, the diametrically opposing standpoint between the Philippine sovereign state and national liberation movements, either ethnic- or religious-based, flows from the inherent contradiction in the idea of a nation-state. The conflict generated by diverging perspectives has resulted in spiralling and unabated armed confrontation, hostilities, and violence between the forces of the state and separatist movements.

The clash of political interest seems difficult to reconcile with the former asserting its right to protect the state's territorial integrity and the latter upholding its claim as a "nation" under the principle of the right to self-determination, rights that are equally valuable and recognized by the international community.

The violent reaction of ethnic minority groups in general, apart from the Muslim minorities, against these policies is comprehensible as they endanger their collective survival. Accordingly, the undertaking to secede from the state becomes an inescapable recourse on the contention that separatists do not see a fair chance that their fundamental aspiration and interest, i.e., to be a part of the nation, would be hitherto accommodated under the state's political system.

The contestation for power is further prolonged as the state intensifies its centralism and uses its coercive force for a unifying purpose. As the state extends and deepens its centripetal measures the more it is challenged by centrifugal forces.

The right to self-determination

By and large, and as shown by history, *Bangsamoros*' quest for self-governance and self-determination is fundamentally a question of territorial rights. In war and peace, the issue of one's control over a physical space has been the persistent bone of contention between the Philippine state and *Bangsamoro* independence movements.

While people are entitled to their territory, this does not necessarily extend to a free determination of the international legal status of the territory. The right is bounded by the endorsement or rejection by the state concerned taking into account the physical or geographical and demographical changes that have occurred in the area that people have historical claim to.[16]

The UN General Assembly Resolution 2526 (XXV) on the Declaration of Principles of International Law proclaims that the principle of equality of rights and self-determination of peoples cannot be interpreted to connote the recognition of the dismemberment and fragmentation on ethnic and religious grounds. Affirming the doctrine of territorial integrity, ethnic, religious, and sub-national cultural entities and groups can only claim territorial and political autonomy within the new state boundaries.

On the other hand, Articles 1 (2) and 55 of the United Nations (UN) Charter have embodied the principle of self-determination as one of its guiding philosophies. The Universal Declaration of Human Rights (UDHR) states that self-determination is not simply a principle but a right of everyone to "liberty." The International Covenants on Human Rights – The International Covenant on Economic, Social, and Cultural Rights (ICESCR) and the International Covenant on Civil and Political Rights (ICCPR) – specifically provide in Article 1 of the respective covenants that: "All peoples have the right of self-determination. By virtue of that right they freely determine their political status and freely pursue their economic, social and cultural development" (UNHR 1978). Evidently, the right of a group with a distinctive politico territorial identity to determine its own destiny is the political translation of aspirations in the demands for self-determination. Judge Hardy Dillard of the International Court of Justice (ICJ), writing in his Individual Opinion in the 1975 Western Sahara Case, says that: "It is for the people to determine the destiny of the territory and not the territory the destiny of the people" (ICJR 1975: 144).

Dillard's statement indicates that accidents of geography and of historically established territorial divisions are not limitations to people's collective free will and decision to shape their destiny. This presupposes that if the formation of the state is a product of people's collective action, then they also have the power and right to undo it. By logical extension, groups and peoples living within an existing state must also be able to assert their will by deciding to leave it, carve a new sovereign unit out of an existing one, or reclaim a state which had existed before the advent of colonial rule or "modern" state.

Notably, there are two main views in the literature on self-determination pulling in opposite directions. The first one limits the exercise of the right to self-determination within the confines of the territorial jurisdiction of existing states; the right cannot be invoked if the territorial unity

of the state will be transgressed. The second acknowledges and, to varying degrees, validates state-busting practice in a reformulated legal approach. The latter view takes due note of the degree to which non-sovereign territories of the Soviet Union (12 out of 15 republics seceded from the former USSR), Yugoslavia, and Czechoslovakia were given diplomatic recognition and admitted to the UN as sovereign states, i.e. Croatia, Slovenia, Macedonia, Serbia, Montenegro, Bosnia and Herzegovina, and Kosovo of the former Yugoslavia; and the Czech Republic and Slovakia of the former Czechoslovakia.

The controversy on the principle and right to self-determination has led peoples and states to armed conflict, including in the Philippines. Struggles for autonomy and secession on the defense of people's national rights are politically and militarily confronted by the state, invoking its right to protect the inviolability of its territory. Peoples of the world are told they have the right to self-determination. Nevertheless, if this right is suppressed by a sovereign state, the international community supports territorial integrity until a war of independence is successful. As in the past, the entire problem is settled on the battlefield.

Drawing from the experience and trends in self-determination, the *Moros*' effort to secede from the Philippine state is bound to face stiff resistance not only from the Republic but also from other states confronted with similar problems relative to secessionism. It is argued therefore that the threat of national disintegration will continue until an appropriate institutional framework for political governance which can accommodate Mindanao's social and ethnic diversity is ensconced. In as much as there is no assurance that meaningful *Bangsamoro* self-governance would transpire under a unitary governmental system, new forms of co-governance may be tested to build the Philippine nation-state.

Conclusion

As argued in this chapter, the conflict between the state and *Bangsamoro* is sparked and prolonged more by the inadequate democratic space brought about by the structural limitation of the unitary state system, consequently constraining the self-governing power of the *Bangsamoros* in the southern Philippines.

Considering that striving for external self-determination would be difficult, costly, and bloody, in spite of guarantees provided by international covenants, the better option is to seek substantial and meaningful political and cultural autonomy within the Philippine political system. Conferring a semi-sovereign status resembling a federal structure of governance to Muslim areas of Mindanao would be a promising alternative that the state can work on to further nation-state building not only of the Philippines but also of the *Bangsamoros*.

In the final analysis, modern governance is a matter of democratic rule where multinational people's sovereignty is respected rather than trampled upon and stifled. It is a question where power is ultimately held in the hands of the populace. If laws constrict such expression and practice of democracy, then people have the ultimate right and power to create more expansive laws that reflect the aspirations and hopes of the nation-state. Failure to do so will simply transform laws as tools of oppression rather than liberation.

Notes

1 "*Moro*" denotes a non-Hispanized Muslim inhabitant in the "unsubjugated" southern Philippines. It was the term used by the Spaniards to refer to Muslims in the Philippines alluding to Moorish occupation of the Iberian Peninsula and the northern coast of the African continent in 711 AD. When the Spaniards colonized the Philippines they encountered ferocious resistance from Muslims. This reminded them of their ancient enemy, the Moors. Thus the Philippine Muslims were called "Moros." For an

account of the historical development of the *Moro* identity see Phelan (1959), Corpuz (1989), and McAmis (2002).

2 The term "bangsa" or "bansa" is a Malay word that usually refers to nations, castes, descent groups or lines, races, or estates. The composite term "Bangsa Moro" refers to the "Moro Nation." The Moro National Liberation Front (MNLF) and Moro Islamic Liberation Front (MILF), two major secessionist armed groups, prefer to use it as one word, "Bangsamoro." For the purpose of this chapter, "Bangsa Moro" shall mean the "Moro Nation" and "Bangsamoro" as the "people" who embrace Islam as a religion and way of life especially those inhabiting southern Mindanao and Palawan provinces and Sulu archipelago.

3 *Datu* is the title for local chiefs, sovereign princes, and monarchs in some regions of the Philippines, and is still currently used especially in Mindanao, Sulu, and Palawan. The word *datu* is a cognate of the Malay terms Dato' or Datuk, which is one of many noble titles in Malaysia.

4 The official story on the Corregidor Incident had two versions. The first one says that the execution happened as part of the military's effort to contain "private armies and armed separatist movements" which planned to invade Sabah after they were emboldened by the Philippines' position that Sabah was legitimately part of the country. The second version revealed that the training was part of the Philippine Army Special Forces' Oplan *Merdeka*. See Vitug and Gloria (1999, pp. 2–23) for details.

5 There are conflicting versions on the founding of the MNLF. Jubair (1999, p. 150) said that the MNLF was founded in 1969 while Mercado (1984, p. 159) noted that its founding was in mid-1971. Mercado's version is closer to reality as it was in mid-1971 when Nur Misuari convened the "Top 90" guerrillas (first batch of Muslim rebels who underwent military training in Sabah, Malaysia) to repudiate the reformist tendencies of MIM and BMLO leaders. This eventually led to the birth of the MNLF.

6 The 13 Muslim ethnolinguistic groupings are the Maranao, Maguindanao, Tausug, Sama, Yakan, Sangil, Badjao, Kalibugan, Jama Mapun, Iranun, Palawani, Molbog, and Kalagan. Three of these are major groups occupying identifiable territories: Maranao in Marawi; Maguindanao in Cotabato; and Tausug-Sama in Tawi-Tawi and the Sulu group of islands.

7 The *Bangsamoro* Islamic Freedom Fighters (BIFF) is an Islamist militant organization. It is a breakaway group from the MILF founded by Ameril Umbra Kato in 2008 who wanted full independence after the Philippine Supreme Court nullified the Memorandum of Agreement on Ancestral Domain (MOA-AD) of the Tripoli Agreement of 2001 signed by the Philippine government and the MILF on August 5, 2008.

8 The ARMM was first created on August 1, 1989 through Republic Act No. 6734 but officially inaugurated on November 6, 1990. It comprises the provinces of Lanao del Sur, Maguindanao, Sulu, and Tawi-Tawi. Marawi City (situated in Lanao del Sur province), and Basilan province opted to be part of ARMM on August 14, 2001. Republic A 9054 is currently the law that governs the region.

9 The GRP-MNLF Final Peace Agreement (FPA), signed on September 2, 1996, laid down the process and framework for achieving peace and development in the Southern Philippines. The Agreement has two phases: the first covers a three-year period that mandates the establishment of the Special Zone of Peace and Development (SZOPAD) covering 15 provinces and 14 cities, Southern Philippine Council for Peace and Development (SPCPD), and Consultative Assembly; the second involves an amendment of the ARMM's Organic Act through a Congressional action to establish a new autonomous government with the specific area of autonomy thereof, expectedly the SZOPAD's coverage. See 1996 GRP-MNLF Final Peace Agreement.

10 SPCPD was established through Executive Order 371 issued on October 2, 1996. The dissolution of the SPCPD under Executive Order 80 of March 11, 2002 transferred all its on functions, duties, and responsibilities to the new ARMM under Republic Act 9054.

11 The concept of "associative relationship" implies the recognition of the associated entity as a state. The Court argues that the concept of association in international law is generally understood as a "transition devise of former colonies on their way to full independence." See G.R. No. 183591, The Province of North Cotabato vs. The Government of the Republic of the Philippines, pp. 41–42. Also available from www.supreme court.gov.ph/jurisprudence/2008/october2008/183591.htm. [April 19, 2016].

12 The FAB was the preliminary peace agreement which called for the creation of an autonomous political entity called *Bangsamoro* that will replace the ARMM. It contains four Annexes, namely, on: Transitional Modalities and Arrangements (signed on February 27, 2013); Revenue Generation (signed on July 13, 2013); Power Sharing (signed on December 8, 2013); and Normalization (signed on January 25, 2014). For details, see Framework Agreement on Bangsamoro, October 15, 2012, Malacañang Palace, Manila.

13 The CAB is the final peace agreement between the Philippine government and the MILF that fleshed out the terms of the four Annexes under the FAB. It included the Addendum on the Bangsamoro Waters and Zones of Joint Cooperation (signed on January 25, 2014). For details see the Comprehensive Agreement on the Bangsamoro, March 27, 2014, Malacañang Palace, Manila.
14 The NICC was formed in the early months of 1995, prior to the conclusion of the 1996 peace accord between the GRP and MNLF. In its formation, it declared establishment of an independent Islamic state in Mindanao through "mutual destruction" (see Buendia 2005, pp. 114–115).
15 For more discussion see de Vos (1995).
16 This doctrine is, however, displaced in certain circumstances, in cases of territorial change that are anticipated in historical arrangements such as the handover of Hong Kong; see Weller (2005).

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MORO INSURGENCY AND THIRD PARTY MEDIATION

Bruce E. Barnes

The *Moro* conflict has endured for more than three centuries (see Annex for chronology). The conflicts between the *Moros* and two successive colonizing nations, Spain and then the United States, were followed by conflicts with the Philippines government. This series of conflicts have marked the history of the *Bangsamoro* (*Moro* homeland) movement but have not yet been fully resolved.

The Spanish colonized the Philippines in 1565 and established firm footholds in the Christian north of the country. The *Moros* of the southern Philippines successfully resisted the incursions of the Spanish colonizers. By 1914 the United States had colonized the Philippines, and in that process they subjugated the *Moros* with the use of overwhelming force. The Americans also solidified their hold by allocating considerable administrative powers to the government at the municipal and district levels. Concurrently, the Americans encouraged the migration of large populations of the predominantly Christian and Catholic Filipinos of the Visayas and Luzon to Mindanao to create enclaves on land the *Moros* claimed as their own (Barnes, 2007, p. 82). Consequently, large Christian settlement communities sprouted quickly in Mindanao commencing in the 1930s. The migration policy was continued by the Philippine Commonwealth government established in 1935 and succeeding Philippine governments since independence in 1946. Philippines leaders had assumed that the *Moros* would be assimilated into the larger Philippine society.

As a result, the *Moros* were forced to become a minority in their own land. The proportion of *Moro* inhabitants to the total Mindanao-Sulu population fell from 98 percent in the 1930s to 40 percent in 1976 and 20 percent in 2005 (Bacani, 2005, cited in Barnes, 2007, pp. 82–83). In 2005, *Moros* owned less than 15 percent of the land on the islands, mostly in the poorer countryside areas. Estimates at that time were that 80 percent of the *Moros* were landless (Bacani, 2005).

The MNLF and the role of multiparty mediation

The conflict between the *Moro* insurgents in the Southern Philippines and the government of the Republic of the Philippines (GRP) began in 1972 after an armed attack by the *Moro* National Liberation Front (MNLF), which was formed under the leadership of Nur Misuari. In 1977–1978 the MNLF split into two groups with the new group led by MNLF Vice Chair Hashim Salamat

calling itself the *Moro* Islamic Liberation Front (MILF). The conflict was protracted over time by these two insurgent groups alternately fighting the GRP, then engaging in peace talks. The result was that there have been two different mediation processes going on between the GRP and the two groups, in two different frameworks.

The GRP-MNLF peace talks were mediated by the Organization of Islamic Cooperation (OIC). The MNLF sought international support for its position in the 1972–1973 years via intensive diplomatic activities, particularly with the OIC. This diplomacy quickly drew the attention of the OIC, certainly because of the shared Islamic identity between the two. Thus in 1974 the OIC summit accepted the MNLF delegates' delivery of an "appeal letter" seeking OIC recognition and support in their battle for an independent Muslim state. In 1977 the OIC granted the MNLF an observer status in their organization.

The first formal talks were mediated by the OIC Committee of Four (Libya, Saudi Arabia, Senegal, and Somalia) held in Tripoli, Libya and culminated in an agreement on December 23, 1976. The Tripoli Agreement was not implemented due to disagreements about whether a referendum was needed to legalize the autonomy status of the MNLF. The MNLF considered the referendum unnecessary and so they rejected it. This failure to implement the Tripoli Agreement was a setback to the peace process, and triggered the recurrence of violent conflicts and breakup within the MNLF, escalating the conflict.

At this point Libya assumed leadership of the mediation process even though the leadership position was never officially mandated. Libya's de facto leadership was demonstrated by its hosting of the signing ceremony of the 1976 agreement. Likewise, it asserted its position in the mediation process through the active personal involvement of its leader, Muammar Gaddhafi. However, observers in hindsight note that Libya was not the best choice to lead the mediation because of neutrality issues. According to Harish (2005, p. 5), it made some disadvantageous actions against the GRP if a peace agreement was not concluded immediately. This "threat," if confirmed, would be a violation of the mediator's role as a neutral third party. Through underground connections, Libya had allegedly supplied weapons and money to support the MNLF's armed struggle. This de facto backing of the MNLF by Libya was made more obvious when that country hosted Nur Misuari during his exile in the 1980s (Bacho, 1987).

The failure of the 1976 Tripoli Agreement provided an opening for the OIC to return to the table with revised initiatives. However, it took considerable time to restart the GRP-MNLF talks. The OIC had now learned from its past experience that mediating using force and threats as demonstrated by Libya would bring more harm than good. It thought it better to wait for a well-timed opportunity and have different leaders to provide new momentum to restart the mediation efforts. The downfall of President Ferdinand Marcos in 1986 provided a new opportunity through the goodwill demonstrated by Marcos' successor, President Corazon Aquino. Aquino offered a proposal for the creation of an "Autonomous Region for Muslim Mindanao" (ARMM) – which was the subject of a plebiscite in 1989.

The OIC took this opportunity to expand its Committee of Four to the Committee of Six with the addition of Bangladesh and Indonesia. This time, Indonesia was officially appointed the chair of the Committee. The process which eventually led to the 1996 Final Peace Agreement (FPA) included four rounds of formal peace talks in 1993–1996 plus nine informal meetings. This mode of intensive quarterly meetings – including caucuses between each party and the mediators – allowed all the parties to keep abreast of the changing circumstances and therefore was seen as a favorable mode of keeping the momentum of the process moving forward.

The 1996 FPA stands as the foundation for other more technical arrangements regarding the establishment of an autonomous region of Mindanao in the Southern Philippines. The FPA restored the implementation of the 1976 Peace Agreement that had been previously put aside.

Given the positive results of the OIC mediation, Blas F. Ople, former Foreign Secretary of the Republic of Philippines, described the success of the GRP-MNLF final peace agreement as a "major diplomatic trophy of the OIC" (Fitrah, 2012, p. 13).

Indonesia's mediation style: culture, standing, and informal diplomacy

The role that Indonesia played as a lead mediator in the OIC Committee of Six, and how successfully that role was carried out, is worthy of note. Although the OIC had originally attempted to assert its leverage via a directive strategy in the early stages of the mediations, this strategy did not initially demonstrate strong leverage with the GRP. Instead, the OIC gained leverage from its influential mediation committee members, Libya and Saudi Arabia, who had control over the Philippines' oil supply (Noble, 1981). However, the OIC had relatively larger leverage vis-à-vis the MNLF due to the OIC's recognition and support for the idea that the MNLF could gain international leverage by being accepted as a negotiating party by the GRP.

Informal meetings were a very significant part of the strategy employed by the OIC Committee of Six. Indonesia also gave special meaning to and strongly valued informal meetings. Ali Alatas, former Foreign Minister of Indonesia, who represented Indonesia as the chief mediator pointed out that informal meetings were a very important vehicle to test if both parties were ready to negotiate and also served to check the level of acceptance of Indonesia as the chief mediator by both parties. One of Indonesia's Foreign Ministry officials said that the informal meetings organized by Indonesia were somewhat different from those organized by Libya. The different approach by Indonesia – a more friendly approach – differed from Libya's directive style. Observers concluded that Indonesia's style was more beneficial for a long-term working relationship.

During the peace talks, Indonesia applied a procedural strategy. Indonesian mediators restructured the negotiation into three layers, namely: (1) formal negotiations at the level of leaders; (2) consultation at the level of senior officials; and (3) seminars to disseminate information to the public (Faizasyah, 2003). This structure was the most suitable for handling such a delicate conflict, as was stated by Sastrohondoyo, Indonesian chief mediator at that time.

In the eyes of the GRP, Indonesia was viewed favorably as a neighbor country, plus both countries are members and founding fathers of the Association for Southeast Asian Nations (ASEAN). Also from the GRP perspective, having a "government" mediator like Indonesia instead of non-governmental organizations (NGOs) or non-state actors would make the process more trustworthy and reliable. From the MNLF's point of view, Indonesia might be perceived as somewhat biased due to its relationships with the GRP. However, Indonesia counterbalanced any perceived bias from its relationship with the GRP with its standing as the world's most populous Muslim country, which the MNLF certainly acknowledged as an important consideration.

GRP-MILF talks and third party mediation

The second mediation process dealt with the GRP-MILF peace talks and involved Malaysia and the International Contact Group (ICG). Malaysia began its mediator role in 2001, while the ICG was created in 2009. The ICG is an ad-hoc group consisting of various states and international NGOs, established to support the peace talks facilitated by the Malaysian government. The ICG is composed of four member states and four NGOs, i.e., Japan, Saudi Arabia, Turkey, the United Kingdom, the Centre for Humanitarian Dialogue, The Asian Foundation, Conciliation Resources, and Muhammadiyah (one of the largest Muslim organizations in Indonesia). In early 2013, the Community of San'Egidio replaced the Asian Foundation in the ICG after

the latter became a member of the Third Party Monitoring Team. The Third Party Monitoring Team, formally established by virtue of an agreement between the GRP and the MILF in January 2013, was tasked to monitor and report on the progress of the agreement and its implementation. The participation of the ICG could be considered an innovation in the Philippine peace talks.

The state of Sabah in eastern Malaysia deserves some attention to more fully understand the background of historic relationships between Malaysia, the Philippines, and Sulu in the contemporary dynamics of these parties as they interact with the other stakeholders in the Southern Mindanao conflicts. The roots of the Sabah dispute go back centuries to an era where the ocean between Malaysia and the Philippines was controlled by the Sulu sultanate. The sultan of Brunei ceded north Borneo to the sultan of Sulu, who had helped him put down a rebellion in the 1700s. In 1878, The Sulu sultanate leased or ceded the area to the British North Borneo Company in return for yearly payments. Malaysia, when it was founded in 1963, incorporated Sabah. The Philippines government protested, citing the Sulu sultanate's claim to Sabah (Sussman, 1983). Since that time, Kuala Lumpur has continued to make payments to the descendants of the sultan, just as the British North Borneo Company did. The Sulu, home of Nur Misuari, was the birthplace of the *Moro* insurgency.

Malaysia provided crucial support to the *Moro* secessionists in the early years: Misuari and other senior leaders, including Murad Ebrahim, the current chairman of the MILF trained there (Lingao, 2013). During the period of 1971–1976 when the conflict in the Southern Philippines first erupted, approximately 300,000 refugees fled to the Sabah region in Malaysia. Further evidence that the control of Sulu is still an issue between Malaysia and the Philippines is that since the 1970s, the Malaysian government has been quite receptive to Sulu refugees (Noor, 2011). We will revisit this tension in the Sabah-Sulu-GRP relationships later as it impacts Malaysia's "standing" regarding its role as a mediator or facilitator in the *Moros*/GRP conflicts. We can also consider how neutral Malaysia could be as mediator given its historic and multifaceted connections in this part of Southeast Asia.

Malaysia "facilitating" the GRP/MILF peace talks

Comparing the MNLF with the MILF, observers have noted that the MNLF is more nationalistic in pursuing the separation of Moros from the Philippines while the MILF can be differentiated as being more Islamic-centered. The MILF required that Muslims in the Southern Philippines live a fully Islamic way of life following the *shari'a* (Islamic law). Formal negotiations between the MILF and the GRP began in 1996 with the conclusion of the FPA between the GRP and the MNLF. The GRP was truly inspired by the FPA to pursue a peaceful settlement in the Southern Philippines with the MILF. The GRP wished to make the autonomy arrangement in the FPA a model for future settlement with the MILF. However, the autonomy option was not acceptable to them because their original position to establish an independent Islamic state separate from the Philippines had remained firm.

For a number of years these negotiations took place without any third party mediators. Exploratory and formal talks were conducted and they agreed to a ceasefire but none of these efforts moved the parties to bring their BATNAs closer together (a BATNA is the Best Alternative to a Negotiated Agreement). In April 2000, President Joseph Estrada launched an "all-out war" against the MILF which resulted in the seizure of most of the MILF's fixed camps. The MILF response was to declare an indefinite suspension of negotiation with the GRP.

It has been argued that the presence of a mediator in these peace talks, one of very high standing, could have prevented the "all-out war" of 2000 (Fitrah, 2012, p. 24). While such a

point has merit, it may be added that most if not all of the cultures involved in these conflicts place a very high value on saving face, and the importance of showing respect to all parties involved in interactions. In the Philippines the term *hiya* is used to highlight the importance of face, including the *shame* resulting from loss of face, *propriety* in conforming to the cultural norms – thus preserving face – and *guilt* when behavior leads to shame or uncomfortable consequences (Barnes, 2007, p. 74). However, Fitrah (2012, p. 23) states "as things turned out, both parties failed to sustain the peace talks and failed to restrain themselves from escalating the hostilities."

Malaysia began to mediate the peace talks between the MILF and the GRP in 2001, with the knowledge that this was the first time in the MILF/GRP peace talks that there had ever been a third party mediator involved. In 2003, the GRP set up a special office called the Office of the Presidential Advisor on the Peace Process (OPAPP) which was tasked to coordinate and represent the GRP in all the conflict resolution and peace negotiation activities, including those with the MILF and the Communist Party of the Philippines (CPP).

During the MILF/ GRP peace talks, the MILF expressed that its refusal to accept the form of autonomy granted to the ARMM was based on the objection that the ARMM did not cover the area that they considered as their "ancestral domain." According to the MILF, their ancestral domain should cover the area that belonged to the *Moro* Sultanates before the Spanish occupation back in the fifteenth century. As such the Bangsamoro homeland, which embraces all of Mindanao, Sulu, and Palawan, was the MILF position indicated in the Memorandum of Agreement on Ancestral Domain (MOA-AD).

The drafting of the MOA-AD in 2008 seemed to be the path toward a peace agreement between the GRP and the MILF. However, the initialed draft failed to be signed due to the Philippine Supreme Court's decision in August 2008 that the MOA-AD was not in compliance with the Philippine Constitution. The failure to sign the MOA-AD led to the breakout of armed conflict between the two parties, which delayed the restarting of the talks with the "facilitation" of Malaysia. The ICG officially became the mediator in September 2009.

Political complications

The ICG's inclusion in the mediation process accelerated progress of the GRP-MILF peace negotiations. In October 2012, the parties reached a framework agreement, which sought to replace the ARMM with the Bangsamoro. The signing of the framework agreement elicited a reaction from other *Moro* groups, particularly those from Sulu. In February 2013, Agbimuddin Kiram, the brother of Sulu Sultan Jamalul Kiram, led a force of 200 people to Sabah allegedly to assert his family's ownership. The Malaysian government quickly used its armed force to quell Kiram's incursion. In August 2013, former ARMM governor Misuari declared independence of the *Moro* homeland covering Mindanao, Sulu, and Palawan. In early September 2013 Misuari sent hundreds of his armed followers from Sulu archipelago sailing to Zamboanga city, ostensibly to march peacefully to city hall. During the Zamboanga "siege," a clash with the military broke out, resulting in 140 people dying and more than 120,000 displaced. Large swaths of Zamboanga city were razed. The conflict lasted for 20 days with the defeat of the MNLF.

In March 2014, MILF leaders entered Malacañang and signed the Comprehensive Agreement on the Bangsamoro (CAB), the final peace pact. Accordingly, the Philippines would recognize a new autonomous region called the Bangsamoro replacing the ARMM as well as other resource-sharing provisions subject to the agreement's legislation into law by Congress through the Bangsamoro Basic Law (BBL). Unfortunately, despite some initial momentum, congressional approval of the BBL was not realized. While deliberations were being made in

Congress, a controversial incident between government forces and *Moro* insurgent forces occurred. In January 2015, 44 members of the PNP-SAF (National Police) pursuing Malaysian terrorists died in a clash with Bangsamoro Islamic Freedom Fighters (BIFF), the MILF-Bangsamoro Islamic Armed Force (BIAF), and other armed groups in Mamasapano, Maguindanao. Eighteen *Moro* rebels and five civilians also died. The event led to considerable backlash in public opinion leading to congressional "inaction" and an unwillingness to endorse the peace deal within the 18 months impending time period before the national elections in 2016. At that time, the peace process was described as "one step forward, one step back" (Lau, 2014).

The derailment of the latest peace deal with the *Moros* aggravated the security situation in Mindanao. It also reinforced the long-held belief by Mindanao Muslims that the Christian majority was never really committed to peace but only interested in marginalizing the Muslims in the south.

In May 2017, Rodrigo Duterte was elected president of the Philippines, the first from Mindanao. He had served seven terms as the mayor of Davao city which is one of the longest term of mayors in the country. Duterte was well-known in the ethnic groups of Mindanao, such as the IP (Indigenous People) which are two major groups: *Moros* (another word for Muslims) and *Lumads* (tribal). By adding these two groups together they total 7–8 million people, or about 30 percent of the Mindanao population. An important connection with Duterte's large number of relatives in the Southern Mindanao areas is that two of his relatives are Muslim, with one connected with the MILF and the other with MNLF. Shortly after his election as president, he made two special meetings with both the MILF and the MNLF. This might be a "first" for Philippine presidents since previous ones would not regularly be traveling from Manila to southern Mindanao and meet with MNLF/MILF leaders to build peaceful relations.

Such "special meetings" were an important step to building collaboration with the MNLF and the MILF. On May 23, 2017 the militant Maute and Abu Sayaff groups, known to have pledged allegiance to the Islamic State (IS) in the Middle East, attacked the Islamic city of Marawi, Lanao del Sur. Duterte quickly responded by declaring martial law for the whole island of Mindanao. Both the MILF and the MNLF welcomed Duterte's idea of collaborating to address the Marawi crisis and offered their assistance. This appeared to be the first time that the MILF was willing to collaborate with the government to rescue civilians trapped in Marawi.

Conclusion

Fitrah (2012) explains why third party assistance such as the mediation processes described here has an important role in contemporary conflicts. There are two characteristics of the post-cold war conflicts that create an increased need for mediation and other third party processes: the first is that a growing number of serious conflicts in the current era are civil wars between governments and ethnic rebel groups, making it often difficult to initiate negotiations without the help of third parties because the governments are often reluctant to negotiate with the rebels. Second, demands by the rebel groups for independence make the situation more challenging for negotiation without the help of third parties, since sovereignty is both indivisible and indispensable. These contemporary realities mean that the essential role of the mediator needs to be taken into account more frequently.

In the book *Culture, Conflict and Mediation in the Asian Pacific* I commented that the "ongoing conflict in Mindanao in the Southern Philippines … presents many of the characteristics of a conflict centered on the fault lines between civilizations" (Barnes, 2007, p. 4). The study of the Southern Mindanao conflicts reveals an important cultural gap in the study of international

mediation. In considering the selection of "mediators" from Turkey, Bangladesh, Somalia, Malaysia, Senegal, and Libya, a wide range of cultural diversity within this sampling of Muslim nations was evident. The fact that the majority of the selected OIC "mediators" were from this diverse group – plus the fact they were all Muslim – provided both challenges and collaboration opportunities that may not have even been contemplated as the mediation processes were first organized.

There are a few studies available of international multiparty, multicultural mediations occurring in a Christian-Catholic majority country such as the Philippines. The two mediation processes addressed here were assembled drawing from a unique mix of potential mediators drawn from Western European, Asian, Middle East, and African countries. We can consider the way that four widely variant NGOs were invited to join the mediators group, and also address how the strengths and weaknesses of each of the NGOs might fit in to the overall mediation process. We might also consider how the individual mediators might intersect with the other mediator groups to become mediating teams that were greater than the sum of their parts. We should inquire if there was an attempt by planners to consciously devise a multiparty and multicultural mediation process that was culturally appropriate and/or culturally effective for most if not all the stakeholders.

Annex 1

Chronology of Southern Mindanao insurgencies: peace processes and mediation

1380 – Earliest date of political, economic, and social organization of two Muslim sultanates of Maguindanao and Sulu in many Mindanao areas.

1500s – Spanish colonization began in northern part of Philippines, lasting three centuries.

1898 – US defeated Spain in Battle of Manila Bay, ending Spanish rule. The signing of the Treaty of Paris in 1898 ended the war and gave the US full possession of the Philippine archipelago, including Mindanao. The US colonization period lasted over four decades, until July 4, 1946.

1902–1903 – Colonial (American-imposed) land laws (Land Registration Act of 1902, the Philippine Commission Act no. 718, and the Public Land Act of 1903) were passed: laws on land stewardship that did not recognize *adat* (*Moro* customary law) on land stewardship. These acts stoked resentment by *Moros* against the central government in Manila.

1930s – Settlement of Catholic/Christians from Luzon and Visayas into Mindanao enclaves – encouraged by American colonizers – displaced *Moros* in their "own land."

1968 – "Jabidah Massacre": over 20 Sama youth from Sulu were killed by the Philippine army allegedly under instruction from President Marcos. Many Muslims in Mindanao believe this incident was solely the responsibility of the military, so the incident was enough to ignite the so-called *Moro* insurgency in Mindanao (Cagoca-Guiam, 2004).

1972 – Nur Misuari, then-instructor at University of Philippines, brought together the most partisan *Moro* forces into a loosely unified MNLF framework, declaring its manifesto to be the establishment of the Bangsamoro Republic, with armed struggle the means for *Moro* people to achieve complete freedom and independence from the perceived oppression of Filipino colonialism.

1976 – Tripoli Agreement (see chronology earlier in the chapter). This agreement was "doomed from the start" because it left out significant issues. Provisions were not implemented due to questions of interpretation.

1977 – MNLF splits. Vice Chair Salamat Hashim forms the *Moro* Islamic Liberation Front (MILF).

1996 – Under President Fidel Ramos, the Final Peace Agreement (FPA) was signed. The OIC Committee of Six was led by Indonesians Ali Alatas and Sastrohandoyo in the chief mediator roles. The mediation role played by the Indonesians was deemed important by many observers.
1997 – Beginning of negotiation between the GRP and MILF.
1998 – Signing of general agreement on cessation of hostilities between the GRP and MILF.
2000 – The GRP under Estrada's administration launched "all-out war" against the MILF.
2001 – Malaysia joined as mediator in GRP-MILF talks.
2003 – GRP under Arroyo administration launched "Buliok" offensive targeting capture of MILF's Salamat Hashim: hostilities terminated by ceasefire agreement the same year.
2004 – The IMT (International Monitoring Team) was established to monitor the ceasefire on the ground.
2008 – GRP and MILF teams agree on text of MOA-AD but failed to sign due to the Supreme Court's decision that the text was "unconstitutional," followed by the breakout of hostilities between both sides.
2009 – The International Contact Group (ICG) was established to support the mediation process.
2010 – The GRP requested the Malaysian government to replace Dato' Othman Abdul Razak as the chief mediator due to his perceived "partiality."
2011 – Dato' Othman Abdul Razak resigned, replaced by Tengku Abdul Gaffar Tengku Mohammad.
2012 – Ten decision points are the basis for further GRP and MILF talks.
2013 – President Aquino signed executive order creating a 15-member Bangsamoro Transition Commission (BTC) that will craft the Bangsamoro Basic Law (BBL).
2013 – BTC meets twice.
2014 – MILF leaders enter Malacañang and sign the CAB, with the GPH. However, the breakaway group, the BIFF (Bangsamoro Islamic Freedom Fighters splinter guerilla group) announced it will continue with the fight for independence in Mindanao through armed struggle.
2015 – 44 members of the PNP-SAF (Phil. Nat. Police Special Action Force) died in a clash with BIFF, MILF-BIAF, and other armed groups in Mamasapano, Maguidanao. Eighteen Moro rebels and five civilians also died in the clash. Irate legislators such as Senator Bongbong Marcos declared the BBL as "in a coma" after the Mamasapano incident.
2016 – Rodrigo Duterte, first-ever Mindanaoan, is elected as President, with broad support from Southern Mindanao groups, both Muslim and Christian.

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37

THE PROBLEM WITH A NATIONAL(IST) METHOD

Patricio N. Abinales

What would Philippine political development look like if you encounter a *Moro* woman with the last name Tan, sitting in her Panglima Sugala hut, sorting out knock-off iPhones and Blackberries from southern China, *malong* from Indonesia, 5-in-1 coffee sachets from Malaysia, copies of a digitized version of the famous Japanese porn *Ichijo's Wet Lust*, and bullets for the *Fabrique National Carabine*, the Belgian-made rifle stolen from the Indonesian army? Bai Tan is doing all this while watching reruns of her favorite Indonesian drama series, *Love in Paris*, featuring the hunk Dimas Anggara, on a rewired Japanese-made TV she bought cheap from a Filipino crew member of a Panamanian-owned cargo ship passing through her area. Occasionally she glances at her cell phone expecting a text from her Saudi Arabia-based daughter, who will tell her how much she will remit to the bank in Tawi-Tawi. She hopes to get the text before 1 p.m., because past that time, the currents will shift and if she takes her motorized *banca* then she will most likely end up in Bukaan, Gorontalo province, northern Sulawesi.[1]

So, here we have a citizen and a felon by livelihood, a Filipino *cedula* holder whose mental world is global: northern Sulawesi, Saudi Arabia, Panamanian cargo ship, Japanese television and porn, Indonesian tele-novela, Malaysian coffee, Indonesian malong, southern China, and most surely – Singapore. She is a Muslim comfortable with marketing the most un-Islamic of goods (*Ichijo's Wet Lust*, bullets). She lives at the edge of the national territory (Panglima Sugala an islet east of Tawi-Tawi), a site, the Sulu Zone, which state leaders (and dare I say political scientists?) regard with trepidation because it is where political disorder is at its most intense and the national state at its weakest. She is *Moro* and Chinese – the spawn of the two minority groups that people in the center mistrust the most: recall the racist rants of the national artist F. Sionil Jose regarding the Chinese, and the *2004 Philippine Human Development Report* survey that showed 48 percent of Filipinos still believing *Moros* are terrorists and amok.

How would you place Bai Tan in the world of Philippine politics? I would suggest that this is not an easy task especially since as a matter of habit, we always assume that history is defined by the metropolis and that national politics is nothing but the institutional and political combat of national elites at the national capital. Political engagements outside of the capital are ancillary if not insignificant especially if they fail to fit this national (nationalist?) prism. This is a point of view that also represents conventional approaches of local politics which tend to replicate the

analytical lenses by looking at provincial and town elites while marginalizing other actors like Bai Tan and many others from their local/ethnolinguistic narratives and typologies. Let me parse these arguments further, starting with Bai Tan's gender.

Woman

Feminist politics may have made the oppression and exploitation of Filipinas more visible in the last decades, but the focus is on the open struggle by women activists, movements, and organizations (Subido, 1955; National Commission on the Role of Women, 1982; Angeles, 1989; University of the Philippines, 1989; Lansang, 1991; National Commission on Culture and the Arts, 1995; Guerrero, 1997; Center for Women's Resources, 1998; Sobritchea, 2004). The subtle everyday forms of female resistance, that which James C. Scott calls "the hidden transcripts" are still unwritten. The late professor Albina Fernandez shared this story about then Leonard Wood noting that the best leaders in the Philippines were not the likes of Manuel Quezon nor Sergio Osmena; but they were women he encountered while being American Governor-General of the Philippines. Fernandez was genuinely flummoxed by this, leading her to ask: "if this is true, how come women in the Philippines are invisible in the history books?" (Fernandez, 1996, p. 123).

The scholar Maria Nela B. Florendo noted the challenges of crafting a gender-sensitive historical methodology and wrote:

> The overemphasis on the process of state formation has resulted in a generalizing theory – one that has emphasized the Philippines as a unitary social group – thus, undermining the heterogenous character of the population in both its cultural matrix and economic development. This generalizing history has hampered the process of sifting through significant particularities – temporal and spatial contexts, differences defined by cultural factors, class, gender, ethnicity, and others which are all essential in the formulation of historical explanation. The reduction of many local histories to a generalizing national history has resulted in the marginalization of many sectors of Philippine society in historical writings.
>
> *(Florendo, 1998, p. 11)*

Florendo suggests that for a gender-sensitive historical methodology to develop scholars must recognize "the plural contexts particularly in the Philippines [where] [l]ocal histories allow the unfolding of historical constructions founded on unique developments." This, she added, "is in contrast to reconstructions that simply locate local articulations of national events" (Florendo, 1998, p. 11). Maria Lourdes Camagay is also aware of this defect and appealed to fellow historians to look for data in "iconographic evidence such as pictures, literature, diaries, letters, and those that are derived from oral history," so that they could move forward with the task of "systematically set[ting] up a clearing house or information specifically for women" (Camagay, 1995, p. 5).

Camagay, however, was very aware of the minefield that her feminist colleagues might get into. She cautioned that women writing about women based on such alternative evidence will inevitably come up with conclusions that will put to question a national history that is deeply male-oriented (Camagay, 1995). Strongmen (presidents, tycoons, gangsters, or revolutionaries) are the favored historical actors, and when their wives (or mistresses) find themselves at the political center, they must act like their male partners. Subservience also occurs when women are placed behind the curtain or made to stand beside their male partners, quietly pretending to,

as it were, "stand by their man." Those who refused to "act appropriately" do not get a role in the plot and get erased out of the family/national story. Think of what would have happened to Imelda Romualdez had her father not moved his mistress and children from the *garahe* to the big house (Francia, 1988).

But what if we turn Camagay's observations upside down and unwrap the hidden transcripts? If we do this, then it may be the case that the reason men hide their women partners is because they know – and their audience know – who controls the levers of power. Placing women behind the curtain or making them stand like statues beside their male partners could, in fact, be a ruse to pretend that men dominate. It is a scam that everyone is into, but more so the women because for them clout is at its most effective when it is in stealth mode. What makes it doubly difficult to figure out the contours of this authority is the near absence of any study of the political Filipina. Except for Mina Roces' preliminary investigation of the Filipina burgis, we still do not have a full feminist study of Imelda and her arch-rival Corazon Aquino (Roces, 2012). For the most part, we are all content with the existing literature's depiction of Madam (Imelda) Marcos as the grotesque subordinate of her husband, and of Tita Cory (Aquino) as a weak wife of an ambitious senator, and later the weak president the Left and the Right caricatured her to be because she messed up the return of constitutional politics. And when she did turn against the communists, Cory had to be masculinized to make her fit the portrait of a tyrant in democratic and Christian clothing.

Yet, if we are privy to what happens behind the curtains, in the bedroom, on the backstage, or at the margins of political and business meetings, what will become gradually evident is how the nexus of power is regulated by these women. Imelda kept the family out of jail by deploying an array of political and legal weapons that her money could buy. Cory quietly managed the complex family group of companies before she became president. And did she not successfully push back machos like Marcos, Johnny Ponce Enrile, Doy Laurel, and Gringo Honasan and his merry bunch of failed coup plotters? The same holds true with *Moro* women elites. Vivienne Angeles, who has written the only piece on the late Desdemona Misuari, mentioned the influence of Nur Misuari's first wife on the ex-MNLF head (Angeles, 1996). Bai Desdemona had predecessors. There was Princess Piando who quietly hinted to the incoming District Officer Lt. Colonel Sydney Cloman who was the real authority by insisting her husband, Sultan Jamalul Kiram, wear a termite-ravaged tuxedo he used to wear while trading in British Singapore. Or how about Tarhata Kiram's interesting use of her allure to marginalize her husband, the strongman and supposedly more historic figure, Datu Tahil Lidasan. The American author Florence Horn wrote:

> Moreover, where some see unremitting resistance in the revolts against colonial rule, new motivations were at work. A good illustration is the 1927 revolt of Datu Tahil Lidasan, who had become famous for leading the Battle of Bud Bagsak in 1913 but who later served as member of the Sulu Provincial Board. In 1927, Lidasan announced his opposition to the head tax and ban on carrying weapons in public and withdrew with 100 followers to a *cotta* (fort) to await government attack. At first glance, a repeat of Bud Bagsak, but a closer look reveals a different picture: Lidasan took up arms at the instigation of his wife, the American-educated Princess Tarhata, niece of the Sultan of Sulu, after she failed to get him appointed as governor of Jolo. The Constabulary defeated Lidasan (leaving 35 dead) and sentenced him to 7 years imprisonment. Tarhata divorced her now politically useless husband, married a Cebuano and entered local politics.
>
> *(Horn, 1941, p. 155)*

Moreover, women often privilege the "informal" over the normal, the non-official over the official, as these allow them the flexibility to expand the reach of their influence. In their book *Querida*, Caroline Hau et al. beautifully capture the extent of the *kabit*'s influence. They write: "The *querida*'s sexual allure, her erotic capital, is a cliché, but her superior access to social, cultural and financial capital – she is well-networked, well-educated and wealthy – is potentially unsettling of marriage and the male-ordered social order" (Hau et al., 2013, p. 356).

Yet, if we are to make women truly visible in our historical and political writings, how would this affect our male-centered nation-driven, capital-focused narrative? Can the latter withstand the pressure of the diverse viewpoints on women's experiences that result from culture, class, race and ethnicity, age and sexual orientation (Ofreneo, 1998, p. 21)?

Moro

Bai Tan is not only a woman, she is also *Moro*. When you factor in this ethnic identity and figure out its relationship to national politics, this will inevitably bring you to the separatist rebellions of the MNLF and the MILF. The literature on these armed movements trace their growth to *Moro* fears that the Philippine state – colonial but more so the post-colonial – has been engaged in a genocidal war against them. Largely under-appreciated and running parallel to this is the resilient belief that Americans had consistently been the *Moro*'s friend and ally. Historian Samuel Tan and the student of history Rodrigo Duterte were right in reminding us that the Americans waged a bloody war against the *Moros*. However, they made very little of the fact that after peace was established, the American soldiers also became the *Moros*' public school teachers, as well as the dogged co-defenders against the forced integration of the *ummah* to a Philippine body politic. Their *datus* ended up compromising with the colonial state and its Republican successor, but communities remained nostalgic of the days of the *Melikans*. What kept this fondness for the colonizer alive was the failure of the national state to establish legitimacy in Moro Mindanao via a public-school system that could have "educated" Muslims about their Filipino heritage. It did not also help that their elites acted like local satraps imbued with the right to loot the local state (Abinales, 2000).

This failure to erase American colonial rule in the *Moros*' popular memory helps explain such peculiar political moves like the 1930 Dansalan declaration of Maranao datus, appealing to the United States Senate to separate Mindanao before the establishment of the Commonwealth (Maulana, 2015). It helps us understand the strong support given by the MNLF to the involvement of the *United States Agency for International Development* in the postwar rehabilitation of Moro Mindanao (Abinales, 2016). It also explains the letter by the late MILF chair Salamat Hashim to President George W. Bush, requesting that the United States be a fellow mediator with Malaysia in the peace negotiations with the Ramos government (reprinted in Bondoc, 2008). And it makes us understand the Muslims' positive reception (over 70 percent) to the *Balikatan* exercises in Mindanao. It did not help, of course, that the first, and for a long while, the only symbol of the national state in Moro Mindanao was the AFP soldier shooting at fathers, mothers, and children, and burning their houses (Kaplan, 2005).

War, however, is just a small part of Bai Tan's life – in fact, what may be more important than the MNLF or MILF is her main livelihood as a buyer, negotiator, and seller of the smuggled goods mentioned above.

Smuggling

In the eyes of the nation-state, Bai Tan is a criminal who is a member of an underground trading network that is subversive of the national political economy. This illicit sector trades in commodities that are untaxed and much of the time cheaper compared to their legal, higher-priced, and taxable competitors. Consider for example the price of a "real" Blackberry to a "smuggled" Blueberry. Smuggling must therefore be thoroughly eradicated for the well-being and protection of the nation-state.

It is widely known that the state and the illicit sector live opposed lives for several reasons. First is the obvious contradiction between the legality that is a built-in feature of the nation-state and smuggling. Can one write a single state-and-society narrative with these two realms that are in constant conflict with each other? This is possible if we accept the premise suggested by Alfred W. McCoy that the illicit world of smugglers, drug lords, assassins, and number games operators has always been and continues to be a significant element of the national narrative. McCoy argues that one cannot separate the political lives of Filipino leaders from their other role as masters of the spoils system and patronage politics, and politicians with close ties to the economic and political netherworld. In fact, the illicit sector has been indispensable to the success of every major Filipino political leader since the time of Manuel L. Quezon (McCoy, 2009).

Smuggling is also very much a part of the economy and Filipinos had one time or the other consumed or traded goods surreptitiously brought into the country. As Table 37.1 shows below, the underground economy is a substantial percentage of the gross domestic product, reaching a high 50 percent in 2002 and settling on the average to 35 percent. One study concluded, "between 1960 and 2011, illicit financial flows from the Philippines totaled $132.9 billion, while illicit inflows amounted to $277.6 billion." The report adds, "over the 52-year

Table 37.1 Philippine underground economy to GDP, 1960–2011

Year	*Underground economy to real GDP (percent)*
1960–1969	35.2
1970–1979	27.8
1980–1989	26.7
1990–1999	46.5
2000–2009	38.8
2000	34.8
2001	34.8
2002	50.0
2003	42.0
2004	33.4
2005	37.7
2006	38.6
2007	44.1
2008	32.6
2009	41.7
2010	32.3
2011	29.7
1960–2011	34.8

Source: Kar and LeBlanc (2014).

time span cumulative financial flows into and out of the Philippines totaled $410 billion."[2] This has made the Philippine "the sixth larger exporter of illicit capital from the developing countries over the period 2001–2010, moving up from the 13th position" globally. If we break this figure down and focus on the smuggling at various times, of "selected agricultural commodities" vital to everyday life, the figure for the 1980s is $10 billion (Southeast Asian Regional Center for Graduate Study and Research in Agriculture, n.d.). The smuggling of rice during the first two years of President Benigno Aquino III was estimated to have risen from $2.18 million to $390 million (Tiglao, 2012; The Manila Times, 2016). An economic study of the smuggling of gasoline – another important commodity – observed that between 2000 and 2006, "a general upward trend in petrol and diesel theft can be observed [and this] has indeed intensified from an estimate of about 8 percent in 2000 to 20 percent in 2006" (Institute for Development and Econometric Analysis, 2006, p. 15). In short, smuggling may not be condoned by the state, but it cannot also just be written off as a series of dark episodes in the national narrative because, at the community level, it has become an activity that Filipinos are dependent.

Then there is the question of contrasting notions of borders. A smuggler's realm cuts across several nation-states and covers much of maritime Southeast Asia, central-eastern China, and even Japan. The nation-state, however, exists in a far constricted territory that regards smuggling as illegal because it cannot be taxed, is unsupervised, and competed with locally produced, legal, higher-priced, and taxed goods. For the state, the smuggler's world is subversive of the national geo-body because of its potential to destroy the political economy. Smuggling, therefore, has to be thoroughly eradicated to protect the nation-state. But this is easier said than done according to Ralf Emmers, who wrote:

> [E]ffective cooperation in combating transnational crime requires some surrendering of state sovereignty. Indeed, a section of national sovereignty needs to be abandoned for it to be protected more effectively. This is in direct contradiction with a Westphalian understanding of national sovereignty, which is still prevalent among the ASEAN [Association of Southeast Asian Nations] members.
>
> *(Emmers, 2003, p. 11)*

Finally, smuggling belongs to a world far older than the nation-state. The smugglers of today belong to a long line of merchants that go back as far as the pre-colonial period. They crisscross trading routes across the region where the authority of the charismatic, pugnacious, and business-savvy strong men (*orang besar*) and strong women (*wanita besar*) waxed and waned according to their ability to trade and engage in warfare (Wolters, 1982; Andaya, 2006). Despite the relative success of American, British, Dutch, and French colonialism to restrict this world and replace it with one that is defined by colonial boundaries, community loyalty to the *orang besar* or *wanita besar* was preserved because this was older and more robust than a sense of citizenship. Part of the power of this cosmopolitan outlook is its ability to incorporate citizenship when situations warrant that it does so.

People living in the "borders" are polyglot by nature, switching languages and even identities with ease in a trading zone where being multilingual are the norm. In the small islands of the Sulu archipelago, for example, it is said that for the most part of the year the families there imagine themselves as Malaysians (speaking in Bahasa Malaya, Bisayan, Tausog, a sprinkling of Cantonese or Hokkien, and some English) except for one day in a year when they "become" Filipinos and vote in the local or national elections. They then revert to their "old Malaysian selves" at the end of the day. Compare this to the people in the "center"; familiar with two of

the national languages: their language of birth (Tagalog, Bisayan, Ilocano) and language for social mobility (English). Unless they migrate to the United States or elsewhere, these metropolitans could not imagine themselves switching identities. The contrasts in the ways of thinking are quite palpable.

How then would the national narrative deal with these communities whose worldview and everyday life do not cohere to what the nation-state expects of its citizen? Can the regional be incorporated into the national frame?

Diaspora

The other "essential outsiders" to Philippine politics are the overseas Filipinos workers (OFWs) and those who left the country to become citizens of another. Of the two, it is the OFW that appears to have nothing to do anymore with the political affairs of the country (International Organization for Migration, 2013, p. 59). After the ouster of President Estrada, the tendency of many Filipinos was to get out of politics by going abroad in search of work or a new home. Sheila Coronel observed that many "poor voters came away convinced that their selected spokesman had once again been maneuvered out of power by an elite-dominated system that remains beyond their influence" (Coronel, 2007, p. 177). The Filipino middle class, "once the agent of democratic reform" (ibid.), and who watched their incomes decline began to migrate overseas "rather than [resort to] political action as [an] outlet of their frustrations" (ibid.; Mydans, 2006). The poor joined the exodus in search of jobs abroad as it "fail[ed] to see any hope of redemption for the country under the existing political leadership" (quoted in Abinales and Amoroso, 2006, p. 291). As Emmanuel De Dios (2007, p. 187) puts it:

> Overseas migration in the late twentieth and early twenty-first centuries is by contrast decidedly apolitical and individual, reflecting a decision by many to withdraw from the public into the purely personal sphere; it is a choice to seek a ready-made and purely economic solution under the individual's immediate control, rather than await (much less participate in) the resolution of complex political, social and cultural problems at home.

On February 13, 2003, President Gloria Arroyo signed into law the Overseas Voting Act (Republic Act No. 9189) to give Filipinos residing or working abroad a chance to vote during elections. The government set aside P112.71 million ($2.3 million) to establish registration centers in embassies and consulates the world over.[3] The campaign failed to mobilize the desired numbers. After a high 64.89 percent in 2004, the voter turnout plunged to 16.21 percent in 2007, rose slightly to 25.99 percent in 2010, only to go down again to 15.34 per cent in 2013 (Center for Migrant Advocacy, 2011; Planet Philippines, 2013). De Dios (2007: 187) provides us this portrait of OFW apathy:

> The general point is that overseas Filipinos – whether temporary or permanent migrants – are unlikely to become highly involved in Philippine politics any time soon, since neither their original motives nor their present opportunities strongly predispose them to collective action, or even political engagement generally. This much should already have been evident in the low turnout of overseas voters in the 2004 elections. Any impact is likely to be even weaker for *local* governance, since overseas Filipinos are not even enfranchised to vote for local officials, indeed their very physical absence is a signal of non-involvement, justifying their unimportance in the objective functions of local politicians.

What gives this diaspora minority power to turn their backs on national affairs is the new social power they possess as a result of the incomes. Caroline S. Hau traces the resentment of the middle class and the intelligentsia towards these overseas Filipinos as

> anxieties … induced by the capacity of deterritorialized 'Filipino' flows to create new sources of social power and social production (in matters of social status, fashion, taste and public opinion) that cannot be fully controlled or co-opted by either the state or by the Filipino elite and the middle classes.
>
> *(Hau, 2014, p. 211)*

The "wealth" they had accumulated had gone mainly to improving the lives of their respective family; very little is set aside in the name of national affairs.

The rare instance when Filipino associations abroad got involved in Philippine politics, it was not to send support to national parties or leaders. American-Filipinos in the United States preferred to remit contributions to local counterparts. The Filipino-American Moral Crusade against Graft and Corruption, for example, donated to the coffers of "a civil society group in Pampanga" to support the latter's fight against corruption (Orejas, 2008). These political acts indicate that American-Filipinos prefer to show their allegiance to their provinces, smaller cities, or municipalities, and not to the larger nation. OFWs who see their employment as temporary look forward to going home to their villages and not to the nation. Once back they keep a safe distance from politicians whom they see as opportunistic and ready to take advantage of them and try to re-live "the good times" before they left for abroad.[4]

These local sympathies are evident in the organizations that overseas Filipinos form. The Philippine consulate's survey of Filipino-American Associations of Southern California (and nearby Nevada, Arizona), for example, shows that 48 out of the 139 listed (34.5 percent) were associations of former residents from various provinces, cities, and towns, competing for membership and activities with "national" and American organizations (Philippine Consulate, n.d.). American sociologist Robyn M. Rodriguez was only partially correct when she argued that an "alternative [Filipino] citizenship" was emerging in Filipino diaspora communities (migrant and migrant labor). Radical nationalism – as espoused by the Communist Party of the Philippines' front group Migrante International – had to co-exist with the identities associated with other groups: from social welfare and medical support clusters, alumni clubs, fraternity alumni chapters, and other advocacy assemblages, late generous philanthropists, and the myriad of local associations (Rodriguez, 2002 and Garchitorena, 2007).

Thus the antinomy between nation and region runs parallel to the fraught relationship between the Filipino diaspora (migrant, immigrant, OFW) and the nation-state. But unlike the former, this is a contradiction that has a high local(ist) hue. Where the contention between region and nation reveals the latter's narrowness, diaspora and nation-state is the opposite. Their engagement brings into prominence the resilience of the provincial and the local and its often-overpowering effect on the national.

In her book *Global Filipinos: Migrants' Lives in the Virtual Village* (2012), Dierdre McKay tracks the movement of members of a family from the village of Haliap, Ifugao Province who became OFWs, first working in Hong Kong and then moving to Vancouver. McKay notes how much her subjects longed for "home" as they traverse the larger world of the OFW network. At first glance this is not unique; it is the most common sentiment among those of us who had to leave home for work. But what is interesting here is that "home" to McKay's subjects was not "the Philippines," but Haliap (McKay, 2012). What they missed was the village, not the nation; friends and relatives, not fellow citizens. While they eventually felt alienated from their

community and families who perceived them rather as sources of largesse than as fellow villagers, these OFWs' lassitude towards the nation-state also did not fade away. We see them resorting more and more to the cyber-world to try to remember memories of a lost home, but there is no evidence of a parallel soulful longing for the Philippines.

McKay attributes this shallowness to the OFWs' continuously negative experiences with the national and local states, mainly how the corruption and inefficiencies that now seem to be their inherent traits have made the villagers' lives so difficult to compel some of them to go abroad. The sense of nation, of patriotism then, cannot be enriched if its institutional representatives are seen to do the opposite. To whom then do these villagers extend their fidelities and support? McKay just adds another evidence to a political relationship that has been extensively studied by historians and investigative journalists (but oddly not much by political scientists): the enduring patronage ties between the community and local power (be it warlords, bosses, strongmen, or political clans).

But community estrangement with the state is not just the result of politics. If you read the responses of the book's subjects more carefully, you will note one particular geographic quirk: Manila does not figure much in the constantly moving world of McKay's OFWs. Where the national capital is acknowledged, it is as the essential transit point as they move from village to Hong Kong or Vancouver. You get to sense that these migrant workers did not even leave the airport terminal as they transfer airlines. If Manila did figure prominently in their lives, it was the site where the working visas to Hong Kong and Canada are sought for but not a domicile where one wants to stay longer. Once permits are approved and passports released, one could not wait to leave the metropole and return home, to the village (Philippine passports can be had now in regional offices of the immigration bureau).

You encounter the same fleeting movement when the OFW returns to the Philippines after two years of being away. He/she leaves Vancouver's International Airport, transits into Kai Tak International Airport, lands at the Ninoy Aquino International Airport, transfers to the domestic terminal, takes the connecting flight to Laoag or Baguio City, lands in either airport and takes the family jeep or a chartered transportation and by the end of the day walks up the stairs of the family house where he/she finally can relax and enjoy the feeling of being home. The "spectre of comparisons," argues Benedict Anderson, enabled Jose Rizal and his fellow ilustrados to imagine the nascent community that would become the Philippines. He writes:

> There is a dizzying moment early in the narrative when the young mestizo hero, recently returned to the colonial Manila of the 1880s from a long sojourn in Europe, looks out of his carriage window at the municipal botanical gardens, and finds that he too is, so to speak, at the end of an inverted telescope. These gardens are shadowed automatically – Rizal says *maquinalmente* – and inescapably by images of their sister gardens in Europe. He can no longer matter-of-factly experience them, but sees them simultaneously close up and from afar. The novelist arrestingly names the agent of this incurable double vision *el demonio de las comparaciones*.
>
> *(Anderson, 1998, p. 2)*

McKay's OFWs, however, sees something different when viewing this inverted telescope. There is little if no comparison between Hong Kong subway systems or Vancouver gardens with Manila's Metro Rail Transit System or the Quezon City Botanical Garden/Arboretum, the latter places most likely not even visited by the provincial OFW. The only comparison that we can imagine is either temporal (the real, now thoroughly commoditized Haliap and the old etiolated Haliap that can only be preserved now in the web), or associational (the Haliap cluster

that McKay's OFW joined in Hong Kong versus a similar circle in Vancouver). But the stronger and more lasting relations between home village and new diaspora cluster in Hong Kong or Vancouver are all outside of the Philippines.

The power of these local-driven relationships also helps us understand why alongside the many Filipino associations that litter the diaspora are equally thriving clubs of people coming from the same province or speaking the same language. In Hawaii, where Filipinos are now the biggest "ethnic group," the most active of their organizations are those who represent Ilocanos and Bisayans. When one visits Waipahu, a district on the western side of Honolulu, you do not just feel that you are back in the Philippines; you believe that entire communities and barangays were uprooted from the different Ilocos provinces and replanted – without any alteration – in Waipahu. An Ilocano immigrant may have left home, but she rests in the comfort that in the new place she will be living in, well, "feels like home."

To write about national political development that includes over 8 million Filipinos the world over, and a financially indispensable (nearly $9 billion in annual remittance) diaspora would entail breaking down first these "localized" relationships, and replacing them with ties that place the "home country" at their center. With a perennially weak state and an elite that is concerned solely with class and clan power, it would be impossible to implement even the beginnings of a massive reorientation of perspectives and fidelities. Moreover, as more Filipinos leave for abroad to either work or immigrate, the more likely will their devoutness of village and town (and not to country) be reinforced and thereby preserved. And for those who chose to become citizens of the country they have moved to, their new status further weakens the position of an already fragile Filipino identity. For where else would they be heading but to become … American?

Reversibility?

Are these processes reversible? Possibly, and I think there exist several counterweights, other than state coercion, that can prevent the worsening of these fissures. For one, like it or not, the Philippines is a sovereign nation with a territory recognized by an international system of similar nation-states. Given the failed adventures of *Moro* separatism, I doubt if we can duplicate what the Timorese did. Second, thanks in part to the nationalization of media and popular culture, the number of Filipinos who believe in the current version of the national narrative is now larger than those who do not believe or are unfamiliar in it. Thus, if Pulse Asia runs the survey question "What are you first? Filipino or _____," I suspect that most its respondents will answer the former.

There are also historical conjunctures where national identity prevailed over regional and linguistic divisions. The Cry of Pugadlawin found echoes in several uprisings outside Manila. In Misamis Province, the Spanish mestizo Nicolas Capistrano and his Kagay-anon marched against the Spaniards, while in Sugbu Michael Cullinane discovered 120 Cebuano elites who joined the Revolution and Resil Mojares wrote vividly of the anti-American struggle across the island (Mojares, 1999; Montalvan, 2002, Cullinane, 2014). And who could forget the Igorots who fought alongside Filipino revolutionaries during the war against the Americans as told to us by the late historian Walter Henry Scott and the urban planner Gerard A. Finin (Scott, 2006)? With memories of these struggles for independence or anti-Americanism beyond Manila kept alive in our books, the challenge would be how to reinvigorate these.

Then there are the Chinese. We know that Chinese have always had a fraught relationship with the state. Mistrusted for being illegal immigrants, accused of collaborating with the Muslims in promoting smuggling, suspected once of being the communists' fifth column, and of late of

being surrogates of the People's Republic of China. The racist Sionil Jose, however, was wrong when he accused *Tsinoys* as latent traitors of the nation. In her book *The Chinese Question*, Carol Hau argues that Chinese and Filipino nationalism were "not always mutually exclusive." The former participated in the anti-Japanese war guerrilla war that the latter led, calling themselves Wha-Chi warriors. There was a Chinese section in the Politburo of the *Partido Komunista ng Pilipinas* and some of the Wa-Chi veterans even joined the Hukbalahap rebellion. Then in the late 1960s, several *Tsinoys* were in the protest movement, with some of them – like the writer Ricky Lee – becoming cadres of the new communist party. Hau asserts that these examples are indicative of the "intimate connections between Chinese and Filipinos in the challenging and uncertain wartime conditions" (Hau, 2014, p. 211). Minorities and majorities can thus find in nationalism a common basis to work together as … well … Filipinos.

Finally, we go back to Bai Tan. The country's internal wars have ironically enabled communities, groups, and individuals to talk to each other, and this time in Tagalog. When the *Moro* feminist and scholar Rufa Guiam and I asked Maguindanaos displaced by the MNLF's war how they dealt with "outsiders," i.e., the national army, they told us this amazing story of how they had to send their smartest children to the town schools to learn not Math or Biology, but "Filipino." Like many non-Tagalog speakers they hated the imposed learning of "Filipino," but in this case, they had to take it seriously because "Tagalog" was the only language that both villager and soldier understood. Having a common language became the only way to convince the army not to burn their villages and for the saner and more sensitive members of the AFP to dialogue with the intimidated *Moros*. And who could not marvel at Galib Andang, a.k.a., Commander Robot's fluent Tagalog as he explained to the media why the Abu Sayyaf – purportedly strong advocates of Islam – was in the business of kidnapping people?

The war has also created this space where licit and illicit blend with each other. These fairs are first set up by Maranaos who have migrated up north because of the war, and soon would be followed by relatives and younger kin who would, in turn, expand the network beyond Manila. Later on, *Moro* migration from the dirt poor Autonomous Region for Moro Mindanao provinces to the cities in search of jobs has led to the rise of *Moro* communities, particularly in the urban poor areas. While they may look like enclaves within these ghettoes, it was next to impossible not to interact with similar *probinsyanos* from all over who have also set up their zones.

And even become intimate with one another. A former student who did research in northern Mindanao on Christian-*Moro* marriages and the Balik-Islam movement observed that these unions were not out of the ordinary nor were they a problem for the families. Wives and husbands continued practicing their respective religions and children were either given the right to choose which theology they were most comfortable with or even allowed to dabble in inter-denominational syncretism. Often this is because of love, but at other times it is for business and family advancement.

Today the pirated DVD, the hijab, and Tsinoy movie star Kim Chiu are part of our everyday imagination. Yet, to uncover undercurrents that inform their slow and belated inclusion into the national body politic necessitates solving the disparities between their "local" stories and that of the national political narrative. To do so, I think – no, I am convinced more and more – that we scholars must immerse ourselves into their worlds. When we do we must be always ever reminded by what the late China academic Simon Leys – who was born in Belgium, grew up in Taiwan, Singapore, Hong Kong, before settling in Australia – wrote, and I quote: "cosmopolitanism is more easily achieved in a provincial setting, whereas life in a metropolis can insidiously result in a form of provincialism" (quoted in Barnes, 2017, p. 43).

Notes

1 For a brief description of *Ichijo's Wet Lust*, see "Ichijo Sayuri: Nureat Yokujo" (Ichijo's Wet Lust, 1973) on the website *Rotten Tomatoes* (2011). Wikipedia has a brief description of *Love in Paris* in Indonesian (2017).
2 Kar and LeBlanc (2014). The most popular means of promoting illicit financial flows is through the under-invoicing of imports such that "over the past decade, 25 percent of the value of all good imported into the Philippines – or 1 out of every 4 dollars – goes unreported to customs officials."
3 The law was amended on May 27, 2013 that does not require Filipinos abroad to provide an affidavit stating that they would return to the country within three years before they would vote (Office of the President of the Philippines Commission on Filipinos Overseas, 2013).
4 This sentiment and dreams of the village home are wonderfully portrayed in McKay (2012).

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