

WE ARE RESPONSIBLE FOR ONE ANOTHER

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WE FILIPINOS are far from being a fully achieved people. *Nation building*—which is the *diffusion* of national awareness and the *incorporation* into the national community of all sectors of the population—still is a work in progress.

From the beginning, geography and history had combined to make the *sense of nationality* hard to instill in our people. Our fragmented geography has produced an equally fragmented political system. Even as late as the Spanish conquest in the 1570s, our scattered Malay *chiefdoms* remained primitive local oligarchies—with the bulk of the people being *debt-serfs* and household *slaves*.

Disunity made these perpetually warring chiefdoms easy prey. “They did not know their own strength until they found they have been subdued,” noted the Augustinian friar Casimiro Diaz in 1718.

Colonial policy perpetuated many of these *local oligarchies*, since both the Spaniards and the Americans ruled *through* the *indigenous elite*. The Americans *embraced* the collaborationist *ilustrado* elite—as a foil against the *die-hard* partisans of the First Republic—in *compadre* colonialism.

THE PERSISTENCE OF FACTIONAL POLITICS

Early on the Spaniards instituted a system of nominating conventions for town officials that institutionalized politically the economic and social *rivalries* of local elite factions.

Initially these local factions coalesced into a two-party system when the Americans called the first general elections in 1907. But these *proto*-parties never developed common programs or distinct class followings. Until now, they have no structure and little durability. Samuel Huntington describes them as typically “the projections of individual ambitions.”

Under the 1987 Charter’s *misguided* effort to set up a “free and open party system,” they broke up into a multitude of competing factions. At last count, the COMELEC had 162 separate “parties” on its rolls.

POLITICIANS, NOT PARTIES, MAKE POLICY

None of these factions and proto-parties are large enough—or cohesive enough—to govern on their own. There is no



agreed-on approach, to governance; what *continuity* there is in public policies comes from their least common denominator of agreement. Candidates for public office select themselves—then fund their own campaigns. A President’s policies are his own, and no one else’s. With every change in administration, governance starts virtually from scratch.

Our country still is governed *not* by laws, *not* by political institutions but by political personalities.

A CIVIL SERVICE DESPOILED BY POLITICS

A weak, demoralized, and often corrupt bureaucracy compounds this political dysfunction. Early on the civil service had become a prize of the political spoils system. Until now the President is empowered to appoint bureaucrats down to assistant-director level—theoretically wiping out the civil-service leadership every time an administration changes.

A WEAK FINANCIAL SYSTEM

Add to these constraints the state’s weak financial system—which impairs its ability to invest in primary health care, basic education, and infrastructure. Thailand *spends* 6 times more than we do on every public-school child. Singapore invests 13 times more.

Government needs to raise tax and customs revenues badly. But the tax effort—in early 2009 it was less than 13%—is the lowest among comparable East Asian economies. Income tax leakages alone cost the state P107 billion in 2006, according to the Department of Finance itself. And smuggling has become so bad the President of the oil firm *Petron* complains—and the Finance Secretary confirms—that more than a third of all our petroleum comes into the country duty-free.

AN IRRESPONSIBLE CONGRESS

An incredibly *irresponsible* Congress caps these problems. For instance, *not only* did the 14th Congress (2007-10) adjourn *without passing* bills that abolish unnecessary tax and duty-free privileges enjoyed by politically influential corporations, and higher taxes on cigarettes and alcohol that have been pending for so long. It also passed *additional* tax exemptions worth over P72 billion.



FEW RESTRAINTS ON PRESIDENTIAL POWERS

Given our demoralized bureaucracy and fractionalized party system, the presidency has accumulated near-monarchic powers. The Chief Executive appoints 4,800 officials. In practice, he/she can also deprive any sitting official—whether national or local—of the public funds due his/her office. By manipulating budget releases, the President could punish his/her political enemies while rewarding his/her political allies.

The Constitution defines the powers of the President. But in her 2007 State-of-the-Nation Address, President Gloria Macapagal-Arroyo said: “From where I sit, I can tell you, a President is always as strong as she wants to be.”

UNITS OF THE SYSTEM WORKING AT CROSS-PURPOSE

Because of the extreme diffusion of power, the overlapping jurisdictions, and the checks and balances of the presidential system, the units of the political system often work at cross-purpose.

Private armies, enforced disappearances, and gross violations of human rights are rampant. As the Jesuit sociologist, John Carroll, has observed, “Naked power has become the main mediator between rich and poor; and *coercive* power is used heedlessly to accumulate wealth and prestige for the power holders.”

THE OLIGARCHY AND THE STATE

IN SUCH A SETTING, economic development has merely *entrenched* the dominant families. As electoral politics developed, this elite flourished through its ability to *convert* the wealth and the votes it could command into political influence—and political influence into even more economic power.

Control—not the maximization of profit—is this elite’s primary object; and it has built up immense concentrations of power—public and private monopolies—that ordinary people could *not* break through just about everywhere in national society.

Oligarchic influence on the highest State organs enables powerful individuals, families, and clans to organize monopolies and cartels, tilt the rules of competition in their favour—and acquire privileged access to the rents and commissions



generated by public investments.

Because the Legislature and the Presidency are the key organs of the state, there is *extreme competition* to influence the lawmaking process and the executive order. And this is why the whole of national society has become so *extremely politicized*.

POLICYMAKING CAPTIVE TO VESTED INTERESTS

Nor has any effort ever been attempted at social reform that would threaten in the slightest the wealth of the rich; or even to compel them to pay the taxes they should pay.

“Philippine policymaking,” the World Bank noted in 1993, “has historically been captive to powerful vested interests that have shaped economic policy, to protect and enhance their privileged position, often to the detriment of national well-being.”

Not even the revolutionary government that drove out the strongman Ferdinand Marcos in February 1986 *dared* to pass a comprehensive land reform law. Its iconic leader, Corazon C. Aquino, waited to pass the buck to a restored Congress. Dominated (as usual) by landlord interests, this conservative legislature riddled the law with loopholes—shielding, among others, President Aquino’s own hacienda Luisita from its effects.

In more recent decades, factionalism has also enabled *ar-riviste* entrepreneurs to break into the ranks of the *old* rich. The *Forbes* magazine list of Filipino dollar-billionaires is dominated by newly-rich Chinese Filipinos.

NATIONALISM TO JUSTIFY CLOSED MARKETS

The elite has deployed the rhetoric of nationalism to justify monopoly profits for its inefficient ‘infant’ industries under a regime of tariff, currency and import controls that penalized agriculture, kept down workers’ wages, and condemned the entire economy to near-stagnation.

Protectionist provisions in successive Constitutions running back 75 years keep away foreign capital, foreign technology, and foreign managerial skills from key economic sectors. Foreign direct investment rates are a fraction of what they are in neighbour states.



REGULATORY CAPTURE OF STATE AGENCIES

The influence of special interests pervades even government regulators, who tend to identify with the industries they are meant to regulate.

In 2007, the National Economic and Development Authority (NEDA) estimated that regulatory capture *of the agencies supervising aviation—seaports—the maritime industry—telecommunications—and the energy sector*—costs the State between P100-P200 billion in potential income—and reduces average GDP by between one and two percentage points yearly.

THE HIGH COSTS OF DOING BUSINESS

As a result of these oligarchic ‘rents,’ the costs of doing business are the highest in East Asia and among the highest in the world. Together with our political instability, uncontrolled corruption, and high power costs, these costs are driving away even national investors. Our investment rate is 15%, compared to Indonesia’s 25%, Thailand’s 28%, and Vietnam’s heroic 38%. If we are to raise GDP growth close to the level that our neighbours manage, we must raise our investment rate to at least 25%.

OUR NEIGHBORS HAVE ONE BY ONE PASSED US BY

As the first colonial people to regain our freedom, we had a head start in the race for development among the new nations. But poor national leadership has aggravated our basic weaknesses. So that, after having led all our neighbour-states in GDP growth in the post-Independence period, we soon started to lag behind.

In 1981, individual incomes in Thailand were barely *half* ours. Now they’re almost *double*.

PERSISTENCE OF THE PATRONAGE SYSTEM

IN THE ABSENCE OF STRONG CENTRAL AUTHORITY, many ordinary families have traditionally preferred the security inherent in being the followers of a *powerful local leader* to the insecurity of possessions they could not anyway defend on their own.

In the peasant community, this ‘social contract’—until it was subverted by the cash economy—morally obliged the rich to protect the poor’s *right to subsistence*.



For rural migrants moving to the expanding cities, patronage politics until now fosters social mobility—easing their introduction to urban disciplines and the world of paid work.

Nowadays patronage politics focuses on practical social services—including free coffins—that the weak State is unable to offer. “In whatever way, *nobody* who approaches me goes away empty-handed,” says the patriarch of a durable Central Luzon dynasty. “He or she goes home happy.”

And more and more the traditional modes of reciprocity are being replaced by cash-for-votes exchanges. Vote buying has inflated election costs and worsened political corruption.

POOR REMAIN STAUNCH SUPPORTERS OF SYSTEM

But some partisans continue to exhibit remarkable loyalty to their factional leaders. One Congressman won two successive terms while in jail serving two life sentences—for raping a child. The roguish action-movie star Joseph Estrada—his crowd appeal hardly dimmed by his conviction for plunder while President in 1998-2001—has just essayed a strong comeback.

These effusions of loyalty led the National Statistical Coordinating Board (NSCB) to conclude (in a January 2010 study) that Filipino voters do *not* choose their *local* leaders “on the basis of good government, platform or issues.”

The Board found that in eight out of the 10 “worst-governed” provinces (so judged in 2005), governors in office were re-elected in 2007. Meanwhile, in the 10 best-governed provinces, three governors lost when they ran for re-election or for congressional seats.

The NSCB concluded: “Good governance is *not* sufficient for a governor to win; neither is bad performance sufficient for a governor to lose.”

The Filipino poor remain staunch supporters of the social system. Despite the efforts of generations of radical ideologues, we Filipinos have no pronounced class antagonisms of the kind that currently agitates Thailand. “The poorer socio-economic groups, the less educated, and rural people tend simply to voice approval for the system and for authority-figures in it,” notes Father Carroll.



OUR DUAL ECONOMY

IN MUCH OF EAST ASIA, *rapid growth* over these past 40 years has unified *dual economies* left over from the colonial period. Because we have *been slow* to ease mass poverty, a basic division persists between the urban, export-oriented sector of the economy and its rural subsistence sector.

Because economic growth is so *narrowly based*—Metro Manila and its satellite regions, Central Luzon and Southern Tagalog, produce 65-70% of domestic output and income—social inequality is *severe*—and rising. In 2006, the richest 10% of Filipinos enjoyed 23 *times* more income than the poorest 10%. In South Korea, the gap between the highest and the lowest tenth is only 8 to 1.

What is worse is that gross inequality perpetuates itself—since the few who are rich are able to deploy enough political power to ensure their interests override those of the poor majority.

Little of the benefits of growth has trickled down to the masses of the poor, two-thirds of whom live and work in our hinterland. We had failed to switch from capital-intensive import-substituting industrialization to labour-intensive exports as our neighbours had done, starting in the middle 1960s.

By this failure, we also *cut off* the linkages between agriculture and industry, constricted the growth of jobs and concentrated the benefits of development on the landowning, industrial and professional elite.

LOW PRODUCTIVITY, LOW ECONOMIC GROWTH

More and more of our manufacturing industries are unable to compete with our neighbour economies. Low-cost manufacturing we've lost to China, Indonesia and Vietnam—all of whom also have *higher* productivity.

Our country averaged GDP growth of only 3.1% in the 25 years between 1976 and the year 2000. This rate of growth doubles the size of the economy every 23 years. During that same quarter-century, Korea was doubling the size of its economy every 9.5 years; Thailand was doing so every 11 years; and even Indonesia was doing so every 13 years.



HARDENING POVERTY AND SOCIAL INJUSTICE

SOCIALLY, our nation faces both *nutritional* and *educational* disasters. Six out of 10 children are malnourished to some degree. Less than half of all Grade 1 pupils ever get to finish high school.

Right now, roughly one in every five Filipino families lives in *absolute* poverty—which in practical terms means malnutrition—poor housing—lack of access to education—shortened life spans—and poverty passed down from generation to generation.

Philippine poverty has in fact been growing—to 33% in 2006 from 30% in 2003, according to government’s Family Income and Expenditures Surveys (FIES). This early, NEDA has given up on our Millennium Development Goals (MDG) target of having all our children of the right age in elementary school by 2015.

GROWING NUMBERS OF THE ‘ABSOLUTELY POOR’

We’ve also defaulted on our civic duty to assure for the lowliest among our people lives fit for the dignity of man. The World Bank classifies 13 to 15 out of every 100 Filipinos as “absolutely poor”—individuals who live on the equivalent of one US dollar a day (at 1985 prices). In East Asia, *only* Laos and Cambodia have proportionally *more* absolutely poor people than we do.

Meanwhile the most recently released FIES for 2006 places the middle class at 19.1%—down from 22.7% in 2000 and 23% in 1997. Because of the global recession, we may reasonably expect the 2009 figures (still to be released) to be even lower.

WHAT MUST WE DO TO CATCH UP?

OUR COUNTRY HAS LAGGED SO CONSISTENTLY behind its neighbors that its critics have turned to cultural factors for an explanation. And the common diagnosis is that we Filipinos have only a *weak sense* of national unity to offset our extreme differences in geography, ethnicity and social classes.

But, as the sociologist (and US Senator) Daniel Moynihan has pointed out, our problems *merely* reflect structural defects in our political institutions—defects we can *alter* deliberately.



“Politics can change a culture and save it from itself.”

Meiji Japan and Atatürk’s Turkey are historical models of how simply changing the rules can begin to move a culture in a new direction. Most urgently, we need to cultivate a *more rounded* kind of nationalism—one focused on the effort to account for ourselves in the global community.

REBUILDING OUR PUBLIC IDEALS

Our most immediate—and most urgent—problem I see as that of *rebuilding our public ideals* that years of poor governance have devastated. The World Bank classifies us the most corrupt among 10 East Asian states.

To manage the special-interest groups that have so strong an influence on our public life, we need to strengthen our political institutions—our electoral system, our political parties, the civil service, and the checks and balances that protect the independence and integrity of our three branches of government. We must support with public resources our electoral process.

To preserve the spirit of reform beyond any single administration, we must institutionalize it. And we must inculcate the reformist spirit not only in individual statesmen and women but also in our political institutions.

Reform must become part of the essential spirit of cohesive political parties and of a civil service possessed of a strong sense of the national interest.

THE MARKET AND THE STATE

The experience of our neighbour states teaches us that the state and the market are *not* alternatives. The state and the market complement each other. We now also know the market *by itself* is *not* enough. Left to itself, the market remains indifferent to the ethical dimensions of what its workings do to *vulnerable* people.

Of course, government *cannot* solve *all* our problems. But government should do the things people *cannot* do for themselves: political stability, rule of law, human and physical infrastructure. The State has had a necessary role in all the poor countries that have prospered.



THE TASKS OF POLITICAL REFORM

BUILDING STATE CAPACITY

The immediate task is to lay the political and economic reforms that will give us the impetus to compete in the world. And first of all we must build state capacity. We must focus government's activities to match its capabilities—and on the core tasks crucial to development. And this should involve *raising the legitimacy and effectiveness* of government institutions—*freeing* state agencies from the control of *interest groups*—and *enabling* them to act *autonomously* on behalf of the national interest.

ACCOUNTABILITY OF THE PRESIDENT

While the 1987 Charter prevents a President from perpetuating himself/herself in office, it also gives him/her virtual *free rein* during his/her six years of tenure. The threat of impeachment as our only restraint on presidential predation is inferior to the carrot-and-stick inducements of reelection. The Yale political scientist Robert A. Dahl warns rightly that “without frequent elections citizens would lose a substantial degree of control over their elected officials.”

PROFESSIONALIZING THE BUREAUCRACY

A *first-rate* civil service is indispensable to the modern state. We have East Asia's *most ramshackle bureaucracy*. And, until now, Mrs. Arroyo's 'Strong Republic' is just a *car-plate* slogan. We must begin professionalizing the bureaucracy by getting the President to give up his powers to appoint officials down to assistant bureau director level—which theoretically decapitates the civil service every time an administration changes.

MODERNIZING OUR PARTY SYSTEM

Building state capacity also *requires* strengthening political parties. *Representative* government *cannot be* anything but *party* government. Democracy needs political parties to *aggregate*—to collect and combine—disparate interests and translate them into public policy.

Many of our political problems arise from our *simple* lack of *leadership groupings* able to *think coherently* of the national interest. Because we have *no* stable political parties that



share an approach to governance, there is *no continuity* in our public policies.

Just compelling presidential and vice-presidential candidates to run as teams instead of individually will do a great deal to restore party systems.

WILL A CHANGE IN THE SYSTEM HELP?

Shifting to the parliamentary system would begin to move the burden of political accountability from individual politicians to parties unified around distinct programs. This will make it easier for us to encourage the centralization of political power.

Its “confidence requirement” for the legislative majority to continue governing creates a strong incentive for the ruling party to maintain voting discipline. But parliamentary government will *not* be a political cure-all.

OPENING UP THE ECONOMY

WE MUST STRIVE FOR A POLICY BALANCE between government and market—because markets by themselves do *not* ensure economic efficiency.

‘Connectedness’ to global markets is the name of the new game. But our economy as a whole still is governed by politics instead of by markets. And it still is closed more tightly than that of (theoretically still-Communist) China. Exporting work-people instead of goods still seems our only economic strategy that works—though at great social costs.

Our utmost goal must be to set free the spirit of Filipino enterprise. We must strive for a *policy balance* between government and market—because *markets by themselves do not lead to economic efficiency*. And the modernization we strive for should include “*industrializing*” our agricultural systems and processes.

STOP TREATING AGRICULTURE AS A STEPCHILD

In East Asia, agriculture—through agrarian reform—became the foundation of industrial development. We must stop treating agriculture as the stepchild of development—particularly since our biggest problem is how to *employ 2.8 million undereducated and largely rural young people unable to fill the*



jobs the modern economy generates.

The modernization we strive for should include *industrializing* our agricultural systems and processes. Not only must agriculture feed successive Filipino generations. It must also exploit high-value agricultural markets in fast-growing economies opening up through globalization—such as those in China, South Korea and India.

REPEAL REMAINING PROTECTIONIST POLICIES

To reduce the costs of doing business, we must dismantle the monopolies and cartels in shipping, transportation, energy, etc. *We shall eventually need charter change* to repeal protectionist policies in successive Constitutions. Our membership in regional agreements will help along our efforts at economic liberalization.

SOCIAL REFORM MUST FOCUS ON THE POOREST OF THE POOR

THE KEY TO BALANCED DEVELOPMENT lies in concentrating our scarce resources on lifting up the lives of our *absolutely poor* families.

We must focus government's efforts on the poorest of our poor—the roughly 13-15% of all Filipinos who subsist on the equivalent of less than US\$1 a day. We must concentrate—*seriously*—on *inherited* poverty. And we must stop *non-poor* groups with political influence from '*capturing*' social services meant for the voiceless, unorganized poor.

EDUCATION TO BREAK THE CULTURE OF POVERTY

As elsewhere, our poorest households are those whose heads have the *barest* formal education—or *none* at all. And they *pass down* their poverty to their children and grandchildren.

Since the correlation between the *lack* of schooling and the *degree* of poverty is so strong, ensuring that no child is left behind should be a key objective of any anti-poverty program. The cycle of generational poverty we should break by ensuring the children of the very poor stay in school. Yet we have *shamefully* neglected providing universal basic education.



NO CHILD LEFT BEHIND

Education Secretary *Jesli Lapus* placed the school participation rate for school-year 2007-08 at only 85%. Right now, our dropout rates are East Asia's highest. One-quarter of those entering school drop out before Grade 5. We're also the only Asian country with a 10-year basic education system—and one of only three such countries in the world. All the others have at least 12-year systems.

AFFIRMATIVE ACTION FOR OUR POOREST REGIONS

Standard practices have also been developed in many countries to give preferential treatment to groups or regions disadvantaged either by government neglect or by popular prejudice.

Muslim Mindanao, the Cordilleras and the poorest administrative regions—Bicol and Cagayan, Caraga, Western and Central Mindanao, Central and Eastern Visayas—can all reasonably claim *preferential* treatment in budget allocations for infrastructure, primary health care and basic education.

YOU AND THE PHILIPPINE FUTURE

WE MEET at the end of what many Filipinos regard as a *failed* presidency, and at the beginning of a new Administration.

We've gone through the record of the historical past—which shows how badly we lag behind our vigorous neighbours. And if we don't shape up, they'll be leaving us farther behind—because *tomorrow's* winners and losers are already being decided by public investments being made *today*.

A SENSE OF THE NATIONAL PURPOSE

Our new President must do much more than preside over the further unfolding of our *democracy of faction*.

He must make the *forging* of a Filipino national community a prime national goal. He must point us toward an overriding national purpose. He must offer our people a *vision* of the national future.

But these things our new President cannot do alone. He will need young people like you to lead what should ultimately



become a people's movement for political, economic, and social *emancipation*.

A PEOPLE'S MOVEMENT FOR EMANCIPATION

Politically, we must *empower* our people so that they can choose their leaders freely—*swayed* neither by the inducement of patronage nor the threat of violence.

We must make the *protection* and *promotion* of *human dignity* our *central* democratic value.

Economically, we must set free the spirit of Filipino enterprise.

And, *socially*, we must *unify* our fragmented national community and *lift up* the common life.

That Filipino families *go hungry*—and that Filipino children of the right age are *out of primary school*—these are a *national shame*.

We must learn to measure our social progress by the spread of “distributive justice.” And a society achieves distributive justice when no individual in it lacks the critical minimum of material means that the society as a whole accepts as just and fair.

WE ARE RESPONSIBLE FOR ONE ANOTHER

We who are old bequeath you a divided nation. You must begin to heal the divisions in national society. You must make this country whole. And you must restore it to its place of dignity in the community of nations.

In the words of our church song, no one ever lives for himself alone—just as no one dies for himself alone. Truly we're responsible for one another.

In this light, I will be happy to help in instituting a centrist democratic reform agenda through the Konrad Adenauer Stiftung together with its local partners TACDRUP and the Centrist Democratic Movement.



ABOUT THE AUTHOR

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Jose T. Almonte

from 1992 to 1998. A graduate of the Philippine Military Academy in 1956, he won the Distinguished Conduct Star for gallantry with the Philippine military contingent in Vietnam from 1966 to 1969. He retired from the Armed Forces in 1986, while recovering the hidden wealth of the late President Ferdinand E. Marcos in Switzerland under Operation Big Bird. He was also conferred the country's highest award, the Ancient Order of Sikatuna, for outstanding government service from 1992 to 1998. The Polytechnic University of the Philippines awarded him an honorary doctorate in public administration in 1995.



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