

Whither the
Philippines
in the 21st Century?

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Whither the
Philippines
in the 21st Century?

Edited by

*Rodolfo C. Severino &
Lorraine Carlos Salazar*



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FOREWORD

In 2004 and 2005, the Philippines' gross domestic product grew by 6 and 5.1 per cent, respectively. In the Southeast Asian context, this growth rate places the country behind Singapore and Vietnam, but it compares fairly well with those of Indonesia, Thailand and even Malaysia. Because of this, international credit rating agencies have been upgrading their ratings for the Philippines. Government figures show that, under the administration of President Gloria Macapagal Arroyo, the Philippine economy grew by an average of 4.4 per cent a year, faster than in the three previous presidencies.

Yet, the question in many people's minds is this: why does the Philippines continue to be outside the "radar screens" of most international investors, including those from Singapore and other capital-exporting ASEAN countries? Why has the percentage of the country's population living below the poverty line remained stuck at 30 per cent (in 2003), which, in ASEAN, puts the Philippines in the same league as Cambodia, Laos and Myanmar and worse off than Vietnam (19.5 per cent in 2004)? In spite of the steady macroeconomic growth, why do so many Filipinos have to leave their homeland and their families to seek jobs? If economic growth brings stability and contentment, why do the Philippines' two insurgencies — the communist and the Muslim — so stubbornly persist? Why do Philippine politics appear so volatile? Why do elements of organized religion and the military find it necessary to intervene in the political process?

Is it just a matter of the normal time lag between a macroeconomic surge and its trickle-down effect? Is it a question of unjustified impressions purveyed by media free from undemocratic constraints? Is the problem the country's rapid population growth? Is it the consequence of political decisions? Is it a matter of political will or political institutions? On the other hand, are there niches of progress that are not obvious to many?

To shed light on these questions, the Institute of Southeast Asian Studies, on 13–14 July 2006, convened a gathering of scholars and other observers of the Philippines. They occupy a broad spectrum of political, economic and social viewpoints, approaching the fascinating Philippine conundrum from many angles. All of them are well-known Philippine experts, many of whom are Filipinos — nurturing an abiding interest in Philippine affairs.

As expected, they did not arrive at any kind of unanimity or even consensus; but the discussions sharpened their insights and refined their thinking. In the light of those discussions, they revisited and revised the papers that they had brought to the conference. The revised papers are compiled in this book, which ISEAS is happy to publish. We hope that they will contribute to the continuing debate on the Philippines, a debate often driven by passion, sometimes marked by a measure of bewilderment, always conducted with lively energy. We hope, at the same time, that the papers will enrich the debate's factual grounding and strengthen its analytical rigour.

The Philippine situation is extremely complex, as complex as the situation in any country in the world. This is why the chapters in this volume cover such a variety of subjects from such diverse points of view.

Mely Caballero-Anthony of the S. Rajaratnam School of International Studies of Singapore's Nanyang Technological University offers a sweeping overview of the Philippine situation. Joel Rocamora, a long-time observer, activist, and analyst of the Philippine political scene, shares his insights into the country's political institutions and processes as he interprets them today. José V. Abueva, the highly esteemed political scientist, former president of the University of the Philippines, and foremost advocate of constitutional change, argues the case for a drastic reform of the country's system of governance. Carolina G. Hernandez, a scholar for many seasons and a direct participant in the efforts to reform the Philippine military, and Grace Jamon and Mary Grace Mirandilla, experts on religion in the Philippines, contribute their thoughts on the roles of the military and religion, respectively, in Philippine politics. Melinda de Jesus, a former journalist and an active observer of Southeast Asian media's freedom or lack thereof, examines the state of the Philippine media.

The eminent economist, Gerardo P. Sicat, analyses the Philippines' economic strengths and weaknesses, the political and social factors underlying them, and the economy's prospects for the future. On the other hand, Peter Wallace, a long-time consultant to many multinational companies, views these strengths and weaknesses and their underlying factors from the practical

viewpoint of the investor. Ernesto M. Pernia, professor of economics and former economist at the World Bank and the Asian Development Bank, dissects the phenomenon of the Filipino diaspora and the economic, social and political impact of its homeward remittances.

A prominent agricultural economist, Arsenio M. Balisacan of the University of the Philippines examines the distressing picture of poverty in the Philippines, its dimensions, and its causes. Looking at the Philippine development record in comparative perspective, Hal Hill of the Australian National University and Sharon Piza of the Asia Pacific Policy Center contend that one should avoid simplistic generalizations. They argue that while developments are messy, the Philippines is far from a failed state. Patricio N. Abinales, professor of Southeast Asian Studies in Kyoto, and Alexander Magno, former dissident and now professor and newspaper columnist, write about the Muslim and communist insurgencies, respectively, with some unusual insights. The insurgencies are located in the socioeconomic sections of the conference and of this volume because we believe that they are more a socioeconomic than simply a security problem.

The conference ended with a panel discussion among Manu Bhaskaran, an international consultant; Frank Cibulka, a Philippine specialist and professor at Zayed University in Abu Dhabi; Klaus Preschle, country representative of the Konrad Adenauer Stiftung in the Philippines; and Grace Padaca, Governor of the Philippines' Isabela Province. They concluded the conference on an optimistic note, projecting hopeful prospects for the country on the basis of new trends, both national and international, and the unfolding dynamics in the global and regional economy.

Rodolfo C. Severino, visiting senior research fellow at ISEAS, retired Philippine diplomat, and former ASEAN secretary-general, attempts, in the concluding chapter, an analytical summary of the conference papers and proceedings and of the issues that they raise.

The reader will appreciate the wide variety of styles that characterizes the chapters in this volume, a variety that reflects the greatly diverse backgrounds of their authors — from the academically rigorous to the fluidly journalistic to the breezily conversational.

I wish to thank Denis Hew, head of Regional Economic Studies at ISEAS; Mely Caballero-Anthony; Rodolfo Severino; Lorraine Salazar, visiting research fellow at ISEAS; and Karthi Nair of ISEAS for organizing the conference in its many aspects and phases. Severino and Salazar edited this book. I also thank Triena Ong, Head of the Publications Unit of ISEAS, and her staff for seeing this volume through to publication.

Not least, ISEAS and I are profoundly grateful to the Konrad Adenauer Stiftung Singapore for its support of the July conference and to the Konrad Adenauer Stiftung Philippines for its assistance in the publication of this book.

K. KESAVAPANY
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Observers of the Philippines are often baffled by what they perceive as the economic malaise and political turmoil that dominate headlines about the country. The news coming out of the Philippines has, for several years, been mostly negative. One scholar has even described the country as being caught in a “developmental bog”. Yet, the Philippines continues to hold the potential for improving the lives of its people and being a positive force for the political and economic development of the region.

In 2005, the political noise reached high decibels, making many investors wary and placing yet another obstacle on the country’s road to development. At the same time, however, the economy has proved resilient, growing at 4.9 per cent in 2005 and 5.4 per cent in 2006. This underscores the resilience of the economy, at least at the macro level, and reflects Filipinos’ tenacity and hard work.

To assess the nature and direction of these seemingly contradictory trends and gain a sense of the country’s prospects, ISEAS convened a conference entitled “Whither the Philippines in the 21st Century?” on 13 and 14 July 2006. The conference brought together a high-powered group of experts who provided knowledgeable and provocative assessments of key political, economic, and social issues facing the country. The discussions were interactive and lively, with participants espousing opposing sides on issues and articulating varying ideas and proposals. In order for their analyses to reach a much wider audience, ISEAS has decided to publish the revised papers from the conference, which this volume now comprises.

We wish to thank Denis Hew, head of Regional Economic Studies at ISEAS, and Mely Caballero-Anthony for their insights in designing the conference and Karthi Nair for organizing its many administrative details. We would also like to thank the contributors to this volume for their rigorous analyses in their respective domains. We thank Manu Bhaskaran, Frank

Cibulka, Grace Padaca and Klaus Preschle for the informed thoughts and insights that they shared during the panel discussion that capped the conference.

We wish to thank Triena Ong, Head of the Publications Unit of ISEAS, and her staff for seeing this volume through to publication. Also, we are grateful to the Konrad Adenauer Stiftung (KAS) Singapore for its support of the July conference and KAS Philippines for its financial support in publishing this volume. Finally and not least, we thank Ambassador K. Kesavapany, Director of ISEAS, for his crucial personal interest and support, which made the Philippine conference and this volume a reality.

We hope that this volume will provide readers a deeper insight into and a more balanced appreciation of events in the Philippines as well as a glimpse into its future.

Rodolfo Severino and Lorraine Salazar
Singapore, September 2007

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LIST OF ABBREVIATIONS

ADB	Asian Development Bank
ADC	Asian Developing Countries
AFP	Armed Forces of the Philippines
ARMM	Autonomous Region of Muslim Mindanao
AMRSP	Association of Major Religious Superiors of the Philippines
ASEAN	Association of Southeast Asian Nations
BOT	build-operate-transfer
BPO	business process outsourcing
BSP	Bangko Sentral ng Pilipinas (Central Bank of the Philippines)
CARP	Comprehensive Agrarian Reform Program
CBCP	Catholic Bishops Conference of the Philippines
CCP	Communist Party of the Philippines
CESB	Career Service Executive Board
CESO	Career Executive Service Officer
Chacha	Charter Change
CMFP	Citizens' Movement for a Federal Philippines
CMFR	Center for Media Freedom and Responsibility
Comelec	Commission on Elections
CPP	Communist Party of the Philippines
DECS	Department of Education, Culture, and Sports
DICT	Department of Information and Communication Technologies
DND	Department of National Defence
EDSA	Epifanio de los Santos Avenue
EO	Executive Order
EPF	Employees Provident Fund

EPIRA	Electric Power Industry Reform Act
FDI	foreign direct investment
FIES	Family Income and Expenditure Survey
FPJ	Fernando Po Jr.
FTAA	Financial Technical Assistance Agreement
GCM	General Court-Martial
GDP	gross domestic product
GK	Gawad Kalinga
GNP	gross national product
GRDP	gross regional domestic product
GRP	Government of the Republic of the Philippines
HDI	Human Development Index
IFI	international financial institution
IMF	International Monetary Fund
INC	Iglesia ni Cristo
IPR	intellectual property rights
ISAFP	Intelligence Services of the Armed Forces of the Philippines
IT	information technology
ITES	information technology enabled services
JI	Jemaah Islamiyah
JIL	Jesus is Lord Fellowship
Lakas-NUCD-UMDP	Lakas ng Bansa (Strength of the Nation)– National Union of Christian Democrats–United Muslim Democrats of the Philippines
LFS	Labour Force Survey
LIBOR	London inter-bank rate
MILF	Moro Islamic Liberation Front
MIM	Mindanao Independence Movement
MNLF	Moro National Liberation Front
NCCP	National Council of Churches in the Philippines
NDF	National Democratic Front
NGO	non-governmental organisation
NIE	newly-industrializing economies
NPA	New People's Army
NSCB	National Statistical Coordination Board
NSO	National Statistics Office
OCW	overseas contract worker
ODA	official development assistance

OECD	Organization for Economic Cooperation and Development
OFW	overseas Filipino worker
OIC	Organization of Islamic Conference
OPAIFCR	Office of the Presidential Adviser to Implement the Feliciano Commission Recommendations
OWWA	Overseas Workers Welfare Administration
PCEC	Philippine Council of Evangelical Churches
PCGG	Presidential Commission on Good Governance
PCP-II	Second Plenary Council of the Philippines
PDP-Laban	Partido ng Demokratikong Pilipino–Lakas ng Bayan (Philippines Democratic Party National Struggle)
PMA	Philippine Military Academy
PPCRV	Parish Pastoral Council for Responsible Voting
PROD	Presidential Regional Officers for Development
RA	Republic Act
RAM	Reform the Armed Forces Movement
RPA-ABB	Revolutionary Proletarian Army–Alex Boncayao Brigade
RSBS	Retirement Service and Benefits System
SMS	short messaging service
SNITS	simplified net income taxation system
SOF	Survey of Overseas Filipinos
SSR	Security Sector Reform
SSRI	Security Sector Reform Index
TFP	total factor productivity
Trapo	traditional politician
3SLS	three-stage least squares
ULAP	Union of Local Government Authorities in the Philippines
UP	University of the Philippines
VAT	value-added tax
WTO	World Trade Organisation

