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Bachelor of Arts, University of British Columbia 2006

RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF ARTS

In the School of Political Science

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SIMON FRASER UNIVERSITY
Spring 2010

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ABSTRACT

This project examines why corruption levels in the Philippines did not perceptibly improve during the periods of 1986-2006 when the country embarked upon a series of democratization measures. The research finds that several factors were involved: an entrenched political culture of patronage politics; weakness in the judicial system; decentralization of corruption networks; and deficiencies in civil servants’ wages. In the end, the research concludes that these factors are unlikely to be effectively addressed in the Philippines until democracy is consolidated. While the democratizing processes that came into being at the end of the Marcos regime established an ‘institutional democracy,’ democratic norms, values and practices have not yet become entrenched in the deeper fabrics of society. Without developing these, it is likely that corruption will continue to plague the country. Democratic consolidation—that is, enhancing institutions and making politicians and bureaucrats more accountable to civil society—is therefore most important in reducing corruption.

Keywords: corruption; democratization; democracy; Philippines; anti-corruption measures; democratic transition
DEDICATION

I dedicate this project in the memory of my grandfather.

Thank you, Tatay, for teaching me the values of integrity,

justice, and temperance.
ACKNOWLEDGEMENTS

I would like to express my deepest appreciation to my senior supervisor, Dr. Sandra MacLean, for her constant patience and encouragement throughout this research. Without her guidance, this project would not have been possible.

I would like to thank my second reader, Dr. Tsuyoshi Kawasaki, for all his support and advice during my first year in graduate school. In addition, I would like to thank my examiner, Dr. Steven Weldon, for his insights, which helped me improve my project.

I would also like to thank the graduate secretary, Shantala Singh, for all her help during my stay at SFU and her assistance during my MA project preparation and defence.

I would also like to thank Jose, for his time in proofreading my project and for all the help prior to my MA defence.

I would also like to thank my family, especially my parents, whose unwavering support inspired me to achieve of my goals.

Last, but not least, I would like to thank my wife, Ivy, for her constant love and inspiration, and for staying by my side during the long hours of research and writing.
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GLOSSARY

EDSA Revolution
Also known as the People Power Revolution of 1986 which overthrew the Marcos regime, named after the Edsa highway where the mass rally was held from February 22 to 25, 1986.

“Hello Garci” Scandal
Scandal involving President Gloria Macapagal-Arroyo and Commissioner on Elections official, Virgilio Garciano, set off by a leaked voice recording of Arroyo colluding with Garciano to rig the 2004 National Elections to her favour. Motions to impeach the President were called by a minority of the Congress but were blocked by Arroyo’s constituents.

Jueteng
Also known as the “illegal numbers game,” it is the most profitable illegal gambling common in the Philippines, played by rich and poor alike.

Office of the Ombudsman
The Philippine Ombudsman (OMB) is the independently-run investigative branch of the government instituted by Corazon Aquino following reforms of the 1987 Freedom Constitution. The OMB serves as the “point of contact” for most concerns and complaints involving government officers and employees.

Padrino
Local term meaning “godfather,” may refer to the head figures of local mafias, heads of families or incumbent or retired politicians who reign over the family businesses or conglomerates.

PEA-Amari Scandal
President Fidel Ramos was accused of participating in the Philippine Estates Authority-Amari deal transacted between 1995 and 1997 involving the illegal acquisition of 158 hectares of property along Manila Bay, and during which an alleged 1.7 billion pesos in cash was appropriated by a cast of dealmakers and public officials. The PEA-Amari investigation was dismissed by the Senate Committee due to lack of evidence.
1: CHAPTER ONE

1.1 Introduction

My primary aim in this project is to examine why corruption levels in the Philippines did not perceivably improve during the periods of 1986-2006 when the country embarked upon a series of democratization. In this project, I argue that, during the period in question, democratization did not reduce the level of corruption, and I will investigate the factors that contributed to the persistence of high rates of corruption.

The literatures available reveal mixed debates regarding the impact of democracy on corruption levels. While many authors suggest that mature democracies are known to have lower levels of corruption than non-democratic countries (see, for example, Treisman, 2000; Sung, 2004; Mohatdi and Roe, 2001; and Rock, 2007), it is yet uncertain whether emerging democracies experience decreases in corruption levels. On one end of the spectrum, some scholars suggest that democratization itself may introduce accountability and thereby reduce corruption (see, for example, Chowdhury, 2004; Lederman et al., 2001). Others scholars suggest that democratization eventually decreases corruption, but only after democracy has endured for some time (see Treisman, 2000; Sung, 2004). Echoing this, some scholars suggest that while democratization eventually reduces corruption as democracy is consolidated, upsurges in government corruption are to be expected during the early stages of
political liberalization, therefore yielding an inverted ‘U’ pattern in relation to 
democratization and corruption levels (see Mohatdi and Roe, 2001; Rock, 2007).
On the far end of the spectrum, other scholars argue that a decrease in 
corruption occurs only with the consolidation of democracy, and that, in fact, the 
process of democratization may exacerbate corruption levels since emerging 
democracies are more vulnerable to corruption, especially if governed by weak 
institutions (see Johnston, 2000; Watt, Flanary and Theobald, 1999; Bharvava 
and Bolongaita, 2004).

Based upon empirical and historical analysis of the Philippines, this project 
explores the effects of democratization on corruption. It explores what factors led 
to the continuation of political and administrative corruption in the Philippines in 
the period from 1986 to 2006, and thereby sheds some light on how the transition 
from an authoritarian regime to a democratic regime may affect the corruption 
levels of a transitional democracy.

This paper argues that anti-corruption policies introduced as features of 
the democratization process in the Philippines did not lead to a perceptible 
 improvement in corruption levels due to a mix of cultural, political, and 
institutional problems entrenched in the system. Questions I explore are: how 
did the transition from an authoritarian regime to a democratic regime affect 
corruption networks in the transitional democracy of the Philippines? Why was 
there a lack of perceivable improvement in corruption level in the Philippines after 
democratization? Can the Philippines experience provide insights on the 
possible risk of increased corruption in emerging democracies? The case of the
Philippines will contribute to the literature on the relationship between democratization and corruption by answering these questions.

Corruption is observed as one of the most pressing problems in the Philippines. Quah (2004, p. 75) writes that a 1997 World Bank study on the Philippines titled, “Three Decades of Lost Opportunities,” suggests that while many factors are responsible for the country’s poor economic performance, pervasive graft and corruption was the most damaging. Quah explains that the report suggests that the Marcos regime was responsible for an estimated loss of 48 billion dollars during the past 20 years. However, even after the collapse of the Marcos regime, corruption remained a pervasive problem. During the periods of 1995 to 2000, it is estimated that about 24 billion dollars was lost to corrupt practices in the span of 6 years.¹

I therefore selected this country as a case study for three reasons. First, because there was widespread optimism by both government leaders and citizens about reducing corruption at the beginning of the period of democratization, it is worth exploring why the expectations fell short after more than a decade of democratic reforms. Second, since the Philippines has more than a decade of experience in transition from a military regime to a democratic regime, this time frame should provide a reasonable period of time to evaluate

¹ Quah (2004, p. 73) writes that these figures are approximates, and there may be more losses (and incidents) of corruption. Quah adds (1999, p. 484) that scholars have to rely on reports of corruption through surveys, press reports, judicial records from anti-corruption agencies, and thus it is not possible to measure the actual extent of corruption in a country. Apart from said sources, international indices such as Corruption Perception Index (CPI) or World Bank Governance Index (WGI) may also be used to measure corruption, but Quah notes that these indices are not directly comparable since these indices utilize different measures of corruption.
the effects of democratisation. Third, considerable research has been done on corruption in the Philippines, arguably sufficient to facilitate a case-study analysis (see, for example, Moratalla, 2000; Co, 2007; Shleifer and Vishny, 1993; and Quah, 1999 and 2004).

The first part of this project covers the definitions of corruption and democratisation, and examines the debate on the connection between democratization and corruption. The second part of this project introduces the Filipino case, first providing a brief historical background on the situation of corruption in the Philippines for the period from 1986 to 2006. The third part of this project examines the analyses regarding the persistence of corruption in the post-Marcos regime, looking into the cultural, political and institutional problems of the Philippines’ democratizing system.

In this study, I identify and explore four factors that contributed to the persistence of corruption in the Philippines in the post-Marcos period. First, I investigate the problem of corruption in the form of political patronage. Second, I explore the weaknesses in the Philippine judicial system, which explains why there is dualism in prosecution of high-ranking public officials. Third, I explore the possible decentralization of corruption networks, which may explain why corrupt actors have multiplied in the absence of Marcos as a monopolizing agent during the martial law period. Fourth, I look into the problem of inadequate wages brought by local government decentralization, which explains why some government employees resort to corruption. In the end, I conclude that the lack

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² Campos and Hellman (2005) also suggest that the decade of democratic transition in the Philippines satisfies the elapsed time needed to observe shifts in political institutions, therefore making it a useful case for understanding the effects of democratization.
of democratic consolidation is the main factor in explaining why corruption levels in the Philippines were not reduced during the period of study. In order to reduce corruption, fair and impartial implementation of corruption measures are necessary, especially with respect to addressing corruption by high-ranking politicians and officials. Such measures could enhance government accountability; yet, in themselves, they are insufficient. Holding governments accountable requires more than the institutionalisation of democratic procedures through the installation of laws and competitive elections. Ultimately, it is the consolidation of democracy that will have the most significant effect in reducing corruption.

Corruption is an important issue to explore as it undermines political trust. As Anderson and Tverdova (2003, p. 104) put it, “because corruption recklessly violates the fundamental principles of democracy, political corruption represents a direct and brutal betrayal of public trust placed in institutions.” This study is important in helping us learn about the nature of corruption by questioning why high corruption levels persist despite the introduction of institutions of democracy in the Philippines.
2: CHAPTER TWO

2.1 Theory and Literature: Definitions and Current Debates in the Study of Democratization and Corruption

2.1.1 Definition of Democratization and Democracy

In this paper, democratization is defined as “the struggle for and establishment of a democratic state,” as well as “the successful struggle against an authoritarian regime and replacement by a democratic regime” (Abueva, 1994, p. 40 & p. 43). In regard to democratization in the Philippines, Abueva (1997, p. 3) notes that the popular resistance against, and subsequent overthrowing in February 1986 of, the Marcos martial law regime marks the beginning of the shift to democracy.

Abueva (1997, p. 2) quotes Samuel Huntington in defining democracy as a “political system where its most powerful decision makers are selected through ‘fair, honest and periodic elections in which candidates freely compete for votes and in which all the adult population are eligible to vote,” and where fraud and coercion do not determine the outcome of elections. Such definitions are of a minimal, institutional democracy. A more substantive democracy is frequently referred to as consolidated democracy. Michael Johnston (2000, p. 4), quotes Linz and Stepan (1996) in defining consolidated democracy as:

a political situation in which a strong majority of public opinion holds the belief that democratic procedures and institutions are the most appropriate way to govern collective life … [and wherein] governmental and nongovernmental forces alike, throughout the territory of the state . . . are
subjected to, and habituated to, the resolution of conflict within the specific laws, procedures, and institutions sanctioned by the democratic process.

Johnston (2000, p.4) adds that in order to define consolidated democracy, there should be a functioning state accepted by its people, and again, quoting Linz and Stepan (1996, p. 7):

Five other interconnected and mutually reinforcing conditions must also exist or to be crafted for a democracy to be consolidated. First, the conditions must exist for the development of a free and lively civil society. Second, there must be a relatively autonomous and valued political society. Third, there must be a rule of law to ensure legal guarantees for citizens’ freedoms and independent associational life. Fourth, there must be a state bureaucracy that is usable by the new democratic government. Fifth, there must be an institutionalised economic society.

According to Johnston (2000, p.4), all of these elements are important in defining consolidated democracy, as any lack of any of the factors can be threatened by serious corruption.

In short, while democratization may simply be defined as the process of introducing democratic institutions, such as electoral systems, it lacks the depth of consolidated democracy, which encompasses an intersubjective understanding and acceptance by the majority of citizens of institutional, political, and societal adherence to the rules and practices of democracy. While democratization may eventually lead to a consolidated democracy, caution in the definition it is necessary because the process of ‘democratization’ and the ‘consolidation of democracy’ are not the same.
2.1.2 Definition and Typology of Corruption

Corruption, as defined by Edward Van Roy (1970, p. 86), is the “the use of power for profit, preferment, or prestige, for a benefit of one’s self, group, or class in a way that constitutes a breach of law or of standards of high moral conduct.” This includes the practice of bribery, cronyism, nepotism, graft, and embezzlement of public officials and employees for private gain.

In this project, corruption is defined as both political corruption and administrative corruption. Co et al. (2007, p. 62) define political corruption as the use of public office to “influence the formulation and legislation of rules through the illicit and non-transparent provision of private benefits to public officials.” They explain that political corruption generally consists of one or more of legislative corruption, judicial corruption, electoral corruption, grand kleptocracy, pork-barreling\(^3\) and patronage politics; and the actors involved mostly comprise of politicians, high-level public officials and influential private interest groups.

Co et al. (Ibid., p. 61) then define administrative corruption as the use of “illicit and non-transparent payoffs to influence the implementation of a government service to one’s advantage.” They elaborate that it consists of bribery, solicitation and graft by rank-and-file government employees, police, custom officers and other low-level government officials in licensing, tax collection, and compliance to rules and regulations.

In the section that follows, a comparative analysis on the structure of corruption during the Marcos martial law regime and post-Marcos era is

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\(^3\) Yuko Kasuya explains pork-barrelling as government spending which directly benefits the constituents of politicians, or the politicians themselves through illegal bidding process and price-padding of public projects (Kasuya, 2009: 55-58)
presented. Historical information from journal and newspaper articles and statistical data from the Philippine’s Office of the Ombudsman (OMB) will be presented as a means of measuring corruption figures.

2.1.3 Relationship between Democratization and Corruption

Although there is a debate among scholars regarding the relationship between democracy and corruption, it is noted by several authors that higher rates of corruption often exist in non-democratic regimes (see, for example, Treisman, 2000; Sung, 2004; Mohatdi and Roe, 2001, and Rock, 2007). There is much debate, however, whether democratization itself would reduce corruption levels.

Scholars such as Chowdhury (2004) and Lederman et al. (2001) suggest that democratization, through the inception of competitive elections and press freedom, creates conditions for accountability that reduce corruption. Chowdhury (2004, p. 3) suggests that the advancement of democracy through electoral participation and press freedom may encourage informed voting and government accountability and thus reduce corruption. He further explains that this is possible through public accountability and awareness which may allow voters to punish political parties that they perceive as corrupt during elections (Ibid., p. 3).

Two important benefits accrue through democratization according to Chowdhury. First, democratization improves political accountability since elections empower citizens to reward honest political parties by voting for them, while at the same time punishing the corrupt parties by voting for the opposition. Second, because democratization introduces accountability, the state will no
longer need to allocate additional resources to control corruption. Chowdhury (2003, p. 23), however, cautions that competitive elections and press freedom may not change the extent of corruption dramatically, and it may take time for more substantive changes to become evident. Lederman et al. (2001, p. 5) suggest that the process of democratization is generally good for non-democratic countries because “ultimately, the political macrostructure related to the political system, balance of powers, electoral system and so on determines the incentives for those in office to be honest, and to police and punish misbehavior of others,” thus leading to lower corruption levels.

Scholars such as Treisman (2000) and Sung (2004) write that democratization eventually reduces corruption, but only after democracy has endured for some time. According to Sung (2000, p. 187), democratization “generally, and eventually, decreases corruption,” but is should be recognized that “temporary upsurges in government corruption are to be expected during the early stages of the process of political liberalization.” Triesman (2000, p. 401), for instance, finds that democracy has to be substantive and long-lived in order for corruption levels to be reduced. Similarly, Mohatdi and Roe (2003) and Rock (2007) have found that following democratization, graphing corruption rates yield drop s an inverted ‘U’ effect; that is, corruption increases initially and is gradually reduced only in the longer term as the state becomes a mature democracy.

This effect may be explained, to some extent by other scholars such as Johnson (2000), Bhargava and Bolongaita (2004), and Watt, Flanary & Theobald (1999) suggest that consolidated democracy, not merely democratization, is
necessary in order to reduce corruption. Johnston (2000, p. 3), for example writes that much of the debate comes from the minimalist approach to democracy simply as “free elections.” He argues further that since corruption could involve the process of elections itself, a minimalist definition of democracy will not suffice. In fact, Johnston concludes (Ibid, p.27) that without consolidated democracy, democratization may in fact, exacerbate corruption levels. Watt, Flanary and Theobald (1999) similarly found that, in the case of Uganda, democratization did not improve levels of corruption because the inherent weaknesses in the institutional, political and cultural systems rendered the country more vulnerable to corruption. Unconsolidated democracies, in other words, appear to be especially prone to corruption.

Sorensen (1993, pp. 49-52) writes a partial explanation for this in his examination of different types of democracies; he found that unconsolidated democracies are often subject to personal rule and patron-client relationships. Sorensen (Ibid., p.46) adds that it is often the case that unconsolidated democracies suffer from personal rule and clientelism because personal relationship determines the outcome of the application (or non-application) of laws. Bhargava and Bolongaita (2004, p. 248) observed this in the Philippines where the justice system has not been effective in successfully prosecuting cases of alleged corruption. Following Sorensen’s explanation, it was the weakness of the judiciary that rendered it vulnerable to personal rule and

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4 Sorensen (1993, p. 49) writes that personal rule “is based on personal loyalty, especially toward the leading figure of the regime” where “all the important positions in the state are filled with loyal followers of the strongman, his relatives, friends, and kinsmen . . . [and] where loyalties are reinforced by their sharing of the spoils of office.” Patron-client relationship (or clientelism) is defined minimally as the exchange of votes, or use of public office for future favours.
clientelism. Democratization, then, will not make unconsolidated democracies less vulnerable to corruption if informal practices of personal rule dominate over the prescribed laws of democratic process.

Goldsmith (1999, pp. 866-883) offers a part explanation for this, suggesting that competitive politics will probably escalate the demand for campaign funds, and thus be a source of political corruption and embezzlement, especially in unconsolidated democracies. For instance, in the case of the Philippines, vote buying has been common during elections, and also political parties have tended to seek a “return of investments” after being elected to office (Co et al., 2007, p. 145). Thus, the institution of competitive elections has created opportunities both during and following the elections for corrupt practices.

Democratization of strong, previously authoritarian regimes may also bring decentralization of corruption networks. New corruption networks may crop up in the absence of centralized corruption monopolies. In the case of Indonesia after the Suharto regime and the Philippines after Marcos, the transition from authoritarian rule brought about the change from centralized corruption networks to decentralized ones (Smith et al., 2003, p. 296). The weakening of political control and decentralization of corruption networks allowed a wide variety of agents to gain access to previously closely-knit and exclusive corruption networks. Since decentralized corruption networks create a “free for all” opportunity for corrupt officials to gain access to a wide range of illegal activities, lower government units (the military, police, and custom officers) were able to
make individual profits with very little restriction (Smith et al., 2003, p. 297).
According to Campos and Hellman (2005, pp. 240-247), in areas such as East
Asia where democratization has been accompanied by decentralization, it is
assumed that there will be enhanced local accountability. However, they also
note that there are associated risks with decentralization, if municipalities
experience capacity constraints, inter-governmental competition, and weakness
in funding and information flow. Imbalance in funding between local government
units may, in its turn, lead some agencies to lessen the quality of public service
and levels of employee wages. The disparity in funding local government units
may result in embezzlement and corruption in deprived units in order to
compensate for the lack of financial resources.\(^5\)

Bhargava and Bolongaita (2004) found in a case-study of four Asian
democratic or democratizing countries (Philippines, South Korea, Thailand and
Indonesia) that a multidisciplinary analytical framework is important to help
understand the patterns of governance and nature of corruption in each country
with emphasis on three factors of political leadership, policies and laws on
corruption, and political culture and social norms. According to Bhargava and
Bolongaita (2004, p. 12), it is first important to look at political leadership, that is,
examining the quality of leadership and management structures as political
leadership initiates anti-corruption efforts. Second, policies and laws on
corruption should be examined as these reinforce anti-corruption efforts. This

\(^5\) Campos and Hellman (2005) write that such is the case with Indonesia and Philippines, where
there is considerable control over expenditures for basic public services, but little transparency
and control over the civil servants that provide the services. This leads to corruption in terms of
unfair government contracting.
includes reviewing anti-corruption instruments for regular monitoring, effectiveness in reducing opportunities and incentives for corruption, and independence of anti-corruption agencies. Third, Bhargava and Bolongaita (Ibid, p. 12) write that political culture and social norms should be examined, as these factors sustain anti-corruption efforts. Regarding this, it is therefore important to look at the strength of anti-corruption coalitions, and analyze the operating environment of corruption.

Co et al. (2007) and Quah (1999 & 2003) echoed the importance of three similar factors. It should be noted that there is a slight difference in how these three factors were emphasized by Quah and Co et al., however. For Quah, political leadership in combating corruption is most important, followed by anti-corruption initiatives. He argues that both of these factors shape political culture, which ultimately is determinant in making anti-corruption measures sustainable (i.e. a political culture that supports the consolidation of democracy). Co et al., however, claim that these three factors may often overlap in analyzing corruption problems and explain that it is likely that weakness in one aspect may reflect an overlapping weakness in another (for example, political patronage reflects weakness in both political leadership and political culture).

In the case of the Philippines, deficiencies in political leadership, policies and laws on corruption, and political culture are pointed out by many authors (such as Bhargava & Bolongaita, 2004; Quah, 1999 & 2003; and Co et al., 2007) as main contributors to the lack of improvement in corruption levels in the Philippines. It is therefore important to look into these factors and how they
affected (or were affected by) democratic transition during the period of study. In this research, these factors will be explored in order to explain why there was a lack of perceivable improvement in corruption levels in the Philippines during the period studied.

2.2 Authoritarianism, Corruption and Democratization in the Philippines

2.2.1 Situation of Corruption in the Philippines Prior to Martial Law

Corruption is not a new issue for the Philippines. According to Quah (2004, p. 62), corruption was introduced by the Spanish who were responsible for “low salaries and poor working conditions of the bureaucrats.” This contributed to widespread bureaucratic corruption during the Spanish colonial period. Quah (Ibid.) adds that after World War II, the bureaucracy continued to suffer from “low prestige and meager resources,” which contributed to widespread bureaucratic corruption in the 1950s. Post-World War II presidents, including Quirino, Magsaysay, Garcia and Macapagal tackled the issue of corruption by creating anti-corruption legislation to discourage the incidents of bureaucratic corruption.\(^6\) Quah (Ibid., p. 63-64) writes, however, that while issues of corruption did exist

\(^6\) Quah (2004, p.63) writes about the following presidents and the anti-corruption measures they instituted: Quirino created the Integrity Board in May 1950; Magsaysay established the Presidential Complaints and Action Commission (PCAC) in 1953; Garcia abolished the PCAC and replaced it with the Presidential Committee on Administration Performance Efficiency (PCAPE) and Presidential Fact-Finding Committee (PFFC) in 1958; Macapagal instituted the Presidential Anti-Graft Committee (PAGCOM), Presidential Agency on Reforms and Government Operations (PARGO), and Complaints and Investigations Office (CIO) in 1966. All of the five agencies were dissolved by Marcos and replaced by five “anti-graft agencies” during his two decades in power.
prior to the Marcos regime, the problem manifested itself mostly in the form of bureaucratic corruption in the pre-Marcos periods.

2.2.2 Martial Law under Marcos (1972-1985)

The declaration of martial law in 1972 marked the beginning of Marcos’ authoritarian regime. With the issuance of Proclamation 1081, Marcos declared martial law over the entire country of the Philippines and effectively closed down the congress, most newspapers, radios and television stations. Abueva (1997, p. 6) writes that Marcos also ordered the arrest and indefinite detention of hundreds of political leaders, journalists, and members of the political opposition. With the military as his principal partner in his dictatorship, Marcos was able to force the judiciary, bureaucracy and local government into submission to his one-man-rule.

For Marcos, the proclamation of martial law over the entire country was the beginning of creating a “new society” to revitalize the economy and ensure the security of the state against the communist insurgency. Hernandez (1985, p. 907) describes that violent repression of basic human rights and harassment of opposition activists by the military and police were commonplace during the period of Marcos’ martial law rule. The military, in partnership with Marcos, expanded to new roles in administering the state. According to Hernandez (Ibid., p. 910), the military soon found itself not only keeping law and order, but also maintaining internal security and managing military-related industries, public corporations, diplomatic posts and judicial roles by the effective use of political patronage. The dismemberment of the legislature through the imprisonment of several political oppositions also helped pave the way to the insertion of the
military in political affairs. Hernandez (Ibid., p. 909) writes that the military, under the direct control of Marcos, ignored the civilian courts that ordered the release of detained prisoners who qualified for bail, on the excuse that they were suspected of being part of the communist insurgency. The military also refused to return confiscated properties to their owners. Even when civilian courts asserted demands, they were powerless to demand military obedience. Furthermore, according to Hernandez (Ibid., pp. 910-912), Marcos systematically promoted military officers who were loyal to him and forced the retirement of officers unwilling to serve under his administration, thereby further expanding his authority.

Stauffer (1977, p. 373) writes that to promote the ideology of a “new society,” the military-controlled television stations endlessly repeated Marcos’ speeches on broadcast stations as part of a propaganda movement to support the president’s dictatorship. McCoy (1993, p. 508) adds that newspaper and television companies who criticized the Marcos administration were quickly commandeered by the Metrocom police under the directive of the president. By restricting the freedom of the press through military force, Marcos successfully muted his critics.

The declaration of martial law effectively suspended the presidential elections set for 1973. Abueva (1997, p. 7) writes that “to give the nation a semblance of political participation and competition, Marcos held several managed referenda” and “ratified” the electoral terms of the 1973 Constitution to manipulate his authoritarian rule as president. Marcos also formed his political
party, the New Society Party, to which he oversaw the appointment of its assemblymen. According to Abueva (Ibid., p. 7) Marcos pretended to end martial law in 1981, when he held a presidential election only to be opposed by a token candidate; after winning the election, Marcos continued his monopoly of power as president-dictator.

2.2.3 System of Corruption during the Marcos Years (1972-1985)

Kang (2002, p. 137) writes that during the martial law period, Marcos sought to divide and conquer both his opponents and the old-family oligarchs that were threats to his power. Kang (Ibid., p. 138) adds that, to secure strong financial support, Marcos developed new oligarchs “who were dependent upon him for success” and left neutral oligarchs alone as long as they posed no threat. Kang (2002, pp. 138-139) further explains how Marcos’ confiscation of opponents’ assets and the creation of new oligarchs directed the flow of assets from the bottom up, enabling vast amounts of surplus to be utilized by the Marcos clan for their personal and political needs.

Marcos’ new oligarchs secured preferential treatment from the government with exclusive access to certain markets and monopolies. Kang (2002, p. 140) discusses, for example, Herminio Disini (who married a cousin of First Lady Imelda Marcos) who was able to secure 90 percent of the tobacco market in the Philippines while paying only a 10 percent import tax, while his competitors were subject to 100 percent government tax. The other elites who cooperated with Marcos included the Cojuangco family, Benedicto, Aboitiz, Yulo and the Lucio Tan families. Johnston (2008, p. 215) notes that Lucio Tan, similar
to Disini, was able to secure his import-export businesses with very little
government levy, and was able to avoid internal revenue audits and charges of
tax evasion. Kang (2002, p. 185) also documents how Robert Benedicto, a
former ambassador turned Marcos supporter, gained monopoly over the sugar
sector and assumed control of sugar plantations deemed “inefficient” by the
government. He also headed the government’s Philippine Sugar Commission
and created the Republic Planter’s Bank, which gained control of crop loans.
Also, according to Kang (2002, p. 186), Juan Ponce Enrile and Eduardo
Cojuangco were able to monopolize the coconut industry with assistance from a
presidential decree by Marcos in 1979, which ordered all coconut processing
companies to sell out or to affiliate with Cojuangco’s United Coconut Mills.

Of these oligarch and clans, the holdings of Lucio Tan, Fernandez-Yulo
and Aboitiz became the “new oligarchies” under Marcos. Table 2.2 below
illustrates the concentration of assets owned by oligarch-and-clan companies
under Marcos in 1979:

Table 2.1: Family Ownership in the Philippines, 1979

<table>
<thead>
<tr>
<th>Fernandez and Yulo Group (33 companies)</th>
<th>Aboitiz Group (14 companies)</th>
<th>Lucio Tan (10 large companies)</th>
</tr>
</thead>
</table>
| Far East Bank and Trust Company         | Insular Bank of Asia and America
3 Chemical companies                    | 1 Heavy equipment company
6 Mining companies                      | 1 Industrial gases company
2 Heavy equipment companies             | 3 Automobile companies
3 Automobile companies                  | 2 Pulp and paper companies
5 Pulp and paper companies              | 1 Tobacco company           |
|                                        |                             | Allied Bank
|                                        |                             | 2 Brewing companies
|                                        |                             | 1 Tobacco company
|                                        |                             | 1 Airline company
|                                        |                             | 1 University
|                                        |                             | 1 Real estate company
|                                        |                             | 2 Construction companies |
While Marcos’ political friends and business allies enjoyed preferential treatment and unmitigated profiteering, he constantly attacked and usurped the assets of the oligarchs whom he perceived as potentially dangerous to his rule. The Lopez family, for example, posed the most significant threat to Marcos for having built a political and economic empire in the Negros and Panay regions. Bello (1995, pp. 5-11) writes that the Lopez’s assets included an airline company, several shipping and transportation companies, the Manila Electric Company, the Philippine Commercial and Industrial Bank and the *Manila Chronicle* newspaper. In 1972, Marcos’ Metrocom troops occupied the broadcasting network, ABS-CBN and seized *Manila Chronicle*’s printing presses. Imelda Marcos’ brother, Kokoy Romualdez, procured the Lopez presses worth 50 million pesos for just 500 thousand pesos. Adding insult to injury, Marcos charged the Lopez family with tax evasion and expropriated their ABS-CBN television network, Manila Electric Company, and other holdings without any compensation (McCoy, 1993, pp. 508-510). Similarly, the Osmena family suffered a similar fate under Marcos, having their wealth confiscated and Hacienda Osmena “appropriated” under land reform. Since Sergio Osmena Jr. was a contender against Marcos for the presidency in

<table>
<thead>
<tr>
<th>Fernandez and Yulo Group (33 companies)</th>
<th>Aboitiz Group (14 companies)</th>
<th>Lucio Tan (10 large companies)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 Textile companies</td>
<td>5 Shipping companies</td>
<td>1 Hotel company</td>
</tr>
<tr>
<td>1 Pharmaceutical company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Shipping companies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Tobacco company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Real estate company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Hotel companies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Communications companies</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Kang (2002: 135)
1969, Marcos had Osmena arrested and then exiled for alleged sedition in 1972. Last, but not least, was the threat posed by Senator Benigno “Ninoy” Aquino, who was in 1971 the opposition leader and major threat to Marcos’ presidential dictatorship. In 1979, Marcos commenced legal action against the Aquino family’s rice paddies and repurchased the Aquino family’s lands under-priced by over one billion pesos (Kang 2002, p. 142). Ninoy Aquino was assassinated in 1983 as he stepped off the plane in Manila returning from exile.

2.2.4 The 1986 Presidential Snap Election, EDSA Revolution and Democratization

The assassination of Ninoy Aquino in 1983 sparked public outrage, since many people believed that Marcos ordered Ninoy’s assassination. Abueva (1997, p. 7) writes that Ninoy’s martyrdom in the face of Marcos' dictatorship became the catalyst for the nationwide protests and student movements. To appease the public, Marcos called a “Snap Election” in 1986 to reaffirm his viability and inspire confidence in his presidency. Corazon C. Aquino, the widow of Ninoy Aquino, was the primary opponent of Marcos for the presidency. In the ensuing election, the National Citizen’s Movement for Free Elections (NAMFREL) declared Corazon C. Aquino the winner while the Commission on Elections (known as COMELEC, then operating under Marcos) declared the incumbent president Marcos as the winner of the elections, surpassing Corazon Aquino by 1.6 million votes (Abueva, 1997, pp. 8-9). This outcome was deemed fraudulent and unacceptable by the opposition and was criticized by the Catholic Church. These series of events led to the mass support for Corazon Aquino, and protest
against President Marcos. The bloodless People Power Revolution (also known as the EDSA Revolution, in reference to the Edsa highway where the rally was held) that ensued on February 22, 1986 forced the Marcos family to flee the country and seek exile in Hawaii (Abueva, 1997, p. 7-9).

With the exile of Marcos, Corazon Aquino assumed the Office of the President. Addressing the issue of dismantling authoritarianism that was Marcos’ legacy and establishing democracy were Aquino’s primary challenges. The democratic transition began with the release of political prisoners and removal of government censorship (Abueva, 1997, pp. 9-11). Aquino also abolished the 1973 Constitution and replaced it with her Freedom Constitution, which guaranteed freedom of the press, civil and political rights, political competition and participation, and government accountability. The constitutional amendment also guaranteed elections every 6 years, and limited the scope of powers of the president and the military to avoid the future emergence of authoritarianism (Abueva, 1997, p. 9-10). Abueva (Ibid, p. 9) writes that, while the EDSA revolution meant different things to many people, the general opinion of the event was that it was important for the overthrow of an “unwanted dictator,” and replacement by a popularly chosen leader and restoration of a Filipino democracy.

2.2.5 Corruption, Post-Marcos Regime (1986-2006)

For the Filipino majority, the end of the Marcos regime marked a new hope for the country, with aspirations for a better, cleaner and freer government to be brought about by newly-found democracy. It seemed, for a while, that the
optimism was valid. Citizens’ perception of the Aquino regime was substantially better than the perception they held of the repressive Marcos dictatorship, and although Communist opposition sought to overthrow the Aquino administration, Corazon Aquino completed her entire term as president from 1986 to 1992.\(^7\)

However, Corazon Aquino’s presidency was not without challenges. Although free elections and press freedom were restored, corruption in the government remained a constant problem. During her administration, Aquino instituted programs and created anti-corruption bodies to ensure accountability in public office. The most prominent of these was the Presidential Commission for Good Government (PCGG), formed to ensure the recovery of the Marcos’ ill-gotten wealth (Co et al., 2007, p. 24). However, despite measures such as this, corruption persisted. Moratalla (2000, p. 503) quotes Aquino voicing her exasperation with the problem of corruption, stating in her 1989 State of the Nation Address that, “corruption has returned, if not on the same scale, at least with equal shamelessness.”

Moratalla writes (2000, p. 503) that according to the Social Weather Station\(^8\) (SWS) national statistic survey released in 1994, the respondents claimed that corruption was rampant even in the anti-corruption agencies of the Presidential Commission for Good Government (PCGG), Bureau of Internal Revenue (BIR), and Bureau of Customs (BOC). Moratalla (Ibid, p. 503) further explains that the Philippine Ombudsman report of 1998 indicated that “about 9

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\(^7\) Corazon Aquino’s administration faced nine coup attempts from communist insurgency until the end of her term in 1992.

\(^8\) The Social Weather Station is a national statistic survey which is academically-funded, independent, non-partisan institute in the Philippines which conducts social surveys and survey-based social science research.
billion pesos was lost to government due to malversation, *estafa* (swindling) and violation of the provision of RA 3019 (the Anti-Graft and Corrupt Practices Act)” during the period from 1990 to June 1998; in all, according to the report, “the government lost P1.4 trillion and continues to lose P100 million daily since the PGCC began investigating corruption in the government since 1988.”\(^9\) The report indicated that 63 agencies were responsible for the losses, mostly from government agencies responsible for licensing, tax collection, and immigration and customs (Ibid., p. 504). Moratalla (Ibid., p. 504) also quotes President Estrada in his assessment of corruption, where he laments that “at least P23.13 billion of what the Philippine government spent last year for various projects was lost to graft and corruption, with 20% of all project funds lost to grafters.”

The Ramos administration that followed the Aquino administration, as well, was not spared of corruption allegations. The Ramos administration was involved with a scam associated with the Philippine Estates Authority–Amari (PEA-Amari) which occurred between 1995 and 1997, where 1.7 billion pesos was paid to public officials to procure a large sale of property along Manila Bay (Co et al., 2007, p. 25). After a series of hearings and investigations, the Philippine Senate committee came to the conclusion that the government was defrauded of billions of pesos. Co et al. (2007, p. 25-26) write that the scandals included military officers and officials with strong kinship tie to Ramos, and the senate suspected that there were attempts to derail the investigation. In the end,

since there was no solid evidence of the involvement of high officials, the case was ultimately forgotten.

Conditions of corruption failed to show improvement during the Estrada administration that followed the Ramos administration. Oyamada (2005, p. 89) asserts that the brief reign of Estrada from 1998 to 2001 was marked with political instability, corruption charges, and controversy. Co (2007, pp. 139-140) writes that the extent of Estrada’s corruption was revealed on October 2000, when a prominent gambling racketeer, Luis Singson (then governor of Ilocos Sur), admitted to having bribed Estrada with 400 million pesos of gambling money and 180 million pesos embezzled from farming subsidies. The controversy sparked further revelation of the extent of Estrada’s alleged corruption, ranging from accusations of accepting bribes from moguls such as Lucio Tan to evade taxes, to his involvement in illegal gambling and maintenance of secret bank accounts (Reid, 2001, p. 778). Public opinion of Estrada’s presidency greatly declined as the allegations escalated until January 2001, when a mass rally organized by students and the middle-class (later known as EDSA II) provoked the Philippine Congress to oust Estrada from power (Rivera 2005, pp. 127-133).

After Estrada’s impeachment, Vice President Gloria Macapagal-Arroyo assumed the Office of the President. Macapagal-Arroyo’s presidency was extended after she won the 2004 presidential elections in which she secured 40 percent of the presidential votes (Rivera, 2005, p. 130). However, Arroyo’s victory in the elections was marred by allegations of electoral fraud, corruption
and controversy, with evidence that the president rigged the elections in her favour.\textsuperscript{10} Numerous legal proceedings and protests were made in order to impeach Arroyo; however, none was successful because of Arroyo’s deft political manoeuvrings.\textsuperscript{11} During her term, Arroyo granted presidential pardon to Estrada, following a recommendation from the Department of Justice (Dalangin-Fernandez, 2007, p. 1).\textsuperscript{12}

Surveys of corruption also suggested that administrative corruption remained rampant at different levels of the government, but especially in transactions between businesses and government agents. Co et al. (2007, p. 52) write that private businesses reported an increase in solicitation of bribes by government personnel and officials in metro Davao between the years 2004 and 2005. Comparing the years 2004 and 2005, 26 percent of the respondents were asked for bribes for local permits in 2004, while 39 percent reported similar experiences in 2005. In securing national licenses, 9 percent reported having paid bribes to officials in 2004 while 30 percent reported the same experience in 2005. Furthermore, according to Co et al., (Ibid., p. 52) a similar increased trend in corrupt transactions was reflected in payment of income taxes, compliance with import regulations, collecting receivables from the government and availing of government incentives.

\textsuperscript{10} This controversy was known as the “Hello Garci” case, named after a leaked voice recording of Arroyo speaking with the electoral commissioner, Virgilio Garciano, with orders to pad her lead during the elections. While motion to impeach Arroyo was initiated, the Congress minority could not garner the 79 signatures required to send the amended impeachment complaint to the Senate. Although the case remains open and the investigations continue to this day, the impeachment proceedings ceased and Arroyo remained as president.


\textsuperscript{12} On October 25, 2007, Arroyo granted executive clemency to Joseph Estrada on the grounds that he would not seek public office (meaning that he would not seek to reinstate himself as the rightful president after his “unlawful impeachment” in 2001).
Table 2.2: Perception of Solicitation of Bribery among Businessmen in Metro Davao, 2004-2005

<table>
<thead>
<tr>
<th>Government Transaction</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local government permits</td>
<td>26%</td>
<td>39%</td>
</tr>
<tr>
<td>National government licenses</td>
<td>9%</td>
<td>30%</td>
</tr>
<tr>
<td>Payment of income taxes</td>
<td>18%</td>
<td>29%</td>
</tr>
<tr>
<td>Complying with import regulation</td>
<td>2%</td>
<td>19%</td>
</tr>
<tr>
<td>Collecting receivables from government</td>
<td>13%</td>
<td>26%</td>
</tr>
<tr>
<td>Availing of government incentives</td>
<td>2%</td>
<td>17%</td>
</tr>
</tbody>
</table>

Source: Co et al. (2007, p. 52)

Public surveys, as well, have suggested a slight increase in perception of corruption in the government. According to public surveys of the Social Weather Stations (SWS), in 2001, 47 percent of the public believed there was a great deal of corruption in the government. This compares with 38 percent who said so in 1999. While in 1999 some 25 percent said that there was little corruption in the public sector, only 10 percent in 2001 claimed that they observed little corruption in the government.

Likewise, the Transparency International (TI) Corruption Perception Index showed a worsening state of corruption. After 1999, corruption levels in the Philippines did not show significant improvement, and in 2004, Transparency International reported that it had the second highest corruption levels in Southeast Asia (Transparency International, 2004). In 2008, Transparency
International reported that corruption levels in the Philippines surpassed those of Indonesia, thus ranking the Philippines as the most corrupt country in Southeast Asia (Transparency International, 2008).

Comparing the accurate extent of corruption between the Marcos and post-Marcos years is difficult because of the censorship and record manipulation done during the Marcos era. However, as Quah (2004, p.75) observed, even after the Marcos regime, corruption remained endemic to Philippine society. Citing a World Bank study, Quah writes that, while 48 billion dollars was lost during the Marcos in the span of 20 years, it is estimated that 24 billion dollars was lost in the span of only 6 years during the periods of 1995 to 2000. Quah (Ibid, p. 66) cites the Financial Times report in 2000, wherein it is stated that “perceived corruption in the Philippines reached its highest levels in two decades in 1998 and 1999, the first 2 years of the Estrada administration.” Hicken (2008, p. 75) suggests that the Arroyo administration even surpassed the corruption levels of the Marcos regime. According to Hicken (Ibid.), “Filipinos now rate her [Arroyo] as the most corrupt of the past five Philippine presidents – ahead of not only Joseph Estrada but also the dictator Ferdinand Marcos.” While the validity of these claims may be contested, the statements reveal that the public perception on corruption has not improved in the Philippines after Marcos.
3: CHAPTER THREE

3.1 Analysis on Why Corruption Levels Did Not Improve in the Philippines: 1989-2006

Drawing on the literature outlined in chapter 2.1.3, I examine four possible explanations for the increase in corruption levels in the Philippines for the period of 1989-2006:

3.1.1 New Electoral Systems in a Political Culture of Political Patronage

Sorensen (1993, p. 50) observes that weak, unconsolidated democracies are vulnerable to patron-client relationships. As Watt, Flanary and Theobald (1999, pp. 60-61) suggested, the institution of democratic electoral systems does not necessarily reduce corruption levels within the state, especially if informal political connections dominate over the formal prescriptions of the democratic process. Goldsmith (1999, pp. 866-883) explains that in the case of democratizing regimes, the introduction of competitive politics can escalate the demand for campaign funds, and thus be a source of political corruption. Furthermore, Johnston (2008, pp. 215-217) notes that opportunities for corruption are increased in countries which are in the beginning of a political transition while also undergoing economic liberalization.\(^\text{13}\)

\(^\text{13}\) Johnston (2008, pp. 215-217) notes that the Philippines, South Korea, and China each experienced increase in corruption levels during the period of economic liberalization, when elite cartels and oligarchs influenced the market and its regulators.
In the case of the Philippines, many politicians have run for public office as a means of promoting private interests of large “family corporations” (McCoy, 1993, p. 487). It is common that public office in the Philippines is seen as a tool to promote self-interest instead of serving the public. Azurin, Filipino political critic and academic, writes a sad commentary about the perception of politics in the Philippines:

Actors in the political marketplace are principally motivated by their own self-interest and abiding concern for their personal advancement . . . while the incentive for politicians to take action in the public interest is weak, the incentive to cater to the wishes of special interest groups who contribute campaign funds is strong . . . any notion that politicians act in the public interest is naïve and unrealistic (Azurin, 2007, p. 101).

Co et al. (2007, p. 144) cite an article by Norman P. Aquino in Business World’s 2005 Anniversary Report which quotes Nicolar Perlas of the Center of Alternative Development Initiative saying that “the corruption problem is a subset of the larger problem of representative democracy itself . . . Political corruption (during the post-Marcos era) became a cultural norm among Filipinos when they saw that nothing much was being done to stamp it out.” Elections may create avenues for corruption, especially if patronage politics is deeply embedded in the political culture.

Bhargava and Bolongaita (2004, p. 87) write that the main economic activity for political players is elections, which becomes a means to create and placate core constituencies rather than improve representation and government. Kasuya (2009, pp. 43-57) adds that candidates’ decision to run for office depends mostly on the cost-benefit analysis of how much money will be needed
for the campaign and what the likely financial rewards of the office will be. Kasuya (2009, p. 61), writing about the cost of campaigning for elections, observed that during the mid-1990s, “a successful candidate for the lower house needed between 10 and 20 million pesos, and for the Senate from 20 to 100 million pesos.” Kasuya explains that these figures include the cost of vote buying, along with more legitimate campaign expenses such as the cost of organizing rallies, preparing and distributing campaign materials, and hiring poll watchers during elections.

It is very difficult, however, for politicians to pay for these campaign expenses with their modest government salaries. Rocamora (2002, p. 19) writes that, as of 2001, the annual salary of a House member and a Senator was only one half-million pesos (approximately $11,000 US dollars). Kasuya (2009, p. 61) explains that instead of relying on his or her official government salary, a politician usually resorts to a variety of funding sources that include earnings from his or her own business activities, legal and illegal business contributions, and sometimes contributions from the political party or supporters.\textsuperscript{14} Carl Lande is skeptical about the election funds of most politicians; he enquires: “What are the sources of their funds? Only a few candidates were known to have substantial personal wealth . . . . The rest had to depend heavily on campaign contributions from others . . . . Ordinary, political contributions come mainly

\textsuperscript{14} Kasuya adds that official information on financial contributions from parties to individual candidates in the 1998 elections yields the following descriptive statistics. For the House, the average cost was 50,000 pesos, the maximum 1 million pesos; for the Senate, the minimum was 40,000 pesos, and the maximum 1 million pesos. The above data were space compiled based on the Statement of Expenditures submitted by candidates of the 1998 election to COMELEC.
from wealthy individuals with large economic interests” (quoted in Kang, 2002, p. 126). Co et al. (2007, p. 150) write that in urbanized areas where business people are a key source of electoral funding, owners and multinational corporations, or *padrinos*,\(^ {15} \) provide as much as 90 percent of local campaign funds. Co et al. (2007, pp. 149-151) explain that, almost certainly, the campaign money received from private businessmen and corporations is given for the exchange of certain future favours and business advantages. Thus, to be elected in public office, most politicians engage in patronage politics.

David Kang (2002, p. 127) illustrates in a diagram, reproduced in Figure 3.1 below, the trend of patronage politics in the Philippines’ post-democratization period, where the political dominance seesawed between politicians in power and aspiring politicians during elections, while businesses and private interests remained in the background to finance whichever political candidate was willing to exchange favours for electoral funds. The relationship among private interest groups, political sponsors and politicians was defined by connections other than what can strictly be defined as political. Patronage-based affiliations effectively nullified the rules that had been set in place to structure elections and campaign finance.

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\(^ {15} \) The term *padrino*, or “godfather” may refer to local mafias, heads of families, or incumbent or retired politicians who reign over the family businesses or conglomerates.
Kang (2002: 129) describes patronage politics in the Philippines as a “pendulum built on the local vote machines,” with power swinging back and forth between incumbent and aspiring politicians, while private interests and businesses exchanged money for political influence. Once in power, politicians traded cash for influence. An anonymous interview conducted by Kang (2002, p. 130) with one of the wealthy magnates reveals a sad commentary about the political system in the Philippines; Kang asks why the business magnate would not participate in politics despite seemingly being eligible to run for public office, and the interviewee responds “I don’t want to be president, I want to own one.”
While campaign funds are mostly secured under private interests, candidates and parties may find it difficult to discriminate between legitimate and illegal funds because money may come from diverse sources. In the case of collective donations, it becomes difficult to ascertain which funds come from illegal activities. Co et al. (2007, p. 25) write, for example, that funds claimed to be raised through the support of the local mafia are “partly generated by the so-called dark money, i.e., money from underground gambling, or jueteng (numbers game), smuggling, and kidnapping.” Furthermore, prevailing political practices tended to ignore anti-corruption laws. For example, Presidential Decree 46 prohibits gift-giving to government personnel and also prohibits entertaining public officials and relatives.\textsuperscript{16} However, according to Co et al. (2007, p. 13), it remains one of the “most controversial and least understood anti-corruption laws because gift-giving among Filipinos is often treated as a cultural practice and is difficult to do away with.”

Apart from electoral funding derived from patronage politics, “pork-barreling” also plays an important role in the politicians’ portfolios since it allows legislators’ “kickbacks” and illegal rebates from contractors in public projects. Parreno (1998, p. 67) writes that on average, it is reported that about 30 percent of the total project cost goes to the legislators’ pockets, and the practice is so extensive and widespread that it is labeled as a “standard operating procedure” among legislators and contractors. It is often the case that, at the planning and

\textsuperscript{16} This decree was issued on November 10, 1972 making it punishable for public officials and employees to receive, and for private persons to give, gifts on any occasion. Penalty for violation of the decree is stated to be at least one year (but not more than five years) imprisonment and perpetual disqualification from public office.
design stage of any public project, design specifications may be set to favour a particular bidder. Co et al. (2007, p. 70) write that overpricing also occurs at this stage when the price and purchase cost for the project are inflated by contractors and officials drawing up procurement plans. During the tendering phase, biddings are also rigged, oftentimes set up between the bidding authorities, procuring agency and the bidders. At this stage, corruption is purely transactional, and every participant – the legislator, the procuring agent, bidding administrators and bidders – takes a piece of the cake at the expense of public funds. Co et al. (2007, p. 146) mention that “the money spent during elections is the least of the candidate’s worries,” since, once in office, the access points to corruption increase, while the laws and institutions in place remain inadequate to stop the system of corrupt activities.

With the inception of competitive elections came the strong need to secure electoral money by politicians. Because the demand for election money was high, electoral funds were secured by politicians, regardless of their legitimate or illegal origins. Patronage politics became commonplace and politicians aspiring to be elected to office were heavily dependent on their financial backers. Because campaign funds are not considered public funds, they do not pass through government accounting and auditing. The irony of this situation, as Co et al. (2007, p. 25) write, is that by accommodating political financial backers and patrons, the candidates pawn off their public office for some future favour, and in the end, democracy also becomes a tool for corruption. In the case of the
Philippines, reintroducing electoral systems raised the demand for campaign funds, which in turn encouraged the practice of patronage politics.

As Sorensen observed (1993, p. 50), weak, unconsolidated democracies are much more vulnerable to corruption and patron-client relationships. The issue of corruption in the Philippines did not improve with democratization because the entrenched political culture of patronage politics overshadowed the formal prescriptions of democracy. Despite democratization, the political culture of patronage politics remained as a dominant practice among public officials, and it encouraged political plundering by elected politicians. Reintroducing elections in the Philippines opened new avenues for private interests to collaborate in illegal transactions with incumbent and aspiring politicians willing to trade financial support for influence. Additionally, the lack of boundaries between private and public ownership between private interest groups and politicians made it difficult to trace assets acquired through illicit funding. As a result, the ensuing patronage politics damaged the state by having the politicians, private interest groups, and bureaucracies all profit off the state, grabbing any opportunity for corruption to increase each participant’s personal wealth. This weakened the overall integrity of the political system.

3.1.2 Weak Judicial Systems and Prosecutorial Dualism in a Transitional Democracy

Bhargava and Bolongaita (2004, p. 79) find that in the case of the Philippines after the collapse of the Marcos regime, the weakness in implementation of laws allowed politicians and bureaucrats “... to abuse the
advantages offered by discretionary power." Despite the presence of numerous anti-corruption policies and laws, the lack of enforcement of these rules allowed the continuing practice of corruption by politicians and high-ranking government officials. This rendered anti-corruption efforts ineffective. Despite charges of graft, illegal bidding, tax evasion and electoral fraud, most high-ranking officials and politicians have gone unpunished. Bhargava and Bolongaita (2004, p. 79) find that in the case of the Philippines, the implementation of law is often overshadowed by personal rule.

After the collapse of the Marcos regime, numerous laws and policies were legislated across the public sector as part of Aquino’s “clean and accountable” government policies. However, an obvious constraint to adherence to the laws lies in the weakness in enforcement of these anti-corruption laws and regulations, exemplified by the lack of the prosecution of prominent government officials or politicians. Co et al. (2007, p. 12) write that while anti-corruption agencies do investigate allegations of corruption, convictions for corruption are rare, if not completely absent, among prominent politicians and high-level bureaucrats while the prosecution and convictions of corrupt rank-and-file government employees and “small-fry” grafters remain plentiful. That is to say, the weakness in the judicial system allows lenience and discretionary power with no clear accountability for high officials, while lower-level government employees get penalized. Co et al. (2007, p. 12) explain further that the culture of dualism in prosecuting differentially the rich and poor who violate anti-corruption laws makes anti-corruption measures less credible since they are often seen as a
façade—a gesture that gives the appearance that the government is making an effort to implement and maintain “effective” anti-corruption laws.

Moratalla (2000, p. 515) writes that part of popular dissatisfaction is the lack of closure of corruption cases involving high-ranking individuals. That is to say, a number of investigations by the authorities were never finished, or were delayed indefinitely. Moratalla (Ibid., p. 515) adds that this caused a lack of public trust and confidence in anti-corruption programs. In most cases, top politicians used their power to blatantly “bail out” convicted politicians for past transgressions to protect their own political interests. A notable example of this practice was when President Gloria Macapagal-Arroyo granted Joseph “Erap” Estrada presidential pardon for the graft and plunder charges against him during his term, in exchange for the agreement that Estrada would not pursue an effort to reinstate himself as president (Dalangin-Fernandez, 2007).17 Another notable example involves Lucio Tan, one of Erap Estrada’s largest financial backers, who was charged with tax evasion for 25 billion pesos but was never prosecuted.18 Lucio Tan currently owns Asia Brewery, the second largest brewer in the Philippines, and also Fortune Tobacco, the largest tobacco manufacturer in the country. Among his other assets are Philippine Airlines, Allied Bank, and several

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17 On October 25, 2007, President Arroyo granted executive clemency to Estrada. Even after Estrada’s impeachment, he retained a considerable number of supporters who were against his “unlawful impeachment.” Shortly after Estrada was ousted from power, his supporters initiated a mass rally to reinstate him as president. However, the rally was unsuccessful as authorities were able to contain the demonstrators. It should be noted that, to this day, Estrada remains one of the most influential politicians and is one of the presidential candidates for the 2010 Philippine National Elections.

18 Lucio Tan’s case of nine counts of alleged tax evasion, after many years of pending, was dismissed by the Marikina City Trial Court. Hearing on the P25-B Lucio Tan tax evasion case cancelled. *Manila Bulletin*, April 30, 2005.
real estate companies and a university. To this day, Lucio Tan’s tax evasion charges remain unresolved.

The lack of punishment of guilty public officials is often delayed and eventually overlooked due to the influence of high-ranking individuals. Carl Lande (1991, p. 55) writes that “society and laws, and public institutions in the Philippines remain weak structures, hard put to match the influence of the country’s strong networks of personal and family relationships … . If the personal or clan interests of the powerful come into conflict with the law … the latter all too often must give way.” An example of this political practice was during the Estrada administration, when the President dismissed a number of Imelda Marcos’s corruption cases in payment for Imelda’s support during the 1998 elections. On March 10, 2008, the Manila Regional Trial Court acquitted Imelda Marcos of 32 counts of dollar-salting (involving 430 million pounds in Swiss bank accounts) due to reasonable doubt, despite the dubious origins of the Marcos’ assets (“Imelda Acquitted Again,” 2008).

The weaknesses in the judicial system in prosecuting individuals allows punishment of only lower government units, but not high-ranking officials and financial backers. Despite the range of laws and policies to discourage and investigate corruption, high-level officials, politicians, and influential financiers remain insulated from prosecution, rendering anti-corruption laws ineffective. The Philippines’ case validates Sorensen’s (2003, p.50) observations about

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19 Imelda Marcos was supposedly one of the presidential candidates for the 1998 Philippine National Elections, but withdrew her candidacy and instead supported the Estrada campaign.

20 “Dollar salting” refers to the hoarding and removal of US dollars from the Philippine’s dollar reserves without proper authorization, risking economic instability for the country by “overvaluing” the US dollar against the Philippine peso.
unconsolidated democracies, where personal rule is often implemented over laws, regulations and formal prescriptions of democracy.\textsuperscript{21} Co et al. (2007, p. 41) explain that “the problem of the Philippine administrative and political system may be attributed to a personality-centred authority rather than one that is rules-driven.”

The crucial challenge for the Philippines is to find ways to fairly and impartially implement the laws and policies that have been established. But, alas, this can only be done if the judicial system is immune from the influence of politicians and officials who may otherwise use their power to hinder the full implementation of the judicial process. If politicians are to be accountable for their misdemeanours, anti-corruption policies and laws must be implemented equally among all public servants, regardless of their influence and rank within the political system. To have laws that apply only to some but not to all individuals suggests that the judicial system is flawed and weak as it allows the practice of corruption among politicians and influential public officials who are confident that they will get away with their misconduct. In the absence of fair and impartial implementation of laws against corruption, anti-corruption measures in the Philippines remained ineffective.

\textsuperscript{21} Sorensen (2003, p.50) writes that personal rule is “based on personal loyalty, especially toward the leading figure of the regime,” where reward and exception to rules is given at the power holder’s discretion.
3.1.3 Decentralization of Corruption Networks and Increased Corruption

The decentralization of corruption networks is another plausible explanation for why administrative corruption in the Philippines did not decrease, but instead increased, during the early democratization period. Over forty years ago Samuel Huntington (1968) asserted that democratization is usually accompanied by increases in corruption because the decentralization of corruption networks tends to increase the practice of corruption in the absence of the monopolistic corruption networks of authoritarian regimes. Multiple agencies dominate where only one existed before, leading to more avenues for corruption in various government agencies. Shleifer and Vishny (1993, p. 605) describe the decentralization of corruption networks using an analogy of a tollbooth. In the case of a centralized corruption network, the monopolizing agent’s tollbooth allows the payer the right to use the entire road. Without the monopolizing agent, independent tolls get erected in different towns through which the road passes. Instead of paying one agent to pass through the entire road, the briber has to pay all the tollbooths because each booth will compete for the right to collect the toll. Because there is no one to regulate the price to be paid for each tollbooth, the price of corruption becomes increasingly higher since every agent would want to maximize profit.

Applying the above analogy to the Philippines case, it can be said that corruption networks were monopolized by Marcos and his top cronies under martial law, making corruption networks under Marcos very centralized (Shleifer and Vishny, 1993, pp. 599-617). Co et al. (2007, p. 22) argue that “grand kleptocracy, plunder, and wholesale corruption all aptly describe the serial acts of
corruption involving Marcos and his family and cronies." Co et al. (2007, pp. 21-24) explain that since Marcos’ hold on power was absolute, his rule over corruption held the state captive to the business interests of his family and cronies, in a strict hierarchical system where all corruption flowed to the top, and the rewards of plunder were divided at the discretion of the president.

Shleifer and Vishny (1993, p. 605) write that because Marcos’ military dictatorship was absolute, “it was always clear who needed to be bribed and for how much.” Shleifer and Vishny (Ibid, p. 605) explain that the plunder from corruption was then “divided between all relevant government bureaucrats, who agree not to demand further bribes from the buyer of the buyer of package of government goods.” Because Marcos had a monopoly over the corruption networks, once the bribe was paid, the client (or briber) received full property rights over the set of government goods or services that he purchased and the bribe money acted as an “added tax” in addition to the official cost of the goods provided by the state (Shleifer & Vishny, 1993, p. 611).

However, after the collapse of the Marcos regime, there was no one to regulate the once-centralized corruption system. Shleifer and Vishny (1993, p. 610) describe the Philippines under Marcos as a once-centralized corruption network, where “all corruption once flowed to the top, but since his [Marcos’] demise, the number of independent bribe takers increased.” Decentralized corruption networks also opened new opportunities for corruption to lower government units which allowed individual government officials and the private sectors to rob the state of resources and revenues (Smith et al., 2003, pp. 294-
Table 3.1: Comparing Corruption in the Authoritarian Marcos Era and Democratized Post-Marcos Regime

<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>Structure of Corruption Networks</strong></td>
<td>Centralized</td>
<td>Decentralized</td>
</tr>
<tr>
<td><strong>Nature of Corruption</strong></td>
<td>Political Corruption</td>
<td>Political and Administrative corruption</td>
</tr>
<tr>
<td><strong>Corruption Capture</strong></td>
<td>Mostly Private Business</td>
<td>Business and Public Sector</td>
</tr>
<tr>
<td><strong>Corrupt Actors</strong></td>
<td>The President and Top Bureaucracy</td>
<td>Politicians, Bureaucracies, Lower-level Agencies/Officials</td>
</tr>
<tr>
<td><strong>Prosecution of Corruption</strong></td>
<td>None</td>
<td>Mostly lower level officials and government employees</td>
</tr>
<tr>
<td><strong>Anti-corruption legislation</strong></td>
<td>None</td>
<td>Several</td>
</tr>
<tr>
<td><strong>Executive Checks and Balance</strong></td>
<td>Absent</td>
<td>Present</td>
</tr>
</tbody>
</table>

*Table compiled by author based upon information obtained in: Co et al. (2007), and Shleifer and Vishny (1993).*

Shleifer and Vishny (1993, p. 610) explain that because corruption networks were unregulated, the numbers of agents engaged in corruption tended to increase, since the state was unable to control the frequency of corrupt transactions; and because each agent desired to maximize his or her own profit,
the government official or agency set the price of bribes independently, rather than combine the profit and divide it among all agents. Therefore, the shift from tightly-controlled corruption networks to multiple, decentralized corruption networks appeared to contribute to the persistence of corruption in the Philippines during the post-Marcos regime.

3.1.4 Institutional Decentralization and Low Government Wage

As an effect of democratic transition, fiscal policies may undergo drastic allocation changes, bringing an imbalance of power to government agencies and local municipalities. Capacity constraints, combined with lack of information networks from local municipalities and agencies to the central government and changes in fiscal policy, create opportunities for administrative corruption within the system. Fiscal constraints may also affect public service wage levels or may cause it to be stagnant, forcing public servants and government employees to engage in administrative corruption to supplement low wages.

Government decentralization is not always a feature of democratization.22 Miranda (1997, p. 294) writes, however, in the case of the Philippines, this has been a unique feature as part of the government initiative to empower local units, and also to redress the problem of centralism or “Imperial Manila” which occurred during the Marcos regime. Miranda (Ibid.) explains that to address the problem

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22 At this point, it is important to distinguish between the third analyses of corruption network decentralization and the prescribed decentralization which occurs with democratization. While the former occurs as an effect due to the collapse of a monopolistic control of corruption, the latter occurs as part of government initiatives to make local units more accountable (for example, in the case of the Philippines and Indonesia), and is prescribed by government policies.
of centralism, Congress drafted the 1991 Local Government Code (known as RA 7160) in order to devolve power and function to local government units (LGU) and municipalities. Miranda (1997, p. 85) adds that the Code also “devolved to the local government units the responsibility for the delivery of many basic services that earlier were the responsibility of the national government,” which included health, educational, agricultural, and licensing services. To sustain the changes in structure and responsibilities, the Code distributed to LGUs and municipalities its own Internal Revenue Allotment (IRA), which served to supplement the cost of personnel and functions devolved from the national government. Miranda (1997, p. 304) writes that during the full implementation of the Code in 1993, all municipalities and LGUs received an increase in the IRA. However, the year after that in 1994, it became apparent that the IRA allocation was uneven, with 26 provinces were left with “negative net transfers” (the IRA allowance was less than the cost of services devolved to them) while other provinces struggled to make ends meet.

Campos and Hellman (2005, p. 241) write that decentralization, which occurs with democratization, shifts the responsibilities of the local government from implementation to both implementing and formulating policy. Campos and Hellman (Ibid, p. 242-245) add that capacity constraints in appropriation of management systems, budgeting, auditing, reporting, and personnel management would often occur in transitional democracies struggling to reform these systems. As an effect, these problems may lead to uneven resource allocation and also stagnation of civil servants’ wages.
Quah (1999, p. 492) attributes Singapore’s success in combating corruption from the People’s Action Party (PAP) government’s effort to reduce both opportunities and incentives for corruption. Quah (ibid.) explains that by improving salaries and working conditions in civil service, the PAP government was successful in reducing incentives for corruption. However, in the case of the Philippines, very little effort was initiated to reduce incentives for corruption due to the capacity and fiscal constraints experienced by the local government units and municipalities.

An interview and survey conducted by Chua (1999, p. 88) among Philippine government employees in 1998 reveal that most civil servants at that time described their salaries as “starvation wages,” which were inadequate to sustain the needs of their families. The inadequate government salaries forced most employees to hold a second job, teach part-time, sell goods in the office, or look for part-time work as researchers and consultants. Citing desperation, Padilla (1995, pp. 196-200) writes that most government employees admitted that they were forced to resort to petty corruption in the form of bribery.

Palmer (1985) claims that one of the primary causes of corruption in the bureaucracy is low salaries. Palmer (1985, pp. 388) explains, “If the official is not to be tempted into corruption and disaffection, clearly there is an obligation on the government to provide or at least allow such benefits as will ensure his loyalty; one might call it an implicit contract.” If not justly compensated, government employees will find other means to make money, such as accepting bribes or padding administrative costs to sustain their daily needs. Palmer
concludes that adequate pay is therefore an essential ingredient in reform. Mauro (1988, p. 264) similarly has argued that “When civil service pay is too low, civil servants may be obliged to use their positions to collect bribes as a way of making ends meet, particularly when expected cost of being caught is low.”

Results from employee surveys within the bureaucracy reveal the necessity for government employees to depend on “gifts” as means of supplementing their meager wages. In a survey conducted by the 2006 Integrity Development Review of the Bureau of Customs (BOC), almost 40 percent (39.95%) responded that a certain amount of bribery is necessary to render their duties as government servants (ranging from small amounts of 100 pesos to big amounts of 50,000 pesos), while 23.82 percent of the respondents claim that while bribery is not necessary for them to fulfill their duties, they would accept tokens in the form of food and non-cash gifts that their clients would willingly give them in appreciation of their service (Integrity Development Review, 2006, p. 51). When employees were asked if their respective agency has a written gifts-and-benefits policy, only 57.43 percent of the respondents said “yes,” while the remaining 42.57 percent replied that they were not aware of any written policy. When the employees were asked if whistle-blowers are protected against reprisal from reports of superiors’ corrupt behaviour, 37.07 percent of the respondents claimed that they are not protected from retaliation. Fifty percent of the respondents who claimed they have reported a corrupt transaction said that no action was taken after filing the complaint. Finally, when asked if the employees
feel that their agency is successful in fighting corruption within their ranks, 128 of the 402 respondents claim that they are not.

Similarly, the Bureau of Internal Revenue (BIR) employees share similar sentiments regarding low wages and the culture of corruption present within their respective agency. In the Integrity Development Review of the BIR (2006, pp. 30-45), 24.25 percent of the respondents suggest that increase in salary and benefits may be necessary to rectify the problem of corruption within the bureau. When asked if the guidelines for reporting corruption and unethical behaviour within the bureaucracy are clear, 106 out of the 400 respondents (26.50%) claim that guidelines for reporting corruption in the bureaucracy are not clarified.

Repeating Quah’s (1999, p. 490) observations, the important lesson to be learned from Singapore’s success in implementing effective anti-corruption strategy was the need to take away incentives for corruption by improving salaries and working conditions in the civil service. In the Philippines, the institutional changes in local government unit allocation during the democratization period led to the lack of improvement in civil servants' wages, which in turn, increased government employees' incentive to practice administrative corruption. That is to say, that during the period of democratization, the decentralization prescribed by the Philippine government had the unintended effect of stagnating civil service wages, which, in turn, increased incentives for corruption. Therefore, the presence of anti-corruption agencies and laws prescribed to curb the practice of corruption did not effectively
reduce corruption levels in the Philippines because incentives for corruption remained an issue for civil servants.
Conclusion

After examining the four explanations, it is concluded that a combination of several factors explains why corruption levels were not significantly reduced in the Philippines during the period studied. The complex nature of political, cultural, and institutional problems that existed in the political system rendered anti-corruption measures ineffective and high officials unaccountable for corrupt behaviour. This being the case, solving the problems of corruption in the Philippines requires a multi-layer approach that addresses problems in the institutional structure and political culture.

As a first concern, administrative corruption in the Philippines could be reduced by increasing civil servants’ wages in order to reduce incentives for corruption. Anti-corruption agencies and laws may have reduced opportunities for corruption; space however, incentives for corruption remain high. Quah (1999, p. 491) writes that effective anti-corruption strategies consist of removing both opportunities and incentives for corruption. Improvement in civil servants’ wages is therefore important in effectively reducing corruption in the Philippines.

Secondly, weaknesses in the judicial system should be addressed in order for fair and impartial implementation of anti-corruption measures. In particular, penalties for violating anti-corruption laws should be dispensed equally among all civil servants, regardless of rank within the government. The research finds that
Despite the numerous anti-corruption laws and policies that were present in the Philippines during the period of study, the fair and impartial implementation of these laws and policies rendered anti-corruption measures ineffective. As Co et al. (2007, p. 11) commented, “If laws and policies were to be the basis of the state of corruption in a country, the Philippines would be ranked among the most corrupt free.” The real problem was in the gap that existed between the formal prescription of anti-corruption laws and the actual gap that existed in the lack of prosecution of high-level officials and politicians. Prosecutions for low-level corruption, while high-level corruption mostly remained unpunished, caused the public to believe that the anti-corruption measures instituted following the Marcos regime were ineffective. If high-level corruptions as well as low-level corruption are prosecuted with equal vigilance, the greater their impact will be in society in terms of reducing the overall public perception and practice of corruption (Quah, 1999, p. 485).

Johnston (1997, p. 3) suggests that in order to alleviate entrenched corruption, emphasis on institutional enhancement is necessary, that is, ensuring that “strong, independent judiciary, investigative and auditing bodies, and legitimate paths of access between state and society” are in place. He explains that “the rule of law is particularly important – where it is weak, even states with great power can have serious problems of state capacity and governance.” Institutional improvements in the Philippines are therefore necessary to curb entrenched corruption.
Sorensen (1993, p. 46) observed that unconsolidated democracies may have features of democracy (such as free elections), but are “characterized by elite groups whose members reserve the right to interfere in the democratic process in order to protect their interests.” He (Ibid.) explains that in unconsolidated democracies, the “elite groups (military, traditional economic elites, and leading politicians) may make the transition toward democracy dependent on the acceptance of a set of agreements, or political pacts, that define vital areas of interests for the elites.” The analyses above reveal that the Philippines is plagued by the lack of consolidation of its democracy. The post-Marcos period has been highlighted by the prevalence of patronage politics over democratic process, and dominance of personal rule over the democratic judicial system, and lack of socioeconomic development reflected in deficiencies in civil servants’ wages.

As noted by several scholars such as Johnston (2000), Watt, Flanary and Theobald (1999), Treisman (2000), Mohatdi and Roe (2001), corruption is reduced only over time after democratization begins, suggesting that substantive democratic changes involving more than institutional changes are necessary to facilitate lower corruption levels. Although instrumental constructions of democracy were introduced to the Philippines in the form of electoral process and legislation reforms, they proved insufficient to facilitate improvement in corruption practice due to patronage politics and weaknesses in the judicial system. The introduction of competitive elections reflected features of procedural democracy, but because the Philippines had not yet evolved into a substantive
democracy in the period studied, the established political culture of corruption as well as deficiencies in the judicial system and resource allocation remained. Since democracy was not entirely consolidated, anti-corruption reforms remained weak, as did public institutions, anti-corruption agencies, and measures against the culture of corruption (Johnston, 2000, p. 10). As Alan Doig (1999, p. 14) wrote:

Democratization is not simply ‘electoral democracy’ where visible and formal trappings of political participation mask the continuing control of the state by rulers and ruling elites who manipulate the electoral process . . . . The purpose of democratization is to engage the participation of the public in the activities of the state, the consequential nature and roles of the state . . . . Democratization therefore shapes what the state does and why it does it by defining both principles and process.

Given the lack of democratic consolidation, democratization processes actually made the Philippines more vulnerable to some types of corruption and unable to rid itself of some enduring forms of patronage. The case of the Philippines presents a clear example of a political system where the law is not deeply embedded within the established norms of democratic tradition, and where informal practices prevail over the rule of law.

The lack of democratic consolidation and adherence to the formal prescriptions of the democratic process may be the most significant reason why corruption issues were not sufficiently addressed during the early stages of democratization. What is needed to reduce corruption at levels of both political and administration corruption is adherence to the laws of accountability prescribed by the democratic process; that is, a political system in which the electorate holds politicians and government officials accountable for their actions.
The institution of freely contested elections has been a necessary but insufficient development to achieve this. As Co et al. (2007, pp. 41-45) observed, “Corruption prevention is not just about the institution of bodies and setting the agenda to stamp out corruption as these mechanisms could be circumvented, bent and flexed.” Hence, the corruption problem cycles back to the deficiencies between rules versus their implementation, and of written political guidelines versus their actual practice.

The importance of this research project, in part, is its recognition of the need to further examine transitional democracies in order to better understand the dynamics of corruption in democratic systems. Democratization may have improved political accountability in the Philippines for a short period; however, the cycle of corruption returned. Despite the formal rules and policies against corruption, informal networks and rules dominated Filipino politics. This is not to say that democratization was not of any benefit to the Philippines (as democratization may open avenues to the consolidation of democracy), but rather, institutional changes, no matter how positive they may be for the political system, do very little to improve prevailing informal practices and traditions deeply embedded in the political culture – in the case of the Philippines, eliminating the practice of corruption in the government.

Despite the anti-corruption laws which exist to discourage corruption, changing the mindset of both public officials and clients against patronage politics will take a longer amount of time and considerable improvement in its institutions, especially if corruption is entrenched with informal political practices.
In other words, this research found that democratization changes in the Philippines did not produce a consolidated democracy. As a result, they did not reduce corruption levels. Instead, high corruption levels persisted due to an entrenched political culture that favoured the perpetuation of corrupt practices, failure to reduce incentives for corruption, and weakness in the judicial system which limited the prosecution of high-ranking public officials.

The corruption level remains one of the important indicators by which a country is measured on its government’s accountability and effectiveness. Politicians and public officials should be accountable for their actions that affect the public good. One of the advantages of democratic development, in accordance with liberal democratic theorists, is that democracies lend themselves the opportunity to make politicians and public officials accountable for their actions, provided of course, that the institutional mechanisms in a democracy are followed with vigilance in practice as they are written in laws. This research finds, based on the case of the Philippines, that the inverse relationship between democratization and levels of corruption does not apply to all transitional democracies – largely because the establishment of democratic elections (or other institutional features of democracy) does not necessarily improve political leadership, change political culture or enhance bureaucratic capacity.


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