

The Philippines, 2050: Institutional Barriers to Development

by

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Abstract

In the first few decades after independence in 1946 it seemed that the Philippines had all the resources and potential to become a development success story. Instead, during the country's long period of martial law under the dictator Ferdinand Marcos and the political instability under his successor Corazon Aquino the Philippines failed to realize this potential and remained poor and underdeveloped. Recently the situation has changed markedly, leading some to predict that the Philippines will be one of the "Next Eleven" or N-11 countries with considerable potential for economic growth in the 21st century. This paper examines the role of political changes in the Philippines in contributing to this turnaround. One section defines institutions and their importance, while another looks at the weaknesses that have plagued the Philippines' electoral and multiparty political systems. Finally, some prescriptions on how to begin to address these institutional and electoral dysfunctions are discussed.

Keywords: Philippines, patronage, multi-party politics, reform, institutions, Aquino

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List of Acronyms

AFP	Armed Forces of the Philippines
ARMM	Autonomous Region of Muslim Mindanao
BIFF	Bangsamoro Islamic Freedom Fighters (rebels)
BRIC	Brazil, Russia, India, China
BSP	Bangko Sentral ng Pilipinas (Philippine Central Bank)
COMELEC	Commission on Elections
DLSU	De La Salle University
DPWH	Department of Public Works and Highways
EDSA	Epifanio de los Santos Avenue
KBL	Kilusang ng Bagong Lipunan (New Society Movement- Marcos' party)
LDP	Laban ng Demokratikong Pilipino (Struggle of the Democratic Filipino)
LP	Liberal Party of the Philippines
MARINA	Marine Industry Authority
MDGs	Millennium Development Goals
NAMFREL	National Citizens' Movement for Free Elections
NEDA	National Economic Development Authority
NP	Nationalist/Nacionalista Party
NPA	New People's Army (rebels)
N-11	"Next Eleven" Countries
PDAF	Philippine Development Assistance Fund
PMP	Partidong Masang Pilipino (Party of the Filipino Masses)
PRP	People's Reform Party
TIMPS	Turkey, Indonesia, Mexico, Philippines
UNA	United Nationalist Alliance
UP	University of the Philippines

Glossary

Barangay	Local neighbourhood, similar to village level, below town level
Cluster	A political machine for a Philippine Congressman, or a member of the House of Representatives
Lider	Tagalog word for members of a politician's support group or political machine
Pork Barrelling	Using patronage funds for infrastructure projects in order to gain political mileage locally
Pyramid	A political machine for a Philippine Senator

Chapter 1. Introduction and Project Goals: The Philippines, the perpetual “Sick Man of Asia”?

When one thinks of the Philippines, one usually thinks of poverty, economic stagnation and political instability. Some blame these problems on the country's debt and fiscal deficit problems, which have forced the government to cut on social spending and safety net programs. Others blame the country's rampant corruption, graft and its inefficient civil service. Still others blame the country's growing population as the root of both the lack of and strain on resources as well as persistent unemployment. Not to be ignored among these problems are the armed insurgencies that plague the country such as the New People's Army. Yet, not long after the Philippines became independent of the United States in 1946 and all throughout the 1950s, many observers at the time believed that the Philippines had all the factors and endowments, such as natural resources and human capital, which gave it the potential to become an Asian success story. Still, this potential was unrealized as the Philippines still languished in poverty at the turn of the century. However, growth trends in recent years has led many to foresee that the Philippines as finally be shedding its image as the “sick man of Asia” since the years of martial law dictator Ferdinand Marcos.

1.1. Varying Criteria: The “Next Eleven”, Millenium Development Goals and “TIMPs”

For one thing, some in the development field have grouped the Philippines into at least two groups of countries with great potential for economic growth over the next few decades. The first group of countries is called the Next Eleven, or “N-11” group of nations. Goldman Sachs bank and prominent economist Dr. John O. Neil predicted that these N-11 nations, along with the BRICs (Brazil, Russia, India, China) would emerge as the world's largest economies by the middle of this century. Another grouping coined by Bob Turner of an asset management company in the United States, is called the TIMPs

(Turkey, Indonesia, Mexico and the Philippines), since these nations had features such as young populations and diverse industrial bases that contributed to their rapid growth potential.

While it seems easy to simply focus on economic factors as the main determinant of development, this project also aims to examine social and political factors as well. While as of this writing, the 2015 deadline is nearing for the United Nations' Millennium Development Goals (MDGs), many of the MDGs can still also serve as guidelines for development in other areas, such as education, which overlaps with one of the criteria for being designated an N-11 country. Thus using the criteria for the N-11 and TIMPs designations as well as the MDGs allows this project to make a comprehensive analysis into what aids and impedes the Philippines from realizing development by the year 2050 on a level comparable to other prosperous nations of today.

From various readings conducted on the topic of the Philippines and development, a common theme emphasized is the role of "institutions" in development. By "institutions", Philippine economists such as Dr. Michael Alba of De La Salle University mean the configurations or the "rules of the game" in his allusion to the "Evolution of the State and Conflict" theories of Douglas North (Santa Ana III, 10). Alba reiterates North in saying that "cross-country differences in economic performance are determined by cross-country differences in institutions," (Santa Ana III, 9) Alba goes further as to state that these institutions "influence the incentives of agents of the economy" (Santa Ana III, 12). Thus such institutions can either be political, such as the country's legislature, or economic, such as the country's currency; thus, the numerous problems that pervade the country's political institutions have a direct impact on the development of its economic institutions and thus its prosperity.

While this project uses the N-11 country criteria (political maturity, macroeconomic stability, openness of trade and the quality of education) to gauge the factors that would help or impede the Philippines in realizing its N-11 potential, special attention will be paid to the "political maturity" factor. To gauge such political maturity, the four criteria used include pluralism or "free and fair elections," security of votes, the amount of foreign influence on elections and finally the effectiveness of the Philippines'

civil servants in implementing policies. As of this writing, Philippines has been rated a “flawed democracy” when it comes to the N-11 criteria, scoring a mere 6 to 7.9 out on the Economist Intelligence Unit’s “Democracy Index.” However, the very definition of political maturity goes beyond these four criteria, and while comparisons can be made with developed nations or developing ones as to what has aided or impeded the evolution of their respective political systems, a deeper look is required to better understand the Philippines’ political culture. Such behaviours distinct to Philippine politics, such as the pervasive influence of patronage politics’ and the damage they’ve caused to Philippine institutions, will be discussed further in this project. Even if socioeconomic economic factors, such as macroeconomic stability and education quality, dominate the N-11 and TIMPs’ country criteria, it can be argued that political maturity is no less important because government policies influence wealth distribution and progress within a country’s economy.

Thus a comprehensive look at the country’s various institutions will require a look at the various power brokers, political parties and interest groups which compete to influence the country’s political institutions. The country’s political history since independence, through the Marcos years up to the present-day President Benigno “Noynoy” Aquino Jr. administration, will be also be reviewed in order to show the evolution or entry of each of these groups and the amount of influence they’ve built up over time. The role of certain government agencies, as well as their effectiveness in implementing policies will also be examined.

Because of the emphasis on the criteria of “political maturity”, its analysis will be split into two sections: Weak Institutions and Weak Political Parties/Electoral Systems. Each of these two facets contributes to the importance of these criteria in furthering this country’s development.

1.2. Methodology

Much of the content in this thesis will be qualitative, with content analysis drawn from a variety of past work on the N-11 criteria. Thus, descriptive analysis will be drawn

from sources that range from books that deal with presidential politics to books that deal with socio-economic factors such as access to education.

The particular attention given to the N-11 criteria of “political maturity” will draw on past case studies. This will include the analysis of a number of inefficient Philippine government agencies, infrastructure projects and other initiatives, seeking to identify the underlying causes of dysfunction that plagues each of them.

Some quantitative data, gathered from past work of certain sources, will also be used to reinforce key points such as the structural and procedural weaknesses inherent in Philippine multiparty, electoral politics.

Informal interviews with academics at two Philippine universities, De La Salle University, and Ateneo De Manila, were also conducted, but these were only done to point the writer in the correct direction of where to begin researching.

Chapter 2. Weak Institutions

2.1. Definitions and Importance

Since the weakness of the Philippines' national institutions is the core problem that underlies many of the political and socio-economic problems of the country today, it makes sense for us to make an overview on why institutions are so important in the first place. This section thus not only defines institutions and their importance, but cites key pervasive and systemic institutional weaknesses that plague many Philippine government agencies and other parts of society today.

The term "institutions" refers to more than just a country's collection of government buildings or the respective agencies that operate from them. It refers to the political and social conventions that shape how our government interacts with the people it governs, and vice-versa. As mentioned in the introduction, institutions were described as "rules of the game" by Douglas North (Santa Ana III,10), or as "social contrivances", like currency, which wouldn't have a value without the aforementioned, universal agreement among a society's members of what it means or its value is (Santa Ana III, 11). Thus, examples of institutions not only includes a country's presidency, but also the very practice of free and fair elections to decide who will assume the presidency and other elected positions.

Academics, namely political scientists and economists, have emphasized the continuing importance of institutions for a country's development and continued stability. As stated by Michael Alba earlier in the introduction, "cross-country differences in long-term economic performance are...accounted for by...differences in institutions." (Sta. Ana III, 9) Similarly, UP professors Dr. Gilbert Llanto and Dr. Eduardo Gonzalez, emphasize that "it is not enough to have efficient policies," but it is "more important to have effective institutions" and "good, credible leadership." (Sta. Ana III, 77) Douglas North echoes the other three in saying that "institutions influence the incentives of

agents in an economy”, which determines whether a country prospers economically or declines. (Sta Ana III, 12) Thus there seems to be a growing recognition among academics of the impact of institutions on a country’s economic growth.

2.2. The Philippine context

Most scholarly work on the field of Philippine studies or even a quick reading of the country’s newspapers shows that corruption and other institutional weaknesses are endemic to the country’s government. Some will blame this on the network of patronage that has been built since the Spanish colonial era or the American colonial era, notably under Governor General Taft. While the evolution and current practice of this patronage or “clientelist” culture will be tackled in a later section of this project, the issue of good governance is a characteristic that needs to be realized in order to ensure improved institutions in the country.

Professors Gilbert Llanto and Eduardo Gonzalez have both emphasized six aspects of good governance that the Philippines needs to work on. They include: “voice and accountability, political stability, government effectiveness, regulatory quality, rule of law and control of corruption. (Sta Ana III, 74)

Over the course of the next section, a number of examples and cases will be examined to find the root causes of the dysfunction that characterizes many government agencies in the Philippines. Rather than finding individual cases that best exemplifies a lack of each aspect of good governance, there are more likely to be patterns of dysfunction that overlap among different cases.

2.3. Case One: Government Agencies that oversee Infrastructure

2.3.1. Background

In a country with the population and land area the size of the Philippine archipelago, physical infrastructure such as roads, bridges and so forth are an important

aspect of continued development. Professor Edna A. Co of the University of the Philippines cites “poor infrastructure” as one of the main impediments to the country’s development. (Kasuya and Quimpo, 240) Contributing this is the Philippines’ “low level of investment in infrastructure” with its government only spending about “2.5 percent” of its GDP on infrastructure, compared to other Asian countries that spend about 5 percent. (Kasuya and Quimpo, 240) Thus an examination of the key agency that regulates and oversees the construction of that infrastructure is warranted.

There are a number of agencies and entities that oversee construction of infrastructure, which include the DPWH (Department of Public Works and Highways), the Department of Education, the Department of Transportation and Communication (DOTC). Aside from these, there are also government-owned corporations that participate in infrastructure development, such as the National Development Company (NDC), the Philippine National Construction Company (PNCC) and the Philippine Ports Authority (PPA). Still, the profusion of roads and other infrastructure throughout the country, or lack thereof, will show that the problems that characterize the DPWH and these other agencies are both endemic and widespread throughout the whole country.

2.3.2. Corruption

Because of the fallacy of human nature, corruption can be expected in any government agency across the world, even in the more developed countries. However, the corruption that characterizes the DPWH and other agencies are both systemic and self-sustaining. Dr. Edna Co states that spending on road infrastructure is eroded by various “leakages due to corruption,” accounting for up to 40 percent of the infrastructure budget. (Kasuya and Quimpo, 241) This high figure thus shows that “corruption must be rampant in the Philippine infrastructure program.” (Kasuya and Quimpo 241)

The fact that these budget leakages that lead to corruption exist has more to do with this interagency body called the Road Board. The Road Board is significant because it manages the “special fund for the maintenance of national and local roads, road safety devices and air pollution.” (Kasuya and Quimpo, 250) Officials who oversee the Road Board’s special funds, coincidentally, include those that oversee infrastructure, such as the DPWH secretary, who serves as the Road Board’s chair. This fund comes

from “motor vehicle users’ charges collected annually by motorists from the Land Transportation Office (LTO)” and is “deposited at the Bureau of Treasury.” (Kasuya and Quimpo, 250) Still, the fact that the Road Board has such a wide discretion in how its special funds are dispersed and “does not pass scrutiny of Congress” makes it part of a “formula for corruption.” (Kasuya and Quimpo 250) Because this Road Board fund is so large at around 7 billion Pesos, Dr. Co describes it as a “political kitty” that can be used to reinforce or “hedge political positions.” (Kasuya and Quimpo) Essentially, one can infer that the Road Board’s members can use their allocative power over the fund to also influence which local politicians’ projects get off the ground. And who continues to be voted into office.

2.3.3. Collusion

Collusion, meaning a form of illegal cooperation or conspiracy, does occur when government officials collude with private construction companies so that these favoured companies always get the most lucrative government contracts for building infrastructure. Dr. Edna Co calls this “bid rigging.” (Kasuya and Quimpo, 244) Bid rigging is evident because the same group of “bidders” emerge with each project, almost always resulting in the “same winners and losers.” (Kasuya and Quimpo 245) Furthermore the “bids are suspiciously close to one another” and there “are a very few actual submissions of bids despite the presence of many interested bidders.” (Kasuya and Quimpo, 245) While there are government measures in place to try to make the bidding process more transparent, this collusion still occurs. Possible reforms to tackle this form of collusion will be touched upon later in this project.

2.3.4. Other Challenges for Reforms

Stringent Pre-qualification Process

This refers to the cumbersome review and approval process by which a project goes through the government. This has often resulted in long wait times, with one example being that the DPWH takes “an average of 15 months” to “engage with the projects consultants.” (Kasuya and Quimpo, 245) Even in other times when the process

is as short as 9 months, the government's decision will usually still be "subjective and lacking in transparency." (Kasuya and Quimpo, 245).

Weak Prioritization

One may have heard of pork projects in developed nations such as the United States that sees "roads to nowhere" built. Apparently, this occurs in the Philippines as well, since some projects result in the building of "overdesigned roads" and "roads that bear no immediate relation to the needs of the community." (Kasuya and Quimpo, 246) It goes without saying that such unneeded or redundant projects "use up scarce resources that could be better spent elsewhere." (Kasuya and Quimpo, 246) This is often a result of a clear disconnect between what communities need and what contractors end up building.

Highly Politicized Infrastructure System

This means that political considerations may influence the funding and the actual construction of different projects, and may not necessarily be motivated by corruption. Essentially, as Dr. Co says, "political decisions and interventions" sometimes override "economic and technical considerations." (Kasuya and Quimpo, 248) A good example of this is the vaunted "Subic-Clark Tarlac Expressway (SCTEX), which is just one project whose costs began to "spiral out of control" since there was an "upward bias of bids" and even instances where the project was overdesigned. (Kasuya and Quimpo, 248) The fact that different govt. agencies participating in a project may have conflicting interests is another form of politicization, and this often results in "interagency coordination" that is "weak and practically nil" (Kasuya and Quimpo, 244).

2.4. Case Two: MARINA (Maritime Industry Authority)

2.4.1. Background

In an island archipelago nation like the Philippines, it goes without saying how important the maritime industry is to facilitating transportation between the islands. Professors Gilbert Llanto and Eduardo Gonzales thus write that "the bulk of domestic trade and interisland transport...relies on interisland shipping", especially in the central

and southern island groups of the Philippines, called the Visayas and Mindanao, respectively. (Sta. Ana III, 83) Still, beyond the mobility provided to the local population by shipping, the marine industry is a contributor to the nation's economy in itself. This is because "the shipping industry contributed about half a percent of to gross domestic product during the 1990s." (Sta. Ana III, 83) Passenger traffic rose to "44 million passengers" on interisland shipping by 2000, while interisland cargo was at "76.9 million metric tons" by 1998. (Sta. Ana III, 83) The Philippine government agency that regulates this sizable shipping industry is called the Maritime Industry Authority (MARINA). The following sections will thus emphasize a number of administrative and institutional deficiencies which threaten the safety of interisland shipping passengers and ship's crews.

2.4.2. *Problems with Deregulation*

During the presidencies of Cory Aquino and later Fidel V. Ramos, liberalization, or privatizing certain industries where state-owned companies had a virtual monopoly, was seen as a possible method to improve the economy. However, this wave of liberalization "seemed not have gained momentum" (Sta Ana III, 83) In the case of the maritime industry, "shipping costs have stalled the drive for competitiveness, trade and growth." (Sta. Ana III, 83)

The one defining problem with implementing deregulation in the maritime industry has been a form of protection of long-established shipping companies. This is because MARINA, prior to the wave of deregulation, had previously ascribed to the "prior operator" rule, meaning that any new company that wanted to enter the market had to present "proof of enough traffic to warrant the operation of another carrier," thus entitling the new company to get a permit. (Sta Ana III, 84) Thus Dr. Llanto and Dr. Gonzales state that MARINA's policies have resulted in the "protection of strong incumbents," which in turns fails to "prevent the exploitation of excessive market power." (Sta Ana III, 85) Because these shipping companies are protected, they thus maintain a virtual monopoly over the routes on which they operate. A monopoly further meant that "suppliers have little incentive to be cost-effective or respond to changes in user demand." (Sta Ana III, 85) Furthermore, these shipping companies often focused on routes that were more profitable, neglecting those who travelled from more remote

islands or poorer communities, or on what are called “missionary routes.” (Sta Ana III, 85) Shipping companies which were thus more profit-driven were little interested in such missionary routes where they earned much less profit.

Within the greater wave of deregulation came the reform called fare deregulation, which by itself also caused some negative results. Under the government’s new laws, MARINA allowed the shipping companies to fix their own rates when it came to passengers, cargo and freight. One major side effect of this deregulation has been “reduction in the service provided” to third class passengers, who were normally from the poorer and more vulnerable groups of society. (Sta Ana III, 85) While it was stated that under the new laws, “third class passenger service was not deregulated” and all shipping companies were required “to allocate at least 50 percent” of their vessel’s capacity to serve “third class passengers,” the quality of this service deteriorated. (Sta Ana III, 85) As will be examined in the next section, this would have adverse consequences for maritime safety issues involving vessels carrying many passengers.

2.4.3. Collusion

Another ill that afflicts the shipping industry is collusion among the major shipping companies. The deregulation wave described didn’t have appreciable success to spurring competition, since “50 percent of primary routes and 70 percent of secondary and tertiary routes” have remained a monopolistic market.” (Sta. Ana III, 85) Furthermore, the domestic shipping market “is highly concentrated” resulting in the “five largest number of operators” taking up to “90 percent of passenger traffic.” (Sta. Ana III, 86) This means that these companies operate like a cartel, conspiring to influence prices and thus the market regardless of whether this affects poorer groups’ ability to keep up with rising fares. MARINA’s apparent ineffectiveness at deregulation and breaking down this monopoly shows another of its weaknesses.

2.4.4. Poor Quality Controls/Enforcement of Safety Standards

The number of maritime disasters in Philippine waters in recent decades speaks to MARINA’s ineffectiveness in enforcing marine safety standards. For example, in the period from 1995 to 2002, there was a reported annual average of “162 maritime

accidents and 215 fatalities per annum.” (Sta. Ana III, 87) This includes all sorts of maritime incidents such as collision; an independent report by the Transnational Diversified Group stated that of these incidents, “capsizing, sinking and grounding”, made up about “58 percent” of the nation’s maritime incidents. (Sta. Ana III, 88) Furthermore, many of the accidents were also due to MARINA’s failure to provide or maintain certain navigational aids such as “buoys, markers and designated sea lanes to mark shallow waters.” (Sta. Ana III, 88)

The Transnational Diversified Group report further attributes MARINA’s terrible record to a number of institutional deficiencies. They said that “poor vehicle (vessel) maintenance, overloading and (the) disregard of safety regulations” all contribute to the high incidence rate of such maritime accidents. (Sta. Ana III, 88)¹

Furthermore, Dr. Llanto and Dr. Gonzales state that “poor administrative and enforcement capacity” has hampered MARINA’s efforts to ensure the seaworthiness of seafaring vessels.” (Sta. Ana III, 88) Thus quality controls and enforcement of laws regulating maritime safety are at the heart of MARINA’s poor record.

2.4.5. Other Challenges for Reforms

Among the challenges facing MARINA is the need to implement more regulations that call for greater modernization of the current shipping fleet within Philippine waters, partially as a move to improve maritime safety. Recently the agency even reported that “the presence of high speed craft and superferries” in a number of developing routes indicates more “shipping service competition”, and thus a move toward de-monopolizing the industry. (Sta. Ana III, 87) However, Dr. Llanto and Gonzales write that “profitability of high-speed craft may be difficult to sustain.” (Sta. Ana III, 87)

Another major challenge to reforms is the high shipping costs. According to Dr. Llanto and Gonzales, this is partially due to “inefficient port and shipping services.” (Sta. Ana III, 88) This results in “reducing the potential income of farmers,” who either ride as passengers or ship their goods, due to the high fare and shipping costs. (Sta. Ana III, 88)

¹ See appendix: “Summary of Major Causes and Nature of Maritime Accidents” table

Other factors that contribute to high shipping costs include “high interest rates, high insurance premium, high taxes,” not to mention the absence of government programs that help domestic shippers develop. (Sta. Ana III, 88) Thus the environment in which the shipping companies operate does not give them an incentive to reduce their shipping costs, thus limiting the mobility of the poorer groups in society.

2.5. Case Three: The Philippines’ Department of National Defense (DND)

2.5.1. Background

One would first think that the Philippines’ Department of National Defense, the agency which supports the Philippine military, would not suffer from the same institutional challenges that face other agencies. Yet when it came to acquisition of more modern military equipment to replace aging aircraft, warships and other platforms, the DND has repeatedly failed to deliver in recent years. The need for new equipment is critical in light of the many internal threats, such as the New People’s Army rebels, and external threats, such as from China, with whom the Philippines continues to have territorial disputes with in the South China Sea.

While it can be argued that there is some corruption in most professional military organizations and their associated civilian defense agencies across the world, the corruption that pervaded the Philippine military was such that its former financial comptroller General Carlos Garcia was the centrepiece of a massive scandal during the Pres. Arroyo administration. During Garcia’s tenure, he illicitly amassed funds and properties that were worth nearly US\$ 7 million, thus far beyond the normal pay of a Philippine military officer. Garcia’s fortune, which amounted to about 303 billion pesos, was one of the problems which diverted critically needed funds away from the military’s modernization efforts. Although General Garcia was eventually sacked and put on trial, the reforms enacted for the remainder of Pres. Arroyo’s term, which aimed at alleviating the damage done by Garcia and his cronies, were short-lived.

One of these reforms was to reduce the number of bids and awards committees (BACs) which handle various acquisitions within the DND. One of the more important

BACs was the DND-BAC, which handled big-ticket items that cost above “50 million pesos,” such as aircraft, with the “defense secretary as the final authority.” (Landingin, 109) The reform of “streamlining the BACs” fell under a series of changes that came with the Procurement Reform Act of 2003, or Republic Act 9184 of 2003. (Landingin, 109-110) However, as the next sub-sections will show, merely streamlining the BACs was not enough.

2.5.2. Corruption and Graft

Aside from the aforementioned corruption that was exemplified by the Garcia case, one of the obvious challenges facing the DND and the AFP (Armed Forces of the Philippines) is graft. The procurement process of new military hardware is one of the areas where these problems affect the AFP’s readiness.

The attempted procurement of attack helicopters was shelved in 2008 due to graft. This was because then DND Secretary Gilbert Teodoro cited “anomalies” in the bidding process.” (Landingin, 110) Such anomalies included the fact that the DND-BAC covertly changed the helicopters’ minimum payload requirement “from 3,000 lbs. to only 2,000 lbs.,” which favoured one bidding company, the US-based Asian Aerospace Corp. (Landingin, 110) Furthermore, there were “deficiencies” in the evaluation conducted by the government team sent to the US to “verify the helicopters’ performance.” (Landingin, 110) Thus, government authorities then found “enough grounds to indict all four members” of the DND-BAC for “violating the anti-graft law.” (Landingin, 110) While attack helicopter requirement was eventually fulfilled by a Polish company, this whole scandal delayed the arrival of the helicopters to the troops.

Another interesting case in 2009 involved an ammunition resupply contract with the Israeli firm Talon Security Consulting. This contract called for a supply contract of 1 billion (pesos) worth of 40mm, 60mm and 80mm ammunition” secured by Talon.” (Landingin, 111) However, relying upon the advice of Antonio Romero, a defense department undersecretary for finance, Secretary of Defense Teodoro decided to cancel the deal, citing an “irregularity” and called for a rebid. (Landingin, 111) This forced Talon Security to file a civil suit against the DND, and successfully got a “temporary restraining order against the rebid” that would have deprived Talon of the contract. During the court

proceedings, one of the DND-BAC representatives testified that “Romero may have become “biased” to favour one of the losing contractors, driving him to advise Teodoro to “declare a failure of the bidding.” (Landingin,112). Because Romero “meddled” in the affairs of the DND-BAC, he committed “a violation of the procurement process.” (Landingin 112) This whole episode thus resulted in Romero becoming the subject of an anti-graft investigation.

2.5.3. *Lack of Capacity in Procurement*

Graft and corruption are not the only causes behind the constant delay and failure of the Philippine DND to getting new, modernized equipment for the troops: an institutional lack of capacity has also hampered the procurement process of such equipment. By lack of capacity, Filipino journalist Aries Rufo writes that the AFP and DND have failed to “build a professional corps of full-time and specialist project managers” who can identify the military’s operational requirements.” (Landingin, 113) In other words, there was a notable lack of analysts whose main job was to decide what military units needed in the field, and which equipment and manufacturers would be most cost-effective in meeting each need.

Having dedicated analysts focus their efforts on defining these operational requirements is also more desirable than taking officers from combat units to participate in these procurement projects since it adds to the full list of duties each officer already has; these line officers have to focus on their respective unit duties. Rufo writes that procurement teams, which are called project management teams (PMTs), are often assigned such officers and enlisted personnel on a temporary basis since their commanders often do not want “the most technically qualified” members of their unit to be away too long. (Landingin, 114) Furthermore, “military officers and staff tapped different PMTs” prefer to “not stay long on the team,” since they would “want to be rotated to different units.” (Landingin, 114) The temporary stints of many of these team members is what makes Rufo describe the PMTs’ membership as being “fluid.” (Landingin, 114)

One notable example that demonstrated this need for procurement-focused specialists was demonstrated during a pre-bid conference for the potential suppliers of

seven new attack helicopters on Aug, 12, 2010. The presentation team, composed of military officers and enlisted men merely assigned to make the presentation, were caught unprepared when these contractor representatives asked them questions about matters like spare parts and logistics. Rufo writes that the members of the team “struggled to answer questions on the performance requirements for the helicopters,” forcing then-DND Assistant Secretary Ernesto Boac to cancel the rest of the conference. (Landingin, 107) The poor performance of the presentation team at this conference thus demonstrates that the “fluid membership of PMTs has affected the quality of their output,” since they are given little time to expose themselves to the newest weaponry and other equipment upon their new assignment. (Landingin, 114)

Another problem with these PMTs and procurement system as a whole is the influence that can come from other entities. Rufo writes that “the weak project management system helps render the tendering process vulnerable to interference and corruption by vested interests.” (Landingin, 115) This can lead to these “vested interests” appointing BAC or PMT members not based on merit or knowledge, but on other considerations such as how loyal they were to a certain politician or department head. This would lead to BAC or PMT members who did not “understand procurement law and its rules.” (Landingin, 115) Thus this lack of specialists in the PMTs and bidding committees has hampered the DND’s ability to effectively procure new equipment.

2.5.4. *Military Adventurism*

Like several other developing countries in both Africa and Latin America that have experienced regime change through military coups, it is no surprise that any sitting Philippine president is dependent on the military to help keep him or her in power. During the Marcos years, the AFP, along with the paramilitary predecessor of today’s civilian Philippine National Police, known then as the Philippine Constabulary, was instrumental in enforcing martial law and quashing dissent. In 1986, a faction of the Philippine military at Camp Aguinaldo, led by then Defense Secretary Fidel Ramos, were the linchpin that rallied the local citizenry and the rest of the AFP against Marcos, driving the dictator to exile abroad.

During the term of President Corazon Aquino, many AFP officers saw that her own hold on power was tenuous. This resulted in the Aquino presidency being “rocked by at least seven coup attempts by groups of mutinous military officers.” (Kasuya and Quimpo, 267) One of the more successful groups was the RAM (Reformed the Armed Forces Movement) led by Colonel Gregorio “Gringo” Honasan. The fact that she had to rely on both Defense Secretary Ramos and General Biazon, the officer in charge of the units around the capital, demonstrated just how dependent presidents were on the AFP to keep them in power.

Even in recent times, there have been coup attempts or mutinies, one of which was the widely-covered Oakwood Mutiny of 2003. This saw a “group of soldiers, led by young officers with the rank of captain,” all of whom were members of the Philippine Military Academy class of 1995), surround an upscale shopping mall called Oakwood. Calling themselves the “Magdalos”, these officers accused then-President Arroyo of “intending to declare martial law” and orchestrating bombings in Manila. (Kasuya and Quimpo, 267) While these officers all later gave up without a fight and were arrested, one of the Magdalo leaders named Antonio Trillanes walked out of his coup charges trial and began his own coup attempt in November 2007. This saw Trillanes and other heavily armed Magdalo members occupy the Peninsula Hotel in the central business district of Makati and issued a public statement calling on Pres. Arroyo to step down. While the Peninsula Hotel drama also ended without any casualties or injuries on either side, these instances underscore the power of the military to maintain or change a regime.

The fact that many of these officers instigate these coups further demonstrates the military’s power as a “kingmaker” who can assure a presidency’s legitimacy or overthrow their government. Like the Magdalos or the RAM movement, many of them have what is described as a “messianic complex” since they believe it is their duty to overthrow what they see as a corrupt or weak government, and institute their own reforms at gunpoint. (Kasuya and Quimpo, 278) Reforms will have to be made not just in the DND, but in the training and indoctrination of AFP officers that will discourage them from subverting a sitting government.

2.6. Common Patterns of Dysfunction

While there are many other Philippines government agencies that could have been chosen for this project's case studies, these three were chosen in particular to highlight how institutional weaknesses are impeding the efficiency of three important facets a country needs in order to develop: infrastructure in the first case, maritime transportation in the 2nd case which affects Philippines which is an island nation, and finally in the realm of national defense, in the final case dealing with the DND and the AFP.

Graft and corruption were present in at least two of the cases. In the case of the DPWH and Philippine road infrastructure, this was highlighted with Road Board and negative influences on that entity. In the case of the DND and AFP, the instance with the irregularities in the bidding process for an attack helicopter deal and the Talon Security deal were further examples of graft.

Collusion between private sector entities and the government, or among private sector entities that formed a virtual cartel, were seen in at least two of the cases. For the case of MARINA, this was present with the collusion among shipping companies to influence market prices. The case of DPWH and Philippine road infrastructure saw certain contractors favoured repeatedly in bids.

Structural or procedural weaknesses were also observed in all 3 cases. In the case of MARINA, this was exemplified by poor enforcement and quality controls. In the case of the DPWH and Philippine road infrastructure agencies, they were plagued by a stringent pre-qualification process, weak prioritization mechanisms and a highly politicized infrastructure system. In the case of the DND and AFP, there was a lack of dedicated specialists to fill the PMTs and BACs as opposed to the AFP officers who were assigned to these teams on a temporary basis.

In addition, each agency was characterized by institutional weaknesses that were only particular to that agency. In the case of the AFP and DND, they were plagued by young officers' tendency to engage in military adventurism and attempts to instigate or lead coups. The deregulation drive implemented by the MARINA in the maritime industry failed to spur competition and to break the shipping cartel's hold on the market.

By no means is the collection of weaknesses highlighted above an exhaustive list of all problems that plague many Philippine agencies. Still, the final section of this project will serve to suggest possible reforms that could address these weaknesses.

Chapter 3. Weak Political Parties and Electoral Systems

3.1. Background:

There have been 2 political parties that have remained more or less constant since the onset of independence from the United States from 1946 onwards. These were the Nacionalista party (Nationalist) and the Liberal Party. Save for two periods between the years 1946-49 and 1961-65, it was mainly the Nacionalista party that has ruled the Philippines until President Ferdinand Marcos instituted martial law and banned opposition parties for a time. While the aftermath of the martial law era and the EDSA Revolution saw the revival and profusion of opposition political parties, a number of experts on Philippine politics such as Dr. Yuko Kasuya contend that the structure and behaviour of these parties, as well as their candidates, made them notably different from their pre-Marcos era predecessors. They contend that these differences have not only prevented a return to the two-party system that existed prior to the martial law years, but have caused a deterioration of the post-EDSA electoral system into nothing more than a popularity contest between politicians based on personality rather than issues. The following sections thus elaborate on the causes and effects of this deterioration.

3.2. The 1987 Constitution: Key Changes and Effects

In the wake of the EDSA “People Power” bloodless revolution that drove Marcos from power, a constitutional convention was held not only to draft new laws for President Aquino’s government, but to place safeguards that would prevent any future despot from seizing power. Of the reforms that came with the 1987 Constitution, one key change saw it depart from the old pre-Marcos Constitution: A limit was placed that would prevent an incumbent president from running for re-election.

In the old constitution, which was modelled on the American presidential system and electoral rules, sitting Philippine presidents were allowed to run for re-election. In the new, revamped, 1987 Constitution, presidents were allowed to serve for only one six-year term. The framers of this new constitution believed that limiting a president's time in office would prevent an incumbent president from acquiring the clout and power base that allowed Marcos to abuse his powers and secure his grip on power before his second term ended. However, as demonstrated with several examples in the following section, limiting the presidency to a single term effectively also neutered the established political parties as well.

3.3. The 1987 Constitution and the Presidential Bandwagon

3.3.1. *Impact of the 1987 Constitution:*

In the decades before the Marcos years, it was not strange for a sitting president from either the Nationalista Party or the Liberal Party to win a second term. However, Dr. Kasuya contends that the changes brought on by the 1987 Constitution- notably the change to limit the president to only a single term in office- effectively disrupted the continuity of established political parties. Dr. Kasuya emphasizes this conclusion in saying that "this change...has contributed to destabilize the party system at the presidential level" which then "destabilized the legislative party system". (Kasuya, 31) In essence this change hampered effective policy-making because the lack of continuity in the presidency meant that the party platforms which the president espoused would not last beyond his or her term.

While the Philippine president's role in promoting and executing key policies of his party cannot be overemphasized, the fact he or she is prevented from running for a second consecutive term means that even their reform-oriented projects fail to make any impacts after the incumbent leaves. The need for an incumbent president to ensure continuity and longevity of such projects supported by his party is what Dr. Kasuya aptly calls the "Presidential Bandwagon" which is also the title of her book on the subject.

3.3.2. *The Absence of the Presidential Bandwagon: Impact*

Alongside the changes that came with the 1987 Constitution, Dr. Kasuya cites the absence of the “Presidential Bandwagon” as one of the main culprits behind the dysfunction in Philippine electoral politics, which in turn hampers effective policymaking at the executive and legislative branches.

Aside for the need for continuity mentioned in the last section, to allow an incumbent’s policies to have more staying power, the presidential bandwagon’s importance lies in its role during elections. Because of the constitutional ban on consecutive terms for presidents, “the absence of an incumbent thus increased the number of entrants” or candidates into an election. (Kasuya, 40) Kasuya thus writes that potential candidates for president who “anticipate that an incumbent (president) will be in the race,” will be deterred from entering since they believe that their chances of winning are slim against an established incumbent. (Kasuya, 39) The lack of an incumbent, however means that “it is harder to determine who the clear frontrunner is” at the beginning of the race. (Kasuya, 39) Also, Kasuya emphasizes that the resulting party instability was not just because of the “absence of an incumbent,” but more the lack of a “duly elected president who served a full term in office.” (Kasuya, 179) Thus, this lack of an incumbent then leads to not only an increase in candidates, but also an increase in the number of political parties.

As the next section will demonstrate, the increase in the number of political parties actually weakened an already fragile system of two political parties.

3.3.3. *Weak Parties and Entry Coordination*

On the surface, it appears that the presence of just two serious presidential candidates, and thus only two major political parties, during elections was the norm before the Marcos era, giving one the impression that the two political parties were more or less established and stable before the Marcos era. However, Kasuya’s work shows that two-party arrangement was already weak to begin with even before the Marcos era, with symptoms of weak parties such as the frequency of politicians to switch parties already occurring, although not at the level it occurred after the Marcos era.

Before elaborating further on what weakened political parties in the Philippines, a factor that has influenced the number of candidates entering a presidential election should be examined first. Dr. Kasuya uses the term “entry coordination” to describe the propensity for there to be just two political candidates in a presidential election. (Kasuya, 165) When there are only “two relevant candidates competing,” it is what is called a “success” in entry coordination, which fits into the electoral mechanism known as Duverger’s law. (Kasuya, 165) In contrast, a “failure” in entry coordination occurs when there are a much “larger number of candidates than the two,” according to Duverger’s law. (Kasuya, 165) Kasuya then points out a number of other factors which influenced entry coordination and thus served to weaken political parties.

The first factor that impacts entry coordination, which is directly influenced by the implementation of a single-term limit, is whether there is the presence of an incumbent president. Kasuya alludes to a cross-national study done by Mark P. Jones, comparing different countries’ electoral processes. From that study, she found that “the presence of an incumbent president in the race significantly reduced the number of serious entrants.” (Kasuya, 168) In applying this to the Philippines, she writes that “the absence of incumbents in post-Marcos elections has led to coordination failure.” (Kasuya, 168)²

As one can see in table, there were an effective (ratio) number of candidates (ENC) of more than 5 candidates out of 7 entrants in the 1992 elections, and more than 4 candidates out of 11 entrants in the 1998 elections.” (Kasuya,168-169) As said before, the presence of an incumbent influences whether any aspiring candidates will enter the race because of the fear of established competition from an experienced incumbent politician. In the 1992 Philippine general election, several new parties emerged along with an unprecedented number (7) of presidential candidates who entered. The more viable candidates of the time included the following: then-defense secretary Fidel Ramos of the Lakas party, Dept. of Agricultural Reform Secretary Miriam Defensor-Santiago of the People’s Reform Party (PRP) and House Speaker Ramon Mitra of the LDP (Laban ng Demokratikong Pilipino, or Struggle of the Democratic Filipino party). While the Nationalist and Liberal parties also had viable candidates, they had a reduced

² Another table from Kasuya’s Presidential Bandwagon comparing the number of entrants of every Philippine election since 1946 has been reproduced in the appendix.

presence, and it was Ramos of the fairly new Lakas party who went on to win the presidency.

The second factor is party affiliation behaviour. Kasuya writes that the “widespread movement of politicians from one party to another is the source of party system instability.” (Kasuya, 33) Politicians and candidates, especially for congressional election races, frequently switch parties.³

As a case in point, look at the example of former Philippine President Joseph “Erap” Estrada, who originally joined the Nationalista party during the Marcos years, later switched to the Liberal Party, then another party called the United Nationalist Alliance (UNA), and finally currently is a member of the Partidong Masang Pilipino (PMP or the Party of the Filipino Masses). Thus the trend in the aforementioned table shows a rise in the incidence of party switching in the post-Marcos era.

The aforementioned factors, especially party affiliation behaviour, led to the current party instability, and ensuing weak parties, that plagues the Philippine electoral system. Kasuya supports this when she writes that a notable change in elections following the end of the Marcos era was the “frequent appearance and disappearance of political parties.” (Kasuya, 174) The frequency at which incumbent politicians and candidates switched parties in turn led to a number of splits within parties, as well as mergers. Sometimes, new parties may even be created from people who haven’t worked for another party before. Take the example of the Partidong Masang Pilipino (PMP) which was only founded in 1991 as a populist party. The PMP was founded by Estrada’s son “Jinggoy” Estrada and Senator Juan Ponce Enrile as an example of a new party formed around personalities or politicians who had left another party. The Lakas party of Ramos which won the general election in 1992, was only formed in 1988.

³ One table from pg. 180 from Kasuya’s Presidential Bandwagon book has thus been reproduced in the appendix to illustrate the number of party mergers and splits since 1946- please refer to the glossary for party acronyms

3.3.4. *Weak Party-Voter ties*

With the factors behind the failure in entry coordination in mind, they were just part of what explains weak political parties. Weak party-voter ties were also largely responsible. After the Marcos era, ties between parties and voters were undermined by the single-term limit change, thus weakening the parties themselves. Kasuya cites the triad of “policy, personality and patronage,” as the three type of campaign strategies by which politicians have been winning Philippine elections. (43, Kasuya) It can be inferred that two parts of this triad embody the roots of the weaknesses of political parties in the Philippines.

3.3.5. *Party Personalities versus Party Platforms*

Philippine voters have always been more drawn to vote by the candidates running, not the parties that supported them. Kasuya thus writes that because “voter ties have been consistently weak” in the post-Marcos period, since “voters were linked to individual politicians but not to parties.” (Kasuya, 39) While there have been presidents in the pre-Marcos period, such as Diosdado Macapagal, whose own charisma attracted voters to either the Nacionalista or Liberal parties of the time regardless of their party platforms, it was more in the period after Marcos when one element began to undermine the other.

In developed nations such as Canada and the United States, the stances on different issues and policies on each politician’s platform will influence their chances of winning an election. Furthermore, in an age of mass media where perception is literally the buzzword that makes or breaks an election, how they vocalize and defend these platforms before a live audience is also a factor. Policy is thus defined as the “type of electoral campaigning” where politicians support “nonmaterial, programmatic policy issues” to win votes. (Kasuya, 44) In the 1960s, a survey taken of Philippine politicians concluded that “politicians perceive that policies...are not a primary means of winning elections.” (Kasuya, 50) In spite of this perception that has perpetuated until today, many politicians still articulate their policies publicly since “taking policy stances (sic) makes a candidate appear more intelligent” and helps create a winning image for voters.” (Kasuya, 50) While policies are often widely advertised on each politician’s campaign

platforms in the Philippines, it is clear that articulating policies is only seen as a supplement to other campaign strategies such as emphasizing personality.

Personality, on other hand, can simply be defined as likability. It is defined as “symbolic, but non material inducements”, such as when a politician highlights their background or abilities”, in order to appeal to a certain interest group or to the public at large to vote for them. (Kasuya, 45) While personality is considered a “secondary factor compared to patronage in winning elections,” it can still work to “reinforce a politician’s image as the winning candidate.” (Kasuya, 51) The increase in the number so-called celebrity politicians during the post-Marcos years, namely actors such as former President Joseph Estrada, Senator Bong Revilla Jr. and Vilma Santos, the current governor of Batangas province, shows that past fame, even in industries outside government work, translates to more votes in Philippine elections. The effect of mass media only amplifies these celebrity candidates’ influence regardless of their policy stances.

Neither policies nor personality, each by itself, have been shown to win Philippine elections, since the third element in Kasuya’s triad, explained in the next section, is the most crucial.

3.3.6. *Patronage in Elections*

Political patronage in elections is by far the most employed method by which politicians win elections. It is a common observation by academics who study Philippine elections that Filipino “politicians perceive patronage to be the most important means of winning elections in the Philippines.” (Kasuya, 54) Many also believe that “unless one provides patronage, a candidate is unlikely to be a winner.” (Kasuya, 55) Patronage is defined essentially as the support given by someone in power; Philippine politicians seeking election can become patrons who thus provide patronage through schemes such as pork-barreling and vote-buying. While the patronage actions in Philippine elections are the sign of a greater problem of patronage politics in the country, this subsection will only deal with patronage in elections.

One method of patronage, called pork-barreling, begins at the neighborhood, or “barangay” level. This occurs when local leaders such as city mayors or barangay captains “first identify a project in their localities that require pork funds,” and bring it to the attention of a higher, elected, official, usually legislator, or a member of the Philippine Congress. (Kasuya, 55) If the legislator decides to support the project, he or she is then called a “sponsor.” (Kasuya, 55) One reason why officials sponsors such projects is for “credit claiming”, or to lend their name to these projects in order to gain political mileage among voters in the area where the project is being built. (Kasuya, 56) Credit claiming will often see “visible infrastructure,” such as “schools, drainage systems, or bridges,” plastered over with huge signs proclaiming it was this particular politician who sponsored the project. (Kasuya, 56) From this, one can thus see one of the origins of the politicization of projects described in chapter 2, with regard to the agencies that deal with infrastructure construction, such as the DPWH.

The other reason why pork-barreling is important to elected officials is because it helps them to setup or maintain political machines. These are defined as “patron-clientelist organizations created by politicians for the purpose of electoral campaigning.” (Kasuya, 56) These political machines are made up of the politician-patron whose followers are called “liders” (Kasuya, 56) These “liders” are tasked with being the “communication brokers” between their patron and voters, by doing grassroots work such as spreading campaign materials, arranging campaign meetings as well as encouraging people to vote for their patron. (Kasuya, 57) While on the surface, these political machines seem not very different from grassroots organizations of political parties in the United States, such as political-action committees (PACs) or even any American politician’s campaign staff, political machines in the Philippines also conduct more sinister actions while trying to support their candidate-patron. These include “vote-buying” or “manipulation of election returns on behalf of their electoral boss.” (Kasuya, 57) The benefits that a patron-politician in turn gives to his “liders” in return for their support include employment in a future government or public works project sponsored by that politician.

Political machines are thus instruments of individual, elected Filipino politicians at every level from president to congressmen. The political machines for legislators of the Philippines House of Representatives are called “clusters,” while those that serve

Senators are called “pyramids.” (Kasuya 57) The difference between the two is that the clusters are based on House Representatives’ face to face interactions with his “liders”, while a Senator’s pyramid is a web of several clusters formed out of his or her alliances with local bosses, such as governors, mayors and even private businessmen, all of whom have their own political machines. (Kasuya, 57) This practice of using political machines at every electoral level thus negates the need for the financial and other support from political parties; many parties’ reliance on these political machines to gain votes also explains why they rely on support from established politicians in order to gather strength for elections, and be seen as competitive by voters. Some of the newer parties formed in the post-Marcos era were built mainly from the merging of existing pyramids of serving senators and clusters of other elected officials.

Thus, it is these combined practices of emphasizing individual politician’s personality to appeal to the masses, while relying on support from their political machines that has served to keep political parties weak in the Philippines.

3.4. The Decaying of COMELEC and NAMFREL

No analysis of Philippine electoral politics would be complete without mentioning the two organizations which have tried to keep Philippine elections free and fair. The first is the government agency called the Commission on Elections (COMELEC), whose role as an impartial and independent entity included not only counting the ballots, but also in ensuring that Philippine elections were not manipulated by competing interests and were transparent. The second entity is the National Citizen’s Movement for Free Elections (NAMFREL) is described as a “visible and prominent domestic election monitoring body in the Philippines.” (Kasuya and Quimpo, 164) However, despite good intentions behind the creation of both organizations, each would face an incident that would put into question their credibility and impartiality in their respective roles.

Instead of rewriting an exhaustive history of elections in the Philippines since 1946, this section will first study the key roles of both organizations at certain points in time to give readers a sense of context. NAMFREL came into existence just before the 1951 elections and grew out of a group of volunteers and war veterans who wanted to

prevent a repeat of the 1949 elections, which were not only described as the “worst elections ever held in the Philippines,” but were characterized by such “massive fraud” that there was widespread public dissatisfaction. (Kasuya and Quimpo, 166) A similar outcry followed for the midterm 1951 elections, when the allies of then-President Elpidio Quirino “persisted in the use of violence and intimidation in the 1951 elections.” (Kasuya and Quimpo, 170) The COMELEC at the time was “woefully understaffed to curb the abuses happening all over the country” and also relied on deputized school teachers to help with voter registration, since many voting centres were located in schools; many of these teachers were not trained or ill-equipped to deal with such abuses. (Kasuya and Quimpo, 172) NAMFREL was thus able to mobilize a network of election monitors in local areas in time for the 1951 elections, to help deter and prevent election fraud” (Kasuya and Quimpo, 172) During the 1953 elections, it saw a bigger role as “its membership soared to over 5,000” while its monitoring efforts encompassed around “500 municipalities” (Kasuya and Quimpo, 172) NAMFREL’s efforts at monitoring not only assured that the 1951 and 1953 elections were less prone to fraud, but led to the Revised Election Act which implemented key reforms into law. One of these reforms called for a Board of Inspectors which included representatives of all political parties as well as an independent appointee at each district, “usually a public school teacher.” (Kasuya and Quimpo 173)

Another triumph of NAMFREL came in 1986, towards the end of the Marcos era. In the aftermath of the snap elections held in February 1986 by President Marcos in order to address challenges to his hold on power, NAMFREL was able to provide evidence in clear public view, that the COMELEC of the time was not only far from impartial, but had tampered with the election results to make it look like Marcos had won. Through “Operation Quick Count,” NAMFREL was able to provide “a reliable, alternative rally of votes” in contrast to the tampered results generated by COMELEC whose higher ranks had been filled with Marcos supporters. (Kasuya and Quimpo, 182) These allegations of fraud on the part of the Marcos camp were further reinforced when 38 computer tabulators hired by COMELEC to tally the results saw that their figures and the official tally “were not matching,” driving them to walk out of their offices and resort to whistle-blowing to bring attention to the fraud being conducted by Marcos supporters within COMELEC. (Kasuya and Quimpo, 180) Election on a national scale was thus

foiled by both NAMFREL and this small group of computer tabulators within COMELEC, setting the stage for 1986 “EDSA” People Power bloodless revolution that drove Marcos into exile mere weeks later.

With both these past triumphs of NAMFREL in mind to monitor the abuses which COMELEC could not stop, its own credibility would be seriously eroded with the “Hello Garci” scandal of 2004. Following the toppling of President Joseph Estrada in 2001 due to allegations of corruption and incompetence, Vice-President Gloria Macapagal Arroyo then assumed the presidency to finish Estrada’s term. In 2004, when she was seeking election in her own right, she made the fatal error of appointing one of her supporters Virgillio Garciliano as one of the commissioners for COMELEC. A scandal resulted when a taped conversation between President Arroyo and Garcilliano, where she asked him for assurance that “she would lead by more than one million votes” due to his tampering, was released to the public. (Kasuya and Quimpo, 183) While Arroyo was later forced to publicly explain her actions, this scandal was not sufficient to force her to step down, although at least two military coups, including the Peninsula Hotel occupation mentioned earlier, were attempted in its aftermath. While this scandal again exposed COMELEC as still being a tool for politicians, NAMFREL’s credibility was eroded since it may have been “complicit” in Arroyo’s attempted fraud. (Kasuya and Quimpo 185) NAMFREL’s lack of impartiality was not only shown in the fact that some of its top positions were occupied by “members of the business community” wary of opposition populist candidates such as Fernando Poe Jr., but in its misreporting of “200,000 votes” from the Autonomous Region of Muslim Mindanao (ARMM) in favour of Arroyo in its Certificate of Canvas when these had been earlier reported as going to the opposition. (Kasuya and Quimpo, 184) Thus the fact that NAMFREL’s action showed a bias towards an Arroyo win also eroded public confidence in its role as an impartial election monitor.

In comparison to a civic or volunteer group such as NAMFREL which can be replaced in its role as an election monitor by another civic group or even a foreign observer group reputed to be impartial, the problems that plague the government entity called COMELEC would require more extensive reforms.

Dr. Cleo Calimbihin, of the University of Wisconsin at Madison’s Political Science faculty, writes that COMELEC has suffered from three major weaknesses since its

founding. The first of these is an “externally-motivated clientelistic relationship”, meaning that external “client” or a patron-politician, such as the president, will always find a way to use COMELEC to not only win an election, but incorporate COMELEC into their political machines. (Kasuya and Quimpo 163) The second weakness is the fact that it suffers from an “internal clientelistic relationship”, which means that many of its supervisors and higher officials would accommodate any patron-politician, such as the president, who seeks to win an election, since many of these COMELEC members will see “personal and career enrichment” by benefitting from their patron’s own “bureaucratic network” of which they are part. (Kasuya and Quimpo, 163) Those 38 computer tabulators who walked out of the attempted fraud scheme by Marcos supporters in COMELEC during Feb. 1986 snap election still shows that not everyone in that organization is complicit with patronage politics and saw the greater good in exposing the attempted fraud. COMELEC’s third weakness is its “organizational inefficiency and lack of capacity.” (Kasuya and Quimpo, 163) This means that although COMELEC is described as a “constitutional commission” that is supposedly independent and impartial, it is also still “a bureaucracy” that functions and is prone to the same weaknesses as other government bureaucracies. (Kasuya, 163) Reforms on how to fix COMELEC and other agencies are discussed in the next section of this project.

Chapter 4. Reforms and Conclusions

This project set out not only to define the current state of the Philippines political and socio-economic development, but to see whether it had the right mechanisms in place to realize its potential as an N-11 country. Chapter 1 sought to define context, to define the importance of institutions for development and to specify methodology. Chapter 2 expanded further on the importance of institutions while reviewing 3 case studies of government agencies that suffered from various institutional deficiencies. Chapter 3 sought to emphasize the changes brought on by the 1987 Constitution, its weakening impact on political parties, as well as the problems inherent in the Philippines' electoral system. This chapter also examined two key institutions that oversaw the conduct and monitoring of elections- namely COMELEC and NAMFREL- by recounting its triumphs, failures and weaknesses. This section now seeks to address the patterns of institutional dysfunction and deficiencies mentioned in the last two chapters while mentioning possible reforms.

4.1. Remedies for Patterns of Institutional Dysfunction

More than three government agencies were named in the three case studies examined in Chapter 2. While some of the patterns of dysfunction that affect one or more cases may not necessarily affect all cases, addressing these dysfunctions would help address similar problems in agencies not mentioned in any of these cases.

In the case of the Philippine government entities that deal with infrastructure, such as the DPWH and the Road Board, both internal and external reforms are recommended. Internal reforms would include implementing "online bidding to reduce collusion among construction contractors," as well as implementing a 'strike three' rule against bidders who intentionally lost after being paid off by others to intentionally lose." (Kasuya and Quimpo, 251) Other internal reforms include increasing transparency, such

as by seeking to reduce or “eliminate the practice of using the same consultants for various projects at various phases of infrastructure development.” (Kasuya and Quimpo, 251) Implementing transparency and accountability on the Road Board would also be another reform. One way would be to let stakeholders take part in the Road Board, and “should be the result of an independent process among them.” (Kasuya and Quimpo, 252) Examples of external reforms include independent monitoring by civic groups or NGOs; one good example of such an independent, local monitoring group for roadwork is the CCAGG (Concerned Citizens of Abra for Good Governance).

Aside from better transparency and monitoring, ensuring “good governance” is another key reform; this can be ensured with good leadership that seeks to stamp out corruption and collusion. An organization called the Professional Constructors’ Association (PCA) recently implemented a code of ethics and even a Contractor’s License Law. So essentially civilian contractors were clearing the industry of “bad eggs” by “weeding out contractors” who “perennially bid and deliberately lose” while in collusion with a winning contractor. (Kasuya and Quimpo, 255)

In the case of the maritime industry, the MARINA agency is plagued by poor enforcement capacity to ensure shipping companies comply with maritime safety standards, not to mention high shipping costs which have not been alleviated by attempts to introduce new competition of the market through deregulation. Part of the problem lies in the fact that MARINA’s top leadership is “composed of political appointees,” who seem to be in league with the shipping companies that aim to keep a virtual monopoly of the industry. (Sta Ana III, 93) One solution to deal with high shipping costs is allowing foreign shipping companies to operate in the Philippines, which could be done if the “Cabotage Law” is lifted. (Sta Ana III, 89) This is significant because “foreign competition motivates greater efficiency in the shipping industry,” thereby spurring decreased costs for fare and cargo. (Sta Ana III, 89) Decreased market costs in fare and cargo would also break the virtual monopoly that the shipping cartel has on the industry, giving less advantaged social groups more options for travelling across the archipelago.

Probably the most challenging of the three cases would see the institutional dysfunctions built into the Department of National Defense and the Philippine military

(AFP). It was already mentioned that a solution to ensuring quicker and more efficient procurement of new military equipment would be to have dedicated, full-time members of the PMT teams. Graft and Corruption, whether among civilian members of the DND or Philippine military members, should also be stamped out, with the fate of the notorious General Carlos Garcia continually held out as an example of what happens to those discovered to be using public funds for illicit purposes. So far the only safeguards against military coups in recent years has been the fact that the Philippine government still has the loyalty of certain general officers and the units they command, preventing smaller units such as the Honasan's RAM movement from gaining control. Since many of these coups stem from groups of rebellious officers who are often classmates from the same Philippine Military Academy (PMA) class, one of the best ways to prevent such military adventurism is to inculcate a sense of loyalty to the Philippine Constitution, and thus a respect for civilian authority, very early in their careers. Another way to prevent such adventurism is ensure that even the rank-and-file soldiers are indoctrinated to have respect for the rule of law above the respect they have for their officers and units.

4.2. Addressing the Problem of Weak Political Parties

Among the culprits behind the instability in Philippine political parties is the single-term limit on Philippine presidents, according to Dr. Kasuya's "presidential bandwagon" theories. While changing the 1987 constitution to once again allow incumbent presidents to run in a consecutive term may seem the obvious fix, changing the limit is only part of the equation. Another huge problem behind the weak parties lies in the political patronage system, and thus the political machines built by candidates and politicians over the years.

The Charter Change or "Cha-cha" movement among many academics and some reform-minded politicians, may provide one possible fix since it proposes a switch to a parliamentary system similar to the ones used in former British colonies such as India. Switching to a parliamentary-federal system would solve the problem of fixed terms and weak parties at the same time, since in parliament more emphasis is placed on political parties, who choose their own leaders such as Prime Minister from among their own party members. This would be as opposed to the Philippine presidential system where

voters directly elect their presidents and other officials directly, judging them on the basis of personality more than their party platforms, while political machines conduct illicit practices in the background such as vote-buying. During the past Arroyo administration, past attempts within Congress to hold a Constituent Assembly (“con-ass”) or a Constitutional Convention (“Con-con”) aimed at amending the 1987 Constitution bore no fruit, in part because of opposition within the legislature and massive protests, mainly by leftist and populist opposition rallies. So far, as of this writing, the Aquino government has made no clear moves toward constitutional reform.

4.3. Addressing the Problems with NAMFREL and COMELEC

With regard to reforming COMELEC, the vulnerability of its officials and employees to bribery or the temptation of advancement by being part of a politician’s patronage system was one major issue mentioned in the previous section. The appointments for COMELEC leadership positions should be made more transparent and subject to congressional oversight. When it comes to election monitoring, it is said that “NAMFREL’s method of guarding the ballot boxes and tabulation at the precinct level is now outdated.” (Kasuya and Quimpo, 187) Automation may hold the key to prevent tampering. Recent initiatives at automation, such as the use of the “direct recording electronic” (DRE) machines in the 2008 provincial elections in the Autonomous Region of Muslim Mindanao (ARMM) and the “voter-verified paper audit trail” (VVPAT) machines in Maguindanao do hold some promise as of this writing, since they prevent tampering by transmitting results directly from booths to the centralized voting precincts where votes are tabulated. (Kasuya and Quimpo, 207) The Introduction of electronic voting machines is still fairly new, though implementing them on a wider, national scale scale may prevent tampering with voting results.

4.4. Final Words and A Look Ahead

Many other issues, such as the continuing internal security problems with insurgent groups such as the NPA and the breakaway Muslim group, BIFF, were not

mentioned this project. As of this writing, one of the current, continuing scandals plaguing the Philippine government is several officials' alleged misuse of the Priority Development Assistance Fund (PDAF) funneling public funds into bogus NGOs, created by a certain businesswoman named Janet Lim Napoles. While the fallout from the scandal continues even as Napoles goes on trial, it is clear that patronage, which includes pork-barrelling, is one of the major problems that plague the Philippine political scene today. Other patterns of dysfunction pointed out in the case studies included corruption, graft, structural deficiencies and collusion among government agencies and the private sector. Many of these deficiencies are evident in government agencies critical to the nation's development, such as the DPWH which deals with infrastructure, and the DND, which deals with security.

If the Philippines will realize its potential as an N-11 country by 2050, it has to first satisfy the criteria of political maturity. This would come once many of the institutional deficiencies mentioned above are dealt with not just for the national agencies mentioned, but for government entities at the local level as well. Political maturity would come when these government agencies and entities are institutions that respect the rule of law. When a country has effective institutions, it can deal with other N-11 criteria such as macroeconomic stability and quality of education, aspects which can only be dealt with by government agencies such as reformed versions of the Philippine's National Economic Development Authority (NEDA) and the Department of Education.

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Appendix A. Tables

Table A.1: Maritime Incidents (scan)- source (Sta Ana III, p. 88)

Table 4
Summary of Major Causes and Nature of Maritime Accidents

Causes of Accidents	Per- cent	Nature of Accidents	Per- cent
Natural Causes	36	Vessel traffic-related (i.e., collision, ramming)	27.5
<i>Big waves and strong winds</i>	59	Capsizing	19.1
<i>Typhoon</i>	35	Sinking	16.6
Human Error	24	Grounding	13.8
<i>Negligence in duties</i>	18.3	Vessel performance-related (i.e., engine trouble, ship damage)	8.1
<i>Defective equipment/ engine trouble</i>	16.1		

Source: Transnational Diversified Group (2003), cited in Sigua and Aguilar (2003).

Table A.2: Numbers of entrants in Philippine elections and the presence of the Incumbent (Kasuya, p. 169)

Table 9.1 Results of Presidential Elections and the Presence of the Incumbent, 1946-2004

Election Year	Raw Number of Entrants*	ENC	Presence of Incumbent
1946	3	2.0	Yes (nonelected)
1949	3	2.4	Yes (nonelected)
1953	3	1.8	Yes
1957	6	3.4	Yes (nonelected)
1961	2	1.9	Yes
1965	3	2.2	Yes
1969	2	1.9	Yes
----- authoritarian interlude -----			
1992	7	5.8	No
1998	11	4.4	No
2004	5	3.2	Yes (nonelected)

Source: Compiled by the author based on COMELEC Reports, various years.
* The number of candidates who filed the certificate of candidacy with COMELEC and were recognized as official candidates.

Table A.3: Party Creation, Split, Merger within One year before Philippine Elections (Kasuya, p.180)

Table 9.3 Party Creation, Split, and Merger within One Year before Presidential Elections

Election Year	Incumbent Entry	New Party	Split	Merger
1946	YES (nonelected)	—	NP (NP vs.LP)	—
1949	YES (nonelected)	—	LP (LP vs. LP-Avelino)	—
1953	YES	—	—	—
1957	YES (nonelected)	PPP NCP	—	—
1961	YES	—	—	—
1965	YES	—	—	—
1969	YES	—	—	—
1992	NO	<i>Lakas</i> PRP NPC	—	—
1998	NO	<i>Aksyon</i> PROMDI <i>Reporma</i>	—	NPC+ LDP+ PMP (LAMP)
2004	YES (nonelected)	—	LAMP (KNP vs. LDP)	<i>Aksyon</i> +PROMDI + <i>Reporma</i> (<i>Alyansa</i>)*

Note: (1) Parties that received more than 5% of votes in presidential elections are listed.
(2) Party names in parentheses denote the resulting parties after a split or merger.
* At the time of the 2004 election, *Alyansa* was a coalition of three parties but not a single party.
Source: Compiled by the author based on articles in *Philippines Free Press*, various years.

NOTE: Permissions for the use of these tables were provided by Dr. Kasuya and Dr. Sta. Ana III for use with this work.