"'SMS' CAPITAL OF THE WORLD": A POLITICAL ECONOMY OF A WIRELESS REVOLUTION IN THE PHILIPPINES

by

Maria Cecilia T. Paule
B.A. Social Sciences, University of the Philippines, 1999

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APPROVAL

NAME: Maria Cecilia T. Paule

DEGREE: MA

TITLE OF THESIS: **" 'SMS' Capital of the World": A Political Economy of a Wireless Revolution in the Philippines**

EXAMINING COMMITTEE:

CHAIR: Prof. Gary McCarron

Prof. Yuezhi Zhao
Senior Supervisor, School of Communication, SFU

Prof. Pat Howard
Supervisor, School of Communication, SFU

Dr. Jack Linchuan Qiu
Examiner,
Research Fellow, Annenberg School for Communication
University of Southern California

Date: July 19th, 2004

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ABSTRACT

Market-driven development and the liberalization of the world's telecommunications sector has been a crucial component in the current process of globalization. The Philippines provides an interesting case study. Since the beginning, the telecommunications structure has been shaped by colonial powers and private market interests with telephone service primarily based on an 'ability to pay' principle.

In line with neoliberal policies, the 1995 Public Telecommunications Policy Act of the Philippines deregulated the telecommunications industry and encouraged competition. This facilitated the entry of new domestic firms, backed by foreign partners, with commitments to rollout basic telecommunications infrastructure in exchange for licenses to operate international gateway facilities and cellular mobile telephone systems. While there has been a gradual growth in the number of landlines, the entry of imported technologies has paved the path for a wireless revolution in the Philippines characterized by the explosive growth of digital mobile phones with its unique feature of text messaging, formally known as Short Message Service (SMS).

This thesis analyzes the phenomenal growth of cellular mobile phones in the Philippines, in particular, the ways in which Filipinos have appropriated the technology. It explores the dialectical relation between technology and society to avoid the pitfalls of technological determinist analyses. It discusses the broad economic and social conditions that contributed to the wireless revolution. It explores the ramifications of this revolution in communications technology. What are the trade-offs? Who are the winners and losers? What are the social and economic implications of the wireless revolution?

DEDICATION

For my parents, Conrado and Aida Paule.

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LIST OF ACRONYMS

CMTS – Cellular Mobile Telephone Systems

DOTC- Department of Transportation and Communication

EDSA – Epifanio de los Santos Avenue (a major highway in Metro Manila)

EOI – Export-oriented industrialization

EPZ – Export Processing Zone

GPRS – General Packet Radio Switch

GRP – Government Republic of the Philippines

GSIS – Government Service Insurance System

GSM – Global System for Mobile communications

ICT – Information and communication technologies

IGF – International Gateway Facility

IMF – International Monetary Fund

ITU – International Telecommunication Union

MILF – Moro Islamic Liberation Front

MNLF – Moro National Liberation Front

MMS – Multimedia Service

NAFTA – North American Free Trade Area

NIC – Newly industrialized country

NPA – New People's Army

NSO – National Statistics Office

NTC – National Telecommunications Commission

PLDT – Philippine Long Distance Telephone company

POEA – Philippine Overseas Employment Agency

SAS – Service Area Scheme

SMS – Short Message Service

TNC – Transnational corporation

WTO – World Trade Organization

INTRODUCTION

Motivations

In August 2001, I visited the Philippines and experienced culture shock. It was not because of the language, the heat or the traffic. I was surprised by the apparent ubiquitous presence of cellular phones. I had been away for two years. In that time, the telecommunications industry and Filipinos seemed to have opted for wireless technology, especially, the back and forth exchange of text messages made possible by Short Message Service (SMS), a feature of digital mobile phones or cellular phones (terms used interchangeably). During get togethers with old friends, close at hand were their cell phones in different sizes and with different face plates; for some gone were their pagers, a popular accessory in the late 1990s. I recall one lunch date with a 'barkada' (group of friends), two friends were out of town and unable to attend, and yet, they were able to make their presence felt with text messages sent throughout the meal by way of SMS.

Mobile phones have a very strong transnational dimension and play a part in the Philippine diaspora. I initially learnt about SMS through a cousin of mine living in Burnaby, Canada, who regularly uses his mobile phone to communicate with siblings in the Philippines. In 2000, we had subscribed to different wireless providers. I signed a contract for a two-year plan with Roger's AT&T for basic wireless service and used an

analogue mobile phone primarily for voice calls made while away from home. My cousin opted for a digital mobile phone with Fido (cell phone brand of Microcell Solutions Inc.), which provided access to a Global System for Mobile (GSM) communication network that featured SMS. Significantly, Fido's network was compatible with standards used by wireless providers in the Philippines; thus, my cousin enjoyed instant communication with family at a cost of approximately Can.$0.20 per text message sent to the Philippines.

Yet the cell phone is not just a means of communication over a meal or a virtual gathering for family. It also has political and social significance as well. In fact, it has been widely celebrated for being an instrumental tool used during a political revolution. In January 2001, the mobile phone was identified in the local and the foreign press as a powerful tool used in the mobilization of thousands of Filipinos who returned to Epifanio De los Santos Avenue (EDSA) for People Power II, which led to the ouster of President Joseph Estrada. What factors facilitated the phenomenal growth of cellular phones in the Philippines? Who are the stakeholders? Are the majority of Filipino people benefiting from wireless services? Indeed, the implications for the explosive growth of cellular phones in the Philippines needed to be studied in more detail.

I again visited the Philippines in May 2002 for two months to do the research. Even upon arrival at the airport, while standing in line to pass immigration, some passengers in the queue began to call or key messages in their cell phones probably informing persons of their arrival. I was met at the airport by an uncle, a cousin and one of my nieces. Once they saw me, my cousin with cell phone at hand, began to type a text message to signal another cousin waiting in the car park to pick us at the arrival terminal.

In the car, my twelve-year-old niece was quick with her thumb to encode and send a text message via her cell phone to inform an aunt that we were on our way. On the road, we passed several huge billboards for Smart Communications and Globe Telecom, the two leading wireless providers. In the newspaper, there were full-page advertisements on cellular phones spread in the different sections of the paper from the world news section to the lifestyle pages. Indeed, the mobile phone was ubiquitous.

During a visit to my parent's hometown, Lubao, located 84 kilometers from Metro Manila in the province of Pampanga, I saw a few more cousins with cell phones. Shops displayed signs: "Prepaid Cards Sold Here." It seemed a far cry from years past when the sight of a telephone was rare. In the 1980s, it appeared to be non-existent. By the 1990s, there was some access to basic telephone service. Two aunts in the province, one on each side of the family, had a subscribed telephone landline in their households. This connection also served as the main unit relied upon by other relatives in the province to receive calls from family members working overseas. Today, the same two aunts, also have cell phones to keep in touch with loved ones; for one, a husband in the United Kingdom and for the other, two children who are now immigrants in Canada. However, to date, their household landlines continue to be open to relatives for incoming international long-distance voice calls. While exchanging international text messages and making international voice calls is possible via a digital cell phone, it is cheaper for those overseas to call landlines.

I noted that for the majority of my relatives with cell phones, the handsets and costs to cover pre-paid cards for wireless service were mostly supported financially by family members working overseas such as a parent or a sibling. My twelve-year-old

niece used a Nokia handset sent by her father based in Saudi Arabia; the model, GSM compatible. For the duration of my stay, one cousin lent me an idle cell phone handset, which needed to be re-activated since the prepaid credit had long been expired. He also had a second handset, which he regularly used despite being unemployed. In a situation that is not uncommon, he is dependent on siblings based overseas for financial support, remittances in part go towards the purchase of prepaid cards. Unfortunately, sometimes the prepaid credit is (unnecessarily) consumed by the exchange of text messages with his 'text mate'; someone whom he only met by a random entry of a cell phone number.

I participated in "texting"[1] myself. I used it to keep in contact with my family in Vancouver, relatives in the province and friends in the city. I was able to send and receive text messages in English and Filipino, the national language is mainly comprised of the northern Tagalog dialect. At times, I also used *taglish*, a combination of the two. My relatives also sent me text messages in the vernacular, *kapampangan*. I primarily used the cell phone for SMS; it was affordable at a cost of one peso (Can.$0.02) per text message. Voice calls cost four pesos per minute during low peak hours or eight pesos during high peak hours. International direct-dialled voice calls are pegged at US$0.40 a minute, which enabled me to make short calls to my family in Vancouver to let them know where to contact me; they would subsequently call me at a fixed landline.

I stayed in the Philippines for two months, from late May to July 2002, to conduct extensive documentary research. I obtained primary and secondary data that included copies of pertinent regulations and legislation, trade journals, reports from

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[1] "Texting" refers the act of sending a text message (Rafael, 2003). In the Philippines, persons who use SMS are often referred to as "texters" (Coronel, 2001).

international bodies such as the International Telecommunications Union, and annual reports from the leading service providers and the regulatory agency. I collected newspaper articles and pertinent information from the Internet. In addition, I conducted open-ended interviews with officials from government and industry as well as informal interviews with colleagues and a focus group with teenagers.

Scope and Organization of the Thesis

The research for this thesis is situated within the broader context of the historical evolution of telecommunications policy in the Philippines and worldwide policy changes toward deregulation and liberalization that resulted in a wireless revolution in many developing countries in Africa and Asia, including the Philippines. From the beginning of its colonial history to independence, private interests have controlled the Philippine telecommunications industry.

A focus on the 'wireless revolution' in the Philippines is one lens to show the struggles and changes in the political, social and economic conditions that face the nation. This thesis is exploratory and strives to map key events, past and present, which have shaped the Philippine telecommunications industry placing emphasis on the phenomenal growth of mobile phone subscribers in the Philippines and the uses of SMS, an activity that appears to have become a part of everyday life in the Philippines. This thesis explores the premise that *the wireless revolution has implications for the social and economic development of the Philippines.* Cellular phones appear to provide a solution to past problems of long waitlists for access to telephone service. Moreover, this revolution has opened new space for millions of Filipinos to use wireless service, notably

SMS, at an affordable cost especially with prepaid service. However, beyond the status of being hailed the "SMS capital of the world"[2], what are the trade-offs?

Chapter One provides a review of relevant literature on the global liberalization of telecommunications, which sets the context of the analytical framework for this thesis. **Chapter Two** provides a broad overview of the institutional framework of the telecommunications industry with a focus on past administrations, private interests and foreign influence. It highlights government policies to facilitate 'free enterprise' that led to the deregulation of the sector, which had been dominated by the Philippine Long Distance Telephone Company (PLDT). Moreover, it takes into account the instrumental role of the World Bank in the expansion of global telecommunications infrastructure and its implications. **Chapter Three** provides a detailed description and assessment of the phenomenal growth of mobile phone subscribers. It takes into account the service providers, GSM technology and SMS, and the availability of prepaid service. It also provides elaboration on the uses of SMS. **Chapter Four** provides a critical analysis of the wireless revolution and its implications in nation building taking into account the events of People Power II and the significance of the wireless revolution for the country's migrant labour and encouragement of labour migration. Finally, the **Conclusion** re-visits the broader issues that are raised in Chapter One and provides a more critical analysis of developments; discussion is extended to include pertinent events that took place during the recent 2004 presidential elections.

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[2] This part of my thesis title is taken from various accounts in technical, newspaper, and magazine reports that refer to the Philippines as the 'SMS Capital', 'Texting Capital', or 'Text Capital' of the World. A 2002 ITU report describes the Philippines as a "Txting nation" noting that it is the world leader in per capita SMS usage.

CHAPTER ONE
THE NEOLIBERAL SHIFT:
FROM LOCAL TO GLOBAL TELECOMS

This political economy of Philippine telecommunications views a national setting within an international context. This section provides an overview of the historical, political, economic, and technological contexts of telecommunication expansion and global capitalism. A closer look at particular developments in the 1980s shows how the restructuring of the world's information infrastructure is shaped by a neoliberal platform. Moreover, telecommunications is part and parcel of a broader agenda for any country's development. As such, it is also worth taking into account the broad societal trade-offs. Finally, since everyday uses of new information communication technologies, in addition to political economic forces, also play a role in shaping a country's information infrastructure and evolution of a particular technological form, it is useful to explore the different uses of telecommunication by the people.

Overcoming Time and Space

The mobile phone revolution is built upon earlier technological developments in telecommunications. These developments have been instrumental to the expansion of Western capitalism. For instance, the practical use of the telegraph was beneficial for long distance communication and facilitated the growth of the emerging global market. James Carey (1999) observes that the telegraph, "...marked the decisive separation of 'transportation' and 'communication'. Until the telegraph these words were synonymous. The telegraph ended that identity and allowed symbols to move independently of geography and independently of and faster than transport" (p. 135). This development had a profound impact in early nineteenth century America, among its first effects was the reorganization of commodity markets. Prior to the telegraph, the price of commodities diverged from city to city; prices were mainly determined by local conditions of supply and demand. Carey points out that the telegraph evened out markets in space by putting everyone in the same place for the purpose of trading. Moreover, aside from trading between places, there was also a shift from trading between times. Before the crops were harvested, the transmission of information concerning prices and crop conditions drew markets and prices together.

After the telegraph, the telephone mediated communication across space and time with voice transmission. The telegraph, similar to most innovation in communication technologies would have a profound impact on the conduct of government, commerce, and the military given the possibility of communication and exchange of words, goods, money at any hour of the day between people anywhere on the globe. According to Daya Kishan Thussu (2000), part of understanding the historical context of international

communication is to delve into a study of continuity and change, "The nexus of economic, military and political power has always depended on efficient systems of communication...The evolution of telegraphic communication and empire in the nineteenth century exemplifies these interrelationships, which continued throughout the twentieth century, even after the end of empire" (p. 11).

In a similar discussion, Armand Mattelart (2000) observes that the telegraph and succeeding networks, from the beginning, were intimately connected to globalism. It was crucial for empire building, both for military adventures and for capitalist expansion utilizing integrated networks of economic exchange. Telecommunications remains a crucial component of globalization today, which Mattelart (2000) points out "originated from financial transactions, where it has shattered the boundaries of national systems. Formerly regulated and partitioned, financial markets are now integrated into a totally fluid global market through generalized interconnection in real time" (p. 59).

The neoliberal project since the 1980s has accelerated this effect of overcoming time and space. David Harvey (1989) explores the global system in which time and space is compressed, "The time horizons of both private and public decision making have shrunk, while satellite communication and declining transportation costs have made it increasingly possible to spread those decisions immediately over an even variegated space" (p. 47). This notion of time-space compression is also evident in the increasing mobility of populations. In "Servants of Globalization", Rhacel Parrenas (2001) claims that the option of transmigration becomes more viable and attractive with access of migrants to advanced forms of communication.

Manuel Castells examines the informational mode of the development of modern capitalism with markets and class lines interconnected by the compression of time and space. Castells (2000a) notes,

> [T]he power of flows takes precedence over the flows of power. Presence or absence in the network and the dynamics of each network *vis-à-vis* others are critical sources of domination and change in our society: a society that, therefore, we may properly call the network society, characterized by the pre-eminence of social morphology over social action (p. 76).

The Neoliberal Agenda

Beginning in the USA

Neoliberal policies primarily began in the United States of America, the world's most influential telecom market. In *The Irony of Regulatory Reform,* Robert Horwitz (1989) explains that the telecommunications sector in the West had a long monopolistic tradition with state oversight. Telecommunication companies were classified as public utilities and common carriers within the nation state framework. Historically, the provision of telecommunications remained in the control of one dominant provider, perceived to be a natural monopoly, which was believed to facilitate a more efficient delivery of telecommunications service. In most countries, it was organized with state control and regulation of the activity. Under the welfare-oriented approach in developed Western countries, telecom carriers had obligations to provide universal service at fair and reasonable rates. However, in developing countries, the welfare-oriented approach

was never realised; telephone service developed primarily as a privilege for business or government use. It was only available on a basis of "ability to pay"[3].

While businesses relied on regulation for a stable business environment, larger business users sought a growing demand for better services and more connections. Technological innovations began to affect the stable and monopolistic environment; a clear example was the fusion of telecommunications and computers that helped create new information technologies. In effect, the "new technologies enabled new business entrants to push at regulation-enforced boundaries and constituted the means by which large users could bypass the regulated system." (Horwitz, 1989, p. 199)

According to Dan Schiller (1999), in the US, corporate dependence on early computer communication networks began in the 1970s and continued onwards as business, mainly transnational enterprises, sought to reorganize their business operations around digital networks to enable a more fluid exchange of information among dispersed users. As dependence by business users on network systems grew, a telecommunications boom was triggered. Today's network innovation is the internet, with developments even in mobile phone technology to provide internet access.

Patricia Aufderheide (1999) also points to a push for telecom reform from large corporations demanding more and faster phones; the dominant US telecoms company, American Telephone & Telegraph (AT&T) was unable to meet the demands. Deregulation led to the divestiture of AT& T into 22 local companies during 1982 to

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[3] This term is used by Gerald Sussman (1982; 1987; 1991; 1995) to contrast with the concept of universal service.

1984 and allowed private telecommunications firms to operate in the national telecommunication arena; the campaign for global liberalization gained momentum.

Notable in the political process was the U.S. Telecommunications Act of 1996, pro-market legislation that eliminated the basis for protected monopoly in telecommunications. Aufderheide (1999) notes that it was a response to the changing business activity of telecommunications and mass media; it encouraged competition and increased market access for private US companies and played a key factor in facilitating the expansion of private telecommunications corporations to operate beyond national borders. There was rapid market growth in global investments in telecommunications.

Implicit in the core laws and codes, however, is a decline in the notion of public service. Aufderheide (1999) observes, "The law had changed the terms of doing business in the area, but had not established any consistent zone of responsibility for the social effects of the communications processes that these businesses put in motion" (p. 103). This is evident in the debate surrounding universal service. Explicitly expressed in the Act, it remains relevant in principle, yet is compromised in practice with corporate service being more lucrative and bound to create inequalities.

Schiller (1999) argues that the telecommunications system was subjected to neoliberal market-driven policies in order to serve a new social purpose: the transition to neoliberal or market-driven telecommunications, which facilitates expansion of the production base and the control structure of an emerging 'digital capitalism'. The massive growth in telecommunications provided vital networks that had become a critical business necessity for the communication, support, and control structure required for consolidation of transnationalized capitalist production.

The transition to market-driven telecommunications placed an emphasis on a 'free market' where regulatory reforms or deregulation set preferable conditions for transnational corporations (TNCs) with production bases all over the globe. Armand Mattelart (2000) points out that the term "transnational" emphasizes "territorial noncoincidence...Striving for flexibility, a source of good performance, the transnational firm takes advantage of favourable conditions – national, financial, political and legal—prevailing in each host country and tries to avoid those conditions seen as unfavourable to its interests." (p. 60).

Telecommunications is vital for these operations; to attract the TNCs requires a national and international data transmission, telephone and broadcast services. Corporations involved in high-volume, standardized production seek and move to where labour is cheapest and most accessible around the world from the *maquiladora* factories in Mexico to the export-processing zones in the Philippines. However, cheap labour is not enough. Governments must also ensure availability of an up-to-date telecommunications infrastructure to enable coordination of the global assembly line.

In the 1980s, there was a drastic shift in many governments to the laissez-faire view that the state should interfere as little as possible in economic activity except to facilitate the unencumbered operations of the free market. On the road to liberalization, monopolies were dismantled with growing privatization of telecommunication operators. In Europe, UK's national carrier, British Telephone (BT) was privatized in 1984. In Asia, the Japanese government allowed the national operator, Nippon Telephone & Telegraph (NTT) Company, to be partially privatized (Thussu, 2000). In the context of the debt crisis of the 1980s, there was wide support from governments for the neoliberal

doctrine that economic development should be market driven. Developing countries in Latin America such as Argentina, Chile, and Mexico followed suit with operators becoming wholly or partially privatized (Schiller, 1999).

Liberalization policies provided the political framework to open markets and accelerate overall basic service by encouraging commercial competition in the provision of telecommunications. The free marketeers argued that open market conditions (removal of restrictions) would encourage quicker, cheaper and more accessible telecom service. Market liberals advocated a program of deregulation with the removal of regulatory restraints. In *Key concepts in Communication and Cultural Studies,* deregulation is described as "the systematic restructuring of forms of public provision and control and their replacement with those derived more directly from commercial, market operations" (O'Sullivan et al., 1994, p. 80). The need for deregulation or, rather, re-regulation in telecommunications is contentious, "For those on the political right, deregulation is the key to expanded choice and quality of services. For those on the left, deregulation leads to the stark reinstatement of the divide between those consumers who can and those who cannot afford to participate, own or control" (O'Sullivan et al., 1994, p. 81).

However, a degree of regulation is still necessary for a stable business environment. Moreover, the market is itself a form of regulation. Vincent Mosco (1996) explains:

> From a political economy perspective, the policy debate over deregulation is disingenuous at best, because deregulation is not an alternative. Rather, the debate comes down to the choice among a mix of forms that foreground the market, the state, or interests that lie outside of both. Eliminating government regulation is not deregulation but, most likely, expanding market regulation (p. 201).

Similar to government regulation, market regulation can also systematically reward and punish certain kinds of behaviours. However, the expansion of a market is dependent on a variety of social institutions and cultural values, "A market *economy* can exist only in a 'market *society*' that is, a society where, instead of an economy embedded in social relations, social relations are embedded in the economy" (Wood, 2002, p. 23)[4].

International Institutions

The International Telecommunications Union (ITU) and the World Trade Organization (WTO) played a crucial role in managing the transition to a market driven international communication environment. On the international policy-making body, Thussu (2000) describes the significant difference between the "old" and the "new" ITU.

> The ethos of the ITU was based historically on the concept of telecommunications as a public utility, with operators having an obligation to provide a universal service. With a policy on co-operation, not competition, the ITU supported restrictions on ownership of and control over telecom operations, in contrast to the neoliberal telecommunication agenda, which championed privatization and deregulation (p.90).

To facilitate the global liberalization of telecommunications, the ITU underwent neoliberal reform with changes in its structure with increasing private sector participation marking a shift in policy.

The neoliberal agenda was formalized in 1997 with the WTO basic telecommunications agreement, formally known as Protocol 4 of the General Agreement on Trade in Services (GATS). Protocol 4 included 55 schedules of commitments

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[4] For further discussion on the 'market society' see *The Great Transformation* (1957) by Karl Polanyi.

covering 69 countries (including the US, UK, Canada and the Philippines) to liberalize some or all of their basic telecommunications markets opening them to foreign competition. It was the world's first multilateral deal liberalizing international trade in basic telecommunications services; it lowered the prices of telecoms with relaxed policies on imported equipment. Prior to the agreement, the processes of liberalization were at different stages among the countries, therefore, for some, it made no difference, while for others, it accelerated the processes already set in motion (Drake & Noam, 1997).

International financial institutions, in particular, the World Bank (WB) and the International Monetary Fund (IMF), enforced broad economic development strategies by prescribing favourable conditions for a 'free market' in developing countries in Latin America, Africa, and Asia, including the Philippines (Bello et al, 1982). Structural adjustment policies (SAP) of the 1980s and 1990s emphasized liberalization, privatization, and deregulation providing opportunities for foreign investment and ownership especially for transnational corporations.

Some governments proceeded to pass deregulatory legislation to fortify neoliberal policies in telecommunications. Gerald Sussman (2001) notes that part of Mexico's integration strategy, referring to its commitments under the North American Free Trade Area (NAFTA), was the passage of the 1995 Mexican Telecommunications Law, which encouraged privatization. The law was passed in anticipation of the US Telecommunications Act of 1996 (Sussman, 2001). In March 1, 1995, the Public Telecommunications Policy Act of the Philippines was signed into law and formalized deregulation measures.

Different Trajectories in Different Countries

Of course, the actual trajectory and impact of telecom deregulation was different among countries. In a study on the effects of privatization and market liberalization in telecommunications in relation to the entrenched regime of property rights in Asian countries, J. P Singh (2000) writes, "The lesson is clear: property rights, and markets thereof, which affect network expansion and efficiency, are only as effective as a particular country's political-economic environment allows them to be" (p. 885). It is worth taking into account the Asian experience due to (a) increase in privatization and private operations of cellular and other specialized services, (b) presence of competition, even among government providers, and (c) different growth rates with provision by government carriers in some and private carriers in others.

Singh points out a contrast between China and the Philippines, noting that China, under state control, offers high growth rates, while the Philippines offered low growth rates from 1980 to 1990 despite a private provider with some degree of market liberalization. Moreover, two newly industrialized countries (NICs), South Korea and Singapore, both under state auspices, had eliminated their waiting lists, increased teledensity, and, decreased service costs, making it unclear to what extent privatization and liberalization (relatively new in these countries in the early 1990s) could be described as contributing to the infrastructural growth and efficiency of these countries. Singh (2000) explains that a focus on the institutional history and environment of a country "resolves the apparent paradox of high growth rates in many of the East Asian societies under state control and the low growth rates followed by high growth rates in many of the market-oriented cases" (p. 893). In the case of the Philippines, it is necessary to take into

account the reasons for low growth rates in telecommunications in the 1980s and early 1990s and key developments leading to the explosion of wireless in the late 1990s.

Indeed, neoliberal policies have led to massive expansion of services in many parts of the world and within different countries certain areas of service provision. The improved access to telephone service is undeniable; neoliberalism has unleashed a technological revolution in telephony, including the wireless revolution. The *2002 World Telecommunication Development Report* prepared by the ITU praised the liberalization of the world's telecommunications sectors and noted, "Four words sum up today's telecommunication market: private, competitive, mobile, and global" (ITU, 2002, p. 2). It also highlighted the accelerated growth rates of new information and communication technologies (ICTs), mobile phones and the Internet.

The Report suggested that mobile phones was the 'missing link' in reference to the 1984 report prepared by the Maitland Commission, which noted that the lack of telecommunication infrastructure in developing countries impeded economic growth and pointed out concerns with teledensity, a reflection of access to telephones. Indeed, in the past twenty years, the explosive growth of mobile has proceeded to the extent of a worldwide trend for mobile phones to surpassing connections to fixed lines, thus raising access to communication technologies. "By the end of 2001, over 90 per cent of countries had a mobile network, almost one in every six of the world's inhabitants had a mobile phone and more than 100 countries have more mobile than fixed telephone subscribers" (ITU, 2002, p. 13).

The explosive growth of mobiles can mean, for some, an improvement in affordable and accessible telecommunication service. In Africa, nearly half of the

countries have more mobile subscribers than fixed telephone subscribers. China overtook the United States as the largest mobile market and attained the highest change in total teledensity rankings between 1990 and 2000 among major economies. The Philippines was listed in the top ten countries with biggest change (1990-2000) in rising rank of total teledensity (ITU, 2002, p. 56). The impressive growth of mobile phones and the internet worldwide played a key factor in the evolution or, in light of the dramatic numbers, revolution in telecommunications. However, the ITU report also suggests that the new missing link is the 'digital divide', which is characterized by the gap between the developed and developing countries in terms of access to new ICTs.

The Social Dimension: Trade-offs

Besides the broad political economy of telecommunication development itself, it is also necessary to take into account the social dimension – telecoms as part of the broad social development. With growing digitization and the availability of fibre optics, TNCs are able to transmit globally via new communication technologies and services, including satellite television, electronic data and mobile telephony in the liberalized communication regime. However, there are inequalities in the prioritizing of particular service sectors – financial services, insurance, maritime transport, telecommunications – which primarily benefit the North. TNCs such as Ericsson, the Swedish world leader in mobile systems, increasingly dominate global trade such as major telecom operators. The system is also designed to benefit the suppliers of telecommunication hardware. The USA is the biggest exporter of telecom equipment, which includes equipment used in telephony, telegraphy, and radio and television broadcasting and transmission equipment (Thussu, 2000).

Schiller (1999) is critical of the WTO agreement and the broader neoliberal shift in global telecom development. Letting the market set the rules for international trade would only aggravate inequalities of provision.

> This extraterritorial corporate charter...carried drastic implications for systems of national telecommunications provision, particularly throughout the poor world. Glaring disparities in provision and access had historically marked these PTO systems. Throughout most of the world, the needs of rural inhabitants and of poor people in general were long simply ignored. Telecommunications service existed mainly in urban enclaves, and chiefly at the behest of corporations and upper-income strata (p. 48).

Schiller's view is supported by Mattelart's (2000) analysis of a fracture in the global society or a "global apartheid", by which he meant increased disparities between countries and regions and between social groups resulting from globalization and uneven development. Castells (2000b) identifies a "fourth world" characterized by polarization in the distribution of wealth on the global level and different evolution of intra-country inequality. He observes that "*the ascent of informational, global capitalism is indeed characterized by simultaneous economic development and underdevelopment, social inclusion and social exclusion...*(p. 352)" It also breeds poverty and misery.

In the Chinese context, Yuezhi Zhao (2000) points out, "Twenty years of reform, has transformed telecommunications from a means of elite political communication to a prioritized infrastructure development target, and more recently, a profit making state enterprise" (p. 46). Consequently, commercialization has widened the gap between the rural and urban setting, prioritized investments on higher end services, and restructured to favour the few special interest groups or the elite.

China is the world's single largest mobile-phone market with 160 million subscribers in 2001. In a review of a study on China's mobile phone diffusion, Zhao

(2002) notes that although the government and Chinese mobile phone companies market the mobile phone as the 'people's phone', it is mainly serving the middle-class in China. Moreover, Zhao emphasizes that a study on telecommunications in China, and similarly in other nations, should take into account human development trade-offs, for example, "investments in telecommunications and state promotion of the mobile phone have gone hand in hand with the highest urban-rural income gap in the world as well as a below average record in education expenditures as a percentage of gross domestic product among developing countries" (p. 85).

Social Uses: The People and the Struggles

Though it is important to foreground the political economic and technological forces that have shaped telecommunication development in both global and national contexts, the uses of the new information communication technologies (ICTs) by the people are also significant. In a social history of the telephone, Michele Martin (1991) looks at the development of the telephone and its influence on Canadian society, in particular, the role of women in shaping this communications technology. Martin describes how the telephone was designed exclusively for business use, but late-Victorian women users helped to create a "sociability" aspect of telephone use.

Martin argues that people's activities are class and gender specific and so was the logic of their uses of the telephone. The development of the early telephone reflects the interaction between private capitalist interests and the cultural practices of women users. Martin's (1991) analysis of the relation between technology and society is dialectical.

> Technology influences the cultural practices of a society, but this influence is mediated at different levels. The first level is the economic

> and political forces which control its production – namely, its design, its pattern of distribution and its possibilities of use. Technology is a social product which comprises the ideological and social values of the people involved in its creation and its expansion. As such, access to it may be affected by the practices and social values of the social group that controls its development (pp. 172-173)

It draws our attention to the need to take into account the different levels, (a) the control exerted by developers and (b) the impact exercised by the users in order to avoid a technological determinist conclusion in which cultural and social changes are solely attributed to the technology.

Aside from Martin's historical example, it is also worth noting the uses of new information communication technologies in contemporary struggles. The internet has become a site for social movements against neoliberalism; cyberspace is used as a medium for the circulation of struggles by marginalized and dispossessed sectors. Nick Dyer-Witheford (1999) explains, "New information technologies therefore appear not just as instruments for the circulation of commodities, but simultaneously as channels for the circulation of struggles" (p. 122). Dyer-Witheford elaborates on how electronic flows by way of videos, microwatt transmitters, and cyberspace, can be used to stimulate global opposition to neoliberalism. A prime example is the uprising of the Zapatistas in Chiapas, Mexico, in response to the severe impacts on Mexican farmers and dispossessed sectors of the global market workforce caused by neoliberal reform and the North America Free Trade Agreement (NAFTA). The Zapatistas challenge to neoliberal development includes the use of computer networks to diffuse information, analysis, and discussion. The Zapatistas have their own website giving further ground to their battle cry "Ya Basta" (Enough).

Another example of "circuits of struggle" can be seen in the U.S. capital of computer and digital technology, Silicon Valley in California. As Dyer-Witheford (1999) explains, on one hand, there are the high skilled technology workers, mostly white, males with a high level of education. They are the engineers, software developers and information technology programmers, who are vital for the making of digital technology and related innovations. The other face is made up of the janitors, landscapers, and cafeteria staff, many of whom are immigrants, comprising the ethnic minority community and providing indispensable support to the corporations in Silicon Valley. Dyer-Witheford observes, "The workplace segregation between high-end knowledge workers and low-end service labor is reinforced by residential patterns that divide the valley into ethnically sorted zones" (p. 97).

In the early 1990s, amidst a growing number of worker complaints, Justice for Janitors, an organization of the Service Employees International Union, campaigned for union recognition, pay raises and settlement of sexual harassment grievances. They organized strikes and picket lines and also forged alliances with groups supporting them on issues of race and gender discrimination. In addition, Justice for Janitors gained access to e-mail addresses of employees and used the net to voice their struggle to 'netizens'. This was a source of embarrassment for firms whose profitability was also dependent on a good public image among computer users. The result was small, but significant; several high-tech firms issued union certifications, pay raises and settlements for harassment cases (Dyer-Witheford, 1999).

Summation

Communication networks play a vital role in serving a capitalist agenda for economic transnationalization and the processes of globalization. The neoliberal restructuring of global telecom systems can be attributed to powerful transnational corporations specializing in telecoms and international governing institutions such as the ITU and WTO. Adding to the international push, the neoliberal agenda also shapes the broad economic development program (or strategy) prescribed by the World Bank and the IMF. The pace and impact of liberalization has been different among countries; different states have played different roles, and the improvements in certain areas of service provision have also varied. Most notable has been the growth of new ICTs, specifically, the use of mobile phones and the Internet. Significantly, the neoliberal drive has also been matched by struggles against it and ICTs used to serve different agendas.

This is the broad theoretical context for this case study of the Philippines. In an increasingly global and information-driven market economy, what does telecommunications liberalization mean for economic and social development in the Philippines? What are the benefits: for whom, why and at what cost? Was there a social struggle over the distribution of telephone service? What were the unintended uses for cellular phones and SMS? What is the impact of such uses? Does the technology close the gap between classes? These are some of the questions explored in the following chapters.

CHAPTER TWO
INSTITUTIONAL FRAMEWORK OF THE TELECOMMUNICATIONS INDUSTRY IN THE PHILIPPINES

In September 2000, the regulatory arm of government, the National Telecommunications Commission (NTC), released a statement outlining its initiatives to promote a fully competitive marketplace in line with the 'telecommunications revolution'. It pointed out, "With liberalization, regulation of the sector must move from the environment of 'command and control' mode to a 'coordination and cooperation' leadership mode in which all players share the responsibility for the success of the telecommunication sector" (NTC, 2000, ¶ 10). Who was in 'command and control'? What does "coordination and cooperation" mean? What is the measurement of success?

This Chapter provides a critical discussion of historical and structural changes leading to the wireless revolution. It takes into account colonial and postcolonial changes and continuities; a particular focus is placed on the Philippine state and external pressures setting conditions for the Philippine market. It explores key government policies and regulations that have transformed the telecommunications industry.

From Colonialism to "Neo-colonialism"

For 377 years, the Philippines was under Spanish colonial rule. Communication networks served the needs of colonial powers and expansion (Mattelart, 2000). In 1867, the Spanish rulers established the first long-distance telegraph link (Manila-Corregidor) and in 1878 the first overseas connection (Manila-Hong Kong as part of Britain's international cable system). In 1890, the first telephone company in the Philippines owned by the Spanish colonizers was set up in Manila (Sussman, 1995).

The execution of one of the leaders of the reform movement, Filipino national hero, Dr. Jose Rizal in 1896 incited numerous uprisings against the Spanish colonizers, most notable of which was the nationalist revolution led by General Emilio Aguinaldo. On June 12, 1898, the leaders of the revolution declared the Philippines a sovereign state and proclaimed General Emilio Aguinaldo as President. During the Spanish-American War, US Admiral George Dewey cut the Hong Kong cable to the Philippines to disrupt communication with Madrid before defeating the Spanish fleet in Manila Bay (Sussman, 1995). The United States of America succeeded in colonizing the Philippines after Spain ceded the islands under the Treaty of Paris in December 1898. The Philippine-American war ensued, however the capture of Aguinaldo in 1901 brought a gradual end to the resistance.

In line with American expansion, in 1903, the US laid its own transpacific cable linking San Francisco to Manila via Honolulu and Guam (Mattelart, 2000). The principal agenda for the US was to expand American trade in the Philippines. American annexation paved the way for entry of American culture and a market for US exports, while the Philippines became a source for cheap raw materials for US industry and the

unequal exchange of an "economy of special relations" (Corpuz, 1997, p. 219). The English language was taught. An American political system was introduced, and with alliances with the Americans, a ruling class emerged from the landed elite.

On November 28, 1928, the Philippine Long Distance Telephone Company (PLDT) was incorporated following the merger of four telephone companies under common US ownership (PLDT, 2001). It was granted an exclusive fifty-year franchise to operate in several large cities and all intercity routes. It took over several local telephone companies in Manila and other regional centres and supplemented their networks with long-distance circuits. Eventually, the company became the dominant telecommunications firm in the country. PLDT enjoyed its connections to international capital, notably with US-based General Telephone and Electronics Corporation (GTE) (Esfahani, 1996).

In 1934, the Tydings-McDuffie Law, also known as the Philippine Independence Act was passed. The Philippines was granted commonwealth status in 1935 and was promised full independence within ten years. It is worth pointing out that articulated in the 1935 Philippine Constitution was a provision that allowed forty percent foreign equity in public utilities. Similarly, Section 16 (a) of the Public Service Act of 1935 stipulated that the issuance of Certificates of Public Convenience authorizing the operation of public services would be granted only to citizens of the Philippines or of the United States or to corporations with at least sixty percent of their capital owned by such citizens (excerpts of Commonwealth Act 146, the Public Service Act, in NTC, 1992).

During the Second World War, Imperial Japan sought to incorporate the Philippines in the 'Greater East Asia Co-prosperity Sphere'. In 1941, Japan invaded and

subsequently occupied the Philippines. US forces would later retake the Philippines, and at the end of the Second World War, the United States emerged as the dominant economic and political power. In line with reconstruction efforts and the postwar international economic order, two key financial institutions, the World Bank and the International Monetary Fund (IMF), were established. Loans would be made available to developing countries, including the Philippines, upon the fulfillment of certain conditions.

The Philippines was granted full independence in 1946. However, from a critical perspective, the Philippines was transformed from a colony to a 'neo-colony' with the United States able to maintain its political and economic interests as well as to build two military bases in the Philippines. These bases housed state-of-the-art communication links. The Bell Trade Act of 1946 guaranteed a fixed exchange rate, free trade with the U.S. and parity rights for Americans shared with Filipinos in the ownership and exploitation of natural resources and public utilities. Furthermore, in 1954, U.S. parity privileges were extended with the Laurel-Langley agreement that allowed the domination of U.S. corporations in the entire range of the Philippine economy – an agreement set for twenty years (Constantino & Constantino, 1978).

In a study of the Philippine telecommunications regulatory framework, Hadi Salehi Esfahani (1996) focuses his discussion on the PLDT, the dominant telecommunications firm. He notes that during the period from 1947 to 1959, there were increases in telephone service. The growth was due to (a) US influence that gave legal and political leverage, (b) a fixed exchange rate regime that meant a low probability of a

currency devaluation that would impact costs and (c) growing numbers of PLDT consumers who were mainly foreigners and Filipino elite.

However, in the early 1960s, the Philippines experienced a balance of payments crisis. The government agreed to a US supported stabilization plan put forth by the International Monetary Fund (IMF). The plan recommended devaluation and decontrol of the foreign exchange market. Devaluation had a more profound impact on telecommunications, an industry dependent on imported equipment and foreign capital. Stagnation in the early 1960s with delays in expansion plans led to a shortage of telephone service; in succeeding years, expansion was slow and telephone lines were mainly installed in Metro Manila where long-distance networks were likely to be used.

Esfahani (1996) further points out, "Though there were no prohibitions against state ownership, economic assets remained largely private. Public ownership of an enterprise meant the total loss of the associated surplus once the ruling group was out of power" (p. 157). Therefore, ownership was highly concentrated in the hands of the elite, with most enterprises owned by families or cliques of friends. Political patronage for the purpose of favourable conditions for private accumulation benefited a few private interests, notably those with access to executive power. In 1967, Ramon Cojuangco, a well-known Marcos crony and member of one of the most influential families in the Philippines, headed a group of Filipino businessmen that took over PLDT stock held by US-based GTE, following the expiration of the Laurel-Langley agreement.

Gerald Sussman has contributed several valuable essays dating from 1982 to 1995 on the subject of Philippine telecommunications. In describing the postcolonial state as a "dependent-integrated state", Sussman (1995) writes,

> The dependent-integrated character means its economy, political system, and much of its institutional framework were designed and are still heavily conditioned by the country's subordinate relationship to big power, especially the United States, and that the Philippine ruling elite consciously views social and economic development within the framework of absorption into the world economic system (p. 92).

In order to shed light on the 'dependent-integrated' state, the following section explores key developments in the country's political economy highlighting the telecommunications industry during the administrations of past Philippine presidents. I first begin with Ferdinand Marcos, who brought the Philippines under a long period of martial law. Second, the first female president, Corazon Aquino swept into power by a 'people's revolution'. Third section is on her successor, General Fidel Ramos and, finally, fourth section is on the short-lived presidency of Joseph Estrada.

The "Dependent-Integrated State"

Marcos administration (1965-1986): The Period of Command

Ferdinand Marcos defeated incumbent President Diosdado Macapagal[5] in the 1965 presidential elections. Under Marcos, the state followed World Bank and International Monetary Fund (IMF) decontrol policies over currency exchange. Such policies favoured foreign firms as devaluation of the peso made it cheaper for foreign companies to invest. This contradicted a nationalist sentiment echoed by earlier efforts to encourage a "Filipino First" policy. A study on the "unequal alliance" between the Philippines and the World Bank and IMF by Robin Broad (1988) explains how Western-educated Filipino technocrats (or as Broad puts it, transnationalist allies), supported by

[5] The late father of the current Philippine President, Gloria Macapagal-Arroyo.

Marcos and allied with the two financial institutions, used loans from the World Bank to prevail over economic nationalists in the government and uphold export-promotion policies and incentives.

Marcos was re-elected for a second term in 1969. At the time, there was growing instability in the region and in the Philippines brought about by the Vietnam War and the communist uprising in Asia. The threat to peace and order evidenced by a grenade bombing of a Liberal Party rally at Plaza Miranda in Manila on August 1971, allegedly done by the New People's Army, gave Marcos a rationale to impose martial law in order to eliminate the Communist threat. It also enabled Marcos to initiate economic reforms. Prior to the proclamation of martial law, Marcos met with American ambassador, Henry Byroade. According to Amando Doronila, (1992), on one hand, Marcos felt the need to gain US support, while on the other hand, "Given that the United States had strategic military bases in the Philippines, as well as considerable economic interests, and given the high level of unrest, it is possible that the US authorities saw in martial law the means for Marcos to restore political stability (p. 168)."

On 21 September 1972, Marcos sealed his authority with the proclamation of martial law. Under martial law, elections were suspended. Opposition voices were silenced by wide arrests and detentions as well as forms of censorship. Newspapers critical of the administration were forced to shut down. Opposition leaders, among them Senator Benigno Aquino Jr., were sent to jail. Aquino would later go into exile. In 1973, with a new Parliamentary constitution, Marcos abolished Congress and gained absolute power. This move marked the shift from democracy to authoritarianism. The

three pillars of the martial law state were the technocrats, the military and the President's cronies (Bello et al., 1982).

The PLDT was able to consolidate its dominant status and privileges with close ties to the President. Only nine months after declaring martial law, Marcos signed Presidential Decree No. 217, which instituted the Subscriber Investment Plan (SIP), which obliged subscribers to purchase PLDT preferred stock. This spread ownership among a wide base of people, however, the stock carried no voting rights; it mainly provided funds for the PLDT (Coronel, 1998). Besides the SIP, government support for PLDT came in the form of allowing rate increases. Marcos was able to command favourable conditions for enterprises in which he and his cronies had vested interests. Esfahani (1996) notes,

> Under martial law President Marcos could grant franchises at will, and he used his power to arrange for entry into the growing long-distance telecommunication markets for firms to which he had ties. To avoid conflict among his associates, particularly, between PLDT and the newly established firms, Marcos restricted the new franchises to message or data communications . They were of course, allowed to lease their circuits to PLDT for voice transmission" (p. 187).

Besides the PLDT, profitable firms owned largely by Marcos associates included suppliers for domestic long-distance network, Domestic Satellite Philippines, Inc. (Domsat) and for international satellite service, Philippine Global Communications Satellite (Philcomsat). Eastern Telecommunications Philippines, Inc. (ETPI) mainly operated international telex and data communications; its principal foreign partner was the British company, Cable and Wireless (Sussman, 1987; 1991a). The Philippine Constitution required at least sixty percent Filipino ownership in public utilities, but still allowed forty percent foreign/transnational control.

During the martial law period, supported by the World Bank and IMF, export-oriented industrialization (EOI) became a dominant economic program intended to attract foreign capital and facilitate transnational investment. The World Bank was a major force in the Philippines throughout the martial law period as a "response to a fundamental crisis of the postwar neo-colonial regime. The massive World Bank effort had two objectives: to stabilize the deteriorating political situation...and to completely open up the economy to the free flow of foreign capital and commodities" (Bello et al., 1982, p. 38). In line with EOI, Marcos opened "free trade zones" for transnational corporations (TNCs) to set up their factories in the Philippines. In this pattern of development, telecommunications infrastructure was vital for international data transmission. Export-oriented economic development required a good telephone system with greater emphasis on long-distance telecommunication facilities that would cater to the TNC corporations.

As Mattelart (2000) points out, transnational corporations (TNCs) required favourable conditions from their host country. This was reflected in the establishment of export processing zones (EPZs), which became attractive sites for transnational production due to the available cheap labour. Other benefits for the firms included tax exemptions, low rents for land and water, and more (Bello et.al, 1982).

A 1986 video documentary titled, *Global Assembly Line*, provides a critical perspective on the *maquiladora* factories in Mexico and the export processing zones in the Philippines. It shows how union efforts by American workers were unable to prevent the transfer of operations by transnational corporations. Driven by economic interests to cut manufacturing costs, the attraction of cheap labour in Mexico and the Philippines

drew these global corporations. The documentary provides an account of issues that stem from export processing zones such as the displacement of families from their homes as communities were relocated to make space for the zones.

The documentary shows that women constituted the dominant workforce in the zones, their dexterous hands better suited to handle electronic parts. The hazards of the trade include exposure to toxic chemicals and for some, intensive scope work that could diminish eyesight. Nevertheless, the main agenda set for workers and management was to meet quotas, at all costs. Philippine workers were not allowed to organize; Marcos used the military to suppress any protest over poor working conditions and low wages. Despite the grip of control over the labour force, rallies and hunger strikes reflected resistance and consciousness of the injustice of working conditions. Interesting to note, is the use of *Global Assembly Line* to circulate the struggles of workers in EPZs. An example of this is discussed in *50 Years is Enough* in an article by Merle Hodge (1994) who points out that women's organizations in the Caribbean were able to mount a campaign on what EPZs were and their implications by using the video documentary for information and importantly, for discussion on the issues.

According to Gerald Sussman (1991a), the Philippines was largely receptive to a 'dependent development' approach. The World Bank assisted in the opening of the communications services for foreign TNC users. The Bank also pushed for a national integration strategy to maintain a monopoly of local telephone service. This was done during a period of consolidation. Between 1975 and 1980, the PLDT acquired five privately owned telephone companies operating in various areas of the country (Coronel, 1998). Significantly, in 1981 with the support of Marcos, the PLDT took over the

Republic Telephone Company (Retelco), the second largest telephone firm at the time, which had networks covering the outskirts of Manila. An effect of the take-over agreement was a subsequent 35 % increase in local rates (Esfahani, 1996).

Sussman (1991a) cites a World Bank telecommunications mission report in July 1980 that complained of "inefficient" telephone calling habits caused by "extensive use of party lines' and subsequently led to increases for telephone connection fees in Manila in order to price out "inefficient" users. This reflected the provision of telephone service based on the World Bank's 'ability to pay' principle. This set the framework for what Sussman (1991b) describes as the 'transnationalization' of Philippine telecommunications. He points out that the PLDT was the largest single private recipient of foreign loans and assistance in the Philippines, and its principal users were mainly U.S. transnational businesses, financial and military institutions, while only 1% of Filipinos had telephone service.

In 1981, martial law was lifted, and Marcos 'won' elections to remain in power. Political rival former Senator Benigno Aquino Jr. continued to voice criticisms against the repressive regime and in August 1983, after a three-year exile in the US, decided to return to the Philippines. Only seconds after stepping out of the airplane, Aquino was assassinated. His death was mourned by thousands of Filipinos, and it sparked growing frustration with the Marcos dictatorship. Powerful entities from the business sector, disgruntled by a financial debt crisis, and the influential Church, in a predominantly Catholic nation, headed by then Archbishop Jaime Cardinal Sin would rally support for Aquino's widow.

Subject to public and international pressure, snap presidential elections were held in 1986. Marcos was declared the winner over the more favoured Corazon Aquino, who then called for civil disobedience which set off a three-day uprising in February 1986. One of the heroes of this uprising was General Fidel V. Ramos, then Vice Chief of Staff and head of the Philippine Constabulary, who defected along with Defence Minister Juan Ponce Enrile. Radio broadcasts from the influential Catholic Church stations, *Radio Veritas* and the underground station, *Radio Bandido*, were used to relay information, including a call by then Archbishop Jaime Cardinal Sin for Filipinos to go to Epifanio delos Santos Avenue, (EDSA) a major highway in Metro Manila (Brisbin, 1988).

There are estimates that more than a million Filipinos peacefully mobilized in EDSA and stood united to call for an end to the dictatorship of President Marcos. Foreign media transmitted images of Filipinos giving flowers to soldiers and nuns praying the rosary. In support of Aquino, protesters distributed mimeographed fliers and yellow ribbons in the streets, while Marcos appeared on television in an attempt to quell the protests and maintain power. David Brisbin (1988) referred to it as the "Electronic revolution" because of the use of electronic broadcast media as a 'weapon' by the masses.

> For groups at the bottom of the media pyramid, who must struggle to get their messages multiplied, the Philippine Revolution provides an extensive primer. The physical elements employed: transistor radios, walkie talkies, television sets, motor vehicles, telephones, ham radios, civilian informers, video recorders and mobile crowds of people, exist in every country (p. 62).

Eventually, the military withdrew their support for Marcos and along with the protestors, they took over television broadcast stations and stormed Malacañang Palace (presidential residence), while Marcos and his family fled to Hawaii. This milestone in

Philippine history would be celebrated as the People Power Revolution. Media reports, especially television coverage, broadcasted worldwide the circulation of struggle to oust Marcos. This peaceful uprising of "People Power" had an impact on democracy movements in China, the former Soviet Union, and the collapse of communism in Eastern European countries such as Poland, Czechoslovakia, and the former East Germany. In commemoration of 1986 People Power, the EDSA shrine was built. This would later become the site of a second political revolution, EDSA People Power II.

Aquino administration (1986-1992): The Restoration of Democracy

Corazon Cojuangco Aquino was sworn into office and became the first female President of the Philippines. The Philippine Constitution was amended, which included changes to the term of office from four years (as the case prior to martial law) to six years, with no right to stand for re-election. It retained the provision for a maximum of sixty percent Filipino ownership and maximum of forty percent foreign ownership in public utilities including telecommunication firms. The 1987 'Freedom' Constitution also contained an anti-monopoly provision that provided the framework for deregulation in the telecommunications industry.

Subject to pressure from the World Bank and IMF, the Aquino administration continued to remove barriers for "free trade" and adopted the structural adjustment policies of liberalization, deregulation, and privatization. There was continued emphasis on export-oriented industrialization, supported by systematic restructuring of the manufacturing sector with the increase of free trade zones and sub-contracting. In line with liberalization policies, during the late 1980s, the Department of Transportation and

Communication (DOTC) issued Circular No. 87-188 (available in NTC, 1992, pp. 13-14) enunciating policies leading to the introduction of competition in all telecoms services by encouraging the participation of private enterprise in a regulated, competitive environment in order to accelerate the development and expansion of the telecommunications infrastructure. However, an increased level of competition in the sector was slow to take effect.

To an extent, there was a continuance of an 'ability to pay' principle with a telephone expansion program primarily serving the socioeconomic elite and transnational corporations, which perhaps explains why despite 53 operating companies, there were only 1.2 telephones per 100 individuals (Sussman, 1991a). Telecommunication investment was concentrated in the most profitable Metro Manila business areas as illustrated by the installation of a 10-000 digital exchange in Manila and Makati business district in 1988. Also notable was the intensive use of communication links by foreign firms with reports that identified British, Japanese and American firms accounting for 65% of the international circuit used (Sussman, 1991a). High international long distance rates for businesses was meant to generate income to expand domestic local service; international returns would allow it to cross-subsidize local service, but there was an apparent inefficiency in the provision of local services.

In October 1988, the *Far Eastern Economic Rev*iew reported on a PLDT initiative to 'meet demand' in response to local complaints about bad telephone service and long waiting lists. The program was intended to expand domestic telephone services; an estimated 400,000 applicants were waiting on average for three years to get a connection (Friedland, 1988). The company embarked on a "Zero Backlog" expansion plan.

Eventually PLDT faced competition with the opening of a second international gateway facility in 1989, which broke PLDT's monopoly over international toll calls. Also in 1989, Congress enacted R.A. 6849 (The Municipal Telephone Act). Among the objectives of the Act was the establishment of telephone service in each municipality in the nation. This led to the creation of a program to install fixed lines and cellular based public calling offices in 1,300 municipalities (data from *Ibon*, cited in Krinks, 2002)

In 1990, the lead policymaking body for telecommunications, the Department of Transportation and Communication (DOTC) released a National Telecommunications Development Plan (NTDP). The Executive Summary of the NTDP reported that there was a large unmet demand, some 30% in areas where service was offered, and only 20% of the nation's 1,600 municipalities had access to toll telephone service. It also pointed out that there were problems in the quality of service or with the interconnection (physical connection) among operators. This policy emphasized the need to accelerate the development of the telecommunications infrastructure in order to provide an efficient telecommunications network, the foundation for economic recovery and growth. The 'development first' principle was to be driven by private enterprise, sector self-sufficiency and network interconnection (Executive Summary is available in NTC, 1992, pp. 18-31). The succeeding administration would undertake bold initiatives and put into effect liberalization policies.

Ramos administration (1992-1998): The Golden Age of Telecoms

During the May 1992 presidential elections, Aquino endorsed then Secretary of Defence, Fidel V. Ramos. A hero of the people power revolution, with his military

background and strong business outlook, "Big Eddie" or "Steady Eddie" as he was known, often with his trademark cigar, projected an image of being a non-traditional politician. He built his 'modernization' platform on a vision of *Philippines 2000*, which propagated the need for more foreign investments, technological advancements and global competitiveness. He embarked on economic reforms and initiatives in the hope of catching up with newly industrialized countries (NICs) such as Singapore and Taiwan.

At the start of the Ramos administration in 1992, teledensity stood at 1.17 per 100 inhabitants with only 740,033 installed telephone lines nationwide (NTC, 1997). Of the number of installed lines, the PLDT owned about 94% of the country's telephone lines. In October 1992, a World Bank report on the Philippines noted that a major obstacle to growth is the oligopoly and rent-seeking behaviour that remains prevalent; on the bottlenecks obstructing Philippine economic growth, telecommunications was at the top of the list. A month after the report, during a visit to Manila, Singaporean Senior Minister Lee Kuan Yew joked, "Ninety-nine percent of Filipinos are waiting for a telephone and the other one percent for a dial tone" (cited in Coronel, 1998, p. 137).

In May 1993, the *Far Eastern Economic Review* reported on moves by Ramos to dismantle the PLDT monopoly. He succeeded in putting six of his representatives (vaguely described in the article) on the eleven-man board of directors, which in effect, dislodged the Cojuangco family's 25-year control of the PLDT. The rationale: "...to break up monopolies and cartels, which in the Philippine setting are synonymous with an all-pervasive oligarchy" regarded to be an impediment to growth (Tiglao, 1993b, p. 44). Furthermore, new firms, mostly joint ventures with foreign partners or suppliers of

advanced technologies, were granted franchises by Congress, and licenses were issued by the National Telecommunications Commission.

As Dan Schiller (1999) notes, digital economies have become key elements in neoliberalism. The apparent restructuring of the Philippine telecommunications sector would follow global liberalization processes and continuities of economic transnationalization. In a study on inequalities and economic restructuring, one author points out,

> Filipinos had long suffered from inadequacies of domestic communications, but it was the frustrated needs of domestic and foreign corporations facing competition that made restructuring essential. The major factor was international trends in technical change with the decline of older technologies such as telex and the swift rise of broadband telecommunications (and the promise of interactive multimedia technologies) (Krinks, 2002, p. 210).

In line with his platform of *Philippines 2000* and the driving principles of "sufficiency, modernization and global excellence", Ramos signed two key Acts in 1995. The first was the Special Economic Zone Act of 1995, which provided the legal framework and mechanism for the creation, operation, administration and coordination of special economic zones. For example, a large region south of Manila, was the setting for the CALABARZON project set to industrialize the neighbouring provinces of Cavite, Laguna, Batangas, Rizal and Quezon. In the North, the former sites of American bases, with the expiration of their leases in 1991, were converted into free trade zones (Subic Bay Metropolitan Authority (former US naval base) and Clark Air Base). By 1997, there were a total of 62 export processing zones located in various parts of the Philippines, covering a total area of 9,959 hectares (Tiglao, 1998).

Ramos signed into law on March 1, 1995, Republic Act 7925 known as the Public Telecommunications Policy Act of the Philippines. This legislation updated the Public Service Act of 1935 (revised in 1947) and was designed to set out conditions of deregulation to serve the economy first and foremost: "Telecommunications is essential to economic developments, integrity and security of the Philippines, and as such shall be developed and administered as to safeguard, enrich and strengthen the economic, cultural, social and political fabric of the Philippines" (Section 4 of the Act). The National Telecommunications Commission (NTC) was tasked to be the principal administrator of the Act, while the private sector was to be the 'engine of rapid and efficient growth in the telecommunications industry.

The 1995 Act institutionalized earlier undertakings done to liberalize the telecommunications industry in order to boost competition. Ramos had earlier signed two pertinent regulations. On 24 February 1993, Ramos signed Executive Order 59, which mandated compulsory interconnection (the physical connection) among local exchange carriers with the intention of creating a universally accessible and fully integrated nationwide telecommunication system. In the past, one of the main challenges faced by smaller companies and potential telecom firms was access to the national backbone held by the dominant firm, PLDT. Thus, compulsory interconnection was regarded by industry as a positive move to encourage greater private sector investment in telecommunication.

Expediting interconnection is beneficial to improvement in the services, as William Melody (1997) explains,

> Interconnection is fundamentally important because the telecom system must function as a single system. Users desire end-to-end services within

> an apparently 'seamless' communication network. They want connectedness and connectability...As traditional telecom networks have grown from national to global dimensions and have been expanded to include competitive suppliers and new service, interconnection has become the key to defining the limits of telecom service networks and the structure of competition that can prevail in supplying them (p. 53).

Significantly, Executive Order 109 issued on 12 July 1993 sought to improve the local exchange service in unserved and underserved areas to promote universal access, which was defined as the availability of reliable and affordable telecommunications service in both urban and rural areas of the country. This laid out the conditions for the Basic Telephone Program in which government formalized service areas and obligated carriers to install a certain number of local exchange lines to obtain licences for lucrative CMTS and IGF services. It became known as the Service Area Scheme (SAS), which basically divided the Philippines, an archipelago consisting of 7,107 islands, into eleven areas designated to local exchange carriers required to each rollout 300,000 lines for CMTS licenses and 400,000 lines for IGF licences in their respective service area within a five-year time frame. One of the guidelines was to provide at least one rural exchange line for every ten urban local exchange lines installed. The estimated cost for a CMTS company to install 400,000 lines is approximately P20 billion (Can.$50 million) (Chua & Chu, 2000a).

In total, nine operators were awarded service areas. PLDT-controlled Pilipino Telephone Corporation (Piltel) was required to rollout 300,000 lines for CMTS license. Five were each required to rollout 400,000 for IGF permits, namely, Digital Telecommunications (Digitel), Bayan Telecommunications Holdings Corporation (Bayantel), Philippine Global Communications Corporation/Major Telecoms (PhilCom), Philippine Telegraph and Telephone (PT&T)/Capitol Wireless, and Eastern

Telecommunications Philippines, Inc. (ETPI). While Smart Communications Inc., Isla Communications (Islacom), and Globe Telecom Inc. were each required to rollout 700,000 lines for CMTS and IGF licences (NTC, 1997).

Interesting to note is the ownership among families who had been in business for at least three generations notably the Ayalas of Globe Telecom, Delgados of Islacom and, Bayantel controlled by the Lopez family, which also owns the country's biggest television and cable network. The Santiagos of PT&T were the original owners of Retelco, which was taken over by the PLDT in 1981. Also notable was Digitel, owned by business tycoon John Gokongwei and Smart Communications set up by the Metro Pacific conglomerate. All had 'strategic' foreign partners, with the Philippine Constitution limit of 40% foreign ownership in public utilities. There was also 'cooperation'; the nine firms (led by the Lopez family) formed a consortium to build a rival fibre-optic digital network that would break PLDT's monopoly (Krinks, 2002).

With the two regulations, the quasi-judicial process at the National Telecommunications Commission (NTC) was smoother since there was no need for much litigation with regards to their rollout plans and programs. However, despite Executive Order 59, there were delays in interconnection among local telephone firms. The NTC could only force compliance with prohibitive measures (for instance, by prohibiting loan approvals). Essentially, interconnection was supposed to be effected through bilateral negotiations among local exchange carriers; in this case, the nine firms committed to installing landlines in eleven service areas. The NTC could only exercise minimal push on operators to reach interconnection agreements vital to the efficiency of the networks. With no set price for interconnection, PLDT holding the only national

telecommunications backbone had the upper edge in negotiations. In reference to PLDT's continued privileged position and patronage politics, Sheila Coronel (1998) asserts, "Liberalisation has created new sources of rents and politics has simply adjusted to reforms" (p. 119).

Nonetheless, the telecommunications industry was considered a 'priority sector' in international trade agreements. The Philippines agreed to trade liberalization and tariff reduction with its entry into the ASEAN Free Trade Area (AFTA), World Trade Organization (WTO) and the Asia-Pacific Economic Cooperation (APEC), playing host in the 1996 Manila Summit. At the end of the Ramos administration, the telecommunications industry was robust. The industry had succeeded with the introduction of competition and liberalization. In 1998, there were seventy-six companies providing local exchange services, five companies providing cellular mobile telephone services, fifteen paging firms and eleven operators of international gateway facilities. Teledensity had increased more than eight-fold from 1.17 in 1992 to 9.08 per 100 inhabitants in 1998 as shown in Table 1.

YEAR	INSTALLED LINES	Telephone Density Index (teledensity)
1992	740,033	1.17
1993	784,719	1.21
1994	1,109,652	1.67
1995	1,409,639	2.05
1996	3,352,842	4.66
1997	5,775,556	8.07
1998	6,641,480	9.08

Table 1 Growth of the number of installed landlines (NTC annual reports)

However, despite the rollout, there remained disparities in the distribution of telecommunications infrastructure. There was a concentration of telephone facilities in

urban centers with Metro Manila having 47% of the total number of installed lines. The intention to match profitable areas with unprofitable areas was not fully realized. Among the reasons for not meeting obligations was the peace and order situation, in particular continuing insurgency, which will be discussed in the Conclusion to the thesis. Moreover, the East Asian 1997 economic crisis caused the value of the peso to plummet with the sudden increase in the peso-dollar exchange rates. To illustrate, at the beginning of 1997, the foreign exchange rate was P25 to US$1, but by 2001 it had hit P51 to the dollar (Reyes, 2001a).

With the slump in the economy, further devaluation led to the foreign currency adjustment that was imposed on subscriber fees. After the economic crisis, the telecommunications market was not stable, with a high-unsubscribed telephone capacity and four operators incurring huge financial debts (NTC, 2002b). The economic crisis also exacerbated poverty. At the time of the May 1998 elections, approximately 37% of the county's population were acknowledged as living below the official poverty threshold, although for many grassroots organizers this underestimated the magnitude of the poor at that time (Bautista, 2001).

Estrada administration (1998-2001): A Revenge of Telecom Connectivity?

Joseph Ejercito "Erap" Estrada was inaugurated as the 13th President of the Philippines in June 1998, after winning the May 1998 Philippine elections by a landslide. He was well-known by his nickname, Erap, and his platform titled "*Erap para sa mahirap*" (Erap for the poor), which pledged to fight poverty and very much appealed to the *masa* (masses). Part of his campaign machinery included jeepneys that travelled to

different communities around the country to show some of his old films. Estrada was a former movie actor turned politician banking on popularity to ascend from mayor to senator, vice-president and finally, to the highest seat in the land.

President Estrada continued with liberalization and market-based policies and reforms. Notably, in order to attract more foreign investors, he led a proposal for economic amendments or a "Constitutional Correction for Development" (Concord), which sought to relax the 40% restriction on foreign ownership in telecommunications. However, there were protests at the suggestion of making any changes to the Constitution with strong opposition voices such as former President Aquino and Archbishop Cardinal Sin, both of whom feared that allowing changes to the Constitution would re-open inroads for authoritarian rule. Estrada would eventually put aside plans for Concord (Sprague & Lopez, 2000).

After two and a half years of holding office, he had a reversal of fortune. Although Estrada resolved interconnection issues between disputing cellular providers (discussed in Chapter 3), only months later, he faced charges of corruption. During the process of an impeachment trial, the very medium to which he brought connectedness was seized to be a useful tool for the circulation of jokes, rumours, information and instruction during a second political uprising to be discussed in more detail in Chapter 4.

Implications of "dependent-integrated" Development

This history of the different presidents reveals a shift from "command and control" to "coordination and cooperation." Since the liberalization of the telecom sector, there has been a shift from the near-monopoly held by the PLDT to competition among multi-operators that is further boosted by new technologies and services. The coordination of government and industry, along with foreign partners, transnational users and Filipino consumers, has invigorated the telecom market, but at what cost?

Shortly before the end of Marcos rule, foreign debt had reached a magnitude of US$27 billion. Export production and export-oriented growth had limited the distribution of telephone service to those 'able to pay' -- socioeconomic elite, government, and, more so, foreign transnational corporations. Pushed by the World Bank and IMF, 'free trade' has led to a problematic pattern of development, which includes (a) "an increased dependence of Filipino capital upon advanced imported technology," (b) "foreign indebtedness," (c) "neglect of the rural population," (d) "communication location and access a matter of ability to pay principle" and ultimately (e) it "serves to help restructure the economy, supporting the absorption of Philippine human and material resources into subsidiary, largely marginal, 'trickle-down' relationships in an emerging new international division of capital and labour" (Sussman, 1991a, p. 63).

The economic programs of post-Marcos governments proceeded in line with liberalization, deregulation and privatization. The increase in competition by service providers with commitments to rollout basic infrastructure led to more telephone lines distributed in different areas of the Philippines. However, Sussman (1995) maintains that the primary beneficiaries of the deregulated competition were "largely transnational

users" (p. 103). Indeed this would be reflective of earlier discussion on the long waiting lists for basic telephone service in comparison to the dominant use of international circuits by foreign firms. This also appeared to be the case at the beginning for one of the operators awarded service areas for IGF and CMTS licenses. Globe Telecom, partnered with Singapore Telecom, used digital equipment for its local exchange service and digital technology for wireless service to enable their mostly business and 'high-end' users to avail of additional services such as caller ID, call waiting and so on (Chua & Chu, 2000b). However, this company would introduce a unique feature in their cellular service that would spark a wireless revolution.

While the implications enumerated by Sussman still remain relevant today, it is missing an account of recent developments in the telecommunications structure. Competition had succeeded in the rollout of telecommunications structure, but the supply of landlines soon outpaced demand. At the end of 2001, there were 6.9 million installed telephone lines, however only 3.3 million lines were subscribed. In the same year, there were a total of 12.1 million cellular mobile subscribers clearly outnumbering fixed lines (NTC, 2002a). The phenomenal growth of mobile phones is discussed in the next chapter.

operations and engaged in a marketing campaign to persuade subscribers to switch to the company's cellular service with GSM technology, the foundation of the 'SMS capital'.

Formation of the 'SMS' Capital

Service Providers

The PLDT inaugurated the country's first cellular mobile telephone network in 1988; the cell phones were bulky and mainly installed in cars for communication on the go with coverage limited to Manila. They were regarded as luxury items for business executives, professionals or government officials. A former supervisor at the PLDT told me an interesting story. In 1990, an earthquake shook the Luzon region and disrupted the telecommunications infrastructure, including disabling communication between Metro Manila and the 'Summer Capital', Baguio City. At the time, Piltel had begun to install cell sites, and subsequently, was able to expedite coverage to connect Baguio and Manila. The connection was stimulated by perception of the need due to the experience of earthquake. Then Secretary of the Department of Transportation and Communication (DOTC), Oscar Orbos garnered support from the business community, particularly the PLDT, to provide some families stranded after the earthquake with free long-distance calls to Baguio with the use of cellular phones at the grounds of Malacañang Palace (presidential residence) in Manila. To an extent, this illustrated the first social use of mobile phones (personal communication, 20 June 2003). A few months later, in DOTC Department Circular No. 90-252 (available in NTC, 1992, p. 17), on the subject of policies to promote the rapid expansion of telecommunications in all regions, Orbos pointed out that the earthquake disaster demonstrated the immediate need for rapid

provision of improved telecommunications services and facilities in all areas of the Philippines.

Liberalization policies and regulations set forth by the Ramos administration encouraged new entrants to operate Cellular Mobile Telephone System (CMTS). Companies obtained IGF and/or CMTS licenses following commitments under the service area scheme to rollout basic telecommunication infrastructure. During an interview with a DOTC official, I was given a print copy of Department Circular No. 92-269 on the subject, "Cellular Mobile Telephone System Policy." The policy addressed advancements in operating systems and technology upgrades. It emphasized a shift from technology specific to technology neutrality, subject to the availability of radio frequency spectrum, which meant open entry to the CMTS market (DOTC official, personal communication, June 26, 2002).

At the beginning of the 1990s, the first two CMTS operators, Express Telecom (Extelcom) and Piltel both used the same analogue standard, Advance Mobile Phone Service (AMPS), which primarily enabled wireless voice transmission. However, there were growing complaints by subscribers on the issue of cloning, a loophole with analogue systems, referring to stolen (cloned) cell phone numbers used to make long-distance calls; such calls made using a cloned number were billed to the legitimate cellular subscriber. The two companies eventually faced competition with the entry of three new firms in cellular service.

In 1993, President Fidel Ramos presided over the signing ceremony for a joint-venture project between Globe Telecom, Inc. and Singapore Telecom International (STI) (Tiglao, 1993a). Globe Telecom was controlled by one of the biggest conglomerates in

the Philippines, the Ayala Corporation – which besides telecommunications, has invested in many industries including financial services, property and information technology. Globe Telecom adopted digital Global System for Mobile communications (GSM) technology, which was patterned after a system in Europe and tapped Nokia Telecommunications of Finland as its main network equipment supplier. In 1994, it introduced its cellular service, Globe Handyphone. Its digital technology offered security against cloning or eavesdropping. The company initially targeted business high-end users to market their digital services (Chua & Chu, 2000b). In 1995, Isla Communications Inc. (Islacom) also adopted GSM. However, after the 1997 economic crisis, Islacom incurred huge debts stemming from their rollout commitments and a reduced demand for landlines. Eventually, Islacom became a wholly owned subsidiary of Globe Telecom (Reyes, 2001b). Through share swaps, Deutsche Telekom became the company's third strategic shareholder (Globe Telecom, 2001).

Smart Communications, Inc. commenced operations in 1994 and drew in strategic partners, specifically: First Pacific Company Limited, a Hong-Kong based conglomerate, its Philippine flagship Metro Pacific Corporation and Nippon Telegraph and Telephone Corporation of Japan (NTT). The company initially adopted the Enhanced Total Access Communication System (ETACS), a form of analogue system used in Europe. Smart built an extensive network in Metro Manila and other major cities. It soon led the cellular market with an affordable pricing scheme, the "Price Buster" Plan which offered monthly service plans instead of high monthly fees and airtime rates (Smart Communications, Inc., 2002).

These companies offered sleek, wireless cellular phones, which became popular accessories and a sort of status symbol. Cellular handsets included models by Nokia, Ericsson, Motorola, Samsung, and Philips. For a few, a cell phone was a supplement to a landline; for some, it was a substitute, given the frustration of long waiting lists associated with fixed landlines, but for many, it remained a luxury item not easily afforded. However, competition by the service providers facilitated the growth of wireless. With five CMTS providers in full operation, by the end of 1995, there was an impressive 187% growth rate with 493,862 mobile phone subscribers in comparison to 171,903 during the previous year. The number of mobile phone subscribers surpassed the number of paging subscribers by more than 150,000 subscribers (NTC, 1997).

Despite the boom, Globe Telecom later encountered problems with stagnant subscription numbers, while a growing number of subscriber bills went unpaid. In 1997, it had a net loss of 870 million pesos. However, in 1998, it suddenly rebounded with profits of 650 million pesos in the first nine months (Tiglao, 1999). What prompted the change -- the company's so-called 'killer application' - the Short Message Service (SMS).

Connectivity via Short Message Service (SMS)

With digital GSM technology, Globe Telecom, Inc. was able to offer its mobile phone subscribers value-added services, which refers to types of services offered on top of basic telephone line. Notably, the wireless data service, Short Message Service (SMS) allowed subscribers to send and receive text messages of a maximum of 160 characters via the message centre of a network operator. This service was initially available for

free; simply an add-on for Globe subscribers. Essentially, free texting was a promotional tool (McFarland, 2001). Its first selling point was that it enabled the subscriber to send messages quickly; it was initially promoted for business use. One television commercial depicted a businessman stuck in a board meeting who is able to swiftly transmit information to another location by means of his mobile phone.

Unlike the use of pagers, subscribers of cellular phones did not require a paging operator to encode the message, but instead subscribers themselves were able to type in their text message. Using the alphanumeric keypad of a digital mobile phone, subscribers could type in a message in English or in Filipino. One could even use 'taglish', a combination of the two since both use Roman characters. Given the limit in characters, which counts the spacing, the words of the text message could be abbreviated, for example, "how r u?" for "how are you?" or "WRU" for "where are you?" A recent newspaper advertisement for Globe Telecom exclaimed that GSM cellular technology, "chnges d way Filipnos comunik8" (changes the way Filipinos communicate). One can wonder, will it also change their ability to spell?

For wireless voice transmission, cell phones offered a perfect substitute to fixed lines with the benefits of mobility and flexibility with options for voice or data services. Even if a call was in progress, an incoming text message would be received and stored. Mobile phone subscribers had the ability to remain connected at all times as long as the handset was fully charged and the service was paid for. During the initial stages of wireless services, the cost of local voice calls was around 18 pesos (Can.$.45) a minute, while SMS was *free*.

Globe Telecom began to promote its free text messages in 1997 and 1998, and as a result, it saw its market share increase from 8% to 12%. It experienced exponential growth with its digital GSM service and SMS feature, while there was a decline of it's competitor's analogue systems. In 1999, Globe's market share jumped to 33% with the total number of subscribers reaching 2.8 million (Chua & Chu, 2000b). Consequently, in 1999, Smart Communications acquired GSM service following a GSM expansion contract with Nokia to enable Smart to also offer SMS. With dual technology, Smart was able to provide low cost cellular phones in the analogue network, while balancing the relatively high pricing scheme in the digital network that catered to medium and high-end users. Consequently, Smart Communications, Inc. emerged as the leading cellular provider and through share swaps, Smart became a wholly owned subsidiary of PLDT in 2000. Besides competition in the type of wireless services, such as SMS, another important factor was the cost of the services.

Affordability with Prepaid Cards

Post-paid plans for wireless service varied, Globe Telecom categorized them as personal plans, business plans, or executive plans. Plan holders needed to meet financial criteria and were bound to a holding period for 12-18 months, with monthly fees that were also subject to foreign currency adjustments. As noted earlier, Globe initially catered to business users. It introduced the Plan Zero for its subscriber, which was followed by Plan 10 and Plan 100; increasing charges in monthly fees soon became out of reach. In 1998, Globe introduced *Prepaid Plus*, which perhaps was a solution to address the problem of growing numbers of unpaid bills that went unpaid; it also

facilitated growth in the subscriber base. Smart also offered pre-paid card services with the "Bill crusher, Smart Zero Plan" for analogue phones and "Smart Buddy" for its GSM prepaid service. Promotions included the slogan, "the cellfone with no bills' (Chua and Chu, 2000b, p. 6)

The introduction of prepaid cards for cellular phones made it affordable for more Filipinos to use wireless services, especially with the SMS attraction. Similar to postpaid plans, there were different rates to choose from with lower costs for prepaid service. Reloads and prepaid credit, eliminated monthly bills and gave the subscriber some control over the amount that they were willing to spend on the service and, to an extent, control over the rate of consumption, with one condition stipulated by the service providers, the credit needed to be consumed within a period of two months after re-loading. The availability of pre-paid cards offered immediate access since there was no need to go on a waiting list and no need to have a bank account as in the case for plan holders. With no registration forms, a subscriber could also retain some degree of anonymity. It was simple and straightforward to use prepaid cards, which contained a pin number that would be dialled in order to add value to the phone's Subscriber Identification Module (SIM) card, which is inserted in all GSM phones. Aside from prepaid cards to reload credit, there were also prepaid SIM packs. A subscriber needed to maintain credit in the SIM card to retain wireless service, otherwise it would expire.

From Price Wars to "Responsible" Texting

Globe Telecom and Smart came head to head in competition for market share. Smart had an extensive network with dual technology, while Globe gained ground with

an increasing number of subscribers enticed by the SMS application. It was after all, *free* as long as a subscriber had credit and a handset. They employed aggressive marketing strategies and subsidized handsets or promotions for free handsets that could be kept as long as you availed of the company's service. Initially, the competing networks had only agreements on the interconnection for voice services but not for value-added services such as SMS. Subsequently, interconnection disputes resulted in disruptions of service; specifically subscribers were connected to those using the same network but could not connect to those using a competitor's network. Rigoberto Tiglao (1999) reported that Smart users were unable to exchange text messages with Globe subscribers; in addition, Globe cellular phones had technical problems with PLDT's landlines. Amidst growing complaints from the public, the dispute was eventually resolved with the intervention of President Joseph Estrada ordering interconnection agreements between the two leading wireless providers.

Globe Telecom and Smart Communications, along with other industry players also competed for International Direct Dial (IDD) minutes. Essentially, IDD cancelled the need for operator assistance and the associated costs. Through landlines, the Dial 108 service cost US$3-5 per minute. In 1998, Globe Telecoms reduced its IDD rates to provide a better deal for its corporate clients, while PLDT brought down its costs to US$1.00 per minute for any international call. Nonetheless, price wars continued until finally the players, including Globe Telecom, the PLDT, and its subsidiary, Smart Communications, pegged the cost at US$0.40 cent/minute for international calls. It should be noted that the reduction in prices also came at a cost; in December 2002, the PLDT laid off 500 regional telephone operators. According to the PLDT, this was linked

to the weak demand for landlines, particularly for long-distance calls, given the availability of a prepaid alternative, "the volume of calls coursed (sic) through its 108 international and 109 national long distance services have gone down since 1996, when operator-assisted calls reached its peak at 464 million. The drop in operator-assisted calls had (sic) been consistent since then, recording only 174 million in 2001, and further going down to 129 million in 2002" (Philippine Business, 2003, ¶ 4).

The 1995 Public Telecommunications Policy Act of the Philippines stipulated that the private sector would be the engine of rapid and efficient growth in the telecommunications industry and that with deregulation, providers in the private sector were free to 'competitively' set their own rates. Eventually, in 2000, the service providers imposed fees for SMS, attributing it to the growing subscriber base and extensive use of SMS (Globe Telecom supervisor, personal communication, July 23, 2002). In excess of a free text message allocation, a charge of one peso (Can.$0.02) per text message was imposed to promote "responsible" use of text messaging (Arnold, 2000). With the volume of text messages much higher than the volume of voice calls, the companies decided to subsidize plans for both prepaid and postpaid services. Subscribers would be allotted a certain number of free text messages per month and once the subscriber exceeded the free allotment, the one peso fee would be charged for succeeding text messages. Nonetheless, it did not appear to deter potential subscribers, by the end of 2000, there was a 126% growth increase with a total of 6.5 million mobile phone subscribers as compared to 2.8 million in the previous year (NTC, 2002a).

In 2001, Globe Telecom, Islacom and PLDT's subsidiaries, Smart and Piltel simultaneously announced cuts to the allotment of free text messages attributing the cuts

to the need to expand and improved their networks in order to cope with the higher costs of technology and a growing subscriber bases (McFarland, 2001). The previous year, Smart had signed a US$300 million GSM expansion contract with Nokia (Nokia, 2000), while Globe Telecom signed a US$310 million deal with Nokia for its GSM network expansion (Nokia-Asia, 2001).

Voicing concern over the decrease of free text message allocation were consumer advocacy groups, the Philippine League for Democratic Telecommunications (PLDTi) and TXTPOWER. These consumer groups organized 'texters' to stage a one-day text boycott. Nonetheless, decreases in the allocation of free text messages pushed through. The decision to decrease the free text allocation and thereby increase costs for the consumer increased revenues for the service providers and the value of stock traded on the Philippine Stock Exchange.

During my visit to the Philippines in May 2002, a cousin lent me an idle mobile phone, which he no longer used since he had a second handset. To activate the handset, I purchased a prepaid (SIM) pack, more specifically the Globe Handyphone Prepaid Plus SIM Card costing P390 or approximately Can.$10.00 – it was pre-loaded with airtime worth P100 or Can.$2.50. Within minutes, the phone was activated and I was connected. To maintain the service, I regularly purchased P300 (Can.$7.00) prepaid cards. On average, I sent 15-20 text messages a day at a cost of one peso per text message; easily consuming the allocation of fifty free text messages per month, which only applied to text messages sent to another Globe Handyphone number. The number of free text messages had been reduced from 100 messages in September 2001 to 50 messages in January 2002.

Nevertheless, the use of SMS was still cheaper than making local voice calls, which cost eight pesos per minute during peak hours and four pesos during off peak hours.

Uses of SMS

How do Filipinos use their cellular phones? *The New York Times* published an article titled "Manila's Talk of the Town is Text Messaging" in which Wayne Arnold (2000) writes, "Malls are infested with shoppers who appear to be navigating by cellular compass. Groups of diners sit ignoring one another, staring down at their phones as if fumbling with rosaries. Commuters, jaywalkers, even mourners – everyone in the Philippines seems to be texting over the phone" (¶ 6). The article provides illustrations of some uses of SMS taking note that with the availability of prepaid cards, students and soldiers have been able to afford this technology. It has come to the point that the Philippine Department of Education has banned the use of cellular phones in grade schools to prevent children using it to cheat. For soldiers, the cell phone has even become a tool in the ongoing conflict with the Moro Islamic Liberation Front (MILF), a group fighting for an independent state in the southern island of Mindanao. On one hand, the cell phone and texting can also be a medium for the soldiers dispatched in the south to keep in touch with their families. However, the article reveals another perhaps unintended use; excerpts from an interview with Brig. Gen. Eliseo Rio Jr, point out that with no regulations against carrying cell phones in the field, there have been occasions in battle where cell phones, with their memory storing list of phone numbers, have got into enemy hands. Therefore, Muslim insurgents fighting with Philippine troops engage not only in armed combat, but in a 'text war' with the exchange of insults.

During my two-month stay in the Philippines, I saw numerous television commercials and print advertisements showing the mobile phone as a means for communication with friends and family – it was no longer limited to business use. Globe Telecom had a marketing campaign promoting "Barkadahan" (group life). Perhaps an illustration of this generation captured by the phenomenon, Globe Telecom promoted "GEN TXT" a membership club that was introduced in the early 1990's, which encouraged further consumption with discount offers at participating retail stores, restaurants, and movie houses. At the time of the introduction, the age requirement was set at 18-29 years old. However there is currently no maximum age limit, while the minimum age was lowered to 13 (Globe Telecom supervisor, personal communication, July 23, 2002). It is worth pointing out media accounts often refers to an apparent novel social category: Generation Text (Arnold, 2000; McFarland, 2001; Rafael, 2003).

During my visit in 2002, I conducted a focus group with six Filipino teenagers, all in their first year of university; it was interesting to note the uses of the mobile phone among members of this 'barkada'. All attended the same private high school, which is an indicator that they come from middle-to-upper-class families and were accepted at various postsecondary institutions. Each teen owned a mobile phone, which was given to them either as a birthday gift or high school graduation gift. All relied on their allowance from parents to maintain prepaid service. A common use for cellular phones was for SMS and, occasionally, for voice calls.

Anna, 17 had recently sold her second phone to purchase a new model handset that cost P13,000 (Can.$320). To maintain wireless service, she had a monthly budget for two P300 pre-paid phone cards, part of an allowance sent by her father who works in

Singapore and with whom she often exchanges text to e-mail messages. A situation that I assume is shared by millions more, considering there are more than seven million Filipinos worldwide. On another use, Joy, 18, described the 'TXT pass", a system of coordination among classmates and sometimes with a professor for the circulation of announcements or reminders. For example, a professor could send a text message to a designated class officer, who would pass on the text message to another and so on. Similar to electronic mail, a text message received could be easily forwarded to another cell phone number. As Jed, 17, put it, he often consumed his credit with "forwarding sweet messages to girls." There can also be spam messages. For instance, Jed often receives advertisements to play games and promotions, he recalled the latest one received exclaimed, 'show text message at McDonald's and get free mashed potato'.

On the topic of costs, I was surprised by one teen, Dominic, 17, whose parents bought him a mobile phone worth approximately P15,000 (Can.$365), a new model with General Packet Radio System (GPRS) technology, an enhancement of GSM technology that provides more features such as access to the internet and global positioning system. Another teen said that she would sometimes skip buying lunch in order to spend her lunch money on purchasing a prepaid card instead. One teen quipped, "sometimes when you don't respond to a text message, they text you again and say, 'ang kuripot mo, piso lang' (you're stingy, its only one peso), so you end up texting back" (personal communication, July 6, 2002). Indeed, it is only one peso per text message; nonetheless, it is one more peso to the billions of revenues generated for the service providers.

Initial Assessment

The wireless revolution in the Philippines was driven by the competition among service providers and the popularity of SMS. Moreover, it was supported by foreign partners such as NTT of Japan, Singapore Telecom and also transnational suppliers such as Nokia, Siemens, and Sonera. The phenomenal growth in number of subscribers is shown in Table 2:

Year	Number of CMTS subscribers	Growth Rate in %
1992	56,044	65.81
1993	102,400	82.71
1994	171,903	67.87
1995	**493,862**	**187.29**
1996	959,024	94.19
1997	1,343,620	40.10
1998	1,782,626	32.67
1999	2,849,880	59.87
2000	**6,454,359**	**126.48**
2001	12,159,163	88.39
2002	15,383,001	26.51

Table 2 Growth of Cellular Mobile Telephone Service (CMTS) subscribers

The data in Table 2 is compiled from various NTC annual reports; the growth rate from 1992 to 1999 was calculated in Chua and Chu (2000a). I included a calculation for the years 2000 to 2002 based on data contained in the NTC 2002 Annual Report.

Johnson Chua and Aileen Chu (2000b) identify four factors that contributed to the success of the players in the "The Cellphone Revolution." First, coverage was important, with some having advantage on nationwide coverage and international gateway facilities. Second was the adoption of GSM technology and SMS. Third was the corporate image projected by the players' financial and operational stability. Fourth was the product package, which depended on various fees and rates with pre-paid cards. Price wars

resulted in lower airtime costs and subscription rates, and availability of prepaid service made it more affordable.

However, despite the impressive growth of the number of mobile phone subscribers, there remain challenges to achieve universality of access in this archipelago of 7,107 islands and population of 82 million (projected estimate for 2004 by the NSO). Cellular coverage is skewed with a focus more on key metropolitan cities or high growth areas such as the capital Metro Manila with a population of thirteen million, and important regional centres including Cebu City and Davao. Despite growing coverage, there are areas with no service. To illustrate, during my trip in 2002, a few of my relatives and I spent a weekend in the summer capital Baguio City, located 250 kilometres north of Manila, which by land transportation takes approximately six hours from Manila. During the road trip, two cousins and I brought our cell phones and spent time on texting. However, when we entered more rural areas and passed hilly terrain, the beeping tone of incoming text messages went silent. As we approached urban settings, the beeping noise resumed; with our heads bowed and fingers ready, we typed-in our response to the deluge of text messages held up, while we were out of a service area.

Moreover, there remains the challenge for industry players to provide cellular technology to secluded areas such as the northernmost isles of Batanes and the southernmost island of Tawi-Tawi. There have been some efforts. Smart has built "Tawag Centers" (Call Centers) in remote barangays (Filipino villages) to provide linkages using satellite technology (Smart Communications, Inc., 2002). While using a satellite phone costs approximately P12.00 a minute (Can.$0.30), much more than a local

call using a landline or mobile phone, the availability of such centers is crucial, especially for disaster relief operations.

One newspaper print advertisement for Smart featured a popular Filipino singer, holding a mobile phone to his ear, behind him are Filipinos wearing distinct clothes to represent a sailor, a mother holding a baby, a journalist in the field, and rescue officials. In the background are persons holding hands amidst a backdrop of hilly landscape. It exclaims, "Even in the remotest town. On the highest mountain. In the farthest sea. Wherever you are, we'll keep you connected to those who mean the world to you. The widest coverage of SMART. Can anyone come close?"

Along with initiatives for expansion to increase networks for a growing subscriber base and usage, there have also been consolidations in the form of mergers or acquisitions. In March 2000, Smart Communications became a wholly owned subsidiary of PLDT. Smart, PLDT affiliates Piltel (cellular business) and ACeS Philippines (satellite phone service) comprised the wireless business of the PLDT group. Piltel, PLDT's initial wireless subsidiary, was able to bank on Smart's network and introduced a new cellular brand, "Talk N' Text", a prepaid wireless service. Television commercials and print advertisements for this brand feature three popular teenage matinee idols and often the adverts use the vernacular. In 2001, the PLDT reported the company's cellular service revenues totalled 25, 460.03 million pesos; Smart generated 24,461.6 million and Piltel, 998.7 million pesos (PLDT, 2001).

Besides regular text messages, there has been a proliferation of consumer services with the companies promoting a variety of SMS applications. Smart Communications partnered with Sonera Zed Ltd., a wholly-owned subsidiary of the Finnish

telecommunications group Sonera Corporation, offer a wide range of personalized wireless information, entertainment, and mobile commerce (Sonera Zed, 2000). Profitability of companies also depends on constant innovation. In 2001, Smart Communications and SmartTrust, a wholly owned subsidiary of Sonera Corporation, launched Smart Money MasterCard Electronic "Smart Money," a reloadable electronic cash card that works with SMART GSM mobile phones. In line with mobile commerce, Smart Money enables SMART's mobile subscribers to make payments at participating fast food restaurants, arcades, movie theatres, and school cafeterias that have electronic data capture (EDC) payment terminals (SmartTrust, 2001).

In 2001, Globe Telecom acquired Islacom, which began to promote its cellular brand, Touch Mobile. Also limited to prepaid card users, this service targeted provincial areas with advertisements showcasing a popular married showbiz couple keeping in touch using their mobile phones while on location in different parts of the country. Aside from text messaging, it also featured a voice message service. One print advertisement for this service shows five family members each holding a mobile phone to their ear and getting voice information -- dad opts for news and traffic info, the mom has fun with horoscope, the son is interested in games, the daughter gets showbiz gossip, grandpa listens for movie schedules and for grandma, the daily gospel – such voice service is available at a cost of three pesos (Can.$0.06) a minute.

In addition, Globe Telecom has forged partnerships with Martel and Disney for more content. In 2002, Globe Telecom and FunMail Inc. launched a visual SMS messaging system in the Philippines, which enabled users to send cartoons such as 'South

Park' and Garfield. This creates a new source of messaging revenue for mobile operators (Cellular-News, 2002).

With aggressive marketing strategies, the service providers are targeting all segments of the market. Advertising in the vernacular is one strategy to broaden appeal. Similar to postpaid and prepaid options, the presence of 'two-tier' marketing plans is indicative of the dual purpose to reach both the rich and the poor. Perhaps revealing of social conditions, the Philippine mobile market is largely prepaid. During 2001, Globe Telecom had average monthly postpaid additions of 8,881 subscribers per month, while prepaid net additions averaged 149,704 subscribers per month (Globe Telecom, 2001)

Reflections on the 'SMS' Capital

In 2001, approximately 100 million text messages were sent daily in the Philippines; a reflection of the popular use of SMS in a country in which almost 40% of the population lives on a US$1.00 daily income. SMS is cheap in comparison to the cost of a phone call (Bociurkiw, 2001). In the 2002 World Telecommunication Development Report prepared by the ITU, the Philippines was highlighted as the "Txting nation," stating that "They [Filipinos] are the world leader in per capita SMS usage, accounting for some 10% of all SMS messages sent around the world" (ITU, 2002, p. 10). For every local voice call made on a mobile phone, an average of ten SMS text messages are sent. The explosive growth of mobile is reflective of the fact that mobile has surpassed fixed lines 3 to 1 and the number of mobile subscribers outnumbers personal computers in the Philippines 4 to 1 (ITU, 2002).

At the end of 2002, with a population of 79.5 million, cellular density reached 19.36 with 15.4 million mobile phone subscribers. Combined, PLDT subsidiaries Smart

and Piltel have 55.9% of the mobile phone subscriber share, while Globe Telecom and subsidiary Islacom hold 43.9% of the subscriber share – the remaining 0.20% is held by Extelcom, which serves a niche market (NTC, 2002a). There is continued expansion in the more profitable cellular based service. Industry and government anticipated more competition with the commercial launch in 2003 of Digital Telecommunications Philippines, Inc. (Digitel), the second largest landline provider, with its wireless brand, Sun Cellular. In addition, another landline operator, Bayantel is also listed among wireless operators in the NTC report with a note that it is not yet operational.

The NTC noted that to some extent, cellular phone service could be a substitute for local telephone service. A one time installation costs for a residential landline can range from P2,000 (Can.$50.00) upwards. A basic handset unit could cost the same or even less in a secondary market[6] (Rafael, 2003). Sometimes promotions by service providers give away handsets for free. A monthly rental charge of a PLDT fixed residential line in the city can cost at minimum, P800 (Can.$20.00) per month, while a pre-paid card of P300 (Can.$7.00) is valid for two months, with text messages costing one peso in excess of a monthly allotment of free text messages. There are also prepaid cards of a lower denomination that provide credit for only text messages.

Interesting to note, even the PLDT jumped on the bandwagon with prepaid services for its landline service with TeleTipid and TeleSulit promotions, both implying savings with the use of their fixed telephone service. The PLDT also offers a text messaging service using a fixed landline so long as the subscriber is willing to pay for the texting service, "PLDT Hype," which requires a 'special phone' to read and send

[6] A secondary market refers to trade in the informal economy.

messages. Gadget models for landline texting include the Siemens Gigaset and Atlinks' Biloba – cordless phones with LDC screens similar to cellular phones. There is also the 'Txt Pad,' which is a keyboard with a large LCD screen attached to a traditional PLDT handset. Costs of these gadgets range from P1,500 to P5,500 (Can.$35.00 - C$135) depending on payment plans (Casanova, 2003). The PLDT, which maintains 68% market share of fixed landlines, is promoting "The Power of Convergence", a strategy to utilize fixed lines for internet services (PLDT, 2001).

During my visit in 2002, I collected several print advertisements showing the variety of value-added services available to subscribers. There were advertisements for personalized services such as ring tones, logos and icons to games such as SMS based quiz contests for a chance to "Text 2 Millions". Shown in print advertisements, usually found at the bottom and written in fine print, are the usage charges for the services which cost more than a regular one peso per text message; each transaction ranges in cost from two pesos (Can.$0.05) to twelve pesos (Can.$0.30). In addition, with regular text messages in circulation include humorous jokes; if one were stuck on content, there are books available for purchase with collections of text messages for quotes, jokes, and more. I also noted that there were also several interfaces between broadcast companies and telephone companies with game shows using SMS and news reports with SMS interactive opinion polls.

In March 2004, a *Philippine Business* online report titled, "Text Craze", pointed out the profitability of vertical integration of SMS application in televisions game shows and even, popular soap operas. To an extent, with SMS being a so-called 'killer application' and driver for corporate profits, the success of Globe and Smart is somewhat

of an aberration since its counterparts in the US, European and other Asian markets mainly rely on voice calls for revenues. Furthermore, the report suggests that the "World's Text Capital" has reached 20 million subscribers and estimates that Filipinos send about 150 million text messages a day (Pinaroc, 2004). The following chapter takes a closer look on the political and social impact of mobile phones and SMS.

CHAPTER FOUR
POLITICAL AND SOCIAL DIMENSIONS OF THE WIRELESS REVOLUTION

The 1986 People Power revolution, followed by the 1987 'Freedom' Constitution, marked the restoration of democracy after martial law years of media censorship and suppression of civil liberties. Broadcast media, particularly radio, played a crucial role in transmitting information to the people. Several years later, a second political uprising would depose a president; and this time, a new communication tool would be employed, the cell phone.

The wireless revolution could be initially measured by the staggering growth in number of subscribers; however, more revealing would be the ways in which Filipinos appropriated cellular phones and SMS. This Chapter sheds light on the political and social uses of cellular phones. It is divided into three sections. The first section focuses on the relationship between SMS and other media during People Power II and explores societal inequities in the context of the political uprising. The second section provides an account of a variety of government initiated public services that are available by way of SMS. The third section assesses the changing demographics with a special focus on the international dimension in the context of the country's migrant labour.

People Power II

On November 20, 2000, the Senate impeachment trial of President Estrada officially began although the first two weeks were mainly procedural matters. The first witness of the prosecution was heard on December 7, 2000 (Carroll, 2001). Months prior, Estrada faced charges of corruption, bribery, and breach of public trust. There were questions on unexplained wealth. Reports circulated that Estrada owned seventeen mansions worth about P2 billion. However, the most damaging accusation came from Governor Luis "Chavit" Singson of Ilocos Sur who, in October 2000, charged Estrada of allegedly receiving more than P400 million in jueteng (an illegal numbers game) collections and P130 million in tobacco-tax kickbacks from the province of Ilocos Sur (Laquian & Laquian, 2002). Shortly after Singson's revelations, then Vice-President Gloria Macapagal-Arroyo, in protest of Estrada's alleged misconduct, resigned from her position in the Cabinet.

Among the people, there were formations of anti-Estrada coalitions and coordinated rallies among various sectors calling for his resignation. A former Chief of Staff to Estrada, Aprodicio Laquian & his wife, Eleanor Laquian (2002) write the following observation:

> During the Estrada presidency, it was clear that the main political contest was between pro- and anti-Estrada forces. Both sides used all their material, economic, social, and political resources to achieve their goals. They engaged in public relations and propaganda campaigns to influence the minds of people. Street demonstrations, rallies, newspaper articles, printed broadsides, radio and television broadcasts, and other means were used. Some protagonists even resorted to violence, such as the December 30, 2000 bombings that killed more than 20, injured more than 120 people in Metro Manila, and dampened the usual boisterous New Year's Eve celebration for many, to exert their will on the polity and society (p. 24)

Estrada's impeachment trial was aired live on television and radio. Perhaps the most dramatic event took place on January 16, 2001, when a vote of eleven to ten senators decided not to open an envelope alleged to contain documents pertaining to Estrada's unexplained wealth. Consequently, the Senate President resigned and the prosecutors walked out (Carroll, 2001). The decision to suppress evidence led to public outcry and mobilization of mass demonstrations. Reminiscent of the 1986 People Power Revolution; more than a million Filipinos gathered together during the four-day uprising at the EDSA Shrine; it came to be known as EDSA People Power II. Influential figures of People Power I were close at hand, notably former Presidents, Corazon Aquino and Fidel Ramos.

The traditional social institution, the Church, again played an active role, notably the Roman Catholic Archdiocese of Manila, in particular Jaime Cardinal Sin. Laquian & Laquian (2002) observed that while People Power I was precipitated by military intervention supported by civilian efforts, in People Power II the military mainly followed the lead of civil society groups. It was only on January 19, 2000, when General Angelo Reyes, the Chief of Staff of the Armed Forces of the Philippines announced the withdrawal of support for President Estrada (Carroll, 2001). At the forefront of the political uprising were the people, and aside from the traditional media, some of their voices were extended by the use of mobile phones and the Internet.

The uses of SMS and other Media

On December 1, 2000, Ilene R. Prusher (2000) published an article in the *Christian Science Monitor*, titled "Filipino activists find mobile phones, text messaging 'perfect for insurrection'." She wrote, "Today's protesters are armed with Web-linked mobile phones and Internet mass mailings. And opponents of President Joseph Estrada...are putting tens of thousands of people into the streets of Manila in a matter of minutes. Call it 'spam democracy' or 'instant protesting'" (¶ 2 - 3). Consider the notion of 'spam democracy.' Similar to spam e-mail, it can mean unwanted messages that exercise 'free speech', but whose purpose does it serve? Does 'instant protesting' allow for room for discussion on the issues? Interesting to note, for the "poor masses left out of the digital communications" (¶ 20) new publications such as the *Pinoy Times*, written in Tagalog and on sale for five pesos (Can.$0.10) were also available (Prusher, 2000).

Sheila Coronel (2001) of the *Philippine Center for Investigative Journalism* describes the uprising against Estrada as a "multimedia revolt" (p. 111) in reference to the joint forces of traditional media such as radio and television and new technologies, notably SMS and the Internet. Text messages were widely circulated in order "to coordinate the protests, keep protesters abreast of events as they unfolded, and to mobilise citizens to march, bring food, and to keep vigil" (p.110). Interesting to note, Coronel further praises the potential of new technologies to enrich democracy by offering individuals an alternative means to communicate and to raise awareness of issues.

> Apart from SMS, email and the Web were also the weapons of protest. As many as 200 anti-Estrada websites and about 100 e-mail groups were set up during that period. Organized groups used e-mail to discuss position papers, reach a consensus on issues and mobilise numbers for rallies. The Internet was a bridge that linked protesters in the provinces, Metro Manila

> and even overseas. The Web played host to the entire, polemical tracts, even virtual rallies (Coronel, 2001, p.110).

In the book, *Perpetual contact: Mobile communication, private talk, public performance*, Katz and Aakhus (2002) briefly highlight the Philippine experience to extend a point on society-altering technology. They write, "As the crisis intensified, anti-Estrada leaders began using "phone trees" to quickly organize massive demonstrations against Mr. Estrada. When riot police would manoeuvre to contain demonstrators, protest leaders would use mobile phone messaging to redirect the crowds (p. 3)". The authors give credit to the mobile phone, "a quintessential instrument of two-way interpersonal communication, can also work as a tool to spur and coordinate the action of masses for political change (p. 3)"

Howard Rheingold (2002) also uses the events of People Power II to illustrate "Smart Mobs: The Power of the Mobile Many."[7] Rheingold asserts that participants of a "smart mob" are able to act together even if they do not know each other since their ability to cooperate is made possible by mobile devices that possess communication and computing capabilities. The apparent new convergence of wireless computation and social communication has its advantages and disadvantages. On one hand, it can be tool used for social control; while on the other hand, it can be a tool for resistance. Rheingold points out, "The rapid assembly of the anti-Estrada crowd was a hallmark of early smart mob technology and the millions of text messages exchanged by the demonstrators in 2001 was, by all accounts, a key to the crowd's esprit de corps" (p. 160). While it is undeniable that the mobile phone was used by some during the political uprising, it is

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[7] Title of a chapter in Rheingold's book, *Smart mobs: The next social revolution.*

necessary to take into account a broader understanding of the events and the uses of mobile technology by the people.

Recent studies (Pertierra, Ugarte, Pingol, Hernandez & Dacanay, 2002; Rafael, 2003) have provided critical perspectives on the role of mobile phones during the political revolution. In the book, *Txting Selves: Cellphones and Philippine modernity*, Raul Pertierra et al. (2002) provide case studies to examine the uses and effects of cellphones in the Philippines. On the use of cellular phones during People Power II, the authors credit the mobile phone for enabling 'mobile connectivity', which would be useful for two reasons. First, it was convenient and allowed like-minded citizens to express solidarity through the transmission of text messages. Second, it was a useful organizational device; coordination among varied forms of opposition was done more efficiently and quickly. One of their interviewees, Anthony Ian Cruz, spokesperson for a consumer group, TXTPOWER, pointed out, "If there were no cellphones at that time, it would [have been] more difficult to lay down commands across the country. It would [have been] difficult for media men to contact their editors and vice versa" (personal communication cited in Pertierra et al. 2002, p. 116). This statement expresses the idea of a command function, which enabled persons to relay instructions. For example, text messages circulated included 'Full mblsn tday EDSA' for 'Full mobilization today EDSA' and 'Go 2 EDSA. Wear Black' (Bociurkiw, 2001). What does this command function reveal about the cell phone and its users?

In an article titled, *Reciprocity versus interactivity: Principles of democracy and control for an information age*, Robert Jacobson (1993) explores the nature of reciprocal and interactive media. He points out that a reciprocal (one-on-one) information

technology such as the ubiquitous telephone has a political dimension, noting "Reciprocity – a back and forth giving and taking, moderated by all participants in a discourse to their mutual advantage – is an underappreciated property of empowering communication processes. It is reciprocity that a democratic technology must engender and sustain..." (p. 198). On the other hand, although 'interactive' media allows for interactive communication, the apparent 'personal' exchange of information between participant and host can be a similar exchange that takes place between thousands or millions of participants and the host. In this sense, "It is this apparent experience of private, personal communication that is the most dangerous power of interactive media: to give the participant an illusion of control that masks the deliberately managed nature of the exchange" (p. 198).

Vicente Rafael (2003) argues a similar point as he uses the events of People Power II as a backdrop to explore what he refers to as 'the telecommunicative fantasies among middle class Filipinos' in a journal article titled, *The Cell Phone and the Crowd: Messianic Politics in the Contemporary Philippines.* Rafael suggests that the middle classes felt empowered and assumed the ability to overcome space and transmit messages reflective of their demands by way of the two distinct media. Cell phone users became broadcasters as they readily forwarded messages as they received instructions. Digital technology of mobile phones allowed subscribers to forward the instructions to multiple users. This action reflected a command dimension in terms of being given instructions and the interaction does not appear to offer much room for debate or dialogue. "Participation" is reduced to the ability to 'forward' or circulate the messages.

Rafael (2003) argues, that texting was a political technology credited with converting the crowd into the concerted movement of an aggrieved people, "In short, the middle class invests the crowd with the power of the cell phone: the power to transmit this wish for a moral community" (p. 410). While the heterogeneous crowd was not entirely constituted by persons with cell phones, they were united perhaps in the call for justice. However, there appears to be a contradiction in the social fabric as illustrated in events that occurred months later.

Perspectives and the 'Poor People Power'

Pertierra et. al (2002) criticize media reports that mainly focused on the mobile phone per se, thus inadvertently downplaying or ignoring the people behind the text messages. An in-depth analysis of the key actors and events of the second people power is provided in a collection of essays edited by Amando Doronila (2001) in *Between Fires: Fifteen perspectives on the Estrada crisis.* In one essay, Cynthia Bautista (2001) addresses the question, was People Power II the "Revenge of the Elite on the Masses?" This refers to Estrada's accusation that the business elite were seeking to undermine him because of his actions to uplift the conditions of the poor majority who had voted him into office. Bautista writes, "images on television were those of clean-cut participants in black mourning attire, many of whom carried cellular phones...The uprising was coordinated through messages transmitted by numerous, but interlocking texting networks and electronic discussion groups, technology available mainly to the upper and middle classes" (p. 7).

However, Bautista further points out, based on personal observations of the crowd and interviews with resource persons, there was a more heterogeneous class composition of mass-based organizations with "all shades of the Left represented" and "all major labour groups, spanning the ideological spectrum," some of whom had endorsed Estrada during the 1998 elections (2001, p. 7). The most visible group were young students since classes had been suspended; they too formed a heterogeneous group with delegations from exclusive Catholic schools, the university belt, and other educational institutions attended by the lower classes.

During the four-day protest, there were confrontations between anti-Estrada and pro-Estrada rallyists. In one incident, on January 19, 2001, there was a clash between urban poor supporters of Estrada and middle class, white-collar workers of the Makati Stock Exchange (Makati is the business district). Clarence Henderson provides a vivid description: on one hand, pro-Estrada rallyists "mostly headbanded teenagers in raggedy shorts, tank tops and the ubiquitous flip flop slippers of the working class" and on the other hand, "white-collars (mostly from the Philippine Stock Exchange)...mostly were dressed in black, and several carried "Erap Resign streamers." The white-collars proceeded to taunt the tank tops, who reacted with obscenities. It led to chaos with "flying rocks, screaming curses and more obscene gestures". Proceeding to the safety of the buildings, some white-collars ascended to the roof and showered the tank tops with water bottles and rocks (Henderson, n.d., as cited in Bautista, 2001, pp. 26-27).

Bautista observes that the clash between urban poor and the middle classes goes beyond difference in lifestyle or socio-economic status; there is also a gap between two different worldviews. On one hand, middle classes are unified by a "common moral

sensibility" applying ethical standards of right or wrong based on universal principles and as such judged Estrada's governance to be unethical. On the other hand, the urban poor, suspicious of the charges against their champion, continued to provide firm support for Estrada and his worldview – Estrada defended himself and claimed Singson's P200 million "gift" to him was justified as a contribution to a scholarship fund for deserving Muslim scholars. Bautista (2001) argues that Estrada's poor supporters' "psychological identification of their struggles and interests with Estrada's saga makes it difficult to disentangle poverty from governance issues in their minds" (p. 35).

Indeed, there are two points of consideration that need to be further explored. First is the apparent unity or mutual ground of the middle classes and more so, a variety of civil society activists, which came to agree upon an anti-Estrada stance despite disagreements on other matters and representation of different interests. Second are the class grievances that became more apparent a few months later, in May 2001, when the lines of polarization were further exposed.

According to John Carroll (2001), in addition to the Churches, an exploration on the role of so-called civil society groups reveals that the 'backbone of the protests' was comprised of political groups, business associations, trade unions, peasant associations, village associations, environmental groups, youth groups and other non-governmental organization (NGOs). Throughout the impeachment trial and especially during the four-day protest,

> It was these groups which provided the warm bodies looked for by the military; and it was their leaders – experienced organizers – who thought up the ritual of missioning and the senate watch and peach-colored ribbons, noise barrages and marches and the entertainment at the EDSA shrine which kept up the momentum. They also made excellent use of e-

> mail and text messaging to spread the word and coordinate with each other (p. 249).

On January 20, 2000, amidst growing tensions at the EDSA Shrine, and at the presidential palace and the nearby streets, the Supreme Court gave Vice-President Gloria Macapagal Arroyo the mandate to take over the role of President, marked by an oath-taking at the EDSA shrine. Carroll notes that some civil society groups marched towards the presidential palace and as they approached and some brief skirmishes with pro-Estrada groups, Estrada exited Malacañang Palace (Carroll, 2001). He was escorted by military officials and was met by his loyal supporters in his town district of San Juan.

Several months after Estrada was ousted from power; his arrest on April 25, 2001 led to several days of unrest among his supporters. Probably this was a more humiliating event for those who voted Estrada into power, the poor masses (Bautista, 2001). His arrest became a catalyst for a gathering of the less powerful and less rich to stage a counter revolution. An estimated one hundred thousand formed at EDSA to call for Estrada's reinstatement as President.

> Unlike those who had gathered during People Power II, the crowd in what came to be billed as the "Poor People Power" was trucked in by Estrada's political operatives from the slums and nearby provinces and provided with money, food, and, on at least certain occasions, alcohol. In place of cell phones, many were reportedly armed with slingshots, homemade guns, knives and steel pipes (Rafael, 2003, p. 422)

This crowd was described by the media as an unruly and unorganized mob. To an extent, a mob can be politically dangerous as it deepens polarization, perhaps an illustration of a deepened division between rich and poor. Rafael notes that other accounts clarify that this crowd were not merely thugs or demented loyalists, but there were many poor people with legitimate concerns. Their concerns and issues were not

represented (or largely ignored) by the elite politicians, the Catholic Church hierarchy, the middle-class dominated left-wing groups and the NGOs that comprised the multi-sectoral opposition, united during the People Power II in January 2001. In contrast to the "technological savvy" texters, they were the "*tsinelas* crowd" a reference to the cheap, rubber slippers (flip flops) which many of the protestors wore (Rafael, 2003).

On May 1, 2001, the masses of pro-Estrada supporters marched from the EDSA shrine to the presidential palace. They destroyed property and suffered injuries; anti-riot police and palace guards eventually dispersed them. However, the marchers chanted slogans. News reports quoted some of their cries, "Patalsikin si Gloria! Ibalik si Erap! Nandyan na kami! Maghanda na kayo!" (Get rid of Gloria! Return Erap! We are coming! Get ready! (Papa, V. and Ubac, 2001, as cited in Rafael, 2003, p. 423). Although they were unsuccessful in getting rid of Arroyo and returning Estrada to the role of president, their continued plight or social struggle that stems from poverty remains to be addressed. If ignored, yet again, Rafael warns that it can only lead to further uprisings.

Michele Martin (1991), in a social history of the telephone, noted that the technology created an illusion of national solidarity with its capacity for long distance contact, but in reality, the telephone "only permitted entrenched social groups to communicate more often and more rapidly" (p. 163). To an extent, this reality was reflected in the events of People Power II by the use of mobile phones among the organized groups of civil society. However, what about the groups not represented? The fact that those trade unions and peasant associations who went to People Power II do not reflect the interests of those compelled to mobilize in People Power III, means that there are still those not connected or integrated in Philippine society. Far from the

'telecommunicative fantasy' of the imagined community of the cell phone is the reality of poverty and the divide between the rich and the poor.

Mobile Governance

While there was proliferation of consumer services for entertainment content, games, weather reports, it is useful to note the collaborations between the leading service providers and government agencies to provide "text services" as a public service following the events of People Power II and the extensive use of SMS to spread jokes, rumours and directions for the mobilization of the crowds at EDSA. Although SMS fees still apply, this reflects a concerted effort by industry and government to be more responsive to public interest by providing text messaging services for mobile governance or m-governance.

For example, one undertaking offers a communication line to the president by way of SMS. The Presidential Action Center (PACE) launched the "TEXT-GMA" program in collaboration with Globe Telecom and Smart Communications. This service was designed to allow mobile phone subscribers to send any grievances or suggestions via text messages to the Office of the President. PACE planned to acknowledge each 'valid complaint' sent and then forward the message to the appropriate government agency for appropriate action and monitor how the named government agencies act on the complaints (Villafania, 2002). In 2004, this text messaging service was still in

operation with six mobile phone numbers available (three with Globe and three with Smart) to send text messages to the Office of the President[8].

Moreover, in line with the E-Commerce Act of 2000 (RA 7298), which mandates all government agencies to transact business electronically, SMS using digital mobile phones is a cheaper alternative to e-mails that require computers and costly internet access. It is also more widely available with more than 15 million cellular subscribers compared to an estimated 800,000 internet subscribers among which the number of dial-up subscribers was estimated in 2002 at 675,000 and broadband subscribers at 125,000 (NTC, 2002a). For those without personal cellular phones, public calling offices offer the use of landlines, satellite telephones and cellular based services at a reasonable fee.

The first national government agency to comply with the provision of the E-Commerce Act by providing a data exchange-texting facility to the public was the Government Service Insurance System (GSIS) through its "GSIS Infotext". The service allows GSIS members with digital mobile phones to text GSIS inquiries, which include accessing up-to-date transaction information with the state insurance fund. Members can access their outstanding loan balance and inquire into the status of individual loan applications (Lopez, 2002a, p. B-6). The effectiveness of this service is not clear with recent news reports indicating that GSIS had run into delays and problems with the computerization of the accounts.

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[8] During my trip in 2002, I was able to collect several print advertisements that promoted the various consumer services provided by the service providers, however, I only learned about the TXT-GMA service from an online article that announced its implementation. To follow-up on the availability of the service, I found instructions on how to use the service was available on the Office of the President website. I wonder how effective the service is or how wide is its reach in the Philippines when there appears to be limited public information on the availability of such text messaging service.

The Civil Service Commission launched "TEXT-CSC", which allows mobile users to send text messages of complaints or commendations related to government services. The service also enables them to request information on some services and programs of government related offices. In part, this was a response to find new ways of better service delivery and falls under the agency's "Mamamayan Muna" (Citizen first) program (Globe Telecom Inc., 2002).

In some aspects, text messages can reduce costs. It is common for people in rural areas to travel for at least three days to inquire about job availability (Strom, 2002). Therefore, to an extent, it may no longer be necessary for persons to travel from the province to the city to make inquiries -- thereby saving transportation costs. In terms of health, text messages perhaps can be a tool to rid the roads of Metro Manila of smoke belchers – this is the goal of the ABS-CBN Foundation's environmental group "Bantay Kalikasan" (Nature Watch) with its launch of "Text Usok" (usok means smoke) in June 2002. This project set out to use SMS to combat pollution created in Metro Manila by requesting cell phone users to report smoke-belching vehicles via SMS; the text messages would be compiled in a database and forwarded to the Land Transportation Office (LTO) for appropriate action. The World Health Organization in 2002 listed Metro Manila as the fourth most polluted city in the world ("Metro pollution...", 2002). In contrast to the use of cellular phones to combat pollution, the Department of Energy and Natural Resources (DENR) has voiced concerns over the disposal of cellular phones. With constant releases of new model handsets, inappropriate ways of disposing used handsets, for instance in landfills, are a cause for concern considering battery parts can be a potential fire hazard or could leak toxins into the ground.

The plethora of SMS-based applications reflect ways in which cellular phones can render public service, whether for common good (as in the case of trying to combat pollution with ("Text Usok") or individual inquiries, commendations or complaints concerning government agencies. However, it also supports Martin's (1991) point that only the connected are provided with one more means of connection with the government. For them, the apparent transactions with government agencies by way of text messages can indeed be useful, although the end results – action undertaken as a result of each text message received -- or rather the effectiveness of such programs have yet to be revealed.

Transmigrant Communications

Raul Pertierra et al. (2002) suggest that cell phones are the ultimate symbols and expressions of global modernity and complex connectivity. To give an illustration:

> Associated with this economy based on imagined geographies are equally complex networks of representations – their corresponding transient populations. Hence, the example of a Filipino worker assembling computer chips for export who watches Hollywood movies for entertainment, and uses his Nokia phone to ask for money from relatives working abroad so that he can buy imported goods (p. 39).

To provide some context, it is useful to extend discussion on export-oriented development (Chapter Two). In addition to export processing zones, there is also the pattern of emigration of Filipino workers into the Middle East, neighbouring Asian countries, Europe and North America. In 1974, the Philippine Overseas Employment Authority (POEA) was established to facilitate the increasing number of Overseas Contractual Workers (OCWs), later referred to as Overseas Filipino Workers.

In the 1980s, the uneven distribution of telephone service, which was primarily a privilege used by government, the socioeconomic elite, or the transnational corporations, meant that the majority of the Filipino people had to rely on costly telegraph services or postal methods for long distance or overseas communication, "telegraph rates would cost an average Filipino worker his daily wage for a domestic 25 word message or his week's income if sent to a relative in California" (Sussman, 1982, p. 387).

In later works, Gerald Sussman (1991b) wrote, "Economic conditions have pushed an exodus to the cities and overseas (permanent and contract workers) that reached a total of 2 million by 1984, mostly to North America and the Middle East. This means that separated families now have increased rural-to-urban and international long distance communication needs. For most Filipinos remaining, initiating overseas contact...is prohibitively expensive (p. 145)." I remember stories by two uncles of mine who worked in Jeddah, Saudi Arabia, who explained that long distance communication was often done through the exchange of letters sent by airmail and on occasion, there were the exchange of 'voice tapes' (recording one's voice on an audio cassette tape).

During the Gulf War, in 1991, Filipino migrants in the Middle East, nurses, engineers, and domestic helpers, were caught in the regional conflict. While most returned to the Philippines, others decided to stay given the opportunity of extra pay in the host nation. Perhaps recognizing the limited access of telephones, former DOTC Secretary turned Executive Secretary of former President Aquino, Oscar Orbos mobilized the support of the private sector, particularly PLDT to offer some families of overseas workers free international calls at the grounds of Malacañang Palace ("Has Macapagal..., 10 January 2003).

Georg Strom (2002) provides some perspective on telecommunication access in a low-income rural area in the Philippines. Based on observations done during visits to the Philippines between 1997 and 2002, his article titled, "The telephone comes to a Filipino village" focuses on a *barangay* (Philippine village) situated in the Zamboanga Del Norte region, on Mindanao, which is the largest southern island of the Philippines. He notes, "In contrast to Europe or the USA, where people tend to use the telephone whenever possible or convenient, people in the *barangay* go personally and send a message as the norm, using the phone only when there is no alternative" (Strom, 2002, p. 274). Strom notes that in the *barangay*, telephone service remains expensive in comparison to other local prices and salaries considering, "The monthly subscription of a fixed-line phone is 400 pesos (US$10). This is more than a schoolteacher can earn in one day or a manual worker in two days, and is equivalent to the price of 25 kg or rice or 6 kg of dried fish, both staples of the local diet (2002, p. 276).

Strom (2002) acknowledges that the telephone is important for communication lines with family members living in other regions or outside the Philippines. Recognizing that approximately 10% of the population are employed outside of the Philippines, Strom indicates that "Phone access is then crucial for keeping the family together – for decisions and emotional support or for discussing practical and monetary matters" (p. 281).

In *Servants of Globalization*, Rhacel Parrenas (2001) provides a provocative account of the plight of migrant Filipina domestic workers in Rome and Los Angeles. Domestic workers are defined as employees paid by individuals or families to provide elderly care, childcare and/or housecleaning in private homes, although, notably, Filipina

migrants are not concentrated in domestic service in the US labour market; in the 1960s, there was a recruitment of Filipina nurses due the shortage of medical personnel in the US. The author points out that, "Filipino labour migrants are located in a multitude of industrialized countries around the world...a contemporary labour diaspora that is gender and class stratified. This diaspora should be considered a labour diaspora because its formation is situated in the globalization of the market economy and the designation of the Philippines as an export-based economy" (p. 59).

Migration is putting a heavy burden on women who maintain 'transnational households'. The separation of families with 'one parent abroad', sometimes both, can have negative effects on the social fabric. While they seek to maximize resources and opportunities in the global economy, there are inequalities in the structure. While there is a significant financial investment in migrating, "globalization stunts the political, civil and social incorporation of these female labour migrants as it increases the demand for their low-wage labour" (Parrenas, 2001, p. 48). Some perform domestic work with a college education. However, in comparison to the amount they can earn in the Philippines, overseas jobs provide higher wages.

Foreign exchange remittances to families in the Philippines provide funds for education of offspring or siblings, better housing, and purchasing power to buy imported goods. Remittances also contribute significantly to the country's foreign exchange reserves vital for government obligations such as importations traded in US currency and debt payments. In 2003, the inflow of OFW remittances totalled US$7.6 billion (Central Bank, 2004). This amount only reflects the official transactions. Sometimes, money can be sent through unofficial ways such as through friends visiting the Philippines.

Similar to other government agencies, the Department of Foreign Affairs and the Philippine Overseas Employment Agency (POEA) have also established text message services. A *Philippine Daily Inquirer* online report, with the headline "Texting makes life easier at POEA," provides some measure of the success of accessing information by way of text messages. It is estimated that the POEA receives at least 1,800 text messages daily with pertinent inquiries on matters such as availability of jobs abroad and eligibility of placement agents. This service has apparently declogged POEA telephone hotlines and, perhaps, saved transportation costs of those living in the provinces. The article also cites a report by Centxt, which monitors all messages sent through Smart and Globe Telecom, that reveals that during the period from March 7 to April 20, 2003, the POEA received 82, 458 text inquiries – 42,142 via Smart Communications and 40,0316 via Globe Telecom (Rivera, 2003).

Similar to availing cellular service, it is limited to those who can afford such services. Migration entails many costs from placement fees to airplane costs; sometimes part of workers' remittances goes towards paying debts. Moreover, others have invested in education with a shift to higher-end occupations such as health and medical workers, IT workers, engineers. Today, there are more than 7.4 million Filipino migrants, and women compose half of the overseas Filipino workers (NSO, 2004).

In comparison to past problems with access to telephones and today's expensive computer internet access, cell phones offer an affordable and accessible communications medium for voice and popular text message service. The costs of international direct dialled calls is pegged at US$0.40 (approximately P22.00) a minute using cell phones or landlines. However, it is cheaper to use SMS with an international text message sent

overseas costing only P10.00 (Can.$0.25 cents). However, not all Filipinos can benefit from these wireless services when meeting the basic needs of food and shelter alone are a struggle. Similarly, not all can have the option or even afford to seek 'greener pastures' or better opportunities overseas.

CONCLUSION
CHANGES AND CHALLENGES

The Philippine nation has shown resilience dating back to our heroes who fought for independence against the Spanish colonizers and continued the fight during the Philippine-American war. In contemporary times, the 1986 People Power Revolution showcased unity among the Filipino people to end martial law and restore democracy. However, the nation faces continued challenges, struggles, and divisions.

This Conclusion revisits the broader issues discussed in Chapter One. The first part focuses on the technology. The Philippines is a location where leading international mobile phone suppliers are bringing in their products and testing advance technologies. What are the challenges introduced by innovation and enhancements to the technology? The second part provides a broader social analysis with a critique of neoliberalism in the context of the wireless revolution in the Philippines. It takes into account the societal trade offs and struggles that emanate from poverty and unemployment. Finally, the third part concludes with a discussion on the recent 2004 presidential elections.

Technical Innovations

Competition among the service providers has become geared towards promoting more content-oriented services that appeal to high-end users. After SMS and GSM, what's next? The first generation of mobile phone technologies were analog, which enabled wireless voice transmission and minimal data services. Mobile digital communication with GSM standard falls under the category of second generation. Such mobile phone technology can support conversations or be used for data transmission, such as SMS. After second generation and intermediaries such as General Packet Radio Switch (GPRS), the next improvements in the technology are the third generation transmission technologies, collectively referred to as Universal Mobile Telecommunications System (UMTS), which consumers would need to pay more for global availability of new generations of content, service, and applications such as video and multimedia ("The Basics..", n.d.).

The Philippine market has become a testing ground for third generation information networks (Bociurkiw, 2001). A *Manila Bulletin* newspaper report pointed out that Nokia, a dominant player in the Philippine mobile phone market, projects multi-media messaging service (MMS) is the next stepping ground. A user of MMS can transmit picture messages with audio made possible by GPRS technology, a stepping ground for third generation mobile telephony. However, existing Nokia handsets such as the Nokia 3210 and other models do not have the capability to receive pictures (Lopez, 2002b). The Nokia 7650, the first MMS-enabled phone was made available in the Philippine market during the third quarter of 2002. This falls in line with the apparent step towards third generation technology with newer, more expensive handsets that

enable the subscriber to be the content developer with the capability to take, send and receive pictures, data and voice.

To an extent, the promotion of the increasing content-oriented services reasserts the 'ability to pay' principle. The advertisements tend to promote MMS as a lifestyle only very few Filipinos can afford; as Schiller (1999) puts it, there is a marketing emphasis on "power users." The "Lifestyle" pages of the *Philippine Daily Inquirer,* published on July 14, 2002, included print advertisements showing a happy couple on their wedding day with a cell phone at hand. Two days later, July 16, the newspaper printed three advertisements with the slogans: 1) Clear as a whisper (referring to network quality), 2) whole new world (showing a couple with the Eiffel Tower as a backdrop) 3) never delayed (referring to on-time billing for postpaid subscribers). Such advertisements essentially target mostly upper classes.

The presence of two-tier marketing strategies with the availability of postpaid or prepaid wireless services, along with a variety of print and television advertisements in English or the vernacular done to target high-end and low-end users, represents and to some extent reproduces inequality. It shows how accessibility to new communication technologies such as the mobile phone and stratification can exist simultaneously, another layer to the digital divide. Although there are a multitude of information services being readily made available by way of digital mobile phones and SMS, the majority of Filipinos continue to rely on older ICTs, particularly radio and television, for entertainment and information.

Social Analysis

The Philippine telecommunications industry has gained ground with market competition and increased private sector participation. The expansion of wireless networks fuelled by foreign investments has invigorated the market. Wireless service in the form of digital mobile phones offers both data and voice services. There are prepaid services at affordable prices. With a telephone and/or cell phone, subscribers are able to keep in contact with their established networks of friends, partners or family members, maintain connections with colleagues or classmates, and, sometimes, communication technologies can also provide avenues to meet new acquaintances. To an extent, wireless networks have provided solutions to past problems of obstructed access to basic telephone service for the majority of the Filipino people. The population is increasingly mobile, from increasing rural to urban migration (60% of the population in urban cities) to more than seven million overseas workers. The worldwide growth of mobile phones with digital GSM technology has enabled some Filipinos in the Philippines and Filipinos working/residing outside of the Philippines to open lines of communication.

However, does it serve the domestic needs of the majority of Filipinos? One major conclusion of the critique of neoliberal policies is that it increases the gap between the rich and poor by destroying the social fabric and creating social conditions for violent social conflicts (Thussu, 2000; Schiller, 1999). The Philippines is mired in poverty, and the clashes of EDSA III, the "Poor People Power" in 2001, reveal deep social inequities. For middle-to-upper-class families, cell phones are likely to be a second or third communication device on top of a regular fixed landline subscription. For lower-income families who do have mobile phones, maintaining the service can take away funds from

basic necessities such as food. Wealth is unevenly distributed. The 2000 Family Income and Expenditures Survey indicate that the average annual income is P144, 039 (US$2,600). On one end, the top income group (tenth decile) earns an average annual income of P553, 269 (US$10,000), more than double the amount earned by the ninth decile of P235, 632 (US$4,300). On the other hand, each of the lowest three-tenths income groups earns less than US$1,000 annually (NSO, 2004).

In some cases, telecom operators have supported different community services and have catered to different segments of the market by developing a wide range of services ranging in cost. However, it is necessary to take into account societal trade-offs. In the global free trade of services, telecommunications is considered a priority sector. For some nations, particularly developing nations, this can be potentially problematic as it can further aggravate the unfavourable balance of trade and also increase national debt. The Philippines has a staggering budget deficit of US$228 million; top imports include telecommunications equipment and electrical machinery (NSO, 2004). The main supplies come from major transnational corporations from the United States, Japan, and Germany. While expenditures to make international business communication possible may contribute to the growth of gross national product, it takes away funds needed for better health care, adequate shelter, clean water, more schools and adequate social services for the poor.

The telecommunications network continues to facilitate transnational activities to serve the global capitalist system. It occurs at many levels, from the free trade areas or export processing zones which house transnational corporations to the growing number of call centers. With an extensive telecommunications infrastructure and a literacy rate of

91%, with most able to speak English, the Philippines is one of the biggest high-tech outsourcing markets. Transnational companies such as Dell Computer, Proctor and Gamble, Citibank and others have outsourced their IT business processes to operate in lower-cost countries such as the Philippines (Bray, 2003). Moreover, as Parrenas (2001) points out, migrant Filipina domestic workers maintain transnational projects such as the circulation of ethnic goods and establishment of franchises of remittance agencies in Europe, Asia, the Middle East and North America. Migrants also provide for 'transnational families', with unemployed members of the family back home depending on income earned by migrant workers in other countries. In a way, this creates a "transnationally dependent citizenry"[9] – a neoliberal mutation of the dependent-integrated state. This individualized dependence is illustrated by my unemployed cousin whose consumption and maintenance of wireless service is sustained by siblings overseas.

Within this context, it is useful to discuss the broader social context of mobile uses or, better, non-uses. I have spent a lot of time commuting in Manila, from my undergrad years at the University of the Philippines to my two-month trip in 2002; it made me consider the following scenario. One of the benefits of a cell phone is connectivity (Pertierra et al., 2002); I can be contacted and accessible even if I am stuck in a traffic jam. It could be useful especially during the rainy season when I find myself stranded in the flooded streets of Metro Manila. In those times, I wonder when will there be a better drainage system? Sometimes heavy rains and floods leave behind cracks and holes in the road; when will there be better roads? Anyway, back to being stuck in

[9] I owe this particular term to my senior supervisor, Prof. Yuezhi Zhao.

traffic. I am sitting in a jeepney, a public utility vehicle. However, what good is the mobile phone or to be connected when it is on silent mode. Why? It's a precaution, just in case there are nearby "cell-nappers."

During my visit in 2002, friends and relatives told me to be careful when using the cell phone in public. One afternoon, I was at a location that was not a part of my usual route. To get some directions, I called a friend using a cell phone. When I told him of my whereabouts, I was quickly told to put away the cell phone for I was apparently in an area known for high incidents of cell phone snatching. I quickly proceeded to the nearby train station and got back on track.

I also received advice that when not in use, it was best to keep the cell phone on silent mode. This reminds me of a story shared by a friend from my neighbourhood. On his way home from college, he was riding the Metro train when his cell phone rang. Instead of answering it, he reached for it in his backpack to shut it off. As he explained, he forgot to put it on silent mode and did not want to attract further attention by answering the call. It was rush hour. Moving along the crowded train stop, he carried his backpack safely in front of him. However, oblivious to him, his bag had been slashed and the cell phone had been taken. His story is not out of the ordinary. I have heard similar stories. Colleagues say that anyone who owns a cell phone probably knows of someone whose cell phone has been stolen; one half-jokingly put it, the cell phone is taken for it has more value than the contents of a wallet (usual target of pick-pockets). I have heard that in Manila, the acronym GSM has even taken on new meaning: "Galing Sa Magnanakaw" (Comes from a thief) is an apparent reference to a stolen digital mobile phone being sold in the informal economy.

Incidents of theft or 'cell phone-napping' have led the NTC to launch "Text 682", an anti-phone-theft program. This service includes the registration of mobile phones and provides answers to inquiries relating to stolen handsets. This can allow subscribers of Smart Communications, Globe Telecom, and Digitel Mobile Philippines to have the lines of lost or stolen phones blocked via text messaging (Ho, 2004). While these measures may alleviate the pain of some victims of cell phone theft, they are not addressing the source of the problem: why are there so many cell phone nappers out there? What drives them to rob their fellow citizens and take this form of "expropriation"?

Besides stolen phones, there have also been incidents of destruction of cell sites. A recent *Philippine Daily Inquirer* online article carried the headline: "Globe says terrorism hampering expansion." According to Globe Telecom, around twenty of their cell sites located in remote areas have been bombed in the last three years. It is a concern for the operator with cellular sites costing 10-15 million pesos to set up. A spokesperson for the company suggested that the bombings were the work of radical groups with a political agenda or extortionists (Batino, 2004).

A related online news report headlines: "NPA rebels set fire to 2 Globe cell sites in Tarlac, Nueva Ecija" and identifies the New People's Army (NPA), the military wing of the Communist Party of the Philippines, as carrying out the destruction of some cell sites. Military and police officials point out that the NPA engage in extortionist activity in the province or rural areas and back up their threats with acts of sabotage of properties belonging to companies not willing to give money or "revolutionary tax" to the rebels (Kliatchko, I. & Kaufman, K., 2003).

There are ongoing peace negotiations between the Government of the Republic of the Philippines (GRP) and the Communist Party. However, besides the NPA, armed insurgents and Islamist separatists on the Southern island of Mindanao further add tension to the peace and order situation in the Philippines. In 1996, the Moro National Liberation Front (MNLF) signed peace negotiations with the GRP, after more than three decades of conflict. More recently, the Moro Islamic Liberation Front (MILF) have entered into peace negotiations with the GRP. However, there is continued insurgency and armed conflict in the South.

During the four-year peace talks between the GRP and the MNLF, the emergence of extremist groups, such as the Abu Sayyaf, posed an obstacle to the negotiated settlement for autonomy. The group wanted to destroy the peace initiatives and resorted to violence to fight for a separate Islamic state in Mindanao. According to former President Ramos (1996), in facing the challenges posed by extremist groups, the following needs to be considered (a) "Islamic extremism had an international character," (b) there was "a serious threat arising from a militant religious struggle against the purported evils brought about by 'materialism and corruption' in the modern world," and (c) similar to the MNLF struggle, the challenge "was mainly rooted in the widespread poverty and deprivation that pervaded the area" (p. 24).

Widely reported to have ties to the al-Qaeda network, the Abu Sayyaf, came into the international limelight in 2000, with the kidnap-for-ransom of western tourists vacationing on the beaches of neighbouring Malaysia. The kidnapping ended in a multimillion dollar payment. The group has also been blamed for bombings and assassinations, while deriving funds from extortion and more kidnappings. The names of

rebel leaders are found on Most Wanted lists, but it is not straightforward to identify their members, who can easily immerse themselves in society. Unfortunately, it is through violent acts that the rebel groups are able to communicate, loud and clear, their existence.

In terms of communication technologies, I recall in 2002 that there were news reports regarding one of the Abu Sayyaf leaders, who had been caught in a gunfire battle with the Philippine navy in southern waters. The leader was assumed to have been killed in action, although the body was not recovered; however among items seized in the boat and displayed for the media was his satellite mobile phone. It is reminiscent of Arnold's (2001) description of "text wars" between Philippine troops and Muslim insurgents. Communication technologies provide vital links for dispersed groups or as Dyer-Witheford (1999) puts it, communication channels can also circulate struggles.

Besides the Abu Sayyaf, there have been news reports of even a foreign group, Jemaah Islamiyah, an Islamist militant group based in Indonesia and blamed for the 2002 Bali bombings, recruiting Filipino Muslims on the Southern islands. The peace and order situation is not only aggravated by groups that intentionally set out to carry out attacks to further their agenda and provoke political instability, but it is also attributed to the problem of poverty and unemployment. A disproportionate number of Mindanao's poor are Muslims and Indigenous Peoples.

The perennial problem of poverty is not solved by a wireless revolution. How can mobile phones connect people, when there is increasing disconnection socially and culturally? Besides the hostility of armed conflicts, there are grievances of the Filipinos masses somewhat disconnected from the "SMS capital." In 2000, official estimates put

40% of the 77 million Filipinos as living below the poverty line. Moreover, the official unemployment rate is 11% (NSO, 2004).

The masses had pinned their hopes on Joseph Estrada in the 1998 presidential elections; however, amidst corruption charges, he was ousted during the EDSA People Power II in January 2001. His arrest sparked the violent demonstrations of EDSA People Power III in late April to May 1, 2001. The masses would again rally in support for another popular movie actor's bid for the presidency in the 2004 presidential elections.

Unfortunately, during Philippine elections the strength of the candidate is often attributed to the candidate's political machinery rather than the political platform. Months before the May 2004 elections, an article in *Asia Times Online* reported on how the NPA are able to capitalize on elections. Candidates are forced to buy permit-to-campaign (PTC) fees in order to access rebel-controlled areas. Fees range from P50,000 for a candidate running for mayor to P1 million for a senatorial candidate. Payments are done through credit-card and bank-to-bank transfers. Such extortion is backed up by rebel attacks from raiding cell sites to engaging in armed combat (Garrido, 2004). On the other hand, the political face of the Communist Party is the National Democratic Front (NDF.) The National Democrats were among the multi-sectoral organizations at the forefront of People Power II. The left-wing political party, Bayan Muna (Nation First) also actively participated in the elections.

2004 Presidential Elections

During the May 10, 2004 presidential elections held in the Philippines, I was able to cast my vote in Vancouver. In recognition of the estimated seven million Filipino nationals based outside of the Philippines, voting rights have been extended beyond the borders for those eligible and registered to be an Overseas Absentee Voter (OAV). The presidential candidates included incumbent President Gloria Macapagal-Arroyo. Although the Constitution does not allow an incumbent to run for a second tenure, it does not apply to Arroyo who was elected Vice President in the 1998 elections and only assumed the presidency after Estrada's ouster in 2001. Other presidential aspirants included former head of the Philippine National Police, Senator Panfilo Lacson, an evangelist Brother Eddie Villanueva, former Education Secretary, Raul Roco and finally, a popular movie actor and a close friend of Estrada, known as *The King* of Philippine movies, Fernando Poe Jr.

During the run up to the elections, "text brigades" were active in disseminating information about the candidates. In a March 21, 2004, *Philippine Daily Inquirer* online article, Gutierrez (2004) reports that, "The Lacson camp has a text brigade composed of volunteers whose only job is to spread calendars and news about the candidate through SMS and block or counter negative publicity" (¶ 11). His opponent, Raul Roco, who in the 1998 elections claimed to have the youth vote (18-35 years old), is said to have "an army of 'youth texters' who send out his campaign schedules via SMS as well as to relay his stance on the 'issues of the day'" (¶ 18).

Despite the circulation of text messages and the ubiquitous mobile phones, there may be more sway with movies, which remain a popular medium for the masses. Similar

to his friend, former President Estrada, Fernando Poe had a wide support base, particularly from the poor, who identify with the heroic characters that he played from a cowboy saving damsels in distress to a dissenter during the martial law period. He portrayed the strong, silent, legendary hero. However, while Estrada had served several years in public office, Poe has mainly been in the public eye through his movies. In the 1998 presidential elections, Estrada's landslide victory propelled by the vote of the masses perhaps led to the decision of the opposition party to choose Fernando Poe Jr. (FPJ) as its standard bearer despite his lack of formal education and political experience.

During the manual count, there were accusations of ballot rigging and "dagdag-bawas" ("increase-decrease" referring to vote-switching, increasing the number of votes for one, while decreasing the votes of another). There was a heightened security alert in Metro Manila. Three bombs were found and defused. They had been placed near government buildings and at a church of an exclusive residential area. When the official manual count of votes by Congress began, the roads leading to the Congress building were heavily guarded and officials stressed, "no permit, no rally." In Congress, members of the opposition, who were in the minority, exhausted their right to speak in an attempt to cause further delays in the counting process. Showing signs of frustration, several observers seated in the gallery walked out. At one point, even I, a spectator from a distance, watching the weekday news telecast on the multicultural channel and reading the online news reports began to feel tired by the process.

Protesters were threatened with arrests amidst angst over alleged "destabilization plots." However, news reports showed FPJ supporters mobilized to stage rallies to protest Arroyo's lead in the official tally. Attempts to rally with no permit led to clashes

between protesters and anti-riot police. Truncheons, water cannons and tear gas were used to disperse the crowds, while law enforcers were hit with stones and bottles. Some protestors admitted to being paid to join the rallies (Santos & Salaverria, 2004).

Finally, six weeks after the election took place, the official tally of Congress proclaimed Arroyo the winner with more than 12.9 million votes in comparison to Poe's, 11.7 million votes. Amidst accusations of rigged elections and repression of people's right to assembly, Arroyo has pledged to unite the people after the bitterly contested elections, which further fuelled divisions in Philippine society. However, it will take more than 'text brigades' to close the gap among the classes. What about those who are not connected?

On June 30, 2004, Gloria Macapagal-Arroyo was inaugurated as the 14th president of the Republic of the Philippines. Her inaugural address contained a "pro-poor" theme and renewed calls for unity ("Gray beginnings", 2004). It is not an easy task to unite the fragmented archipelago. Social inequality dates back to the colonial period and postcolonial administrations. There are scattered problems with NPA- controlled areas in central and northern Philippines in addition to Muslim insurgents in the south. There are bridges to be built after the recent divisive elections. Taking into account that there were five official candidates running for the presidency, Arroyo's win only garnered 40% of the total number of votes cast. Will Arroyo's pro-poor stance win the hearts of the masses who again pinned their hopes on a movie hero? Will the political machinery shift gear? How can conflicting interests between a pro-poor agenda and a pro-elite system of governance be resolved? Beyond the digital divide, there remains a need to overcome the class divide.

APPENDIX

SIMON FRASER UNIVERSITY

OFFICE OF RESEARCH ETHICS

BURNABY, BRITISH COLUMBIA
CANADA V5A 1S6
Telephone: 604-291-3447
FAX: 604-268-6785

June 23, 2004

Ms. Maria Paule
Graduate Student
Department of Communication
Simon Fraser University

Dear Ms. Paule:

Re: 'SMS' capital of the world:
a political economy of a wireless revolution in the Philippines

The above-titled ethics application has been granted approval by the Simon Fraser Research Ethics Board, in accordance with Policy R 20.01, "Ethics Review of Research Involving Human Subjects".

Sincerely,

Dr. Hal Weinberg, Director
Office of Research Ethics

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