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Human (In)Security in the Philippines

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2003...bad enough

THE EXITING YEAR HAS EDGED SOMEWHAT ON THE bizarre. What 2004 will bring is anybody's guess.

The Philippines is somewhat of a puzzle: a democratic society, some say the most democratic in this part of the world, having so much freedom and so much insecurity at the same time.

In one gathering of social activists I asked this question: what if you were president of the Philippines tomorrow? People wondered why anyone would like to be president under this situation. But they obliged anyway. One said, "I will reverse the neoliberal policy regime and undo the inequities of our government's WTO treaty commitments." Another said, "As we can't go on like this, I will declare a revolutionary government to end the political uncertainties." The rest suggested something in between, slanted one way or the other. Then they all



turned to me, and almost spontaneously I said, "As soon as I step in I will step down and declare this country leaderless. From hereon we're each to our own, we can go on destroying each other or choose to hang on like brother to brother, like sister to sister, and rise or go down together."

This little conversation on sustainability happened shortly after the July 27 Oakwood uprising staged by some 300 young idealistic soldiers against corruption and bad governance. Around this time coup rumors were running wild alongside other newsy events, like the Senate hearings on corruption involving the First Family and threats of impeachment of no less than the Chief Justice of the Supreme Court.

A sense of instability gripped the whole nation for much of 2003. It's a moment when everyone seemed to be asking where the hell this country is going to.

It seems no one feels secure anymore, considering the pervasive edginess and political volatility that may continue till after the May 2004 elections. Much depends on whether the process and outcomes would be seen and accepted as legit, honest and fair. Unlucky Filipinos, they will have to plod through that long. And to think that hardly has the nation ever enjoyed peace and quiet since 2001. The current regime was born of turbulence and, as some of its opponents wished, may end the way it began.

Why is this country in such a mess? What might be obstructing its path to human security?

Can it really be that bad?

If you believe some of the numbers, things don't look that bad. But still bad anyhow. And consider also that statistics tell and don't tell and thus cannot be fully trusted. Much of them are averages anyway, and averages, if they exist at all, are hard to recognize in the real world.

The picture is mixed as may be gleaned from the key development indicators (Table 1) summarized in the Philippine Progress Report on the Millennium Development Goals of January 2003.

From 77th in 2000 the Philippines dropped to 85th in the HDI ranking of 175 countries in Human Development Report 2003. But it ranks 28th among 124 developing countries in the human poverty index.



Population is a sticking concern. It stood at over 76 million in 2000 and was projected to rise to 81.1 million by 2003 at a high average rate of 2.36 percent. Failure to reduce poverty and inequality underlies the problem. Those with more money and more secure future tend to have less children. The poor have bigger families and rely on numbers as productive assets and as their old-fashioned social security for old-age.

The rising budget deficit has been a big worry in the past three years. The 2003 projected deficit was P202 billion or about USD 4 billion. The Department of Budget and Management (DBM) reported a P200 billion or about US\$4 billion national government and public sector deficit for 2004. The budget in FY2003 was P804.2 billion compared to P769.8 billion in FY2002. The proposed budget for 2004 is around P864.8 billion. With the expected revenue of only P671.2 billion government would have to borrow at least P1 billion a day to cover the deficit and pay part of the P3.2 trillion national debt.

Tax collection continues to struggle. Tax collected by October ran up to P346.33 billion, much too short to finance a huge 2003 budget.

The Bureau of Treasury reports an outstanding debt reaching P3.2 trillion or between US\$59.26 billion and US\$ 64 billion. By another account, total outstanding public debt ran up to P3.5 trillion (US\$67.6 billion) or equivalent to 90 percent of the GDP. Add P1.57 trillion of private sector debt and total debt stock amounts to P5.07 trillion of which 61 percent is foreign.

Debt service for 2002 was P192 billion or 24 percent of the National Government budget. This does not include principal payments. Interest payments averaged 20-25 percent of the NG budget over the last five years, compared to the education budget share of 8-12 percent on the average. Debt service for FY2003 came up to P223 billion or 26 percent of the national budget. This does not include principal payment which is off-budget.

The country is debt-trapped. On a per capita basis, Filipinos—young and old—owe an amount equal to about P40,000 (more or less US\$700), an indebtedness that has been steadily increasing since 1981. Government borrowing in the last two and a half years of the Macapagal-Arroyo government was a record-breaker.

The Department of Finance claims that contingent liabilities amounted to only P578.4 billion. But the Freedom from Debt Coalition (FDC) estimated it to be over P3 trillion (US\$57.7 billion). There are two



kinds of contingent liabilities: one directly incurred by government-owned and controlled-corporations (GOCCs) and guaranteed by the National Government; and the other, those covered by performance undertakings or government acknowledgement and consent agreement issued by the Department of Finance.

The National Statistics Coordination Board (NSCB) reported 73 percent drop in foreign direct investment.

The National Statistics Office (NSO) reported 26.5 million Filipinos live below the poverty line. The NSO Labor Force Survey reports unemployment of 12.2 percent and underemployment of 15.6 percent in 2003 compared to unemployment of 11 percent and underemployment of 19.6 percent in 2002.

Poverty, on the aggregate, has been declining steadily through the years (see Table 2). Over a 15-year period the incidence has been reduced from 44.2 percent in 1985 to 33.7 percent in 2000. The next Family Income and Expenditure Survey is expected in 2003 and already the poverty incidence is estimated to have increased since 2001. This means more than a third of 76.5 million Filipinos in 2000 (projected population in 2003 is 81.1 million) are living in extreme poverty.

Poverty is also not shared equally. There are wide disparities between and across regions, between the National Capital Region (NCR) and the rest. In the NCR, the seat of the national government, poverty has decreased to less than 10 percent. In contrast poverty in the Autonomous Region of Muslim Mindanao (ARMM) runs up to 66 percent, in the Bicol Region (Region V) 55.4 percent, in Region XII 51.1 percent, and in the other regions of the Vizayas and Mindanao (Regions VI, VII, VIII, IX, X, XI) averaging more than 40 percent.

Where the insurgencies have been thriving—for example, in the ARMM, Regions VI, VIII, IX—the poverty incidence happens to be very high.

Income disparity is widening. In 1988, the average income of the richest 10 percent of the population was 17.6 times the poorest tenth. This grew to 23.7 times by 2000.



Table 1. Key Development Indicators

Indicator	Value	Year
Population Size	76,498,735	2000
Population Growth Rate	2.36%	2000
HDI, HDI rank	0.744, 77 th	2000
GDI	0.739	1998
GNP per capita PPP (US\$)	3,815	1999
Real GNP per capita (US\$)	653.5	2000
NG Tax Revenue/GDP	13.91%	2000
Budget/GDP	12.70%	2000
Exports/GDP	55.13%	2000
Total Outstanding NG Debt/GDP	65.60	2000
External Debt (% of GNP)	7.68%	2000
ODA	US\$14.13 billion	1992-1999
Social Sector Expenditures (as % of total)	40.20%	2000
Life Expectancy at Birth		
Male	66.33	2000
Female	71.58	2000
Poverty headcount ratio		
(%of population below national poverty line)	39.40%	2000
Reported HIV/AIDS cases of all ages, cumulative	1,441	1984-2000
Population with access to safe water supply	77.90%	1998
Proportion of underweight children (0-5 years old)	32%	1998
Functional Literacy	84%	1994
Elementary Participation Rate	96.40%	2000
Ratio of girls to boys in elementary education	95.73:100	2000
Under-5 mortality rate (per 1,000 children)	48	1998
Maternal Mortality Rate (per 100,000 live births)	172	1991-1997

Source: Philippines Progress Report on the Millennium Development Goals, January 2003. National Economic Development Authority (NEDA), Government of the Philippines.



Table 2.
Poverty Incidence 1985-2000, Philippines and by region (in percent)

	1985	1988	1991	1994	1997	2000
Philippines	44.2	40.2	39.9	35.5	31.8	33.7
NCR	23	21.6	13.2	8	6.4	8.7
CAR	-	41.9	48.8	51	42.5	36.6
Region I	37.5	44.9	48.4	47.9	37.8	37.1
Region II	37.8	40.4	43.3	35.5	32.1	29.5
Region III	27.7	29.3	31.1	25.2	15.4	18.6
Region IV	40.3	41.1	37.9	29.7	25.7	25.3
Region V	60.5	54.5	55	55.1	50.1	55.4
Region VI	59.9	49.4	45.3	43	39.9	43.1
Region VII	57.4	46.8	41.7	32.7	34.4	38.8
Region VIII	59	48.9	40.1	37.9	40.8	43.6
Region IX	54.3	38.7	49.7	44.7	40.1	46.6
Region X	53.1	46.1	53	49.2	47	45.7
Region XI	43.9	43.1	46.2	40.3	38.2	40
Region XII	51.7	36.1	57	54.7	50	51.1
ARMM	-	-	50.7	60	57.3	66

Source: National Statistical Coordination Board, cited in the Philippines Progress Report on the Millennium Development Goals January 2003, National Economic Development Authority (NEDA), Government of the Philippines.



The Philippines probably won't collapse because of poverty and inequality. But the continuing failure of government to solve these and other related problems could make the current political unrest and instability turn really nasty.

Many don't trust government

Most Filipinos, some 55 percent of them, believe that the soldiers responsible for the July 27 uprising in the business center of Makati City were justified to rebel against the government. This was the main finding of a Pulse Asia nationwide poll of a sample 1,200 respondents conducted between August 28 and September 19. Pulse Asia research director Prof. Felipe Miranda said six to seven of 10 survey respondents believed the grievances expressed by the rebel soldiers (a.k.a. 'Magdalo group') were "with basis and justifiable."

It's not that people wanted less government, it seems. They no longer trust government as much as they used to. They also don't trust other institutions that make our society civil and stable. Virtually all

institutions—the presidency, the parliament, the judiciary, political parties, media, churches, business, even NGOs—are in the dock of public scrutiny and almost universal mistrust, as it were.

This may not sound as sweeping if you consider what a messy and dirty kind of governance our nation has been subjected to. That our society seems ungovernable is not so much citizens refusing to abide as government failing to govern in ways that deserve public trust.

The Philippines is second only to Bangladesh among the most corrupt. It has consistently ranked among the worst in the Corruption Perception Index (CPI) of the Transparency International. But its current level of notoriety breaks previous records.

Insecurity of person

“Worst in ten years” said Teresita Ang-See, president of the Citizens’ Action Against Crime. Ms Ang-See referred to the kidnapping situation in the country in 2003, following the kidnap-for-ransom and brutal murder of a brilliant woman-executive of Coca-Cola on November 18. By her account there had been a total of 110 cases, involving 165 victims, at the end of October. An average of one kidnapping case a day was noted for the period August to September. Metro Manila, the seat of the central government and most heavily guarded region, accounted for some 60 percent of the cases.

The official figure given was lower—83 cases—as expected. This came from the newly-installed anti-terror chief and former Defense Secretary Angelo Reyes. But even so, it’s still a 31.7 percent increase in kidnappings from January to October 2002.

Anytime you can be a victim of one or other crime, heinous or petty. Tabloids and major newspapers abound with reports of murder, rape and child abuse, illegal drug trafficking, bank robbery, money laundering, smuggling, carnapping, plain theft. Snatching of mobile cellphone, in cellphone-crazy Philippines, has become so rampant. In a number of these the police, military, and government people are believed to be implicated. Which makes the cops-and-robbers caricature more real in the Philippines.

Upper class people are having sleepless nights over threats to their property, privilege, and personal safety. They seem so frustrated over what they perceive as government’s failure to provide enough protection.



The bottom poor, as well as the not-so-poor, are restless and demanding. Their frustration with government predisposes them to agitation for any sort of change, by any means possible.

The middle class are horrified seeing how fast their chances dwindle and how corruption in government has become a fact of everyday life.

Insecurity of jobs and livelihoods

The size of the Philippine labor force grew by 288,000 to 34.2 million in July 2003. Labor force participation rate (LFPR) likewise increased by 0.3 percentage point to 67.4 percent.

Unemployment rate increased to 12.7 percent in July from 11.2 percent in the same period last year. The number of unemployed persons grew by 534,000, from 3.814 million to 4.348 million. Company owners would say the pressures of global competition and liberalization left them no choice but to downsize in order to stay afloat.

Underemployed persons grew from 5.161 million to 6.211 million during the survey period. Underemployment represented 20.8 percent of total employed, up from 17.1 percent in July last year. Nearly one-half (45.2 percent) of the total unemployed persons were engaged in agricultural activities. The rising cost of imported inputs and the dumping of cheap agricultural commodities, like rice, fruits, garlic, vegetables, meat, etc., has made farming a losing business proposition. As a result, agriculture is now less able to absorb workers than it used to.

Visible underemployment rate remain unchanged from last year's 10.8 percent or 3.237 million. Visibly underemployed persons are those who work part-time (less than 40 hours a week) and wanting additional work or the involuntary part-time workers.

Officially, the slowdown in employment was attributed to the slump in agriculture sector caused by the series of typhoons that hit the country in May, June, and July this year. Adding to this is the rise in the number of people looking for work which exerted pressure on the labor market. The pressure was eased in part by slight increase in employment in industry and service sectors.



Table 3.
Key Employment Indicators: April 2002-2003 (in 000 except rates)

Indicator	April 2002	April 2003	Year-on-year change
Household population			
15 years old and above	50,167	51,596	1,429
Labor force	35,052	34,635	-417
Employed persons	30,186	30,418	232
Underemployed	5,922	4,733	-1,189
Unemployed	4,866	4,217	-649
Labor Force Participation Rate (%)	69.9	67.1	xxxxx
Employment growth rate (%)	3.5	1.2	xxxxx
Unemployment rate (%)	13.9	12.2	xxxxx
Underemployment rate	19.6	15.6	xxxxx

Source: National Statistics office, Labor Force Survey.

Insecurity of business

Business confidence has been choppy but generally falling. It actually sank in October, affected by the Bush visit, the impeachment of the Supreme Court chief justice, and continuing threats of destabilization.

The business community has been calling for government reforms. The 29th Philippine Business Conference on November 25-29, organized by the Philippine Chamber of Commerce and Industry had urged the Macapagal-Arroyo government to do reforms in nine areas: good governance; peace and order; infrastructure development; key legislation on business development; credit and financing for agriculture, small and medium enterprises, and industry; environment; human capital; competition and market reforms; mining; and cost-cutting issues.

Talking peace and making war

The government has been good at declaring or making war but poor at making peace, although the it has not shut the door on talks and negotiations.

Before 9/11 things were already bad enough, what with all that war hype amid worldwide economic downslide. As surely as anyone expected, the world was much worse off after that. And things just seemed to get worse and worse.



The Macapagal-Arroyo government has cast its lot with President Bush who many believe has been undermining multilateralism as the modality for addressing conflict situations and generating peaceful solutions.

The war in Mindanao, especially that being waged by government against the Mindanao Islamic Liberation Front or MILF, continues to elude decisive and peaceful resolution. It's the same situation with the three-decade communist insurgency.

The protracted conflict in the country has nearly four decades of recent history behind it. For much of that time a succession of regimes, from Marcos to Macapagal-Arroyo, had dealt with communist and Muslim insurgencies as if they were just military challenges to government. Yet, even the more comprehensive policies that take into account the political, economic, social and other dimensions usually stumble on the overriding desire of government to defeat the insurgency by basically military means. Time and actual results have proven that military solution won't work.

And why the continuing failure of policy? Policy continues to be guided by the national security orthodoxy rather than human security and sustainable human development. This is the origin of wrong-headed domestic and foreign policies as they bear on the handling of conflicts, whether in Mindanao or in Iraq.

Development, as we have seen it in the past five decades, won't either. That kind of development has not only failed to eradicate poverty and gross inequalities in our society, it has even caused new problems to emerge, like environmental degradation and its resulting conflicts. Much of the chaos and the seeming ungovernability of our society can be attributed to this kind of development.

We have yet to see government live up to its commitment to sustainable development. And that's the core of the problem. Without social and environmental justice—the promise of sustainable development—the enduring peace we're all seeking will remain far out in the horizon.

It's a much troubled world we live in...and most signs point to a more scary future.



What are we doing about it?

The Philippine development plan speaks of poverty reduction as the overarching theme and overriding goal of national policy. The Millennium Development Goals (MDGs) is alluded to in the national plan but it's not used as reference guide to unbundle poverty reduction targets in planning and budgeting exercises. Local development plans and budgets are MDG-illiterate on the whole. A more aggressive advocacy is certainly needed.

On assumption to office two years ago President Gloria Macapagal Arroyo laid out her framework of governance to achieve her vision of winning the war against poverty within the decade and set specific targets to attain this vision: an economic philosophy of free enterprise appropriate to the 21st century, a modernized agricultural sector founded on social equity, a social bias toward the disadvantaged to balance economic development, and good governance to build confidence in the nation and channel resources to the poor. Cut out the nice words and you have here a basically neoliberal strategy of addressing poverty.

Adjustment policies—financial and trade liberalization, deregulation and privatization—which have been on the roll since the early 1980s was boosted by the country's accession to the WTO in 1995. Tariff barriers have been lowered to levels exceeding WTO demand. The power industry was restructured, privatization of utilities, like water and electricity, proceeded apace. Yet the evidence is mounting that these policies have done more harm than good to the poor and even not-so-poor Filipinos.

One example highlighted by Social Watch-Philippines is reduced public investment for social development. An analysis of 2004 budget done by Social Watch-Philippines reveals that percentage shares of all sectors, except debt servicing (31.4 per cent), are decreasing.

Activist NGOs and social movements have campaigned against these policies.

Non-state actors have not relented in their strivings to overcome the many obstacles to peace. The quiet efforts by the makers, the builders and sustainers of peace give hope to our nation's hunger for peace, or what is left of it in our troubled land.

Government has fallen short of its promise to translate its international commitments at the local level. Localization of Agenda 21, for example, has been an outstanding demand since the Rio summit in 1992. The



Local Government Code of 1991 already provided the legal framework and possibilities for strengthening local capacity and decision-making. But strivings toward sustainable local development would often be stymied by wrong-headed and counterproductive national policies, e.g., liberalization in agriculture.

In 2002 Social Watch-Philippines conducted case studies on the extent to which commitments to social development had been reflected in local development plans in four provinces and one city. The commitments referred to here are those pledged to by the Philippine government in the 1995 Copenhagen Social Summit, the Geneva 2000 World Summit on Social Development or Copenhagen+5, and the Millennium Development Goals (MDGs) of the 2000 Millennium Summit. A specific focus of the case studies was tracking the three component indicators of the Quality of Life Index (QLI), namely, under-five nutrition, attended births, and elementary cohort survival rate.

The case studies reveal the persistence of local development planning and budgeting as usual. Local practice and experiences in planning, budgeting and spending generally mirror what's happening at the national level.

There is little awareness of MDGs among local authorities which explains in part the slow progress in incorporating social development commitments into these processes. Except for those commitments already centrally-mandated as statutory and budgetary requirements, for example, 5 percent allocation for gender programs, specific MDG targeting is not happening. The bulk of internal revenue allocation (IRA), which is the main source of financing for local development, goes to personal services (PS) or maintenance of the local bureaucracy.

The case studies tell us the picture of poverty changes at the subnational level and from place to place. They suggest where and how to focus efforts in monitoring the implementation of social development commitments. The main challenge is how to build local capacity in planning, budgeting and spending to improve local governance.

In the Philippines people's consultation is constitutionally mandated and therefore a feature of policy making at all levels. There are processes and mechanisms in place that allows for citizen participation in formulating development plans for the whole country, for each sector, for the different localities.



It is not so much the absence or lack of popular participation as the quality and impact of such participation that is worrisome. There's an excess of consultations on poverty, especially at the national level. Changes in the language of policy and plans, e.g., poverty as all-embracing goal, may be attributed to such consultations. But it's basically that—a change in rhetoric—and not much else besides. The policies and plans coming out of these consultations turn out to be less sensitive to the voices of the poor. In the first place the poor themselves are only marginally involved in these processes. The voices of the poor are no doubt heard but they hardly matter when it comes to big decisions, especially those concerning budget allocation.

How might development plans look like if the poor made these plans themselves? Most likely these plans will not look as elegant as those done by government planning and budget agencies. But surely these plans will be more responsive to the needs of the poor and will reflect what the poor want to see happen in their lives.

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