

Conference Against Poverty (CAP)  
23-24 July 1998  
University of the Philippines  
Diliman, Quezon City  
Philippines

# A Break for the Poor at Last

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Acting President  
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**EVERY REGIME BEFORE PRESIDENT ESTRADA'S HAD PROMISED TO REDUCE** poverty. The last two even declared total war against it. Not one made good on its promise in a real way. Poverty seems much easier to create and reproduce than real prosperity. Indeed poverty has become the most durable feature of Philippine reality.

**T**he poor might just get a real break under Erap's presidency. But this would require more than purity of heart and intention. It won't happen without a superior strategy supported by a broad consensus and a stronger commitment to make the strategy work.

## **Learning from our past**

What can we learn from our past? After 100 years of nation building it would be pathetic if we remain in the dark as to what has gone and continues to go wrong. Let me cite a few key lessons.

No nation grows out of its poverty situation without growth in the real economy. Enlarging the economic pie should match the needs of the present generation and the immediate next. We must emphasize real economy because glowing GNP statistics contain a lot of bubbles. Bubbles are bound to burst sooner or later, as shown in the recent Asian crisis.

**E**conomic growth is necessary but not enough. Radical environmentalists and zero-growth advocates have a different idea though. For them what we need is not more growth but more conservation and sharing of what we have – a view which suggests a fundamental redefinition of poverty and well-being. In any case the fruits of growth must be equitably shared across all strata of society.

Sadly, most of the benefits of growth under the Ramos regime trickled up only to the already super rich 10 percent of our society. The equity gap has widened between the richest 20 percent and the poorest 20 percent. Worse still, the richest 10 percent is pulling farther away from the rest. More and more Filipinos are losing their place at the table where many did not have any space to begin with.

Long-term sustainability is compromised when the environment on which it is based gets depleted and polluted. As should be done in the case of the usually-discounted social costs, we must pay the environmental costs of growth now and not later. Resources must be allocated for the regeneration of poisoned soil, water and air, not to mention what should go to our own education on the ways of sustainability.

The rich can help but the poor themselves must do the job. To eradicate poverty the poor themselves must fully participate, if not take lead, from the point of diagnosis of their poverty to prescribing and acting on what needs to be done. Poverty means what people can and cannot have, what they can and cannot do and what they can and cannot become. Poverty eradication is not possible without people empowerment.

Poverty must be approached from all sides. At the minimum this suggests a complementary and synergistic policy and project intervention. Direct attack on poverty, as in income-generating projects, cannot get far enough nor can it be sustained for long without a compatible and proactive state policy. Conversely, by showing how poverty is effectively dealt with at the micro level we will have better chances of changing bad policies decided at higher levels.



## Learning from our neighbors

There are also lessons – good and bad – to learn from our Asian neighbors. In South Korea, Taiwan, Singapore and Malaysia, absolute poverty has been eradicated through economic growth with relative social distribution. This had been preceded by giving the poor access to land, capital and technology. Huge investment in human development, especially education, enabled these countries to rebuild their economies and sustain growth to ‘miracle’ levels. This phenomenon in contemporary history is now widely known as NIC or newly-industrializing countries.

But there are limits to growth. These modern industrializers cannot overexploit the capacities of their natural resource base and expect to keep on growing. They have used up or are well on the way to exhausting their natural capital. Their consistent high growth performance depends so much on what can be supplied by nature elsewhere on this planet. A good part of the extremely volatile money fuelling their bubbling economies come from distant places. These Asian ‘miracles’ must be appropriating the carrying capacity of others who do the same unto them.

A country can only produce, sell and buy so much. Beyond this growth is artificial and will backfire eventually. Too much borrowing and overpricing of assets make a bubble economy that is sure to burst one day. And burst these Asian miracles did in 1997. At the first signs of trouble billions of foreign capital, which can exit an economy as fast as they enter, relocated to safer places to continue their speculative flight.

Participatory development is non-tradeable. The Asian miracles are outstanding cases of bread-freedom trade off. These are run by authoritarian-corporate elites whose legitimacy derived less from popular acceptance than from delivery of economic goods. In other words, a classic case of voiceless growth where people are stripped of their rights in exchange for material gains.

### Daring a strategy

The challenge before us is whether and how these lessons can be converted into a viable and effective poverty-eradication strategy.

Growth with equity or equity with growth? The current debate on strategy tends to be framed around these questions. Some people in government think these are mere play with words. Certainly not. The two questions suggest basic differences in perspective, goals and processes.



The starting point of 'growth with equity' is growth, productivity, wealth creation, then sharing benefits later. But sharing rarely happens because the rich find even less incentive to share as the economic pie grows.

'Equity with growth' puts the poor first and last and at the center of all strivings to increase wealth and human welfare. It also means returning to the environment what we take from it, here and now.

The government is aiming for high growth-high equality from a baseline of low growth-high inequality. How on earth this can be achieved under a basically liberal policy regime stands to question. This kind of policy suggests equal opportunity but without any basic change in the condition of inequality. This is the unresolved dilemma of the Ramos government. In the fashion of a zero-sum, worse still, negative sum game commitment to social and environmental justice gets undercut by deregulation of market forces who compete to win not to promote competition.

Liberalization or protection is not bad by itself. The more basic question is *what for* and *for whom*. From the perspective of 'equity with growth' liberalization and protection are targeted in the interest of the poor and the environment. The rich, especially the richest 10 percent, can very well protect themselves. It is the victims of their unregulated activities who need a liberal and protective treatment the most. If government truly believes in free competition it must first do away with all the barriers that keep the poor out of competition.

Suppose Erap does a benign Mahatir. What if he dedicates all his six years for the poor like Mahatir tilted the social imbalance in Malaysia to bring up the *bumiputra* (racial Malays) to the level of the well-off Chinese and Indians? Six years of building the capacities of the poor might be enough to level the playing field.

Growth can be achieved by simply cashing in on the poor. By focusing on building their capacity to address their own basic need for security on all counts – in food, housing, education, health, working condition and freedom of movement – government can get the best value out of every budget peso. What better productivity is there than that which is focused on employing the poor to solve their own problems? If only every problem translates to work, the poor have more than enough problems in their hand to be out of work. Government should problematize how to compensate the poor to produce for themselves and the whole nation.



Government need not look elsewhere to find where it can spend its scarce and borrowed resources to make our economy grow, even like a NIC if you will. The poor millions in the uplands, lowlands and seacoasts have been waiting for long to be tapped for the job.

Shorten or reduce is the strategic word. A good anti-poverty strategy should be able to shorten the food miles, the education miles, the housing miles, the workplace miles, the leisure miles. The poor have to be enabled to produce and buy what they need as close as possible to where they live.

**T**he Asian crisis validates this point particularly in the case of Thailand and Indonesia. The latter experienced food riots perhaps because it is highly dependent on rice importation. Indonesia might have been saved from total collapse because it still has oil and forests to mortgage and sell. Thailand, apart from being more democratic, is able to grow its rice and a variety of things in the neighborhood.

Our vision and strategy may sound too romantic in a rapidly globalizing world. Maybe so but without apologies. The point here is to build and utilize local capacities with a long view to the creation of self-governing and self-sufficient communities. This vision may still be far out in the horizon but it would be worth all the efforts to strive in this direction.

A line in *Jesus Christ Superstar* may be paraphrased this way: 'There will be poor always, pathetically struggling to better their lot.' But poverty was not there in the beginning. It came only later and probably will be here to stay for as long as we have not found an effective strategy.





## About the author

Isagani R. Serrano is Senior Vice President and Board Member of the Philippine Rural Reconstruction Movement (PRRM). He's written for CIVICUS the following: *Civil Society in the Asia-Pacific*, 1994; *Humanity In Trouble But Hopeful* in CITIZENS, 1995; *Profile: Philippines* for CIVIC INDEX, 1997; *Coming Apart, Coming Together* in Civil Society at the Turn of the Millennium, 1999; *A Global Citizens' Commitment*, 1999. A community organizer, educator, writer, guitarist, 'farmer', and political prisoner for seven years during martial law in the Philippines. Trained in education and literature, community organization and development management. Holds a Master of Science in Environment & Development Education (MSc in EE/DE) from the South Bank University-London.

