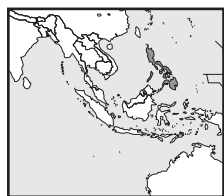


A question of (in)security



The Philippines is something of a paradox, since it is a democratic society (some say the most democratic in this part of the world) enjoying a large margin of freedom, and yet at the same time experiencing a great deal of human insecurity. As long as the Government talks peace but makes war, and as long as the economic model does not recognise the need to battle inequality and poverty, human security will remain a remote possibility.

Social Watch-Philippines

Isagani R. Serrano¹

Although the Philippines had hardly enjoyed such a peaceful period since 2001, a sense of instability gripped the whole nation for much of 2003 and people no longer feel secure given the pervasive unease and political volatility that may well continue until after the May 2004 elections. Much depends on whether the electoral process and its outcome are seen and accepted as legitimate, honest and fair.

This will be hard to achieve, given widespread poverty and a disastrous fiscal situation, combined with increasing mistrust of the Government and government officials and widespread insecurity due to kidnappings and war. As long as the Government talks peace but makes war, and as long as the economic model does not recognise the need to battle against inequality and poverty, human security will remain a remote possibility.

Why is this country in such a critical situation? What might be obstructing its path to human security? Policy continues to be guided by national security orthodoxy rather than human security and sustainable human development. This is the origin of wrong-headed domestic and foreign policies applied to the handling of conflicts, whether in Mindanao or in Iraq.

Widespread poverty and fiscal constraints

While poverty declined steadily between 1985 and 1997, since that year the number of Filipinos living below the poverty line has increased significantly. In effect, while households living in poverty declined from 44.2% to 31.8%, in 2000 the trend reversed and 33.7% of all Filipino households were living in

poverty.² This means more than a third of 76.5 million Filipinos were living in extreme poverty in 2000. Their number is likely to grow considering the rising unemployment and projected population increase to 81.1 million for 2003 (see Table 1).

Other data is consistent with the recent downturn that the Philippines has suffered in the last five years. From a ranking of 77th in 2000, the Philippines dropped to 85th in the Human Development Index in the 2003 Human Development Report. The Philippines has also consistently ranked among the worst in the Corruption Perception Index of Transparency International.

The Government is incapable of confronting the challenge of widespread poverty and inequality. The soaring budget deficit,³ poor tax collection⁴ and

the debt trap⁵ have left the State all but paralysed with respect to meeting the needs of the poor and the social service networks.

The Philippines probably will not collapse because of poverty and inequality. But the continuing failure of the Government to solve these and other related problems could make the current political unrest and instability turn nasty.

Work, survival and government futility

A survey carried out by the National Statistics Office reports that unemployment increased to 12.7% in July 2003 from 11.2% in the same month in 2002 (3.81 million to 4.35 million unemployed). Company owners would say the pressures of global competition and liberalisation left

TABLE 1

Poverty Incidence 1985-2000 - Philippines and by region (% of households)						
	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 and Development Authority, Government of the Philippines.

1 Vice President of the Philippine Rural Reconstruction Movement (PRRM) and co-convenor of Social Watch-Philippines.

2 Poverty is not shared equally and there are wide disparities among regions. While in the National Capital Region it has decreased to less than 10%, in other regions such as the Autonomous Region of Muslim Mindanao (ARMM), it runs up to 66%. Also in the country as a whole income disparity is widening. In 1988, the average income of the richest 10% of the population was 17.6 times that of the poorest tenth. It grew to 23.7 times in 2000.

3 The 2003 projected deficit was almost a third of the budget: USD 3.67 billion in a budget of USD 14.6 billion. In 2004, given the Government estimates of expenditure and revenue, it will have to borrow at least USD 18.16 billion a day to cover the deficit and pay part of the USD 58.1 billion national debt.

4 Tax collection continues to be a struggle. While a slight improvement was seen in 2003 it was still inadequate to finance the huge budget.

5 Debt service for 2002 was 24% of the National Government Budget, not including principal payments. Indebtedness has been increasing steadily since 1981. Government borrowing in the last two and a half years of the Macapagal-Arroyo Government has broken all records. On a per capita basis Filipinos owe about USD 726.

them no choice but to downsize in order to stay afloat.

Underemployment grew from 5.16 million to 6.21 million during the survey period (20.8%, up from 17.1% in July 2002). The rising cost of imported inputs and the dumping of cheap agricultural commodities like rice, fruit, garlic, vegetables, meat, etc., have made farming a losing business proposition. As a result, agriculture is now less able to absorb workers than in the past.

Not only are workers' livelihoods less secure; business is also showing increased insecurity. This is apparent from the reports of the 29th Philippine Business Conference held in November 2003, organised by the Philippine Chamber of Commerce and Industry. At the conference the community urged the Macapagal-Arroyo Government to implement reforms in the following 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.

If labour and business confront increasing insecurity, the population is also faced with an increasing sense of insecurity, not just regarding their incomes but their very survival.

Personal insecurity

Tabloids and major newspapers abound with reports of murder, rape and child abuse, illegal drug trafficking, bank robbery, money laundering, smuggling, car theft ("carnapping") or plain robbery. Snatching of mobile cellphones has become rampant. The police, the military, and the Government are believed to be implicated in some of these crimes. If the upper classes are worried over threats to their property, privileges, and personal safety, the middle class is horrified at how fast its opportunities are dwindling and how corruption in government has become a fact of everyday life. At the bottom end, the poor as well as the not-so-poor are restless and making demands, and their frustration with government predisposes them to agitate for any sort of change, by any means possible.

Furthermore, the war in Mindanao, especially the war waged by government forces against the Mindanao Islamic Liberation Front, is nowhere near reaching a decisive and peaceful resolution. The situation is the same with the three-decade-long communist insurgency. A succession of regimes, from Marcos to Macapagal-Arroyo, has dealt with communist and Muslim insurgencies as if they were mere military challenges. Yet even the most comprehensive proposals that take into account the political, economic and social dimensions of the conflict have come to nothing due to the Government's overriding desire to defeat insurgency

by military means. Time and results have proven that the military solution does not work.

What are we doing about it?

The Philippine National Development Plan speaks of poverty reduction as the overarching theme and overriding goal of national policy. The Millennium Development Goals (MDGs) framework is alluded to in the plan but is not really used as a reference guide to specify poverty reduction targets in planning and budgeting exercises. Local development plans and budgets are MDG-illiterate on the whole. More aggressive advocacy is needed.

On assuming office in January 2001 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, a modernised 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 - basically a neoliberal strategy of addressing poverty.

Adjustment policies - financial and trade liberalisation, deregulation and privatisation - which have been implemented since the early 1980s, were boosted by the country's accession to the WTO in 1995. Tariff barriers have been lowered to levels below those required by the WTO. The energy sector was restructured, and the privatisation of utilities, like water and electricity, proceeded apace. Yet evidence is mounting that these policies have done more harm than good to the poor and the not-so-poor.

One example highlighted by Social Watch-Philippines is reduced public investment for social development. An analysis of the 2004 budget by Social Watch-Philippines lead convener Prof Leonor Briones reveals that the percentage shares of all sectors, except debt servicing (31.4%), are decreasing. Activist NGOs and social movements have campaigned against these policies.

The Government has fallen short of its promise to translate its international commitments into action at the local level. The Localisation 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 efforts and initiatives toward sustainable local development have often been stymied by wrong-headed and counter-productive national policies, such as liberalisation in agriculture.

In 2002, Social Watch-Philippines conducted case studies on the extent to which commitments

to social development were reflected in local development plans in four provinces and one city. These commitments were those pledged by the Philippine Government in the 1995 Copenhagen Social Summit, the Geneva 2000 World Summit on Social Development or Copenhagen+5, and the MDGs of the 2000 Millennium Summit. A specific focus of the case studies was to follow up the three component indicators of the Quality of Life Index, namely, under-5 nutrition, attended births, and elementary cohort survival rate.

Local practice and experiences in planning, budgeting and spending generally mirror what is happening at the national level, and these case studies reveal that no changes have taken place in local development planning and budgeting.

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 (e.g. 5% allocation for gender programmes), specific MDG targeting is not taking place. The bulk of internal revenue allocation, which is the main source of financing for local development, goes to personal services or maintenance of local bureaucracy.

The case studies show a picture of poverty changes at the sub-national level and suggest where and how to focus efforts in monitoring the implementation of social development commitments. The main challenge is how to build local capacity into planning, budgeting and spending to improve local governance.

In the Philippines, consultation of the people is constitutionally mandated and therefore a feature of policy making at all levels. There are processes and mechanisms in place that allow for citizen participation in formulating development plans for the whole country, for each sector, and for different localities. Thus what is worrying is not so much the absence of popular participation as the quality and impact of such participation. There is an excess of consultation on poverty, especially at the national level. Yet, while the voices of the poor are no doubt heard, they hardly matter when it comes to major decisions, especially those concerning budget allocation.

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