

An Inquiry into the Nature of Philippine Politics¹

PHAVISMINDA Journal
Volume 8 (May 2009): 29-46.

Reynaldo Rivera, PhD
Billman University, Dumaguete City

Civil government so far as it is instituted for the security of property, is in reality instituted for the defense of the rich against the poor — Adam Smith, *The Wealth of Nations*.

The above quotation, from Adam Smith's *The Wealth of Nations*, describing the institutions of governments in order to secure the property of the rich against the poor explains the general nature of Philippine politics. In the context of the "right to property" where only the rich can possess it, it is possible to talk of governments as instruments of putting people's welfare on the sideline in the political arena. For instance, the free-market policy in the Philippines has shown that multinational agribusinesses have penetrated agriculture in the countryside; they have entered into "contract relationship with small growers" (Temario C. Rivera, 27). Through "the contract relationship, the small growers are entrapped in a vortex of indebtedness to the company, and is severed from the ownership of the means of production" (*ibid.*, 27). The separation of the small growers from their own lands explains how capitalist laissez-faire politics in the Philippines has allowed wealth concentration in favour of the rich against the poor. Between property and the poor man, property is always given security over the welfare of the poor man. Again, when the poor worker has overstressed the expensive machine, he is terminated from the service rather than the machine, or he is made to pay for the cost of stretching the machine.

In the eyes of politics then the poor man is cheap and the machine is expensive. Thus, in *The New Freedom* (1913), United States President Woodrow Wilson documented the politics of the poor man as second class citizen in this manner:

Did you never think of it — men are cheap and machinery is dear; many a superintendent is dismissed for overdriving an overtaxed man; there are others ready to come into his place; but you can't without great cost, discard your machine and put

a new one in its place.... it is time that property, as compared with humanity, should take second place, not first place.

Perhaps, I sound very elementary with this quotation. But this elementary idea sparks the truth of Philippine politics today. In fact, Philippine politics has been clothed in the gown of democratic principles of equality, freedom and justice, and it (politics) echoes Anatole France's maxim on equality that speaks: "The law in its majestic equality forbids the rich as well as the poor to sleep under the bridges, to beg in the streets, and to steal bread." But those democratic principles which are enshrined in the Philippine Constitution and legal norms and in the promises of political leaders have yielded opposite results.

In the last quarter of 2003, the Food Nutrition Research Institute of the Department of Science and Technology revealed that "8 out of 10 households are hungry" and this translates to 80% of the households who are poor, without the capacity to generate what economist John Maynard Keynes calls an "effective aggregate demand" which is necessary for creating the country's Gross National product. In terms of "food-poor-families," the Social Weather Station self rated food poverty survey of March 2009 showed an increase of one million food-poor-families from 6.1 million (34%) in December 2007 to 7.1 million (40%) in March 2008 (PDI, May 20, 2008: A3). While more and more millions of Filipinos are thrown into the turbulent ocean of poverty, the top thin layer of our society, which Secretary Romulo Neri describes as the Filipino Oligarchs, are involved in multi-million graft and corruption at an average of 20% kickbacks on all government projects since 1998, according to the world Bank study in 2000 and SWS survey in 2004 (BW, Feb. 11, 2008:1). And so the question is: "Is U.S. Pres. Wilson's plea for placing humanity first, and wealth and power second, possible in the present Philippine political dispensation?" This question may be answered after understanding the socio-historical context of political philosophy. Let me ask the questions that guide the writing of this paper: (1) What is politics in general? (2) What then is the nature of Philippine politics? and (3) Has Philippine politics assumed the role of ensuring the people's freedom from poverty and thus guided every Filipino to the destiny of what the Greeks clarified as the human capability to attain the fullness of physical, intellectual and moral development as a member of a political community?

The Meaning of Politics

What is politics? Raking from the ashes of the intellectual perspectives of the ancient Greeks and of our contemporary thinkers, politics may be described as the art of entering into the thought of the old social order, to get into it, completely, and to let what shows itself be seen from itself a new political



consciousness and thus grasp it as a new political philosophy that forms into a new intellectual attitude (Khrisnamurti in Horgan, 1995; Heidegger, 1987: 19) for many of us to the vision of a new political order that is founded on what Confucius calls political virtues of nourishing the people, of educating the people and of levying light taxes. Politics then is the art of rebuilding a new political order that responds to the concerns for the people's quality of life and to how the people wish to live their own lives. And this philosophy has evolved from the existing concrete socio-political realities but is never influenced by it as a new political conceptuality of governance.

Among the Greeks, the end of politics is the perfection of human capability, which is never destroyed by any moral depravity, physical handicap and ignorance. To the Greek a sick person is never a free man. Therefore, as a member of the polis, one is obliged to fulfil one's highest moral nature to participate in the affairs of the state. According to Aristotle, outside of the polis, man or woman is either a beast or a god. Hence, among the Greeks, politics is perceived as a moral precondition to perfect one's human capability.

Aristotle. In his *Politics*, Aristotle's political philosophy embraces the whole wide range of a subject. He argues that governments must be taken as they are according to circumstances and what it can do best with the means it has to make that governance work in any given condition (Sabine and Thorson, 110). In Book III, Aristotle "collected Constitutions as sources of studying the causes which preserve or destroy states and which bring good or bad government" (Ibid., 111). And his best practicable average government is called polity that stands in between the two extremes of oligarchy and democracy. For Aristotle then, politics is a comprehensive study of Constitutions which is necessary for one to learn "which constitution is best, how each can be ordered, and what laws and customs it must use, if it is to be the best" (Ibid.). Therefore, since for Aristotle there are only best governments rather than ideal states, politics is understood to mean the art of determining the best practicable average form of government which "results from avoiding extremes" of democracy and oligarchy (Ibid.).

Plato. On the other hand, Plato suggests that politics is the art of studying who should govern and what an ideal society should be like. For Plato, it is the art of searching for the ultimate justification for the existence of any form of government (Ibid., 49). Crucial to Plato's politics is the establishment of an aristocratic governance to be composed of "specially trained group of intellectuals (who) are best fitted to rule" (Ibid., 49). Plato's ultimate justification for this aristocratic politics is founded on his philosophical insistence that "the standard of scholarly attainment can never be left to numbers, or popular opinion" (Ibid., 49).

At the core of Plato's ultimate philosophical justification for his ideal society is his principle of justice. His vision for an ideal society is dependent on the question as to "who should rule?" In other words, the right question to ask is what makes an ideal or a perfect man? Plato's answer to this question is both psychological and biological. Psychologically, he claims that every man is composed of body and soul; hence, an ideal man is physically and psychologically perfect, free from diseases (Sabine and Thorson, 52). The human soul of a psychologically healthy human being has three components: (1) the rational, (2) the spirited and (3) the appetitive components. The "rational" element of the human soul enables him to reason while the "spirited" element gives him either courage or cowardice but the appetitive component of the human soul gives man and woman their modulated desires and passions for food, shelter, clothing and other physiological needs, within the normative standards of society. The harmonious functioning of the elements of the human soul comprises what Plato calls an "ideal man" or a best citizen (Ibid., 52). Hence an ideal man is a just man, and an ideal state is a just state. What is a just state?

For Plato, since a state is an "individual writ large," composing of individual beings, and since the soul of every psychologically healthy individual is composed of three functionally differentiated but wholly coordinated elements, then each of Plato's three divisions of the human soul corresponds to one of the three classes of people in his "ideal state." These classes are: (1) the ruler who administers corresponding to the rational element of society; (2) the warrior who defends corresponding to the spirited elements of society and (3) the labourer who provides the essentials of life corresponding to the appetitive element of society. The functional harmony of these three social components of society constitutes Plato's idea of an "Ideal State" (Sabine & Thorson, 52). Therefore, the politics of the Greeks — Plato and Aristotle — is the path towards the destiny of human perfection that is characterized by the absence of psychological and biological infirmities, and the attainment of the full development of the rational capability and (3) the appetitive element of the human soul (Ibid.). Hence, the true nature of mankind is the realization of the full potential of human growth. The twist in this realization is the emphasis on political rights. This is the political thought of the British thinkers who argued for rights to "life, liberty, and property" to defend the rights of the upper classes of the English society against their Kings and Princess.

Hobbes. The libertarian thinkers such as Thomas Hobbes, John Locke and J.S. Mill conceive their own politics to address "life in a state of nature." In his *Leviathan*, Thomas Hobbes asserts that life in a state of nature is "solitary, poor, nasty, brutish and short" and to preserve life and property, Hobbes proposes a "sovereignty by one person — a king" to end "the war of each



against all" (Ibid., 429). All egoistic impulses must therefore surrender to a sovereign monarch in a "covenant." Thomas Hobbes therefore has proposed the politics of the Monarch over its people.

Locke. In contrast, John Locke opposes the political philosophy of Hobbes. He champions the cause of the upper class in his *Two Treatises of Governments*. To secure the rights of the upper class of the English society, Locke formulates his political liberty, which is designed to check on the abuses of the English monarchy against the English society. He sets some political conditions as prohibitions on governmental authority. In effect, these political conditions are formulated to defend the English elites' rights to life, liberty and property against political authority, making the latter a mere political "referee" (O.D. Corpuz, June 1976: 11-21). Onofre D. Corpuz quickly points out that the socio-historical context in the late 1600 would show that John Locke's concept of people does not mean all the people of England. The people in the Lockean doctrine refers to the upper class of the English society who installed William III as King of England to replace King James II who was dethroned by the English people in a glorious revolution in 1688. Locke's *Second Treatises* then offers a political justification to the inherent right of the people to revolution when the government fails to do its duties.

Locke's prescription of a representative government is premised on his assumption about men in a state of nature. He claims that men in a state of nature are peaceful, cooperative and work for others; they own private property. For Locke, the only governing law therefore is the law of nature (Sabine and Thorson, 486). Although the state of nature is generally peaceful, there are three difficulties that are associated to it: biased judgment, lack of enforcement and variations in the degree of punishment. Locke proposes the creation of a judicial body to impartially administer the law, an executive organ to enforce the law and a legislative council to formulate a consistent and a uniform law (Ibid., 492). Therefore, John Locke's political philosophy stresses the rule of law and places human conduct immune from governmental interference (Ibid., 490-91). This Lockean tradition is further sustained in the political affirmation of John Stuart Mill in his *On Liberty*.

J.S. Mill. In his *On Liberty*, J.S. Mill asserts the primacy of Civil Liberties, which limit the power of society over the individual (Ibid., 642-43). The aim of Civil liberty is to limit the power of the ruler through the doctrine of rights which can justify people's rebellion when such doctrine is violated. But Mill's chief fear is not the civil government but the majority in governance who may use their number to repress the people from whom representatives emanate (Ibid., 642). The limitation of power set against government authority is primarily intended to preserve and secure the freedom and the property of the upper class of the English society. Therefore, the libertarian doctrine does not

extend that right to the lower strata of the English society. Hence, its doctrine of rights is really the list of aristocratic rights that protect and secure the property rights of the rich against the poor. The libertarian doctrine therefore leads to the right of the few to seize power and govern the reins of power so that politics becomes the question of what Nicollo Machiavelli: calls the "struggle for power" in *The Prince*.

Politics as the struggle for power. The best analysis of power struggle as the nature of politics is found in Machiavelli's *The Prince*. In that book, he asked how must the ruler seize, advance and maintain power. The book provides a cunning answer. He asserts that if the situation is ripe for the seizure, advancement and maintenance of power, then the ruler must use it. If the situation is not available for a power grab, the Prince's advice is to create the situation and use it to seize, advance and maintain power. Later analysis looks at politics as the study of decision processes in terms of the various strategies that interact in a political arena in order to influence outcomes and effects. David Easton views politics as the study of the utilization of the machinery of government which becomes political issues or political activities for the observer to study. In this case the study is directed at those political actions that are directly related to the making of binding decisions for a society. In other words, Easton looks at politics as "the authoritative allocation of values" (Easton 1957, 355). In this context, we see politics therefore as "the art of influencing, manipulating, or compelling (groups) so as to advance the purposes of some against the opposition of others (Wright 1955, 130-135; see also Dahl and Polsby 1961, 204). But in the context of governance, politics embodies the three very thin layers of elites (called the power elites) who hold their influence and control by virtue of their offices in critical bureaucracies such as the state, the corporations and the military establishment. They take effective control over most governmental decisions on national policies that really protect property rights against the poor (Mills. 1956).

The politics of the power elites involves a group of people such as the congressmen, the governors, the mayors, public officials and the lower echelons in the military who carry out orders from the power elites. And at the grass roots level are the small cadres of organized political operators in the villages that form the political machinery (Reece McGee, 1977; 489). They generate votes for the power elites during elections whose purpose is the "production of political power" for the thin layer of elites who run the political machine. The votes keep the machine in business. According to Reece McGee, the principle of "political reciprocity" and the principle of "hierarchical exchange" keep the machine working (McGee, 1977:489). This hierarchical reciprocity is maintained by the pay off that is necessary to keep the participant working with the machine. Resources and money form the "grease that



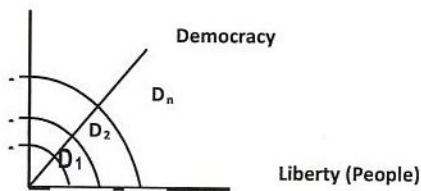
lubricates the hierarchical reciprocity" (McGee, 1977:489). Political influence is generally realized through harassments, threats of losing jobs and of "having taxes reassessed or raised by a factor of ten" (McGee, 1977:489). Crucial to the power elite and machine politics is the use of "political patronage jobs."

Our understanding of Philippine politics today includes a bit of understanding the meaning of politics yesterday. We see the past in the intellectual life of the Filipino political philosophy today. The concepts of "development" or "social justice" in "The Declaration of Principles and State Policies" of the Philippine Constitution, the exposition of "social justice" by Justice Jose P. Laurel or the political philosophy of Ferdinand E. Marcos in his *Notes on the New Society* (1976) and *The Ideology of the Filipino People* (1976) have traces of the Greek political philosophy. Those articulations uphold that the end of every human person is "to attain the fullness of physical, intellectual and moral development" (O.D. Corpuz, 1973:23). According to Laurel and Marcos's thinking, when perfected, every Filipino is expected to be "wholly human" who must attain "excellence of the body, of the mind and of the soul" (O.D. Corpuz, 1973: 23).

The Filipino use of the American practices of political machines, the two-party-system and the separation of powers with checks and balances are expressions of the 17th & 18th century liberal political philosophy. But the frequent calls for Charter Change, political revamp and the use of circuses, bread and butter political approaches, are historically rooted in the Italian elite theoreticians; it is an expression of Robert Michel's "The Iron Law of Oligarchy." "The Bill of Rights" in Article III of the 1935 Constitution and later on in Article IV of both the 1973 and the 1987 Philippine Constitutions — which put prohibitions against government authority and to secure "life, liberty and property" are basically Lockean political philosophy. Even the theoretical expressions of Philippine democracy in terms of the balanced interplay between government authority and the people's right to free speech and private property ownership as propounded and pursued by the Civil Liberties Union in the Philippines are articulations of John Stuart Mill in his *On liberty*.

The structural expression of Mill's political philosophy is shown below:

Authority (Government)



Note: Please compare this to Lucian Pye's theory of Political Development (1967) and Fred Rigg's Theory of Political Development (1971)

Finally, the "democratic revolution" that President Marcos has articulated in his *Today's Revolution: Democracy* (1971) is basically a Hobbesian philosophy that impliedly proposes a Leviathan Filipino society. Marcos invoked the Constitutional mandate of social justice in "The Declaration of Principle and State Policies" of the Philippine Constitution to justify his vision for a Leviathan politics.

The reviewed political philosophy, therefore, clearly foreshadows the establishment of today's Philippine government which framers of the constitution built according to the principles of "representative democracy," the promotion of "social welfare," and the political ideology known as "Revolution from the Center." What then is the nature of Philippine politics?

• THE NATURE OF PHILIPPINE POLITICS

As pointed to above, the nature of today's Philippine politics or governance has a bit of history. That history embodies the concepts of the Lockean republicanism and the American tradition of machine politics, the concepts of social welfare and improved quality of life and the articulation of the medium term Philippine Development Plan based on Adam Smith's free-market principle and the GATT-WTO principle of free-trade. How these principles form the behavioural dynamics of Philippine politics is central to the writing of this paper.

Philippine Republicanism and Machine Politics

The Philippine Constitution has adopted a republican and a democratic state. Republicanism therefore serves as the theoretical basis of my discussion. The basis of Philippine republicanism is spelled out in Sec. 1, Art. II of the Philippine Constitution, to wit: "The Philippines is a republican and democratic state. Sovereignty resides in the people and government authority emanates from them."



Republicanism is based on the principle of representative government. In Jean Jacques Rousseau's contrast to direct democracy where the citizens can directly participate in the affairs of the state, the people elect their representatives to the government, who pass laws in the law-making organ of the state. Their laws are executed by the President of the Republic of the Philippines. In cases of conflicts of law, the judicial body, usually lodge in the Supreme Court of the Philippines, settles the legal conflicts. Political questions are settled by the lawmakers in the Philippine Congress. The Philippine Constitution, therefore, has adopted the Montesquieu tripartite system of government consisting of the executive department, the legislative department and the judiciary. The legislative branch of government is a bicameral body. These two bodies are the House of Representatives called the Lower House and the Upper House is the Senate. The 24 members of the Senate are elected nationwide for a term of six years and the former are elected every three years by their respective districts. The representatives cannot run for the same elective posts beyond the three consecutive terms. The senators can serve not more than two consecutive terms.

All elected officials, including the members of the Supreme Court, members of the Constitutional Commissions, such as the Commission of Election, the Commission on Audit and the Civil Service Commissions, are held accountable to the people by impeachment through Congress. Members of Congress and elected local officials are accountable to the people by suspension, by system of recall and by elections. Organized below the central government, the local units form the hierarchy of "machine politics" operating in cell-structures at the *barangay* and the precinct levels in the countryside.

The term machine politics suggests a reliable and repetitive control of *barangay* voters within a particular jurisdiction. The structure is hierarchically ordered patterns of elite-voter relationships that suggest how material rewards and incentives are distributed (Rivera, 1985). Michael Johnston (1979) describes this relationship as "a well ordered, smoothly working patron-client organization," characterized by factions in small groups of *barangay* and precinct leaders actively working for the party that "converts the products of public authority into rewards from the faithful" (Ibid). In turn, these faithful groups turn out the votes and other forms of political support for their patrons to legitimize their positions in the central government. Thus, one notable feature of machine politics, according to James Scott (December, 1965), is that it is "blatantly corrupt, costly, and encourages petty graft which, in turn, exemplifies the effects of machine pressures in road building and other developmental schemes among developing nations."

The norm of corruption in Philippine governance involves billions of pesos that go to the "pockets of corrupts officials" (Business World, February 11,



2008:1). The World Bank document on Philippine corruption in 2000 has cited a study made by President Joseph E. Estrada's Economic advisers in 1999 who "found out that 20% of government funds for projects in 1998 had ended up as kickback's" (BW, Feb. 11, 2008). This translates to "about P24.1 billion (which) was lost in 1998 to graft and corruption, out of the P120.6 billion allocated for capital spending in that year's P546.7-billion national budget." The 20% corruption norm in Philippine capital spending was confirmed in a 2004 survey of the social weather stations and the same corruption norm in government at 20% was validated during the senate hearing on the alleged overpricing in the shelved National Broadband Network project (Business World, Feb. 11, 2008:1).

Using the 20% corruption norm out of this year's 147.662 billion capital outlay in the p 1.227-trillion national budget, the Makati Business Club feared a P 30B leakage to graft and corruption this year. Again, this is connected to our imported "machine politics" from the American and the Italian political tradition. The norm of corruption on capital expenditures has been reinforced by the present political dispensation because the Arroyo Administration has exempted many government projects from "the public bidding required under the new procurement law"—RA 9184 otherwise known as the Government Procurement Act (B. Diokno, "Evils of Corruption," BW, Feb. 21, 2008: S1/5). Those projects include: "Northrail project, Southrail project, Cyber Education project and the mothballed National Broadband Network project" (B. Diokno, Business World, Feb. 21, 2008).

In the case of the National Broadband Network which costs \$46,107,524 for the 25,844 locations nationwide at \$1,784 per unit of equipment is found to be overpriced by \$16,126,656 ($\$1,784 - 1,168$ if we double the unit market price of the equipment costing only \$580) $\times 25,844$ stations = 16,126,656). Adding the NBN overprice in labor cost for the 25,844 locations [$(\$1,000 - 250) \times 25,844 = \$19,383,000$] nationwide the total computed overprice cost of the NBN project is \$35,509,656.00. Although the "DOTC officials keep claiming there was no overprice in the LTE contract," the Jarius Bondoc "proof of overprice" caught them with pants down (J. Bondoc, The Philippine Star, Feb. 18, 2008:15).

From the magnitude of corruption in the Philippines since 1998, "the ordinary citizen bears the burden of corruption— s/he is deprived of essential public services or s/he is going to be asked to pay more taxes in the future" (BW, Fe. 21, 2008). This speaks of what US-President Wilson described as the "poor man" or "humanity" being placed second and property first place.

This form of political practices really assaults the meaning of sovereignty that is entrusted in the hands of the Filipino people by the Constitution. And the same political structure, which is rooted on machine politics, is mandated by the Constitution in Article XII to establish the Philippine economy that



"promotes industrialization, full employment based on sound agricultural development and agrarian reform." The same article in the Constitution explicitly provides that "the goals of the national economy are a more equitable distribution of opportunities, income, and wealth, a sustained increase in the amount of goods and services produced by the nation for the benefit of the people; expand productivity as the key to raising the quality of life for all, especially the underprivileged." The protection of Filipinos against unfair competition is provided in Sections 10 & 11 guaranteeing in equity ban on aliens at 60:40 ratio for investments in the exploration of natural resources and in public utilities and telecommunications, respectively. Despite the promise for more economic benefits to flow back to the people, wealth is extracted from the national economy for repatriation abroad; the equity ban on aliens does not seem to work for the protection of the national wealth from foreign exploitation and use for the latter's benefits. Through the service Contract Law, foreign business is entitled to 40% stake in the 60% equity share of the Filipino owner to cover expertise and other costs. Hence, total foreign share will rise to 64% while Filipino equity share becomes 34%.

What then is the actual national situation? What is the theoretical principle on which the national economy is set up? What are the consequences of the way the national economy is established, operated and sustained? Does the national economy ensure the welfare of the people for them to attain their full development?

The National Economy

The framework for the Philippine National Economy is contained in the Medium Term Philippine Development Plan (2005-2010). This economic framework articulates the vision of the national government for the Philippine society. The vision then expresses the mandate of the Constitution, as provided for in Section 1, Article XII, for more equitable distribution of the fruits of the economy back to the people. The plan envisions to "improve the quality of life for all Filipinos in the next six years by reducing poverty and providing the fruits of economic prosperity to the greatest number of Filipinos." These political promises are to be "guaranteed by the attainment of the enhanced quality of life, greater economic opportunities for all, maintenance of a stable social and political life and the promotion of private enterprises" (MTDP, 2005-2010, 1). To realize this vision, the economic doctrine that is pursued in this agenda is "free economic enterprise."

This economic doctrine is tied to the free trade policy of the "technology republics" of the West. It creeps into the country by way of the Paine Aldrich Act of 1909, then to the Bell Trade Act of the post-war period and then to the Decontrol Law of 1962 promulgated by then President Diosdado Macapagal for



an “unrestricted trade and free exchange” that “slowed down the expansion of Filipino manufacturing industries and, with it, the growth of the economy as a whole” (Lichauco, 1988:169). This Decontrol Law then gives “the development initiative to the foreign sector” (Lichauco 1988, 169) which created a massive accumulated capital outflow of over \$1B in trade deficits plus a non-trade net capital flight of another \$1.0B (one year after the effectivity of Decontrol Law of 1962) by way of profit remittances, capital withdrawals and investments by Filipino overseas, according to Lichauco's 1972 Concon document (1973, 23-24). As of 1968, the SEC documented a total of 743 fully foreign-owned corporations and over 3,800 domestic corporations (Villegas 1983). Most of these corporations are foreign-owned. These companies facilitated the capital flight of the Philippines to their home countries. For this capital hemorrhage, the country was forced to quadruple the Philippines borrowing from \$150 M prior to decontrol to \$ 600M in 1965 (Lichauco 1988, 172). The Filipino capital hemorrhaging has continued up to today in trade deficits and remittances of profits, earnings and dividends. Between 1975 and 1989 alone, Prof. M. Magallona of the University of the Philippines (UP) Law Center (Daily Globe, May 29, 1992) cited the full annual statistics of the International Trade Statistical Yearbook (1991) showing that the Philippines had incurred an unbroken manufacturing trade deficit amounting to \$1.9 B a year on the average. For a period of 15 years from 1991 to 2006, balance of trade deficits in millions of US dollars still show an almost unbroken trade deficit (NSO 2006).

The nation's “financial hemorrhage” has never stopped. The U.P. Law Center has calculated the Philippine capital flight at \$2.00 for every annual earnings of \$3.67 for every \$1.00 investment in the Philippine economy (Rivera, 2006). By the magnitude of our external debt at an official figure of \$62B as of 2003 and extracts over \$10B a year in debt services from the economy, according to the estimate of the Asian Development Bank (Alert, Jan. 2006:4), the country is in pain. It is bankrupt. The bankruptcy of the country has compounded due to the Presidential Prerogative on Accelerated Tariff Reduction which lost the country in revenues to a total amount of almost P1 trillion in the last decade, according to the Philippine Star issue of February 9, 2005. The solution to this financial hemorrhage is the imposition of the unpopular 12% value added tax to poor the people and to buy the people during election periods or to allegedly “envelop” the Filipino bishops to hopefully neutralize the opposition against Charter Change, and to raise revenue for the national mandatory 40% budgetary requirement to pay for our foreign debt. According to the Philippine Senate, we have repaid our debts twice and paid our foreign creditor banks 5 times more in debt service than what “we have received as official development aid.” (Michael Bellington in



Alert, January 2006, 4). This sustained national economic appendicitis is also a built-in scheme in the tying of the peso to the US dollar.

FOREX: Peso-Dollar Exchange Process

This parity at P2.00 to \$1.00 in 1950, which has appreciated the value of the US Dollar to an average exchange rate of the peso at P55.24 (NSO as of 2005), shows that the US economy, too, has, in the context of Michel Chossudovsky's thinking (1977, 34), multiplied the "globalization of poverty" in the Philippines. Globalization is a "process which undermines human livelihood and destroys civil society" (Ibid.) in the Philippines. This impoverishment process is amplified in the "dollarization" of the Philippine currency because the peso devaluation will require more pesos to pay our already paid debts and reduced our budget for the social welfare programs.

According to the Finance Department sensitivity analysis for 2006, for every P1.00 depreciation of our currency relative to the US Dollar, the government can expect to lose as much as P4.369 B in debt service for 2006 or saves P4.369 B in debt service for the same period if the peso appreciates by P1.00. This has serious implications to the national economy, particularly on the lives of the people. In 1975, "51.49 percent of all Filipino families were on and below the poverty line" (Constantino 1979, 15). In 2003, about 80% of the total households are hungry. If the Department of Science and Technology-Food and Nutrition Research Institute's reports in the last quarter of 2003 is correct — that "80% out of 10 households are hungry," then this will cut production to the level of 20% household consumption pattern. This could mean retrenchment to reduce the employers' cost of personnel services and to increase demand and prices for the few, in order to rake over from the ashes of poverty the maximum profit for remittances abroad. These socio-economic realities are consequences of the economic activities that are embraced by the Medium Term Philippine Development Plan (MTPDP, 2005-2010).

The Economic Consequences of MTPDP

The globalization of the Philippine economy through the Paine Aldrich Act in 1909, through the Bell Trade Act of 1948 and the Decontrol Law of Pres. Macapagal in 1962, then to Pres. Fidel V. Ramos's obedient acceptance and enforcement of the "globalist prescriptions of the IMF-WB and WTO — particularly the globalist prescriptions on unregulated international capital flow" (Alejandro Lichauco, Today, Nov. 21, 2000), has led to the Philippine crisis that badly hit the last year of President Ramos' term in office. This crisis took place despite his promise of "safety nets" in exchange for the adoption of the GATT-WTO prescriptions. The peso during his term plunged from P27: \$1 to P46 : \$1, and the stock market index plunged from 3,200 to 1,200 points. His

unemployment rate soared from 8% to 14%, according to Today (Nov. 21, 2000). Lichauco describes this as the highest ever. Despite claims of President Ramos' economic technocrats that the crisis was an Asian phenomenon rather than the effect of globalization, US Treasury Secretary Rubin acknowledged the unregulated flow of short term capital as "the principal offenders in Asia's financial crisis" (Lichauco, Today, May 27, 1998) while "Hongkong Chief Executive Tung Chee-Hwa blamed the increasingly open markets for the Asian economic crisis" (Ibid.). This crisis activates the inflation to soar and the peso-purchasing power to fall relative to prices of basic commodities in the market.

The Consumer Price index (CPI) has continued to rise. The National Statistics Office (NSO) noted that the CPI for 2005 rose to 129.8 with 2004 as the base year. This means that in 2005, the value of the peso went down from P1.00 in 2004 to P.70 in 2005. Since the base year continues to move forward, the NSO simply wants to show to the Filipino people that the economy is doing fine because the CPI is low. They do this softening despite the DOST-FNRI survey results claiming that "8 out of 10 households are hungry," which translates to 80% of the total households who are hungry. The same data-set reveals that only 20% of the total households belong to the demand sector which can consume. If so, then this explains the Philippine low economic growth rate performance at 5% in 2005 because production must correspond to the demand side of the economic equation. But again, since that 5% GNP rate includes Overseas Filipino Workers (OFW) remittances of \$895,479,000 as of April 2005 (NSO), we cannot really say that this is a genuine performance of the national economy. In 1999, the Ibon Facts and figures (March 15, 2000) revealed that remittances from January to November 1999 constitute 25% of the GNP and the OFW share in the GNP increased to 33.5% if remittances through non-formal channels are included.

Moreover, machine politics and globalization of the economy are key factors that explain the present national situation of bankruptcy and poverty. Given this economic debate, these key political and economic factors cannot reverse the present situation despite the WB-inspired millennium goals for development.

Summary and Conclusion

This paper has four parts: (1) discussion of the political economic structure in the context of republicanism and machine politics, (2) description of the national economy and the peso-dollar exchange rate, (3) analysis of the economic consequences of the Medium Term Philippine Development Plan (MTPDP, 2005-2010), and (4) summary and conclusion.

Republicanism is the principle of representative government—a government that is presumed to be governed by the principles of reason. The



Philippine Government is presidential in nature and follows the tripartite structure operating in the principles of checks and balances and separation of powers among the three main branches of government: the executive, the legislative and the judicial departments. The executive checks the legislative branch through the Presidential veto power on legislation and the budget mechanism, while the legislative checks the executive by overriding the veto power of the President by 2/3 votes and by impeachment. The judicial body checks both the executive and the legislative branches of government by declaring their legislative actions unconstitutional. The Philippine Bill of Rights has its roots to the Lockean tradition and it came to the Philippines via the Jones Law of 1946. The concept of social justice is basically Greek but machine politics, elite and power struggle are transplantations from the American and Italian thinkers. Furthermore, the local government that operates below the structure of the national government makes up the machine politics that assaults the philosophy of liberal politics of representative governance.

This duly constituted government is mandated by the Constitution to establish the national economy to ensure that the fruits of the latter will flow back to the people. But because of such policies as the decontrol program of President Macapagal and the subsequent globalization prescriptions of the IMF-WB and GATT-WHO as adopted by then President Ramos, the presidential prerogative on tariff reduction and the tying of the peso to the US dollar, the national economy suffers from what Magallona describes as the "hemorrhaging" of the national economy. The unbroken balance of trade deficits of the country since 1975 up to this year, and the increasing annual debt servicing of the Philippine external debt at 40% of the national budget – that also drastically reduces the budget allocation for social welfare programs – are the banners of economic "debacle" in the Philippines. Walden Bello acknowledges this "economic debacle" as a consequence of the IMF-WB-WTO globalization prescriptions in the Philippines. Globalization prescriptions that undermine the livelihood of the people and the growth of the economy as a whole, then, are the same free trade prescriptions for what Chaossudousky calls the mechanism for the "globalization poverty."

Despite the WB-inspired Millennium Development Goals for this country, the serious underdevelopment of the national economy cannot be turned around. What has been started by the WB-IMF-WTO through the economic deregulation of 1962 and the globalization prescriptions as adopted in the Philippines in 1994 will continue to rob what truly belongs to the national economy for the Filipino people. If there is any hope, it is hidden in the power of what Senator Claro M. Recto asserts as the establishment of real national industrialization that is founded on a powerful national steel under a mercantilist program. Mercantilism and nationalism remain the undisputed

power that made the "Technology Republics" the powerful industrial nations. We must then adopt the philosophy of nationalism as the power to push the nation toward the path of national industrialization that Korea, Japan, India and China have taken. Then only hope for this country is found in the hands of the Filipinos rather than entrusting the life of the national economy in the hands of the international multilateral agencies. Above all, this country needs conscientious people in the government.

What is the meaning of this inquiry into the nature of Philippine politics to our method of Philosophical learning? The present representational learning in our school system is designed to allow the students to bring their classroom-learned theories to the field for testing and validation and then reformulate the theory based on field experiences. The approach then is pragmatic-logical positivism that starts with the theory then goes to research or to field exposures.

To me, the method is highly "calculative of the hierarchically ordered categories for field testing." Philosophical learning then has reduced science to procedures where thinking is replaced by theories and forms; interpretation is done by facts. But if philosophical education is to bring the learned classroom theories to the community, then this analysis will provide a broader analytical orientation for the students to understand the situation in the field. It can also be used in guiding to know what is not known in what is known and to know what is unthought in what is thought, as well as offering a guide collecting data and validating theoretical perspectives.

Logical positivistic and pragmatic approaches may have their own special purpose. By focusing education on "calculative" learning, thinking outside of forms is practically left behind to oblivion. In this process, we seem to have ended real education that searches for knowledge in what is never thought and in what is not said of the existing theories. I propose to balance philosophical learning in pragmatism and logical positivism with a concept-free reflective thinking approach to knowledge generation of the unthought in what is thought.

In what may be called real learning, let me quote from quantum physicist Werner Heisenberg who proclaims that "I frankly admit that I am strongly attracted by the simplicity and beauty of the mathematical schemes with which nature present us" (Heisenberg in Ceniza and Abulad 2000, 206). Thus, real learning stems from a concept-free-thinking that lets reality "shows itself from itself" and let the community-experience reveal its form from itself to the learner's cognition. And because there is no final knowledge of the world in which we are situated, the advice of the Indian mystic Krishnamurti is worth quoting: "... go into the thought, to get to the end of it, completely and thought would become a different kind of consciousness." (Horgan 1996, 89)

REFERENCES

- Baldrige, Victor. 1975. *Sociology: A critical approach to power, conflict and change*. New York: John Wiley and Sons.
- Bellington, Michael, *Executive alert* (January 2006).
- Geniza, Claro and Romualdo Abulad. 2000. *Introduction to philosophy*. Manila: Santo Tomas University.
- Chossudovsky, Michel. 1997. *Globalization of poverty*. Manila: Institute of Political Economy.
- Constantino, Renato. 1979. *The nationalist alternative*. Manila: Foundation for Nationalist Studies.
- Corpuz, Onofre D. 1973. Liberty and government in the New Society: An intellectual perspective. *Philippine Political Science Journal*, 3.
- Easton, David. 1957. An approach to the political systems. *World Politics* 9: 355.
- Horgan, John. 1996. *The end of science*. Mass.: Addison-Wesley Publishing Company.
- Johnston, Michael. 1979. Patrons and clients, jobs and machines: A case study of the uses of patronage. *American Political Science Review* 73 (June).
- Lichauco, Alejandro. 1974. *The Lichauco paper: Imperialism in the Philippines*. New York: Monthly Review Press.
- _____. 1988. *Nationalist economics*. (Quezon City: Institute for Rural Industrialization.
- _____. Indonesia's lesson for Estrada. *Today* (May 27, 1998).
- _____. Who really screwed the economy? *Today* (November 21, 2000).
- Magallona, Merlin. Hemorrhage as a national policy. *Daily Globe* (May 29, 1992).

- McGee and others. 1977. *Sociology: An introduction*. United States. Pryden Press.
- Mills, C. W. 1956. *The power elites*. New York: Oxford University Press.
- Rivera, Reynaldo. 1985. *Political parties and machine politics, citizen participation and political development: A study of the 1980 local elections in Dumaguete City*. MA Thesis, Quezon City: University of the Philippines.
- Sabine, George and Thomas Thorson. 1973. *A history of political theory*. New Delhi: Oxford and IBH Publishing.
- Wright, Quincy. *The study of international relations*. New York: Appleton-Crofts, 1955
- Villegas, Edberto. 1983. *Studies in Philippine economy*. Manila: Silangan Publishers.

Endnote

¹ 31st PHAVISMINDA National Conference Paper, 26-9 May 2008, Tubod Flowing Water Resort, Cebu City. The best erudition happens when a student stands on the broad shoulders of great teachers. In my case, the arduous task of learning the difficult crafts of Martin Heidegger is accomplished under the best and meticulous care of Fr. Dr. Heinz Kulueke-my mentor and dissertation adviser. I owe him a debt of gratitude and appreciation for which I can never repay. I also acknowledge other terrific mentors of the University of San Carlos for their dedicated mentoring: Prof. Antonio Diluvio, Dr. Aмоса Velez, Dr. Rosario Espina, Fr. Dr. Florencio Lagura, SVD, Fr. Dr. Heinz Kulueke, SVD, Fr. Dr. Ramon Echica, Bro. Dr. Romualdo Abulad, SVD, the young faculty members of the Department of Philosophy, and the late Dr. Virginia Jayme. But for all shortcomings in this paper, I take full responsibility.