

Poverty in the Philippines: Its Social Roots

Randolf S. David

Poverty in a Small Barrio: An Everyday Picture

Binuclutan is a coastal barrio of Botolan, a town in the province of Zambales facing the South China Sea. Early morning finds most of the families in this community gathering by the edge of the water to help pull a large net ashore after it has been dropped into the water by two boats to form a half circle.

Fifteen years ago, the catch would be sufficient to feed an entire community for a whole day. Today, they have to drop the net several times in different places to haul in a catch that may not even be enough for the crew of the two boats. On particularly lean days, only a few small fish, plus a flotsam of beer cans and plastic bags left behind by weekend swimmers, are caught by the nets.

Mang Isyo's job in this barrio has been to spot groups of fish, direct the boats to drop the net in the general direction of the fish, and call on helpers, by blowing his whistle, when it is time to drag the net ashore. He has grown older, more bent, over the years. His life has not improved, he says; he is poorer than ever.

His only son, Lamberto, had died two years ago from lung trouble, contracted when he was working in a talc mine site nearby. The white powder had clogged his respiratory system, and he had to stop working. Too bad, Mang Isyo said, because the young man had wanted to save money for an overseas job.

This is subsistence living in the Philippine countryside, worse in many ways than the conditions in Negros, a province in the Visayas, which has become the epitome of

poverty in the Philippines. The boats and nets used by Mang Isyo's group are owned by the town doctor, who also became the town mayor in the last local election. The boat owner gets half of the proceeds from the sale of the fish caught, when there is fish to be caught at all.

Mang Isyo observes that they need larger boats and bigger nets so that they can venture farther out into the sea. Shoreline fishing has become unproductive because the spawning grounds of the fish, the corals, have been destroyed by dynamite fishing and by massive siltation caused by the erosion of the nearby mountains. Years of steady timber-cutting by big-time logging concessionaires have so denuded the mountain range along the coast that today, the rivers which used to irrigate the community's farm lands are uniformly dry, clogged and choked to death by big stones and layers upon layers of sand.

But nobody would risk financing bigger boats and nets. The local moneyed families would rather invest in beach resorts and prawn farms. Beach resorts have flourished since the completion of a good highway system linking the coastal towns of Zambales to nearby Olon-gapo and the Subic Naval Base (one hour away) and Manila (three hours away). But even in the beach resort business, local entrepreneurs are being edged out by Swiss and Australian financiers who have conveniently married Filipinas to be able to legally own real estate property.

Apart from tourism, prawn farming is the latest craze in Botolan, as in all the other coastal areas of the country. Here, Taiwanese capital and technology have led the way, forming joint venture partnerships with local politicians and businessmen. Over the past year alone

(1988), long stretches of rice farms along the coast have been bulldozed and converted almost overnight into fishponds. Prawns fetch such a fantastic price in Japan that they are fast replacing bananas, also from the Philippines, as a prime export food product.

Prawn farming is highly capital-intensive. Many of the available job openings are for security guards rather than for workers. It is also very import-dependent. Prawn feed consists mainly of fish meal. Seventy percent of all prawn feed used in the Philippines is imported from Taiwan. The Philippine contribution to the business consists of the prawn fry, the fishponds in which they are nurtured, and the water. Water is a crucial element in the business. Prawns can thrive only in brackish or semi-salty water. Salty water is pumped in from the sea through large pipes by electric power generators, while the fresh water has to be pumped up from the ground - since the rivers and streams can no longer supply this rapidly vanishing resource. Ground water, traditionally taken for granted in a tropical country like the Philippines, has hit critically low levels in almost all communities that have hosted these instant prawn farms. The depletion of ground water deposits will almost certainly produce sea water seepage, which in turn will contaminate existing drinking wells.

In this small sleepy barrio of Binuclutan, no one seems to find the time and take the trouble to articulate this silent apprehension about the rapidly deteriorating state of the community. Instead of confrontation with the forces that are steadily destroying the community, the dominant response has been to escape. The young people all dream of going abroad for a few years to earn a living. The men dream of going to the Middle East; while the women hope to land in Japan as entertainers, or as domestic servants in Hong Kong, Singapore or Europe, or maybe even as mail-order brides in Australia, Germany or the United States.

A neighbor of Mang Isyo, Mang Iyong, recently sold a portion of his rice farm which he had inherited from his father for P20,000 (\$1000) to finance the travel of his son-in-law for a job in Saudi Arabia. That is the going rate for a job in the Middle East - P20,000 to P25,000. All the money went to the recruitment agency. The son-in-law hopes to earn at least \$200 per month (about P4000), and, if he stays

abroad for at least two years, he might be able to bring home enough to repay the loan and to build a small house. His dreams and decisions are replicated daily by thousands of other young Filipinos in various parts of the country. Many end up being swindled by fly-by-night recruitment agencies. Those who manage to leave, normally spend their first year of work paying back the money they had borrowed to pay the recruitment agency. Most of them never manage to pay back the usurers, and so they come home to face a debt which, in the meantime, has more than doubled because of the astronomical interest rates (10%-20% per month) that are typically charged for non-secured loans like these.

But the vagaries of life in the countryside are received by most with remarkable patience and stoic acceptance of life's essential unpredictability.

Out on the shores of Binuclutan, at this time of the year, the community once more welcomes the drone of Sikorsky helicopters and F-4 Phantom jets from the American bases in nearby Subic and Clark. It is the time of the year when "Exercise Cope Thunder" brings in foreign troops from all over the Asia-Pacific region for joint war exercises on the skies, beaches and waters of Zambales. In the course of these mock battles, soldiers from various countries, led by their American mentors, are disgorged on the clear sand by amphibian tanks, and from there they comb the neighborhoods and farms of this province's sleepy barrios, as if once more engaged in Vietnam. Bombs were dropped in some communities years ago, and although they failed to explode, they created panic among the residents. The good news for the local folk is that the presence of these soldiers requires soft drinks, beer and women, which the communities would gladly supply at inflated prices.

Poverty: The Statistical Picture

Absolute poverty is indeed mainly a function of economic underdevelopment. Therefore, no attempt at alleviating poverty can be meaningful without confronting the basic causes of underdevelopment. Even so, one must go beyond the state of the economy in order to understand how and why the majority of the people in a given society continue to live



In absolute poverty. A more comprehensive answer may perhaps be sought in the structures responsible for the reproduction of gross inequality in every aspect of life.

Although affluence and poverty are not always two sides of the same coin, and wealth certainly need not be accumulated at the expense of others, the pairing of these two phenomena seems almost inescapable in an underdeveloped country like the Philippines. In short, the same social arrangements that are responsible for the incredible affluence of a few also tend to account for the equally unbelievable poverty of the vast majority. This could be the reason why social inequalities appear particularly more glaring in the poorer countries than in the rich ones; in these countries, the wealth of the few is not only much more visible, it is also more easily traceable to the exploitation and denial by a few of the needs of the many.

How is poverty in the Philippines reproduced or why has it persisted? This article has tried to sketch a picture of everyday life in an economically depressed rural community. It will now attempt to complement this by quantifying the dimensions of marginal and subsistence living in the Philippines at present. It focuses attention on the social structures that reproduce poverty, and demonstrates the

futility of current government efforts to improve the living conditions of those who are regarded as the bottom poor in our society.

How Poor are the Filipino Poor?

The measurement of poverty, much more than its explanation and actual alleviation, has been the steady preoccupation of many economists in academe, private research institutions, government planning offices, and multilateral lending institutions. The number of people counted as poor obviously varies with the type of measurement employed. The concept of a poverty line, below which subsistence or survival is rendered extremely difficult, if not unimaginable, has been used quite extensively. It has enabled planners to gain a comparative view of the poverty situation over different points in time, even when researchers seldom agree on the precise incomes figure representing the poverty line.

The government's planning office, National Economic and Development Authority (NEDA), defines the poverty line as "the monthly income required to satisfy almost 100% of the nutritional requirements and basic needs of a family of six".[1] The NEDA sets this minimum monthly income for a family of six at P2382 (\$113) for the entire Philippines. The figure is higher for Metro Manila (P3282 or

\$156) and lower for provincial urban and rural areas: (P2912 or \$138) and (P2066 or \$98) respectively.

Using the NEDA poverty line for the entire country, the poverty incidence or the number of Filipino families living below the poverty line is estimated to be: 5.67 million or 59.3% of all families in 1985. The Aquino government has targetted its decline to 5.77 million or 45.4% by 1992.

The World Bank [2] gives a slightly different estimate of the poverty line for 1985: P2510 (\$119) for the urban areas and P1881 (\$89) for the rural areas, and weighted average of P2120 (\$100) for the entire county. (These figures were recomputed to yield the monthly income needed for a family of six. Original WB estimates come in annual per capita figures.)

The World Bank estimated that 57% of the entire Philippine population in 1985 lived below the poverty line. This is very close to NEDA's own estimate of 59.3% for the same year.

In terms of geographical distribution, the World Bank notes that the incidence of poverty was lowest in the National Capital Region (Metro Manila) at 29% of all families, and highest in the Visayan region at 69%. It was also worse in the rural areas compared to the urban areas, with rural Visayas registering the highest incidence of poverty (72% of all families) in the whole country.

What exactly does it mean to be absolutely poor in the Philippines today? A study group of the Presidential Management Staff [3] understands absolute poverty to mean "insufficiency of life-sustaining goods" - food, clothing, housing and medical care. Again, what is considered sufficient or insufficient varies depending on who is setting the standards. But the targets set by the NEDA [4] for the Aquino government abundantly illustrate the concern for sufficient food intake and medical care:

-- to prolong life expectancy from 63.7 years in 1987 to 65.2 by 1992;

-- to reduce infant mortality from 54 deaths per thousand live births to 48 by 1992;

-- to bring down the maternal mortality rate from 0.9 deaths per thousand births to 0.7 in 1992;

-- to improve the control of diarrheal diseases, tuberculosis, malaria, schistosomiasis and other endemic diseases;

-- to raise per capita energy intake from 1,784 kilocalories to 1,950 kilocalories; and

-- to reduce the number of households with less than 100% adequacy level of energy intake from 65.6% to only 55.4%

The need for housing reveals yet another facet of absolute poverty. The following figures are furnished by the NEDA: Only 64% of all urban households own their dwelling units. The situation is worst in Metro Manila (NCR) where 58% of all households do not own the house they live in. Furthermore, 22% of these households have no tenure over the land on which they have built their houses. In short, they are "squatters". The backlog in dwelling units for Metro Manila alone is already 576,000 or 17% of the country's total housing needs. The relative scarcity of housing in the cities pushes rentals to fantastic levels. Housing rentals consume about 23% of the monthly income of the average family in the urban areas.[5]

A roof over one's head does not necessarily guarantee electricity, water and toilet facilities. Yet even in Metro Manila, where about 71.3% of all households are served by electrical connections, only 49.6% have their own water connections, and only 44% have their own toilets. The figures give us a fair idea of the number of slum-dwellers in the major cities of the country, especially Metro Manila.

We have only considered here the basic needs for human survival. To Filipinos, education is so important that it may almost be regarded as a basic need. While public elementary and high school education is free, the quality is very uneven. A few private schools catering to high-income groups offer the best primary and secondary education. Consequently, it is their graduates who also corner the limited places in state colleges and universities.

Participation and survival rates also leave much to be desired. For every 100 Filipino students who enter the school system, only 66 manage to finish the 6-year grade school. Of these, 44 enter high school, but only 36 finish the four-year high school. Because Filipinos inherited from the Americans a penchant for college education, as many as 20 enter college, but only 12 finish.

Why The Poor Remain Poor

If absolute poverty means the inability to provide for the basic requirements of minimum survival - like food, housing, clothing and medical care - the question we must ask is why large numbers of a country's population find themselves in this situation.

The two answers that logically come to mind are: 1) Because they do not earn enough to buy these needs, and 2) Because the government does not provide adequate social services to those who could least afford to pay for these needs.

Income and Expenditure Patterns

Many Filipinos live below subsistence levels because they do not earn enough or cannot find regular jobs. In the countryside, incomes are even lower and more unstable because of landlessness. Meanwhile, the prices of basic consumption goods are steadily rising, reflecting the general rise in price of all imported goods and raw materials, as well as the rise in domestic taxes. The government is unable to fill the gap between incomes and basic needs because of the low priority assigned to social services in the determination of the budget.

The Research and Statistics Division of the President's Commission for the Urban Poor in 1987 estimated the mean monthly income of the urban poor in the Metro Manila area to be: P1916 (\$91). The same office arrived at a picture of the expenditure pattern of the urban poor in Manila: food, 42.4% of family income; water and electricity, 28.8%; shelter, 20%; education, 3.7%; clothing, 3.0% ; and medical care, 2.1%.

Food constitutes the single biggest item in the household budget. It actually ranges from 63 to 76% of the average poor household's

budget. The National Statistics Office puts the share of food expenses in the household budget nationwide at 51.9% for 1985. The reason for this is not so much that food in general is very expensive, but that average incomes are really very low.

Wages

In June 1989, the Philippine Congress raised the statutory minimum wage by P25. The pre-existing minimum wage rates were P69.33 a day or P2,080 for a 30-day work month for Metro Manila and other big cities; P58.50 or P1755 per month, assuming 30 days of work for plantation workers in the rural areas; and P47.12 a day or P1414 for non-plantation workers in the countryside. These are legislated rates. They serve as a benchmark, but they do not provide a good gauge of the actual situation of the worker, for, the general rule is that, only a minority of the more than 300,000 establishments in the country actually pay the minimum wage.

Nominal wages may go up, but real wages have constantly fallen at an average of approximately 3% per year between 1960 and 1980 for both skilled and unskilled urban workers. Rural wages also fell steadily but not as much. [6] The situation became worse after 1983, with the successive devaluation of the peso and the contraction of the economy following the financial crisis of 1984 and 1985. In justifying their recent demand for a 30-peso across-the-board increase in wages, the major trade unions correctly stated that all that they were asking for was a restoration of real wages to their levels in 1983.

About 4 million families or 40.3% of the total derived their income in 1985 from wages and salaries. Another slightly more than 4 million (40.9%) lived on earnings from entrepreneurial activities. The rest, totalling about 1.85 million families (18.8%) subsisted on other sources. [7] A growing number of Filipinos now make a living in the so-called "underground economy" or "informal sector", where they are safe from the official tax collector but are also especially vulnerable to all kinds of racketeers and extortionists.

Unemployment and Underemployment

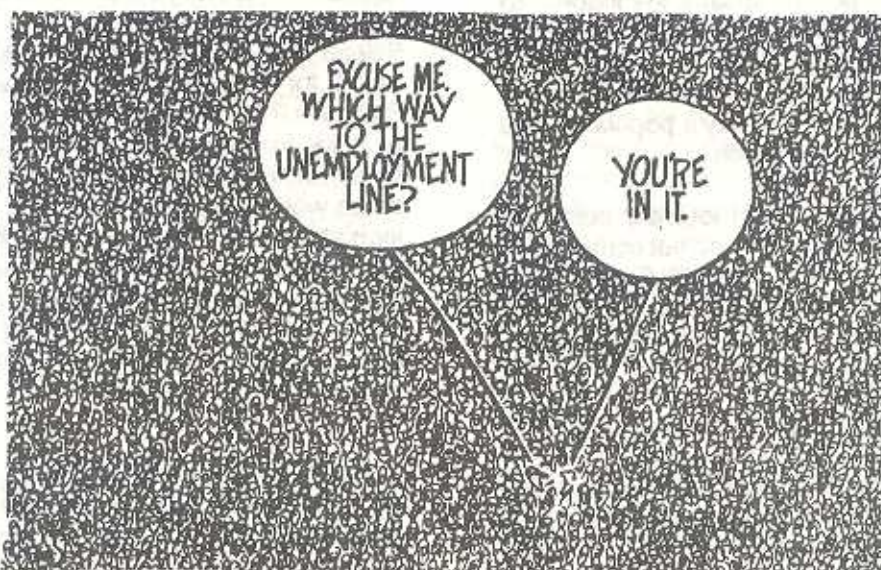
Most Filipinos are poor because they can get no jobs at all or are forced to work irregularly. In 1988, the total Philippine population was estimated to be 58.7 million. The labor force was placed at around 23 million. The unemployment rate for the same year was estimated to be 9% nationwide, 13.2% in the urban areas and 6.3% in the rural areas.

Underemployment (i.e. working less than 40 hours a week) was estimated at 30.9%

occupied by about 2.9 million small farms each of which is under 5 hectares. In contrast, 11.5% of the total farm land is occupied by only 13,681 farms ranging from 25 to more than a thousand hectares in size. Typical of these farms are the sugar and coconut plantations, the haciendas of an early period which have recently been renamed "agri-business corporations".

The Marcos regime claims to have wiped out tenancy in the countryside. The present

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nationwide, 18.3% for the urban and 38.3% for the rural.[8] The actual figures could be higher given the near impossibility of estimating employment figures especially in the countryside.

Landlessness

The country's total land area covers approximately 30 million hectares, of which 9.67 million hectares is cultivated agricultural land. About 85% of this is planted to only three crops: rice, corn and coconut.

The country's farmers - those who actually till the land - are made up mostly of about 10.2 million marginal farmers, tenants or lessees, and farm laborers. About 70% of them are landless.

The land is subdivided into many very small farms, and a few large farms. A little over one-half (50%) of the total agricultural land is

government admits that tenancy still exists in at least 25% of the farms. Other survey data cited by the Congress for a People's Agrarian Reform (CPAR) would put the tenancy rate at 50-70% of all farms.[9] Tenancy is most rampant in the rice and corn lands, in which one would find the most creative schemes devised by landowners to evade the land reform law.

A new agrarian reform law was passed exactly a year ago (1988) by Congress under the Aquino government. But R. A. 6657, which had propitious beginnings in the post-EDSA Constitution, features so many qualifications, mostly aimed at assuring landowner compensation and preventing sudden disruption of production in the large farms, that, like the other 40 programs before it, this law is doomed to fail. A comprehensive list of its weaknesses has been compiled in a recent assessment undertaken by CPAR, the broadest people's coalition on agrarian reform.

Apart from landlessness, agricultural producers must absorb the steady increase in the prices of agricultural inputs - fertilizers, pesticides, seeds, etc. - which are all controlled first, by their multinational producers, and then by the rural merchants. Agricultural credit is likewise controlled by the rural elites, as are the storage, marketing and milling of these staple crops. Naturally, they also dictate the purchase and selling price of these products. Government intervention, through the National Food Authority, which aims to protect small rice and corn growers by maintaining a floor price, has had limited impact because the NFA's participation is limited to no more than 5% of the market.

Income Distribution

From 1950 to 1987, the Philippine population grew nearly threefold. Therefore, it is natural to expect that this rapid growth must put tremendous pressure on food. As a matter of fact, food production did not do so badly. Agricultural food production increased almost six times in volume, although the bulk of it was exported. Rice production more than trebled in volume. Fish production increased by as much as tenfold, but again, a large amount was exported. Meat production, however, has been, on the whole, very much neglected.

By and large, the Philippine economy registered some gains over this 30-year period, but the distribution of these gains has been highly unequal.

Income disparities between urban and rural areas have persisted. Rural incomes were only 40.5% of urban incomes in 1961, 48% in 1971, and 47.4% in 1985.

Nationwide, in 1985, the top 20% of families controlled 51.1% of total income, while the bottom 30%, constituting the poorest of the poor, claimed only 9.9%. The Gini coefficient, which measures income inequality, stands at 0.43 (zero represents total equality, while 1 stands for perfect inequality). [10]

Taxation Structure

If the rich claim so much of the national income, one might hope they would pay a

larger percentage of their income to taxes. World Bank data [11] show the exact opposite:

-- The poorest 30% of families paid 27% of their income to taxes, while the richest 30% paid no more than 18%.

-- The middle-income families paid the highest share of the family income to taxes: 32%, the great bulk of it in the form of indirect taxes (e.g. sales taxes).

-- The poorest 30% of families pay a much higher percentage of their family income (20%) to indirect taxes than the richest 30% (11.8%).

The regressive nature of the tax system becomes even clearer when we consider that "68 centavos of every budget peso comes from revenue collections. Of this, 55% or 37 centavos comes from indirect taxation." [12] Taxes on personal income and property contribute less than one-fourth of the government's revenue, probably one of the lowest in the world, a clear testimony to the government's general aversion to taxing the elites. Dependence on indirect taxes might be a good solution to the problem of dwindling collections, but the burden it imposes on the vast masses who have no choice but to buy highly taxed goods is unpardonable. For example, 50% of the final price of gasoline products is all taxes. This steep tax is passed on to all passengers of public transport and all consumers of basic goods. Direct taxes on personal and corporate income may be nominally high, but everyone knows that the rich have unlimited ways of reducing their tax liabilities, if not of avoiding payment altogether.

Social Services

Even where incomes are low, poverty does not automatically follow in those countries with strong and effective social service delivery systems. A large allotment is made in the national budget for the basic needs of the entire population, especially those whose earning capacity is limited. How much is set aside for the basic needs of the Philippine poor in the budget of the Philippine government?

Of the 1989 national budget, amounting to P227 billion, exactly P100 billion has been set aside for debt service, or 44% of the total, making it the biggest single item in the country's budget. On the other hand, only 19.5% and 19.2% have been allocated for economic and social services respectively.

Of the remaining balance of P127 billion, after the debt service has been deducted, P55 billion is earmarked for salaries of personnel and P24 billion for maintenance and other operating expenses. This leaves only about P48 billion (or 21% of the total budget) for actual development projects. Note that this amount still includes defense. Furthermore, a large chunk of the health budget is eaten up by tertiary health care, the same way that a large portion of the education budget goes to support state universities and colleges, which many children of the poor will not even dream of entering.

But even assuming that the remaining budget is to be allocated only to the poorest half of the population, which is 30 million Filipinos, the following are the per capita allocations we would get:[13]

Education, Culture and Manpower Development: P598.40

Health: P146.10

Social Security, Labor and Employment : P32.02

Housing and Community Development: P 8.00

Others: P 96.06

Total per capita benefits for the POOR : P880.58

The total of P880.58 must be placed alongside the per capita debt service that every Filipino paid in 1989: P1700! More concretely, the picture may be presented in the following manner. In 1989, the Philippine government will be paying \$350,000 per day in interest alone for the debts incurred by the Bataan Nuclear Power Plant (a Marcos project which probably best epitomizes the leakage of development funds as a form of capital ac-

cumulation). If the interest for three and one half months were saved instead of paid, the government would be saving exactly the equivalent of one year's budget of the Department of Social Welfare and Development.

The message is clear: for every million dollars paid on the foreign debt, thousands of children must go hungry, tuberculosis patients will not get their shots, several thousands more will be turned away from already overcrowded state hospitals, many houses for the poor will remain unbuilt, stretches of roads and bridges will remain unrepaired, and urgently needed school buildings will not be built.

In 1988, the Philippine government paid about P83 billion to local and foreign creditors, or nearly half of its total national budget. The original allocation was only P60 billion for that year, but thanks to a Marcos-authored presidential decree, all payments for debt service are deemed automatically appropriated. That money could have been used to build a million new classrooms, or multiply the budget of the Department of Education four-fold, or increase the budget of the Department of Health 13 times, or double the salaries of all government employees.

Indeed, the foreign debt has spawned a kind of madness in the leadership which, though difficult to comprehend, is nevertheless as real as its consequences. The external debt of the Philippines presently stands at about \$29 billion. Around \$18 billion or two-thirds is money owed to 483 creditor banks. The rest is owed to about 14 governments and several multilateral institutions led by the World Bank and the IMF.

The Aquino government has programmed debt payments which can only be described as suicidal. From 1987 to 1992, it has committed itself to pay \$13.6 billion in interest payments and \$8 billion in amortizations, or a total debt service of \$21.6 billion. Over the same period, 1987-1992, the government expects to avail itself of \$3.4 billion in new money mainly from foreign governments (\$1.3B) and multilateral institutions (\$2.1B). The net resource transfer for this period is estimated to be: \$18.2 billion, representing this poor country's contribution to the rich economies of the world! To pay this staggering amount, the Aquino government hopes to increase ex-

ports and remittances of Filipino overseas contract workers, get more rental from the US Bases, receive more grants from abroad, obtain new money from private creditor banks, and encourage more direct foreign investments. Its best scenarios, however, still project a financing gap of not less than \$7.7 billion for the period 1987- 1992. [14] It is in this context that one must read the nearly desperate pleas for participation in the 10-billion dollar Philippine Aid Plan (PAP).

The Persistence of Poverty and the Futility of Mrs. Aquino's Poverty Alleviation Approach

"Poverty alleviation" is a buzz word in the Aquino government. It appears in almost every speech of the President, and is usually accompanied by another favorite phrase: "employment-generation".

The Aquino government recognizes the seriousness of the poverty problem. But its approach to the problem is no different from that of its predecessor. Employment is seen as the key to solving the problem, and it is expected to be generated by foreign and local investors. The establishment of business concerns, especially of the small and medium-sized ones, will be greatly simplified with the de-regulation that is expected to result from the passage of the Kalakalan 20 bill now pending in Congress. This is a scheme consciously patterned after Italy's Law of 20, which is widely believed to have launched that country on the path to rapid industrialization.

The government's dream is that family-run small businesses in the countryside would be integrated into the whole system of export-oriented industrial sub-contracting as a way of supplementing dwindling farm incomes, and thus ease the pressure posed on the cities by rural migrants. With employment rising, purchasing power is also expected to rise, thus spawning production for the domestic market. More production will open more jobs and push wages up, thus permitting families to enjoy higher levels of living.

This is the old trickle-down formula all over again. Belief in its simplistic magical promises blinds governments to the more complex structures which reproduce poverty over and over and impede the formation of a strong indigenous manufacturing sector.

This paper argues that the sixty percent of the Filipinos living in absolute poverty are poor because their incomes are kept low, and the avenues for improving their status in life are virtually closed because of the inability of the government to equalize life chances and opportunities through meaningful social intervention programs.

Urban Incomes

Urban incomes are generally low because wages are low. Wages are low because the bargaining power of labor is low. It is low because for every job occupied by a worker, there would be at least ten others eyeing it and ready to accept lower wages. Moreover, not more than 10% of the workforce in the wage-and- salary category is organized into labor unions.

But why is employment low? Employment is low because there is not much economic activity. And there is not as much economic activity as is needed because capital is scarce and expensive. Medium-sized entrepreneurs in Metro Manila and the nearby towns, engaged either in garments or furniture manufacturing, tell a common tale: credit is tight, and it is nearly impossible to deal with the banks which, since the 1984-85 financial crisis, have conducted their businesses with a "pawn-shop mentality". In other words, they would not lend money without real-estate collateral.

Governmental financial institutions like the Philippine National Bank and the Development Bank of the Philippines, which should precisely be coming to the rescue of small entrepreneurs, are gripped by timidity and over-cautiousness (which manifests itself in red-tape and overbureaucratization), mainly as a reaction to the Marcos years, when unsecured "behest loans" given to cronies were the rule. Furthermore, their own funds have been severely drained by enormous debt service. There is a National Livelihood Support Fund (NLSF) under the Office of the President, a remnant of the livelihood program of the Marcos government. In this office, they are willing to give out unsecured loans to communities, but NGOs working with them must be willing to personally guarantee these loans. There have not been many takers as a result.

The only financial community that offers loans to economic groups on the basis of a verbal promise is the Chinese community. The speed with which credit is obtained partly explains the effectiveness by which the Chinese have managed to control virtually every aspect of Philippine trade.

Securing credit is a big hurdle by itself, but in addition, to be in business means having to deal also with various branches of government to facilitate importation of raw materials and exportation of finished products. The bureaucracy, expanded and corrupted beyond recognition during the Marcos years, continues to prey upon small entrepreneurs who have neither political influence nor patrons. All the effort that goes into following up applications of all sorts is, to borrow a term from Ivan Illich, "shadow-work" - precious energy being spent on unproductive matters.

It is not a wonder that those who have capital would rather put it in "buying-and-selling" or in real-estate. There has recently been a boom in construction, mainly of "mega"-malls and supermarkets, townhouses and condominium units for middle to upper-middle income groups. This is what has led to the present growth momentum in the country. There is work, for the moment, for unskilled and skilled construction workers. This has spawned a new wave of migration from the provinces.

Conditions in the Countryside

In the countryside, the situation has not changed much over the last three years of the Aquino government. While there has been a mild recovery in the sugar and coconut regions owing largely to the steady increase in world market prices of these commodities, the benefits have been mainly cornered by the landowners and the traders. Rural incomes have remained low because of the marginal earnings derived from tenancy and agricultural work, which is the lot of about 70% of all Filipino peasants.

Who owns the land then? The large plantation estates which form the core of the sugar, rice and coconut industries have continued under the control of the descendants of the same Spanish and Chinese mestizos who un-

dertook systematic land acquisition, principally through landgrabbing, in the second half of the 19th century when the Spanish colonial government began to allow private land ownership.

According to Filipino historian Leslie Bauzon, sugar lands in the Visayas were first acquired in at least 4 ways: 1) through the grant of public lands (known as *realengas*); 2) by outright purchase; 3) through foreclosure of assets for unpaid loans (*pacto de retroventa*); and 4) through landgrabbing (*usurpacion*).[15] Yoshiko Nagano, a Japanese scholar who studied the history of the Negros sugar haciendas, seems more certain that the method most widely practiced by the Chinese mestizos in acquiring the lands that were to form the haciendas was landgrabbing of either public or already cultivated lands. In an attempt to cope with the situation, the Spanish colonial government, through its Bureau of Forestry, decided to require these landgrabbers to secure legal titles on these lands. By 1896, 137 big estates above 50 hectares in size had already been registered, no matter if many of these were originally acquired through landgrabbing.[16] Naturally, access to the land-titling system was a function of economic and political power. And the poor peasants had neither.

In the 1970s and even up to the 1980s, landgrabbing and easy access to the land-titling system continue to be a favored mode of accumulating lands. This would not be too difficult to comprehend if one bears in mind that to this day, more than 50% of all lands in the Philippines remain untitled, even if settlers of long-standing have occupied and worked these lands for centuries. In the government records, such lands would be entered as part of the public domain, and susceptible to privatization by anyone who is quick enough to apply for their alienation, or in the case of forest lands, their exploitation or exploration.[17]

Most of the so-called forest lands are under the control of government corporations, like the National Development Corporation (NDC), which lease them to favored local and foreign capitalists for a minimal fee. It is interesting to note that the thousands of hectares of fertile lands held by Dole and Del Monte in South Cotabato and Bukidnon are public lands con-

trolled by the NDC. The problem, however, is not confined to the countryside; to this day, land disputes rage on in Metro Manila between urban developers holding royal land titles and aging residents who have nothing to show except the ancient trees that their ancestors had planted before they were born.

The original ideal of land-to-the-actual-tiller has suffered erosion in the face not only of determined resistance from the landowning classes, but also of the government's own fear that the sudden disruption of existing ownership relations in agriculture could severely undermine agricultural productivity and set back the economic recovery program of government. As a result, there is Administrative Order No. 8 which offers a production and profit-sharing plan in lieu of land transfer; or A.O. No. 10 which legitimizes stock distribution as a substitute for land distribution; and worst of all, A. O. No. 16, which permits a deferment period of ten years for "commercial farms". Given the ambiguity of prevailing definitions, this could stand for anything.

There is not enough passion for an authentic agrarian reform in both the executive and legalistic branches of government. The land-based Filipino elites are not about to surrender their lands, which have served them as bastions of their political and economic power throughout the history of the country. It is foolish to think that the Aquino government seriously believes that the landed elites may be enticed to exchange their lands for cash or bonds to be invested in the still troubled waters of industry and manufacturing.

Conflict Over Natural Resources

Beyond the agrarian question which constitutes the single most important root of rural poverty, the country's rural poor also face new realities that endanger the very base of their livelihood. Both municipal fishing and marginal farming in the countryside are threatened by massive land erosion which has led to the drying up of rivers, sudden flooding, and the permanent destruction of irrigation systems. Corals, the spawning grounds of many forms of marine life, have mostly been wiped out by dynamite fishing and big-time trawl fishing. Sand and silt washed out by excessive flooding now cover what used to be fertile fishing grounds. The culprits are the faceless logging

concessionaires who collaborate with big-time politicians and military officials to strip the forests.

Who are they, the ones who had arrogated to themselves the privilege of enjoying the natural bounty of an entire nation? The answer to this question is best revealed by the interesting manner in which such wealth belonging to the people is privatized. In his extensive study of the forestry crisis in the Philippines, Germelino Bautista notes that successive political administrations in the country have consistently shown "an overall bias in favor of retaining these lands within the public domain or designating them as forest lands".[18] At first blush, this seems patriotic, until one learns how such lands, considered part of the public domain, are used by successive government administrations. "First, about 56% of classified forest lands in 1985 were under one form of lease or another. Eligible parties, including foreigners, have been able to secure timber license agreements, pasture leases, mining licenses, mangrove and other forest product permits.... Second,... it is possible that a substantial portion of the 940,000 hectares (6.7%) of classified forest lands which cannot be accounted for are held or leased by the NDC to the private sector."[19] The NDC has an interesting history as the principal conduit for the entry of US agribusiness into the Philippines, and the mechanism responsible for permitting foreign corporations like Dole and Del Monte to evade Constitutional limits on the size of agricultural lands that can be held by a single corporation, or by foreigners.

The proceeds from the export of logs and from the extensive privatization of the use of the public domain partly go to the patronage funds of traditional politicians at all levels of the country's political hierarchy. The money allows them to subsidize not only their private armies, but also the rampant vote-buying that has been the norm in the country's expensive election campaigns. Many multimillionaires who now compose the distinctly parasitic Filipino ruling class accumulated their millions by strategically latching on to the bountiful extractive industries, principally logging and mining. Their American partners cannot maintain a morally superior attitude, for they were and continue to be an integral part of the unceasing pillage of the Philippine environment.

In an earlier period, limited access to the country's rich natural resources may have also saved millions of the rural poor from starvation. But these resources are rapidly vanishing or being depleted as fast as their use or control is being privatized, for such appropriation by private interest has always been at the expense of the livelihood of those who traditionally have established ecologically sound relationships with these natural resources.

A case in point is the Laguna Lake area, a large body of fresh inland water which drains out into the Pasig river and then to the Manila Bay. In the mid-seventies, a simple technology of growing fish inside floating nets was introduced into the country. It was tried in Laguna Lake, and its success proved fatal to the livelihood of the fisherfolk in the surrounding communities of the bay. Almost overnight, the entire lake was parcelled out into territories of fishpens owned, without exception, by big businessmen, politicians, Marcos relatives, and top brass of the military. The result was the enclosure of what used to be traditional public fishing grounds, and the violent denial to the small fisherfolk of vital access to their only source of livelihood.

In many ways, the poor's encounter with their government has been a negative one. Not only has the government been singularly useless in alleviating their suffering, it has on countless occasions, in fact, also taken the side of the rapacious ruling elites who habitually deprive them of the only resources left with which to support their families. The instances are too numerous to mention: the forest ancestral lands of the Tingguians in the North who found themselves fenced out by the logging concession of Herminio Disini, a Marcos crony; small homesteaders in the fertile lands of Mindanao who were pushed out of the lands they had cleared by the multinational fruit companies in collaboration with powerful politicians and local business interests; small fisherfolk denied access to the sea by big resort owners who fence off the entire frontage of beaches; municipal fisherfolk who helplessly watch the rivers in which they fish being reclaimed from the public domain by private fishpond owners; whole tribal communities in Kalinga facing relocation to give way to a World Bank-funded dam that would provide electricity to the export-processing zones and

irrigation to the haciendas in the lowlands, etc. The list is endless, attesting to the violent conflict over natural resources between desperate communities and an insatiable ruling class.

This silent war has victimized many communities and has contributed countless recruits to the underground New People's Army. One will recall that almost the entire Cordillera contingent of the New People's Army was organized on the twin issue of Chico Dam and the Tingguian resistance to Herminio Disini's Cellophil. Even so, the people's attitude in many other parts of the country has been, disturbingly, one of resignation to the violent and destructive ways of those who rule. And from this resignation, they desperately weave coping responses that only serve to underscore their essential powerlessness.

Many in the countryside seek solace in the recrudescence of millenarianism, discovering inner peace in the lap of spirit mediums and faith healers. In the big cities, they flock to the daily "faith explosions" run by self-styled "born-again" evangelists in rented movie houses, stadiums and amphitheatres. Like their counterparts in the US, Filipino evangelists have also invaded local television, advocating an internal spiritual rebirth rather than a re-arrangement of the social order.

If not flight from the here and now, the aspiration to leave the country, settle abroad, and later petition for one's parents and brothers and sisters constitutes the daily fantasies of those who are at least determined to escape from the barrio. The young men would first join the exodus to the construction sites in the metropolis, and from there, try to get into a workgang bound for the Middle East, Saipan or Brunei. The young women might first move into the city either as domestics or as dancer-prostitutes - through the intercession of active recruiters from the "casas" of Manila. From there, having gained basic skills of serving or entertaining, they would seek out the Japanese Yakuza representatives who regularly export young Filipinas to work as prostitutes in the crowded *karaoke* bars of Tokyo and Osaka, or to become the docile brides of Japanese farmers in some remote prefecture. Not everybody, of course, ends up being a prostitute or mail-order bride. A greater number work as servants in Hong

Kong, Singapore, the Middle East, and Western Europe.

But no matter what jobs they land, barring a few exceptions, these present-day Filipino nomads invariably go through not only a culture and linguistic shock in their new environment, but also a traumatic physical and emotional scarring process which often leaves them cynical and bitter about the unconcern of their own government and its leaders.

The Myth of Higher Education

Education is still the abiding opium of the Filipino poor. They have this staunch belief that, given the chance to finish college, their children will rescue them from the mud, from the slums and the sweatshops. It is tragic that many associate liberation from poverty with departure from their own country, or with the abandonment of farming or fishing as an occupation. A college education is seen as a passport not just to a job but to a boundless dream, which the brightest child of a poor family has an obligation to actualize. This is why it is not uncommon to find a peasant family suicidally pawning their only farm to pay the tuition and books of a favored child who was promising enough to merit going to school in Manila.

But are they correct in thinking that education might save them? The odds that the children from the poor families who managed to finish a college education would land high-paying executive positions in the big com-

panies are rather slim. It is more likely that they would find themselves employed as sales personnel or in white-collar clerical positions, which will not pay enough to compensate for all the sacrifices of their families. Recruitment into the top corporate positions is largely determined by two factors: links with the elite families or a diploma from the elite schools. The path is clearly via the elite schools like the Ateneo, the State University (UP), or De La Salle. High tuition makes it virtually impossible - unless a scholarship intervenes - for a poor student to study in either Ateneo or De La Salle. On the other hand, entry into the UP, where tuition now depends on the ability to pay, is regulated by a tough entrance examination. The records of many years show unequivocally that the limited places in this highly-subsidized State institution are almost always cornered by the children from the rich families.

Why is this so? Because, in a large sense, entry into the elite universities is determined not at the time of the entrance examination but as early as grade school, or perhaps even at birth, given existing disparities in nutrition and food intake. The progressive deterioration in the quality of public education at the primary and secondary levels, a result of the comprehensive neglect of all public institutions and services, is such that the graduates of public schools stand virtually no chance of passing the admission tests. This deterioration, incidentally, has been much aggravated by the resignation of many teachers who join



Sibat, 1987-88

the labor exodus to Hong Kong and Singapore to work as domestics.

Yet, even when some public schools do try to maintain high standards, the poverty of most rural families is such that their children cannot possibly have the opportunity to develop their intellectual gifts to the fullest. Adequate nutrition is a precondition to the complete development of a person's brain. And severe undernourishment is practically synonymous with absolute poverty. Time for study is also limited by the demands of farm and household work, as well as by the hours spent just walking to and from school. Rare is the poor child from the farm who finishes high school, but rarer still is the one who comes to Manila, passes the entrance test, and graduates from the State University.

The Commitment to Social Change

Much could be done to alleviate the situation, but this requires massive and passionate intervention by a committed State. The first test of that commitment would be in the handling of the foreign debt. The blanket assumption by the Aquino government of all debts from the Marcos years, including those originally incurred by large private borrowers (many of whom borrowed money without any thought of putting up the project for which the loan was obtained), acts as the biggest stumbling block not only to economic recovery but especially to the alleviation of the poverty of the vast majority. The money that goes into debt service is money that would have gone to development and social services.

The second test of a genuine commitment to poverty alleviation is the actual transfer of agricultural lands to actual tillers, and the provision of adequate credit, production and marketing support to the new small owners. This is a gargantuan task, and one which will necessarily run against market logic and traditional economic thinking which tends to favor investments in trade, manufacturing and construction. At the minimum, the present practice of siphoning rural savings from the provinces to finance the construction of urban condominiums and shopping malls must be arrested. An Asian Institute of Management professor was recently reported as saying that: "Eleven of the country's 13 regions are net providers of capital to Metro Manila. Data

from the Central Bank show that in 1986 alone, Metro Manila received P31 billion from the provinces. Commercial banks, which have excess loanable funds in the rural areas, do not lend to farmers because returns are small. Banks instead put their money into real estate ventures where the returns are high." [20]

The possibility that the Aquino government will and can go against conventional elite wisdom on these two questions is very low. An unorthodox approach to the external debt issue, which would resolutely brush aside the repeated subtle warnings made by creditor banks, the IMF and US government, will surely be perceived as a threat to the position of many big business interests in the Philippines today. Most of these interests are represented in the Aquino government by former lawyers or executives of these big corporate interests. Similarly, an agrarian reform program that actually transfers land ownership and control to the tillers does not appear to stand a chance under the Aquino administration. The reason is fairly simple. Among the most influential advisers of the President are those who have made their mark in agribusiness. Among those who ardently supported Mrs. Aquino's rise to the presidency were the sugar planters whom the dictator Marcos tried to control through the monopolization of sugar trading. They are the most vocal opponents of agrarian reform in Congress, and in the last elections they made sure that political power would remain in traditional hands.

Under the circumstances, therefore, as head of a government still controlled by a small parasitic oligarchy, Mrs. Aquino will have no choice but to beg for more aid, more loans and more foreign investments in order to keep the economy afloat while paying debt service. It will also have to rely increasingly on the armed forces of the Philippines to stem discontent in the countryside, since the scarcity of public funds no longer permits it to undertake such periodic acts of charity as the four-billion-peso Community Employment and Development Program that was launched in 1987.

Clearly, we are here dealing with a vicious cycle, of poverty creating poverty in all spheres, and across generations. Without substantive and radical changes in the social structures of political power, ownership, and access to and consumption of natural resour-

ces, the prospects of ever ending this cycle do not exist.

Writing in 1905 after a brief visit to the Philippine Islands, the British writer Alleyne Ireland, on Commission by the University of Chicago, pontificated:

"Nature has done all she can to make the Philippine Islands one of the most fertile spots in the world, one full of the richest possibilities. Until their natural resources are developed, until a healthy activity takes the place of the prevailing lethargy of their people, the Islands can never hope to have any political growth.

It is impossible to confer independence on a people as one would present them with a public library or a drinking fountain. If the ground is not prepared, if the people are not fit for self-government, the gift of independence simply means the handing over of the country to the despotic rule of a small coterie of picked men who, from their foreign education and training and their race identity with the natives, would find it easy to establish an ascendancy over the masses,

which would keep them in a state of political and economic slavery." [21]

How right he was about the Filipino ruling class, but how tragically and arrogantly mistaken about the Filipino people. In a more subtle manner, these words are being echoed today even by liberal Americans who think that the enormous problems of the country at present are solely the Filipinos' own making. But among a growing number of Filipinos, there is greater realization of the intimate links between foreign control and elite dominance, and between corruption as an instrument of elite accumulation and corruption as an instrument of imperialist control.

(A draft of this paper was read at the Fourth Passau Symposium on Southeast Asia: Economy and Politics in the Philippines Under Corazon Aquino, held at the Southeast Asia Studies, University of Passau, West Germany, June 15-17, 1989.)

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