



# IN SEARCH OF A HUMAN FACE

*15 Years of Knowledge Building  
for Human Development in the Philippines*



# ***In Search of A Human Face***

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# Foreword I

**I**n *Search of a Human Face: 15 Years of Knowledge Building for Human Development in the Philippines* highlights the pathways advocated by the concept of human development for the Philippines. It also demonstrates the dedicated work of those who pioneered and advocate human development in the country after its conceptualization in 1990 by Dr. Mahbub ul Haq and Dr. Amartya Sen.

Today, the human development concept has gained ground largely due to the seeds that were sown in 1992, when then UNDP Resident Representative Kevin McGrath and Professor Solita Monsod initiated the preparation of the first *Philippine Human Development Report* (PHDR). The partnership with UNDP brought about the establishment of the Philippine Human Development Network (HDN), a move that has institutionalized the PHDR and its advocacy. It is to the credit of HDN and its members, who include some of the country's foremost economists, sociologists, political scientists, statisticians, and specialists in public administration, education, labor, and social work, that its mission to build knowledge that will help strengthen institutional capacity in achieving human development outcomes primarily through research and advocacy has endured.

Fifteen years hence, six PHDRs have been published on the themes of human development (1994), gender (1997), basic education (2000), work and well-being (2003), human security (2005), and institutions and politics (2008/09). The PHDR has become a "much awaited" report that is always expected to contribute and influence the discourse and direction of the path to human development.

The publication of *In Search of a Human Face* is also timely for two very important reasons. First, it coincides with the 20<sup>th</sup> anniversary of the global *Human Development Report* (HDR), an occasion that offers the opportunity to reappraise its contribution and make the case for a new human development vision to meet the challenges and opportunities of the 21st century. Similar to the objective set by its global counterpart in 2010, *In Search of a Human Face* revisits, assesses, and updates its past themes in the context of present challenges and places significant emphasis on the knowledge from past PHDRs. It also sets out the basic approach to this task, which is to focus on the implications of the human development approach for development policies and strategies.

Second, with the Philippines on the threshold of a new political leadership in 2010, the recommendations put forward by *In Search of a Human Face* offer a “fresh” agenda for human development in the Philippines. As the new government brings hope and embarks on direction setting, *In Search of a Human Face* proposes a course of action for an enabling environment that allows human development to prosper. With five years to go to the 2015 timeline of the Millennium Development Goals (MDGs), the Philippines now has this golden opportunity to accelerate the pace of its progress toward the MDGs by fully adopting human development as the driver to achieve the goals.

**UNDP has always espoused that human development is about putting people at the center of development; that it is about people realizing their potential, increasing their choices, and enjoying the freedom to lead lives they value.** Fundamental to enlarging people’s choices is building human capabilities to lead long and healthy lives, to be knowledgeable, to have access to the resources needed for a decent standard of living, and to be able to participate in the life of the community. Without these, many choices are simply not available, and many opportunities in life remain inaccessible.

The main message of *In Search of a Human Face* is precisely the triumph of the human potential that can only be fully achieved if the conditions that allow for its development are present. Many developing countries have struggled for decades to rise above the conditions of poverty and underdevelopment. *In Search of a Human Face* proposes anew the elements necessary to overcome these challenges by putting people at the center of development. It is consistent with the human development’s fundamental notion of exploring how a people-centered approach affects the way we should think about key challenges.



**Dr. Jacqueline Badcock**

UN Resident Coordinator and UNDP Resident Representative



## Foreword 2

**A**fter nearly two decades, the Philippine Human Development Network (HDN) makes another significant contribution to advocacy for human development. *In Search of a Human Face: 15 Years of Knowledge Building for Human Development in the Philippines* is an important publication for the invitation it offers not only the Philippine community but the international community at large to reflect on each other's national efforts toward our most fundamental objective: putting people at the center of development efforts. And, once again, our Philippine colleagues make their contribution with rigor, courage, and class.

I have had the pleasure of following the work of the HDN and collaborating with Solita “Winnie” Collás-Monsod during the time that I served as the director of the global *Human Development Reports*. The United Nations Development Programme (UNDP) launched the first *Human Development Report* (HDR) in 1990. It was the brainchild of the Pakistani economist Mahbub ul Haq whose vision was to challenge the “growth-centered” policies of the times with a new paradigm—“human development”—that put people at the center of development. Through the collaborative efforts of leading scholars and development practitioners, the annual *HDRs* over the last 20 years have spotlighted the concept of sustainable human development and the challenge of translating this concept into action. These reports have scrutinized global and national policies by asking whether they served to expand choices and opportunities that people had to lead lives they valued, and proposed alternatives in a wide range of areas from international trade policies to priorities for empowering women to deepening democratic practice.

The Philippines was one of the very first countries to produce its own human development report in 1994, and was exactly the kind of national effort we had sought to foster. Governments are first and foremost accountable to their own people, and it is only when civil society speaks with a loud and clear voice will national policies respond to peoples' priorities.

True to its strong tradition of active civil society participation, the *Philippine Human Development Report (PHDR)* was led by an independent group of respected intellectuals—who later organized themselves into the HDN—each member a leader in his or her own right in academia or civil society. Beginning with its initial volume on the state of human development across regions in the Philippines, the HDN spearheaded



the systematic examination of human development's basic components, including gender relations (1997), basic education (2000), employment (2002), human security (2005), and institutions (2008/2009). Each issue of the *PHDR* was able to present new or old evidence in a new light and cogently argue for and against options for national and local policy.

We in the *HDR* team learned from these analyses. We called on Solita to contribute frequently by serving on our advisory panels of eminent experts. She consistently reminded us of our purpose—to foster development for, by, and of the people. We admired not only the intellectual force of the Philippine reports but also their novelty and courage. Solita's leadership at the early formative years of the HDN was very crucial, investing not only her intellectual leadership but, as I understand it, a lot of personal goodwill. Her passion for “human development” was infectious as was her optimism about the impact it could make if only policymakers, development managers, local executives, and communities understood what it was all about and how to use its policy tools. She brought this passion and took us in the global *HDR* teams beyond the dry technical debates to reach higher goals. Like Mahbub ul Haq, she was the one to ask not why things were the way they were, but why they could not be different.

This year offers an opportunity for the HDN to once again lead in ensuring the continued relevance of human development concepts and tools to everyday development work. I congratulate the HDN membership, and most especially Solita, for the outstanding work over the last 18 years. The human development perspective is needed today more than ever to meet the challenges of global financial instability, instability in global economic systems, the threats of climate change, and the many challenges of creating democratic institutions and processes that are responsive to the priority needs of people and are accountable to them.



**Sakiko Fukuda-Parr**

Professor, Graduate Program in International Affairs

The New School, New York

Director, Human Development Report Office 1995-2004

# Foreword 3

Since its founding president Solita Collas Monsod and then UNDP Resident Representative Kevin McGrath first convened the Human Development Network (HDN) in 1992, it has remained true to its *raison d'être*—the propagation and mainstreaming of the concept of sustainable human development through research and advocacy. A multidisciplinary network of development practitioners representing academe, national government agencies, nongovernment organizations, and international organizations, HDN has focused its energies on the publication of the *Philippine Human Development Report* (PHDR) as its main vehicle for advocating people-centered development.

Over the years, HDN has produced six reports that operationalize and substantiate the framework of human development in the context of issues that have a crucial bearing on the country's development—Human Development (1994), Gender (1997), Education (2000), Employment (2002), Human Security (2005), and Institutions (2008/2009). Comprehensive and evidence-based, these reports have contributed to the analytical literature and offered strategic and far-reaching recommendations on the issues tackled. Recognizing the value of the reports, the Department of Science and Technology, in its golden jubilee celebration at the 50 Men and Women of Science Awarding Ceremony in August 2008, conferred upon the PHDR Series the prestigious Outstanding Research Award for its factual, insightful, and well-written analyses of human development issues in the Philippines.

In fulfilment of its mission, the Human Development Network is proud to make available to the Filipino public *In Search of a Human Face: 15 Years of Knowledge Building for Human Development in the Philippines*, a volume that compiles the theme chapters of the first five issues of the PHDR. The publication of this book marks 15 years of knowledge building and HDN advocacy for human development. Apart from reproducing the theme chapters, the book contains postscripts that reflect on the relevance of the analyses and recommendations in the reprinted chapters, identify gaps, and propose ways to move forward in terms of future research and policy advocacies. It is notable that the postscripts, while providing fresh analytical perspectives and updated data, affirm the unique contributions of each issue and the continuing relevance of the analyses found in them.

This book would not have seen print were it not for the collaborative work among the members and friends of HDN. We thank the contributors (in alphabetical order) to each issue—Michael M. Alba, Florian A. Alburo, Germelino M. Bautista, Allan Benedict I. Bernardo, Alex B. Brillantes, Jr., Leonor M. Briones, Yasmin Busran-Lao, Meneleo J. Carlos, Jr., Miriam Coronel-Ferrer, Lawrence B. Dacuycuy, Emmanuel S. de Dios, Ma. Luisa C. Doronila (+), Edicio G. de la Torre, Geoffrey M. Ducanes, Marina Fe B. Durano, Rosemarie G. Edillon, Rene O. Encarnacion, Maria Sagrario L. Floro, Marides V. Gardiola, Bro. Andrew B. Gonzales, FSC (+), Eugenio M. Gonzales, Sylvia H. Guerrero, Carolina G. Hernandez, Milagros

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HDN is also especially indebted to several individuals who added even more value to the compilation of theme chapters. They are the postscript writers—Gelia T. Castillo, Benedict J. Tria Kerkvliet, Emmanuel F. Esguerra, Michael M. Alba, and Jeanne Frances I. Illo—as well as the participants of the Roundtable Discussion (who are all listed on page 281) led by former President and HDN Honorary President Fidel V. Ramos; Toby Melissa C. Monsod, overall coordinator of this project; HDN research assistants Jose Rowell T. Corpuz and Dolorosa C. Pasia, and Romelo R. Credo, HDN administrative assistant. Special thanks are also owed to Yvonne T. Chua who provided editing and proofreading services and Eduardo A. Davad for the layout and artwork.

The HDN also wishes to express its appreciation to the United Nations Development Programme (UNDP) Manila and the National Economic and Development Authority–Public Investment Staff (NEDA-PIS) who provided funding support and patiently waited for us to get this done. HDN activities continue to benefit from the invaluable support of UNDP through Resident Representative Jacqueline Badcock and current Country Director Renaud Meyer and of NEDA-PIS through Jonathan L. Uy. Special thanks are due as well to Jana Grace P. Ricasio, former UNDP Manila point person for the *PHDR*, who continues to respond when we call for help. Lastly, many thanks to my fellow HDN colleagues, in particular to the members of the Executive Committee, Solita Collás-Monsod, Emmanuel S. de Dios, Arsenio M. Balisacan, Fernando T. Aldaba, Winfred M. Villamil, Erlinda M. Capones, Gelia T. Castillo, and Romulo A. Virola.

Finally, this book would not have been possible without the invaluable inputs of Solita Collás-Monsod who breathed life into the HDN, supervised the conceptualization of the first four *PHDR* issues, raising provocative questions and ensuring their analytical rigor. Unknown to her, Professor Monsod was the inspiration behind this book project.



**Ma. Cynthia Rose Banzon-Bautista**

Acting President

Human Development Network



To Solita “Winnie” Collás-Monsod

the first voice for human development in the Philippines

with thanks and admiration from your HDN colleagues

for your leadership in pursuit of rigor, relevance, and real reform



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# Abbreviations

ADB	Asian Development Bank	ESC	Educational Services Contracting
AFP	Armed Forces of the Philippines	FIES	Family Income and Expenditure Survey
AIM	Asian Institute of Management	FLEMMS	Functional Literacy, Education, and Mass Media Survey
APGEN	Asia-Pacific Gender Equality Network	FMM	Female-Headed Household
APIS	Annual Poverty Indicators Survey	FPS	Family Planning Survey
ASG	Abu Sayyaf Group	GAA	General Appropriations Act
BEIS	Basic Education Information System	GAD	Gender and Development
BESRA	Basic Education Sector Reform Agenda	GASTPE	Government Assistance to Students and Teachers in Private Education
BLES	Bureau of Labor and Employment Statistics	GBD	Global Burden of Disease
BWYW	Bureau of Women and Young Workers	GDI	Gender-Related Development Index
CAFGU	Citizens Armed Force Geographical Unit	GeRL	Gender-Responsive Local Government
CAMS	Council for Asian Manpower Studies	GSIS	Government Service Insurance System
CAPWIP	Center for Asia Pacific Women in Politics	HDI	Human Development Index
CARP	Comprehensive Agrarian Reform Program	HDN	Human Development Network
CBRMP	Community Based Resource Management Project	HDR	Human Development Report
CCF	Christian Children's Fund	HPDE	Human Priority Development Expenditures
CIDA	Canadian International Development Agency	HPI	Human Poverty Index
CPH	Census of Population and Housing	IBAC	Ideology-Based Armed Conflict
CPP	Communist Party of the Philippines	ICRC	International Committee of the Red Cross/ Crescent
CSO	Civil Society Organization	ICT	Information and Communication Technology
DA	Department of Agriculture	IDC	Iranun Development Council
DALY	Disability-Adjusted Life Year	IDP	Internally Displaced Person
DECS	Department of Education, Culture, and Sports (now the Department of Education or DepEd)	IMC	Instructional Materials Corporation
DENR	Department of Environment and Natural Resources	IMF	International Monetary Fund
DEPED	Department of Education	IMR	Infant Mortality Rate
DILG	Department of Interior and Local Government	IMST3	Third International Mathematics and Science Test
DOH	Department of Health	IPG	Institute for Politics and Governance
DOLE	Department of Labor and Employment	IRA	Internal Revenue Allotment
DOR	Drop-Out Reduction	IRR	Implementing Rules and Regulations
DOST	Department of Science and Technology	ISI	Institute of Strategic Initiatives
DSWD	Department of Social Welfare and Development	IT	Information Technology
ECC	Employees' Compensation Commission	LF	Labor Force
EDCOM	Congressional Committee on Education	LFPR	Labor Force Participation Rate
ELA	Executive-Legislative Agenda	LFS	Labor Force Survey

LGC	Local Government Code	PHDR	Philippine Human Development Report; also Priority Human Development Ratio
LGPMS	Local Governance Performance Measurement System	PIMME	Project Implementation, Management, and Monitoring and Evaluation
MDG	Millennium Development Goal	PLFS	Philippine Labor Flexibility Survey
MHH	Male-Headed Household	PNP	Philippine National Police
MILF	Moro Islamic Liberation Front	PO	People's Organization
MMR	Maternal Mortality Rate	POEA	Philippine Overseas Employment Administration
MNLF	Moro National Liberation Front	PPA	Philippine Ports Authority
MOOE	Maintenance and Other Operating Expenses	PPsM	Pagkain Para sa Masa for the Mindanao Uplands
NAPC	National Anti-Poverty Council	PRC	Professional Regulation Commission
NCIP	National Commission on Indigenous Peoples	PTC	Permit to Campaign
NCR	National Capital Region	RA	Republic Act
NCRFW	National Commission on the Role of Filipino Women	RPOC	Regional Peace and Order Council
NDF	National Democratic Front	SBM	School-Based Management
NDHS	National Demographic and Health Survey	SEC	Securities and Exchange Commission
NEAT	National Elementary Achievement Test	SEF	Special Education Fund
NEDA	National Economic Development Authority	SEIPI	Semiconductor Industry of the Philippines Inc.
NFP	National Family Planning Program	SNA	System of National Accounts
NGO	Nongovernmental Organization	SSS	Social Security System
NIC	Newly Industrialized Country	SUC	State Universities and Colleges
NIE	Newly Industrializing Economy	TESDA	Technical Education and Skills Development Authority
NLF	Not in the Labor Force	TFR	Total Fertility Rate
NMYC	National Manpower and Youth Council	TIMSS	Third International Mathematics and Science Study
NPA	New People's Army	UN	United Nations
NSAT	National Secondary Achievement Test	UNDP	United Nations Development Programme
NSCB	National Statistical Coordination Board	UNICEF	United Nations Children's Fund
NSO	National Statistics Office	UP	University of the Philippines
NTPS	National Tuberculosis Prevalence Survey	UPPI	University of the Philippines Population Institute
NUC	National Unification Commission	USAID	United States Agency for International Development
OCW	Overseas Contract Worker	WAP	Working-Age Population
ODA	Official Development Assistance		
OFW	Overseas Filipino Worker		
OMA	Office of Muslim Affairs		
OPAPP	Office of the Presidential Adviser on the Peace Process		
OW	Overseas Workers		
PBET	Professional Board Examination for Teachers		
PC	Philippine Constabulary		
PDC	Peace and Development Community		

# Introductory Note

**T**he present volume is both a record and an appraisal of the work of almost two decades by the Human Development Network. It arose from the need to review the continuing relevance and policy impact of the human development concept and approach, as understood in a Filipino context.

The volume consists of three parts. The first and main part compiles the theme chapters of the 1994, 1997, 2000, 2002, and 2005 editions of the *PHDR* (the 2008/2009 volume is not reprinted here, having been published only in May 2009). One will note from the 1994 entry (which reprints both the first chapter and executive summary of the volume) that the 1994 edition was a baseline for the whole series, containing an introduction to human development, the Human Development Index (HDI), and the Gender-sensitive HDI (GDI), as well as separate chapters on “the state of income,” “the state of human capital,” “the state of the environment,” and “human development and people’s participation in governance.”

The subsequent volumes proceeded to explore the basic components in-depth—*The Changing Status of Women* in 1997, *Quality, Access, and Relevance in Basic Education* in 2000, and *Work and Well-Being* in 2002—before the 2005 edition dealt with *Human Security and Armed Conflict*, a theme motivated by the disturbing human development outcomes coming out of the Autonomous Region in Muslim Mindanao. (The 2008/2009 volume continued to pursue a political economy theme with an examination of public sector institutions and their role in human development outcomes.)

The second part is a set of essays by third-party experts—Gelia T. Castillo, National Scientist, Jeanne Francis I. Illo, Gender Equality Adviser of the Canadian International Development Agency, Michael M. Alba, former dean of the College of Business and Economics of De La Salle University, Emmanuel F. Esguerra, director of the Economics Research Center of the University of the Philippines School of Economics, and Benedict J. Tria Kerkvliet, professor emeritus of the Australian National University—who were invited to comment on the analysis and recommendations of the 1994, 1997, 2000, 2002, and 2005 volumes, respectively. Dr. Castillo’s essay, from which the title of this publication is taken, reviews the revolution that was *human development*, a concept that was “quite a novelty where economists wield awesome influence” and identifies where issues such as human development and reproductive

health, gender and poverty, quality and inclusivity in education, and political freedom can be further explored. Drs. Illo, Alba, Esguerra, and Kerkvliet likewise affirm the significant contributions of their assigned volumes to the analytical literature and, by taking stock of developments since each edition was published, make their own contributions, providing fresh insight and augmenting the original analysis.

The essays above benefitted in part from a roundtable discussion on “Human Development in the Philippines: 15 Years of Research and Advocacy,” which was held in October 2009. The proceedings of the event are featured in the third and final part of the book.

The *Philippine Human Development Report* is published every two or three years, depending on the release of updated national statistics. It is produced by the Human Development Network, a nonpartisan, nonstock, nonprofit organization whose 160-odd members come from the academe, community-based organizations and NGOs, government agencies, and international organizations. Each *Report* represents the collective efforts of many scholars and practitioners and can be downloaded at [www.hdn.org.ph](http://www.hdn.org.ph).

The next *PHDR*, scheduled for 2011, explores the interplay between geography, environment, and human development.



# Theme Chapters

**1994**

**The Meaning of Human Development**

**1997**

**The Changing Status of Women**

**2000**

**Quality, Access, and Relevance in Basic Education**

**2002**

**Work and Well-Being**

**2005**

**Human Security and Armed Conflict**

# The Meaning of Human Development

## What does development really mean?

**I**T may seem strange that such an abstract, speculative question should matter to ordinary people. But this question precisely underlies both the interest and apprehension surrounding *Philippines 2000*, the administration's summary phrase for its vision of development. Despite its lack of definition and its evident political expediency, the idea of *Philippines 2000* has gained currency and is repeatedly intoned simply because it fills a need. Even critics give it some validity by constantly making reference to it.

There is general skepticism about the government's plans, but for the most part, this has something to do with how realistic are the targets. Can a given growth rate or level of income be attained in a given time? This is an important question, but still less fundamental than the question of whether the set goals and criteria for measuring success are themselves right and adequate. Nevertheless, what now appears to be the overriding objective of the government is for the nation to achieve the status of a newly industrialized country (NIC) such as that achieved by South Korea, Taiwan, and Hong Kong or, more modestly, by Malaysia and Thailand.

This objective reflects a manner of thinking that tends to equate development with *economic* development which, although a complex process, is often perceived by the public in terms of raising incomes per person, or per capita GNP.<sup>1</sup>

The government targets an average GNP

growth rate of 7.5 percent annually until 1998 and a per capita income of over \$1,000 before that. This is combined with a promise to reduce the incidence of absolute poverty from 40 percent in 1991 to 30 percent by 1998. The underlying suggestion is that aggregate growth will enhance the welfare of the poor. But, of course, even in these terms, the fact remains that Filipinos have not yet regained the average incomes they earned in 1982.

### **Why rapid income growth is an insufficient measure of success**

There is certainly nothing wrong about Filipinos aspiring for high and increased incomes. There is no reason to denigrate the goal of sustained income growth or to underestimate the magnitude of changes needed to bring it about. Indeed, the pursuit of sustained income growth is the first order of business, and it is in this aspect of genuine development that the country has most lagged behind based on indicators of Philippine income over the last decade..

Although important, per capita income is only *one aspect* of development. There are good reasons to qualify this preoccupation with per capita income by placing it in perspective. *First*, it is not enough to pose the goal of rapid income growth only in a broad and aggregate sense since this tends to de-emphasize the question of internal distribution. Two things were wrong with growth in the past: (1) It



could not be sustained for long, and (2) it was not equitably distributed.

The current preoccupation with growth seems to address only the first problem. In the country's experience, whether growth has risen or fallen, inequality has remained or has even worsened, and the number of poor people has increased in absolute terms. Some studies [Balisacan 1993] suggest that the lot of the poor has worsened because the distribution of income has deteriorated.

Many of the factors that made past growth inequitable *also* made it unsustainable. The most important examples are trade and industrial policies that favored the use of machinery instead of labor, and the "price-scissors" that penalized agriculture.<sup>2</sup> If many of these wrong policies can be redressed, future growth can be sustained and made more equitable. But unless the goal of a better income distribution is rendered more tangible and explicit, there is nothing to distinguish rapid growth based on a massive "empowerment" of the majority from rapid growth that grows on the backs of the poor.

*Second*, even if economic growth is revived and sustained, large pockets of people will in the short run continue to have little or no means of participating or competing in the markets and therefore no means of sharing in the newly created incomes. These people include subsistence producers such as upland farmers, small fisherfolk, landless farm workers, unskilled workers, scavengers in the cities, and others. For many of these so-called "core" or "subsistence" poor,<sup>3</sup> purely market-opening and market-enhancing programs will be largely irrelevant since in terms of education, health, and skills, they are the least prepared to make use of new market opportunities. For many of them, there is no guarantee that, even under conditions of growth, things will not get worse before they get better.

In fact, many aspects of welfare that are immediately useful to the very poor (public safety and protection from harassment, health care and micronutrient provision, education, water supply

systems and sanitation) will be weakly reflected in earned incomes. Many of these welfare services are difficult to buy or to supply privately,<sup>4</sup> and their provision does not translate immediately into visibly higher incomes. Therefore, if the goal is rapid income growth, the question that arises is: What importance shall be attached to elements that do *not* immediately contribute to that goal?

It is heartening when the government targets not only growth but makes the equally important commitment to reduce poverty incidence. But even this raises questions. The numerical goal of reducing poverty incidence carries a bias: It can be achieved most expediently by focusing efforts on those groups that are already on the margin of being nonpoor, i.e., the "survival" poor. It implicitly gives less value therefore to policies and programs that make the poorest *less* poor though they remain poor nonetheless.<sup>5</sup>

Yet can this really be the intention? If not, then at the very least, separate targets for education, health, nutrition, water and sanitation, and others must be set even though these have no large bearing on measured incomes or GNP. (It is hardly reassuring when a government professing concern for the poor also cuts out the budgets for the surveys that monitor poverty.)

*Finally*, among the national priorities, the assessment of the cost of rapid growth in terms of political and social institutions needs elaboration. The challenge to a reductionist "growthmanship" interpretation of *Philippines 2000* is to specify exactly to what lengths it should go in order to achieve the goal of, for example, double-digit growth. Can this goal be achieved under a system of civil liberties and democratic institutions?

To be sure, leaders of authoritarian NICs (typified by Lee Kuan Yew of Singapore) continue to doubt whether NIC-hood can be achieved in the Philippines under a system that is characterized as too "Western." If this pessimistic assessment should happen to be right, what choice should society take? Shall it choose salvation through supergrowth or the preservation of democratic practices and institutions?

This question has not been resolved.

In these respects, the reduction of social and economic goals to that of achieving NIC-hood, while not entirely wrong, is inadequate as a development strategy. At the very least, it oversimplifies the process of development and invites a distortion of priorities.

## Meaning of human development

Human well-being improves when incomes rise or when command over commodities expands. At the household or family level, an adequate source of livelihood is needed to raise well-being. But high income and well-being are not always synonymous. Well-being is not always reducible to the amount of commodities a household can buy. Other factors—including geographical availability of public services and facilities, social and cultural values, demographic factors, psychological states, and others—may contribute to poor conditions of health, nutrition, or literacy despite relatively adequate income.

For example, some goods and services may simply not be readily available for purchase. In remote and unserved areas, it is not easy for a household, even with income, to buy physical security, news and information, medical care, a full education, and others. Ordinarily, adequate family income results in good nutrition, health, and high literacy for family members, but not if culture, for example, gives lower priority to females. Even among people with higher income, spending is not always allocated in the manner most consistent with well-being (e.g., expenditures on tobacco, alcohol, gambling, expensive entertainment).<sup>6</sup> All these merely demonstrate that higher incomes represent only *means* and are not synonymous with well-being itself. Incomes are not outcomes.

Therefore, human development must relate mainly to outcomes or results. These outcomes must

**Table 1 Life expectancy, 1980 and 1991 (in years)**

Region	1980	1991	Rank 1980	Rank 1991
National Capital Region	66.1	68.6	1	1
I Ilocos	63.0	66.2	5	5
II Cagayan Valley	58.3	61.6	8/9	8/9
III Central Luzon	65.1	68.2	2	2
IV Southern Tagalog	64.3	67.3	3	3
V Bicol	61.2	64.3	7	7
VI Western Visayas	62.2	65.2	6	6
VII Central Visayas	63.9	67.2	4	4
VIII Eastern Visayas	58.3	61.6	8/9	8/9
IX Western Mindanao	51.5	54.7	12	12/13
X Northern Mindanao	55.0	59.1	10	10
XI Southern Mindanao	54.4	57.7	11	11
XII Central Mindanao	51.5	54.7	13	12/13
PHILIPPINES	61.6	64.9		

in turn refer to an expansion of those capabilities that make life humane. *Human development may be defined as the process of enabling people to have wider choices* [UNDP 1990, 1991, 1992, 1993]. In particular, the most important dimensions of human capabilities relate to a person's physical survival and health, level of knowledge, livelihood or income, and political freedom.

## Physical survival and health

The most basic level of human well-being is the state of a person's health and nutrition, or the length of human life itself. In present-day societies, this is closely related to physical safety in a peaceful environment, access to adequate food supplies, preventive and curative health care, and a healthy environment.

In terms of a simple but crude measure, longevity or length of life has been used to represent physical well-being. The argument is that the state of physical safety, nutrition, efficacy of health interventions, and others are all ultimately reflected in this variable. The statistical measure used for this is average life expectancy at birth among the population. In the Philippines, the use of this variable suffers from the

infrequency of population census, which is the only source of reliable life expectancy statistics. (The regional data provisionally used in this *Report* are estimates based on the 1980 Census of Households; the 1990 census figures are still being finalized.)

A person's capacity to be productive is a value in itself. For policy intervention, however, other indicators may be more useful—for example, the incidence of deaths attributed to violent encounters or insurgency, infant and child mortality, female mortality during childbearing, incidence of specific diseases, prevalence of various degrees and types of malnutrition and micro-nutrient deficiencies, and others. Here, as in other dimensions of human development, a better understanding of the specific features of the problem will lead to superior measures for evaluation and monitoring.

**Table I** shows life expectancy figures between 1980 and 1991. The national average in 1991 was about 65 years, three years more than the level of a decade ago. Improvements were recorded in all the regions. As expected, the National Capital Region (NCR) ranks highest. The lowest ranking regions are all found in Mindanao. In Luzon, Cagayan Valley (II) and Bicol (V) are the only regions below the national average while in the Visayas, it is Eastern Visayas (VIII). This geographical pattern is most likely closely related to the lack of access to health care facilities (partly the absence of infrastructure), poor conditions of public order and safety, and disparities in regional incomes.

The ranking based on life expectancy is admittedly crude and can be justified only as a first approximation. Even the high rank assigned to Metro Manila must be qualified since it fails to reflect the deterioration in the *quality* of urban life as a result of the worsening environment. A person may experience frequent respiratory illness but live long nonetheless due to frequent hospitalization. This situation is certainly inferior to one where people live long because they are free of illness. A simple index of longevity would fail to capture this difference.

## Level of knowledge

People's achievements depend on the extent of their understanding of their natural, social, and cultural environment. Today, this capability is primarily associated with the process of formal education, and the acquisition of literacy and numeracy, although it must be recognized that, historically, societies will have different traditions of nurturing knowledge.

In more modern terms, for example, radio, television, and cinema (comics and newspapers to a lesser extent) have served as influential bearers of values and information along with the formal educational system. These forms make different (typically less) demands on literacy and numeracy. For example, weather forecasts aired by a commercial radio fulfill a vital function in production for fisherfolk. Warnings of natural disasters (e.g., impending volcanic eruptions and lahar danger) have saved countless lives in Central Luzon (III). Certainly, political education has been mediated primarily by the mass media. In certain instances where formal education is unavailable, both government and nongovernment organizations have also experimented with more flexible forms of nonformal education.

In short, attempts to assess people's levels of knowledge must also take into account the different channels by which people actually learn and gain information. These forms may not be restricted to the spread of formal education. An important problem—especially in the Philippines where different cultures, religions, and ethnolinguistic groups exist—is whether the existing systems of formal education or mass media make enough efforts to respect the integrity of local languages and cultures. To the extent that they fail to do so, then they may be regarded as irrelevant or threatening and risk rejection. For example, it would be inappropriate to insist on putting up schools with full Western (Judeo-Christian) tradition in predominantly Muslim areas. The same sensitivity should be present when dealing with tribal cultures.

**Table 2 Literacy rates, 1980 and 1991 (in percent)**

Region	1980	1991	Rank 1980	Rank 1991
National Capital Region	96.60	99.09	1	1
I Ilocos	85.08	95.80	4	4
II Cagayan Valley	79.32	91.30	9	6
III Central Luzon	88.50	97.80	2	2
IV Southern Tagalog	85.81	96.81	3	3
V Bicol	83.48	95.31	5	5
VI Western Visayas	81.16	93.00	7	7
VII Central Visayas	76.09	91.00	11	10
VIII Eastern Visayas	76.49	89.81	10	11
IX Western Mindanao	64.97	81.32	12	13
X Northern Mindanao	83.37	92.90	6	8
XI Southern Mindanao	80.06	91.89	8	9
XII Central Mindanao	64.60	83.01	13	12
PHILIPPINES	82.72	93.54		

**Table 3 Mean years of schooling, 1980 and 1991 (in number of years)**

Region	1980	1991	Rank 1980	Rank 1991
National Capital Region	9.17	9.73	1	1
I Ilocos	5.85	7.25	3	3
II Cagayan Valley	5.27	6.30	9	9
III Central Luzon	6.18	7.35	2	2
IV Southern Tagalog	5.84	7.18	4	4
V Bicol	5.41	6.42	8	8
VI Western Visayas	5.51	6.58	7	7
VII Central Visayas	4.96	6.03	10	10
VIII Eastern Visayas	4.80	5.75	11	11
IX Western Mindanao	4.27	5.32	13	13
X Northern Mindanao	5.78	6.75	5	5
XI Southern Mindanao	5.61	6.59	6	6
XII Central Mindanao	4.29	5.79	12	12
PHILIPPINES	5.93	7.05		

In such contexts, the lack of achievement in formal education may have more to do with the defects in the system being put up than with deficiencies in the level of human development.

Finally, there are large differences in the quality of formal education for the same level of attainment. This is due to the differences in quality between public and private education and among public schools themselves as distributed in the various regions.<sup>7</sup> Recent studies that seek to measure these quality differences are very few and difficult to find.

Concededly, some appropriate system of education and a minimal level of literacy are indispensable for developing the capacity to learn. For purposes of constructing a human development index in this *Report*, the state of knowledge may be measured as a combination of (1) adult literacy rate and (2) average educational attainment among the population, measured as mean years of schooling. In the method of constructing an index used by various international human development reports, the literacy rate and the educational attainment are given weights of two-thirds and one-third, respectively. The literacy rate more closely measures a basic outcome, while educational attainment indicates degree or quality of knowledge.

Again, for policy purposes, other measures may be used to monitor not only outcomes but crucial *inputs* into the process. Formal education is monitored using rates of enrollment and of completion (cohort survival). There is still much work to do, however, in developing measures of education quality.

Besides the effectiveness of formal education, the reach of mass media and communications may also be measured: radio listenership, TV viewership, newspaper circulation, telephone density, and others. Even the quality of outcomes in terms of literacy may be improved. Statistics on literacy measure only the most rudimentary or basic literacy (the ability to read and write one's name and a simple message), and they tend to give a favorable picture due to the near-universal provision of elementary education. Closer measures of ability, however, such as tests for *functional* literacy, have shown less reassuring results. In 1989, it was estimated that almost one-fourth of all Filipino adults were functionally illiterate.

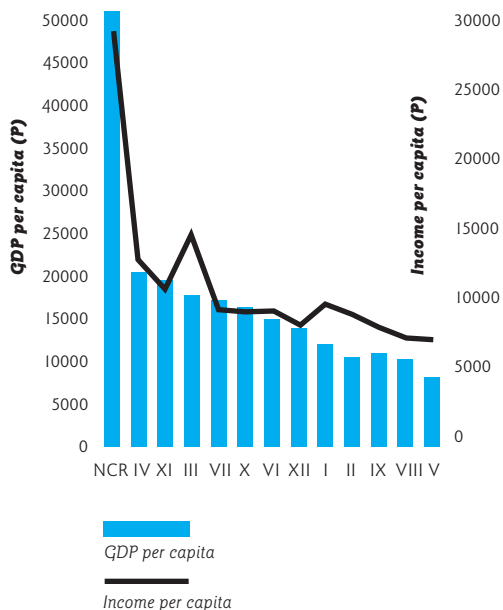
**Table 4 Poverty incidence, 1985, 1988, and 1991**

Region	1985	1988	1991	Rank 1991
National Capital Region	23.0	21.6	14.9	1
I Ilocos	37.5	44.9	49.4	3
II Cagayan Valley	37.8	40.4	43.1	9
III Central Luzon	27.7	29.3	33.0	2
IV Southern Tagalog	40.3	41.1	38.0	4
V Bicol	60.5	54.5	56.1	13
VI Western Visayas	59.9	49.4	46.7	7
VII Central Visayas	57.4	46.8	42.4	6
VIII Eastern Visayas	59.0	48.9	40.7	5
IX Western Mindanao	54.3	38.7	54.5	11
X Northern Mindanao	53.1	46.1	55.2	12
XI Southern Mindanao	43.9	43.1	47.5	8
XII Central Mindanao	51.7	36.1	51.0	10
PHILIPPINES	<b>44.2</b>	<b>40.2</b>	<b>40.7</b>	

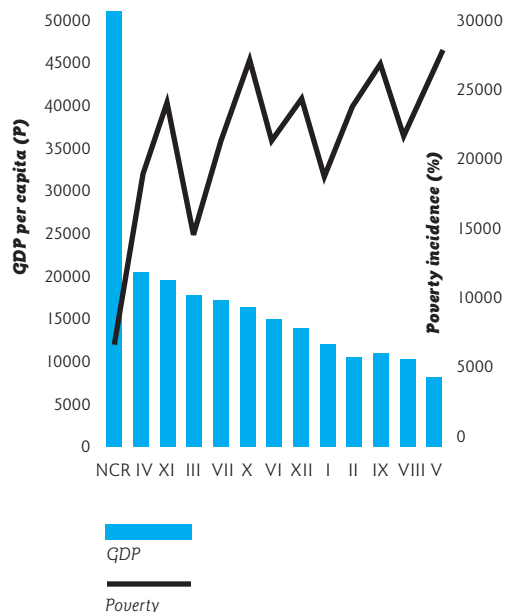
**Table 5 Adjusted and unadjusted GDP per capita, 1991 (in current pesos)**

Region	Unadjusted	Adjusted	Rank
National Capital Region	49,752	8,001	1
I Ilocos	11,905	7,485	9
II Cagayan Valley	10,304	7,459	11
III Central Luzon	17,596	7,595	4
IV Southern Tagalog	21,137	7,641	2
V Bicol	8,052	7,403	13
VI Western Visayas	15,093	7,548	7
VII Central Visayas	17,346	7,591	5
VIII Eastern Visayas	9,791	7,449	12
IX Western Mindanao	10,783	7,467	10
X Northern Mindanao	16,722	7,582	6
XI Southern Mindanao	19,790	7,625	3
XII Central Mindanao	14,148	7,515	8

**Figure 1 Regional GDP per capita and average income (in 1991 pesos)**



**Figure 2 GDP per capita and poverty incidence (in pesos; in percent)**



**Tables 2 and 3** show the performance of the various regions in literacy and schooling. Nationally, over the past decade, mean years of schooling rose from six to seven years, and literacy improved from 83 to 94 percent. There are some variations across regions. The regions with the lowest educational attainment are Western and Central Mindanao (IX and XII); Southern and Northern Mindanao (XI and X) rate much better. Eastern Visayas (VIII) also fares poorly on both measures, and Central Visayas (VI) ranks only 10th, lower than some regions in Mindanao and the poorer Luzon regions of Cagayan (II) and Bicol (V). This points to a deficiency not easily seen by simply identifying the region with the fastest-growing province, Cebu. In Luzon, the high achievement of the Ilocos region in both schooling and literacy is noteworthy, while the achievements of the NCR and regions close to it are high, as might be expected.

## Livelihood and income

As a component of human development, livelihood has two dimensions. First, it yields income which supports consumption and further improvement of human capabilities. Second, it expresses people's capacity to be productive and to contribute meaningfully to society.

Discussions about growth consider livelihood as important because of the size of income that it generates. It is this aspect of growth that is most important in a poor country. Higher income gives greater command over more commodities of better quality and wider variety, facilitating a richer human existence. Incomes may be used to invest further in health, education, training, and other forms of human capital. Strictly speaking, however, income in this sense merely captures a *potential* improvement in the quality of life. As mentioned earlier, the actual use of income for this purpose will depend on other factors.

Aside from higher income, which enables

one to finance consumption and invest in human capital, a person's capacity to be productive is valuable in itself. If the pay always translates into fulfillment, income and productivity coincide. In more economically developed societies, however, the problem of alienation from work shows that there are dimensions of work not captured by pay alone. Nevertheless, income derived from productive work is one of the most important sources of personal advantage and opportunity, and should be the main concern in poorer societies such as the Philippines.

Ideally, assessment of livelihood and income should deal not only with their current levels but also with the question of whether these can be sustained. For this reason (as in the case of health), the condition of the environment must be considered.

Current levels of income may be high for some provinces due to the presence of some natural resources—such as forest, marine life, and minerals—that are exploited. As the resources are depleted, sources of livelihood and income typically decline and current levels cannot be sustained. When current income levels are used to measure livelihood, one becomes blind to the issue of sustainability except in the long term, when average productivity and income finally fall. For this reason, it is probably wise to monitor the state of the environment separately; high and rising levels of income must be discounted to the extent that they are associated with unsustainable resource depletion.

Apart from per capita income, the most well-known indicator of welfare is the headcount measure of poverty incidence (i.e., the number of households in an area living below the official regional poverty threshold). **Table 4** enumerates the figures for the country and each region for the years 1985, 1988, and 1991. Between these years, there was an apparent improvement and then a stagnation in the headcount measure. The absolute number of poor households continued to rise over those years. On a regional basis, poverty incidence was highest for Bicol (V), Northern Mindanao (X), and Southern (XI) and

**Table 6 Human development indices: Intercountry comparisons, 1990**

	Country	Life expectancy (years) 1990	Adult literacy (%) 1990	Mean years of schooling 1990	Real GDP per capita (PPP\$) 1989	Human Development Index (HDI)
1	Canada	77.0	99.0	12.1	18,635	0.982
2	Japan	78.6	99.0	10.7	14,311	0.981
6	USA	75.9	99.0	12.3	20,998	0.976
34	South Korea	70.1	96.3	8.8	6,117	0.871
40	Singapore	74.0	85.0	3.9	15,108	0.848
51	Malaysia	70.1	78.4	5.3	5,649	0.789
69	Thailand	66.1	93.0	3.8	3,569	0.685
79	China	70.1	73.3	4.8	2,656	0.612
80	Philippines	64.9	93.5	7.0	2,269	0.600
98	Indonesia	61.5	77.0	3.9	2,034	0.491
121	India	59.1	48.2	2.4	910	0.297
135	Bangladesh	51.8	35.3	2.0	820	0.185

Central Mindanao (XII). It was lowest for Metro Manila, the surrounding regions (Central Luzon and Southern Tagalog), and the Ilocos (I) region.

Following the convention in various intercountry human development reports, income shall be the variable taken to represent the dimension of livelihood. However, GNP or GDP per capita is adjusted to reflect the hypothesis that the more income contributes less to human development, the higher is the income that has already been achieved. This is done by discounting levels of per capita income above the poverty threshold. The various international *HDRs* work by setting an “international poverty line.”<sup>8</sup> But in making interregional comparisons, region-specific official poverty lines are used.

There are two possible sets of data for representing average regional incomes. The first is the GDP or product figures at the regional level, which are available annually. The other is from the 1991 Family Income and Expenditure Survey (FIES), which gives average income figures per region.

Both sets are imperfect. GDP reflects only the output produced and is imperfectly related to the incomes earned by inhabitants of the region. For example, the profits of a plantation in Mindanao owned by a transnational corporation with offices based in Manila form part of regional GDP, but if

these are remitted to Manila—or worse, overseas—they do not form part of Mindanao’s income.

On the other hand, the FIES income data typically underrepresent the higher income brackets. For example, using that series, Central Visayas (VII), despite Cebu, would be poorer than Cagayan Valley (II) or even Western Visayas (VI). This imperfect relationship is seen in **Figure 1**. In the figure, the regions are arranged according to decreasing GDP per capita, represented by the columns. The fact that the line representing income does not always move in the same direction shows that the two series do not coincide.

In the end, however, for purposes of developing a measure, this *Report* provisionally adopts the series of regional GDP per capita in order to follow the spirit of the United Nations Development Programme (UNDP) methodology as closely as possible. Regional GDP per capita is adjusted using the poverty thresholds of the various regions in order to arrive at **Table 5**, the adjusted regional GDP figures. Since the same (national or international) poverty threshold is used, the ranking based on the adjusted GDP figures will not differ from the original. The only difference is that the gaps between regions become smaller because of the diminishing importance of the additional income above the poverty threshold for



**Table 7 Regional HDIs as compared to other countries, 1991\***

High HDI	
USSR	0.873
NCR	0.871
South Korea	0.871
Malaysia	0.789
Medium HDI	
Thailand	0.685
Syria	0.665
Region IV	0.665
Libya	0.659
Sri Lanka	0.651
Region III	0.647
China	0.612
Region VII	0.608
Peru	0.600
Mongolia	0.574
Lebanon	0.561
Region XI	0.550
Gabon	0.545
Region X	0.541
Guyana	0.539
Algeria	0.533
Region V	0.515
Region II	0.500
Low HDI	
El Salvador	0.498
Nicaragua	0.496
Indonesia	0.491
Region VIII	0.487
Honduras	0.473
Vietnam	0.464
Region XII	0.447
Solomon Islands	0.434
Region IX	0.410
Zimbabwe	0.397
Myanmar	0.385

\*Figures for other countries pertain to 1989.

human development.

Based on GDP per capita, the poorest regions are Bicol (V), where poverty incidence [Table 4] is also highest, Eastern Visayas (VIII), Cagayan Valley

**Table 8 Regional human development indices: Interregional comparison, 1980 and 1991**

Region	1980	1991	Rank 1980	Rank 1991
National Capital Region	1.0000	1.0000	1	1
I Ilocos	0.4522	0.5228	4	4
II Cagayan Valley	0.2967	0.3202	10	10
III Central Luzon	0.5880	0.6531	3	3
IV Southern Tagalog	0.5968	0.6431	3	3
V Bicol	0.3641	0.3923	7	7
VI Western Visayas	0.4515	0.4825	5	6
VII Central Visayas	0.4471	0.5146	6	5
VIII Eastern Visayas	0.2387	0.2794	11	11
IX Western Mindanao	0.0296	0.0358	13	13
X Northern Mindanao	0.3563	0.3613	8	8
XI Southern Mindanao	0.3309	0.3367	9	9
XII Central Mindanao	0.0740	0.0963	12	12

(II), and Western Mindanao (IX). Some areas, such as Southern and Northern Mindanao (XI and X), rank high or above average in terms of GDP per capita, but badly perform in terms of poverty alleviation. This points to a situation where the fruits of production in those regions fail to redound to the benefit of their inhabitants. This is also seen in Figure 2. If a higher GDP per capita always translates into lower poverty incidence, then the line representing poverty incidence would be uniformly rising as regional GDP per capita falls. Figure 2 clearly shows that this is not always the case.

## Political freedom and people's right to participate in social decisions

This is the last component of human development. This is a typically sensitive diplomatic issue across countries, and international editions of the *HDR* have stopped trying to evaluate the political systems of other countries for their democratic qualities. Nonetheless, political freedom and

## Box 1.1 Computing the HDI

Constructing and computing for a human development index (HDI) has been established and gradually developed by the United Nations Development Programme (UNDP) in the various editions of the *Human Development Report*. Broadly, it involves specifying dimensions along which development may be measured. These are longevity, state of knowledge, and income.

Suppose there are  $n$  areas or regions involved, and  $Z_{ik}$  denotes the score of the  $i$ th region on the  $k$ th dimension ( $k = 1, 2, 3$ ). Some regions will rate highest on the  $k$ th criterion and others will rate lowest. Denote these scores respectively as  $Z_k^{max}$  and  $Z_k^{min}$ . For each region  $i$ , a *deprivation ratio* for criterion  $k$ , namely  $D_{ik}$  may then be defined as follows:

$$D_{ik} = (Z_k^{max} - Z_{ik}) / (Z_k^{max} - Z_k^{min}) \quad (1)$$

which merely measures how well or how poorly, relative to others, the region  $i$  fares on the  $k$ th criterion. It is obvious  $D_{ik}$  has a value of zero (i.e., zero deprivation) if region  $i$  has the highest score for  $k$  and a value of one for the worst performer. The average *deprivation ratio* of the region, represented as  $D_i$ , is simply the average of the  $D_{ik}$  over all  $k$  criteria:

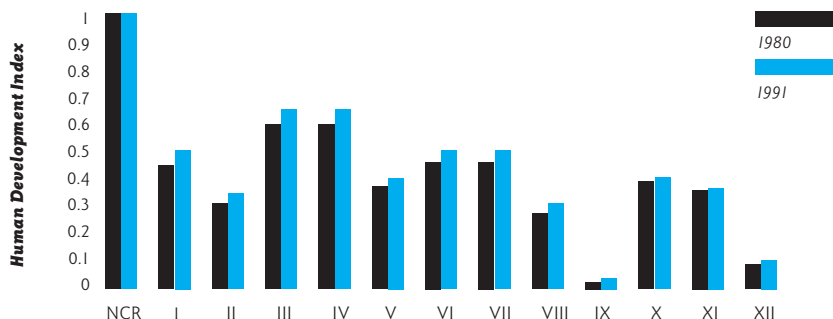
$$D_i = (D_{i1} + D_{i2} + D_{i3}) / 3 \quad (2)$$

The higher the score, the worse it is for the region. For example, a region that performed worst on *all* three criteria would have an average ratio exactly equal to one. Finally, the *human development index* for region  $i$ , denoted as  $H_i$  is computed simply as the difference between one and the average deprivation ratio, that is:

$$H_i = 1 - D_i \quad (3)$$

The higher the  $H_i$  (or the lower the  $D_i$  which is the same thing), the better is the region's rating on human development. In more recent years, some refinements have been made when computing for HDI at the international level. Series that are sensitive to income distribution and gender inequalities, among others, are now available for some countries [UNDP 1992]. Empirical equivalents to some metaconcepts have also been revised. Since the 1991 *HDR*, for example, "knowledge" has been measured not simply by adult literacy but by mean years of schooling as well.

**Figure 3 Human development indices by region**



participation in human development remain as the principal channels for expressing and realizing oneself in the community. In the Philippines, this component is especially important because the country has committed to pursuing economic development through democratic processes. Some may object to the inclusion of particular forms of political process (democratic and participatory forms) as components of human development. After all, these are merely *means* to well-being, not outcomes, and are culturally relative.

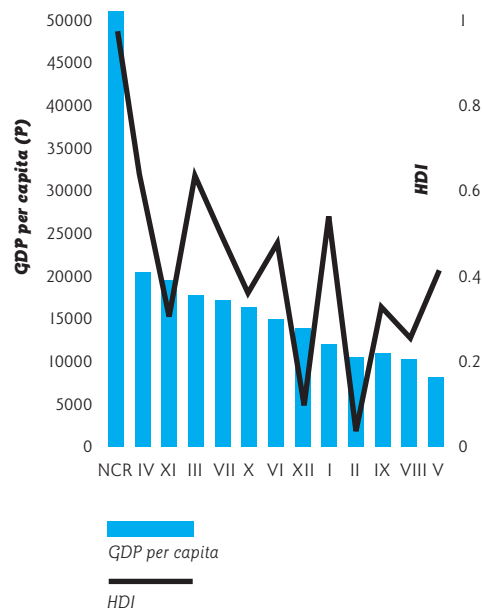
This *Report* contains a closer discussion of the importance of people's participation in governance and some suggestions for measuring the extent and quality of this participation. Even here, however, it may already be argued that politics and social decisionmaking are distinctly human activities that call for autonomous personal involvement. Human development becomes parochial when the scope for human decisionmaking is restricted and human affairs are reduced to matters of the gut. The intrinsic value of freedom is such that, regardless of the choices that people ultimately make, a widening of the *scope* of potential choices represents a welfare improvement.<sup>9</sup>

The *Human Development Report* (1992) puts it aptly: "If growth is seen...not as an end in itself but as a part of human development, democracy cannot be set aside. Growth-oriented strategies can sometimes afford to be blind to democracy. People-oriented development strategies cannot. They must be based on popular participation—in economic, social, and political life" [UNDP 1992:27].

## The human development index

In sum, the components of human development are human capabilities, namely, longevity and health, knowledge, income, and political freedom and participation. The country and its various regions have been ranked according to each of these capabilities

**Figure 4 GDP and human development**



with varying results. Typically, one region does well in some respects but less in others. Which ones do worse and which ones do better? Policymakers and planners will instinctively know that one area is "poorer" than another without always having to back up this judgment with data. People are often able to grasp a reality without having to measure it. Human development is probably such a concept and any attempt to pin it down with numbers will always be provisional.

Still it is useful and informative to substantiate judgment and gut feel with data. This is what the computation of a *human development index* (HDI) does. The HDI is nothing more than a *combined measure* that seeks to capture all the human development factors mentioned above (except political participation, the measurement of which is still experimental). The HDI for each region is

computed according to a formula, yielding a single number that allows countries or regions to be ranked in relative terms on a scale with a maximum value of one and a minimum value of zero. **Box 1.1** describes the procedure in more detail.

The HDIs for various countries are computed in the international editions of the *HDR* which appear annually. In those indices, the Philippines ranks as medium in human development, with an HDI value of 0.6 in 1990 [**Table 6**]. This means the country is more than halfway between the best and the worst performers in the world. The country's rank would probably improve further if the HDI were to include an index for political freedom.

In what components does the Philippines fare well or worse? **Table 6** shows that the Philippines ranks high in terms of literacy and schooling. Its achievements in this sector are superior even to those of Singapore. On the other hand, life expectancy and incomes are lower. It is worthwhile to compare the country to Thailand and China, where educational attainment is lower but life expectancies and GDP are significantly higher.

The table also shows that some countries have lesser mean years of schooling than the Philippines but have higher literacy rates. In Singapore, literacy is 85 percent but mean years of schooling is only 3.9 years. This most likely reflects the poor quality of education inputs in the Philippines, i.e., effort in education is high without corresponding satisfactory results.

But the main contention in this *Report* is that national averages, while already useful, mask further disparities across regions and groups of the population.

The main effort taken in this *Report*, therefore, is to compute HDI for the various regions of the Philippines. Information on national averages is bound to conceal wide regional disparities in distribution. It would be more useful for makers and students of policy if the achievements and deficiencies in human development were to be

given a geographical focus. This local focus becomes more important in the light of recent political changes in which a large amount of the functions and finances that impinge on human development had been devolved to the local government units (province, city, municipality, and barangay) and their leaders.

If the HDI is computed for the regions as if they were individual countries,<sup>10</sup> how would they fare? The results are shown on **Table 7**. Most of the underlying data have already been discussed in the tables containing regional statistics on life expectancy, educational attainment, and income.

The lopsidedness of the distribution is striking. Metro Manila would have an HDI comparable to that of South Korea and better than that of Malaysia. It is the only region that would be considered as having a "high" HDI by international standards (greater than 0.8). On the other extreme, Eastern Visayas (VIII), Central Mindanao (XII), and Western Mindanao (IX) would be regarded as having "low" levels of human development (below 0.5). In particular, the worst performing region, Western Mindanao (IX), would do worse than the Solomon Islands and only slightly better than Zimbabwe and Myanmar (Burma). All the other regions would fall in the range of "moderate" human development.

## National standards

It may be argued that the proper standard to measure a region of the country would be to bring it up against other regions, rather than against other countries.<sup>11</sup> In this section, therefore, HDIs are computed using levels of longevity, educational attainment, and income actually attained by some regions in the country as minimum and maximum standards. This is done for 1980 and 1991 to see whether changes in HDI levels and ranking among the regions have occurred within that decade. The results are shown in **Table 8** and **Figure 3**.

## How regions fare in human development

As expected, the NCR ranked highest overall and in terms of each variable. This may be attributed to the concentration of economic activity, infrastructure, and educational and health facilities in the capital. Southern Tagalog (IV), Central Luzon (III), Central Visayas (VII), and the Ilocos (I) ranked second to fifth, respectively. This order changed only slightly in a decade. Central Visayas (VII) improved its rank relative to 1980, when it was behind Western Visayas (VI). This is accounted for primarily by an improvement in GDP per capita (partly reflecting Cebu's growth in recent years) and a higher literacy rate compared to a decade ago. The lowest HDIs are found for Eastern Visayas (VIII), Central Mindanao (XII), and Western Mindanao (IX).

It is interesting to contrast this ranking with that of GDP per capita, on the one hand, and that of official poverty incidence, on the other [Tables 4 and 5]. In Table 4, poverty incidence in each of the regions is presented for the years 1985, 1988, and 1991, using the new official measure. The trend in poverty incidence for those years showed some improvement between 1985 and 1988, and slightly worsened between 1988 and 1991.<sup>12</sup>

There is some discrepancy between the rankings of the “worst-off” regions under an HDI ranking and under a poverty incidence ranking. For example, Bicol (V) is recorded as having the highest poverty incidence and therefore being the worst off region. On the other hand, it is not at the bottom but somewhere in the middle (seventh) in the HDI rankings. This apparent discrepancy is accounted for by the relatively higher educational attainment and life expectancy variables (where it ranked fifth and seventh, respectively) despite the region's relatively low average incomes.

On the other extreme, the GDP per capita

for Western Mindanao (IX) is not particularly low (it is lowest for Bicol), yet this region performed worst in terms of HDI, while Bicol (V) did not rate as poorly. Why? Again it is primarily because of non-income variables. Life expectancy in Region IX is the lowest for the entire country (55 years); so are the rate of literacy (81 percent) and the mean years of schooling (5.3 years). Poverty incidence in Region IX is a high 55 percent, which suggests that income in the region is distributed very unevenly.

Finally, how well is GDP per capita, the income variable, related with the HDI? Does high GDP always correlate well with high human development? This is not an easy question, but somehow, an answer may be seen in Figure 4, where regions are again arranged according to decreasing GDP.

Generally, regions with higher products have higher HDIs. Metro Manila, Southern Tagalog (IV), Central Visayas (VII), for example, have higher HDIs than Bicol (V), Cagayan Valley (II), or Western Visayas (VI). But there are exceptions. If the hypothesis were always true, then HDI would, more or less, uniformly decline with GDP. As the figure suggests, however, better GDP per capita does not always translate in a high HDI. Regions IX and XII show HDIs that do not correspond with relatively high per capita product, while Ilocos (I) and even Bicol (V) have HDIs that seem respectable relative to their low incomes.

The principal conclusion that can be drawn here is that economic development largely influences human development, but there are aspects of poverty which rapid growth will not readily solve. Certainly, the kind of growth that occurs and the redistribution of its benefits will matter. Other aspects are equally relevant. In particular, access to basic services such as education and health care—as well as social-cultural influences—may either aggravate or mitigate deprivation with respect to incomes. A blind spot of this sort may be built

into official poverty threshold computations since these computations presume, among others, that legally mandated provisions of social services (e.g., free education up to high school) are indeed available when in fact they may not be.

In terms of the ranking of the regions, the HDI yields a distinct message. The indicators and the overall index itself graphically depict the deprivation of the country's southern regions. Western and Central Mindanao (IX and XII), and the poorer parts of the Visayas (Eastern) are consistently the worst performers on all human development indicators. Purely income-based measures tend to mask this since some Mindanao regions are also large producers.

The indices suggest, however, that production is either occurring inequitably, or there are some needs besides income which the people in those parts do not receive adequately. All Mindanao regions and all Visayas, except Central Visayas (VII), may be classified as having "low" human development levels. In Luzon, the low performers are Cagayan Valley (II) and Bicol (V), while Central Luzon (III) and Southern Tagalog (IV) may be regarded as having "moderate" levels. As if to underscore the disparity, only the NCR rates as having a "high" HDI. What has caused the low HDI among these regions? In Regions IX and XII, the causes are war and loss of security, remoteness of many areas, poor infrastructure and lack of educational and health facilities, clashing cultural beliefs and practices, and unequal distribution of wealth, for in fact these regions are relatively rich.

## Human development and social systems

The demand for a measure of human welfare or level of human development is really a demand for a *bottom line*. By itself, the concept of human development does not propose any new strategies or approaches to development. Instead, it proposes a common yardstick against which to measure the

performance of whole economies and societies—regardless of ideologies, institutions, strategies, and cultural norms—in relation to the objective which they invariably claim to pursue, namely, raising people's welfare. Human development demands that any ideology, vision, strategy, or program claiming to work for the people must be subject to measurement in human terms through prolonging and improving the quality of human life and enriching knowledge, income, and political freedom.

While longevity, knowledge, livelihood, and freedom are irreducible concerns for rich and poor countries alike, their specific meanings will differ from one society to the next. For a poor country, the nature of human development concerns is more stark and obvious. A set of *minimum basic needs* must be met for a human being to function. This cannot be denied without denying the humanity of the person. In these circumstances, longevity and health may be understood as simply preventing early death by securing adequate nutrition and avoiding disease; the demand for knowledge may simply be attaining useful elementary or high school education; livelihood may deal not so much with job fulfillment but more with having a basic access to an income adequate to subsist; and finally, political participation is exercising basic rights without fear of intimidation. *In short, minimum basic needs are the content of human development in the context of a poor country or region.*

By contrast, these same concerns will have a different content when applied to richer countries. Therefore, "each country will have its own human agenda, but the basic principle should be the same—to put people at the centre of development and to focus on their needs and their potential. Human development spans the full range of human needs and ambition" [UNDP 1992:13].

Human development, in principle, is closely related to economic development, but the two do not always move in the same direction. While its urgency may be most evident in countries and regions considered economically poor, there are certain

dimensions (e.g., the environment, humanizing work, political freedom) in which even more affluent societies may not always rate the highest.

For an individual, income from work or livelihood is a basic capability in itself, as well as a means to acquire other basic capabilities (e.g., access to education or health). Beyond a certain point where fundamental capabilities are secured, however, more income contributes less to well-being. Other achievements may become more important. Similarly, at the country or regional level, increase in income contributes more to human development when the country or region is poor than when it is already affluent.

Because it represents a *bottom line*, human development cannot and need not make hard-and-fast prescriptions about the character of social systems required to raise human well-being. Nothing in the concept of human development presumes that a society which greatly relies on markets and private enterprise will contribute more toward human development than a society which is based on large-scale planning and government intervention. Similarly, there is still an ongoing debate on whether autocratic political regimes (such as those in Singapore and, until recently, South Korea) perform better in terms of human development (e.g., education, health, and incomes) than democratic systems.

The experience and history of other societies have much to say. For example, the final failure of socialist experiments in Eastern Europe in the past decade is a powerful argument for preferring economic activities coordinated through the markets. In the 1970s, the Philippines' poor growth and equity due to the government's large-scale involvement in the economy also led to a consensus regarding benefits to be had from market-led development. The abuse of power that prevailed under the Marcos regime led many people to turn away from one-man rule.

In general, it is more practical for communities and societies to shape their own visions, institutions, and strategies in a way that most effectively

contributes to human development. Still, some aspects of human development must be recognized and observed if any social undertaking is to contribute to genuine human development. Among these aspects are:

### **A priority to eliminate absolute poverty.**

Human development applies to all; therefore, the attainment of basic capabilities must be assured for all. Though it may be debated if society should really seek to equalize economic *outcomes*, it is not debatable that society should strive to equalize basic human *opportunities* and *capabilities*. Any inequality that results from differences in effort, talent, creativity, business acumen, and even wealth is not incompatible with human the denial of basic capabilities to others is.

For this reason, the agenda for human development always includes, as a first step, the elimination of poverty through rising incomes among the poor and provision of basic social services. It should also include the equalization of opportunities between the sexes.

There are actually two priorities here. The first is providing a framework that will sustain the growth in incomes of the people. The second is making affordable to people the other minimum basic needs that will immediately improve their lot and enable them to participate in the mainstream of the economy.

**Sustainability.** The expansion of choices and capabilities for the present generation should not be at the expense of future generations. The present generation must set limits to the exploitation of the natural environment, lest it deprive future generations of their own choices. From a human viewpoint, the state of the environment is not part of a *bottom line* measure; after all, if a deteriorating environment is detrimental to human existence, it should ultimately be reflected in poorer health and shorter lives, a lower capacity to learn, and declining incomes.



Still, from a human development perspective, it makes sense to be concerned with the environment for two reasons. First, a good deal of the damage to human existence caused by environmental degradation is slow-acting and difficult to detect (e.g., the effect of lead pollution on the future intelligence of children). Second, an important amount of damage to the environment is irreversible or takes a very long time to redress (e.g., regeneration of the rainforest). For these reasons, it is prudent not to wait for the bad effects to manifest; action should be taken to prevent them. This makes monitoring of the state of the environment necessary.

**A guarantee of political rights and participation.** Political rights and participation are part of human well-being. Therefore, the expansion of choices for and capabilities of a few should not lead to the denial of choices for the many. The rights of others to attain their choices should be observed. There must be an effective system by which people can influence political decisions, especially those that directly affect them. From these aspects, regardless of the ultimate shape or type of social arrangements, human development should move in the direction of social and economic *equity, participation, and sustainability*.

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**T**HE Philippines is slowly emerging from the social ruins caused by decades of economic mismanagement and political dictatorship. The government can now afford to think about national goals and expand on them, suggesting that new opportunities besides mere survival may now indeed be open.

The question, however, is whether the people have genuine choices. How can they tell whether the programs and policies taken ostensibly in their behalf will actually contribute to their welfare? What does welfare mean, after all?

The concept of human development has been advanced precisely to answer these and similar questions. Human development is the process of enabling people to have wider choices. It means expanding those capabilities that enable them to live a full life as human beings. Its most important dimensions are a person's physical survival, health, level of knowledge, livelihood or income, and political freedom. These are the minimum basic needs that must be fulfilled.

In assessing any measure, the people must ask fundamental questions: Has it helped us and our children to live more secure and healthier lives? Does it allow us to learn more about what is going on in our community and society? Does it make us more productive and permit us to earn better incomes or livelihood? Does it increase our community's political influence over its leaders? Does it expand the role of people and their organizations in choosing, implementing, and overseeing projects?

The Philippines has, historically, had a head start in public education and health. Therefore, it performs relatively well on literacy, educational attainment, and longevity when compared with other countries. More recently, however, the country has simply been living off its historical capital and reputation. Pressed, on the one hand, by budgetary limits and, on the other, by the need to serve a rapidly growing population, the quality of public education has declined. Access to high school and college education—especially quality education, most of which is provided by private schools—is distributed quite unequally.

Similarly, the provision of public health and sanitation services has met difficulties because of recessions and a drift in budgetary priorities for health. As a result, government priorities in the health program have become misplaced, emphasizing tertiary rather than primary health care, cure rather than prevention. For all this, the services of doctors and health personnel have failed to reach the rural areas. In addition, the family planning program has

only recently been revived and has much to catch up with. Malnutrition among children continues to be high for lower income groups. The health situation is now being complicated by the devolution of health activities to local governments without proper consideration given to financing.

It is in incomes, however, where the country has most noticeably lagged behind. Because of the debt crisis, the 1980s must be given up as a lost decade. The brief recovery from 1987 to 1990 was followed by a recession in 1991, from which the country is still recovering. The effects of the debt crisis have not been fully overcome. The conversion of guaranteed foreign debt into internal public debt means that the government is now in a fiscal bind. Public resources are eaten up by debt service payments. Therefore, government cannot undertake bold initiatives, especially in infrastructure and social services, for fear that its indebtedness may expand further. The unrealism of past International Monetary Fund (IMF) fiscal and monetary targets—as well as dogmatic adherence to these—has contributed to the failure of recoveries.

There are more ominous signs for the long term. Because the problem of macroeconomic financing is unsolved, many programs seeking to promote deep-going structural reforms and to arrest the erosion of the country's competitiveness simply lack credibility. These are either jeopardized by public resistance, or are implemented under circumstances that ensure the least success. Without a consensus on a competitive exchange rate, for example, programs to reduce tariffs are bound to lead to import surges, which will lead to ultimate resistance. The social safety nets that will build confidence in such measures are not in place.

Viewed from within, poor growth performance means that poverty has remained high and the poor have grown in absolute number. But even slow growth has not prevented the rich from increasing their share of income, whether in periods of boom or bust. Inequality in income has increased, and recent economic growth has benefited mostly the highly urban areas.

Poverty can be relieved if the average income can get going. But, as experience shows, if the future merely repeats past patterns of growth, then the poor are unlikely to benefit. What is needed is not simply growth but a radical change in the nature of growth: toward more use of labor, less penalties to agriculture and industries related to agriculture, and a greater emphasis on regional development.

The environment suffers in both periods of economic growth and failure. When economic growth occurs, it is built on an unsustainable extraction and use of resources (e.g., denuded forests and polluted streams). But when it fails, poverty and population growth make unsupportable demands on the environment. Public response to the magnitude and urgency of the environmental crisis is lackluster. This is reflected in the scarcity of research and information and in the lack of political will to address the crisis that threatens the various ecosystems.

The most complex and contentious area of human development is the political sphere. Ideally, people should participate as far as possible in running their own affairs and to take a direct hand in selecting their representatives. Elections that guarantee the right of suffrage, opportunities for election, and implementation of results are indispensable, though inefficient, requirements.

Compared to some richer countries, the Philippines is more politically developed. But although formal institutions of democracy and channels for people's participation exist, there are formidable obstacles to genuine people's participation. Among these are the political dominance of a socioeconomic elite, the absence of genuine party politics, and an uninformed, intimidated, or dependent electorate. These factors trivialize the electoral system and rob it of its potential as an instrument of change.

Besides voting in elections, people can and should participate in governance in other ways. People's organizations (POs) and nongovernment organizations (NGOs) are important channels of participation on a sustained and regular basis:

through lobbying and protest to change policies, direct implementation of their own programs and projects, and monitoring those of the government.

By providing for the participation of POs and NGOs, the Local Government Code, its defects notwithstanding, is a potentially powerful channel for regular people's participation if it can overcome the resistance and suspicion of local political leaders.

Initially, POs and NGOs have been concerned with stressing their autonomy and differentiating their activities from those of the government. Lobbying and protest have been their most visible, if negative, forms of "participation." The many alternative programs they have implemented will remain limited in scope and ultimately unsustainable unless supported by larger policy changes. The efforts of POs and NGOs must be supported by government, either because the latter has become responsive enough to desire cooperation, or because the former have won a measure of political power. Hence, the importance for POs and NGOs to combine electoral politics with extra-parliamentary activities and program implementation cannot be overemphasized. In a word, what the present period calls for is a "mainstreaming" of all development efforts.

Several observations can be drawn. First, it is important to resume growth in income. But this growth must be of a different kind, one whose benefits are more equitably distributed across various sectors and regions of the country. Second, the extreme disparity in access to education, health, and nutrition is primarily related to the inequality in income. To some extent, this means that if the goal of improving income is achieved, some of the problems in health and education will take care of themselves.

Not all problems in human development may be solved by attaining rapid economic growth. Many marginal sectors will remain too ill-equipped—in terms of education, skills, social and economic infrastructure—to participate in and benefit from

even rapid growth.

The inequality in human development has a distinctly geographical dimension, even more than that based on gender. The South, especially Regions IX, X, XI, and XII, has been historically underserved by government, and this shows in the statistics. These regions can be ranked among those with low levels of human development.

Basically, however, little will change unless policies change; and for this to occur, the country's politics must change toward more participation, involving especially the marginalized sectors in making decisions that affect them.

## Recommendations

There should be more determined efforts to revive the economy and follow a sustainable growth path. If growth averages only 3 to 4 percent a year, the conditions of the poor are bound to worsen. The key areas for economic survival are aggressive promotion of foreign and returning Filipino capital, a moderate relaxation of monetary targets, and financing for focused and targeted social expenditures.

The government must seriously consider the possibility of shifting its infrastructure priorities from Luzon to Mindanao and the Visayas.

There are still serious questions whether growth can be revived and sustained, and at what cost. The government continues to suffer from a fiscal crisis. It is heavily in debt, and there are no quick and painless fixes to the crisis, but the government must stress the following: reducing waste and the bureaucracy, improving collection of existing taxes, and using private investments and foreign aid for infrastructure and utilities.

To sustain growth, government must quickly address the problem of overvaluation of the peso, which is jeopardizing the fate of manufacturing and exports. Domestic and foreign investments must be attracted to infrastructure and utilities. The tariff structure must be further refined. Cooperation between labor, management, and government must be strengthened

for industrial peace, productivity, and price stability.

Agriculture and rural development must be stressed throughout improvements in rural infrastructure (including irrigation) and technical assistance.

Poverty alleviation measures must be provided to the most vulnerable of the poor. Preference must be given to programs that are decentralized, area-based, and participatory.

Aside from the aggregate targets of reducing total poverty incidence from 40 to 30 percent by 1998, verifiable targets are needed in the provision of health services, access to and use of clean water, sanitary toilets, and hospitals and doctors in rural areas.

The budget and official development assistance (ODA) going to social services must be reviewed. The budget allocation for social and priority human development services should be kept to at least 20 percent, while that from ODA be raised to the same level from 11.4 percent in 1991. Concrete opportunities for raising revenues and intersectoral and intrasectoral allocation should be explored.

Amounts used for tertiary education may be gradually reduced over three years by 50 percent or more, and the savings may be used to improve the quality of primary and secondary education and to expand access to primary health care. The remaining budget for higher education may be allocated to scholarships and research support programs. Programs with potentially high development impact should be emphasized, e.g., graduate studies in the sciences, history, and environment.

A comprehensive system of scholarships should be directed to bright, poor students, awarded to individuals, and should be transferable across both private and public institutions. Students at state institutions of higher education must be charged full tuition, with those on scholarship paying the fees directly. This financing system is meant to compel public institutions to compete with the private sector and allow the government to direct its subsidy

programs to specific groups of deserving students.

The budget for health care must be increased. With overall limits to spending, budgets of other line agencies must be realigned to provide the poor with basic needs in health. Targeted programs for nutrition of school-age children and for nutrition education must be introduced to eliminate severe malnutrition or substantially reduce it from the current rate of 14 percent.

A special program for women's education, health, and livelihood must be designed, especially in the southern parts of the archipelago.

The environmental crisis must be addressed quickly and in a comprehensive way for each ecosystem. The government must involve the local communities in resource conservation and monitoring. There is a need for more data gathering at the local level.

Radical reforms must continue in the electoral system, such as updating party lists, imposing more effective limits to electoral spending, and prohibiting political dynasties through legislation.

Elections must immediately be held to fill the seats for all sectoral representatives in Congress, as called for by the Constitution.

There is a need to check the ballooning of special funds disbursed by Congress and the executive and to entrust the allocation of these funds to the local government units instead.

POs and NGOs must concentrate on the local-level initiatives of concretely improving people's lives and putting their pronouncements into practice. The continuing credibility of POs and NGOs lies in their links with the basic sectors and involvement in successful and sustainable projects.

The internecine conflicts of the Left should not be allowed to degenerate into violence, but should be seen as part of healthy ideological debate. In particular, these debates should not interfere with the political tasks of concretely securing support for people's social and economic interests.

## Notes

- 1** A sophisticated definition would refer to the size of the industrial or manufacturing sector. But this is ambiguous since there are obviously developed countries whose manufacturing sectors are in fact shrinking in favor of services, just as the Philippines' services sector is expanding. The difference between them is simply income—the services sector in one case yields higher incomes and productivity than in the other. Hence, the common reduction of the difference in income has a basis.
- 2** This refers to policies that depress prices for agricultural products and raise prices for their inputs. Examples are price and trade controls on important staples such as rice and corn, and high prices for fertilizer, other chemical inputs, and packaging materials as a result of the tariff structure.
- 3** In contrast to the "survival" poor who are closer to escaping poverty.
- 4** This is because most of these so-called "public goods" for which a case can be made for public provision. For the very affluent, many of these public goods can also be privately supplied (e.g., private security agencies, high quality private schooling, private medical care, water purifiers, and others).
- 5** As Balisacan [1993] has pointed out, this is a consequence of adopting the simple headcount measure of poverty. Other measures of poverty incidence would be sensitive to changes in inequality or redistribution among groups of the population.
- 6** This is also true among the poor and was one reason, among others, why the government's official poverty threshold was redefined in 1991 to exclude such expenditures. This resulted in a lower threshold and incidence of poverty.
- 7** It should be remembered that the poorer quality of public *vis-à-vis* private education was not always a given. The decline may be dated after the war.
- 8** The *HDR* used the figure of \$4,829 per capita per annum in 1989 values.
- 9** Hence, suppose a person actually chooses *x* from among the available alternatives *x*, *y*, and *z*. It can be argued that this same person becomes deprived if he or she were confronted only with *x* and *y*, even though the preferred alternative *x* is still available. (It should be noted that others do not always agree that this represents a deprivation, they argue that "irrelevant alternatives" do not matter. See, for example, Arrow [1954] and Sen [1982].)
- 10** This means that their incomes, life expectancy, and educational attainment statistics are compared with the best and worst performing among all countries. In addition, an "international poverty line" is used rather than the region's own poverty line.
- 11** This is not entirely a valid argument since the bias in a cross-country comparison could go either way. The top performers would pull the maximum standards upward, tending to make the region look worse, while the bottom performers would pull the minimum standards downward, tending to make the region look better. In the case of the Philippines, the absolute values of HDIs for the region are higher when compared to other countries than in an interregional comparison. This means that there were even more countries which did worse than the worst performing region in the Philippines.
- 12** There has been an increase in the absolute number of poor families between 1988 and 1991 from 25 million to 29 million. Expressed as a proportion, the incidence increased from 45.5 to 46.6 percent of the total population. As a proportion of families, the incidence has barely changed. The reason is an increase in average family size from 5.91 to 6.02 between the two years.

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# The Changing Status of Women

## Progress and trends

**O**VER the last four decades, the Philippines has undergone an economic, political, and social transformation which created opportunities for narrowing the gap between men and women. In particular, there was increased access to educational and work opportunities for women, as well as improvement in overall health trends. These changes have also led to reforms that challenge some traditional biases against women in law and politics, such as in family law.

But the direction of the country's economic and political developments, particularly its pursuit of market-oriented economic growth, also allowed the permeation of prevailing gender norms into the functioning of markets and political institutions so that the latter have become bearers of gender relations as well. The lack of gender awareness in development policies and in political processes means that women and men must live in an unequal world. They do not necessarily provide equal opportunities for women and men to make choices, nor do they affect men and women uniformly.

As will be shown in this report, the country still faces considerable challenge toward the achievement of gender equality and shared partnership between women and men as agents and beneficiaries of development. There has undeniably been substantial progress over the last four decades by way of developing women's capabilities through

improved overall educational access, health status, and increased labor force participation.

Yet women still face barriers in attaining equal opportunities in employment and pay, in meeting their special health needs, particularly during maternity, and in gaining an equal voice with men in key decisionmaking institutions and structures. While a number of women, by virtue of their economic position and status, may have benefited from economic growth, the majority of women are still marginalized, their capabilities remain largely underdeveloped, and their options severely limited. Poverty is still prevalent and the unaffordable options often mean the realm of choices is beyond the reach of the majority who are poor. Social and cultural norms have likewise affected not only the range of choice of jobs or skills but also the division of labor in the household and the extent of political participation.

The United Nations Development Programme (UNDP) constructed in 1990 two indicators, the human development index (HDI) and the gender-related development index (GDI), to serve as measures of (1) a country's performance in three aspects of human development, namely, the growth in real income per capita, level of skills, and the state of health of its citizens and of (2) the level of gender disparities in these areas. At the aggregative level, there has been a steady improvement of the HDI for the Philippines from 1980 to 1994. Nonetheless, as this volume illustrates, a disaggregation reveals the extent of unsteady and uneven development.



The HDI value for the National Capital Region (NCR) was 0.925 in 1994, which was two and a half times that of the lowest-ranking province, Sulu (0.372). Apart from Cavite, Rizal, and perhaps Batanes, no other province in the country may be ranked as having high levels of human development—which is not to deny that even in these provinces and the NCR large numbers are still seriously deprived. Ten provinces are ranked as having low levels of human development. Such diasaggregations reveal serious disparities requiring policy attention.

The GDI adjusts the three dimensions of the HDI in terms of the disparities between women and men. It can be noted that the GDI is lower than the HDI for all regions at all years.

At the regional level, estimates of GDI show progress in 11 of the 13 regions, although there is only weak indication of the narrowing of the gap between HDI and GDI for all regions. While this pattern could suggest a movement toward greater gender equality, the uncertainty of progress is highlighted by the fact that there was a reverse trend in four regions in the last four years and there was growing gender inequality in the NCR. Moreover, ranking the highest GDI value for 1994, which is that of the NCR, puts it below such countries as Ghana, Cameroon, and Egypt (numbers 90 to 92 in the global ranking) [UN 1995a]. In comparison, the GDI of Western Mindanao (Region IX) puts it below every country in the world (Afghanistan with 0.169 GDI is the lowest in 1992). The relatively low levels of GDI in the regions indicate that much still needs to be done in enhancing women capabilities and empowerment in the Philippines.

## A historical perspective

The relative condition of men and women in a given society is never static; it is continually subject to changes in political, social, and economic structures and institutions. Thus, a brief historical background is necessary for a better understanding of the issues

and concerns facing Philippine women today. This section begins by highlighting some key aspects of the condition of women in pre-colonial Philippines, particularly those relating to women's status, economic responsibilities, and public and household decisionmaking roles. It then looks at the changes in the nature of opportunities and limitations resulting from the Spanish occupation, particularly with the introduction of a colonial economy and the imposition of a Western (Hispanic) culture and the Catholic religion. The far-reaching changes, both positive and negative, which occurred during the period of American occupation are then discussed. Finally, the major trends for different categories of women, rich, poor, urban, and rural, in the post-independence period are described.

Contemporary accounts based on observations of traders and other visitors centuries before the arrival of Spaniards in 1521 depicted the women in various parts of the Philippine islands as possessing numerous skills and being held in high social esteem and respect in their tribal communities. Using such sources, Mananzan [1991] examines the lives of women in pre-colonial times and concludes that these tribal societies placed a high value on the contribution of their progeny so that the woman, as sole guardian of the perpetuation of the lineage, enjoyed an elevated position. This status has sometimes been taken as a reflection of matriarchal elements in pre-Spanish Filipino society. For instance, before Spanish colonization, it was the woman's prerogative to name her child; she kept her own name; she could freely dispose of the property that she had brought into her marriage; her female child was valued as much as her male child, and she could become head of the *barangay*, the basic political unit. Most significantly, in many tribes, women functioned as *babaylans* or native priestesses who presided over such important events as planting, harvesting, marriage ceremonies, naming rituals, and performed rites in the event of illnesses or deaths in the community.

Women were also known for their industry and sagaciousness. According to custom, they took charge of the household chores and raising children, but they accompanied their husbands in fishing and hunting activities as well. In some places, women worked in the fields and in addition, did needlework, weaving (cloth and baskets), and pottery-making [Infante 1975:88-90].

The Spanish occupation and the introduction of Christianity from the 16th until the end of the 19th centuries wrought significant changes on the status and role of women, albeit in ways that are differentiated by economic position. The Spanish missionaries, while acknowledging the *mujera indigena* for her intelligence, strong will, and practicality, condemned any behavior and pre-colonial custom which could not be reconciled with the moral prescriptions for women in Spain [Mananzan 1991:26]. Monogamous marriages became the norm during this colonial period. As in Spain where the husband taught and trained his wife in religious and secular matters, the education of the Filipino woman fell into the hands of the priests and later, the nuns. Educational opportunities became very limited and depended on economic status, the division of economic classes emanating from the feudal system introduced by the colonizers.

Upper class women were taught embroidery, catechism, and other related concerns that were deemed adequate preparation for domestic life in the service of their husband, father, and the church. She was thus reduced to the status of a perennial dependent: on her parents before marriage and on her husband afterwards. In many cases, religiosity became an important outlet for a woman's energies and thus came to develop a boundless capacity for tolerance, forgiveness, and suffering which were projected by the Civil Code as "ideal" [Guazon 1951; Angeles 1990].

The confinement of women to the home and their general seclusion from economic activities applied mainly to the wives and daughters of the

landed class. Their seclusion and lifestyle were in sharp contrast to their peasant counterparts, a distinction adapted from the feudal system in Europe. Women from landless or poor households enjoyed greater freedom of movement and more control over their children. But they also were more subject to starvation, to work as virtual slaves for others as governesses and domestic helpers in the households of landlords and friars and suffering from male abuse [Angeles 1990; Feliciano 1993].

Though deprived of political rights and education, most women took an active part in the economic life of the country. They would usually take the initiative of supplementing the family income by engaging in some form of home-based trade as vendors, seamstresses, and embroiderers. Archival sources and several historical studies that document the lives of such women refute therefore the popular notion that Filipino women were weak and "unproductive" during the Spanish period. For instance, the study by Alzona [1934] provided evidence that Filipino women in the lower income classes controlled retail businesses, administered farms, and engaged in business that could be done at home. By the 19th century, economic hardships brought a number of women in the urban areas to work as tobacco, cigar and cigarette makers, and abaca weavers [Camagay 1995].

The entry of women into the world of work in the mid-19th century came with the systematic employment of Filipino women in the factory system. This practice became prevalent as the major export industries, tobacco and abaca, expanded during the Spanish colonial period and as women workers gained the reputation of being more adept and patient in the tasks involved and of being less prone to commit fraud.

As a significant component of the colony's labor force, women factory workers were subjected to regular working hours, work regulations, a standard salary, and strict supervision. Women also took on such professions as *maestras* (female

teachers) and *matronas* (midwives) by the 19th century. Nonetheless, women workers and teachers received lower wages than men and were susceptible victims of sexual harassment and abuse from their male employers, including friars [Angeles 1990:16].

The Spanish Civil Code and the Code of Commerce introduced by Spain curtailed women's freedom of choice in many aspects of their lives. They were deprived of the right to hold public office, to engage in business without the husband's consent, and to dispose of their paraphernalia or inherited properties. Her main function was to bear children, within the sanctity of marriage. The image of the ideal Filipino woman was one of diffidence, chastity, and submissiveness.

The American occupation of the Philippines at the turn of the 20th century brought about the imposition of new laws and mores that have redefined the so-called ideal image of the Filipino woman, particularly in the urban centers. The American colonial government established the foundation for a widespread educational system as a means of counteracting the armed rebellion against it. Hence, public schools became accessible to girls and women from various social classes. Demand for schooling was great and in order to expand capacity, normal schools for teachers were established almost simultaneously with the primary schools. Women were allowed to enroll for teaching credentials. Teaching became a new occupation for women together with nursing, pharmacy, and other professions not previously open to women. Education proved to be the most important instrument of the "benevolent assimilation" program of the Americans.

Economic activity among Filipino women during the American occupation expanded rapidly. Access to the American market stimulated the production of such exports as native cloth, embroidery, and hats in which women have provided much of the labor. The expansion of agricultural exports such as copra also increased women's unpaid work as assistants to their husbands in husking and opening the nuts and

in copra drying [Alzona 1934]. In the rice and sugar industries, women also helped in the less strenuous phases of the work. According to the 1918 Census, more than 730,000 women were engaged in agricultural occupations.

Education also raised the social and political awareness of the Filipino women as they became receptive to many political and social issues that were being debated in other parts of the world such as the issue of women's suffrage. As the U.S.-style democratic form of government defined the political structure of the country, women's groups, with members largely from upper and middle income economic background, fought for the right of suffrage since 1906 and finally won in 1937 by a plebiscite where more than 400,000 women voted for the right [Torres 1995]. Since then, women have taken this right seriously so that more women than men have been voting in every election held in the country from independence until the present.

At the same time, social norms and cultural values began to take on new forms that brought about long-term, contradictory, and diverse effects on women's role and status. While the women's principal concern remained the maintenance of a closely knit and orderly family, they increased their assertiveness and expressiveness as moving away from the Spanish colonial image of passivity and inarticulateness. This has been largely attributed to the American influence which gave her "independence of character" [Angangco et al. 1980:63; Torres 1995]. Thus, the ideal image of the Filipino woman evolved to one "who is able to fulfill herself through her work while helping augment family income" and yet remaining "a tolerant wife and a good mother" [Angangco et al. 1980:75].

The liberal education policy pursued under the American colonial period continued its influence in the post-independence period. Emphasis was given by the Philippine government on educational programs in the 1950s and 1960s, based on the belief that high literacy is a necessary prerequisite for

economic development. Education was perceived by many Filipinos as an important vehicle for upward social mobility, for getting a good job, and for long-term economic security. This premium placed on education was further reinforced by succeeding pieces of legislation aimed at maintaining an integrated system of education in the country, including the 1973 and 1987 Philippine Constitutions [Feliciano 1993].

With independence (1946) and the ensuing expansion of the bureaucracy, clerical and administrative jobs also became available to women. Teaching, nursing, and office work, which are perceived as extensions of their domestic role, remained major occupations for women. Women's entry into the other professional occupations such as law, medicine, and management came later and at a much slower pace.

In 1950, the Civil Code was amended, leading to several laws that finally granted women some rights they were deprived of for centuries. For instance, women now enjoy complete freedom to own, manage, and dispose of their inherited property. They may also exercise their profession unless there are serious grounds for objection by their spouses. A wife can administer conjugal property, however, only if she is authorized by her husband [Rojas-Aleta 1977]. In 1973, equality with men in the economic field and equal work opportunities were incorporated in the Labor Code. Women nonetheless receive consistently lower cash earnings relative to men in the same industry and occupational group [Aguilar 1987:37].

The upheaval, downturn, and consequent restructuring of the economy in the 1970s and 1980s have affected the majority of the Filipino households so that women as income earners became more visible. Through labor migration—rural to urban, and to other countries—women have entered service occupations as chambermaids and domestic helpers. Extreme poverty and difficulty in finding employment have at times led rural women to turn to prostitution.

While in the past, women had been linked to traditional women's jobs, i.e., in agriculture or in industries associated with home and family life like textiles, food, clothing or in sales and service jobs, today there are more women entering technological and scientific fields. In the service sector, they are breaking into new areas as well such as insurance, real estate, health, and educational activities. The wide range of economic contributions of women in the economy is examined next, along with a discussion of the progress made in the development of their capabilities through education and health services.

## **Women's educational access and health**

Education is one of the most important means for empowering women with the skills, knowledge, and self-confidence necessary to participate fully in the development process. Through enhanced capabilities, the creativity and productivity of women and men are increased so that they become effective agents of economic development. It is therefore not surprising that the provision of education remains one of the most essential dimensions of human development.

It is also in education where Philippine women made the most progress. Because there are no explicit legal and cultural barriers to women's education in the Philippines, the gap between men and women in their access to education tends to be narrower than in sub-Saharan Africa, the Middle East, and South Asia. In 1948, the ratio of female to male population completing every level of schooling was less than unity. The ratio declined as the level of schooling rose up to College 1-3, then rose at College 4 and higher. But through time their enrollment rate improved so that in 1990, the ratio for the higher schooling levels, i.e., High School 1-3 was 79.7 percent as compared to 66.3 percent in 1948; that for High School 4 was 85.5 percent vs. 61.3 percent; for College 1-3, the ratio was

89.1 percent vs. 67.8 percent; and for College 4+, 136 percent vs. 71.4 percent.

In other words, 36 percent more women than men completed college despite the fact that fewer of them enrolled in high school. Girls tend to have a higher chance of completing each level, and so proportionately more are promoted to the next higher level. Cumulating their progress through the whole schooling ladder, more girls succeed in completing college.<sup>1</sup>

Census figures from 1970 to 1990 reveal a narrowing of gender literacy differentials over time. Between the two censuses, women's literacy rates jumped by 12.3 percent nationwide compared to men's 9.7 percent increase. By 1990, literacy rates among Filipinos stood at a high 94 percent for men and 93.2 percent for women. This gives the Philippines one of the highest literacy rates among developing countries [UN 1995b].

The significant progress achieved by the Philippines in increasing girls' access to educational training mirrors similar improvements in other countries during the last three decades. Gender gaps in education and health have narrowed rapidly, although the pace of this progress has been uneven between regions and countries.

In adult literacy and school enrollment, the gaps between women and men were halved between 1970 and 1990 in developing countries [UN 1995b]. Women's literacy increased from 54 percent of the male rate in 1970 to 74 percent in 1990. Combined female primary and secondary enrollment increased from 67 percent of the male rate to 86 percent. Also remarkable is the rapid closing of the gap in higher education. In developing countries, female enrollment at the tertiary level was less than half the male rate in 1970, but by 1990 it had reached 70 percent.

Still, it is an unequal world and gender norms continue to permeate the educational patterns and trends in the Philippines. Following the traditional division of labor, the fields of specialization pursued

by women and men remain gender-typed as revealed by the data from the Department of Education, Culture, and Sports (DECS), the 1990 Census, and the Professional Regulation Commission (PRC) study. Women, in line with their traditional teaching and caregiving functions, make up the majority of graduates in education and medical sciences, while men hold most of the degrees in engineering and law [NCRFW and ADB 1995:49-51].

Moreover, the data on the number of men and women attending the various training programs offered by the National Manpower and Youth Council (NMYC) similarly indicate gender-typing. In general, more males attended the training programs for executives, managers, and supervisors, while more women attend those for clerical personnel and service workers in services and sales.

In addition, their disproportionate share in household work and child care prevents many women from pursuing higher levels of schooling even if opportunities for these have become available. Among low-income groups, housekeeping is often cited by young and out-of school women (aged 13 to 24) as the main reason for not being in school [NCRFW and ADB 1995:46].

The general improvement in HDI over the 1980 and 1994 period has also been attributed to the improved health status in the Philippines. Two indicators demonstrate this fact: longer life expectancies enjoyed by Filipinos and reduced infant mortality rates. Between 1980 and 1995, the life expectancy at birth increased considerably from 62 to 66 years. The drop in infant mortality rate (IMR) has been a remarkable 77 percent from the postwar years, from 105.3 infant deaths per 1000 live births in the 1950s to 24.3 in 1990 [NCRFW and ADB 1995].

Given the fact that women have a biological advantage for survival, women live longer (66 years vs. men's 62 years) and exhibit lower mortality rates during childhood and adulthood than men. This is comparable to the mortality rates in Peru and Guatemala, but lower than those of neighboring

Southeast Asian countries like Malaysia (73 years for women/69 years for men), Thailand (72 years/67 years), and Singapore (77 years/72 years) [UN 1995b:86-87].

The expansion of health care services, the increasing availability of modern medicine, and improved sanitation and hygiene in the last three decades largely explain these dramatic improvements in health status. Nonetheless, factors related to pregnancy and childbirth continue to be a major cause of death for women of childbearing age, translating into a high five to six maternal deaths daily.

The incidence of maternal deaths has also been linked to the lack of medical attention during child delivery. According to data from the Department of Health (DOH), anemia remains high among mothers and children even though its incidence has been decreasing among the population. As of 1993, anemia afflicted almost half of all infants (49.2 percent), 44 percent of pregnant women, and 43 percent of lactating mothers. Adolescent and adult women are also more prone to malnutrition than men.

Findings from the 1993 National Demographic Survey data also indicate that maternal health care is a major determinant of the health of the unborn and newly born babies and infants [NCRFW and ADB 1995]. Babies conceived by and born to women who have received both prenatal and delivery care are much less likely to die compared to babies born to mothers who have received no form of maternal health care. The greater availability of maternal health services in the urban areas also underlies the lower incidence of very early deaths in the urban areas when compared to rural areas.

The same survey also shows that maternal education is another major determinant of postneonatal survival. Compared to the survival of those born to non-educated women, the survival of newly born babies of college educated mothers is five times greater; their infants 1.8 times, and their children 8.8 times greater. Other factors that affect the health of infants and young children are the age

of mothers and the interval between births.

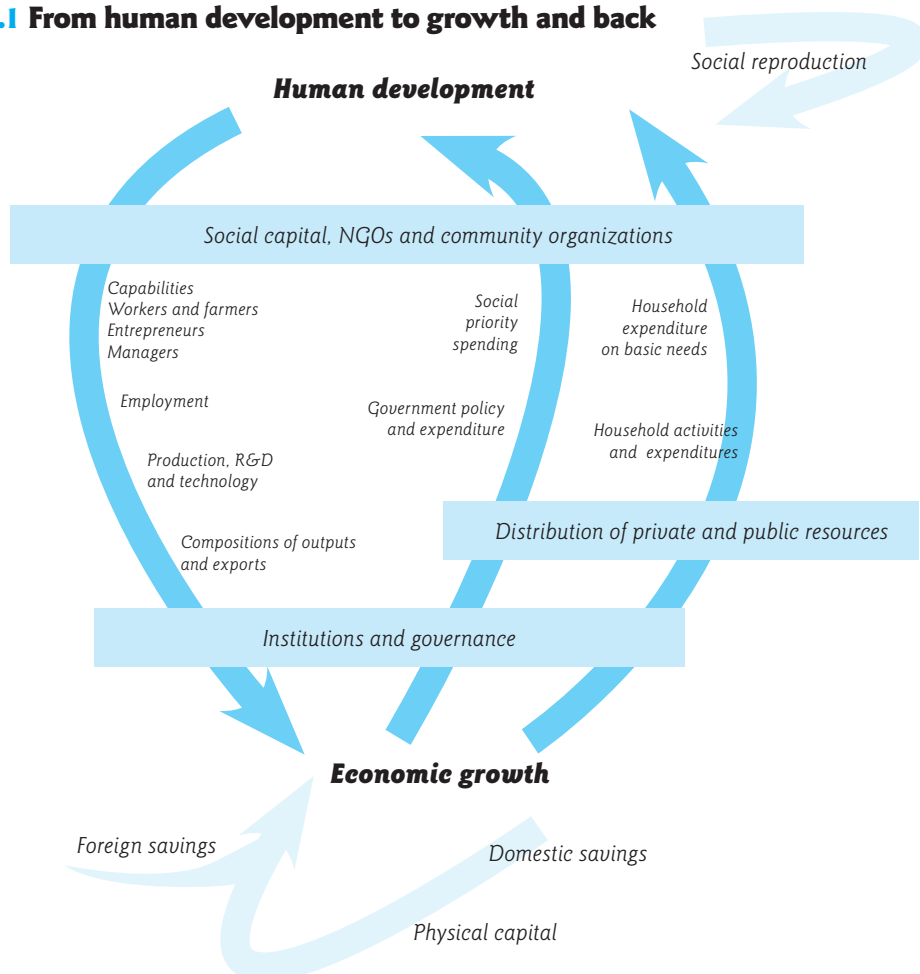
The decline in the national total fertility rate (TFR) over the past two decades has translated to two births per woman between 1970 and 1990. Based on the 1993 National Demographic Survey, women in the urban areas tend to have fewer births than those in the rural areas (3.5 vs. 4.8 births per woman), owing in part to greater access to family planning and other health services in the urban areas, and to the greater availability of employment and education opportunities in the cities [NCRFW and ADB 1995]. The use of traditional and modern family planning methods among currently married women 15-44 years old has also increased from 15.4 percent in 1968 to 40 percent in 1993.

To some extent, the progress made in education and health status of both women and men reflects the political commitment of governments in the post-independence period to address these basic needs of the population. The institution of public health measures and emphasis in government expenditures in the 1950s and 1960s to expand primary and secondary education have aided in the significant declines in mortality rates and in the increase in literacy rates of men and women. In the last two decades however, continued improvement in these areas proved more difficult during the period of government cutbacks and economic restructuring. The extent to which this pattern of development may undermine more the gains on women's well-being than on men is an important policy issue that needs to be studied carefully.

## **Public sector expenditures in health and education**

There are several reasons that the level of human priority development expenditures (HPDE), which cover basic education, primary health, safe water and sanitation and, basic utilities such as gas and electricity, are likely to have more impact on women than on men. One has to do with the unequal

**Figure 1.1 From human development to growth and back**



Source: UNDP [1996], Human Development Report

division of household tasks.

The tasks of taking care of children, the sick, and the elderly, preparing meals, and general housecleaning are still predominantly carried out by female household members. In addition, the traditional view that women's primary role is that of homemaking while that of men is "breadwinning" continues to have a strong influence in many households. When schooling must be rationed, boys are usually given preference over girls. When school fees are increased as a result of government cutbacks,

the tendency is to withdraw girls from school.<sup>2</sup>

Government programs that help improve family health through primary health care, disease prevention, and population control relieve women of the psychological and physical stress of pregnancy and of nursing the sick. Availability of tap water, fuel, and electric utilities at accessible prices lightens women's home chores and provides women with greater latitude to undertake other activities.

However, education and primary health care services have still not reached a large proportion



of the poor especially in rural areas. Among the poorest 30 percent of the population, 35 percent still use unsanitary sources of water, i.e., shallow wells, springs, rivers and rain, and peddled water. Some 44 percent of the poor have no sanitary toilets. About 7 percent of poor young children (aged 7 to 12) and 24 percent of those aged 13 to 16 are not in school.

This *Report* shows that Philippine HPDE such as on basic education, primary health, family planning, and low-cost water supply were relatively low during the 1985-1993 period. The HPDE/GNP ratio or priority human development ratio (PHDR) is only 2 percent, less than half of the 5 percent UNDP norm. PHDR is the product of total government expenditures to GNP ratio (GE/GNP), the social services to government expenditures ratio (SS/GE), and the HPDE/SS ratio. The country's GE/GNP ratio is relatively low, averaging only 21 percent. The allocation of the budget to social services (SS/GE) is also low, about 20 percent.

Even if HPDE/SS is as high as 59 percent, the product of the three ratios comes to only 2.23 percent. An underlying cause of the low PHDR is poor tax effort. Tax revenue is only about 15 percent of GNP. The government foregoes substantial tax revenue by collecting less than 50 percent of potential tax liabilities.

On the other hand, the economy has been heavily burdened by foreign debt services which peaked at 45 percent of total general expenditures (GE) in mid-1986 and is still high at about 35 percent in 1993. The government also spends a relatively high proportion of the budget for general expenditures (administration and defense) which have crowded out both social services and infrastructure. In 1994, the Philippines spent 23 percent of GE on social services, which is lower than that spent by most middle-income countries such as Thailand (35.4 percent), Brazil (36.7 percent), Chile (64.9 percent), and South Korea (32 percent) but higher than Indonesia (14.4 percent), Kenya (25.7 percent), and Turkey (21.7 percent) [World Bank 1996].

It is still uncertain how the ongoing decentralization measures will affect the regional and local HPDE level and quality of service provisioning. Local governments differ in their preferences (for various expenditures and taxes), tax base, and tax effort. The Local Government Code (LGC) passed by Congress in 1991 did not focus on these issues. It made general provisions for an increased transfer from 25 percent to 40 percent of internal revenue allotment (IRA) to local governments, increased local tax powers, and devolution of responsibility from the national to local governments over selected services such as agriculture, public works, and health. Education remains a national responsibility.

The IRA has been smaller than the corresponding budget for the devolved functions implying passing on financial burden to local governments. Local tax collection has risen as reflected in an increased ratio of local government revenue to general government revenue from 4.4 percent in 1992 to 5.4 percent in 1994. The local governments are able to increase their allocation to social services, especially education. The trend for health is, however, downward, which is partly explained by the administrative difficulties experienced for the health sector. In fact, there is an ongoing debate on whether or not to postpone or amend the devolution of health care services.

The inequality in IRA allocation and the inequality in tax base and collection effort have resulted in very unequal per capita expenditures. In 1994, provincial IRA per capita ranged from P172 to P2,629 and local revenue from P19 to P200. The two revenue sources were found to be uncorrelated, and reliance on own revenue varied widely across provinces. The social allocation ratio ranged from 22 percent to 64 percent, while the HPDE ratio ranged from 0.8 percent to 41 percent. Compare these to the national social allocation ratio of 20 percent and HPDE ratio of 59 percent. In absolute terms, the per capita social expenditures ranged from P55 to P950 and the HPDE from less than P3 to P923.

With decentralization, some provinces made



greater gains in their social expenditures and HPDE than others. Over the 1991-1994 period, the absolute change in real per capita social expenditures across provinces ranged from minus P42 to plus P125. There were more gainers than losers, 57 out of the 66 provinces. All but three provinces with minimal decreases in expenditures increased their per capita budget for education. But 50 percent of the provinces reported a decrease in their health and population per capita real expenditures. HPDE per capita has increased in 77 percent of the provinces.

The decentralization measures are still evolving. In the future, improvements in the provinces' HPDE would depend on their ability to generate revenue. Local governments are generally weak at tax collection. On the other hand, the IRA could be made more equitable and the IRA level increased through more intensive tax efforts by the national government.

### **Progress in women's economic opportunities**

Gender disparities in building human capabilities through education, health, and nutrition are much narrower than the gaping disparities in income-earning and decisionmaking opportunities. This is illustrated by the mixed achievement in women's participation and conditions in domestic and global markets, as well as in women's empowerment both in the household and in the political arena.

Access to paid work is crucial for women to achieve self-reliance and for the well-being of their households. The labor force participation rate among women rose at a rather slow pace from 40 percent in 1956 to 45 percent in 1981 and then 48 percent in 1990, and has remained at this level since then. This is slightly lower than the average women's economic activity rate for Southeast Asia (54 percent in 1990) and sub-Saharan Africa (53 percent) but higher than that of Southern Asia (44 percent) and Latin America (34 percent) [UNDP 1995b:110]. In addition,

an increasing proportion of overseas workers are also women. The rise in the labor force participation rate of women since after independence has contributed to the increased visibility of women's economic contributions.

Another salient feature of the Philippine labor force is the increasing share of workers with partial and completed secondary education. Between 1976 and 1987, this share increased from 21.9 percent to 29.9 percent [Floro and Schaefer 1996]. Moreover, employed women exhibited higher educational backgrounds, compared to their male counterparts as reflected in the 1988 and 1994 Labor Force Survey (LFS) results.<sup>3</sup> The proportion of employed Filipino women who had completed higher education is 43 percent whereas the comparable figure for employed men was a lower 38 percent. The proportion of employed women who graduated from college was 16.5 percent or more than twice the proportion of employed men who were college graduates (7.2 percent) [NCRFW and ADB 1995].

The rise in the educational level of employed workers was partly due to increased competition for jobs, particularly during the period of high unemployment and underemployment which peaked in 1985-86 at 12.5 percent and 26.9 percent respectively. Rising educational levels were also due to stringent requirements of employers compelling workers to acquire training and education [Esguerra 1995].

Nonetheless, women in the Philippines have persistently suffered a higher rate of unemployment than men, 12.2 percent vs. 8.3 percent in 1956, 8.1 percent vs. 2.5 percent in 1980, 10.6 percent vs. 8.6 percent in 1990, and 10.7 percent vs. 9.2 percent in 1994. The segmentation of the labor market and the stagnation of the economy from the 1980s onto 1992 likely explain this poor performance as well.

High levels of education and skills are also characteristic of the unemployed in the Philippines. In fact, the share of unemployed with a college education rose from 10 percent in 1980 to 14 percent

in 1993 [Esguerra 1995]. Moreover, the highest unemployment levels seem to afflict those who have reached tertiary schooling, which points to the lack of growth in skilled and semi-skilled jobs in the country.<sup>4</sup> This shows that despite the growth in Philippine gross domestic product (GDP) per capita (at an average of 2.1 percent during the 1986-1992 period), there seems to be a persistent lag between the increase in aggregate output and the increase in employment.

Recent studies by Lim [1995] and Esguerra [1995] point to a disturbing trend of so-called “jobless growth” in the case of the Philippines and question the sustainability of employment generation during the latest growth period (1993-present). The jobless growth trend is also reflected in the employment patterns as revealed by the 1991 and 1994 LFS results. Although total employment grew on average by 5.1 percent annually, formal sector employment grew only by 1.8 percent, while the number of informal sector workers grew by much more: 9.6 percent for those that are self-employed and 6.5 percent for those that are unpaid family workers [NCRFW and ADB 1995b].

Agriculture is still the largest employer of labor, absorbing 52 percent of male and 30 percent of female workers. Over half of rural women were employed in the agricultural sector in 1994 (50.1 percent). Of the female agricultural labor force, about 70 percent were in rice and corn production. They performed most of the farm labor activities such as transplanting, weeding, fertilizing, harvesting, and threshing.

For this reason, the issue of technological change needs to be examined for its differential effects on men and women. For instance, a study of two Philippine rice villages in the province of Iloilo by Res [1985] shows that female labor use decreased over the period from 1970 to 1980 as a consequence of the smaller requirements of operations in which women participate, i.e., transplanting, harvesting, and threshing. Women's contribution to rice production declined absolutely and relatively. In

fact, both female family and female hired labor were reduced. Men increased their labor use due to double cropping and the typically male activities of land preparation and fertilizing [Res 1985:112].

Increasing landlessness is another concern in the agricultural sector. Several studies (e.g., Lipton and Longhurst [1989] and Quisumbing [1994]) point out that both the number and proportion of rural households in the landless category have dramatically increased in Asia, Africa, and Latin America over the last three decades. They are the least powerful and most economically disadvantaged segment of the rural population and comprise the majority of the rural poor.

Another important feature of the rural labor force is the high proportion of workers who are considered unpaid family workers, many of whom are women and children. These refer to those who live in the same household and are usually family members or relatives who help in family enterprises, including farm work, but are not paid for their labor. The 1994 Integrated Survey of Households shows that much more of female labor is classified as unpaid than among men (21.4 percent vs. 11.2 percent among male workers). This hides the actual economic contribution of women to household income [NCRFW and ADB 1995b]. In rural areas, the figures are much higher with 15.1 percent for males and 31.5 percent for females compared with those for the urban areas, 6.3 percent and 11.5 percent respectively.

In the last two decades, there has been a shift in the rural-urban composition of the country's labor force so that by 1994, the rural areas accounted for only 51.6 percent of the total labor force. This urbanization process appears to have favored the labor force participation rates of urban women more than that of urban men. Women workers outside agriculture are distributed in few occupations—14.1 percent in professional, 9.3 percent in clerical, 36.3 percent in sales, and 21.4 percent in services (1994). Only 17.1 percent are in manufacturing, and they are further concentrated in garment, textile, food

processing, and electronics/semiconductors.

The government remains a large employer of women in white-collar occupations—65 percent of women in the professional category and 35 percent of female clerks. Privately employed women make up 37 percent of the total, the self-employed 32 percent, and the unpaid family workers 21 percent. Women workers dominate the professional, clerical, sales, and services occupations where they comprise 64 percent, 56 percent, 69 percent, and 57 percent of the respective employed labor.

In 1956, men and women were equally represented in professional occupations, but the ratio of women to men in the clerical occupation was only 24 percent. The respective ratios rose to 171.3 percent and 122.7 percent in 1990. Sales appears to have been traditionally a female occupation where the gender ratio was 164 percent in 1956 rising moderately to 189 percent in 1990. Services is also a traditional occupation for women where the ratio was a high of 174 percent in 1956, falling to 137.4 percent in 1990.

An increasing number of women have found overseas employment, largely in domestic service and entertainment. They comprised 47.2 percent of the registered outflow in 1987 and about 60 percent of registered new hires in 1994. About 10 percent of female overseas workers were entertainers, and 65.9 percent were domestic helpers. The rest were nurses and other health workers, executives, and teachers.

There are, however, worrisome gender-related patterns which show that the opportunities available to women have neither been equally distributed nor availed of at zero cost. Inherited traditions about women's roles still significantly influence their choices as to what jobs are deemed suitable to women. It is therefore no surprise to see a majority of women graduates seeking jobs whose nature are most akin to homemaking and caregiving.

Professional women are largely in the lower-paying rung of the occupation such as teaching and nursing. Women at the very top of the profes-

sional rung are disproportionately few as compared to men. In the 1,000 largest corporations, women comprise only 8.5 percent of presidents, 15.4 percent of vice presidents, and 16.9 percent of all officials listed.<sup>5</sup> Hence, although the participation of women employed in two work categories—as professionals, technicians, and managers, and as clerical and service workers—has increased, the concentration of women in the bottom rung of the occupational wage hierarchy has not changed much.

Finding work in “nontraditional” areas becomes especially difficult for female applicants, not only because of occupational segmentation but also of gender-based discrimination. The cycle of discrimination starts even at the hiring stage where advertisements tacitly express sex-based preferences, as well as preferences for certain age groups with pleasing physical attributes.

A study by Standing [1992] on recruitment practices and preferences of Philippine industrial establishments reveals such patterns. Based on the 1990 Philippine Labor Flexibility Survey (PLFS), of the 1,311 industrial establishments surveyed, over 56 percent of the sample said they preferred men as production workers, while 12 percent said they preferred women, with a little over 31 percent saying they were indifferent. The same study also reveals that in most industrial firms, except construction, wood products, and food processing, a slight majority of firms had only 10 percent or less of their total employment that was in nonregular labor contract. Another finding: There were 4,610 cases of violation of contracts, including underpayment and nonpayment of wages, and bad working conditions, of which 79 percent were experienced by women.

The concentration of women in a few industries and occupations has tended to push down their relative wage rate *vis-à-vis* men since the segmentation hinders them from seeking the best jobs or the highest paying ones. Domestic helpers get the lowest wage on average, pay the highest placement fees, and face the highest risk, physical

and mental.

Occupational segregation may also partly explain the higher unemployment rates among women. Employed women in the non-agricultural sectors generally have a higher schooling level than employed men. For prime-age workers (age 31 to 40) in urban areas, the female-male wage ratio ranges from 0.61 (service) to 0.98 (clerical). The ratio for professional workers is 0.82, for production workers 0.78, and for administrative/executive occupations, 0.74.

The persistence of gender wage disparities suggests that women who are principal breadwinners have a more difficult task of making ends meet than women in dual-income earning households. Around 14 percent of families/households in the Philippines are headed by women; they are concentrated in the more developed regions and in the urban centers. While it is indeed the case that female-headed households have higher levels of income than their male-headed counterparts, at the bottom 40 percent, the average household incomes of female headed households are much lower than the comparable male-headed families. Hence, the poor female-headed household may actually constitute the poorest of the country's poor.

## **The hazards women face**

Two major types of gender-specific hazard confront women—one is work-related; the other can happen in the confines of the home and/or the community at large. Both types of hazards are discussed in order to draw attention to these concerns that threaten the well-being and safety of women and yet are still largely ignored and often trivialized.

The segregation of women in a few occupations and industries means they face work hazards peculiar to the nature of these industries. This *Report* discusses four types of work-related hazards—risk of physical injury, ergonomic problems, exposure to poisonous substances, and mental stress.

Risk of physical injury is present in jobs where heavy machine tools and equipment are used, e.g., construction, mining, transport, machinery manufacture, foundry. The risk of illness due to poisonous substances, noise, poor lighting, and temperature is found in both male- and female-dominated jobs such as cement factories, electronics, garment, cable manufactures, chemicals.

Another hazard is “poor ergonomics” which means “the use of furniture and equipment that put the human body in unnatural poses, hence increasing the risk of injury.” There are ergonomic problems found, for example, in retail selling, where the workers are compelled to stand constantly, in weeding and planting where they must be bent most of the time, or even in clerical jobs such as typing or data entry. Finally, there is stress arising from boredom, from unthinking repetitive tasks in automated production, from long work hours or shifting work schedules, and from psychological causes such as sexual harassment.

Generally, women do not find employment in industries/occupations that entail risk of physical injuries. They do find employment where any one or more of the other types of risk are present.

A compilation of medical claims by women workers in 228 establishments showed a very high proportion of stress-related symptoms such as gastritis/hyperacidity (46.9 percent) and hypertension (16.8 percent). Almost 13 percent of the complaints were for dermatoses which could be the result of “handling and exposure to irritant and sensitizing chemical compounds” such as fertilizers and pesticides. Semiconductor workers complained of migraine headaches, eye strain, blurred vision, watery eyes, burns, and respiratory illnesses; electronics industry employees reported eye defects, cancer, lung disease, liver, and kidney problems, and textile mill workers had skin irritations, eye problems, impaired hearing, dysmenorrhea, and stress.

Women are vulnerable to sexual harassment in any workplace. With persistent high unemployment

and underemployment rates and prevailing gender norms, unscrupulous employers tend to use their hiring power to extract sexual favors. In 1994, overseas workers filed 14,314 complaints, 83 percent of which were made by women. Of the 3,579 reported cases of maltreatment and physical abuse, including rape and sexual harassment in 1994, 79 percent were by women.

In 1995, the Anti-Sexual Harassment Act was signed into law, after persistent lobbying and debates by women's groups and human rights advocates. It provides that work-, education-, or training-related sexual harassment is committed by an employer, employee, manager, or any person having authority that requests, demands, or requires sexual favor from the other. Given these developments, the Bureau of Women and Young Workers (BWYW) of the Department of Labor and Employment (DOLE) has developed an advocacy plan on the elimination of sexual harassment in the workplace.

Outside of sexual harassment, labor legislation to date is not geared to protect women workers from the hazards they face in the workplace; the laws address mainly the more palpable ones such as hazards of physical injury that are typically observed in male-dominated occupations and industries such as construction, mining, and transport. Health hazards arising from poisonous substances, extreme temperatures, poor lighting and ventilation, and ergonomic problems are not as tractable. There is only scant information on the hazards existing in new industries like electronics and chemical factories, which are major employers of women. Outside the white-collar occupations, women have concentrated in occupations and industries where these hazards exist. The problems are not confined to factory employment since poverty leads to poor working conditions in home-based production as well.

Moreover, there are no clear guidelines for establishing claims for ergonomics and other work-caused illnesses and stresses. The three

agencies in charge of worker protection—the Bureau of Workmen's Compensation, Bureau of Youth and Women Employment, and the Employees' Compensation Commission (ECC)—are small, poorly funded, and inadequately staffed. Reporting of injuries and work-related illnesses is voluntary. Work environment standards are either inapplicable or poorly enforced. Standards for temperature, lighting, pollution, noise, and ergonomics are absent. Providing evidence for work-related illness is a near impossible task.

Important segments of female workers—those in the informal sector, homeworkers, domestic helpers, and entertainers—are outside the reach of the protective institutions. Firms in the informal sector are too numerous and scattered to monitor. Homeworkers are not covered by the law. Domestic helpers work in individually separate locations and are more difficult to monitor than informal firms. Some entertainers work in illegal businesses and are likewise difficult to track.

The problem with domestic helpers and entertainers who work abroad is even more serious. The government has failed to develop an effective monitoring system for these workers. As a whole, labor protection laws have limited coverage and are weakly enforced.

Gender violence or, more specifically, violence against women still stalks the lives of many in the Philippines—rich and poor, rural and urban, young and old. There have been very limited data on this issue to date, but documented evidence reveals that the problem pervades not only the workplace but also the family and the community at large [UPCWSF 1996].

In addition to work hazards, women workers are more exposed and vulnerable to threats of sexual harassment and assault by their employers who are typically male. Women who work overseas as domestic helpers and entertainers are likewise vulnerable to physical abuse and violation of contracts as shown by cases that have ended in rape and/or murder.

These abuses are not readily monitored since many of the overseas workers are employed in isolated or illegal enterprises.

In recent years, the issue of domestic violence has gained attention in many countries, including the Philippines. Since it occurs largely in the confines of homes, the problem has been largely hidden and unrecognized. Only in 1985 did the United Nations (UN) make its first resolution on the problem, calling on member states to undertake research and formulate strategies to deal with violence in the home.

Recent estimates in the Philippines show that anywhere from one to six out of every 10 women face physical, sexual, and psychological assaults in the home [UPCWSF 1996:3]. A study of 1,000 documented cases of family violence between 1994 and 1996 revealed that almost all victims (98 percent) were women with an average age of 23 years. More than half were not employed; the rest were employed in low-paying jobs as domestic helpers [UPCWSF 1996:7-8]. The study also found that the most common perpetrator of assaults on women were their male spouses or partners, accounting for more than half of the abuses.

Breaking this cycle of violence is no easy task, yet its severe consequences on its victims and their families and communities require urgent attention from policymakers and researchers. The Philippines, like many countries, has no national policy or legislation on violence against women. Such policy must involve reforms in the Philippine criminal and civil laws so that domestic violence is handled as a singular criminal offence and support given to the victim, as well as help for the abuser.

Unfortunately, existing laws still place much of the burden of proof for rape on the woman so that most rapes go unreported. Domestic violence is treated as a "private family matter," one that does not warrant legislative intervention or administrative intrusion. And while some service facilities for victims of violence now exist in the Philippines such as crisis

counselling, shelters for battered and sexually abused women, women's desks in police stations, there is a need to expand their geographical outreach and to make the facilities more victim-friendly.

## **Women's contributions in unpaid work**

Although women's economic contributions in the market economy are becoming more visible, much of women's work remains unrecognized and undervalued. The preceding section on women's economic performance highlights the economic activity rates of women, pointing out the distinct and observable trends in employment, unemployment, and type of economic activity. This however, is only one aspect of the wide range of work that women perform. This section first compares men and women's work and time use, noting their relative contributions in paid and unpaid work activities. It then highlights the unpaid work, predominantly done by women such as housework, child care, and community volunteer work.

Using the University of the Philippines Population Institute (UPPI) time use data, this *Report* shows that the average hours worked were virtually equal for employed men and women, but the differential varies across occupations, with the difference depending on flexibility of work schedule in the various occupations. For example, women worked longer hours in sales and services, 53.3 and 53.6 hours, respectively, as against 50.3 and 51.5 hours for men. Women worked very much shorter hours than men in agriculture, 29.1 hours vs. 39.3 hours, and likewise in production/manufacturing, 42 hours vs. 47.7 for men.

Overall, women in the Philippines and in the rest of Asia contribute 36 percent of all market work hours, with fairly even shares in industry, services, and agriculture. In Africa the economic contribution of women reaches as much as 44 percent of all market hours [UNDP 1995:90].



At the same time, women continued to devote a substantial amount of their time to different kinds of home production activities—from childrearing, to cooking meals, to cleaning and washing clothes. The imputed value of these unpaid nonmarket production activities is estimated to be about 40 percent to 60 percent of GNP.<sup>6</sup>

With regard to household tasks, men devoted about two hours to home chores irrespective of the length of their market work, according to the results of the UPPI time use survey. The majority of the women in the sample substituted home chores for market work so that their total working time, including travel, did not differ significantly from that of their husbands. However, the women who worked full-time still put in about two hours doing home chores, making their total work hours longer than the other workers, including men. Because women chose to work in the informal sector jobs which were close to their homes, they spent relatively little time travelling, 0.39 hours vs 1.04 hours by men in urban areas. In rural areas, the figures are 0.18 hour vs. 0.82 hour.

The general pattern of women working longer hours than men in the Philippines is reflected elsewhere in the world. A review of 31 countries by the 1995 *Human Development Report* shows that of the total burden of work, women carry on average 53 percent in developing countries and 51 percent in industrial countries [UNDP 1995a:88]. Roughly three-fourths of men's total work time in developing countries is spent in paid activities and one-fourth in unpaid work activities. For women, a greater proportion of their time is spent in unpaid activities which are largely unrecognized and undervalued.

Several studies on women's unpaid work provide valuable information about the estimated contribution of this sector to the GDP and the volume of labor time spent by women (and in some studies, men and children as well) in these activities in the developing countries despite limited data

and problems of measurement and valuation [UN 1991; Goldschmidt-Clermont 1987]. An important component of nonmarket production is subsistence farming and household work. Goldschmidt-Clermont [1987] provides a compilation of 40 studies conducted between 1973 and 1985 which evaluate the economic value of unpaid household work in Africa, Asia, Latin America, and Oceania. Many of these studies are derived from relatively large sample surveys or from anthropological studies with at least 100 observations and which are controlled for seasonal variations.

In parts of the Philippines and the developing world where integration to the market economy is limited, the scope of nonmarket goods and services is vast, ranging from subsistence farming, fuel and water gathering to food preparation and other household chores. The UN estimates of additions to GDP if unpaid housework is included range from 11 percent (Philippines) to 35 percent (Pakistan), indicating the relative importance of nonmarket activities in relation to the market economy [UN 1991].<sup>7</sup> At the household level, calculations of household full income, which includes the value of time devoted to home production for several countries, show that the imputed value of home production activities represents about 38 to 60 percent of total household income [Goldschmidt-Clermont 1987].

Nonmarket activities appear to be overwhelmingly performed by female household members in most developing countries. In the 35 country case studies under review by Goldschmidt-Clermont, their contribution ranges from 2.5 to 14 times that of men. Similar conclusions are reached by McGuire and Popkin [1990] in their review of time allocation patterns of rural men and women in seven African and Asian countries, with the exception of Ivory Coast.<sup>8</sup>

It also seems that in the rural areas, the proportion of total labor time allocated by women to nonmarket production tends to be high, as much as three times the amount spent in market

production [McGuire and Popkin 1990; UN 1991]. This is particularly true when related activities such as water and firewood gathering and food processing for household consumption are added to domestic activities and when households essentially serve as economic units which provide most of its own subsistence needs.

While there is increasing recognition that nonmarket household production is a significant economic activity providing the necessary goods and services for social reproduction, there are several methodological issues concerning its documentation and measurement that makes this area of production quantitatively elusive.

Part of the difficulty lies in assessing the value of nonmarket production. Markets for many nonmarket goods and services are often distorted or nonexistent, presenting difficulties for estimating their monetary value. The question of what unit of measurement should be used in imputing value is particularly important if household and market processes are to be compared and if economic interactions between the two are to be assessed. Market production is usually measured in monetary units; many studies which measure the extent of household production tend to express them first in labor-time units and then finding some proxy for valuing unpaid labor.

Existing time use surveys have provided useful sets of data on the labor time contributed by household members on both market and nonmarket activities. Despite considerable progress in the documentation of household time use, several studies including Beneria [1991] and Floro [1992] suggest that the present time use survey methods fall short in presenting an accurate picture. More typically, time allocation data are gathered through daily recordkeeping among a limited number of households rather than through interviews in large-scale surveys. Differences in time frames and methods employed in data collection affect the absolute amounts of time women and men devote to activities, and, more critically, the estimations

of the sexes' proportional shares of house and market work.

The time use survey method is also sensitive to what subjects consider to be "work" and "nonwork." Assisting their husbands in the farm is sometimes perceived to be not "work" at all. The same is true for mending clothes, knitting, giving children a haircut, or helping them with their homework, which are sometimes considered "leisure activities." The socialization process of certain tasks to be part of gender-based roles then gets to define the scope of "work" or an engagement in a productive activity.

Despite the serious difficulties, it is urgent to have a systematic documentation of women's unpaid work and to integrate the information generated in policy decisionmaking and formulation, especially in important social and economic concerns such as the development of children, women's health, and gender equality. Unpaid work remains a significant and irreplaceable basis for the reproduction of human resources and therefore has a significant impact on the well-being of the household and society. It also consumes much of the work effort of women both in developing and developed countries.

The inescapable implication is that there is a need for a full recognition of the importance of such economic activities, even though they are unpaid and nonmarketed. Now considered largely as women's primary responsibility, the social services for maintaining families and communities need to be recognized as the responsibility of both men and women, as well as of society. For public policy, this implies incentives, investments, and other measures to provide quality child care, effective and affordable social services, and so on. It also means taking measures to ensure that all citizens, including men, share more equally in the burden of family life and community service.



## Women's empowerment

Human development is also a process of empowering people so that they can participate in the design and implementation of the key decisions affecting their lives. Development indicators such as HDI and GDI do not completely capture the main elements of empowerment so that they need to be supplemented with additional information. This section focuses on two main arenas of decisionmaking: the political arena and the household unit. It examines the extent to which men and women in the Philippines participate equally in decisionmaking, and as the available evidence demonstrates, the result is somewhat mixed.

Women in decisionmaking bodies such as government agencies, legislative bodies, and other political organizations and institutions is one measure of power and influence. A recent study by the National Commission on the Role of Filipino Women (NCRFW) and the Asian Development Bank (ADB) [1995] shows that the number of women candidates running for public office has been increasing in absolute and relative terms over time. In 1986 the national presidency was occupied by a woman for the first time in Philippine history, and in 1992, two women were among the six contenders in the presidential race [NCRFW and ADB 1995:33-35].

Nonetheless, although women constitute slightly more than half of the electorate, the study in this *Report* shows that only a small proportion of women are found in elective offices at the local as well as national level. The proportion of women in the Senate is only four out of 24; in the House of Representatives, 21 out of 203. Women are slightly better represented at the local and provincial levels. At the local government level, there are only nine out of 75 governors and 73 out of 669 provincial board members. There are only 125 out of 1,536 municipal mayors and three out of 67 city mayors or 4.7 percent. Even the women who are elected into

positions do not necessarily carry a pro-woman and gender-awareness platform.

Compared to elective positions, there has been more support and acceptance of women entering the government bureaucracy. In the non-elective government positions referred to as civil service jobs, the great majority of women are in the lower and middle level rankings. Women employees climb up faster than male employees from the lowest level to the middle level but very poorly from middle level to high level.<sup>9</sup> For women, the ratio of middle level to lowest level employees is 96.9 percent, but the ratio for high level employees to middle level employees is only 2.4 percent. The corresponding figures for male civil servants are 49.5 percent and 7.5 percent. For the highest positions—Cabinet secretary, undersecretary, and assistant secretary—the respective female-male ratios are 15 percent, 33 percent, and 36 percent. The trend from 1992-94 to 1995-96 is only slightly upward for most of the important elective and non-elective positions in the government. Such trends are much better than the average representation of women in governmental bodies in developing countries (10 percent) [UNDP 1995:42].

Women's gains in obtaining the right to vote therefore have not automatically translated into women being elected to key political positions. The political arena is still considered a man's domain. Politics has been regarded as dirty and tough, and like jobs requiring heavy physical input, are considered not suited to women. Thus, the underrepresentation of women in this area is not just a matter of a stage in Philippine development, its level of income, or the education level of its women. It is also bound up with persistent cultural and social norms that restrict women's position and role in public life.

In recent decades, more and more Filipino women have been expressing their voice in numerous nongovernmental organizations and,

to a smaller extent, in trade or labor unions. The acknowledged vibrancy of women's organizations in the Philippines attests to women's participation in public life. Their active leadership and membership can be found in special purpose groups, grassroots-based and sector-based organizations, socio-civic and religious groups and so on. Official records from the Securities and Exchange Commission (SEC) show that a total of 558 women's organizations and associations were registered between 1990 and mid-1994.

Trends also indicate that the increasing labor force participation among Filipino women has been accompanied by increases in union membership. Data from the DOLE reveal that women represent between 34 percent and 62 percent of public sector union memberships in the 1987-93 period, and 41.4 percent in the private sector unions in 1993 [NCRFW and ADB1995:41]. Their representation is highest in industries where majority of workers are women such as wholesale and retail trade, community, social, and personal services.

The household is another important domain in which key decisions are made. This is perhaps one important area that has been subject to extensive research and numerous debates regarding the status of women. Some studies tend to depict the Filipino wife as the "queen of the household"; she performs a role that has been ascribed to her by centuries of tradition and cultural norms [Sevilla 1995; Torres 1995].

Moreover, it is often noted that women in the Philippines wield power in the family because of their many housekeeping and childbearing responsibilities. It is also the woman who holds the family purse strings so that it is a common perception that she determines daily expenditures for basic items and keeps whatever savings have been accumulated. A number of studies that have examined the household decisionmaking process itself provide an alternative perspective in assessing the extent of women's par-

ticipation in household decisionmaking.

The persistent tradition of woman's dominance in the household may actually lead to response bias on the part of survey respondents. This tendency to respond in the socially desirable or approved way can be discerned, for instance, in the Mendez and Jocano [1974] urban study which indicates that the wife mentions that she makes more decisions than the husband even though such decisions are attributed by her to him [Sevilla 1995:45]. Moreover, Bautista's [1977] study indicates that even if Filipino women keep the household money, their husbands have a greater share in deciding where the money goes.

A factor complicating the issue of household dynamics and decisionmaking is the impact on women's power and role in the home as a result of changes in labor force participation and earnings of women. Overseas employment, for instance, may have wrought profound changes on women's choices and role in the home.

The number of Filipinos working abroad has been reported to have reached about four million.<sup>10</sup> In the case of the households of male OCWs (overseas contract workers), wives become virtual heads of their families and have a greater say on the allocation of household income. On the other hand, the OCW-wives leave home management to their husbands. Casual observation suggests that older relatives assist, and possibly monitor, the remaining spouse; also that overseas income is earmarked for specific asset acquisition, especially children's or siblings' education.

Family roles change with overseas employment, and these changes may be expected to have serious implications on family life, of which consumption is just an aspect. Women who work abroad make a larger contribution to family income, possibly increasing their bargaining power in the home. At the same time, they relinquish their role as manager of the home to the husband and whoever shares their homemaking responsibility.

This strongly suggests the need for further

studies on decisionmaking in Philippine households, noting the various dimensions and determinants of power and participation of men and women. It is an important area that merits serious research and attention. The question of who participates in or makes key decisions in the household determines not only the sharing of household work burden between members, it also affects the pattern of resource and expenditures allocation that have significant impact on the well-being of its members, particularly the children.

This *Report*, for example, argues that a woman's stronger bargaining power in family decisions results in the reduction of expenditures for the husband's leisure consumption like alcohol and tobacco and an increase toward children's human capital. A comparison of the allocation of income of male-headed and female-headed households (MHH and FHH for short) using the 1991 Family Income and Expenditures Survey (FIES) supports the argument. Other important differences exist in the consumption and savings behavior of the two groups of households.

For instance, all FHH consumed less food than MHH. FHH consumption of tobacco and alcohol was less than half of MHH; the opposite pattern holds for the other three items. The difference in spending for education and health was quite small for richer households but substantial for the poorest households. Rich FHH spent a lot for personal care and recreation.

Worrisome is the relatively large expenditures on gifts/special occasions by all FHH. The poorest FHH spent on this item almost twice the proportion spent by the poorest MHH. It appears that most of what the poorest FHH saved in food and tobacco/alcohol was spent instead on personal care/recreation and gifts/special occasions. The last item absorbed a surprisingly large part of their budget, 8.9 percent as compared to only 3.5 percent for education and health. The evidence supporting women's stronger preference for children's human capital is qualified by the fact that FHH spent so

much more for nonbasic items, in absolute and relative terms.

In addition, FHH saved more than MHH, 12.4 percent vs. 9.8 percent on average and for each income grouping. (Households were grouped into the highest 30 percent, middle 30 percent, and lowest 40 percent.) The MHH in the lowest income group had a negative saving of 0.3 percent, while the corresponding FHH had a positive saving of 2.1 percent.

## Concluding remarks

The enhancement of women's capabilities and opportunities to make choices is an important part of human development. The gains achieved by the Philippines in increasing access to education and jobs in certain sectors, rising participation in elections as voters and candidates over the past few decades have been significant. Equally remarkable is the advance of women in less traditional fields of economic endeavor such as in the fields of business, science and technology, as well as in positions of influence in government.

Nevertheless, the gender gap remains substantial in economic opportunities, decisionmaking, and access to resources. In the rural areas, agriculture and fisheries are often considered as male occupations even as women perform a host of functions in the entire process. Many more women than men are in low-paying, low-skilled activities. Discrimination in many jobs persists and occupational segregation channels women into less remunerative and less productive segments of the labor market. Wage remuneration and access to credit and land resources are still unequal. Women's natural health advantage at birth tends to be eroded due to neglect of women's health problems.

There is also the reality of gender-based hazards that women have to face, including sexual harassment and gender violence. Politics remains

man's domain in a society that gives production preeminence and where men are traditionally assumed as breadwinners and heads of households and organizations. It is not surprising therefore that gender issues remain marginal in most policymaking and lawmaking bodies. Excluded from most political offices, many women have found voice in nongovernmental organizations.

Persistent social and cultural norms and the unequal division of labor in household activities are another constraint to women's empowerment and full participation in the development process. Women are made responsible for most housework and child care, which goes unmeasured by standard economic and development indicators. These unpaid, nonmarket activities are largely taken for granted and perceived as "natural functions" that do not merit any policy consideration.

Socialization in the family, the education system, the portrayal of women in media, the gender-blindness of government programs and policies, and the legal system allow the perpetuation of such views. They merely reinforce the perception of women as "the weaker sex" because their capabilities, whether in the home or in the public sphere, are neither valued nor recognized.

In recent years, there have been deliberate efforts by government, academic, and nongovernmental institutions and organizations to address these gender disparities. But much remains to be done. A key factor is the low level of awareness and understanding of gender issues in many sectors. This is aggravated by the lack of gender-disaggregated information and data in government agencies and research institutions. While some Philippine agencies have sought to make amends for the invisibility of women in data and information systems, a concerted effort is needed to develop a system of gender-disaggregated data gathering, collection, processing, and dissemination at the agency/firm, local, and national levels.

Economic policies and programs need to be assessed in terms of their gender responsiveness and gender-based impact. The assumption of gender neutrality is deeply ingrained in the thinking of academics, policy advisers, lawmakers, and public officials. As this *Report* has demonstrated, human development cannot be sustained and further advanced without addressing gender inequality.

# Notes

- 1** Casual comments are that girls are more studious and have less distraction than boys and so could complete their schooling more easily than boys. Herrin and Racelis [1994] found that among the lowest 30 percent of Philippine families, more boys than girls expressed lack of interest as a reason for not enrolling—for those aged 7-12, 49 percent of boys were uninterested vs. 39 percent for girls; for those aged 13-16, the figures are 47 percent vs. 3 percent; and for those aged 17-24, 29 percent vs. 14 percent. In the University of the Philippines (UP), for instance, 65 percent of students are girls even though it offers many male oriented fields like engineering, agriculture, and natural sciences.
- 2** At the end of World War II, when there were fewer schools and family incomes were lower, the enrollment rate for girls was significantly lower than for boys. As more schools were opened, the private cost of schooling declined and more girls were sent to school. Thus, the female-male enrollment ratio has shown a generally upward trend over the last five decades.
- 3** Labor force participation rate (LFPR) among women is lower than among men because of gender-stereotyping and a lower educational level. But the *average* educational attainment of *employed* women is higher than men since it is possible only better educated women get employed at all. Girls may still have a higher completion rate since the “voluntary withdrawal” of boys from school may be stronger than the “involuntary (and conditional) withdrawal” of girls from school. The findings of Herrin and Racelis [1994] give evidence to the expressed lack of interest of boys in not enrolling at all.
- 4** This is not the only interpretation possible. The standard interpretation is that those with better schooling *can afford* to be unemployed or underemployed longer.
- 5** The three top universities have not had a female president, but they have had female vice presidents. According to the Asian Institute of Management (AIM) case studies of successful women business executives (and entrepreneurs), the subjects said they had to work doubly hard to reach their second to the top positions. They were silent about any ambition for the presidency since apparently this was not for them even if they believed themselves to be qualified.
- 6** Two approaches were used in this *Report* to estimate the value of women's home production. One is based on the simple notion of an efficient or effective time needed to complete the home chores of an average family. The time was valued at the wage rate of maids assumed to be some fraction of the minimum wage rate. The value of home time for the economy is simply equal to the value of home time per family multiplied by the total number of families. The second estimate is based on Gronau's model [1983] which derives the value of time from a marginal productivity function of home time. The two estimates differ but not too substantially. Whichever approach is used gives a significant value of unaccounted production of home goods or Z-goods. The range of unaccounted value is from about one-third to more than unity. The simple approach (1) gives 60 percent of GDP; the second approach in (2), which uses the own wage as the opportunity cost of home time, leads to about 52 percent of the earned income of the labor force. Alternatively, we have the result of method (3) that results in 33 percent of earned income of workers. And the fourth, 43 percent of GNP.
- 7** These studies tend to be few because of data limitations and inherent problems of measurements. Moreover, these evaluations differ in many respects such as the nature of the sample, the method of data collection, the scope of activities included in the subsistence or unpaid household activities category, and the manner of valuation of the output of such activities. Hence, one needs to be cautious in making comparisons across such countries.
- 8** These countries are Bangladesh, Indonesia (Java), Nepal, Philippines, Botswana, Ivory Coast, and Tanzania.
- 9** Civil service jobs are regular government jobs classified into three levels—the lowest level are the clerical jobs, middle level positions are supervisory, and high level positions are director to assistant secretary positions. The rate of promotion is indicated by the ratio of the number of employees in one level to the number of employees in a lower level.
- 10** There is no systematic collection of the stock of OCWs. Newspaper and occasional government statements quote figures of 4.0 to 4.5 million. The Philippine Overseas Employment Administration (POEA) monitors the outflows but not the stock.

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# Quality, Access, and Relevance in Basic Education

*Ang pag-aral ay gintong tunay,  
Bagay na dapat pagsikapan.  
Karunungan ay kailangan lang,  
Dunong ay gamot sa kamangmangan...*

—Florante de Leon's *Abakada*

**T**O extol the virtues of education among Filipinos seems superfluous, almost like preaching to the already converted. The highly educated person (*may pinag-aralan* or *nakatapos*) is a national icon that seems to require no extra veneration. Underscoring this pious concern for learning, the Constitution ordains that the largest share of any government budget should be devoted to education. The country prides itself in its high reported rate of adult basic literacy, 94.6 percent, a figure that exceeds even that of Singapore, Hong Kong, or Malaysia. Combined enrollment—the percentage of the school-age population enrolled in grade school, high school, or collegiate levels—is even more striking. On this score, the Philippines with an enrollment rate of 82 percent outperforms such richer countries as Thailand, Malaysia, Singapore, Hong Kong, and Chile [Table 1.1] not to mention even Switzerland or Italy.

An obvious puzzle is how and why a number of countries that are richer or more developed than the Philippines can have about the same or even inferior levels of educational achievement. The embarrassing question has already been asked [De Dios 1995]: “If we’re so smart, why aren’t we rich?” (Or, for that matter, more developed?) But the discrepancy be-

tween education and development levels is not the only puzzle in Philippine education. Tough questions must be asked about Philippine education itself. Consider the following:

■ The Philippines ranked second from the bottom internationally in mathematics examinations and third from the bottom in science examinations conducted in 1996.

■ Of every 100 pupils who enroll in Grade 1 in public schools, 33 drop out of school before reaching Grade 6; about the same proportion of public high school students drop out before reaching Year 4.

■ Tests show there is barely any additional knowledge gained by pupils between Grade 5 and Grade 6.

For all the country’s vaunted achievements in education, therefore, something is very clearly wrong. Many countries have lower educational achievements than the Philippines but are richer or have higher levels of human development. This strongly suggests two things. First, the Philippines may be doing a poor job in education so that its academic credentials may actually be bloated. Second, however, it also suggests that the real foundation for development may possibly not lie primarily in society reaching out for increasingly higher and sophisticated education.

From this viewpoint, even the widespread awe for the *may pinag-aralan* (educated) must be viewed with suspicion. Wittingly or not, the juxtaposition of *high school lang* (high school only), with the *nakatapos* (graduate) implies a toleration of mediocrity in the former. It encourages an



**Table 1.1 Education, income, and human development, 1997 (selected countries)**

	Adult literacy (percent)	Combined 1st, 2nd, and 3rd level gross enrollment (percent)	Real GDP per capita (PPP\$)	Education Index	Human Development Index
Philippines <sup>a</sup>	94.8	82	3,520	0.90	0.740
Thailand <sup>a</sup>	94.7	59	6,690	0.83	0.753
Malaysia <sup>a</sup>	85.7	65	8,140	0.79	0.768
Singapore <sup>b</sup>	91.4	73	28,460	0.85	0.888
Hong Kong <sup>b</sup>	92.4	65	24,350	0.83	0.880
Korea, Republic of <sup>b</sup>	97.2	90	13,590	0.95	0.852
Chile <sup>b</sup>	95.2	77	12,730	0.89	0.844
Mexico <sup>b</sup>	90.1	70	8,370	0.83	0.786
Argentina <sup>b</sup>	96.5	79	10,300	0.91	0.827

<sup>a</sup> countries with medium human development; <sup>b</sup> countries with high human development

Source: UNDP [1999] *Human Development Report*

individualist and elitist attitude that is insensitive to the conditions of mass education. The subtext reads: It is all right for high school or Grade 4 achievers to be inept and deficient—as long as *one's own child* goes on to college and is saved from the insipidness reserved for the rest of the population. The point that is lost is that under ideal conditions, being educated for 10 years can *and* should be very good enough, indeed.

This point is significant, especially at a time when globalization seems to place governments under extreme pressure to produce highly specialized and technical personnel in a very short period of time. But, as in sports, a steady stream of champions (as opposed to flukes) cannot be produced in hothouses—even the stunning success of Efren “Bata” Reyes was based on a virtual national nursery represented by the nationwide network of neighborhood pool halls. In the same way, highly skilled and expert scientific national innovation system cannot be sustained without a sound basis in basic education, that is, education from preschool to high school.

## Reaffirming basic education

Quite apart from possibly producing national Einsteins, there is a more important reason for reaffirming basic education. *It is a fundamental right as well as an indispensable requirement for a person's well-being.*

Nobel Prize-winning economist Amartya Sen describes well-being as the capacity *to do* and *to be*, that is, possessing capabilities as well as the freedom and opportunity to use these capabilities. No less than inadequate income, however, insufficient or poor education also deprives a person of the means of doing and becoming.

That minimum to which every person has a right is *functional literacy*, which educators in the Philippines define as the ability not only to read words ordinarily used in daily life but *to understand the message in simple paragraphs and perform simple numerical calculations of useful nature.* Other writers make a higher demand for *fluency in core subjects*, meaning the ability to integrate and decode what has been read and to identify and find

the meaning of new words [Verspoor and Lockheed 1991]. Functional literacy entails the recognition of 1,000 words or so; fluency requires the recognition of 3,000 familiar words and derivatives.

People need at least functional literacy to participate fully in their social environment. Functional literacy opens up the world of words and numbers and hones a person's ability to access and decode what that world offers. It introduces people to the vast knowledge contained in books and media, covering technologies and markets for goods, services, labor, education/training, assets, and entertainment, as well as social and political events. By contrast, the unfortunate who is unable to fill out forms, read signs, or calculate the proper costs and returns for the goods she sells is almost certain to be victimized and exploited.

Functional literacy is attained within the first three to four years of primary schooling where pupils also socialize, acquire self-discipline, and learn acceptable social behavior. Fluency is attained upon the completion of primary school (six to seven years). Most education throughout the world adopts a ladder system, where the completion of a grade qualifies one to enroll in the next grade level. Primary school is the indispensable step to higher levels of education. With few exceptions, the failure to complete primary education denies a person the opportunity for further education and all that implies. It is in this sense that deprivation may also be measured in terms of education.

## Poverty in education

Poverty in education is the *failure to gain an elementary education* (Grades 1 to 6). The education-poor would include all people of working age who did not complete Grade 6, as well as all those who reached Grade 6 but failed the standard elementary examination. On this measure, the education-poor were estimated as constituting between 28 and 34

**Table 1.2 Educational attainment of dropout children and their parents,\* 1997 (in percent)**

Grade level completed	Children	Fathers	Mothers
No schooling		3.8	4.4
GS 1-2	9.0	9.7	7.3
GS 3-5	17.0	15.2	16.4
GS 6-7	33.0	21.7	21.9
HS 1-3	38.0	11.4	13.4
HS Graduate		15.2	15.4
College 1-3		6.7	6.1
College Graduate		10.6	8.7
Postgraduate		2.7	2.6
Multiple responses	1.0	3.0	3.8
No response	1.0		
Total	100.0	100.0	100.0

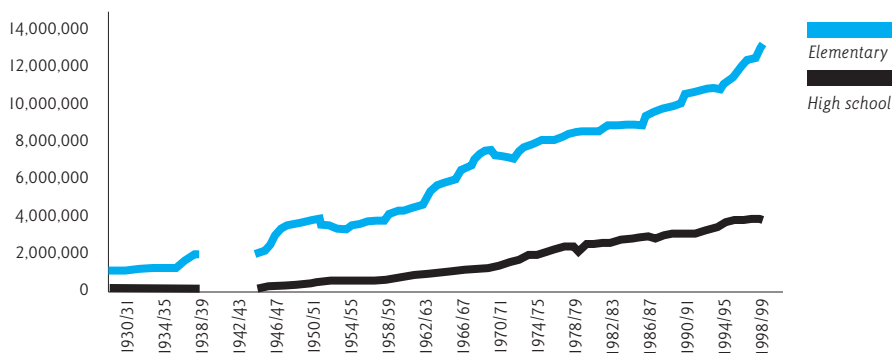
\*Based on responses of 84,864 PEPT (Philippine Educational Placement Test) examinees nationwide  
Source: DECS-PEPT Report [1997: Tables 2.8 and 2.9]

percent of the population [Tan 1999].

The benefits of a basic education are enjoyed not only by the persons receiving it but by the rest of the community. A minimum of education is required if people are to vote wisely to observe the law, to understand major political and social events, and to possess a sense of nationhood and community. It is difficult to imagine how societies—especially democratic societies—could function effectively otherwise. This is why basic education is said to cause large “positive externalities.”

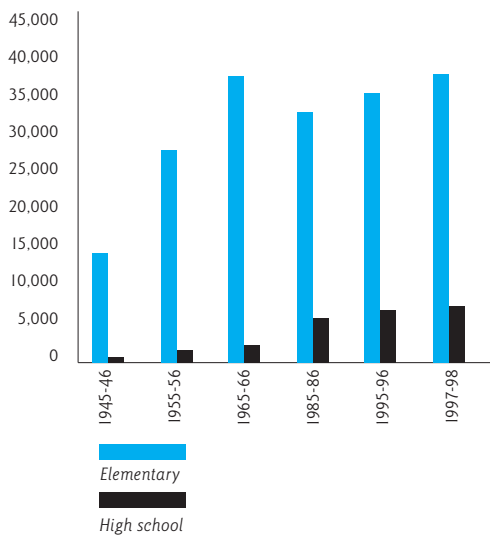
The economic benefits to the community of a basic education are no less important. By enhancing people's ability to make decisions and by widening their opportunities, basic education improves the way markets function and hence resource allocation in the entire economy. The labor market is a good example. People with good basic education have wider access to information about careers, schools, and job openings. Even after they leave school—and without going to college—they benefit more from on-the-job training and adapt better to changing tasks at

**Figure 1.1 Annual elementary and high school enrollment, 1930/31 to 1998/99, in thousands**

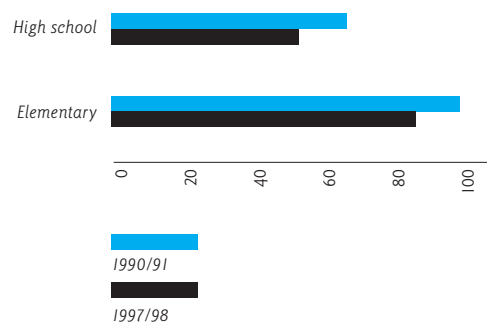


Source: Philippine Statistical Yearbook, various issues

**Figure 1.2 Number of basic education institutions**



**Figure 1.3 Participation rates in all elementary and secondary schools**



Source: Maglen and Manasan [1999]

**Table 1.3 Annual growth rates of elementary and high school enrollment,\* 1944-1945 to 1998-1999 (in percent)**

Period	Elementary	High school
1944-45 to 1954-55	4.46	12.33
1954-55 to 1964-65	4.82	6.05
1964-65 to 1974-75	2.90	7.29
1974-75 to 1984-85	1.65	4.53
1984-85 to 1994-95	2.16	3.62
1994-95 to 1998-99	3.42	1.65
1944-45 to 1998-99	3.20	6.39

*\*Exponential growth rates of levels at the beginning and end periods  
Source: Philippine Statistical Yearbook, various issues*

work, to changing jobs, or spells of unemployment. If need be, they are also in a better position to obtain higher education. Over the entire economy, production waste and disruption are reduced if the workers employed are better educated and therefore able to follow instructions more accurately and settle disputes more amicably. All these effects are reflected in basic education's contribution to economic growth.

Most of all, basic education pulls people out of poverty. This is most evident once poverty is regarded as an intergenerational problem. Many families are trapped in poverty because parents are unable to improve on their current livelihood. Lacking education, poor in health, and without savings, the older members are often too profoundly caught in the rut of securing their daily subsistence to even have the time to look for new opportunities, learn new technologies or skills, or move physically to more promising locations.

In practice, the best hope of such "core-pour" families is for the children at least to acquire an education sufficient to qualify them in the future for better-paying occupations than that of their parents. This opportunity would not exist, of course, without

publicly provided education. Without this outlet, poverty becomes perpetuated through generations, a vicious circle suggested in **Table 1.2**, which shows that children who drop out tend to be those from poorly educated parents themselves. Some 29 percent of fathers and 28 percent of mothers of dropouts never completed grade school, while 62 percent of fathers and 63 percent of mothers never finished high school. Conversely, a study of poverty in regions of the Philippines finds that the rate of poverty incidence falls by 3 percent for every 1 percent improvement in functional literacy [Balisacan 1999].

## Size—all that matters?

One dimension of basic education, however, has dominated thinking about the problem of pedagogy to the exclusion of all other policy concerns: its sheer size. Public elementary enrollment has grown more or less steadily since the post-World War II period, increasing relentlessly from 2.2 million in 1944-1945 to 12.5 million by 1998-1999, or an average increase of 3.21 percent annually over the past 54 years [**Figure 1.1**]. High school enrollment has grown even faster, beginning from only 162,028 pupils in 1945-1946 to the current five million, or an even faster annual growth rate of 6.4 percent [**Table 1.3**]. A major factor for this rapid growth must be ultimately traced to the country's high growth rate of population, among the highest in the region. One consequence is that enrollment in basic education has grown faster than population.

The number of elementary and high schools, as well as the number of teachers for these schools, has increased to meet the growing enrollment [**Figure 1.2**]. From some 13,500 elementary schools in 1945-1946, these increased to 38,600 by 1997-1998. High schools increased from 448 to 6,590 over the same period. The government, the dominant provider in basic education, now operates 92 percent of all elementary schools and almost 60 percent of all high schools.

**Table 1.4 Average grade in the Third International Mathematics and Science Test**

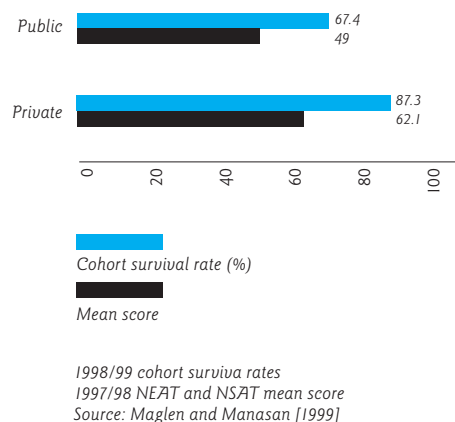
Country	Mathematics	Sciences	Current spending (PPP) per pupil 1995
Singapore	622	576	1,582
South Korea	592	550	1,855
Japan	588	551	3,728
Hong Kong	576	508	1,377
Belgium (Flemish)	592	540	2,155
Czech Republic	544	554	466
Netherlands	529	539	2,783
Slovakia	528	527	1,610
Bulgaria	527	548	1,289
Switzerland	526	503	5,474
Austria	524	539	3,625
Israel	522	524	1,670
Slovenia	520	545	2,331
Hungary	520	536	1,563
Russian Federation	518	511	
Belgium (French)	517	457	2,755
France	515	475	2,541
Australia	514	525	3,534
Ireland	514	517	2,639
Canada	511	515	5,698
Thailand	509	509	852
Sweden	498	512	5,017
Germany	497	515	2,241
United Kingdom (England)	491	532	3,088
New Zealand	490	503	2,417
United States	488	521	3,510
Denmark	484	459	6,375
Norway	462	505	5,158
Scotland	481	493	
Latvia	478	460	
Iceland	473	478	4,634
Romania	468	469	753
Spain	468	497	1,923
Greece	462	473	1,280
Cyprus	460	442	
Lithuania	453	440	961
Portugal	439	454	2,281
Iran	415	453	384
Philippines	393	389	138
Kuwait	392	430	
Colombia	377	399	572
South Africa	351	322	867

From one viewpoint the Philippines appears not to have done badly. Ninety-five percent of children who *should be* in elementary school are actually enrolled. The participation rate for high school, meanwhile, is 64 percent. These figures for 1997-1998 are significant improvements over levels of 1990-1991 [Figure 1.3]. The country therefore at first glance appears to have at least coped with growth of enrollment, which has swelled at more than 2 percent annually for elementary and more than 3 percent for high school since 1981, together growing faster than population.

As sheer size and the concern for universal provision have come to dominate all other priorities, however, quality has been sacrificed. Overwhelmed by the prospect of an annual tide of enrollment, successive administrators and policymakers have responded to the pressing demand of universal education by cutting corners, ultimately eroding quality.

This began as early as the end of the Second World War when it was decided to disperse with the seventh year in grade school

**Figure 1.4 Private and public differences**



[Box 1]. School hours have also been allowed to shorten below international standards. Rather than combating mediocrity, the school system's own measures accommodate mediocrity. The "innovation" of automatic promotion was adopted, pushing pupils on to the next level regardless of performance, in a mockery of standards that makes failure an impossibility by definition. Hence, for example, the authorities blithely regard 36 percent as a passing mark in the National Elementary Achievement Test (NEAT) rather than the conventional 50 percent (not to mention the ingrained *pasang-awa*, 75 percent). More recently, calls in the same vein have been made in the form of suggestions to reduce school days to thrice in the week to accommodate large enrollment in limited infrastructure. The cost of these "quick and dirty" solutions is predictable—the erosion of quality and standards.

## The quality deficit

The incontrovertible evidence of the unsatisfactory quality of basic education is found whenever standard tests are applied to measure pupils' achievements.

The Third International Mathematics and Science Test (IMST3) was administered in 1995 to 13-year-old children in different countries. **Table 1.4** compares the average scores in math and science obtained by the countries that joined. It is obvious that performances differ widely, with a range of 622 to 351 for grades in math and 576 to 322 for science. It was the tiger economies of Asia—Singapore, South Korea, Japan, and Hong Kong—that topped the test. Also in the top 10 were three small Western European countries (Flemish Belgium, the Netherlands, and Austria) and three Eastern European countries (Czech Republic, Bulgaria, and the Slovak Republic). The major industrial countries, such as the U.S., U.K., France, and Germany were near the median grade. Thailand was also on the median rung and ranked just above the U.S.

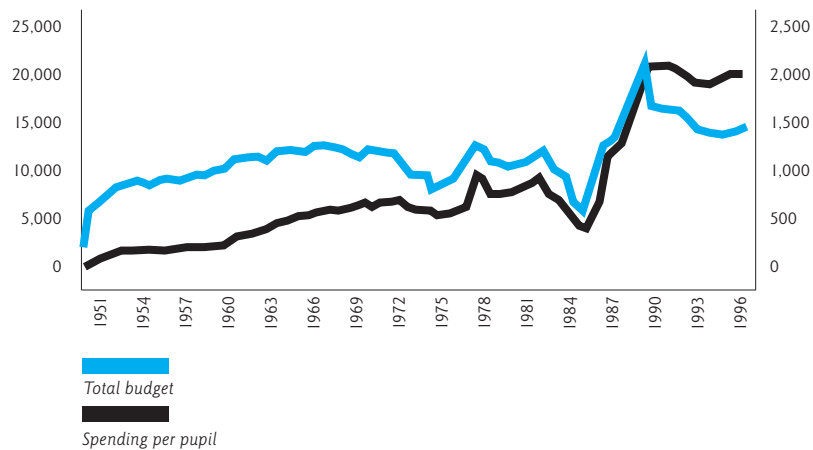
The Philippines ranked 39th—fourth from the

bottom and above Kuwait, Colombo, and South Africa. Filipino students in both lower and higher secondary school obtained only 31 percent of the correct answers in the math portion. (See **Box 2** for responses to sample questions.) The Philippine math average is only 78 percent of the world average and 42 percent of the score obtained by Singaporean pupils. In science, the scores of Filipino children in lower and upper secondary school were below the international median by 77 percent and 80 percent.

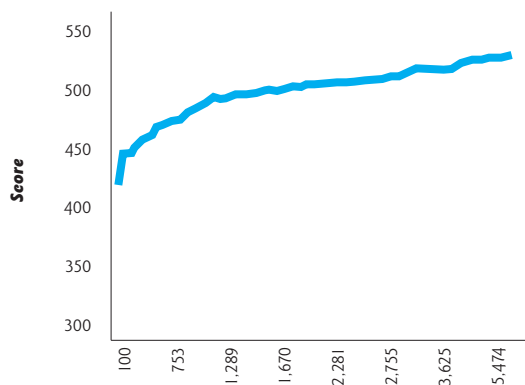
Nor is the quality problem evident only in international tests. Even the country's own tests reveal the problem. The NEAT and the National Secondary Achievement Test (NSAT) have been administered nationwide since 1994 and are meant to measure the objective competencies of the curricula for grade schools and high schools. Performance in the NEAT and NSAT has been generally poor, with pupils giving correct answers to less than 50 percent of the questions. Science and English have been particularly problematic. While there has been an upward trend in the mean score, longtime researchers believe this trend reflects laxer standards in the examinations rather than an improvement in performance [**Box 3**].

The quality deficit is evident in the glaring differences in performance between public and private schools. Performance, after all, has not been uniformly poor. A certain hierarchy is evident, where private schools run by religious generally perform better than private nonreligious schools, while the latter perform better than public schools. A few private sectarian schools are of a quality comparable to the best in the world. Some of their teachers have in fact been recruited by Canadian and U.S. schools. The only exception to the rule about public schools are the special science high schools, which national and city governments have established in an attempt to improve mathematics and science education. Enrollment is limited and highly selective, and budgets are more generously endowed than the typical schools run by the DECS. It should be

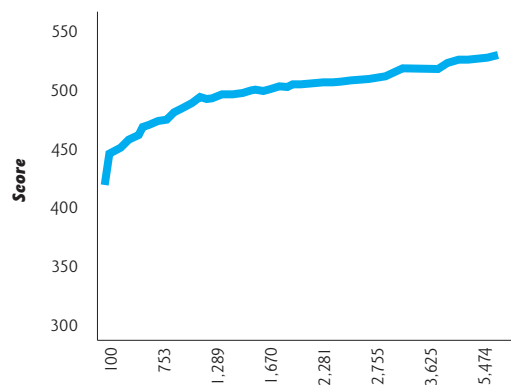
**Figure 1.5** Total education budget and spending per pupil, 1950-1997 (in constant 1985 pesos)



**Figure 1.6.1** Spending per pupil and predicted IMST Science scores (regression results)



**Figure 1.6.2** Spending per pupil and predicted IMST Math scores (regression results)



2000

## Box I Quality time?

Publicly provided basic education in the Philippines catches attention for its remarkably brief duration—a mere 10 years, as against the usual 12 years in most developed and developing countries. Elementary school lasts six years, followed by four years of education. What is immediately noted is that this sequence is shorter by about two years than primary and secondary education in most advanced economies. The presence of seventh grade gives graduate of private elementary school a slight edge, but even this is notably less than the international norm. At the other extreme, the college track in Germany is a full three years longer.

**Box Table I Years of pre-university education in selected countries\***

Age	6	7	8	9	10	11	12	13	14	15	16	17	18	19	
Philippines	elementary							high school							10
Japan	shogakko							chugakko			kotogakko				12
Germany	Grundschule					Hauptschule					FOS/BFS*				12
*	Grundschule					Gymnasium									13
France	primary						college unique				lycee				12
USA	primary							senior high			junior high				12
Thailand	primary							secondary							12

*Fachoberschule/Berufsfachschule*

Interestingly enough, the elimination of Grade 7 in the public school system was supposed to be no more than a provisional measure immediately after the Second World War, a concession to limited funds at the time. However, even as private schools ultimately restored Grade 7, the public school system made permanent what was supposed to be transitional.

The already brief period of teacher-student contact owing to fewer years is aggravated by the shorter school calendar and fewer contact hours per day. Public grade schools in heavily populated areas may cater to as many as three continuous shifts of pupils daily: 6-10 a.m., 10 a.m.-2 p.m., and 2-5 p.m. The situation is made worse by days lost to holidays, floods, and bad weather. For some inexplicable reason, the start of the school calendar (June to March) has been timed to coincide precisely with the storm season. Finally, in many areas there is the problem of teacher absenteeism.

Why not simply reinstitute Grade 7 in public schools to remedy the situation? Or add a fifth year to high school, as a current bill proposes? Things are no longer as simple. Problems of quality have, in the meantime, become so integrated in the system that merely lengthening the period will not suffice. An extension of contact with mediocrity would probably merely aggravate it. Also disturbing are findings that even with the present system, little additional teaming occurs between Grade 5 and Grade 6. In the face of budget constraints, the government is better advised simply to use the funds to improve the current system across all levels.



## Box 2 Would you do any better?

The following are some mathematics questions culled from the Third International Mathematics and Science Test (IMST3), together with an analysis of how Filipino pupils scored. The test was given to 13-year-olds from 43 voluntarily participating countries. The questions give a flavor of the applied nature of the tests (e.g., estimation), which place many of the questions beyond those accustomed to sheer learning by rote.

### Question 1: Proportionality

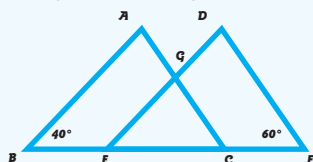
The Cruz family uses about 6,000 liters of water per week. Approximately how many liters of water do they use per year?

- a. 30,000      b. 240,000      c. 300,000      d. 2,400,000      e. 3,000,000

The item aims to assess whether or not the student could approximate  $50 \times 6,000 (=300,000)$ . Only 28.1 percent of the students correctly answered this question. The most frequent wrong answer was 2,400,000, which was chosen by 23 percent, followed by 3,000,000. Relatively lower percentages chose A or B. It is possible the students just guessed.

### Question 2: Geometry ability

In the figure below, triangles ABC and DEF are congruent, with  $BC = EF$ . What is the measure of angle EGC?



- a.  $20^\circ$       b.  $40^\circ$       c.  $60^\circ$       d.  $80^\circ$       e.  $100^\circ$

This item entails knowledge of angles formed by parallel lines as well as the sum of the measures of angles of a triangle ( $= 180^\circ$ ). The student should also be able to visually separate triangles ABC and DEF from the figure where the two partly overlap. Only 20 percent got the correct answer. This percentage is not different from what could be theoretically expected from random guessing.

### Question 3. Recognition and estimation of fractional parts

In the figure below, how many more small squares need to be shaded so that  $4/5$  of the small squares are shaded?

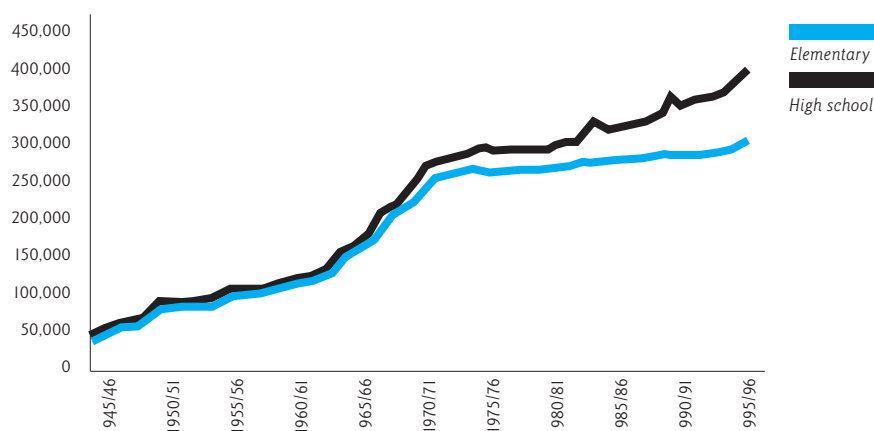


- a. 5      b. 4      c. 3      d. 2      e. 1

Only 20 percent of the Grade 6 and also of the First Year students correctly answered 5. The most frequently chosen (37 percent) was the wrong answer "3", which means the question was interpreted as asking for how many small squares are shaded. The answer "1" was chosen by 25 percent, who possibly just wanted to complete the three shaded squares and make them four. This misconception is related to the wrong choice of 4 (picked by 6 percent). Those who chose 4 or 1 conceived of the numerator as the number of equal parts taken from a whole, ignoring the fact that the whole figure is divided into 10, not six, equal parts. The distribution of responses means that only one in every five 13-year-olds understood the question and the concept of fractions, in this case the fraction  $4/5$ .

Source: Ibe, M. [1998]

**Figure 1.7** Number of public school teachers, 1945/46 to 1996/97



Source: Statistical Yearbook 1971; DECS Special Bulletin, various years

no wonder pupils of these schools performed way above average. But the problem of basic education is not really about developing an elite that can be showcased, it is about improving the lives of the many who, for better or worse, are relegated to the public school system.

On the aggregate, the test scores of public elementary schools are 27 percent lower on average than those of their private counterparts [Figure 1.4]. Public high school test scores, on the other hand, are 20 percent lower than those of private high schools. In making these comparisons, however, it should be observed that private school scores are not particularly high either, suggesting that the problem of quality is pervasive. But performing poorly relative to an already poor standard makes the performance of public schools appear that much more dismal.

Among private schools, of course, there are also distinctions. Particularly significant is the distinction between sectarian and nonsectarian private schools. A study restricted to Metro Manila schools [Cunanan

and Po 1999] found average scores in the 1996 NEAT of 100 out of 160 items for private sectarian schools, 96 for private nonsectarian, and 73 for public schools. NSAT scores were 159, 140, and 110 out of 250 items in the same order. In the same study, some 83 percent of public elementary schools had average scores indicating that their pupils gave wrong answers to 50 percent or more of the questions. Only 6.8 percent of private sectarian schools and 9.9 percent of private nonsectarian schools had scores that low. In the NSAT, 91.7 percent of the public schools had scores of 125 (50 percent of 250 items) or less, as compared 26.2 percent for private sectarian and 29 percent for private nonsectarian schools. If 50 percent is used as the conventional passing score, only 16.7 percent of public elementary pupils passed the NEAT and only 8.3 percent passed in the NSAT in Metro Manila.

The quality gap between public and private education also stares one in the face if one compares cohort survival rates, that is, the proportion of pupils entering elementary or secondary school who

**Table 1.5 Average NEAT and NSAT mean percentage scores, 1998 (in percent; by region)**

REGION		NEAT	NSAT	NEAT Rank	NSAT Rank
Ilocos	I	47.6	49.2	13	5
Cagayan Valley	II	52.7	48.2	4	9
CAR		51.1	51.2	6	2
Central Luzon	III	50.1	50.7	10	4
Southern Tagalog	IV	49.0	49.0	12	6
Bicol	V	51.1	45.3	5	11
Western Visayas	VI	50.4	45.0	7	12
Central Visayas	VII	50.4	48.3	8	3
Eastern Visayas	VIII	61.0	51.2	1	3
Western Mindanao	IX	54.6	48.7	2	7
Northern Mindanao	X	50.2	46.6	9	10
Eastern Mindanao	XI	45.2	43.0	16	15
Central Mindanao	XII	39.0	40.8	16	15
ARMM		46.2	43.1	14	14
Caraga		49.3	43.4	11	13
NCR		54.4	54.2	3	1
Philippines		50.0	48.6		

\*Simple average of mean scores in four subjects  
Source: Ibe [1999]

**Table 1.6 Increase in teachers in public elementary and high schools, 1945-1946 to 1996-1997 (in percent)**

	Elementary	High School	Total
1945-46 to 1955-56	7.5	9.3	7.6
1955-56 to 1965-66	6.6	5.9	6.5
1965-66 to 1975-76	3.5	7.2	3.9
1975-76 to 1985-86	0.9	6.0	1.7
1985-86 to 1996-97	1.3	4.9	2.1
1945-46 to 1996-97	4.9	8.3	5.4

Computed compound growth between initial and terminal years  
Sources: Statistical Yearbook [1971]; DECS Statistical Bulletin, various years

**Table 1.7 Distribution of schools by passing rate in teachers' examinations, 1990-1991**

Passing Rate <sup>1</sup>	Number of Schools <sup>2</sup>
67 +	5
60-67	9
50-59	10
30-49	34
20-29	69
10-19	158
<10	249
Memorandum: Zero passing rate	18

<sup>1</sup> Number of passing as a proportion of total examinees

<sup>2</sup> Number of Institutions with passing rates within the indicated range

**Table 1.8 Top schools in teachers' examinations, 1990-1991**

Schools	Passing Rate
St. Theresa's College, Cebu	89.5
UP Manila and Diliman	88.6
Miriam Collage	75.0
St. Scholastica's College	70.8
Pamantasan ng Lungsod ng Maynila	67.3

complete the final grade or year in the prescribed period. Among private elementary schools in 1997-1998, fully 87 percent of those who had enrolled in Grade 1 completed elementary school without being delayed or dropping out. By contrast, only 67 percent of enrollees in public school managed to complete the grades on time. About 80 percent of first-year enrollees in private high schools graduate in the required time; in public high schools by contrast, only 67 percent manage to do so.

Even as the quality differences between public and private education are marked, it is important to understand that there is also a close *complementarity* between the two. Public schools represent the quality benchmark or "default"-level relative against which private schools represent a premium. The market share and commercial viability of private schools therefore depend not on the absolute quality they provide, but on the size of the gap between them and the public schools. The higher fees charged by private schools are justified by the market only by the quality gap.

Clearly, if public schools were in every respect as good as private schools, most of the latter would probably fold up. Meanwhile, the share of private schools would increase if the quality of public education were to deteriorate; some evidence of this is found in the growing share of enrollment in private elementary schools.<sup>1</sup> Conversely, if quality in public schools is low, then private schools themselves do not have to exert higher efforts to retain or expand their

market share since their mediocrity in absolute terms can be disguised by the greater relative mediocrity of the public sector. The dangerous consequence of poor public education is a symbiotic downward spiral for both private and public education, which leads to the mediocre performance of the country as a whole.

## Geography questions

Aside from the low overall level of the NEAT and NSAT scores themselves, a degree of geographical unevenness is evident. Offhand, one would expect that for several reasons, more affluent and economically developed regions would tend to perform better in achievement tests. The interpretation of these geographical differences in performance, however, has become more difficult owing to changes in the test, its mode of implementation, and adaptive behavior on the part of schools, which have all probably affected the test's reliability as an indicator of geographical differences.

In 1997 only eight of 16 regions obtained scores higher than 50 percent: Eastern Visayas (Region VIII), Cagayan Valley (II), Western Mindanao (IX), Bicol (V), Metro Manila, Cordillera Administrative Region (CAR), Autonomous Region in Muslim Mindanao (ARMM), and Southern Tagalog (IV). In the 1998 edition of the test, there was a surprising turnaround: 10 of 15 regions suddenly had scores of 50 percent or better. Another notable feature of recent NEAT results has been the high scores of some regions which their low development status suggests would understandably have performed much worse. In the 1998 NEAT, however, Eastern Visayas (VIII), Western Mindanao (IX), and Bicol (V) trounced Metro Manila and such regions as Southern Tagalog (IV) and Central Luzon (III).

It would be heartening and certainly tempting to see in this a hopeful sign that even lagging regions might perform well in at least some aspects of human development. Statistical realities and what is known

**Table 1.9 Textbooks per pupil in elementary and secondary public schools (selected years)**

### Elementary

Year	Total	English	Filipino	Science	Math	Social Studies
1983	2.39	1.11	0.73	0.16	0.26	0.13
1988	3.48	0.86	1.07	0.04	0.61	0.88
1989	3.12	0.93	0.89		0.65	0.65
1990	3.20	1.07	0.79		0.55	0.78
1991	2.59	0.74	0.63		0.51	0.71
1992	3.62	0.99	0.98		0.65	1.00
1994	3.72	0.88	0.97		0.62	1.24
1995	2.96	0.69	0.83		0.43	1.01
1996	3.21	0.76	0.86		0.47	1.12
1997	3.44	0.94	0.75		0.69	1.06
1998	2.50	0.72	0.81		0.54	0.42
1999	1.38	0.42	0.25		0.33	0.36

### Secondary

Year	Total	English	Filipino	Science	Math	Social Studies
1983	3.25	0.61	0.77	0.45	0.58	0.83
1994	3.38	0.65	0.38	0.44	0.38	1.53
1995	2.52	0.49	0.28	0.31	0.29	1.15
1996	1.49	0.24	0.17	0.19	0.18	0.72
1997	1.21	0.18	0.21	0.19	0.20	0.42
1998	1.03	0.17	0.19	0.11	0.22	0.34
1999	0.60	0.11	0.11	0.13	0.15	0.11

Source: Instructional Materials Council, unpublished data

## Box 3 A new math: 37.5 = 75

The release in 1996 of the results of the Third International Mathematics and Science Study (1995) shocked Filipino educators because among 41 countries, the Philippines ranked second and third from the bottom in the mathematics and science tests administered internationally. The percent scores of the Filipino sample of 13-year-olds in the specific areas covered by the mathematics and science tests are as follows:

**Box 3 Table 1 Scores of 13-year-olds in mathematics test**

Mathematics	Mean percent correct answers
Fraction and number sense	36
Geometry	30
Algebra	28
Data representation and analysis of problems	36
Measurement	20
Proportionality	25
Overall	31

**Box 3 Table 2 Scores of 13-year-olds in science test**

Science	Mean percent correct answers
Earth science	39
Life science	38
Physics	37
Chemistry	29
Environmental issues	38
Overall	38

These statistics should not have shocked us since national assessments show essentially similar results as the TIMSS statistics, although without the additional information on how Filipino pupils compare with those of other countries. The National Elementary Achievement Test (NEAT) and the National Secondary Achievement Test (NSAT) show essentially the same achievement levels from our pupils in sixth grade. The 13-year-olds tested in the TIMSS included both Grade 6 and First Year high school students from 196 elementary schools and 198 high schools in the Philippines.

The national mean percent scores in the NEAT by school subject from 1993 to 1998 are shown below:

**Box 3 Table 3 National mean percent scores in NEAT, 1993-1998**

Subject	1993	1994	1995	1996	1997	1998
English	39.0	41.8	44.1	44.3	49.1	46.4
Science	40.4	46.1	50.6	47.7	52.7	49.9
Mathematics	41.4	41.1	45.1	49.1	51.8	52.5
Hekasi	46.2	45.7	48.1	43.5	49.6	51.6
Aggregate	41.8	43.6	46.4	46.2	50.8	50.1

The aggregate scores in the four subtests of the NEAT show an apparent increase in the mean percent score each year from 1993 to 1997 and a decrease in 1998. It cannot be firmly concluded, however, that pupils' abilities were improving, since the tests were not established as parallel or equivalent over the years. The improvements in mean scores were possibly due to the diminishing level of difficulty of the test after 1993.

Regardless of the test instrument used, however, the national mean scores were below 50 percent prior to 1997. Over the period 1993-1997, scores were consistently below 50 percent in English and Hekasi. In Math the mean score in 1997 was slightly higher than 50 percent but not in the previous years. In Science, the 50 percent criterion for the national mean was met in 1995 and 1997.

Mean scores below 50 percent mean were not unusual, they were typical. Yet why has there been no public outcry over the low scores?

Simply because it was the percentage of pupils

"passed" that was reported, not the percent scores. Also, what appeared in the individual feedback on how a pupil performed in the NEAT was not the percent score but the number of items correctly answered *plus* 60 points.

In short, to make the passing score of 75 in the NEAT, a pupil has to correctly answer only 15 of the 40 items in each of the 40-item tests, or 60 items out of 160. This means the criterion passing score is not 50 percent but 37.5 percent.

The cutoff score used in the NSAT for high school students is analogous to the cutoff score used for the NEAT. The cutoff score in the 250-item NSAT is 93.75, which is only 37.5 percent. This is transmuted to 75, the passing mark.

With regional and national mean percent scores of at least 45 percent, naturally the percentage of those who pass are in the 90s. The message conveyed and received is that we are doing well educationally to have such high percentages passing the test.

Who are we kidding?

about the tests, however, would urge a measure of caution in this interpretation.

First, large swings in performance of regions are to be noted. The improvements in performance are surprising, considering that as recently as 1993, Eastern Visayas (VIII) was 14th, Western Mindanao (IX) was 10th, while Bicol (V) was last in the NEAT rankings. The upward change in the scores appears to indicate the effects of an intervention. It is also possible that sample students in the region may have been given a review. If a worthwhile intervention or treatment is what explains the increase in the sample's performance after 1994, then the intervention bears close studying so that it might be replicated in other regions and schools.

Second, since 1996, the NEAT and NSAT exams have no longer been administered universally but only to a preselected sample of schools representing about 40 percent of the total cohort. Apart from the possibility that some of the selected schools can and have conducted reviews (at times perversely crowding out new material), there is a question whether the sample is indeed representative or is a case of school divisions putting their best foot forward.

Third, it is difficult to isolate true gains in achievement when the tests are not standardized across the years. Well-respected educationists such as Ibe [1999] point out that "fluctuations in the mean scores indicate the possible influence of differences in the difficulty of tests in consecutive years. From all indications, the Science test in 1997 was easier than tests in the other years." Indeed, the apparent improvement in overall scores in the NSAT is belied by worsening performance in tests that *are* standardized, such as that administered by the Department of Science and Technology's (DOST) Science Education Institute to potential recipients of science scholarships.

Finally, of course, one cannot totally discount the distasteful possibility of occasional leakages and cheating.

All these sources of shortcomings amount to a stricture against reading too much into the NEAT and NSAT performance of particular schools, divisions, and regions. They will remain as long as the conduct of the achievement tests is not improved (including among others, as Secretary Andrew Gonzalez suggests, returning to testing that is universal and intertemporally comparable). What is surprising, however, is that notwithstanding all these accommodations, the national mean scores are still surprisingly low, an average of only 50 percent for the NEAT and one even below 50 for the NSAT. This suggests the problem of quality is so systemic and deep-seated that it cannot be remedied even by test accommodations or the best remedial efforts of teachers.

Quality comes from many factors: curriculum, the qualification and number of teachers, available learning materials, the presence and quality of learning facilities such as libraries, laboratories, recreational facilities, and classroom space and quality. Quality of instruction and learning ability or "teachability" interact to determine what a pupil learns.

A pupil's "teachability," in turn, comes from inherent ability, health, discipline, and motivation. For the last three, a child's socioeconomic status is important. Where poverty prevails, good health cannot be presumed, so that socioeconomic background is expected to have a strong influence on achievement. Many children go to school hungry and malnourished, and this is a reason they cannot keep alert and interested in the class.

## Money, money, money...

Up to now, the typical response to the problem of quality has been a desire to throw money at the problem. The basic objection to this, of course, has been there is not enough money to go around.

**Figure 1.5** shows how the budget of the DECS has progressed over four decades.

The share of education in the national budget was highest in the 1950s and 1960s when the DECS received about 30 percent. This share decreased during the Marcos years (1965-1985), reaching a trough of 5.6 percent in 1976 and averaging 8.7 percent in the last decade under Marcos, even though the 1960s and 1970s were years when the economy experienced relatively stable growth. The Aquino government restored education's importance and provided it the largest share in the budget net of debt service, and the share has remained at about 11-12 percent since. Nonetheless, although large in relation to total government spending, the education budget is only about 3 percent of GDP, a figure much lower than the typical figure of 5-6 percent for East Asian economies. To this must be added the fact that Philippine GDP per capita is already lower than for the East Asian average. All this adds to low spending per pupil in absolute terms.

The budget per pupil has fluctuated noticeably as a result of fluctuation in budgets and enrollment [Figure 1.5]. After adjusting for price changes, expenditure per pupil in 1996 (P1,396 in 1985 prices) was only minimally higher than the 1978 level. This budget for instruction is very low by either domestic or international standards. It is certainly low compared with the tuition in some prestigious private sectarian schools of more than P20,000 per year. It is destitute compared with the amounts spent on special public schools such as the Philippine Science High School, where the per pupil current operating cost alone was P36,899.<sup>2</sup>

This level of budget per pupil can buy neither good quality teachers nor adequate textbooks and basic facilities such as library and laboratories. Below it will be seen that even this meager budget was poorly allocated, going mainly to teachers and office workers. Allocations for books, libraries, and laboratories were minimal, an input choice that is extremely inefficient.

It cannot be denied that performance and quality

depend on spending for education. International differences in the amounts spent per pupil in basic education indeed provide some of the explanation for differences in countries' performance. This is seen from **Figures 1.6.1 and 1.6.2**, which show countries' math and science scores in the IMST3 rising with amounts spent per pupil.<sup>3</sup> The Philippines' low rank in that test cannot be unrelated to the fact that—of the countries included—it *spent the smallest amount per pupil*, the equivalent of \$138. By contrast, Thailand, which was near the median, spent more than six times as much per pupil.

Yet it is wrong to think that good basic education is simply a matter of spending more. Beyond \$2,000 per pupil, the influence of spending seems to taper off. Singapore, South Korea, and Hong Kong, which topped the math test, spent amounts per pupil that were only half or less than half those spent by Japan and other developed countries. Thailand spent \$852 per primary pupil but performed better than Germany, the U.K., the U.S., and New Zealand, which spent between \$2,241 and \$3,510 per pupil. The Slovak Republic and Bulgaria, like the three small Asian tigers, also spent modestly but performed relatively well. It is particularly notable that the Czech Republic spent roughly only three times what the Philippines spent per pupil but placed second in science and seventh in math. (In the same vein, the Philippines did better than Kuwait, Colombia, and South Africa, which spent more than twice as much.)

These observations suggest an important point: The problem may lie not only in *what* is being spent on education, but also in *how* these amounts are spent. That is, factors affecting internal efficiency, such as weaknesses in the curriculum and the mix, and not only the amount of education inputs, the quality of teachers and books, and classroom atmosphere may have a great deal more to do with quality than sheer size of spending.

Some recent studies also bolster this observation. A study of 589 elementary and 233 high



schools in Metro Manila [Cunanan and Po 1997] found that differences in NEAT scores among *private sectarian* schools were significantly influenced by the levels of educational input, such as amounts spent per pupil (represented by tuition charged), lower ratios of pupils to classrooms, the ratio of enrollment to non-instructional rooms, and larger enrollments. The same factors are important for *private nonsectarian* schools, although values are somewhat lower.

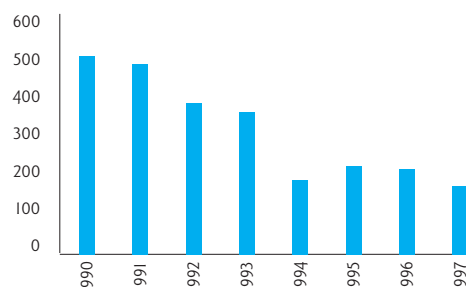
Curiously, however, the only input that seems to matter (negatively) for public elementary schools is the ratio of enrollment to classrooms. In particular, spending per pupil fails to affect performance. At the high school level, spending per pupil—tuition for private schools and budgets per pupil—is significant for both public and private schools. But the only other significant input variable is the ratio of enrollment to classrooms, especially for private sectarian schools.

The greater significance of spending per pupil among private schools—and not among public schools—suggests that private schools try harder than public schools to become internally efficient. With few exceptions, private schools are almost totally dependent on tuition for financing. Competition from other private schools, as well as from public schools, therefore compels them to deliver maximal quality for a given tuition since the parents of potential pupils would themselves trade off tuition fees with the quality of education offered by these schools, however imperfectly the latter is indicated.

By contrast, public schools face little or no competition since there is always a pool of poorer pupils who have little choice but to go to the nearest public schools. One result is that efficiency in the use of budgets becomes less important, so that spending levels do not always translate into better performance.

Another piece of ongoing research [Solon and Quimbo 1999] into elementary pupils' NEAT achievement in the 20 poorest provinces is startling

**Figure 1.9 MOOE per student in basic education (in constant pesos of 1993)**



Source: Maglen and Manasan [1999: 28, Table 2.19]

for what it suggests lies behind the poor performance in public schools. Pupils were asked to describe what commonly characterized their schooling and were given a choice from a long list of variables. These included teacher behavior (always absent, always late, uses appropriate materials, teacher punishes); learning materials are available in their school (books only, books, magazine, and newspapers, library, TV, and computer); and whether classrooms were monograde or multigrade. Detailed socioeconomic information on the students was also obtained, including parental education and the availability of learning materials at home.

Achievement in NEAT, it turned out, was positively influenced by parents' education and the presence of learning materials at home. It was surprising, however, that the response of "teacher always absent" was frequent enough to show up as a strong negative impact on NEAT performance. This problem is more likely to be common in rural areas, where the teachers have virtually total power over their classes. Solon and Quimbo, the study's authors, observe that children who are not given textbooks have no other means of learning except through the teacher and therefore teacher's presence is critical.

The latter is a strong argument against the thin dispersal of resources and the absence of supervision implicit in the government's program of providing a school for each barangay. Noted educators such as Onofre D. Corpuz, among others, have proposed instead that well-equipped and well-supervised central schools be established, with pupils being transported in.

## Quis docebit ipsos doctores?

Teachers remain the single indispensable input in all categories of schools. Their importance is magnified by the system's adherence to a traditional pedagogical technology that emphasizes the individual teacher's personal transformative role and social example.

Teachers have increased almost as rapidly as enrollment. Public school teachers increased from 46,826 in 1945-1946 to some 424,000 in 1996-1997 [Figure 1.7 and Table 1.6], a growth rate of 5.4 percent annually. While the increase in elementary school teachers has tapered off, that of high school teachers has remained high, pushed by the government's commitment to free high school education. Together with those in private schools, teachers today number 600,000 and constitute the largest professional occupation in the country.

Despite the large increase in the teaching force, however, enrollment has increased even faster so that the ratio of pupils to teachers continues to rise. In public elementary schools, the average number of pupils per teacher was 31 in 1981-1982, rising to 35 by 1997-1998. In public high schools, the increase was from 29 in 1981-1982 to 34 pupils per teacher in 1997-1998. These numbers are deceiving, however, since they represent only aggregate ratios of the population of teachers and pupils. They do not represent actual class sizes, which are more reflective of the learning conditions pupils confront. Classes in public schools are, in fact, fairly large to very large, with average class sizes of 41 in public elementary schools

and 50 in public high schools [Maglen and Manasan 1999:17]. Unfortunately, there are apparently no data from the DECS to monitor the growth of class sizes by type of school and by region through the years.

Part of the reason the pupil-teacher ratio does not reflect class size is that public school teachers are not always assigned primarily to teaching. Many of them perform staff and office functions not directly related to pedagogy. The recent Asian Development Bank (ADB) and World Bank [Maglen and Manasan 1999:30] study of the education puts it succinctly:

*First, it is important to let teachers teach—to make teaching their primary activity and to eliminate various distractions that remove teachers from classrooms on a regular basis. These include the current practice of assigning teachers to administrative and clerical functions in schools and local district offices, and involving teachers as well as students in fund-raising activities for the school during school hours.*

Nonetheless, the rapid rate at which the teaching force has grown through the years has strained the capacity of colleges and universities to offer quality teacher-training programs, typically a time- and resource-intensive effort. As a result, the quality of education at the elementary, as well as high school and tertiary education, has been severely affected. Although private colleges and universities have proliferated since the 1950s to produce the teachers demanded by the public schools, teacher training has expanded rapidly only at great sacrifice of quality.

Even today, there are only a handful of teacher-training institutions that offer relatively high quality programs. There is limited capacity for high quality graduate education in core courses such as language, mathematics, and the sciences which are important for future professors, education specialists

(for curriculum development and research) and elementary and secondary school teachers. Only feeble attempts were made in later years to remedy the problem, as a result of which the quality of teacher training programs remained poor.

The real quality of present-day teacher training may be seen in performance in the Professional Board Examination for Teachers (PBET), a test which new hires have been required to pass since the 1970s (although exemptions are made in areas where there is a shortage of applicants). The percentage of takers passing the teachers' examination was 31 percent in 1972, 10.5 percent in 1976, 14.6 percent in 1979, and 24.6 percent in 1980.

In the period from 1987 to 1992 only an average of 20 percent of takers passed the teachers' examination. The highest passing rate of 89 percent was obtained by graduates of the University of the Philippines (UP) and St. Theresa's College-Cebu. The passing rate among 249 other colleges and universities was less than 10 percent. Eighteen institutions had zero passing rates. The great majority of institutions had passing rates below 50 percent [Table 1.7].

The 1998 results of the licensure examination for teachers for elementary and secondary schools showed mean scores of only 38 percent for elementary school teachers and 43 percent for secondary school teachers. Would-be high school teachers' mean scores were lowest in English and Mathematics and highest in Values Education and in Filipino.

The government's approach to teacher quality is weighed down by the same problem as its response to basic education as a whole—sheer size. The poor quality of basic education is merely a downward transmission of the mediocrity pervading the country's entire university system, which is the ultimate source of elementary and high school teachers. The institutions from which teachers themselves graduate lack qualified faculty and have facilities that are inadequate and out of date [Cortes 1994].

Many of the measures relating to education

budgets in recent years have focused on raising teachers' pay and securing teachers' rights (e.g., the Magna Carta for Teachers). This emphasis on the teaching force is primarily a political reality, arising partly from the large number of teachers themselves who have undeniably turned into a constituency politicians find valuable to cultivate, as well as the awkward practice of using teachers in elections, which has unfortunately further politicized the profession. By contrast, the constituency to improve school conditions and provide more books to students is only weakly represented. The result has been the lopsided share of personal services (almost 90 percent) in the total education budget.

The current education system appears to adhere to a paradigm inherited from the period of foreign occupation, when educators perceived themselves to be harbingers of the "modern" and "enlightened" in an environment that was otherwise backward and ignorant. In this view, the education system can and ought to promote itself as a fortress of knowledge, a highly centralized, self-contained, and paternalistic system with little to learn or benefit from parents or the community at large. If such a paradigm ever worked in the past, however, it is unlikely to work in the present.

In relying on a technology that almost exclusively emphasizes the teacher, the education system emphasizes precisely its weakest point. As already seen, the sheer size of the system prevents it from producing sufficient numbers of teachers at the required level of quality. It also means the neglect of other education inputs and techniques of instruction that may have become more cost-effective in the meantime, and therefore it is in many ways unfair to impose such a burden on the teacher.

More important, however, the current system fails sufficiently to harness the support of local governments, families, communities, and civil society in general in the process of education. There are times indeed, as illustrated vividly by education in Muslim Mindanao, where the system

sets itself apart from and against culture, ethnicity, and community. It is also in such instances where the failure of the system is most vivid. More than simply a matter of sustainable financing, therefore, it is a question whether true education at present can be accomplished through neglect or in opposition to the prevailing cultural context. These two remaining questions shall be discussed in the next two sections.

## **The chosen mix of education inputs**

The instructional technology used by the public school system is reflected in the allocation of its budget to the major education inputs. Spending on personnel represents largely teachers' salaries. Maintenance and other operating expenses (MOOE) is an important item that includes office supplies, transport, repairs, utilities, textbooks, and library and laboratory supply. Capital outlays are devoted largely to the construction of buildings and basic classroom furniture such as desks and blackboards. Finally, there is an item for the operation of elementary, secondary, and tertiary/higher education under the DECS. (The special high schools and the chartered universities and colleges are not under DECS direct authority and budget.)

The allocation shows two very disturbing patterns. First, personal services (salaries and other forms of compensation) absorb the bulk of the budget, with the share increasing through time. The share of personal services in the budget rose from 68.9 percent in 1987 to 75.5 percent in 1993 to 89.1 percent in 1998. Personal services have crowded out both capital outlays and MOOE. In the 1995-1998 period, as the share of personal services rose, the share of capital outlays dropped to less than 2 percent. Its share in 1998 was less than 1 percent. The budget per student for MOOE has fallen markedly throughout the current decade, from P510 in 1990 to P175 in 1997 [Figure 1.9].

The second cause for concern is that the

allocation for actual school operations has been declining. School operations have had to compete with other expenditure items such as the Government Assistance to Students and Teachers in Private Education (GASTPE) and the institutions attached to the DECS such as the National Library and the National Historical Institute. Elementary education must vie with secondary education within the DECS budget, and indirectly with the proliferating state universities and colleges. The share of the budget directly allocated for the operation of elementary schools dropped from 76.6 percent in 1987 to 41.7 percent in 1990. The downward trend has been reversed, but the 1976 share was never regained. In 1998 elementary schools received only 66.6 percent of the DECS budget. The nationalization of secondary schools in 1989 led to a large increase in their budget share. Until 1989, there were two categories of public high schools: the DECS-operated high schools and the local high schools that were jointly financed by tuition and the local government. The 1989 Free High School Act centralized local high schools, however, and transferred financial responsibility for them to the national government. As a result, the share of secondary education almost doubled from 10.6 percent to 21.7 percent between 1989 and 1990.

Of particular concern in recent years has been the supply of *textbooks*. The share of the budget devoted to textbooks has been negligible: 1.6 percent in 1976, 0.7 percent in 1979, and 0.6 in 1981. This rose in 1982 and remained at this relatively high level after the World Bank Textbook Project was implemented. The budget increases, however, consisted largely of the loan proceeds themselves.

These allocations resulted in much smaller absolute budgets that directly went to the schools and to pupils. Of the P1,342 total DECS budget per pupil in 1995-96, only P1,119 went directly to the elementary schools and P1,044 to the high schools, and only P10 to textbooks. On the average, this P10 book budget buys only half a book.<sup>4</sup>

The World Bank Textbook Project entailed the

establishment of the Instructional Materials Council and its operating arm the Instructional Materials Corporation (IMC). They were given total control over the development, production, and distribution of textbooks. The IMC's monopoly over textbook activities may have encouraged corruption and the allegations of corruption led to the deregulation of textbook activities in 1995. Apparently, the monopoly structure has remained. Public school textbooks are not openly traded and sold in bookstores, and local schools are not free to prescribe and purchase their own textbooks.

Locally produced textbooks are generally printed on newsprint. With enough care, a book is expected to last four years.<sup>5</sup> Ideally, pupils should be supplied with one book per subject for use in the classroom and outside for homework and review. **Table 1.9** shows that neither primary nor secondary pupils in the country have been provided with adequate textbooks. The textbook situation worsened in the 1990s. The degree of inadequacy was worst in math. There are also virtually no textbooks in science for the primary grades. The per pupil book ratio, which averaged about 0.60 in the first half of the 1990s declined to 0.33 in 1999, or one book for every three pupils. English had close to a one-to-one ratio in the early years, but this also drastically declined in the late 1990s.

Compared to elementary pupils, those in high school were provided with even fewer books and have always had to share their books. In the first half of the 1990s, the ratio was lower for science and math. As the budget was reduced, books supplied for all subjects decreased so that by 1999, there was only 0.6 book per high school pupil in all subjects, 0.11 in English, 0.11 in Filipino, 0.13 in Science, 0.15 in Math, and 0.11 in Social Studies.

It is inconceivable how literacy can be taught effectively without the use of books, and yet textbooks appear to be treated as an afterthought in basic education budgets. Virtually all the budget increases for education have gone to compensation,

with teachers' salaries increasing quite substantially under the Aquino administration and the salary standardization law under the Ramos administration. The adjustment in teacher salaries was primarily a political decision in response to the publicity about the poor plight of teachers, not in consideration of what would be efficient. There is no argument that teachers' salaries probably needed raising. What is at issue is that this has come at the expense of other education inputs which are probably more crucial at this time [**Box 4**].

The announced policy of having one book per student per subject is arguably a good policy, provided it is within the budget constraint of the DECS. An inexpensively printed book would cost only P60. With an average life of four years, a book would cost P15 per year, or P75 per pupil (P15 x six books). At a more modest book life of three years, the cost would be P120 per pupil. In 1998-1999, however, the DECS spent only P20 per student.

At P120 per pupil, it would require P1.848 billion to provide 15.4 million public school pupils a textbook in all six subjects, or more modestly P1.155 billion if a book is made to last four years. These amounts are equivalent to only 2-2.5 percent of the DECS budget for 1999.

Exacerbating the problem of education spending is the problem of corruption, which cuts cruelly into the benefits transferred to pupils and diminishes the redistributive effect of spending on education. In the case of textbooks, which have recently been in the public eye, some 50-60 percent of the budget is thought to be diverted as a result of bribes and uncompetitive pricing (*Philippine Daily Inquirer*, Chua's special reports, March 1999).

Abetting corruption is the hierarchical structure of decisionmaking and lack of transparency in bidding. Private schools have been allowed since 1995 to choose their own textbooks, which are freely marketed in the thriving book industry. By contrast, books supplied to public schools are not marketed in regular bookstores but are supplied by publishers

## Box 4 New thinking on literacy

Billions have been spent worldwide for literacy (i.e., reading, writing, counting and computing) in the belief that literacy in individuals leads to economic growth and social development. Up to the present time, however, the international debate questioning the simple and direct relation between literacy and development goes on.

The new thinking, backed by solid research, suggests a more complex relationship. First, it was found that an important factor determining whether literacy skills and nonformal literacy programs can be sustained is whether literacy skills have become integrated or are discontinuous with community practices [Doronila, 1996]. Similarly, Bernardo [1998], in his quasi-experimental study of the cognitive consequences of literacy, concluded:

*The most literate communities in the world do not only differ from other communities in terms of the number of literate individuals in their population. Instead, in the most literate communities, literate practices are integral in community life. In such communities, the most basic forms of employment, communication, business and trade, social interactions, religious activities, political exercises, cultural practices, transportation, entertainment, education, scholarship, and so on involve literacy practices. In such communities, literacy is an inescapable reality, an inevitability. It is in such a community context, and it is because of such a community context, that literacy can have the most profound effect on how people think about their experiences and their involvement.*

Of course, even this new thinking is not so new, as witness the following quote from Rizal:

*Do you want to know the obstacles to education? So then—in the circumstances we are in, without powerful assistance, learning can never be a reality: First, because in the children there is no stimulus or encouragement; and second, because even if there were, they are vanquished by the lack of means and by many preoccupations. They say that in Germany the son of a peasant studies eight years in the town schools. Who in this country would want to dedicate half of that time when the results are negligible? They read, write, and commit to memory pieces and sometimes a whole book...without understanding a word of their contents. What benefit can the son of peasants obtain from the school?*

Thus it is reasonable to propose that, in fact, functional literacy as an index of capacity for development in individuals is at the same time an index of a people's passage into a literate society. The new thinking on literacy, therefore, brings up a related proposition—that a people's passage into a literate tradition is not an autonomous process brought about by pouring all our money into literacy and education programs. It is anchored in the overall development of communities and the nation; indeed, in the growth of the two other general indices of HDI, if you will—life expectancy and real incomes. The three indices together make good sense. They are not only outcomes but also factors of development.

chosen by DECS officials in the regions. The great discretion this represents is a virtual invitation to corruption.

Ironically, despite the supposed “care” and selectivity with which public school books are chosen, it is the general opinion that these are inferior to most that are chosen by the better-quality private schools in terms of both academic content and presentation. Considering the well-known quality differences, a more sensible policy in public school text selection would have been simply to adopt those that private schools use, demanding volume-discounts for public schools.

## Content and context: Relevance

Difficult as they are, the problems of the scale and mix of inputs plaguing basic education are at least tractable. They are ultimately questions of *how* and *how much*, and can be solved by the appropriate policy decisions regarding the allocation of funds and control over the means of their disbursement.

Even more profound questions can be raised, however, regarding *what is* or *what ought to be* taught, that is, the direction and substance of education and its relationship with the community’s beliefs, practices, and values.

As already seen, much of present education policy is (understandably) preoccupied with simply keeping pace with the size and scale of enrollment, i.e., the need for so many school buildings, teachers, classrooms, desks, and so on. In this mindset, even the quality issue becomes reduced to a question of quantity, i.e., quality means building enough schoolhouses so that there is a grade school in every barangay and a high school in every municipality with so many classrooms and so many teachers, and so on.

In other words, the problem of quality is seen as one of spreading the butter thickly enough on a piece of *pan de sal*. Wittingly or not, it adopts the one-size-fits-all approach (same butter, same *pan*

*de sal*), reducing the problem to one of delivering a standard product to enough numbers of people. The question, however, is whether the “standard product” is desired by all.

Recent studies [Doronila 1996, and Bernardo 1998] have persuasively drawn a connection between functional literacy on the one hand and the specific context of social practice and community activity on the other [Box 4]. This means people are motivated to learn—and retain what they have learned—only to the extent that what they learn is relevant to what they do or want to do. Transmitted knowledge will remain abstract, alien, and passive to the extent that these fail to be relevant to people’s needs and current activities.

“Socioeconomic background” and parents’ incomes and education are powerful explanatory variables of individual performance not simply because they are associated with more “inputs,” but also because these signify the motivation or “pull” elements for pupils to perform. In contrast to children of white-collar workers, children in an upland subsistence community will learn less, not only because books at home are fewer or nutrition is poorer, but also because there is less practical motivation to do so. What they learn in school is not *demonstrably* applicable to the ebb and flow of their daily lives. Daily life in such a context provides no reinforcement, makes no demands for algebra or history; hence, children and parents fail to see that these matter. Weak motivation, rote memory, poor performance, and high dropout rates should be no surprise. In short, education cannot succeed in a development vacuum.

These findings have far-reaching implications for education reform. They invert the presumed causation: Functional literacy does not “lead” to development. Rather, in a nontrivial sense, development itself is a condition for functional literacy to be relevant and regarded as desirable. This also means that the “one-size-fits-all” approach of the public school system is partly to blame for



students' poor performance. The system is too rigid, unresponsive, and hierarchical to adapt itself to different local circumstances.

At the very least, there is a need to distinguish the various communities to which curriculum and language are being addressed, e.g., traditional oral communities, transitional subsistence communities, Muslim Filipinos, and lowland Christians [Doronila 1995]. The curriculum delivered to lowland Christian communities with urban orientation cannot be identical in all respects with that which will be relevant and acceptable in predominantly Muslim areas.

With respect to the curriculum proper, there is general assent [Maglen and Manasan 1999] that the current standard curriculum, especially for Grades 1 to 3, is overloaded with as much as seven subjects taken in a day. This is bound to lead to a lack of focus and—given the marginal relevance to most communities of the topics taken up—contribute to the practice of rote memorization. It is particularly urgent that distinct modules of instruction be developed for the large traditional Muslim communities and for communities of tribal Filipinos, where the current approach can be said to have failed demonstrably [Box 5]. These communities have been left out of the education system precisely because they cannot be shoehorned into the iron boot that the system delivers.

Nor is the idea of culturally differentiated curricula an entirely new idea. As early as 1991, the Congressional Commission on Education (EDCOM) had already proposed that the entire formal basic education curriculum be constructed on the basis of functional literacy [Box 6], and that the content of the formal curriculum should have a mix of a national “core” curriculum and a regional and local curriculum to accommodate cultural differences as well as specific needs, problems and aspirations [EDCOM 1991]. Up to now, however, this recommendation has not been acted on in earnest.

Language is a second major area where these

observations have a bearing. The question of language continues to be plagued by confusion and indecision. It was a major change in the elementary school curriculum to replace English by Filipino and later by the major local language as medium of instruction. As a result, three languages are taught at the elementary level in the non-Tagalog-speaking areas: English, Filipino as national language, and the local language. This obviously crowds out other core courses. It also presupposes the production of textbooks in the local language.

English is introduced as a foreign language in Grade 4. Secondary and higher levels still use English as the main medium of instruction, although teachers are encouraged to use the major languages on a voluntary basis. The deteriorating quality of English instruction has led to the popularization of “Taglish,” not just in personal communication, but also in the classroom, a trend now encouraged even in the mass media. The NSAT performance in English is sometimes lower than in Math and Science. English is also the subject with the worst scores in the teachers' licensure examination.

At one level, an important reason that the language issue has been left unsettled is simply the government's failure to allocate funds for the production of textbooks and other learning materials in Filipino and other Philippine languages. Books used in college and graduate studies are largely imported since few good local textbooks have been produced.

But the more fundamental dilemma that confronts educators in the language issue, however, has to do with the tension between the need to indigenize knowledge to make it accessible and relevant and the need to raise knowledge levels to those required by global challenges. Study after study has confirmed that learning among the young is facilitated by learning in their own language—a complicated enough matter in a country where there is not just a single “native” language but more than 70. On the other hand, there is the felt imperative on the part of educators to rise to the challenge of



mastering English as the emergent world language (e.g., as seen in its use as the internet *lingua franca* and the equivalent of Latin in scholarly work).

Caught in this dilemma, the education system has opted to adopt a nonpolicy. A concession is apparently made to indigenization by adopting the policy of teaching the lower grades in the local languages and in Filipino, but this is unsupported by appropriate training of teachers in the local languages and by quality teaching materials. The predictable result, as argued cogently by Secretary Gonzalez, has been mediocrity and the phenomenon of semilingualism. The result falls short of the needs of people who are willing and able to absorb more of the science- and technology-oriented global culture; at the same time, the result flies over the heads of communities for whom the concerns and biases of global culture are irrelevant or even threatening.

The mistaken assumption on which the debate thus far has been founded is that people in different social contexts demand or require indigenizing and globalizing influences to the same degree. They do not. It is obvious that the priority given by pupils and their families to learning English—not to mention formal schooling—will differ according to whether they are in an urban and media-dense environment or in an isolated, traditional agricultural or fishing community. The same imperatives simply do not apply, and therefore it is foolhardy for the education system to design a single solution and expect it to work effectively in all contexts.

What should be possible instead is to offer various models of basic education that are sensitive to local culture and local needs. Larger or smaller communities should then be allowed a certain measure of choice over the methods and content of education, including choice over language of instruction.

Apart from Filipino, which is predominantly Tagalog-based, certainly Cebuano and other major Philippine languages could also sustain teaching in geography, history, and civics, not to mention

literature, and they would present no greater difficulties than Filipino in the teaching of science and mathematics. Barring any cultural biases and legal obstacles, therefore, it should be no great experiment but rather an almost certain improvement to reduce the language load in the elementary grades to only one major Philippine language (the closest to the pupil's local language) and the world language, English.

It is obvious, however, that the education system as presently constituted is not geared to these changes. The most important upshot of these observations, therefore, has to do with the entire structure and goals of the DECS itself as an organization. The inability of the country's education system to adjust to local needs and circumstances and its failure to impart greater relevance is at least partly traceable to an almost century-old but still tenacious legacy of a department established by foreign occupiers primarily as a tool for assimilation and cultural homogenization. The education bureau or department has always been built as a bulwark or bastion of knowledge, an image that justifies its hierarchical and inflexible organization and rationalized its exemption from devolution.

Even today the perceived relationship between the education system and local culture and practices operates on dichotomies (modern, scientific, and global versus traditional, superstitious or religious, and indigenous) that leave little doubt about the only direction knowledge can flow—downwards from the bastion to the huddled and benighted masses. Little room is left under these circumstances for the possibility that universal principles can actually be evinced from community practices and from efforts of civil society and local governments. What is ironic, of course, is that the image of a knowledge bastion cannot even be maintained, given the inferior and deteriorating standards and abilities of teachers and officials alike.

An alternative paradigm would perceive the value from a *pedagogical* viewpoint of delivering

## Box 5 Education in Muslim Mindanao

Even today, Muslim education in the Philippines outside the state system is of a folk and religious nature. It begins from a religious base, instruction in the tenets of Islam, and the history of Islam, leading to the genealogical beginnings of local history (e.g., through either the Abu Bakr line of Sulu or the Kabungsuwan line of Maguindanao). Filipino Muslims commit to memory the mythico-religious beginnings of their local history, internalizing and reflecting upon centuries of Muslim armed struggle against colonial rule. The historical consciousness that springs from both oral historical and written traditions is continuously sustained by the formal system of Islamic education through the *madaris* (plural of *madrasah*) and the nonformal system of learning such as the *pañgadi*.

The impact of Islamic education in the Muslim mind is maintained and enhanced by *gurus*, *ustadz*, and other local teachers who perform the task of teaching as a matter of spiritual and moral-religious obligations prescribed by Islam with or without compensation. Religious teachers derive material or financial support from Muslim charities or from their own small undertakings and business mostly from subsistence agriculture and fishing. There are no regular budgetary allocations such as those in Philippine educational institutions. Teaching is a solemn duty for those who know. The basic curricular content of Islamic education is derived from the sacred sources of the Islamic faith:

the *Qur'an*, the *Hadith*, and the *sunna*. Such basic content has been concretely expressed in the Five Pillars of Islam: the *shahada*, prayer, fasting, alms-giving, and *haj* (pilgrimage).

Historically, the approach of state policy to the education of the non-Christian sector was anchored on the basic premises and aims of colonialism, which was conversion—for good or ill—to the worldview, way of life, and concept of state of the occupying force. This was true for both the Spanish regime and the American occupation, with the possible exception of a brief period of enlightened policy under Najeeb M. Saleeby until 1913.

The cultural-economic aims of colonialism were adopted by the leadership of the Filipino republic. It was the predominant belief that what the Muslim communities needed most were more opportunities in political participation and enjoyment of economic benefits. Appreciation and respect for Islamic culture was rhetorical at best. Instead, education sought to expose Muslims to the influences of Christian values and ideals through predetermined curricula at all levels of learning. This has largely remained the state of Philippine education for the Muslim sector today (the integration of the *madrasah* system notwithstanding).

The religious and folk character of Islamic education is bound to come into conflict with a formal state education system that was rationalist,

**Box 5 Table 1 Ten provinces with lowest functional literacy and combined elementary and high school enrollment, 1994 and 1997 (in percent)**

Province	Functional literacy (1994)	Province	Combined enrollment rate (1997)
Agusan del Sur	71.9	Agusan del Sur	73.3
Apayao	70.4	South Cotabato	72.0
Kalinga	70.4	Davao Oriental	70.4
Davao del Sur	68.8	Lanao del Norte	69.6
Maguindanao	68.7	Basilan	69.4
Lanao del Sur	59.3	Tawi-Tawi	67.5
Sulu	57.7	Bukidnon	67.3
Tawi-Tawi	52.7	Sarangani	63.8
Ifugao	51.1	Maguindanao	51.7
Basilan	48.1	Sulu	43.5
Memorandum			
Philippines	83.8	Philippines	83.0

*N.B. Lanao del Sur's basic enrollment rate is higher, 78.8.  
Source: National Statistical Coordination Board*

assimilationist, and (at least nominally) secular. The content of the curriculum that has negligible input from Islamic sources provides no cultural incentive to Muslims to seek state education as the key to social progress. Rejection is more often the result.

The continuing failure of such policies is easily apparent. The provinces of Muslim Mindanao are today among the provinces with the lowest enrollment rates and literacy rates in the nation [Box 5 Table 1]. These results override even unusual results in the NEAT and NSAT showing respectable scores for individual schools and divisions in some Muslim Mindanao provinces.\*

It is important to realize that the matter is not as simple as throwing more money at the problem and still seeking to deliver the same product. What the formal education system needs is to work *with* rather than *against* folk-Islamic education.

How can state education approach the issue of folk Islamic education? It must begin by recognizing the distinct culture and identity of the region rather than trying to homogenize it, just as folk Christian traditions that have developed are also studied and appreciated in, say, mainstream education. The Indo-Malay pre-Islamic and pre-colonial Christian heritage is the common cultural denominator of the national community. The curricular content of basic education must have this thrust in social science and humanities components. The aims must be to allow common appreciation of the roots of the Filipino heritage as the source of national pride, identity, and advocacy. This social science thrust can be augmented by the science and technology component of the curriculum for modern development, but it cannot be replaced.

The next important problem is the educational mechanisms and systems the state may use to realize the folk Islamic thrust without negating the desired modern direction.

Muslim society possesses traditional systems or institutions that have become the channel of folk Islamic learning for 90 percent of the population. Two systems of Islamic education in particular are zealously employed by learned parents and trained gurus:

1 The *paṅgadji* which is learning to read the Qur'an correctly, properly, and reverently by a child at home and usually heard audibly by passersby. (The time is dependent on the learner who usually tries to finish the entire Qur'an for its special spiritual value.)

2 The *madrasah* system which is the method for group learning of Islamic tenets and practices according to prescribed materials usually well-prepared by recognized *sunni* specialists from abroad.

Besides these Islamic systems, there are regular annual festivities based on the Hejira calendar and the numerous rituals where indigenous local pre-Islamic traditions are popularly observed with color, meaning, and seriousness. They are integrated into the Islamic system through the use of Qur'anic passages or surahs especially Surah I "Al Fatihah" which is the heart of the Qur'an. Thus, the entire Muslim community is involved as a unit in the formal and nonformal learning process without any state certification.

Such local systems can and should be studied and harnessed by state education if it is to become relevant to Muslim aspirations, especially the search for identity. Before taking any concrete steps, however, the State must take a clear, definite and sincere stand of *making Islamic education a basis for education in Muslim Mindanao with only a small measure of the secular curriculum incorporated.*

Once Islamic education is officially adopted, Muslims must in turn accept the State education package without reservation; otherwise, the prospect of failure is predictable. The psychological and political approach to education is as vital to success as curricular innovation. Achieving this goal is contingent on the following:

- the realistic attainment of Muslim autonomy through the revival of indigenous institutions as mechanisms for political, social, economic, and cultural decisionmaking;

- the abandonment by Christian missions and institutions of their soteriological (salvation) goals in Mindanao to remove Muslim suspicion that state education still pursues the colonial aim of Christianization in Muslim Mindanao;

- and the establishment of a system of state subsidies for regular faculty development of Islamic schools with counterpart aid from world Islamic sources, government or private.

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*\*It should be remembered that the NEAT and NSAT are not universal but given to preselected schools. Hence, they may not be representative. Apart from real improvements in achievement in selected schools, other factors to consider must be remedial intervention in the schools pre-chosen to take the achievement tests, including reviewing for the examinations, and the more unpalatable prospect of tainted examinations.*

## Box 6 Sample Grade 1 curriculum content by functional literacy areas and contextual level

Context	Communication	Quantitative	Scientific	Civic	Socioeconomic	Historical/Cultural	Vocational	Spiritual
Home and family	My family and me: naming members of the family	Conducting a survey of favorite food	Identifying parts of the body; taking care of the body	Identifying and describing my duties at home as a family member	Describing a typical day in the family	Identifying who make up my family	Describing my chores at home	Trusting and loving my family
School and community	My school and neighbors: writing about activities in school	Adding money: baon and expenses; computing change	Helping keep the school clean; conserving water and electricity	Understanding symbols of my school, community, and country	What pupils do together in school and in the community	Identifying who make up my school and community	Helping keep my school a safe place	Learning to study and play in trust and goodwill
Country	Sharing legends, riddles and folk songs of the Philippines	Keeping a record of the month's weather in the community and making a summary at the end of the month	Describing the day's weather and relating it to weather in the rest of the country	Relating national symbols and others like me	Identifying people who make up the Filipino nation and where they live	Identifying similarities and differences of people who make up the nation; physical characteristics and dress	Knowing the people who feed us	Feeling one with other Filipinos
Regional and International Community	Sharing legends, riddles and folk songs of Southeast Asia	Telling time	Observing the sky at different times of the day or night	Getting familiar with national symbols of Southeast Asian countries	Identifying SEA neighbors and where they live	Similarities and differences between Filipinos and other SEA neighbors; physical characteristics, language, dress, and food	Knowing the major products of our SEA neighbors	Respecting other nationalities

Source: Doronila [1999]

education in coordination with development efforts that motivate the community—both pupils and their parents—to become functionally literate. By contrast, the prevailing knowledge bastion paradigm regards education delivery as a standalone affair. It ignores the observation that basic education is most effectively delivered not in isolation but in conjunction with development efforts, e.g., livelihood and health. For the same reason, there is no imperative to cooperate with other departments, agencies, nongovernment and people's organizations in the delivery of education.

## **A way forward**

The important policy changes that have been adopted in the post-Marcos years have focused primarily on two things: expanding the scope of basic education provision and enhancing the rights and pay of teachers.

Under the first one finds constitutional provisions on universal basic education, the nationalization of barangay high schools in 1988, the nationwide application of GASTPE, and the lowering of the school entry age. The second encompasses the Magna Carta for Teachers and grant of large salary increases to public school teachers. Ironically, however, although these changes entail larger budgetary requirements for ever new rights and entitlements, they are not geared toward achieving quality so that the entitlements promised are themselves devalued in the process.

Its sheer scale means that the basic education system can no longer rely on resources exclusively provided, utilized, and supervised by central government. Education is already the largest component of the national budget. To seek quality improvements simply by spending proportionately more on the same priorities will quickly push the entire economy against budgetary ceilings. Furthermore, it has already been seen that the highly centralized and insulated structure of the education

system has proven unresponsive to local needs and prone to corruption.

Improving the quality at all levels in the coming years requires nothing less than a complete overhaul of the government view of and intervention in education financing and instructional technology.

## **Achieving internal budget efficiency**

Priority must be given to achieving internal efficiency. This means identifying and adopting the most effective instructional technology and allocating available government resources specifically to implement it. This means, first of all, that the proportions on which the education budget is spent must be reexamined. The current situation cannot be efficient where almost 90 percent of the education budget is spent on salaries and benefits alone and only 1-2 percent on textbooks and virtually nothing on libraries and laboratories.

Future moves to improve teachers' salaries relative to the rest of the government bureaucracy will be counterproductive in two ways. First, it will crowd out learning materials and capital outlays. Second, the large increments in public school salaries will hurt many private schools (which generally serve quality better than public schools) since they will have to raise teachers' salaries to compete against the public schools in the market for teachers. It is not obvious, however, that raising the salaries of the permanently employed but inadequately trained teachers will improve the quality of instruction in public schools, especially if other education inputs are crowded out. In addition, such measures increase the private school requirements for GASTPE and further crowd out the other inputs for the public schools since some 60 percent of GASTPE goes to teacher salaries.

The authorities must instead seriously consider ways of increasing the share of the budget devoted to the maintenance and improvement of school

facilities, such as science and computer laboratories (not to mention plumbing), and the provision of books and school supplies to children. This is not a proposal to cut existing salaries, of course, but to devote future increments in resources to operating expenses and capital outlays. Incremental resources may come either from the national government or, as suggested below, from local governments and parents' contributions.

Among the most significant but neglected alternatives to teacher-classroom techniques is a greater resort to information technology (IT), which, properly applied, could be a more effective response to the annual tide of enrollment than simply increasing teachers and buildings proportionately. The insignificant use of IT until now is almost anomalous, considering the numerous TV and radio stations and other IT infrastructure already in place, and can be partly explained by the insularity of the education system already noted, which now runs the risk of parochiality. Singapore and Hong Kong are models of the extensive use of IT but are by no means the only ones. Many successful experiences with the IT for basic education and teacher training have been documented, together with the strong impact of textbooks and library on achievement [Verspoor and Lockheed 1991].

Delivery systems based on appropriate and available IT need to be seriously studied to take advantage of the large-scale economies and nationwide outreach which IT affords and traditional methods do not. Nor do new methods need to replace teachers completely; they may instead supplement classroom teaching and enhance teacher training itself.

They may also be adapted to the different types of communications infrastructure extant in various localities (e.g., radio or TV broadcasts, audio and videotapes, or materials over the Internet). While there have been experiments and pilot projects on IT education in the Philippines (e.g., Philippine Women's University, Meralco Foundation, and the

UP Open University), these tend to be diffused; no single national program exists that is geared to a nationwide objective. This type of IT-supported education must be developed that is geared solely to quality improvement.

The lowering of the entry age from seven to six at the elementary level and the proposal to increase high school duration from four to five years, if implemented under the existing conditions of the public school system, will be counterproductive. Again, these measures will definitely increase enrollment, which must be provided with the minimum inputs of teachers and classrooms, but they will also likely dilute quality and worsen internal inefficiency. The additional budget could be used more efficiently by improving the quality of instruction within the existing 6-4 sequence instead of lengthening the duration along the existing instructional technology.

### **Accountability, responsiveness, and community involvement**

Budgets and technology aside, the major change required is to break down the insularity and hierarchy of the central education system and to make it more accountable to parents, communities, and local governments, in that order. This is an essential step if other reforms are to succeed. For example, part of the problem of education budgets might become more tractable if communities and local governments saw fit to share in some of the costs. This will likely occur, however, only if local communities perceive that they participate in some of the decisions regarding the use of such resources.

As another example, the scope for corruption in the department could be reduced if administrative discretion were replaced by a transparent process of awards and procurement, which means giving the clientele responsibility for review. The operating principle should be to place accountability closest to the direct beneficiaries of officials' actions. The basis for

local participation is already provided by the Local Government Code, which makes local governments responsible for school building and repairs under the Special Education Fund, which is administered by the local school board. This, of course, lessens the national government education burden and strengthens local governments' interest in the education of their constituency. From an efficiency viewpoint, moreover, it has been suggested that local government units are able to construct school buildings at lower cost than the national government.

Unfortunately, however, the law has not been effectively enforced since the DECS has reported serious classroom shortages. Moreover, local government contributions to education have gone largely to personal services, particularly those for supervisors. This merely reinforces the tendency of the central offices to spend on personal services instead of learning materials and classrooms.

Part of the reason this occurs is the composition of the local school boards. The Local Government Code (Sec. 99) fixes the composition of these boards among the local chief executive (e.g., governor, mayor, or barangay chair) and the education department executive—as co-chairs—and the chair of the education committee of the sanggunian, the local government treasurer, the chair of the sangguniang kabataan, the president of the federation of parents' associations, and the representative of the teachers' organizations as members. Unfortunately, such a composition is too heavily skewed in favor of elected politicians, ex-officio bureaucrats, and vested interests to become a real watchdog for reform and a true motive force for academic change.

What is needed is a return to the original concept of a civil society-dominated provincial board of education as recommended by the EDCOM in 1991, which draws its members from the provincial council, the parent-teacher associations, socio-civic organizations, and professional and alumni associations. A better representation among the

principal clientele of schools, namely, pupils through parents and the wider community, is likely to result in less waste and corruption and a better allocation of resources among the community's true priorities. These reconstituted local school boards would be mainly responsible for maintenance of assets and equipment, as well as the acquisition of new school sites and buildings, procurement of books, supplies, and equipment.

Community involvement should be reflected and indeed is more effective at the level of individual public schools. Principals, of course, should be accountable for performance at the school level. But parents, teachers, administrators, and alumni, with the support of local governments, can undertake common projects that can lead the way to improved performance in school. These can take more direct and traditional forms such as raising outside funds to improve school facilities and supplies, or the organization of a corps of education volunteers recruited from the local community or academe to assist in promoting quality basic education and ensure its relevance to the overall development of the community. Nor should such projects always deal exclusively with the formal aspects of learning.

It is important for DECS not to conceive its mission narrowly as pertaining only to children in the formal school environment, but also to comprehend the entire socioeconomic context that is an important influence on pupils' performance. Documented experience with early childhood education projects in Valencia (Negros Oriental), Dauis (Bohol), and Lopez-Jaena (Misamis Occidental) [Doronila 1999] suggests, for example, that communities participate more readily in literacy and numeracy programs and find more value in formal education when they see its relevance in their daily lives.

It is not the point of this recommendation, of course, to change the mandate of the DECS from one of providing formal education to one of community organizing. The local government and other social agents and organizations are probably



better at doing that. What it does stress, however, is that the formal education system should recognize how an atmosphere of vigorous local development can stimulate the desire to learn. Hence, it must be prepared to cooperate with other agencies and organizations to bring this about.

Costs can be shared, of course, not only between national and local governments, but also between schools and parents. Basic education, like all other education, after all produces benefits to the recipients. What typically prevents the mobilization of parents' efforts and their contributions is first, the traditional philosophy of treating basic education as an entitlement to be provided free. Deeper than this, however, is the perception that formal education fails to deliver a product that is relevant to their daily lives. It is fairly certain that, as and when they can, parents who perceive a value in education will be willing to shoulder more of the costs of that education, either individually or as a community.

Nonetheless, some parents do pay substantial out-of-pocket costs for public elementary schooling in the form of uniforms, transportation, and learning materials. As much as P3,325 is spent on school fees, learning materials, transport, uniforms, and other items. Together with cost of board and lodging the cost reaches P6,903. Transport takes up an average of P1,209, while P105 or 1.6 percent is spent on textbooks.

In the matter of textbooks, however, some parents would even now probably be willing to spend somewhat more if the choice to buy books were readily available to them. But it is not. Textbooks in public elementary schools are exclusively supplied by the schools and directly by the teacher. The said books are not marketed in bookstores. (The liberalization of textbook production and distribution is limited to private schools.) This limitation is a recipe for corruption and could allow some personnel to have a monopoly in the development, production, and distribution of public school textbooks.

Since DECS books are not marketed, there is

no competition in production and pricing. Allowing parents to buy their children's textbooks would not only relax the department's budget constraint but would also foster competition in the textbook industry. The DECS role would then be restricted to helping develop good textbooks and approving those of good quality and adapted to local conditions. At a later stage, local school boards may then choose from a list of approved textbooks those that suit them in terms of price and content.

Greater interaction between local authorities and the DECS should also constitute the approach to more technical academic reforms, such as those in the curriculum and in the policy on language of instruction. The current curriculum, especially for the earliest grades, is in need of review from two aspects, as already suggested above. The four Asian economies—Singapore, South Korea, Japan, and Hong Kong—that topped the international mathematics and science test given to 13-year-olds deserve emulation. Japan's curriculum, in particular, has been cited for its focus on core courses and the careful structuring of its textbooks.

As for the language of instruction, the start of the new century should signal the end to the indecision regarding this problem. There is a need to take advantage of the ease of using local languages as a means of introducing students to new concepts; reduce the confusion among pupils as between competing demands of their local language, Filipino, and English; and refocus energies on learning English as the global *lingua franca*. The concrete proposal made here is to develop *options* to use any *one* of the major Philippine languages (not only Filipino), or English, (or both), as languages of instruction for all of elementary education. Needless to say, these options should be fully supported by the required textbooks and reading materials.

In the end, pupils need to learn content, which all studies suggest is best done in their local languages, and they need to be linked to the outside world through English. The choice of language must



then be made with the active participation of local governments and the communities they represent.

Beyond determining the content of the core subjects and language of instruction, however, a great deal of work must be done in conjunction with local authorities and communities to design curricula that are regionally and culturally specific, moving away from the iron-boot, one-size-fits-all approach. This is especially important for regions and groups of the country such as Muslim areas of Mindanao that have been marginalized by the formal education system. The education plans and curricula of a province, city,

or municipality may include additional curriculum content and require additional competencies and skills of pupils within its jurisdiction.

In the end, therefore, the most radical and effective reform that can be proposed to break the impasse of basic education is to empower communities and their representatives so that they can claim for themselves the amount and the type of education that they want, instead of these being prescribed from above.

## Notes

**1** The growth in the public share of secondary enrollment, however, cannot be interpreted as an indicator of quality improvement but an outcome of the relatively recent provision for free high school education.

**2** The figure of \$139 per capita expenditure quoted in the international comparisons is not far from the budget figure here when adjusted for the purchasing power parity of about 2.5, i.e.,  $\$139 \times \text{P26}/\$1$  exchange rate/2.5PPP = at P26/\$1 exchange rate is P1,444.

**3** Performance in the IMST3 is measured by averaged grade. Cost per pupil at the primary level is estimated as the product of per capita income in US\$ GDP in purchasing power parity and the ratio of current expenditure per pupil in primary education to GDP per capita. The regression of log of performance to log of per capita cost gives a significant coefficient of 0.022 with 2 of 0.16 for Mathematics and regression coefficient of 0.059 and 2 of 0.19 for Science.

**4** P10 constant x GDP deflator of 2.56/average price of P50 = 1/2 book at the price of textbooks of about P50 in 1996.

**5** Teachers are responsible for the care of the scarce textbooks, and there is anecdotal wisdom that some teachers store the books intended for their classes to minimize wear and loss.

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# Work and Well-Being

*A man willing to work, and unable to find work, is perhaps the saddest sight that fortune's inequality exhibits under the sun.*

—Thomas Carlyle

**T**HE task of finding or providing work is an urgent personal as well as national concern. At the level of the household, the significance of finding and having work is obvious. Immediately it means income and survival. But with it also come self-worth, social recognition, and a healthy mental and emotional state.

Work is perhaps the most vital component of human development. It is essential to well-being both as a *means to an end* and as an *end in itself*. As a means to an end, work is the principal way that the great majority of people secure their material and physical existence. This is true whether people work under the direction of others (i.e., “employed” in the narrow sense) or work on their own account; whether they are explicitly paid wages and salaries or are only implicitly compensated (e.g., unpaid family workers).

It is somewhat less noticed, however, that work is also an end in itself. Work is a profoundly human activity and contributes much to what makes people human. It was the young Karl Marx who spoke most eloquently about the universal potential of human labor:

*It is true that animals also produce. They build nests and dwellings, like the bee, the beaver, the ant, etc. But they produce only their own immediate needs or those of their young; they produce one-sidedly, while man produces universally; they produce only when immediate physical need compels them to do so, while man produces even when he is free from physical need and truly produces only in freedom from such need; they produce only themselves, while man reproduces the whole of nature; their products belong immediately to their physical bodies, while man freely confronts his own product....[M]an is capable of producing according to the standards of every species and of applying to each object its inherent standard; hence man also produces in accordance with the laws of beauty [Marx 1975(1844):328-329].*

In more recent times, the Nobel economist A.K. Sen has defined well-being in the same spirit as the “capability to do and to be,” which also bears directly on work and employment. Human development, for Sen, consists in a person’s ability to unfold his capabilities. The entire gamut of human capabilities is expressible through work—not merely physical strength, but also dexterity, finesse, visual acuity, mental concentration, communication skills, and sheer creativity.

Indeed, the same capabilities are expressed and exercised through artistic creation as through work.<sup>1</sup> In principle, therefore, the denial of work, or the inability to find it, implies a vital channel for human development has been cut off. Work not in accord with human dignity or that does not draw out the full human potential stunts the human person.

For the great majority of Filipinos, however, the importance of work is felt at an even more elemental level. Work is simply the means to income and all this means. In a capitalist society like the Philippines, one's access to goods and services depends on income, namely, the hire of the assets one owns, such as rent from land and improvements, interest on capital, profit on risk taking. With most Filipinos owning little more than their ability to work, their incomes consist largely of wages and salaries. Hence, the incomes of the majority will clearly depend on the amount of employment they can find and the value society places on their effort.

## The Philippine record

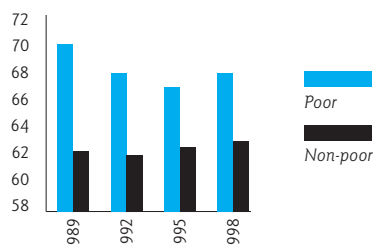
Generating employment has been an avowed goal of almost every Philippine administration. In her "Yearend Economic Report to the People" delivered interview-style on TV after her first year in office, President Arroyo, when pressed by interviewer

(Human Development Network president and former socioeconomic planning secretary) Solita Monsod to articulate concrete goals of her administration, said foremost among these is to create four million new jobs in the economy. Implicit is the idea that new employment will result in poverty alleviation and the improvement in the standard of living of the poor.

The generation of productive employment was also recognized by the United Nations World Summit for Social Development in 1995 as the most effective means of alleviating poverty, inequity, and social exclusion. In the Philippines, this goal was made particularly urgent and vivid by the so-called EDSA 3 uprising in May 2001, in which a mass made up mostly of the disenfranchised and disenchanted poor tried to storm into Malacañang to seize the seat of power. Affording them employment means giving them a stake in the economy, giving them less reason to risk its destabilization.

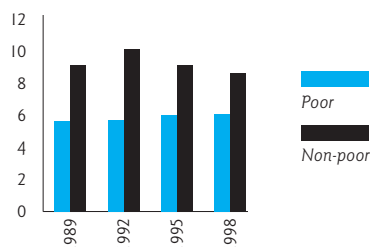
Although international comparisons are less than exact,<sup>2</sup> indicators show roughly that the Philippines performs unfavorably in terms of employment *vis-a-vis* other Southeast Asian countries [Table 1.1]. Participation in the labor force is lower than Indonesia's and Thailand's, although it is higher than Malaysia's or Singapore's. Open unemployment in the Philippines is also much higher than in all other countries in the table. Over time,

**Figure 1.1 Labor force participation rate**



Source: Calculations by Collás-Monsod and Ducanes from merged FIES and LFS. Poor as defined by Balisacan [2000].

**Figure 1.2 Open unemployment rate**



Source: Calculations by Collás-Monsod and Ducanes from merged FIES and LFS. Poor as defined by Balisacan [2000].

**Table 1.1** Employment figures for selected Southeast Asian countries, 1998-2000\*

Country	Labor force participation rate	Unemployment rate	GDP per capita (PPP US\$) 1999	HDI 1999
Philippines	65.8	9.4	3,805	0.749
Indonesia	67.9	5.5	2,857	0.677
Malaysia	60.6	3.4	8,209	0.774
Singapore	63.9	4.6	20,767	0.876
Thailand	72.2	4.3	6,132	0.757

Sources: International Labor Organization, United Nations Development Programme

\*Years vary between 1998 and 2000.

**Table 1.2** Poverty, labor force participation, and unemployment (number of persons, in thousands; figures in parentheses percentages of total)

	Poor			Nonpoor		
	Male	Female	Total Poor	Male	Female	Total Nonpoor
Non-labor force	579 (3.6)	2,495 (15.6)	3,074 (19.2)	3,446 (29.5)	9,507 (59.3)	12,953 (80.8)
Unemployed	247 (9.8)	189 (7.5)	436 (17.4)	1,281 (51.0)	795 (31.6)	2,076 (82.6)

Calculated from data of Collás-Monsod and Ducanes [2001] from merged Labor Force Survey and Family Income and Expenditure Survey; poor as defined by Balisacan [2000]

**Table 1.3 Poverty and employment by class of worker, 1998 (in percent)**

Class of worker	Poor	Nonpoor
Wage and salary	39.8	50.9
Self-employed	40.9	37.1
Unpaid family worker	19.3	12.0
Total	100.0	100.0
Memo: Population in thousands	6,336	20,951

Calculations by Collás-Monsod and Ducanes [2001] from merged LFS and FIES; poor as defined by Balisacan [2000]

**Table 1.4 Unequal benefits from growth: Effect of a 1 percent increase in per capita income on living standards, (by quintile; in percent)**

Quintile	Percent
Poorest 20%	0.544
Second 20%	0.621
Third 20%	0.676
Fourth 20%	0.798
Richest 20%	1.045

Source: Table 6 in Balisacan and Pernia [2002]

**Table 1.5 Inter-industry wage differentials, 1988 and 1994 (in percent relative to average)**

	Males		Females	
	1988	1994	1988	1994
Agriculture	3.8	-6.1	6.4	4.3
Mining and quarrying	24.9	15.2	44.9	41.7
Manufacturing	11.3	11.9	10.8	4.9
Electricity, gas, and water	8.1	39.7	32.4	32.5
Construction	10.9	23.6	42.7	21.4
Wholesale and retail trade	-24.3	-8.8	-13.0	-7.0
Transportation, storage, and communication	-10.5	-3.2	17.8	15.0
Financing, insurance, real estate, etc.	1.9	20.5	10.2	18.6
Community, social, and personal services	-8.0	-0.5	-0.4	-1.1

Source: Alba [2002, Table 4.2.1a, b]

there has been no discernible trend in the country's employment statistics. Both the open unemployment rate and labor force participation rate are at or near the levels they were two decades ago.

Previous issues of this *Report* have noted the creditable Philippine performance in human longevity and education. But income is its obvious deficiency. This is the reason that the country's human development index (HDI)—a composite measure of health, knowledge, and income—is better than its level of income alone might suggest.<sup>3</sup> On the other hand, the incidence of poverty in the country is also relatively high. One is tempted to ask: Are the country's high poverty and low income due to its high unemployment and its low labor force participation? The answer is less straightforward than it seems.

## Poverty and employment

In the Philippines most of the unemployed and the nonlabor force participants are not poor but those who can better afford *not* to be gainfully employed. It is the nonpoor who swell the ranks of the unemployed and pull down the labor force participation. Of almost 16 million working-age people who were not in the labor force in 1998, 81 percent came from the nonpoor, while only 19 percent were poor [Table 1.2].<sup>4</sup> Of the 2.5 million unemployed in the same year, only 17 percent came from poor households; the rest were not poor.

As a group the nonpoor are less likely to participate in the labor force and more likely to be unemployed than the poor [Figures 1.1 and 1.2]. College students are an important example; they are not in the labor force and are also less likely to come from poor households. Upon graduation, they actively seek work and make up a large portion of the openly unemployed.

Besides coming from mostly nonpoor households, part of the reason those with higher educational attainment tend to be unemployed is

that they are presented a wider range of opportunities and can afford to be selective. Open unemployment was highest among those with high school and incomplete college education, respectively 12.2 and 15.2 percent. Unemployment was 10.9 percent among college graduates. By contrast, it was only 6.5 percent among grade school graduates. Those with low education were more easily employed in family enterprises and other informal settings and so reported a lower unemployment rate. This is small comfort, however, since the jobs available to the poor are often those that pay little or nothing.

Marginalized people, such as members of subsistence fishing or farming households, lack education opportunities and often enter the labor force at the earliest ages. They are immediately absorbed in their family's main occupation as unpaid workers or must take on outside jobs to supplement the household income. For them, a long spell of job-seeking is virtually unthinkable since it requires a level of household wealth and a range of opportunities that are simply unavailable.

Among the employed, significant differences may also be noted between the poor and the nonpoor [Table 1.3]. A larger proportion of the nonpoor (51 percent vs. 40 percent for the poor) are involved in regular jobs with wages and salaries. On the other hand, the poor are more likely to be employed as unpaid family workers (19 percent vs. 12 percent for the nonpoor) or to become self-employed (41 percent vs. 37 percent). One hardly needs to note, of course, that the meaning of "self-employed" varies greatly, as between a subsistence farmer or itinerant vendor on the one hand and a plantation owner or a *taipan* on the other.

The scale of the problem of quality employment is also partly captured by data on *underemployment*, that is, the proportion of the employed who wanted additional work. Open unemployment averaged only 8 percent over the past two decades, but underemployment was running at 22 percent. Visible *underemployment*—the proportion of the employed



## Box 1.1 Understanding labor statistics

Notwithstanding differences in detail, labor statistics across countries are based on common concepts and measures. A first approximation of the total labor supply available in a country is simply the part of the population old enough to work. This working-age population (*WAP*) is based on social conventions of the minimum and maximum ages for working. In the Philippines it refers to everyone 15 years (the legal minimum working age) and over. In 2001, the *WAP* comprised 48.9 million people and was 62.3 percent of the total population, a figure that obviously fails to include child laborers. The size of the working-age population obviously depends on growth and age profile of the population.

Even people of working age do not necessarily work or look for work. The obvious examples are full-time college students and homemakers. Thus the *WAP* is further divided into those who are in the **labor force** (*LF*) and those who are **not in the labor force** (*NLF*). The *LF* is that part of the *WAP* that is either at work or is looking for work. The *NLF* is the remainder of the *WAP* that is "not in the labor force." That is:

$$LF + NLF = WAP$$

Of the 48.9 million-strong *WAP*, there were 16.1 million in the *NLF*. Whether or not a person of working age should join the labor force or not is clearly a major decision on the part of households. Wealth, personal values, the state of health, the status of women, aptitude for further education—these and many other factors may contribute to the decision whether a particular family member enters the labor force or stays out of it. A better-off household may choose to send more of its offspring to college compared to a poor household. The relationship between the man and woman in the household may determine whether the woman enters the labor force or not. Taking the *LF* as a proportion of the *WAP* yields the labor force participation rate (*LFPR*).

$$LFPR = \frac{LF}{WAP}$$

which measures the propensity of people of working age to join the labor force. For the Philippines, the *LFPR* was

67.1 percent in 2001.

The labor force is further divided into those who are employed (*N*) and those who are unemployed (*U*). The employed comprises those who worked any number of hours during the reference week for the survey; the unemployed are those who sought work or who have since stopped looking for work.

$$N + U = LF$$

The definition of "employed" is quite permissive since it makes no distinction between one who worked for an hour or for 40 hours during the week. This has been a cause for some dissatisfaction since it conceals the problem of those with insufficient employment. This includes people on job rotation as well as those working in part-time jobs. What's more, the category of the employed includes many unpaid family workers and lumps together those who work full time in regular positions and those who barely eke out a living in highly unstable and low-paying marginal jobs.

Once the number of the employed is determined, what is known as the employment rate (*n*) can be calculated as the proportion of the labor force that is employed:

$$n = \frac{N}{LF}$$

This is the customary indicator of how well society is using its human resources. Conversely, the open unemployment rate (*u*) is the conventional measure of the degree of underutilization of labor in the country. The open unemployment rate is computed as the fraction of the labor force that is unemployed. Note that this is simply equivalent to one minus the employment rate:

$$u = \frac{U}{LF} = 1 - \frac{N}{LF} = 1 - n$$

so that a fall in the employment rate is equivalent to a rise in the unemployment, and vice versa for a rise. In the Philippines the unemployment rate stood at 11.1 percent in 2001 and the employment rate at 88.9 percent.

who worked less than the regular 40 hours a week and wanted additional hours of work—was 17 percent for the poor and 11 percent for the nonpoor. In other words, a huge number of the working poor were unable to find full-time jobs and worked less than they wanted to.

Unemployment and poverty therefore do not amount to the same thing. Most of the poor are not unemployed, nor are most of the unemployed poor. This conclusion may surprise some since it defies the stereotype in industrialized countries, where poverty and unemployment typically go hand in hand. In the Philippines, however, the poor cannot afford to be unemployed. Lacking any form of unemployment insurance, the poor must rest content with whatever jobs they can find or provide themselves.

The link between work and poverty is not primarily manifested in unemployment but rather in the *quality of employment*. While most of the poor may be employed, they are mostly mired in jobs with low productivity and low pay. One of every five employed poor was an unpaid family worker and two out of every five were self-employed—meaning only 40 percent were wage and salary workers. By contrast, 51 percent of the nonpoor were wage and salary workers. Only 1 percent of the employed poor were professionals, compared to

10 percent for the nonpoor.

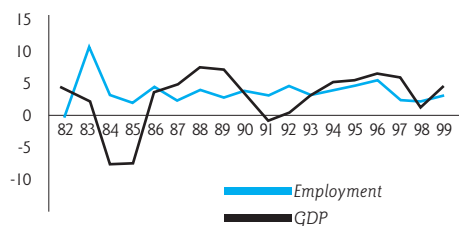
To sum up, the high incidence of poverty in the country is not directly caused by high unemployment, nor are the poor predominantly represented by the unemployed. Hence, it would be a mistake to take the size of unemployment in the country as the gauge of the problem of poverty. It is more accurate to say that poverty in the Philippines is associated primarily with a *low quality of employment*.

Many factors influence the quality of employment, and the next few sections will discuss those that are most crucial in context of the Philippines. These are (1) the overall rate of economic growth; (2) the total amount of human resources that the economy must absorb; (3) the changing requirements and nature of jobs as markets and technology affect different economic sectors; and (4) the skills and abilities of the country's labor force.

## Growth, interrupted

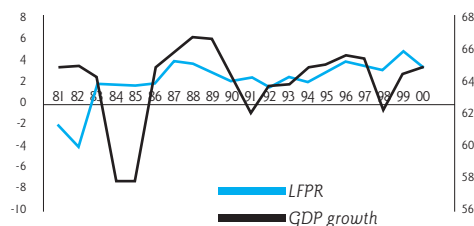
Whether for specific skills or for the economy as a whole, the necessary condition for both employment and wages to rise is that the demand for labor should grow faster than its supply. All other permutations lead only to falling wages or falling employment, or both. But whence comes the demand for labor?

**Figure 2 Growth of GDP and of employment, 1982-1999 (in percent)**



Source: NSCB, Philippine Statistical Yearbook, various years

**Figure 3 Labor force participation rate (LFPR) and GDP growth, 1981-2000 (in percent)**



Source: NSCB, Philippine Statistical Yearbook, various years

## Box 1.2 Gender, poverty, and work

Men and women each make up roughly half of the Philippines' working-age population. There are therefore no numerical reasons to cause the participation of either sex in the labor force to differ. In fact, however, poverty and gender roles are powerful forces that modify patterns of employment between men and women.

As mentioned in the text, more of the poor are in the labor force compared to the nonpoor (69 vs. 64 percent). It is also significant, however, that—compared to the nonpoor—women make up a larger proportion of the poor who stay out of the labor force. Women are 81 percent of the nonlabor force among the poor, while they are only 73 percent of the nonlabor among the nonpoor.

Why should poor women be less likely to enter the labor force than nonpoor women? This might seem surprising at first glance, since one would think that with their greater need to earn and accept employment on any terms, poor families would be under greater pressure to send their women out to work. A large part of the answer may lie in the fact that poor households are larger with more dependent children. This effectively ties women down to housework and prevents them (given traditional role assignments) from joining the labor force. Of the reasons given by women for staying out of the labor force, "housekeeping" is cited by 73 percent of the poor but only 64 percent of the nonpoor.

**Box Table 1 Gender distribution of poor\* and nonpoor working population, 1998**

	Poor	Nonpoor	Total
Working-age population (%)	100.0	100.0	100.0
Women as a proportion	50.4	50.3	50.4
Nonlabor force (%)	31.0	36.0	35.0
Women as a proportion	0.811	0.734	0.749
Labor force (%)	68.7	64.0	65.0
Women as a proportion	0.365	0.374	0.372
Unemployed	4.3	5.8	5.5
Women as a proportion	0.433	0.617	0.585
Employed	64.4	58.2	59.5
Women as a proportion	0.360	0.372	0.370

Calculations by Collás-Monsod and Ducanes [2001] from merged Labor Force Survey and Family Income and Expenditure Survey

\*Poor as defined by Balisacan [2000]

The share of women in employment is about the same low number (36-37 percent) for both poor and nonpoor, which reflects a pro-male bias in employment. Gender differences are also present in the composition of unemployment. As a whole, slightly more than half of the unemployed are women, which again reflects a bias disfavoring female employment. Among the poor, however, the female share of the unemployed is much smaller (43 percent) than among the nonpoor (62 percent). This probably reflects several factors, including the fact that less qualified poor women have already elected to stay out of the labor force; the likelihood that educated nonpoor women can afford to pick jobs and hence accept longer spells of unemployment; and the greater need of poor women to find employment, even in jobs that may be marginal but which permit easy entry.

**Box Table 2 Foreign monthly wage range, 1998 (in US dollars)**

	High	Low
<b>A. Professional</b>		
1. Accountants	1,650 Singapore	551 American Samoa
2. Nurses	1,984 U.K.	406 Saudi Arabia
3. Engineers	2,750 Guam	517 Bahrain
4. Computer programmers	4,215 U.S.	802 Saudi Arabia
<b>B. Production workers</b>		
1. Machine fitters	790 Qatar	403 Kuwait
2. Construction workers	600 American Samoa	275 Saudi Arabia
3. Machine operators	512 Saudi Arabia	248 Libya
4. Drivers	374 Saudi Arabia	330 UAE
5. Engineering technician	700 Kuwait	433 Saudi Arabia
<b>C. Domestic helpers</b>		
	900 France	
	600 U.K.	
	476 Hong Kong	
	457 Italy	
	350 Singapore	
	206 Qatar	
	202 Malaysia	
	200 Saudi Arabia	

Source: POEA raw data, IMF International Financial Statistics [December 1998], January to October exchange rates

OW income abroad is substantially higher than in the occupation they leave. Their earnings have greatly contributed to the country's foreign exchange earnings averaging 22 percent in 1995-2000. The lowest foreign wage is at least 1.6 percent higher than the domestic wage but can go as high as four times. Foreign earnings have raised the level of income for about 20 percent of families, allowing them to send their children to higher level schooling, build homes, and buy appliances. However, the psychic cost to the migrant and to his/her family may be quite significant though it is not revealed in the survey undertaken on migrant families. Perhaps the family members exert strong deliberate efforts to overcome the separation problems.

It is not clear what the fairly large scale migration of labor costs the economy. Migration has definitely reduced the unemployment problem at the aggregate level and by skill category. Except for computer professionals, no shortage has been reported for other skill categories. Educational institutions catering to foreign markets like maritime institutes and

schools of nursing and physical therapy have increased rapidly.

Alburo and Abella [1999] point out, however, that there is some skimming off of the more experienced and better quality workers for foreign employment. The higher skilled migrants are mostly in prime age groups. This is to be expected since the queue for overseas work is long and the foreign employers can be selective. For instance, the U.S. and Canada have been recruiting high school and grade school teachers from the best schools in Manila like Ateneo and the Philippine Science High School.

Note however, that on-the-job training is generally a continuous learning process. The process can be accelerated or slowed down, depending on the work load and changes in technology. At any point in time, the employed are at different stages of the process: Some are beginners; others are masters. An increase in demand for a high-level group can be filled up by those employed in the next lower group. The migration of the more experienced workers may be replaced by those in the lower skill level. In some cases, there is deskilling of workers like the sensationalized teachers who work as maids. In other cases, like the seamen, there is skill acquisition. Generally, foreign shipping uses more advanced technology than domestic shipping. Maintenance workers abroad likely acquire higher level skills than if they stayed behind. No solid evidence on loss of skilled manpower due to labor migration has surfaced. The consensus is that going abroad increases the returns to investment in education and skills.

Despite its provisional origins, working for foreign labor markets should now be recognized for the contribution to employment and income that it represents and should be encouraged. Domestic government intervention should mainly take the form of facilitating reliable information, standard-setting and rationalization of private placement agencies, encouragement of private insurance and pension plans for overseas workers, and protection of workers' interests abroad. Direct government placement should be ultimately phased out as the services of private institutions become more comprehensive and reliable.

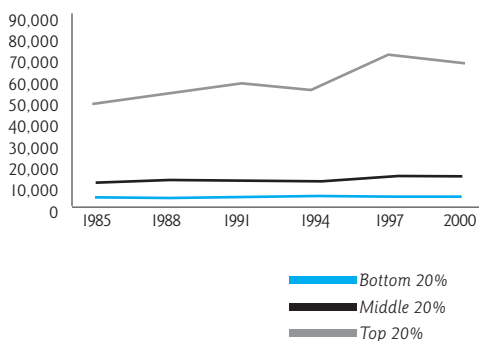
To say that the growth of output affects the growth of employment is almost to belabor the obvious. The demand for labor is, after all, one that is "derived." Labor is demanded not for its own sake but only to the extent it is needed to produce output. Hence, if output grows, employment should grow as well. True enough, one readily finds a rough relationship between the growth of output and the growth of employment [Figure 2], although employment fluctuates within small bounds somewhat more than output.

Even from this vantage point, however, the failure of Philippine economic performance becomes immediately apparent. Although the country weathered the Asian financial crisis (beginning 1997) and the most recent global economic downturn (2001) better than other

countries, it is evident that from a long-term perspective, Philippine economic growth has been profoundly unsatisfactory. Over two decades (1980-2000), annual GDP growth averaged only 3.7 percent. With population growing at 2.3 percent, however, the growth of output per person averaged only 1.4 percent over two decades.

One notable characteristic of Philippine growth has been its great instability. Annual levels of positive growth are not merely lower in regional perspective, they have also been unsustained. One instead observes what has been called a "boom-bust" pattern, typically consisting of a few years of moderate growth followed by years of retreat and or recession. This experience is in stark contrast to that of countries such as Singapore, South Korea, Taiwan, and even Malaysia, which all had sustained

**Figure 4 Per capita income by quintile (1997 NCR pesos)**



Source: NSCB, Philippine Statistical Yearbook, various years

rapid economic growth that translated into increased demand for labor, causing full employment, and ultimately even labor importation.

Turning to the relationship between employment and growth, another peculiar consequence of the low-quality job market and of interrupted growth in the Philippines is that unemployment does not easily respond to economic growth [Box 1.3]. On the other hand, bust periods are accompanied by massive unemployment. What has caused even more concern is that in the period from 1998 to 2000, the country even seemed to experience “jobless growth,” or the phenomenon of economic growth accompanied by higher unemployment.

Part of the explanation is again the easy entry into and prevalence of low-quality jobs in the economy, which serve as a last resort when people are thrown out of regular jobs. Conversely, when output rises, some people may simply transfer from marginal to more regular jobs leaving the unemployment rate barely affected.<sup>5</sup> In the same manner, when output grows, labor force participation may rise [Figure 3] since some who were formerly out of the labor force may resume their active search for jobs. This may explain at least part (but not all) of the phenomenon

of rising unemployment and rising output.

As another factor, it has been noted [Lim 2002 and Lim and Bautista 2001] that with the economy’s recent exposure to globalization, many domestic firms now take the opportunity of downturns to rationalize their operations in search of greater efficiency and productivity per worker. This can mean a reduction of the workforce during a downturn without a corresponding increase even after the economy has picked up.

However, the deeper reason that Philippine economic growth has not made a larger impact on employment is that the growth itself has been erratic and unsustained, manifesting what has now since been termed a “boom-bust” cycle. Ultimately, secure and productive jobs are created by new investment, which entails spending on machinery, equipment, physical structures, and land improvement. Being largely a bet on the future, investment is extremely sensitive to the expectations of larger markets. Where growth is predictably short-lived and frequently interrupted, however, investment is unlikely to occur during an upturn. Investment in the Philippines is among the lowest in Southeast Asia, running at around 20 percent of GDP compared with a norm of 30-35 percent for newly industrializing economies. It should not be surprising therefore that stable and high productivity employment is hard to come by and marginal jobs are widespread.

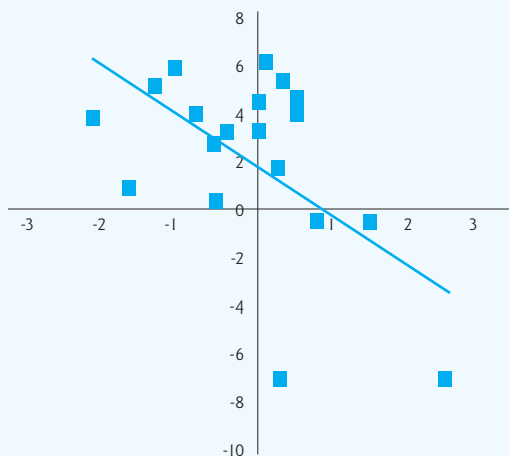
For what little growth there was, the poor benefited disproportionately less from it. **Figure 4** shows the changes in average real per capita income by income quintile from 1985 to 2000. The richest 20 percent in 2000 were much richer than they were in 1985. On the other hand, the poorest 20 percent in 2000 were only slightly better off than they were in 1985.

A recent investigation by Balisacan and Pernia [2002] demonstrates that while growth in the 1990s undoubtedly benefited all Filipinos, it was biased in favor of the richest part of the population. A 1 percent increase in average per capita income over the period

## Box 1.3 The weak relationship between output growth and employment

Part of the skepticism regarding what economic growth can do is based on the observation that the level of growth hardly seems to matter to employment. With few exceptions, years of moderate growth do not generally coincide with notable employment expansion; nor do years of low or negative growth coincide with large falls in employment. The figure below plots for the Philippines what is known as the “Okun relationship.” Named for the economist Arthur Okun, it means to illustrate the almost intuitive inverse relationship between changes in unemployment and economic growth. This relationship is highly stable in many economies (indeed, some refer to it as “Okun’s Law”). For the Philippines, however, it holds only weakly. (The change in unemployment is only 30 percent correlated with the level of growth.)

The text gives some reasons why. First is the erratic nature of GDP growth itself, which causes producers to hesitate in making new investments during periods of upturn. Essentially, firms may instead tend to retain labor during a downturn (e.g., through reduced hours) and simply utilize workers more fully once demand resumes. Whichever workers are let go are easily absorbed into lower paying jobs in the informal sector. Either way, neither employment nor unemployment is likely to change much.



More recently, the output-employment relationship has been further weakened by technological and industrial shifts brought about by globalization. Economic growth resumed without a corresponding rise in employment and indeed an increase in open unemployment, which has been called a phenomenon of “jobless growth.” Lim and Bautista [2001] examine the record more closely and note that during the last episode, 1998-2000, output actually rose after a downturn while the employment rate fell. Part of the reason this occurred is that many industries took the economic downturn as an opportunity to downsize their workforce and employ new technology. On the one hand, this represents an immediate threat to jobs; on the other hand, it does promise to produce an increase in labor productivity and, if the expansion of markets can be sustained, perhaps an increase in employment for the future.

raised the living standards of the poorest 20 percent only by about half a percentage point. On the other hand, it increased the living standards of the richest more than one-for-one [Table 1.4]. The character of general economic growth so far has generally been such that the poor have derived fewer benefits from it than the rich.

The reasons for weak economic growth in the Philippines are well-rehearsed themes [De Dios et al. 1992 and Canlas and Fujisaki 1999] and need not be discussed in detail here. It is still worth mentioning some crucial factors, however, if only because they continue to deserve attention.

## Investment and infrastructure

First, there is the obvious shortfall in public infrastructure, which any comparison with neighboring countries will make evident. The shortage of high quality roads and bridges, inaccessibility of rural areas, and high cost of inter-island transport are all important constraints to limiting the scope of internal markets as well as access to foreign ones. This is related in turn to the government's perennial inability to raise internal resources.

All post-Marcos Philippine administrations have struggled with a fiscal dilemma. On the one hand, they recognize that long-term growth—and hence employment—requires the provision of crucial infrastructure and therefore greater government spending. On the other hand, with taxation performing poorly, however, and an annual budget that is almost 90 percent preempted by payrolls and operating expenses, there is little room to expand infrastructure spending without risking a growing budget deficit. With the latter, however, comes the ire of multilateral lending institutions like the International Monetary Fund (IMF) and private foreign lenders, who then threaten to raise the premium on further borrowing.

Recent Philippine administrations have taken the modest option of limiting spending rather than

risking a yawning deficit. Clearly, however, while this may earn the applause of a gallery of foreign investors and bondholders in the short run, it represents no solution for Filipinos in the long term to spend only 2-3 percent of GNP annually on public infrastructure. The obvious solution—to work for a drastic improvement in tax collections—has been a sonorous mantra for every administration. Yet none has succeeded in developing the will to confront the resistance of corrupt revenue bureaucrats or the courage to displease rich and well-connected tax evaders who are potential contributors to political campaigns. It remains to be seen whether the present administration will fare any differently. What is certain, however, is that there can be no basis for sustained output and employment growth unless the government's finances are fixed to accommodate public infrastructure investments on a more massive scale.

## Population

A second long-term obstacle to Philippine growth, with its own direct impact on the employment problem, has been the unresolved issue of rapid *population growth*. The final results of the 2000 census now make it evident that the much-awaited slowdown in the country's population growth has in fact failed to occur. On the contrary, over the past two decades population growth even accelerated slightly,<sup>6</sup> i.e., from 2.35 percent annually in the 1980s to 2.36 percent in the 1995-2000 period.

A Filipina of childbearing age has 3.7 children on average, of which one birth is unplanned. This is high in relation to a world average of 2.9 children per woman. At this rate today's population of 76-odd million may be expected to double in 29 years. This contrasts with the accomplishment of similarly densely populated countries (among them Indonesia, China, India, Indonesia, Thailand, and Vietnam) which managed to reduce population growth to below 2 percent more than a decade ago.



## Box 1.4 Why is labor productivity procyclical?

Firms adjust to short-run fluctuations in GDP in different ways. They may increase or decrease labor inputs either by hiring or firing workers or by varying work hours. At any one time, the employed will include some 20 percent underemployed who can be readily tapped to increase their work hours. During an upswing, firms may find it less costly to increase the work hours of underemployed workers or pay overtime premiums to those who are fully employed rather than hire new workers. In a downswing, different work sharing arrangements are made between employers and employees since many would prefer to minimize layoffs.

Many firms favor work-sharing arrangements over layoffs as a means of avoiding the costs of hiring and training new workers and out of simple concern for the welfare of employees. Economic fluctuations in themselves create uncertainty about sales and so encourage firms to adjust work hours rather than varying the workforce. These short-run adjustments tend to result in a procyclical movement of labor productivity as measured by output to employment ratio.

Such adjustments may differ between sectors. The services and agricultural sectors may exhibit a larger drop in productivity during a recession if, in addition to work sharing, they also absorb displaced labor from industry. These two sectors have greater flexibility in work hours and implicit compensation and freer entry and exit of workers. Families take in workers displaced from the formal sector, share food and shelter with them, while the hosted relatives help in whatever work the family may be engaged in.

In the recent recessions the country experienced, the services sector always increased its employment, consistent with the hypothesis that the sector serves as a last resort for the marginalized. Agriculture failed to absorb labor during the 1998-1999 recession since the El Niño drought reduced cultivable areas and yields so there was less work and income to go around. During the 1989-1991 recession, industrial labor productivity fell by 5.5 percent, agriculture by 3.5 percent, while services fell minimally by 0.6 percent. In the succeeding recovery, the productivity of the industrial and services sectors rose by 8.7 percent and 7.1 percent, respectively. In the next contraction (1997-1998), productivity fell by 4.8 percent in industry, 8.8 percent in agriculture but rose in services by 3.8 percent.

The effects of a large population on employment are obvious. It immediately makes for a heavy burden of dependency among working people, who must feed more mouths on meager incomes. In 2000 there were 67 dependents (people too young or too old to work) for every 100 people of working age.<sup>7</sup> This statistic actually underestimates the adverse impact on overall productivity since not all people of working age actually enter the labor force.

The entry of women of working age—especially from the poor—into the labor force is hindered by their having a large number of children. High dependency is also an important factor explaining the country's low saving and investment since saving is then more likely to be preempted by spending on necessities for nonworking members of the household. Ultimately,

of course, a rapidly growing population eventually creates a pool of people of working age (or near it) who constitute a huge labor reserve that engenders keen competition for jobs and exerts further downward pressure on real wages.

From the viewpoint of needed public investment, a large and rapidly growing population strains government resources for both physical infrastructure and human development (health, education, etc.) to the limit. Quality education and training are unlikely to be attained when public budgets must contend with simply coping with the sheer number of schoolchildren joining the annual stream. Nor is adequate physical infrastructure likely to materialize when urban settlements are bursting at the seams. Quite apart from poor revenue collection,

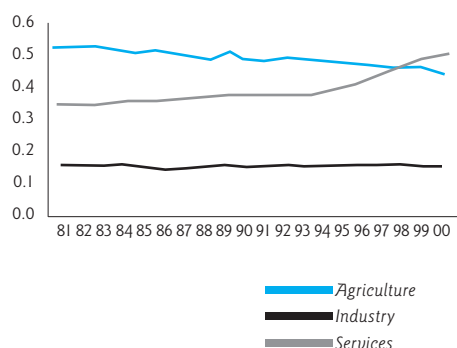
the existence of a very young population—many of whom are either out of the workforce or stuck in informal sector jobs with low pay—implies a narrow tax base from which to finance public infrastructure and social services. To this finally must be added the damage to the natural environment caused by a large population, which causes a worsening in the quality of life in both urban and rural areas, especially among the poor, that a cash metric alone cannot capture.

In short, the result of a rapidly growing population would be a weak foundation for growth, in terms of both human and physical capital. Again, none of these effects is unknown. Yet successive post-dictatorship administrations have uniformly failed to put in place effective programs that will support informed reproductive choices that will make a long-run difference.

## Political instability

As a final reason for the instability and low level of Philippine growth, one must point to the historical *instability of the political process* itself. Objectively speaking, formal political processes in the Philippines have been periodically challenged and subverted, for both good reasons and bad. The sources of instability

**Figure 5 Shares of employment, 1981-2000 (by sector; in percent)**



Source: NSCB, Philippine Statistical Yearbook, various years

**Table 1.6 Distribution of employed by educational attainment**

Education Level	Agriculture Workers	Services Workers
No grade completed	6.2	1.0
Elementary undergraduate	34.5	9.9
Elementary graduate	27.5	15.9
High school undergraduate	13.3	12.2
High school graduate	12.6	23.3
College undergraduate	4.3	16.1
College graduate	1.5	21.0
Not reported	0.0	0.6
Total	100.0	100.0

Source: Collás-Monsod and Ducanes [2000]

have run the gamut from the usurpation of power by Marcos, to threats of armed rebellion, coups d'état, and, yes, even the two (or three) EDSA Uprisings.

Such instances are bound to be a powerful discouragement to both domestic and foreign investment since they often raise the prospect of wholesale changes in laws, policies, and even individual contracts. At bottom, however, the record of large-scale change in the Philippines must be traced to the failure of normal political institutions to accommodate and address what are deemed by significant sectors of the population to be fundamental inequities and injustices. It is this basic institutional failure that gives rise to attempts at redress that are extraconstitutional, at times even violent.

The upshot of this discussion is to point out the importance of understanding the problem of employment in the greater framework of growth—or, more precisely, the lack of it. The effort to provide stable and productive employment can succeed only if the economy can be put on a solid footing for

**Table 1.7 Labor productivity and average monthly compensation per employee, 1998 (in pesos)**

Industry group	Labor productivity <sup>1</sup>	Average monthly compensation <sup>2</sup>
Agriculture, fishery, and forestry	16,326	3,967
Mining and quarrying	79,523	7,236
Manufacturing	81,901	6,571
Electricity, gas, and water	222,402	10,624
Construction	35,016	5,022
Wholesale and retail trade	32,703	6,522
Transportation, storage, and communication	31,611	10,568
Financing, insurance, real estate, etc.	89,102	9,409
Community, social, and personal services	19,070	5,210
All	32,216	6,817

<sup>1</sup>Ratio of gross value-added in constant 1985 pesos to corresponding employment; <sup>2</sup>wages and salaries in cash and kind, including employer contributions to social security, private pensions, casual insurance, and similar schemes.

Source: Congressional Commission on Labor [2001: Tables 3.3 and 3.4]

rapid growth over a longer period—say, a per capita growth of 5 percent or more over a period lasting at least a decade.<sup>8</sup> Any other solution is merely supplemental or palliative.

## Structural change—of the wrong kind

An important consequence of interrupted growth is the lack of profound industrial transformation in the Philippine economy. Industrial development is typically characterized by a decreasing share of agriculture in both total output and employment and a corresponding increase in the share of industry. In the Philippines, however, industrial transformation

has been minimal. Indeed, after two decades (1981–2001) the share of industry in GDP has even fallen slightly from 36 to 34 percent, while the industrial share of *employment* has basically stagnated at around 16 percent over the entire period.

The Philippine experience departs noticeably from those of the new industrializing economies, where agriculture's falling share in both employment and output is first taken up by industry [Oshima 1989]. The move toward full employment almost always follows the same path. Hidden unemployment in agriculture is first wiped out through a dramatic increase in agricultural production, which is almost always accompanied by rapid agrarian reform. Farm wages and incomes then typically rise, widening the

## Box 1.5 Electronics

The electronics industry is one of the oldest and now among the largest industries representing the success stories of liberalization and export orientation. Multinationals and other foreign companies comprise 328 out of 462 or 70 percent of all registered companies in this sector. U.S. companies number fewer than other nationalities at 39 as compared to 133 Japanese and 46 Korean companies though American companies constitute the largest group in terms of export share. The industry employs about 250,000 workers, a relatively small number in terms of its value added and the export earnings. The industry has formed an association called the Semiconductor Industry of the Philippines Inc. (SEIPI) to represent its interests to the government.

A 2001 SEIPI survey of members finds that the industry employs more educated workers and pays them better than the national average. About 10 percent of its executives have graduate education and all its production workers have at least a high school diploma. Its production managers earn from \$1,000 to \$1,500 monthly, supervisors from \$450 to \$700 a month, and production operators \$6 to \$7 a day or \$162.5 per month of 25 days. At a current exchange rate of P51/\$1, these would amount to P63,750, P22,950 and P8,288.

Wage rate appears to differ across firms as the range obtained from the SEIPI survey of 18 firms shows ranges of P22,000 to P122,600, P7,000 to P43,000, and P5,221 to P16,000 for the respective positions. Small domestic firms possibly pay at the lower ranges, while large multinationals occupy the higher ranges. The minimum wage is P250/day versus the industry wage of P331.

The majority of the sample firms provide income in kind—83 percent of them give transportation and meal allowance; 72 percent rice allowance to the family, accident and life insurance; and 100 percent paid leave and night shift wage premium. The employees acquire on-the-job training which appears to be general in nature and therefore marketable here and abroad and leading to high turnover and poaching. The on-the-job training takes programmed and unprogrammed forms. Virtually all the surveyed firms provide programmed training that lasts a few weeks, depending on the skill required. The industry offers relatively good employment terms to its workers.

The industry is at the very heart of the most competitive high-tech industry in the world, with growth being highly sensitive to world demand. This may be seen in the drastic drop in exports following the Asian financial crisis and the downturn of the world economy after the September 11 attacks on the U.S. The prospects for recovery to the old growth levels depend on how the government is able to ease the manpower and infrastructure constraints that, according to SEIPI, the industry encounters.

SEIPI reports that the country offers ample middle- and lower-level skilled manpower but that there is a shortage of manpower with advanced technical computer education and skills. The shortage is reflected in the high turnover of their IT professional manpower. In a 2001 survey of 18 companies the ratio of quits to new hires among the top executives was 105.7 percent, supervisory 52.6 percent, technical 86.5 percent, clerical 57.1 percent, and production workers 50.6 percent. The most commonly cited reason for quitting was a new job.

While the Philippines is said to be rich in middle-level skilled manpower, it is very short of highly skilled workers. SEIPI pointed to rampant poaching of IT professionals among domestic as well as foreign companies. There is a large foreign market for high-level computer-skilled labor in North America and East Asia. The educational system has so far been unable to respond to the demand for high quality graduates in computer science and engineering graduates. The hundreds of so-called computer schools that have sprouted since the late 1980s do not produce the quality of skills that the industry demands. SEIPI thus plans a dialogue with selected schools on curriculum issues.

SEIPI also points to inadequate communications infrastructure. The Philippine Long Distance Telephone Company continues to monopolize international telecom access and has no incentive to maximize capacity utilization. Provincial areas are poorly served. Even the IT users in central cities like Iloilo complain of limited and slow Internet service. Many universities have IT library services, but access is problematic so students cannot rely on the facility. Investing in a broadband has been suggested, but the capital requirement is large.

The prospects for the country's electronics industry lie with the solution to the constraints. The shortage of high-

level technical manpower could be readily reduced by a reallocation of government support to higher education. The national budget for higher education currently is spent mainly on operating 110 state universities and colleges (SUC) which produce mainly business, teacher training, and social science graduates. While there is rhetoric about preparing human resources for high-tech competition, nothing is being done to direct the budget toward expanding the education of scientific and technical manpower. The shortage of such manpower can be easily addressed if there is political will since there are a few good universities which can be directed to focus on science and technology (S&T) students. The government has the power to break the telephone monopoly and the capacity to package an investment program through BOT (build-operate-transfer) and other means for installing a broadband.

Solving these two constraints will be important not only in maintaining the country's competitiveness in the existing products but in raising their technological contents. Local production is at the low-end technology where the local processes are largely assembly in nature requiring mainly inexpensive labor, chiefly female. In fact, the SEIPI survey shows that 65 percent of the employed are female production workers; only 12.9 percent are technical workers. The further capability to produce electronics parts and software depends on the supply of high-level skilled people.

## Box 1.6 Determinants of family income

The returns to completed college from all sources of income are higher than that reported for wage employment but lower for completed high school and completed elementary. The age of the family head (a proxy for experience) affects family income much less than the wage rate, which may suggest that on-the-job training is more important in wage employment than in family enterprise.

Family size exerts a positive effect on family income, for children contribute labor in home production, which may partly explain the phenomenon of child labor and a general desire for large families among the poor. Families in the poor regions of the country such as Bicol, Eastern Visayas, and Caraga and in Mindanao as a whole tend to earn less than the other regions. Metro Manila offers better opportunities for both wage and entrepreneurship than all the other locations. In the most favorable case, a family headed by a male college graduate located in Metro Manila and working in the financial sector as a professional would earn P412,503 per year. A female-headed family in the same circumstances would earn very much less or P337,729. A family headed by a male agricultural worker in Bicol with a high school diploma would make P54,176. A female head with the same characteristics would earn P53,103. A family headed by a male with incomplete elementary education would earn only P35,516.

*Source: Regressions by Dacuycuy [2002]*

market for industrial products. Farm mechanization increases in the face of rising farm wages, while domestic consumption of industrial goods increases, providing a market stimulus to industry. High agricultural productivity in turn keeps food prices and hence real industrial wages low, allowing industrial expansion and thus closing a virtuous circle. Full employment is then finally attained after a few decades of sustained growth when even industry must compete for labor and the wages of unskilled workers begin to rise faster than the average.

In the Philippines, agricultural employment has indeed fallen drastically from more than 50 percent in the early 1980s to only 38 percent in 2000. Industrial employment, however, has basically stagnated. Instead, whatever importance in employment agriculture has shed has been taken up by services, whose employment share rose from 35 percent in the early 1980s to 46 percent in 2000. (A landmark was quietly passed in 1998 when services finally overtook agriculture as the principal source of employment in the economy [Figure 5].) What makes this pattern perverse—and contrasts it with the NIE experience—is that it is *not* associated with increasing agricultural productivity. In the healthy case, people leave agriculture because rising wages and labor productivity cause the introduction of farm mechanization.

By contrast, in the Philippines people leave agricultural jobs because real wages and productivity are stagnant or falling, owing both to a lack of agriculture productivity improvements and to a rapidly growing population. The consequences are profound. Unlike other countries' experience, rural incomes do not rise and no upward pressure on wages is exerted; the sectoral shift merely transfers people from low-productivity jobs in agriculture to similar marginal jobs, especially in services. There is no impulse to the consumption of industrial goods; hence, no industrial expansion occurs. Hence the observed pattern in the Philippines, where the agriculture shrinks, services expands, and industry stagnates.

Ironically, however, some have uncritically hailed the rapid shift away of people from agriculture and the precocious expansion of the services sector. Some even maintain that the country might actually “skip” or “leapfrog” industrialization (derisively termed the “second-wave”) and immediately graduate into a service economy like Singapore's, Hong Kong's, or even that of the U.S. and most developed European countries—that is, without first wiping out rural poverty and establishing an industrial base.

As a vague rationale for this, it is argued that the electronics and information technology revolution has so changed the development process that one might altogether dispense with an industrialization phase as all mature and emerging economies have known it. At first glance, the hypothesis seems plausible that the continued expansion of services might save the country. After all, one sees that a disproportionate amount of poor people (62 percent) are in agriculture,<sup>9</sup> while many of the nonpoor (49 percent) are in services. If the poor were simply to move from agriculture to services—as they are doing—may they not therefore begin to enjoy the life of the nonpoor?

Things are unfortunately not as straightforward. To begin with, “services,” unlike agriculture or industry, is a highly heterogeneous sector in terms of skills, technology, productivity, and pay; its working class comprises everyone from scavengers in Payatas to petty bank executives in Makati. Statistics unfortunately conceal the fact that there are at least two services sector. There is first the spanking “new” services, riding the crest of a new technology, which has created new jobs of a high quality. Prominent examples are found in telecommunications, finance, and media (e.g., backroom operations, software development, call centers, and computer animation). It is these jobs in information and communication technology (ICT) on which the present administration has pinned its hopes for the future—with good reason. But there

## Box 1.7 Gender discrimination

Are women discriminated against in the labor market? The phenomenon is difficult to pin down because simple comparisons do not control for age, education, hours of work, and so on.

If women were paid the same wage as men given the same explanatory variables, their wage would be higher than their current level by at least 17.7 percent and can go as high as 27.7 percent in 1994, depending on the wage base used—women, men, or weighted average of both. The rate of discrimination declined from the range of 20.1 percent to 32.3 percent in 1991. This partly results in the upward trend in the rate of return to women's high school and college education as compared to the downward trend for the men. It might have also resulted in the increasing employment of women in professional and administrative/executive jobs. The high rate of return has drawn an increasing proportion of women into higher education and the professional occupations. More than 55 percent of the graduating class are now women, and they dominate the teaching and health care occupations.

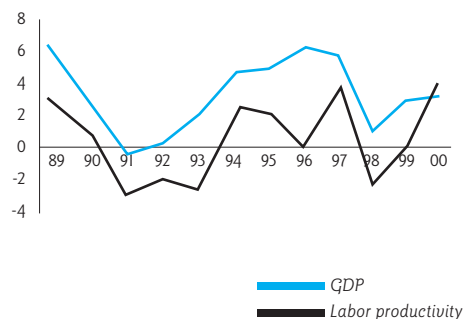
The rate of return to each year of schooling for women is higher than for men. In 1994, the rate of return was 3 percent for elementary, 5.6 percent for high school and 7.3 percent for college. The returns to experience or age are not significantly different. A female college graduate would earn 69.6 percent more than a woman without schooling. Yet on average women earned less than men even after controlling for education and age.

Source: Alba [2002]

is still the second, “old” services sector, consisting mostly of jobs that are easy to enter but low in both productivity and pay. Many of these are found in the retail trade (e.g., from itinerant vendors to mall sales personnel), small transport operations (e.g., jeepney and tricycle drivers and operators), and personal, community, and social services (including government employees).

A study of wage differentials in 1994 [Alba 2002] shows that jobs in a number of services sectors were associated with systematically lower-than-average wage rates through time [Table 1.5]. Males and females in the wholesale and retail trade, for example, received wages that were respectively 9 percent and 7 percent lower than those received by an average wage worker in the economy, holding everything constant (i.e., including age, education, and so on). Males in transportation, storage, and communications earned 3 percent less than the average. Those in community, social, and personal services (which include government services)

**Figure 6 Growth of GDP and of labor productivity\* (in percent)**



\* gross value-added per employed person

Source: NSCB, Philippine Statistical Yearbook, various years

**Table 1.8 Effect of education on wages and family income, 1994 (in percent)**

	Wage rate <sup>1</sup>	Family income <sup>2</sup>
No schooling	base	
Each year of elementary school	2.3	
Incomplete elementary school		base
Elementary school graduate	13.8	8.0
Each year of high school	3.5	
Incomplete high school		13.0
High school graduate	27.8	23.0
Each year of college	6.4	
Incomplete college		42.0
College graduate	53.4	81.0

<sup>1</sup>Relative to wage of a person with no schooling; <sup>2</sup>Relative to a person with incomplete (0-5 years) elementary education

Sources: Alba [2002] for wage differentials; Dacuycuy [2002] for family income differentials

earned between 1 and half a percent less. (Males in agriculture earned 6 percent less than the average.) By contrast, male workers in finance and real estate—also a services sector—earned 20 percent more, while male manufacturing wage workers earned 12 percent more, everything else being held constant.

Such numbers conceal even larger disparities to the extent that subsectors are themselves aggregates. Hence, between 1988 and 1994, the wage discount in transport, storage, and communication declined, almost certainly reflecting the expansion of the telecommunications industry between those two years. But the smaller wage penalty in the sector on average is unlikely to have been felt among those in marginal jobs (e.g., small transport workers).

The stagnation of productivity and employment in agriculture—and hence poverty—is unlikely to be relieved by the observed expansion of “new services.” Among others, the job requirements in new services jobs are different from those needed to absorb leavers of agriculture. There is a substantial distance—not only geographically but culturally as well—between subsistence farms on mountain

slopes and call centers in cybercities.

As opposed to the agricultural sector, the new services sector demands more from the worker in terms of education, experience, and training. Taking educational requirements as a case, **Table 1.6** shows the distribution of workers in both sectors by education level. Of the workers in the services industry, 62 percent are at least high school graduates, with 21 percent finishing college. In contrast, more than two-thirds of working-age people in agriculture have never set foot on high school grounds. Considering this profile, therefore, people shed by agriculture are highly unlikely to find quality places in services. More typically, agriculture leavers gravitate toward easy entry but marginal jobs in services. It could take a generation—perhaps even several—before children of erstwhile subsistence farmers obtain the education and skills required to enter the brave world of “new services.”

There is therefore no automatic process by which poverty in agriculture will be wiped out merely by an expansion of services sector employment. Separate attention needs to be focused on raising the demand



for labor on farms themselves through multicropping and crop diversification, and on expanding the scope of markets through massive infrastructure. The main obstacles to new investments in agriculture, particularly property rights disputes, peace and order, long-drawn-out delays in the implementation of agrarian reform, and overprotection of rice must also be addressed.

Much like a vehicle that has made a wrong turn, the economy must back up before it can get onto the right road. Therefore, the truly hopeful sign of structural change in the Philippines would be if agriculture were to attract a massive *reverse flow* of young and educated workers and entrepreneurs who could reinvigorate that old and neglected sector with new crops and technology, fresh investments and ideas.

## Labor productivity and technology

Pay is closely linked to productivity. Increasing productivity reduces production cost and boosts profits, which would allow firms to either raise the wages of their existing workforce or increase employment, or both. There is truth to the statement—often heard from management—that the pay of Filipino workers is low because productivity is low, and that their salvation lies in raising their productivity. **Table 1.7**, for example, shows on an industry basis that high labor productivity tends to go hand in hand with higher pay.

Less clear-cut, however, is how productivity is to be measured and raised. The readiest productivity measure to compute is *labor productivity*, the ratio of output to employment, which unfortunately conveys the impression that “productivity” is a quality exclusively inherent to the worker and therefore his sole responsibility. In truth, of course, the output a worker produces depends on much more than the worker’s individual qualities. For one thing, a distinguishing characteristic of the employment- or

wage-relationship is the worker’s surrender of part or most of his autonomy to the employer [Marx 1844, Coase 1935, and Simon 1954].

Labor productivity thus depends just as much—if not more—on the employer’s direction, business organization, and management practice. General economic conditions themselves and the availability of quality jobs in the economy play an even greater role than perhaps the characteristics of individual workers and firms in determining labor productivity in the aggregate. **Figure 6** shows, for example, that labor productivity roughly rises or falls as GDP does; i.e., it is *procyclical* [**Box 1.4**].

Properly understood, therefore, the responsibility for labor productivity—and therefore with it, worker’s pay—is *jointly shared* among workers, employers, and those responsible for the performance of the economy at large. At the level of the whole economy, a good deal of the level and variation in labor productivity is clearly due to two factors: the number of marginal jobs in the economy and the instability of growth. The large number of people employed in low-productivity jobs in the informal sector pulls down the average labor productivity. Hence, low-productivity in the economy as a whole is simply a reflection of the economy’s inability to generate enough stable formal jobs and place people in them.

On the other hand, the instability of economic growth will idle even people in productive jobs (through layoffs, shorter hours, and work sharing), not to mention discourage new investment. This merely reiterates the point of the previous section, which is the importance of sustaining a level of growth well above the growth rate of population and the labor force.

At the level of the enterprise, the choice of technology is probably the most important factor influencing productivity. Once a technology is chosen and installed, staffing and skill requirements are almost completely preset and with this, a good part of the worker’s productivity determined. (The

**Table 1.9 Distribution of working-age population by highest educational attainment, 1998 (by poverty status)**

Education Level	Poor of Working Age	Nonpoor of Working Age
No grade completed	6.6	2.7
Elementary undergraduate	29.3	13.5
Elementary graduate	27.2	17.5
High school undergraduate	18.9	17.2
High school graduate	13.3	21.7
College undergraduate	4.0	16.1
College graduate	0.7	11.0
Not reported	0.0	0.3
Total	100.0	100.0

Source: Calculations by Collás-Monsod and Ducanes from merged LFS and FIES; poor as defined in Balisacan [2000]

other part is the worker's ability to fulfill the stated job requirements, which is determined by education, training, and experience.)

The investment required to introduce new technology, on the other hand, is influenced by larger factors, such as the size and growth of markets (which depends on aggregate economic growth) and the availability and cost of the required types of labor. Investment would be discouraged if the market for the particular industry was shrinking or the available manpower was not suited to the technology to be introduced. Difficulties confronting the electronics industry [Box 1.5]—arguably one of the more dynamic in the economy—boil down precisely to these two factors: first, the global slump in the demand for electronics, and on the other, the shortage of workers with advanced IT education.

The effect of globalization on technology choice and employment is a somewhat involved issue. Especially since the 1990s, successive Philippine administrations have adopted liberalization policies that have progressively reduced tariff and nontariff barriers that in previous decades had protected domestic industries. Under protection, a number of such favored dominant industries adopted capital-intensive technologies that used relatively little labor.

On the other hand, numerous micro, small, and medium enterprises also survived in the interstices, producing poorer quality goods and employing more primitive and labor-intensive technology. In a domestic market that grew only slowly, investment, innovation, and employment could hardly be expected to be vigorous.

In addition, smaller enterprises would have no chance to grow in a domestic market dominated by conglomerates, and the result was the typical highly skewed pattern of industry (a few large firms and numerous small firms on the fringe) that can still be observed today in many manufacturing sectors. Large firms typically serve the entire quality spectrum, while SMEs and the informal sector supply only the lower end. (This is most evident, for example, in the food and beverages sector, which is dominated by conglomerates, but where much smaller firms are also in evidence.)

Liberalization confronted these firms with cheaper imports. In principle, comparative advantage compels all or most of them to shift their production toward producing more labor-using goods or to using more labor-intensive techniques. Doing so would allow them to reduce their costs and meet the competition. In the meantime, the availability of

**Table 1.10 Educational attainment of 17-24 year-olds by income decile, 1999  
(as percentage of each decile population)**

Per capita income decile	No elementary schooling	Incomplete elementary	Completed elementary; stopped before finishing HS	Enrolled in HS	Graduated HS then stopped	Enrolled in college	Completed college	Total
1 (Poorest)	3.3	28.5	30.0	14.2	17.1	6.3	0.6	100.0
2	2.7	19.8	29.7	14.9	21.8	9.7	1.3	100.0
3	2.2	16.7	26.8	12.5	27.6	12.0	2.2	100.0
4	1.9	12.1	24.6	10.9	30.0	17.7	2.8	100.0
5	1.3	6.9	23.8	9.9	34.0	20.2	3.8	100.0
6	0.9	6.5	21.1	7.8	36.3	21.8	5.6	100.0
7	0.9	3.0	17.8	7.2	35.4	29.6	6.1	100.0
8	0.9	2.5	11.3	5.8	34.5	34.9	10.1	100.0
9	0.4	1.4	6.5	5.7	27.5	44.8	13.8	100.0
10 (Richest)	0.2	0.9	2.9	3.2	18.1	49.6	25.1	100.0
Total	1.4	9.1	19.1	9.0	29.0	25.2	7.1	

Source: National Statistics Office, 1999 Annual Poverty Indicators Survey

cheaper imported inputs would permit the country's inherent advantages in inexpensive labor to be revealed, remove the cost penalty to labor-using industries, and cause these to expand. As capital- and skill-intensive industries contract and unskilled-labor industries expand, theory then suggests that the differential between the wages of unskilled and skilled labor should narrow, reducing income inequality.

In the event, the record is somewhat mixed. New industries have indeed arisen so that now

manufactures constitute more than 90 percent of all goods exports. Nonetheless, value added in these new exports continues to be small, and they still contribute a relatively minor part of employment (the exportable electronics industry's direct employment is only 250,000), while other sectors, particularly food processing, have been less successful in making export headway. Exportable electronics, in particular, is still capital-intensive by domestic standards, though it is admittedly the labor-intensive stages of *international* operations that have been established

## Box 1.8 Overseas employment

Initially serving as a vent for underutilized labor, foreign labor markets have now become important regular employers of Filipino labor. In 1998 the total number of Filipino overseas workers (OWs) was estimated at about 6.4 million. Of these only 4.7 million used legal immigration channels and possessed appropriate visas; 1.8 million or 27.6 percent were considered irregular OWs with various problems with their status. Some entered the destination countries on tourist visa and overstayed to work. The largest group are Filipinos who crossed by small boats to Sabah to settle and work there in plantations and other agricultural production. They easily mix with the native population with whom they share physiological and cultural characteristics.

Apart from migrant workers are permanent emigrants, especially to North America and Oceania who have been granted the green card (working visas); these reunify their families and ultimately obtain foreign citizenship. By 1998, 3.2 million Filipinos had emigrated to these areas: 2.6 million or 81 percent to the U.S., 397,000 to Canada (12 percent) and 258,000 (8 percent) to Oceania. By then, the total number of Filipinos who had left the country was almost 10 percent of the population or 21 percent of the labor force.

The two main categories of OWs are seafarers and land-based workers. Outflows of both have continued to grow since the large Middle East market opened in 1975. The outflow of land-based workers rose more than 30 times from 12,500 to 380,263 at the height of the Middle East construction boom in 1975 to 1983. As its demand for foreign labor declined, the growth of OW deployment slowed down though it continued through 1999.

Owing to labor market flexibility and the labor force's alertness to employment opportunities, Filipino workers were able to find employment in increasingly varied destinations and occupations. Asia replaced the Middle East as the major market for OWs, particularly for females.

Foreign employment is generally for a definite contract period, in many cases two years, but many jobs have become permanent. About half of the 800,000 outgoing OWs in the late 1990s were new hires, the other half were returning to their foreign jobs. This number is less than 10 percent of the regular stock of OWs. If all were on strict two-year contracts, then half of the 4.5 million OWs abroad would have been coming back each year. Implicit contracts for longer than two years must be commonly agreed between the foreign employers and the OWs. Seafarers generally have long term careers in international shipping even if they regularly sign two-year contracts.

Destination countries decide monopsonistically on the occupations to open to foreign labor, the number to be admitted, and in most cases also their wage rate. They segment the market for foreign workers. The market segmentation and monopsonistic behavior result in very low wage relative to prevailing wage for natives. Each destination is a separate market with its own monopsony deciding the number of foreign employees and wage.

This foreign labor market structure gives rise to wage differentials that are destination specific. Singapore and Hong Kong hire mainly female domestic workers; Taiwan, selected manufacturing skills; Europe, nurses; and Indonesia, finance managers. The Middle East has employed domestic workers and highly skilled blue-collar workers. North America hires nurses in large numbers and workers with special skills. Among the most fortunate are regular migrants to the U.S. and Canada who receive the same wage as the natives. Seafarers have standard wage rate for entering crewmen to senior officers. Nurses, for instance, would earn \$406 in Saudi Arabia and \$1,984 in the U.K.; machine operators, \$248 in Libya and \$412 in Saudi Arabia; domestic helpers, \$200 in Saudi Arabia and \$900 in France.

Risk of physical injury and contract violation also differ depending also on occupation and destination. Few countries offer their foreign workers the labor protection given to their own. Hong Kong and North America extend labor protection to their guest workers, but most of the other destinations do not. Risk of injury and contract violations are substantially higher for domestic workers in the Middle East where most of the reported violations occur. More deaths are also reported in Taiwan though their causes have not yet been identified. Domestic workers are especially vulnerable; being less educated, they are less able to avoid risk. They work in scattered and isolated homes away from the protective watch of fellow workers. Their jobs are largely in countries that do not provide foreign workers legal protection.

in the Philippines. One of the few empirical studies for the Philippines [Lanzona 2001] concludes that while liberalization has benefited almost all classes of workers, it has thus far not yet accomplished what it was supposed to do: raise the wages of unskilled workers relative to skilled workers and property owners. Instead, it has benefited skilled workers more than the unskilled.

What accounts for these mediocre results? Pending closer study, several possibilities may be enumerated. First, the erratic record of growth in the country, as well as its insertion into global economic slowdowns and recessions, certainly constitutes one part of the explanation. That would suffice to explain at least part of the reluctance of new foreign investors to expand their operations in the country more aggressively, thus accounting for the slow growth of labor-intensive industries.

A second possible explanation is that the moving technological frontier for many new exports may simply be beyond the Philippines' current reach. That is, minimal requirements for labor-intensive jobs, given current foreign technology,<sup>10</sup> are higher than what the majority of Philippine workers possess. Hence, it would be unrealistic to expect that new labor-intensive exports will suffice to absorb the pool of unemployed and underemployed in this country. Certainly, the direction of employment expansion among foreign electronics exporters is toward greater education and skill requirements, not less [Box 1.5].

Third and finally, the country's industrial structure may bear upon the explanation. In the face of keener import competition, large domestically oriented conglomerates may either upgrade technology or contract their operations. In most cases, however, meeting competition from imports, particularly those on the higher quality end, will not be associated with retooling toward greater labor intensity but rather toward higher capital per worker and a demand for higher skills. In such a process—especially when the episode coincides with recessions—unskilled workers could be displaced,<sup>11</sup>

most likely moving to the informal services sector or the smaller industrial fringe where productivity is lower. While the workers remaining in large firms then become more productive (in terms of higher output per person), at least temporary losses in employment will be experienced unless and until such firms are able to win larger market shares. In the meantime, smaller firms on the fringe who do make use of unskilled labor may be unable to hurdle the requirements of exporting (e.g., financing and marketing links). Hence, their markets—and with this the demand for unskilled industrial labor—may fail to expand sufficiently. As a result, wage and income inequality rises rather than falls.

The approaches to these problems are fortunately not mutually exclusive. Indeed, they reinforce some of the considerations given earlier. Once more the need for sustained economic growth must be underscored if only because it is the key to greater investment and technology. Secondly, the mix of education and skills required to participate more fully in the globalizing economy must be examined in relation to the qualifications of the Philippine labor force, an issue that is discussed in the next section. Finally, specific programs, including credit and marketing, are required to address the inability of the small- and medium-scale firms to make the leap to global standards and sales.

## **Human capital, productivity, and pay**

At the level of the worker, individual productivity—and hence pay—can be enhanced by accumulating *human capital*, particularly the education or skills a worker acquires that can be applied to work. One of the most constructive ways for government to support quality employment and promote the mobility and choice among workers is to improve access to education. (The topic of access, relevance, and quality of basic education was the subject of a

previous issue of this *Report* [HDN 2000].)

Human capital refers to the addition to people's productive capacity arising from their knowledge, skill, and health. For the bulk of the population, who possess little by way of wealth in real property, goods, and financial assets, it is the most important—often the sole—form of wealth they own. Wages and salaries alone constitute 25 percent of national income.<sup>12</sup> On the part of workers, the crucial choice that determines their future income is the decision whether and how much to invest in education and acquiring skills, that is, *human capital*.

The relationship between education and skills on the one hand and pay on the other is both intuitive and borne out by evidence. Better education or training raises a person's productivity, and this is reflected in the wages. Education and skills training take on aspects of capital since acquiring them entails present costs and sacrifice in anticipation of future gains. Families that send their young people on to obtain further schooling give up present opportunities to earn and to consume in the hope that such an "investment" will ultimately pay off in the form of higher productivity and higher incomes. Similarly, workers who undergo genuine apprenticeship make a sacrifice by accepting lower wages in the meantime; they obviously anticipate, however, that their future wages will be higher as a consequence.

Focusing on wage earners for the moment, and carefully holding everything else constant, a study by Alba [2002] for this *Report* finds that the rate of return to *each* year of schooling was 2.3 percent at the elementary level, 3.5 percent at the secondary level, and 6.4 percent at the college level [**Table 1.8, column 2**]. A wage earner who completes elementary schooling would thus earn 13.8 percent more than someone without any schooling<sup>13</sup>; a high school graduate would earn 14 percent more than an elementary school graduate, while a college graduate would take home 25.4 percent more pay than would a graduate of high school. Compared to

a person without schooling, a high school graduate would earn 27.8 percent (= 3.8 + 14.0) more than one without schooling, and a college graduate would earn more than half (53.4 percent).

Essentially, the same conclusion is drawn even if—to capture the informal sector—we expand the inquiry beyond wages and salaries to include total family incomes [Dacuycuy 2002]. The impact of education on family income includes the effect of productivity on all forms of employment—both wage and non-wage—and enterprise profitability. The family-income function has the family head's education, age, and occupation, urban or rural location, measures of family assets, access to electricity, and enterprise sectoral grouping of output. Dacuycuy uses a categoric schooling variable instead of years of schooling at each level. Relative to having 0-5 years of elementary schooling, the gain in family income to completing the elementary level is 8 percent; for uncompleted high school it is 13 percent; for completed high school 23 percent; for uncompleted college 42 percent; and for completed college 81 percent [**Table 1.8, column 3**].

Whether using wages or family incomes, therefore, these and other studies show the unmistakable contribution of human capital to differences in incomes and hence provide an explanation for the sources of poverty and income inequality. They directly link inequality of educational opportunities to inequality of income. The fact that college education earns a comparatively high rate of return but is very unequally distributed implies that income will be unequally distributed as well. The less educated, who form the great majority of the population, earn low incomes because the rate of return on their education is low. They will tend to earn low income whether they find employment in wage work or operate an enterprise.

Ultimately, the inequality in access to education shows up as sheer poverty: The poor are also generally poorly endowed in education. As can be seen from **Table 1.9**, two-thirds or 63 percent

**Table 1.11 Union membership and workers covered by collective bargaining agreements (as percentage of total employment)**

Year	Union membership	Workers covered by CBAs
1980	12.10	2.03
1985	11.70	1.44
1990	13.32	2.24
1991	13.11	2.35
1992	12.78	2.46
1993	13.11	2.55
1994	14.03	2.13
1995	13.97	1.42
1996	13.34	1.51
1997	13.12	1.89
1998	13.21	1.97
1999	12.65	1.79
2000	12.25	1.90

Source: Bureau of Labor and Employment Statistics

of poor people of working age failed to reach high school. Not even 5 percent managed to enter college, and less than 1 percent finished. In contrast, among the nonpoor, almost half completed at least high school, while 11 percent obtained a college degree.

A different set of statistics illustrates the systematic nature of the inequality of access to education. The first column of **Table 1.10** divides the population into 10 ranks (deciles) from poorest

**Table 1.12 Types of nonregular workers (as percentage of total surveyed)**

Year	Part-time workers	Casual workers	Contractual workers	Total nonregular workers
1989	1.3	4.1	8.3	13.7
1990	1.6	3.7	9.2	13.5
1991	1.5	4.1	7.0	12.7
1992	1.5	3.7	10.0	15.7
1993	1.9	3.3	9.9	15.1
1994	1.6	4.5	8.1	14.2
1995	1.8	4.4	11.8	18.0
1996	2.0	4.1	12.3	18.5
1997	2.2	4.7	14.0	20.9

Source: Bureau of Labor and Employment Statistics, Survey of Specific Groups of Workers, various years

to richest in per capita terms. The succeeding columns state the proportion of each decile that has attained various levels of education. The continuous and regular behavior of education inequality is indeed striking: More than half (61 percent) of the poorest tenth of 17-24 year-olds stopped schooling before completing high school. Three percent did not go to school, 28 percent dropped out of elementary, 30 percent completed elementary. The proportion completing college is as small as only six-tenths of 1 percent. This is the complete mirror image of conditions in the richest decile, where an overwhelming majority (75 percent) were either enrolled in college or had at least completed college.

An increasing proportion of the poor drop out

as the education level increases so that by the time they reach college age, relatively few have completed high school to qualify for college. The proportion that fails to complete elementary school (first two columns of numbers) uniformly *falls* as one moves from poorest to richest, while the proportion that is enrolled in college or graduate from it (last two columns) uniformly rises. In the richest decile, as much as 25 percent of youth in the top decile completed college. The vicious circle is thus closed: Low parental income leads to poor children's education and to low children's future income.

It should therefore be of utmost public concern that education opportunities are distributed highly unequally, with most of the poor, especially in rural areas, unable to acquire education beyond the elementary level.

The presence of the 110 state universities and colleges (SUCs) does not appear to have significantly reduced unequal access to higher education. A recent survey of SUC students shows only 6.2 percent of them belong to poor families. The representation of the poor differs across the sample SUCs with a smaller proportion enrolled in the better quality and more prestigious SUCs.

Attracting more students than they can admit, these SUCs must resort to screening measures, usually some form of college entrance test. Students from poor families, however, tend to acquire poorer quality college-preparatory education at home and in schools so that most of them perform poorly in SUC screening tests. At the University of the Philippines, considered the country's premier university country, performance in the entrance test is negatively correlated with the socioeconomic background of the applicant; only 1.3 percent of its students come from poor families. In other reputable SUCs such as the Philippine Normal University and Bicol University, poor students constitute less than 6 percent of admissions.

A basic problem is that government support to education has been coured in the form of direct

provision of education in government schools rather than through direct subsidies to students. Public high schools and SUCs are fully financed by the national budget and charge very low fees. A subsidy is thus effectively given to whoever manages to enroll in these institutions. Poor youth are given no direct assistance to prepare for college.

In the meantime, distance from school, poverty, and lack of information prevent the poor from completing the elementary or the high school level. Those who fail to complete the elementary do not qualify for the high school, and those who do not complete high school do not qualify for college. Even if SUCs do not charge tuition, the poor youth who fail to complete high school cannot enroll in the SUC. The poor quality of schooling at the elementary and high school level contributes further to the inequality in access to college for less of the poor get admitted to college. Their poor pre-college education leads to their poor performance in college entrance tests, which is a common screening mechanism.

Notwithstanding such problems in provision and access, the education system appears to have produced a fairly well-educated labor force: 12 percent boast of college diplomas, 33 percent graduated from high school, and 51 percent completed elementary school. Only 4 percent have no schooling whatsoever (1999 data). This is a vast improvement over the 1960s, when 6 percent of the labor force was unschooled and those with high school and college education were only 28 percent and 10 percent, respectively.

The country's gross enrollment rates are high by international standards, at 95, 60, and 27 percent for elementary, high school, and tertiary levels, respectively. The country's combined gross enrollment rates of 84 and 80 percent for females and males, respectively, are higher than, say, Singapore's 75 and 76 percent or Malaysia's 67 and 64 percent, both richer countries than the Philippines [UNDP 2001]. China, undoubtedly one of the most dynamic economies in the region, has gross college enrollment



rates of only 4 and 7 percent for females and males, Poland has 26 and 21 percent, and Hungary (the birthplace of scientific geniuses like Szilard, Teller, and von Neumann) has 26 and 22 percent. Against these the Philippines has higher rates of 33 and 21 percent.

One of the outstanding paradoxes in Philippine human development then is why this respectable—even high—formal educational achievement fails to show up in aggregate productivity and income. This leads one to question whether the problem of raising economy-wide income and productivity may simply be resolved by increasing the number of places reserved for the poor in higher education. While there is no denying the urgency of improving the poor's ability to complete basic education up to high school and of improving their participation in higher education, many richer and indeed some developed countries have managed to parlay even lower levels of formal credentials into high human development.

There may not be only one but several possible answers. First, as already noted in the 2000 issue of this *Report*, the quality of Philippine education is an outstanding problem, causing the actual level of education and training in the Philippines to be overstated. What a Filipino leaver of high school knows may actually be no more than what a proper elementary school graduate should know. As much is suggested by the country's scores in international math and science tests, where the Philippines invariably occupies a place close to the bottom of the list. Similarly, it is doubtful whether an average Filipino college graduate has mastered what is required for a *Abitur*, the typical central European pre-university qualification.

Soon after independence (1946), the government expanded the public school system that was established by the American colonial government in 1900. At the same time the government allowed private schools relatively free entry at any level, complementing the government's provision of education. Until the late 1950s, the bulk of higher

education or 93 percent of enrollment was in private institutions, while high schools were about equally shared by the public and private sectors. Beginning in the 1960s, however, more state universities and colleges were established, and in 1989 the national government took over financial responsibility for the local public high schools. These actions increased the national government responsibility for secondary and higher education. With an overexpanded mandate and resources stretched thinly by a growing population, government could not maintain quality.

Second, even holding quality constant, the unequal access to education opportunities may itself contribute to the lower impact of education on productivity. Innate talent and abilities are almost certainly distributed across the population in a manner that is less skewed than income or wealth. Owing to an unequal distribution of wealth and opportunities, however, not all talented youth from poor families enter college, while many affluent families may send their children on to further schooling regardless of talent. This too leads to an inflation of credentials relative to resulting productivity.

Finally, it is important to note an important detail suggested earlier by **Table 1.8**, namely, that the returns to education are increasing. The returns to elementary education are much lower than those to high school education, while they are highest for college education. This is somewhat the reverse of the pattern observed in other countries [Psacharopoulos 1994]; it also contradicts the intuition that returns to higher levels of schooling should diminish given a person's fixed capacity for absorbing ever greater amounts of knowledge and skills. From this fact of rising returns to higher education, some are wont to draw the conclusion that even greater investments in higher education are necessary, particularly tertiary education. But although one can hardly argue with such logic at the level of *private* decisions, the same conclusion would be unwarranted at the level of *public policy*.

The data more likely reflect the simple labor

**Table 1.13 Incidence of child labor (by household income group)**

Household income per month	Number of child workers	Number of children	Incidence (in percent)
Less than P2,000	282,419	1,855,831	15.22
P2,000-P2,999	509,736	3,802,797	13.40
P3,000-P4,999	573,820	5,610,219	10.23
P5,000-P9,999	292,001	3,941,545	7.41
P10,000 and over	135,127	2,093,932	6.45
Not reported	3,954	52,372	7.55

Source: Table 4.2, Villamil [2002], computed from NSO 1995 Survey

market reality that less job opportunities are currently available for those with lower levels of schooling. As a result, wages are bid down, both because of keener competition for available formal jobs and because those who fail to obtain places must content themselves with low-productivity work, including self-employment. This lowers the return to those levels of schooling. By contrast, competition for places demanding college qualifications is less (notwithstanding the observed high open unemployment among college graduates reflecting a higher reservation wage); hence, returns are higher.

It must be remembered, however, that this configuration of returns exists only because of the anomalous shortage of high-productivity jobs that *do not* require a college education, particularly productive jobs in agriculture and in manufacturing. As discussed earlier, the country sought to cut corners in development by failing to develop its agriculture and industry fully and allowing workers simply to spill over from one low-productivity sector to the next.

As a result—and unlike the newly indus-

trializing economies—the country has never experienced an extended period of rising wages for unskilled and semiskilled workers, which would have raised the returns to basic schooling without requiring an artificial bloating of the college market. The country has become saddled with misaligned education incentives—particularly the push for ever higher qualifications to differentiate oneself from the great mass—largely owing to the distortion of its economic development and strategies. Part of the education-labor distortion may be seen in the profound absence in the local education-labor market of productive non-university careers involving skilled labor and craftsmanship.

Apart from production-line jobs, technical careers in mechanics, electronics, various types of metalworking, woodworking, the building trades, as well as diversified farming—to name a few—are staple occupations that in many developed countries are viewed by the young as viable and decent lifetime careers. In the Philippines, however, these are only poorly represented and often viewed as transitional, low-status jobs. Partly for the same reason, the effort

toward quality and proficiency in such occupations is also weak. Indeed, the deficiencies of the domestic market are obvious in the fact that the only dynamic for quality and skills certification comes from foreign labor markets [Box 1.8], as in the case of the merchant marines (or in the higher categories, nurses and doctors). In the meantime, skills untouched by such foreign markets languish in undistinguishable mediocrity.

The country's distorted sectoral development, aggravated by a historically ingrained social disdain for manual labor, confronts both rich and poor with an apotheosis of work as being primarily white-collar employment in a glossy skyscraper, surpassed only by a career in politics or—better yet—show business. This is reflected in the education system as well, where high school is perceived only in two aspects: either as a preparation to college or a dead-end. Most vocational-technical institutes, in the meantime, suffer a reputation for low status which few of them bother, or are even able, to dispel.

Without denying the trend toward higher skills and qualifications in an increasing number of new services jobs, public policy must confront the challenge of ensuring jobs across the board, for skilled as well as unskilled, for the less as well as for the better educated. It cannot be the sole labor policy of government to simply maximize college enrollment among the population.

The education system that the country must ultimately work to achieve is one where the quality and relevance of *basic education* is assured for rich and poor alike, and where continuing into tertiary education is relegated to its proper place in the decisionmaking of households, namely, as merely one option among many, not the sole condition for survival and social uplift. But this can be achieved only if the economy starts showing a record of stable growth and if the industrial structure shifts toward giving agriculture and industry their full due, resulting in a more rapid labor absorption and a stronger demand for a broader range of skills in formal

employment. In the meantime, public provision should regain its focus on quality basic education, for which the reader is referred to *Philippine Human Development Report 2000* for specific suggestions.

In the same vein, the state must seriously consider reducing its involvement in tertiary education if it is to muster its resources effectively in support of basic education and advanced research and training in well-selected centers of excellence. The country lacks quality both at the very top and at the very bottom, and aside from quality basic education, advanced training and research in science and engineering are sorely lacking.<sup>14</sup>

## Labor market institutions

The Philippines has a long tradition of labor market institutions that aim to protect the employed. Several laws exist which aim to protect the interests of labor, the more important ones being constitutional provisions and various statutes recognizing and elaborating the right of workers to organize and bargain collectively, instituting workmen's compensation for work-related injuries, instituting minimum wages, decent working conditions, working hours, and compensation for holiday and overtime work, child labor, and membership in the social insurance system.

The effectiveness of these laws very much depends on the structure of the labor market, and most of the country's labor-market institutions were conceived to suit the type of formal industrial relations prevalent in the mature capitalist countries. In practice, therefore, the scope and effectiveness of many of these institutions have been hampered by the country's sluggish agro-industrial transformation and the attendant amorphousness in the industrial relations.

Previous sections have already pointed to the fact that family enterprises are the dominant business organization. Only 50 percent of those employed

are wage workers, while only about 8 percent of enterprises are medium and large (employing more than 10 workers). Agriculture and services are the dominant sectors, while industry has stagnated. Meanwhile, high unemployment, plus the large pool of reserve labor, has probably weakened workers' bargaining position and the incentive to unionize. This structure poses serious obstacles to organizing unions and implementing the various labor laws. Nevertheless, the laws do provide labor standards and set principles of fair labor practices. Awareness of the laws and other institutions has raised workers' awareness of their terms of employment and other entitlements, while employers are given an idea of what are fair employment practices. Laws provide unions with guidelines on the minimum terms they may demand in their collective bargaining agreements.

Unions are traditionally regarded as the primary means for workers to obtain fair and decent terms of employment. In more developed economies, they not merely serve as periodic bargaining instruments *vis-à-vis* management but also as important partners in raising overall firm productivity.

Most unions in the Philippines are local unions in larger enterprises. These may in turn align themselves with larger federations or alliances, often of a national character, in order to improve bargaining power or because of ideological affinities. Since 1989 government employees have also been allowed to organize. There are now about 10,000 registered unions with a total membership of 3.8 million. The average union size is 368. While the number of unions has risen through time from 1,747 in 1980 to 10,296 in 2000, membership has grown only minimally since the mid-1990s. Despite the century-old history of unions in the Philippines, union members still comprise only 12.3 percent of the employed,<sup>15</sup> a figure that has largely stagnated for two decades [Table 1.11].

Even smaller is the proportion of employed workers covered by collective bargaining

agreements. Over two decades, this figure has barely stirred from its level of about 2 percent in 1980 [Table 1.11]. Hence, at the turn of the century, unionism in the Philippines can hardly be described as in a healthy state.

Two factors are responsible for this state of affairs. While the typical legal hurdles for union recognition and attempts at union busting are typically cited in the labor movement and certainly play a role, the larger reasons must be sought in the structure of Philippine industry itself, already alluded to, which is characterized by a large number of small firms as well as self-employment. As a result, a large part of the labor force is legally excluded *a priori* from the current industrial relations system. The small scale, low productivity, and at times temporary nature of employment for many members of the labor force immediately place them beyond the pale of unionism. The prevalence of informal arrangements and inapplicability of legal rules in the informal sector make those who work under them unlikely to benefit from what has heretofore been the principal competence of organized unions in the Philippines, namely, provision of assistance to workers in legal disputes with owners.

A second reason has been the growing trend, even among larger firms, to resort to "labor flexibility" as a means to become or remain competitive globally. The use of casual, contractual, and other regular employees has increased throughout the economy. A regular survey conducted by the Bureau of Labor and Employment Statistics (BLES) shows various types of nonregular workers increasing from 14 to 21 percent of those surveyed between 1989 and 1997 with the category of contractual workers and part-time workers increasing fastest [Table 1.12]. Of the firms surveyed by BLES in six regions in 2000, 39 percent employed temporary or casual workers; 33 percent directly hired contractuels; 24 percent employed agency-hired workers, and 11 percent part-time workers. The practice tends to occur more in home-market- rather than export-oriented firms, in

Filipino- rather than foreign-owned, and in larger rather than smaller firms.

It is a conviction among many in the labor movement that the spread of flexible labor arrangements has to do primarily with firms' attempts to avoid having to provide mandated non-wage benefits for permanent employees and possibly an attempt to weaken unionism in general. While it cannot be ruled out that these motives have also contributed to the practice, other weightier economic imperatives for labor flexibility may probably be found. The protection of many large firms in the past shielded them from competition and allowed them to earn rents, some of which were shared with their workers partly in the form of an overexpanded permanent workforce. In the face of greater competition, however, much of these rents are no longer sustainable, especially in conditions that require many firms to adjust quickly to fluctuating demand, distinguish between their core and peripheral operations, use internal labor markets, and provide specific versus general training [Esguerra 1997].

Unionism based on traditional legal concepts of industrial relations is thus being squeezed both by the past and the future. The challenge is how to continue to be a relevant voice for workers' rights given the country's large and heterogeneous informal sector on the one hand and the spread of flexible labor arrangements on the other. Given its limited reach in terms of membership and collective bargaining agreements, organized labor has occasionally taken refuge in national issues to maintain its prominence and demonstrate bargaining power. (In particular, proposals for national minimum wage legislation and opposition to increases of various prices are explicable advocacies since they purport to benefit the entire labor force, including the unorganized.)

There can be no denying, however, that the scope for union action to benefit the bulk of the labor force has become increasingly circumscribed

and new strategies are necessary. It is objectively in the long-term interest of the organized labor movement—even its most radical elements—to support an agenda of sustainable growth in the economy as well as industrial transformation. For that would expand formal employment across all sectors and provide the basis for the operation of collective bargaining. Against this is an apprehension that unions might lose leverage and their credibility among their members by being coopted.

While some continue to hold on to the view that the problem is simply one of advocating an expansion of laws on industrial relations to cover the informal sector, organized labor is clearly threatened by a reduction to passivity as long as it merely reacts to the development of the economy and the labor market instead of acting positively to shape them. This implies that the organized labor movement must take on an explicitly developmental role by internalizing the problems of the entire labor force, including the problems of promoting employment and raising productivity, and not merely those of negotiating legal terms of already existing employment relations.

Such a realization has not been lost on the more thoughtful sections of the working class. Hence, among others, there is an increasing recognition that organized labor should be involved in the provision of safety nets, programs for retraining, retooling, and entrepreneurship, greater investment in human resources development, and the provision of labor market information and placement services. There is also a growing appreciation of the need to rethink the customarily adversarial and legalistic stance of organized labor *vis-a-vis* owners and managers if only to improve the investment climate to encourage both domestic and foreign investments.<sup>16</sup>

A significant, if ambitious proposal is that of establishing unions along craft lines or by field of specialization. This has the positive aspect of allowing workers to organize across all firm sizes and types of business organization and across different

employers. Aside from their obvious potential as lobby groups, however, craft unions could play a further development role through programs aimed at raising the levels of skill among their members. This might be done through skills training programs sponsored by unions, especially in close coordination with certification agencies such as the Technical Education and Skills Development Authority (TESDA) or with private technical institutes. Other types of innovative workers' organizations might include small-scale businesses or cooperatives among the ranks of home workers or domestic outworkers to link them with larger businesses.

In the context of improving labor-management relations, steps must be taken to reduce the prevalent legalism in labor relations and settle disputes through mechanisms such as grievance machineries, voluntary arbitration, and labor management cooperation schemes. Schemes that align pay incentives with productivity, e.g., profit-sharing and bonuses, can be proposed and agreed where appropriate. The point is ultimately to find forms of organization that remove obstacles to fair and mutually beneficial transactions in the labor market.

## **Social insurance**

Social security is probably the most significant labor market institution in the Philippines today in terms of coverage. For civil servants there is the Government Service Insurance System (GSIS), while workers in the private sector are covered by the Social Security System (SSS). To be sure, the benefits to the labor force are not clearly evident nor are they equitably distributed. Once more, however, weaknesses of implementation must be taken in the context of the underdeveloped labor market.

Membership is compulsory for wage and salary workers in private and public sectors. In later years SSS membership was extended on a voluntary basis to self-employed and informal sector employees like household helpers. With this expanded scope, the

proportion of the workforce covered increased, so that now 76 percent of the employed are covered. This percentage vastly exceeds the proportion of wage and salary workers (50 percent). The non-wage workers and even those on casual employment are reported to make irregular contribution and so lose out on SSS benefits.

As a form of insurance, the social security system is somewhat better than nothing. The average amount paid per claim in 1999 was P9,415 for the SSS and P21,926 for the GSIS. Limited benefits are offered in the form of health insurance for non-catastrophic medical treatment and three-month salary loans and housing loans to higher-earning members. There is, however, no unemployment insurance.

More recently, exorbitant staff salaries and the lack of prudential control over the management of the system's funds have blown up administrative cost and reduced the rate of return on the funds. A closer look into the systems' fund management reveals a poor return on pensions within the system, a fact that approaches an injustice considering the mandatory nature of the contributions from the less affluent. Moreover, while higher-salaried people can afford take out additional private insurance to fully hedge their risks, no such options are available to low income earners.

Given the small size of benefits, low availment rates, and display of blatant mismanagement in the social insurance systems, the lack of enthusiasm for them among a growing number of workers' representatives is hardly unjustified in regarding social insurance deductions primarily as a tax on earnings rather than as an investment for the future. This issue is likely to come to a head, especially after politically instigated abuses in the administration of the social insurance systems depleted their resources, making it necessary to increase the premiums or reduce benefits, or both.

If premiums must indeed be raised anyway, it may make more sense to raise them sufficiently and expand benefits to include limited forms

of unemployment benefits. Any suggestion of unemployment insurance in this country is generally denounced as an unaffordable luxury. Anxieties about the financial implications of such a scheme may be allayed through a proper calibration of benefits; on the other hand, unemployment insurance can play a role in facilitating the mobility of labor, especially in declining industries.

In any case, any objections to the expansion of benefits should be tempered by the knowledge of the magnitude of past depredations and raids on these pension funds for purposes that never benefited their members. The GSIS and the SSS dispose not over government money but over mutual funds held in trust for workers; it is of utmost importance to ensure that the board and officers of these funds will henceforth be immune to political influence and instead hold themselves accountable only to the members.

It is also useful to realize that social insurance and protection may be pursued in other forms than through explicit schemes. A conscious effort to smooth out any inevitable industrial restructuring and adjustment may be also understood as a form of social protection. Emergency loans, livelihood programs, provision of subsidized goods, etc. are also known forms of “safety nets” that have been implemented by government in some form and at some time or other. The effectiveness of such schemes, however, is typically hampered by a lack of an overall concept, their fragmentation, and their intermittent nature, which threaten to reduce them to mere tokenism that can be hijacked for political purposes. It is preferable therefore for these efforts to be embedded in more broadly conceived and narrowly targeted anti-poverty programs that are part of a sustained effort based on a consensus between organized labor, business, and other parts of civil society. Responsibility for providing worker security must be removed from the narrow confines of specific employer-employee relations and spread across society at large.

## Child labor

Children, those aged five to 14 years, are among the most vulnerable groups in the labor market. They participate in market and home production, particularly in family enterprises or the informal sector. They help care for younger siblings, clean house, and in other home production tasks. Many are also employed in family enterprises, palpably more in lighter agricultural tasks such as feeding livestock and in retail trade. The informal sector usually employs its own children as unpaid family workers.

The various tasks children are assigned to do affect their well-being, some positively, others negatively. Most home activities have education/training content and are also good for inculcating discipline and other traits. In subjective intent, parents may be assumed to be protective of their children, assigning tasks that are not expected to harm their physical and mental development. Children who work outside the home, however, lose this protection, with some being employed in jobs that are clearly hazardous. Of 17.5 million children in 1995, 1.86 million worked to produce market goods. Of these, 412,000 were employed outside their own homes: in other homes, factories, the streets, construction and mining sites, and other places.

The effect of work on children’s schooling depends on the nature of the tasks and the time devoted to them. A few hours’ light work at home need not disrupt schooling. Employment outside the home, however, generally requires continuous and longer hours of work. The job leaves a child little time and energy to study. Social concern is greatest over children who work in gold panning, diving, domestic services and prostitution where hazards are greatest.

Family income and demographic variables are the important determinants of the hours and nature of work assigned to a child.<sup>17</sup> Among households in the lowest income bracket (earning less than P2,000 monthly in 1995), the incidence of child labor was 15 percent [Table 1.13]. From there a neat monotonic



relationship exists, with the incidence of child labor declining to only 6 percent for those earning P10,000 and above.

Affluent families who employ household help would have little work left for a child to do. Poor families who tend to have larger families and no extra help have more home chores to assign their children. The poorest families are compelled to send their children to work outside the home even to known hazardous jobs. Proportionately, more of these children drop out of school early. Poverty, the high cost of quality education, and the lack of superior employment prospects for the future bias the choices of families in favor of child labor, which can add a substantial amount to household income.

While the law prohibits the employment of children (defined as less than 15 years old) outside the home, government enforcement is marginal. The government has only a meager capacity to monitor child employment. The failure of the government to solve the more general problem of dire poverty often compels it to close its eyes to violators of the child labor law. Like many other problems discussed in this *Report*, child labor is an unfortunate outcome of the state of the labor market. Addressing the problem at its roots cannot be divorced from the effort to achieve growth that is sustained and equitable, creating stable, high-productivity jobs for adults and providing hopeful career prospects for children after a reasonably brief period of schooling.

The existing configuration of returns to education—where the highest returns are attained only at the highest and most expensive stage of education—serves as a powerful disincentive for poor parents to keep their children in school. The fact that the incidence of child labor is strongly associated with the number of children in the family also points to the need for a serious program of reproductive health that will assist families in working out their desired family size and help them attain it. Aside from feeding programs tied to school attendance, poverty alleviation programs to assist household enterprises

should be so designed that assistance is tied to school attendance and performance by children. Making schools more accessible and less costly, with priority given to regions lagging in education infrastructure, can also reduce the likelihood of children leaving school.

## Conclusions and recommendations

**1** The government has important roles to play in the education-labor market. Foremost among these is the adoption of macroeconomic and sectoral policies that will place the economy on the high road of income and employment growth. This especially includes encouraging a high level of investment through the provision of physical infrastructure (which implies in turn that government must resolve its perennial financial and fiscal dilemma); aggressively pursuing a long overdue policy on population that provides the people with enlightened and effective reproductive choices, and averting the destabilization caused by political upheavals by drawing substantive democratic demands and competing social claims within the orbit of constitutional democracy.

**2** In terms of sectoral policies, government should pursue and make good its thrust to revitalize and modernize agriculture and the rural areas first and foremost, making it an effective absorber of labor. Well-known measures of crop diversification, multi-cropping, irrigation, programs of research, extension, and credit must be combined with the rapid resolution of outstanding property rights disputes and agrarian reform. In the meantime, the national bet on “new services” and global export industries should be continued through a continuous program to encourage quality improvements in private tertiary education and through a few carefully planned public investments in R&D in public and private centers of excellence. Credit and other programs that support



domestic small and medium industries should be revitalized, with the potential to make the leap toward global supply.

**3** At the level of the working household, education is the most powerful determinant of earnings, whether in the form of wages or of total family income. This underscores the importance of providing the poor with access to quality basic (elementary and high school) education, which today is largely in the hands of the public sector. Quality basic education also implies sufficient preparation for the option to pursue decent working careers that *do not* require further investments in costly tertiary education. Creating social esteem and status for skilled manual labor, technicians, and other blue-collar work will require an environment of growth in employment and wages in those categories, plus conscious efforts to set clear quality standards and surpass them. In accomplishing these tasks, government must (a) gradually withdraw from its overextension in tertiary education, yielding to the private sector; (b) focus its attention on uplifting basic education as discussed in detail in the 2000 issue of this *Report*; (c) yield technical training to the private sector and instead concentrate on its more important role of certification of skills and controlling the quality of technical institutes; and (d) institute a system of high school vouchers, university scholarships, and loan study programs targeted narrowly at the most brilliant among the poor.

**4** Efforts of organized labor to take a larger development role beyond collective bargaining and tripartism should be supported. These include organized labor's attempts to promote employment, provide labor market information, and raise productivity; the formation of craft unions that also aim to raise the skill levels of members; the formation of small businesses or cooperatives among home workers or domestic outworkers; reduction of the legal malaise in labor relations and the resort to

more expeditious mechanisms to settle disputes; and where applicable the use of schemes like profit sharing and bonuses that align incentives with productivity.

**5** The workers' savings in the social insurance funds must henceforth be protected from political influence. In their bid to raise members' contributions to preserve the viability of these funds, serious consideration should be given to the possibility of also expanding benefits to include limited forms of unemployment benefits. These not only justify the increase in contribution but also serve to facilitate worker mobility.

**6** Foreign labor markets have now become important regular employers of Filipino labor. Overseas work should thus be recognized for its contribution to employment and income and should be encouraged. The government should eventually move away from direct placement of workers and leave this to private institutions. Domestic government intervention should mainly take the form of facilitating reliable information, standard-setting and rationalization of private placement agencies, encouragement of private insurance and pension plans for overseas workers, and protection of workers' interests abroad.

**7** The problem of child labor cannot be addressed in isolation from laying the conditions for sustained employment growth, the generation of regular and productive jobs, progress in reducing family sizes, and changes in the priorities in the education system. Poverty alleviation programs with implicit contracts for school attendance and performance, school feeding programs, and provision of education infrastructure in well-chosen areas will also be effective in reducing the likelihood that children interrupt their schooling for work.

## Notes

- 1 Indeed, one might follow Marx and regard artistic creation and work as belonging to the same spectrum.
- 2 Official Philippine statistics count discouraged workers—those not looking for work because they believe no work is available—as unemployed. This partly (but not completely) explains the country's higher unemployment rate and its lower labor force participation rate. Discouraged workers make up more than a quarter of the unemployed. A little algebra will show that if all discouraged workers were removed from the reckoning, Philippine unemployment would be 6.9 percent (rather than 9), still notably higher than the regional norm, while the labor force participation would only change marginally to 67 rather than 66 percent.
- 3 Another reason is that education, while widespread, is of uneven and even poor quality, so that attainment in education does not translate into higher productivity and incomes. This was the focus of the *Philippine Human Development Report* of 2000 [HDN 2000].
- 4 Data for 1998 are the most current for which this type of analysis is possible.
- 5 Indeed, if they should decide to join the openly unemployed, unemployment may conceivably increase even when output is rising. Of course, this is not the only factor. Another one is technological change, especially that enforced by globalization.
- 6 Using preliminary reports, the *State of the Philippine Population Report* [Population Commission 2000] initially reported the population growth for 1995-2000 at 2.02 percent, which would have been a slow but still significant decline. The final estimates, however, have revised this to indicate that no gains have been made at all ([http://www.census.gov.ph/census2000/c2khighlights\\_final.html](http://www.census.gov.ph/census2000/c2khighlights_final.html)).
- 7 That is, a dependency ratio of 0.67. This figure has been computed from the medium scenario projections of the 2000 population and housing census (<http://www.census.gov.ph/data/sectordata/popproj03.txt>).
- 8 Growing at this rate, per capita income would be 63 percent more in a decade and would double in about 14 years. By contrast, the historical growth rate of 1.14 percent would raise per capita income only by, a third in a decade and would require 23 years for it to double.
- 9 These are data for 1998, the latest year for which such a breakdown is possible.
- 10 Adopting this explanation admittedly jettisons the assumptions of the standard (i.e., the Heckscher-Ohlin or factor endowments) trade model, which assumes technology is common across countries, although with vast substitution possibilities between factors of production.
- 11 In such contractions, unskilled workers are the most vulnerable. Firms are more likely to “hoard” workers who are skilled and have idiosyncratic knowledge of the operations of the enterprise.
- 12 The share of wages and salaries underestimates the importance of labor incomes since it excludes the incomes earned by self-employed farmers, fishers, and others in the informal sector who do not work for wages.
- 13 This is obtained by taking the average 2.3 percent rate of return to each year of elementary schooling and multiplying it with the six years of such schooling. Hence,  $2.3 \times 6 = 3.8$ . The returns to graduation from high school ( $3.5 \times 4 = 14$ ) and from college ( $6.4 \times 4 = 25.4$ ) are similarly obtained.
- 14 The top state institution, the University of the Philippines, for example, is unable to offer a viable doctoral program in engineering.
- 15 Bitonio [2000] notes that figures from the Bureau of Labor Relations suggest actual union membership in both public and private sectors may actually be less than the above, which are based on self-reporting by unions in their registration papers.
- 16 These union leaders' views are reported in Aldaba [2002] citing a project of the Institute of Labor Studies of the Department of Labor and Employment.

**17** Using data from the 1995 National Statistics Office (NSO) Survey on child labor, Villamil [2002] finds that apart from the influence of family income, the probability a child will combine work with school or interrupt schooling entirely: is greater for older children; is smaller for girls; decreases with the education level of the head of the household; decreases with wealth; and increases with the number of children. Villamil finds, however, that the most important determinant of child labor is the household's ownership of an enterprise. It reduces by 13 percent the probability that a child will remain in school not working; increases by 25 percent the probability that the child combines work and school; and increases the probability by 8.4 percent that a child completely stops school and goes to work.

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# Human Security and Armed Conflict

*Ako si m16 at your service bay  
Aduna pud koy anak, si baby armalite  
Ako si m16 at your service bay  
Aduna pud koy anak, si baby armalite  
Rattatatat tat tat tat tat ta ta tat  
Tat tat tat tat...  
Bang bang bang bang bang bang...bang!*  
— A popular rap by Jr. Kilat

**I**N the early years of this new century, “security” has suddenly become the watchword. Ever since rich societies and powerful governments themselves came under threat—particularly after the terrorist attacks on the United States on September 11, 2001—security has become the overriding global preoccupation. In its name, major wars have been waged throughout the world, regimes toppled or supported, and alliances reexamined and redrawn.

For people in poor and developing countries including the Philippines, however, little of this is really new. All too often in the past, as it is now, “security” has been and is still understood simply as the preservation of a status quo—however this may be defined by governments, regimes, and mainstream or majority populations. At a fundamental level, however, what matters most is not the abstract security of a regime or a state but rather the *security of real people, or human security*. For many reasons, many Filipinos have never been secure but rather live in vulnerable and precarious conditions.

Terrorism in the most recent period has made even mainstream Philippine society aware that it, too, is vulnerable to violence and must share the insecurity that the rest of the country already experiences. Metro Manila has not been spared: Witness the Rizal Day 2000 light-rail transit bombing (14 dead, a hundred injured); the 2004 SuperFerry 14 bombing (116 dead), the country’s worst maritime attack; the Valentine’s Day 2005 bombings in Makati, Davao, and General Santos (seven killed, 150 injured), and many other less spectacular but no less unsettling incidents.

To be sure, the government has sought to paint recent terrorism as being limited to isolated incidents and as solely the work of the Abu Sayyaf or of foreign elements like the Jemaah Islamiyah. Even if this were true, there would still be no question that recent terrorism is only the most toxic excrescence of a deeply rooted plant drawing its strength from a rich soil of legitimate grievance. And deplorable as it is, the new terrorism has driven home at least two important points: **first**, that security must now be understood not in terms of abstract geopolitical or regime goals, but in how safe and free ordinary people feel in their daily lives; **second**, that the state of peace and security for communities, countries, or peoples cannot be conceived of separately but are indivisible or “all of a piece.” Sooner or later, in one form or another, the insecurity in one part of the population spills over and affects the rest.

The concept of human security was first

advanced in the 1994 *Human Development Report*. At its most basic level human security consists of the *freedom from fear, freedom from want, and freedom from humiliation*. These are essential conditions for people to function effectively and achieve their goals. While human development—already discussed in previous *Philippine Human Development Reports*—is the process that widens the range of people's choices, human security means that people can make those choices safely and freely. In other words, *human security is the external precondition for human development*.

The sources of fear, want, and humiliation are manifold: Human insecurity can arise from want of a job, lack of access to food, threats to health, poor infrastructure, oppression by the state, social discrimination and prejudice, crime, and so on. From the aspect of geography alone, the Philippines is vulnerable to human insecurity on a vast scale. Located in both the “ring of fire” and the typhoon belt, the country experiences volcanic eruptions, earthquakes, and typhoons more frequently than any other country in the world, averaging eight major disasters a year [Bankoff 2003:31] and resulting in major economic and social dislocations. The successive typhoons and mudslides that devastated Quezon in late 2004 and carried off more than 1,300 lives in a few weeks are only the most recent example.

This *Report*, however, focuses on a particular source of human insecurity, namely, that caused by **ideology-based armed conflicts (IBACs)**. This refers to those armed conflicts—at times called “insurgencies” or “armed revolutionary struggles”—that derive from the *espousal of alternative state-visions*.<sup>1</sup> This focus does not stem from the fact that, among all sources of human insecurity, IBACs have been the most devastating.

Indeed, it can be argued that in the most recent period natural catastrophes have probably taken a larger toll in human lives. However, unlike environmental threats, which are mediated if not

**Table 1.1** Provinces with the highest number of armed encounters, 1986-2004

Encounters involving the MILF or MNLF	Encounters involving the NPA
Maguindanao	Quezon
North Cotabato	Davao del Norte
Basilan	Albay
Lanao del Norte	Cagayan
Lanao del Sur	Metro Manila
Davao del Sur	Davao Oriental
South Cotabato	Isabela
Sultan Kudarat	Davao del Sur
Sulu	Camarines Sur
Zamboanga del Sur	Agusan del Sur
Surigao del Sur	Kalinga-Apayao

Source: Bautista [2005]

wholly caused by natural causes, IBACs are directly human undertakings and impositions on either side. They differ even from other types of violence, such as common crimes, which are determined by narrow causes and directed at specific persons. Instead, IBACs stem from divergent thought systems and differing ways of life that can affect, appeal to, and mobilize large masses and sections of society. As a result, the issues involved are often highly complex and multifaceted, taking many years, if at all, to resolve.

It is important not to oversimplify, however. Threat and violence arising from armed conflict are not one form of human insecurity arising separately and that can therefore be highlighted on its own and resolved separately. More often, one form of insecurity leads to another. The insecurity of one group with respect to their livelihood, or cultural identity, may lead it to take up arms or resort to terror when no credible peaceful alternative is in sight. War and terror will in turn impose their own

type of threats. Hence, a cycle of human insecurity can often arise, where one type of human insecurity leads to violence, leading to further insecurity.

Historically, such IBACs—no less than natural calamities—have been the cause of massive disruptions of social and economic activities, loss of life, severe psychological trauma, and collective insecurity. The communist and Moro insurgencies in the Philippines are among the world's longest-running armed conflicts. In its present incarnation, the communist insurgency has persisted for almost four decades, while the contemporary Bangsa Moro rebellion is more than three decades old.<sup>2</sup> It is a sobering fact that over the same period, conflicts in Central America, the Balkans, and Africa have come and gone—even the “troubles” in Northern Ireland are close to an end—yet the armed conflicts in the Philippines have persisted.

Even during the relatively short period 1986–2004, 91 percent of the provinces were affected at some point by ideology-based armed conflicts. (Of 21 provinces with the largest number of armed

encounters, 15 are in Mindanao.) Only seven provinces witnessed no armed encounters during the period.<sup>3</sup> The people's concern over the armed conflict has never been stronger, and peace has perennially ranked high as an issue. In March 2005, as many as 35 percent of Filipinos cited “peace in the country” as an urgent national concern, next only to inflation (cited by 45 percent) and the perennial fight against graft and corruption (36 percent) [Pulse Asia, *Ulat ng Bayan*].

This *Report* counts the costs and recounts the roots of the conflict. It inquires into why various approaches to a solution have failed, and finally suggests a way forward for the government, the insurgent groups, and the rest of society.

## Counting the cost of conflict

The human cost of armed conflict can be analyzed in a number of ways. From the viewpoint of their *scope and impact*, costs can be classified into those specific to the locality itself, as against those costs that “spill over” to the larger region or to the country as a whole. For example, the damage to property caused by a military bombardment is a cost specific to the locality. On the other hand, although the physical damage wrought by armed conflict may be local, it could yet discourage business from coming to the entire region or cause it to shun the Philippines altogether (e.g., a drop in Mindanao tourism as a whole or a postponement of investment plans). The potential revenue or output that could have been generated is no less a cost of the conflict.

Even at the level of the locality itself, costs may be further subdivided into direct ones versus those that represent foregone opportunities (i.e., “implicit” costs). The mortality and illnesses among refugees caused by their displacement are an example of a direct cost. On the other hand, the output that cannot be produced because displaced persons cannot return to their homes

**Table 1.2 Costs of armed conflict: A classification**

	<b>Nonmonetary</b>	<b>Economic</b>
Local direct	deaths and injuries among combatants and civilians due to fighting; deaths and morbidity from displacement and diaspora	property and infrastructure destroyed; lost output; military spending on both sides; social spending
implicit	loss of cultural identity and social cohesion; loss of personal dignity	foregone investment; alternative use of local resources
Spillover	prejudice; ethnic and social tensions; rise in kidnap-for-ransom, drug trafficking and other illegal activities	lost output; foregone investment; alternative use of national funds



## Box 1.2 Measuring the value of human life

Putting an accurate monetary value on the human cost of conflict is a near impossible task. In the literature, the attempts to do so have come mostly in the form of adding up the potential earnings lost of those who have died and those injured or disabled due to war. However, the use of foregone potential earnings is a conservative estimate of the actual cost of morbidity or mortality. One reason is that, in the case of mortality, the average income per year underestimates the lost potential income, especially for age groups whose potential future income stream can be expected to be higher than their present income. Moreover, productivity is not totally captured by income, and valuation of human life solely in terms of incomes across countries tends to differ, with citizens of developed countries receiving higher valuations due to higher per capita incomes.

An alternative approach is the disability-adjusted life year (DALY). The DALY measures the combination of the healthy life lost to premature mortality and the one lost as a result of disability, using the World Health Organization's Global Burden of Disease (GBD) as a reference for life lost to various illnesses and injuries. The DALY is given by

$$\text{DALY} = \text{YLL} + \text{YLD}$$

YLL or the years of life lost to premature mortality corresponds to the number of deaths multiplied by the standard life expectancy at the age at which death occurs. On the other hand, in quantifying YLD or the years lived with disability, the number of disability cases is multiplied by the average duration of the disease and a weight factor that reflects the severity of the disease on a scale from 0 (perfect health) to 1 (dead). The disability weights are continuously being refined by WHO to improve the methodological and empirical basis for the valuation of health states. (See the World Bank's *World Development Report 1993* for an application of this concept.)

Collier and Hoeffler [2004] present some estimates in terms of DALYs as an attempt to account for the social benefits of avoiding war. According to the study, most of the costs do not come from the direct casualties of combat, but from displacement and the collapse of basic preventive health services. Ghobarah, Huth and Russett [2003] likewise estimate this in terms of DALYs as well as in terms of mortality rates, especially among infants. WHO [2000] estimates that there were 269,000 deaths and 8.44 million DALYs in 1999 as direct costs of all wars, civil and international.

In the Philippines, Peabody et al. [2003] used the DALYs in the computation of the economic consequence of tuberculosis (TB) in the Philippines. The two main data sources for this study were the 1997 National TB Prevalence Survey (NTPS) and the 1998 Annual Poverty Incidence Survey (APIS), from which the authors computed the daily wage differentials between individuals with TB and those without. This was then applied to the (age

and gender-stratified) DALY estimations to estimate annualized income loss. Furthermore, using the YLL calculation and the projected income stream, they estimated the country loss owing to premature deaths (in this case, from TB).

### Illustration

Due to data limitations, we will use the estimated foregone earnings approach to estimate the human cost of conflict for the period from 1986 to 2004. Moreover, we consider only figures on the combatant casualties (there is no data on civilian casualties and injured). Hence, these estimates must be viewed as very conservative floor estimates. In the case of soldiers, it will be assumed that one year of working life lost is equivalent to a monetary loss of P69,300 (a private soldier's monthly income of P5,775 multiplied by 12). In the case of nonsoldiers, using Family Income and Expenditure Survey (FIES) 2003, the average per capita income of the Philippines is computed. Hence, P27,443 per year is used as the potential income lost.

We use the data in **Table 1.3** which shows the total reported combatants killed between 1986 and 2004. Of the 4,754 total killed, 1,965 were soldiers and 2,789 were rebels. Several assumptions are made. First, it will be assumed that the deaths were evenly spread out over the 19-year period. This means 103 soldiers and 147 rebels die in combat each year. Second, it will be assumed that all those killed were of such age that they would still be of working age in 2004.

**Table A** presents an estimate of the foregone earnings of the casualties for the 19-year period. The foregone earnings for soldiers is estimated at P1.36 billion and for nonsoldiers P765 million, for a total of P2.13 billion (in 2003 prices). Note how these figures were arrived at. For instance, in 1986, income lost for soldiers was 103 (number of soldier casualties)  $\times$  P69,300 (annual income of soldier) = P7.17 million. In 1987, the income lost for soldiers is equal to that lost by the new casualties (also equal to P7.17 million) plus that income lost this year by those soldiers who perished in 1986 (which is also P7.17 million). Thus, total income lost for the two-year period is  $P7.17 \times 3 = P21.5$  million. This procedure is repeated until 2004.

**Table A Income lost from 1986-2004**

AFP or Non-AFP	Total deaths	Average annual income lost (in 2003 million pesos)	Income lost for 19 years (in 2003 million pesos)
AFP	1,965	71.67	1,361.75
Non-AFP	2,789	40.28	765.38
Total	4,754	111.95	2,127.13

**Table 1.3 Combatants killed and injured in armed encounters, 1986-2004 (by administration)**

	Aquino	Ramos	Estrada	Arroyo	Total
<b>NPA-AFP</b>					
NPA killed	828	2	90	484	1,404
NPA injured	92	0	12	80	184
AFP killed	735	2	130	492	1,359
AFP injured	301	1	49	254	605
Subtotal	1,956	5	281	1,310	3,552
<b>MNLF-AFP</b>					
MNLF killed	66	0	139	2	207
MNLF injured	12	0	0	0	12
AFP killed	55	50	21	5	131
AFP injured	18	1	8	0	27
Subtotal	151	51	168	7	377
<b>MILF-AFP</b>					
MILF killed	2	213	471	492	1,178
MILF injured	0	7	92	108	207
AFP killed	5	26	222	222	475
AFP injured	0	11	270	218	499
Subtotal	7	257	1,055	1,040	2,359
<b>Memorandum:</b>					
Total killed	1,691	293	1,073	1,697	4,754
Total injured	423	20	431	660	1,534

Source: Compiled by P. Abinales and E. Ramos. See Bautista [2005]

is an implicit cost or a foregone benefit.

From the aspect of their *form*, on the other hand, costs can also be classified into those that are easily translated into a money equivalent and damage or injury whose significance cannot be adequately or accurately captured by a moneymetric. While the amount of property lost or damaged and of investment foregone can *in principle*—and if sufficient data were available— be measured in peso terms, the value of human life can be a subject of vigorous dispute [Box 1.2]. Even more difficult to valorize are the injuries and indignities suffered by victims of discrimination, or the loss of cultural traditions among minorities, or the rise of prejudice social and ethnic tensions in mainstream society. Table 1.2 provides a summary of this classification.

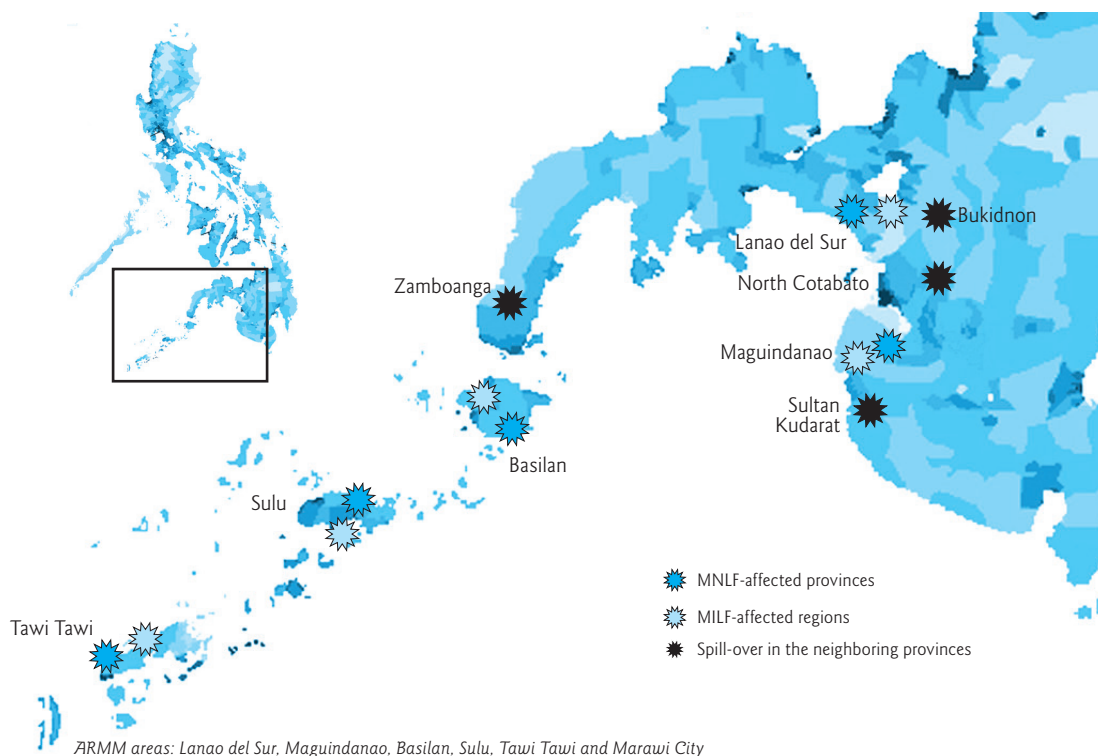
## Loss of human life

Possibly the most palpable cost of armed conflict is the threat to human existence, especially for immediately affected communities. Battles and armed encounters take a toll on the lives and limbs of the combatants themselves, but they also place noncombatants at grave risk. Their effects frequently persist long after the actual incidents themselves have passed, particularly when they result in periodic social dislocations or a permanent diaspora.

There is little systematic documentation of the exact number of lives lost, directly and indirectly, throughout the history of the two armed conflicts. Even numbers of casualties among direct combatants are highly tentative at best, with either side having an incentive to inflate the casualties among their adversaries and understate their own losses. For the post-Marcos years, however, the summary in Table 1.3 should be indicative.

The table shows that over 18 years of post-Marcos armed conflict, some 4,700 combatants have been killed and 1,500 wounded. Over the period, therefore, the two insurgencies may be said roughly to have taken the lives of at least 260 combatants and

**Map 1.1 Conflict-affected areas and spillover areas in ARMM**



injured 85 *every year*. Of total combatant-lives lost, 58 percent were due to the communist insurgency, 35 percent to the conflict with the Moro Islamic Liberation Front (MILF), and 7 percent to the conflict with the Moro National Liberation Front (MNLF).

Apart from being tentative, however, the above figures are incomplete. They fail to include political assassinations, “disappearances,” and victims of vigilante groups (whether actual participants or those merely suspected). A related phenomenon are the mass revolutionary purges that revolutionary movements inflict on their own followers. Although it subsequently abjured its acts, the Communist Party initiated a series of purges in 1982, 1985, 1987, and 1989 in an attempt to rid itself of suspected infiltrators.<sup>4</sup> These activities led in many cases to

torture and in some to summary executions. It is estimated that more than a thousand persons have been executed, mostly in Mindanao.

As the figures suggest, an important factor influencing the loss of life is the shifting political approach and strategic fortunes of both insurgencies and administrations. The lowest incidence of casualties among combatants was recorded during the Ramos administration, which also showed the smallest number of encounters across the four post-Marcos administrations [Figure 1.1]. But this fact is both more and less than it seems. The Ramos administration reaped the benefits from the (partial and temporary) resolution of the MNLF conflict during the Aquino period. It also took a less aggressive stance toward the camps of the MILF,

leaving the Estrada administration to reassess and radically change this stance later as the camps grew in size. On the Communist Party of the Philippines-New People's Army (CPP-NPA) front, the Ramos administration gained from the strategic weakness of the communist movement, owing to both the partial success of an iron-fist policy of its predecessor (implemented by Ramos himself), and the deep schisms within the communist movement.

The intensity of conflict, whether measured by incidents or casualties, has increased since the Estrada administration. During the Arroyo administration, total armed encounters, particularly involving the NPA and the MILF, as well as the number of casualties, reached their highest levels since the end of martial rule.

Casualties among noncombatants may be greater or smaller relative to combatant casualties, depending on the stage or intensity of conflict. The World Bank [Schiavo-Campo and Judd 2005:5] cites a figure of a total of 120,000 deaths (civilians and combatants) from the Mindanao conflict from the 1970s to the present. A similar and frequently cited figure comes from then representative (now executive secretary) Eduardo Ermita,<sup>5</sup> who estimated that some 100,000 persons were killed in the Mindanao conflict from 1970 to 1996. At least 20 percent of them were noncombatants (the balance accounted for by the 30 percent from the government side and 50 percent from the rebels).

Conventional positional warfare—particularly in the struggle for control of towns and large rebel camps—results in higher casualties among noncombatants, as against sporadic encounters. The most historically significant have all involved the Moro conflict (from the landmark Marawi Uprising in 1976, to the overrunning of Camp Abubakar in 2000, and the raid on the Buliok Complex in 2003).

Periodic military campaigns involving aerial and artillery bombardment have exacted a particularly heavy toll among civilians, both because of their often indiscriminate effect and because they inevitably

lead to massive displacement of populations, spilling the conflict over into nearby areas [Map 1.1]. This pattern was evident even in the earliest period of the Moro conflict. For the period 1969-1976, which included the fiercest fighting between the government and the MNLF under the Marcos regime, it is estimated that as many as 60,000 people may have been killed, 54,000 wounded or maimed, and as many as 350,000 displaced.

To the extent the communist insurgency has been less willing or able to engage in positional warfare, or to maintain large camps, the “collateral” loss of noncombatant lives from the fighting has not been as great as that from the Moro conflict. Military bombings of NPA camps in the vicinity of populated areas have also occurred, but these are less frequent.

## Terror

Besides armed encounters between combatants, terrorist attacks have increased in significance as a reason for the loss of human life and as a source of heightened risk among the population. The worst terrorist attack in the country has been the 2004 bombing and sinking of SuperFerry 14 off Corregidor, which killed 116 persons. The Rizal Day 2000 bombing of the light-rail transit killed 14 and injured a hundred. This year's Valentine's Day bombings killed seven and injured 150 people in Makati, Davao, and General Santos. The Abu Sayyaf's Palawan-Lamitan kidnapping spree in 2001 left 77 civilian casualties and 104 injured in its wake<sup>6</sup> and the country's image in shambles. Besides these more dramatic events, not a week passes without some incident involving political assassination, abduction, or threatened or actual sabotage and bombing, particularly of public venues relating to the communist or Moro conflict.

Whether or not to use terror is a crucial question that every insurgency must confront. The resort to direct attacks on civilians as a means to disrupt daily life, sow mass panic, show up the powerlessness of established authority, or spark a “revolutionary

situation” is always an attractive option for any revolutionary movement. This is because, logistically speaking, terror is a “low-cost” option (requiring only a few operatives working on well-delimited targets) when compared to the political impact it could create. Lenin, that consummate theoretician of communist revolution, did not reject the use of terror in principle; he merely opposed the idea that it could work *exclusively*.

Terror is one of the forms of military action that may be perfectly suitable and even essential at a definite juncture in the battle, given a definite state of the troops and the existence of definite conditions.<sup>7</sup> On the other hand, some interpretations of *jihad* among some Moro insurgents approach that of a total war against nonbelievers that tolerates attacking civilians besides the opposing military forces.<sup>8</sup>

Terror tactics, it must be said, are no monopoly of insurgents. Government forces have countenanced and at times even supported—particularly through the activities of paramilitary and vigilante groups—covert abductions, “salvagings,” and killings of legal personalities suspected of collaborating or sympathizing with insurgents. For some on the government side, terror tactics can look like a cheap and convenient way to resolve certain issues and set up a deterrent without the inconvenience of going through the legal system. The Task Force Detainees of the Philippines et al. [2003] cite the practice of summary executions across all administrations, in particular documenting 152 cases of summary executions under the Ramos administration and 28 under Estrada, numbers which, on the other hand, can be compared with the estimated 2,500 summary executions under the Marcos regime. An ominous indication that such a mindset is alive and well in the military is the recent “Knowing Your Enemy” CD released by the Armed Forces of the Philippines (AFP), which lumps legitimate church, including the Catholic Bishops’ Conference of the Philippines (CBCP) and the Association of Major Religious Superiors in the Philippines (AMRSP), and

**Table 1.4 Displacement due to conflict between AFP and NPA, 1986-1992**

Year	Number of incidents	Families displaced	Individuals displaced
1986	67	9,462	52,513
1987	192	62,895	329,829
1988	272	57,871	307,412
1989	213	35,778	189,330
1990	150	41,012	219,654
1991	137	31,862	173,362
Total	1,031	238,880	1,272,100

Source: Citizen’s Disaster Response Center

journalist organizations such as the National Union of Journalists of the Philippines (NUJP) and the Philippine Center for Investigative Journalism (PCIJ) with the CPP-NPA as “enemies of the state.” Such sweeping accusations and associations represent an indirect threat to such legitimate organizations.

Ultimately, what makes terror objectionable in the modern sense is its blurring of the distinction between military and noncombatant targets. Its indiscriminate character is most blatant when saboteurs and suicide bombers target buses, trains, ferries, malls, and public markets, with the express aim of killing or maiming civilians. The fundamental objection to such practices is based on the old established idea—first attributed to Hugo Grotius [1583-1645]—that *noncombatants should be immune and protected during conflicts*.<sup>9</sup> It was the development of this same doctrine that ultimately led to the Geneva Conventions of 1949 and, among others, was crucial in limiting the indiscriminate use of aerial bombing on heavily populated areas (such as what occurred during World War II in Manila, London, Dresden, among others).

The ultimate aim of terror, of course, is a political one, and only politics can ultimately

**Table 1.5 Internally displaced persons, Mindanao, 2000-2004**

Year	Persons added	Net* returnees	Year-end number	Remarks
2000	800,000	500,000	300,000	March: "all-out-war" policy vs. MILF's Camp Abu Bakar
2001	52,000	202,000-222,000	130,000-150,000	June cease-fire with MILF; November MNLF unrest in Sulu, Zamboanga
2002	95,000	180,000-200,000	45,000	Cease-fire violations
2003	438,000	403,000-423,000	60,000-80,000	Buliok offensive vs. MILF; ceasefire restored July
2004			60,000	No clashes since May; international monitoring in place October

\*Equals additions in year *t*, plus additions in year (*t* + 1), less year-end number in year (*t* + 1)

Source: Various, as cited in the Global IDP Project (<http://www.idpproject.org>)

persuade both sides to abjure it. The point is rapidly being reached where the use of terror tactics by either side in a conflict—like carpet bombing or the use of antipersonnel land mines—will no longer be tolerated as part of the *legitimate technology* of armed conflict under any pretext or any circumstances, i.e., where the resort to terror is more likely to reverse than to advance the political fortunes of the user. This is what both sides of the conflict must now come to realize.

## Child soldiers

A further feature of the armed conflicts that has caused increasing concern is the recruitment of children as combatants, putting their future and their lives at risk. International conventions, notably the Convention on the Rights of the Child, explicitly prohibit the recruitment of children ("every human being below the age of 18 years"<sup>10</sup>) into conflict groups.

These have not stopped both sides from utilizing children in varying degrees as instruments of war. Even the government side, for a time in the 1980s and 1990s, took children "volunteers" into paramilitary units such as the Citizens Armed Force Geographical Units (CAFGU). Interviews of MILF guerrillas by the International Committee of the

Red Cross/Crescent (ICRC) also point to the MILF's recruitment of children as young as 10 years old [Merliza 2002], although it is sometimes difficult to distinguish between education in *madrasahs* and training and indoctrination as fighters. Children are used as lookouts, couriers, and procurers, and, in the worst instances, as reserve troops.

In recent years, however, it is the communist insurgency's stance on this issue that has caused renewed concern. Before they were modified, the NPA's basic rules (1969) stated that membership of its fighting units would take *no account* of "age, sex, race, nationality, or religion." An upsurge in the recruitment of children seems to have occurred in order to make up for the drop-off in NPA membership since the 1990s, with children as young as nine being recruited.

There are no independent estimates of the number of children involved in armed conflict. The military estimates that as many as 25 percent of the NPA's recruits are children and that children may constitute some 3 percent of the NPA's total regular troop strength [Mekinano 2002]. Independent reports, however, have documented children being employed as regular combatants, members of liquidation squads, armed camp guards, couriers, post-battle scavengers, and support staff to combat troops.



Whether or not they serve in a frontline combat capacity, however, children forming any part of an armed movement are directly or indirectly placed in harm's way. The anomaly of the situation cannot be mitigated by an appeal to whether the children themselves have "volunteered" to join or their doing so has their parents' consent.

## Internal displacement

Internal displacement dwarfs any other immediate human cost of armed conflict in terms of the number directly affected. A familiar pattern has been established in recent years: A large AFP military offensive follows upon an insurgent provocation or a change in government policy stance. Escalating skirmishes or heavy shelling then force people to seek refuge in evacuation centers (typically schoolhouses, warehouses, temporary shelters such as tents, or relatives). Normal social life and productive activity come to a halt. In the meantime, people must endure the harsh and hazardous conditions in evacuation centers. The majority can return to their homes only as the fighting subsides in their areas—that is, until the next incident occurs.

As already noted, the communist insurgency has resulted in less massive internal displacement in specific areas owing to the differing character of warfare that has been waged. Nonetheless, in the worst phase of this conflict, the period 1986-1991, which witnessed the Aquino government's "total war" against the NPA, some 1.2 million people throughout the country were displaced [Table 1.4]. Some of the worst cases occurred as a result of the aerial bombing and shelling of villages, particularly in Marag Valley and in Apayao in 1990-1992. In Apayao some 30,000 people were dislocated, an entire village was put to the torch, and human-rights abuses were committed.<sup>11</sup> The large number of people affected is due to the broad, nationwide character of the communist insurgency, unlike the Moro conflict, which tends to be confined to specific Mindanao regions.

Over the entire period of the Mindanao conflict since the 1970s, it has been estimated that as many as two million people may have experienced dislocation [Schiavo-Campo and Judd 2005]. **Table 1.5**, constructed using data from the Global Internally Displaced Persons (IDP) Project, shows the changes in the approximate number of displaced persons in Mindanao only in the more recent period since 2000. The figures fluctuate widely from 800,000 in mid-2000 to the 60,000 at the end of 2004. Some facts will be immediately evident from this table. *First*, the largest increases in IDPs have occurred when government forces launch major offensives. Particularly disruptive were the shift to an "all-outwar" policy by the Estrada administration, which aimed at dismantling the MILF Camp Abubakar in 2000 and the Arroyo administration's 2003 "Buliok offensive," also directed against a major MILF camp. By some accounts the former displaced almost one million people, while the latter caused almost half a million IDPs.

*Second*, an extended lull in fighting or an incipient peace process does allow large numbers of people to return to their homes within a short time. For example, the restoration of the cease-fire with the MILF in mid-2003 and relative peace in 2004 allowed some 400,000 people to return home and pick up their lives. On the other hand, the risks of returning itself cannot be underestimated, as the following account from the 2000 Pikit siege by R. Layson [2000], OMI, reveals:

*A young evacuee couple left their two children to the care of relatives in the evacuation centers. Somehow, they managed to return to their village to harvest some crops to augment the meager ration in the evacuation center. The couple never returned to see their children again. Three days later, their bloated bodies were found floating in their farm lot. The father bore a gunshot wound in the head while the*

## Box 1.3 Is the Muslim population underestimated in official statistics?

As of 2000, there were 3,854,315 people in the country who were Muslim, or 5.1 percent of the total population. Of this number, 3,641,480 or 94.5 percent resided in Mindanao and the rest outside Mindanao. The Muslims in Mindanao comprise 20.1 percent of the total Mindanao population.

**Box Table 1 NSO official estimates of Muslim population, 2000 (by tribe and region)**

Region	Maranao	Maguindanao	Tausog	Yakan	Iranon	Others	Total
1	2,094	129	283	14	13	378	2,911
2	1,629	128	138	9	19	436	2,359
3	3,462	462	1,144	40	94	1,499	6,701
NCR	23,891	11,873	8,672	356	1,382	9,126	55,300
CAR	1,017	107	159	2	90	228	1,603
4	11,666	1,410	9,520	56	211	95,259	118,122
5	2,175	123	203	2	8	543	3,054
6	1,954	245	185	7	41	1,962	4,394
7	2,729	157	447	12	8	1,528	4,881
8	1,555	22	740	9	2	11,182	13,510
Non-Mindanao	52,172	14,656	21,491	507	1,868	122,141	212,835
Mindanao	983,792	993,763	896,573	154,581	152,048	460,723	3,641,480
9	5,846	35,955	221,512	154,127	5,112	134,985	557,537
10	13,413	1,144	670	12	81	4,137	19,457
11	22,069	70,807	24,223	51	668	63,914	181,732
12	321,494	376,243	4,272	25	23,669	1,387	727,090
ARMM	614,290	509,145	645,114	360	122,504	255,563	2,146,976
CARAGA	6,680	469	782	6	14	737	8,688
TOTAL	1,035,964	1,008,419	918,064	155,088	153,916	582,864	3,854,315

Source: 2000 Census of Population and Housing, National Statistics Office

The figures above are obtained from the public use files of the 2000 Census of Population and Housing (CPH) conducted by the National Statistics Office (NSO).

To the Office of Muslim Affairs (OMA), however, the NSO figures undercount the Muslim population by almost half. According to Director Kim Edres of the OMA Plans and Policy Service (PPS), there were already almost 10 million Muslims all over the country during the Ramos administration, as the president himself declared.



Since Muslims do not believe in family planning, the number of Muslims should be even greater than this today. OMA's own count shows a total of 8,349,183 Muslims all over the country, or 10.9 percent of the total population. It is known as the "unofficial record" of the Muslim population.

**Box Table 2 OMA estimates of Muslim population, 2000 (by tribe and region)**

Region	Maranao	Maguindanao	Tausug	Yakan	Iranon	Other	Total
1	32,557	12,466	20,367	23,002		50,145	138,537
2	38,895	27,000	18,410	4,757	3,682	29,986	122,730
3	42,101	37,729	19,324	6,902	8,052	46,929	161,037
NCR	136,760	75,978	64,581	41,822	4,558	56,192	379,891
4	83,831	64,346	49,372	46,822	34,100	208,316	486,787
5	47,697	24,886	31,107	14,099	20,738	68,853	207,380
6	50,731	31,691	16,600	9,985		41,904	150,911
7	88,231	55,553	39,214	36,785	29,410	77,590	326,783
8	35,048	52,887	5,612	50,107	5,569	68,328	217,551
Non-Mindanao	555,851	382,536	264,587	234,281	106,109	648,243	2,191,607
Mindanao	1,778,001	1,628,692	1,239,423	497,685	250,530	763,245	6,157,576
9	73,462	231,339	1,178,460	449,083	84,168	443,541	2,460,053
10	362,439	77,378	18,564	5,883	17,005	21,838	503,107
11	77,272	178,420	30,842	34,500	20,948	284,256	626,238
12	1,264,828	1,141,555	11,557	8,219	128,409	13,610	2,568,178
TOTAL	2,333,852	2,011,228	1,504,010	731,966	356,639	1,411,488	8,349,183

Source: OMA

**Box Table 3 OMA vs. NSO estimates of Muslim population, 2000**

Area	Total Muslim Population (OMA)	Total Muslim Population (NSO)
Non-Mindanao <sup>1</sup>	2,191,607	212,835
	3.8%	0.4%
Mindanao <sup>2</sup>	6,157,576	3,641,480
	34.0%	20.1%
Philippines	8,349,183	3,854,315
	10.9%	5.1%

<sup>1</sup> Percentage value is computed using the total Muslim population in Non-Mindanao areas over the total population in Non-Mindanao.

<sup>2</sup> Percentage value is computed using the total Muslim population in Mindanao over the total population in Mindanao.

Is there an underestimation of the Muslim population in official statistics—what some have referred to as “statistical genocide”?

For the NSO, the “alleged underestimation is not correct.” The results of the census are obtained from interviews made by public school teachers all over the country. All barangays, including those in remote areas, are visited. Barangay officials are also asked to certify that the enumeration in their barangays was completed. The NSO employs different levels of supervision to ensure high data quality.

NSO points out that the 2000 statistics are consistent with the counts in all previous Census of Population and Housing since 1948 (except in 1970 and 1980 where there are no data on Muslim population). The statistics consistently show that the proportion of Muslim population ranges from 4.1 to 5.1 percent. These are equivalent to 791,617 in 1948 to 3.9 million Muslims in 2000.

### **Box Table 4** Number and percent of Muslim population in the Philippines (by census year)

Area	Census							
	1948		1960		1990		2000	
	Number	%	Number	%	Number	%	Number	%
Philippines	791,617	4.1	1,317,475	4.86	2,769,643	4.57	3,862,409*	5.06

\* Differs slightly from the total generated in Box Table 1

Source: NSO, correspondence June 8, 2005

Edres speculates, however, that data-gathering difficulties experienced in Muslim areas are bound to lead to underestimation. First, Muslims basically don’t believe in registration of births and deaths. Second, the number of Muslim converts or the Balik-Islam is usually hard to determine. Third, and perhaps the most important, respondents may not wish to admit to being Muslims for fear of being labeled a “terrorist.” In other words, Muslims, especially those residing outside Mindanao, lack trust in NSO enumerators and so are not keen to register and affirm themselves as Muslims. This prevents NSO from getting the accurate count of Muslims, especially outside Mindanao.

OMA gathers data through its 11 regional offices. Through the Bureau of Muslim Settlement, it conducts its own survey using Muslim enumerators. Specifically, for the CARAGA and Region 10, the OMA ties up with Tableegh, a Muslim religious group, whose representatives act as enumerators. For the remaining nine regions, OMA recruits Muslim enumerators directly. The Tableegh gathers reports on the number of Muslims from Muslim leaders in each mosque and transmits this back to the OMA regional offices, while OMA enumerators ask the Muslim leaders in each community how many Muslims there are in their mosques and madrasahs.

Having Muslim enumerators greatly facilitates getting the trust of Muslim respondents and thus helps in getting accurate data, especially in areas outside Mindanao. Unlike NSO, however, OMA does not use any scientific method in the design and conduct of its survey—it does not have the manpower or resources to conduct a house-to-house survey and get detailed information on Muslim household characteristics, for instance.

Given the huge discrepancy between OMA and NSO figures, OMA is proposing to the NSO the conduct of a joint survey, deploying Muslim enumerators to Muslim areas.

**Table 1.6a Distribution of Muslim population, 2000  
(by ethnic group and region; in percent)**

Region	Maranao	Maguindanao	Tausug	Yakan	Iranon	Others	Total
1	1.39	0.62	1.35	3.14	0.00	3.55	1.66
2	1.67	1.34	1.22	0.65	1.03	2.12	1.47
3	1.80	1.88	1.28	0.94	2.26	3.32	1.93
NCR	5.86	3.78	4.29	5.71	1.28	3.98	4.55
4	3.59	3.20	3.28	6.40	9.56	14.76	5.83
5	2.04	1.24	2.07	1.93	5.81	4.88	2.48
6	2.17	1.58	1.10	1.36	0.00	2.97	1.81
7	3.78	2.76	2.60	5.03	8.25	5.50	3.91
8	1.50	2.63	0.37	6.85	1.56	4.84	2.61
Non-Mindanao	23.82	19.02	17.58	32.01	29.75	45.93	26.25
Mindanao	76.18	80.98	82.33	67.99	70.25	54.07	73.74
9	3.15	11.50	78.28	61.35	23.60	31.42	29.46
10	15.53	3.85	1.23	0.80	4.77	1.55	6.02
11	3.31	8.87	2.05	4.71	5.87	20.14	7.50
12	54.19	56.76	0.77	1.12	36.01	0.96	30.75
Total	100	100	100	100	100	100	100
Memorandum: Number (thousands)	2,334	2,011	1,504	732	357	1,411	8,349

Source: Office of Muslim Affairs

**Table 1.6b Distribution of Muslim population, 2000  
(by ethnic group and by region; in percent)**

	Maranao	Maguindanao	Tausug	Yakan	Iranon	Others	Total
Non-Mindanao	5.04	1.45	2.34	0.33	1.21	20.96	5.52
Mindanao	94.96	98.55	97.66	99.67	98.79	79.04	94.48
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Memorandum: Number (thousands)	1,036	1,008	918	155	154	583	3,854

Source: NSO Census of Population and Housing [2000]

*mother bore a similar wound in the belly.  
The mother was seven months pregnant.  
The two kids were brought to me at the  
convento. One was two years old and the  
other was three.*

Third, it is less than obvious that evacuation itself is simply a move from an extremely dangerous situation to a condition fraught with its own risks, given the typically substandard conditions in evacuation centers. The toll among evacuees even in the relative “safety” of the evacuation centers cannot be ignored. Again, Layson [2002] recounts:

*Pikit, as you all know, was isolated  
from the rest of the world for one week.  
Nobody knew what was happening in  
Pikit after electric posts were toppled  
down, plunging the entire town into total  
darkness. Food assistance could not go  
through because of the food blockade  
imposed by the military for reasons only  
they knew. People went panic-buying and  
it took only two days before rice ran out  
in the market.*

*...there was actually a sea of tents in  
that place (i.e., the evacuation center)  
and inside those makeshift tents were  
about 5,000 evacuees, mostly children,  
women, elderly, and newly born babies.  
A number of them have already died  
because of various diseases and illnesses.  
On rainy days the whole plaza would be  
submerged in knee-deep waters. It would  
look like a big swimming pool.*

*...People were dying at the evacuation  
centers because there was not enough  
food. Medicines were even scarcer. The  
government had enough money to buy  
bullets and bombs to kill the enemies,  
but it did not have enough money to buy  
medicines.*

The longer people must endure such conditions, the greater the health risks. (Indeed, even two weeks may be fatal under certain conditions.) What the table does suggest is that not all IDPs can return to their homes equally readily; some may be compelled by circumstances to remain longer than others. An Oxfam [2002] report on the 2000 displacements in Central Mindanao notes that 76 percent of evacuees had already spent more than five months in the centers, 17 percent had stayed three to five months, and only 7 percent had been there less than two months.<sup>12</sup> The same report observes that the longer-staying evacuees tend to be Muslim (ca. 85 percent of evacuees) since Christian evacuees come from places closer to the centers, while Muslim groups and *lumad* come in from the remote interior, where aerial bombings, armed skirmishes, and artillery fire tend to be concentrated.

In 2000 the UNDP [Oquist 2000:4] reported an increasing tendency for people (whose homes have been destroyed) to stay away longer, if not permanently.

*Only 10 percent of the persons whose  
homes have been destroyed desire to  
return to their place of origin as of  
October 2000...The displaced persons  
do not wish to return to the locations of  
their previous homes due to the presence  
of the military, not because they fear the  
soldiers, but rather because stationary  
or in transit military draw MILF attacks  
that frequently place civilians in cross-  
fire situations. The net result is that  
human security in the areas affected has  
deteriorated as a result of militarization.*

Chronic or recurrent evacuees are obviously among the most vulnerable groups in society. On the other hand, relocation or forced migration subjects them to a different sort of trial and insecurity.

## Diaspora and discrimination

Armed conflict in the Philippines has disrupted the lives of entire communities and in the extreme uprooted entire families and societies. In the process, entire cultures and ways of life have been undermined and threatened with extinction.

**Table 1.6a** suggests the extent of displacement of selected Muslim tribes. For major ethnic groups such as the Maranao, Maguindanao, Tausug, Yakan, and Iranon, anywhere from one-fifth to one-third now live in areas outside their ancestral homelands, some reduced to virtual Muslim ghettos in mainstream settlements such as in Metro Manila, Tanay, and Baguio. Indeed, the exodus of Filipino Muslims has reached neighboring countries: Thousands of Muslim Filipinos now work illegally in Sabah, Malaysia, exposed to harassment, periodic crackdowns, and possible deportation.

The figures in **Table 1.6a** come from the Office of Muslim Affairs. As an aside it should be noted that these are tentative at best since they differ substantially from the figures of the National Statistics Office (NSO), which are given in **Table 1.6b**. They show a much smaller total population of Muslim peoples (about four million, versus more than eight million according to the OMA), constituting what some critics have called “statistical genocide” that contributes to minimizing the social and political importance of the Moro issue.

An important reason for the statistical problem is symptomatic of the issue itself: The non-Muslim workers of the statistics office work under the handicap of being mistrusted by the Muslim communities they are tasked to enumerate [**Box 1.3**]. The extent of the Moro diaspora recorded in the census, as suggested by the proportion living outside Mindanao, is also much less (8 percent vs. almost 30 percent).

Busran-Lao [2005] has pointed to the particular

difficulties confronting people of the diaspora. These include the breakdown in social cohesion and of the traditional leadership and consequent difficulties with an alien governance system; the indignity suffered by previously productive people now reduced to penury, or compelled to engage in activities foreign or offensive to their tradition and derogatory of their self-worth; and the special vulnerability of women, children and the elderly to exploitation.

Aggravating these inherently difficult adjustments is discrimination and prejudice by the majority, predominantly Christian, Filipinos. Some of this is captured in the personal interviews of Busran-Lao [2005]:

*All the migrant Maranaos I spoke to in my visits told of being discriminated against in terms of having a choice space in the marketplace, of being denied access to credit, and of being refused employment in offices and firms because they are Muslims. One young female in Puerto Princesa said that despite her very good academic standing, she was refused employment because she is a Muslim.*

Being an IDP has been compared to “being reduced to the very lowest caste.” One is looked down on and routinely blamed for crimes and illegal activities in the host communities. Women and children in particular are discriminated against and exploited. A particular source of indignity and resentment, however, lies in the insensitivity of majority Filipinos to the cultural needs and traditions of forced Muslim migrants. In Lao’s interviews, she explains:

*But of the issues raised, the most important is their need for a Muslim cemetery to bury their deceased loved ones. For Muslims, it is a religious obligation to bury the dead within 24*

*hours. For Muslims in a distant place like Baguio with no burial site for themselves, it is indeed a nightmare whenever somebody dies. They had to bring the corpse down to Laoag or Manila. This is such a strain to the family and relatives of the dead, both financially and emotionally.*

With comparable callousness, on the other hand, residents of an exclusive Metro Manila subdivision objected to the designation of a simple prayer room for Muslim traders in a mall, contending that this would attract terrorists aside from *ipso facto* lowering the value of their property.

Individual testimonies of prejudice are corroborated by opinion surveys that point to a significant degree of latent anti-Muslim bias across the country [**Appendix 1.1**], a bias reflected in people's tendency to agree with negative stereotypes of Muslims [HDN-Pulse Asia 2005]. For instance, a majority of national respondents (55 percent) think Muslims are more prone to run amok. Large pluralities think Muslims are terrorists or extremists (47 percent), harbor hatred toward non-Muslims (44 percent), and do not consider themselves Filipinos (44 percent). Typical of classic prejudice, such opinions persist, although only a small fraction of Filipinos (14 percent) have had firsthand encounters with their Muslim brethren, and even secondhand information is available only to a minority (28 percent).

Equally telling are "social distance measures" that ask people to choose between people with Muslim names versus those with Christian-sounding names as possible boarders, domestic help, employees, or neighbors. Large pluralities systematically prefer hypothetical alternatives with Christian-sounding names over those with Muslim-sounding names. Combining these factors into various alternative indices of prejudice, the survey firm Pulse Asia [2005:xiv] unequivocally concludes that "a considerable percentage of Filipinos (33

percent to 39 percent) are biased against Muslims."

It may be argued, of course, that notwithstanding such aggravations, life in diaspora may mean a significant improvement in the migrants' quality of life, especially if this facilitates a move to larger urban centers with greater economic opportunities. Some economic studies indeed point to some "positive" spillovers of the diaspora to the extent that people migrate (admittedly involuntarily) to places where their skills and talents find better use. (For example, many Maranao traders have expanded their business interests in Metro Manila.)

Even in cases where this is true—it is not invariably so—care must be taken not to reduce the question to a question of money or economics. History is replete with examples where resentment and discontent—at times feeding into terrorism—have festered even in the midst of relative affluence. (Osama bin Laden was hardly destitute.) Perceptions of indignity and alienation from the mainstream society are not the preserve of the materially deprived. Furthermore, as will be discussed below, it is often not abject material that conditions themselves, but rather a sense of injustice and indignity in the face of violation of rights that ignites the fuse of insurgency.

## The economic cost

The greater part of the direct economic cost of armed conflicts [**Table 1.2**] consists of losses in present and future production. This value will depend on the types and quantities of products and services the locality or region was initially producing, how badly the armed conflict disrupts current production (say, because people are displaced and cannot work), and how much of productive resources it destroys, since that bears upon how much of future production will be lost. (Note that to the extent people are a productive resource, deaths and injuries suffered also have an economic consequence in terms of output losses.)

While other partial attempts have been made at

## Box 1.4 Illustrative Case: Marawi City

Conflict changes the economic mix of a place as it undermines formal organizations such as banks and disrupts the transportation system. It reduces transaction-intensive activities relative to less transaction-intensive ones. It results in a fall in capital-intensive activities and those with significant transportation requirements. It results in greater reliance on subsistence production and reduces formal while increasing informal sector activity. There are thus proportionately less manufacturing and less long-distance trading domestically and internationally in conflict places [Stewart and Fitzgerald 2001].

This is illustrated in Marawi. In what follows, Marawi will be put side by side other “comparable” cities in Mindanao and will be shown to compare very unfavorably. Some of the other comparator cities are also in some ways affected by conflict; the difference is in degree, with Marawi presumed to have the highest degree of conflict. A caveat: Some of the comparator cities such as Davao, Cagayan de Oro, Zamboanga, and General Santos have the advantage of being port cities.

### Marawi, prior to the conflict<sup>1</sup>

When the Spaniards first explored Lanao in 1689, they found a well-settled community named *Dansalan* at the northern end of Lake Lanao. *Dansalan* became a municipality in 1907 and the capital of Lanao in 1914. In 1940 it became a chartered city (predating neighboring cities of Iligan and Cagayan de Oro) and in 1956, was named *Marawi* (from the word “ravi,” referring to the reclining lilies in the Agus River, the outlet of the lake that flows into Iligan Bay.) When Lanao was divided into two provinces in 1959, Marawi was made the capital of Lanao del Sur and is now the only chartered city in the country with a predominantly Muslim population.

Through a plebiscite in 1989, Lanao del Sur voted “yes” to join the Autonomous Region in Muslim Mindanao (ARMM), but Marawi voted “no.” The Maranaos, or “people of the Lake (i.e., *ranao*),” comprise the dominant Muslim population in the province and city. The Maranaos are among the most devout and most traditional of the Muslim groups.

They are sensitive to *maratabat*, which is intricately linked to family honor, and are very conscious of their status. The province boasts of numerous *sultans*.

Up until the 1960s, the city was the center of commerce, drawing traders not only from neighboring communities but from Manila and Cebu. It was the meeting place of Muslims and Christians—many of whom had come from the Visayas and Luzon and who were concentrated along the north coast, up Panguil Bay in Dansalan and Malabang—and the distribution center for Maranao goods. On market days, traders came to display their products at the public market adjacent to beautiful Lake Lanao, on which painted and decorated Moro boats sail like fluvial parade. A sprinkling of foreigners—Americans, Chinese, and Japanese—resided in the area.

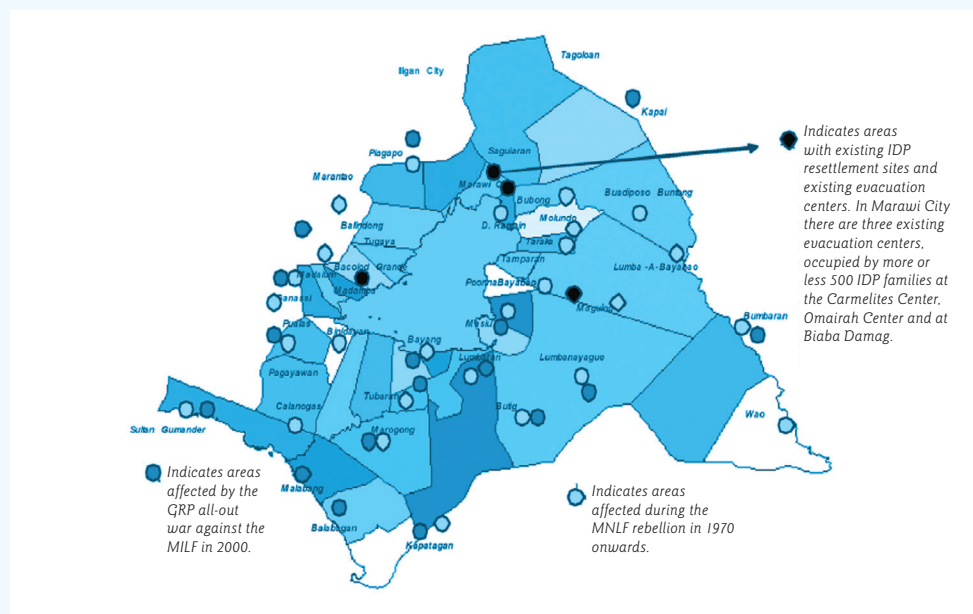
That Muslims and Christians lived relatively harmoniously before the conflict is borne out by accounts of non-Muslims (Christians and Chinese) of their experience in Lanao del Sur and Marawi City:

*“The relationship between Muslims and Christians was so close. We coexisted peacefully. Our neighbors were all Maranaos. It did not matter then. We also spoke Maranao. My playmates and friends were all Maranao during my childhood.”*

*“I was born in Maguing (a municipality of Lanao del Sur). All of us seven siblings were born there. We call the ‘hilot’ who helped our mother during her deliveries as Ina (Maranao term for mother), the same way we call our mother also as Ina. Then we transferred to Marawi where we all spent our childhood and adolescence, with Maranao playmates, classmates, and friends.”*

*“I remember the girls we grew up with did not wear any veil. We treated each other in the neighborhood like brothers and sisters. The families exchanged bowls of soup during meal time.”*

## Box Map I Conflict-affected areas in Lanao del Sur



*"I remember very well when I was young, when my friends and I went caroling at night during Christmas to both Christian and Muslim houses; during Ramadhan we also fasted. The same excitement was in the air during Valentine's Day. We were not conscious of these two occasions as exclusive religious practices."*

The emergence of the Ilaga (the most notorious Christian vigilante group) and the Marawi rebellion in October 1972, however, "sucked the soul of the area" and marked the beginning of the "decay and death" of the city.

*"In Marawi, non-Muslims like the Christians and the Chinese businessmen sold their properties and vacated the city because they were afraid of retaliation from Muslims affected by the conflict."*

*"It seems all those years of being so close together suddenly turned to mistrust*

*and hatred. It was explained to us that it was no longer safe to stay."*

*"There were horrendous stories of fighting and killings. Many people evacuated. Then our Maranao friends told us we had to leave for our own safety.... Things were no longer normal."*

With the conflict persisting over 30 years, what was once a "stunning, vibrant, melting pot of diverse cultural community in Mindanao" has never quite recovered [**Box Map I**].

### Marawi today

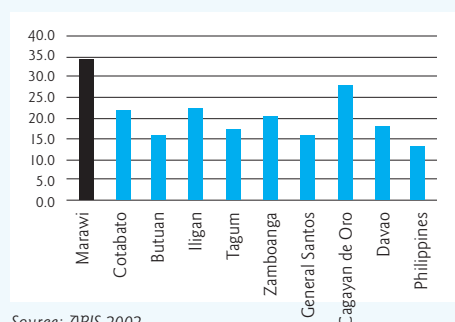
Busran-Lao [2005] observes that in contrast to the progressiveness that characterized the city before 1970, Marawi today is notable for what it lacks relative to comparator or even fledgling cities. For instance, there are none of the franchises one would expect such as Jollibee, Chow King, Dunkin' Donuts, or Mercury Drugstore



(although Iligan city boasts the presence of a Jollibee franchise and four Mercury Drugstores). There is only one courier service and its lone telecommunication center, RCPI, is located at the Mindanao State University campus and not the city proper. The province or city does not have any big department store or shopping mall (like Shoemart or Gaisano) and, up to two years ago, had just one hotel located at MSU. The only banking services available to residents in the province and city are the Land Bank of the Philippines, Philippine National Bank, and Amanah Bank.

Primarily because of the presence of MSU, Marawi has a very high percentage (34.7 percent) of college graduates among its adult population. This is much higher than in any other city in Mindanao, including Cagayan de Oro and Davao City, and certainly well above the Philippine average of only 13.3 percent [Box Figure 1].

**Box Figure 1 Percent of population 25 years and over that finished college, Mindanao cities, 2002**



Source: APIS 2002

One might have expected such a high level of human capital to have attracted and spurred more businesses, creating better employment opportunities and greater prosperity for its population, particularly relative to the other cities. But such is not the case. If quality of employment were measured by the percentage of workers in industry, Marawi would be at the bottom with only 6.1 percent in industry, well below the national average of 16.3 percent [Box Figure 2]. According to the national census, the city has the fewest manufacturing enterprises and financial establishments (banks and pawnshops) [Box Table 5].

**Box Table 5 Manufacturing enterprises and financial establishments, Mindanao cities, 2000**

City	Manufacturing enterprises	Banks and pawnshops
Marawi	80	9
Cotabato	114	35
Butuan	316	81
Iligan	100	41
Zamboanga	224	65
Gen. Santos	141	57
Cagayan de Oro	271	169
Davao	740	252

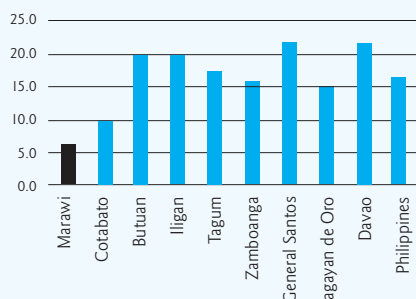
Source: 2000 Census

Of course, the fewer businesses there are, the smaller the revenue take of the local government and the less money to spend for infrastructure and social expenditures to offset the effects of war. Marawi's revenues are dwarfed by those of other cities [Box Table 6].

**Box Table 6 Tax and non-tax revenues, Mindanao cities, 2000 (million pesos)**

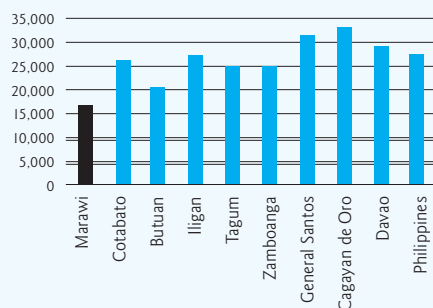
City	Total revenues (including non-tax)	Real property tax
Marawi	4.987	0.673
Cotabato	91.323	10.119
Butuan	159.902	23.980
Iligan	220.836	73.119
Tagum	175.681	33.386
Zamboanga	435.452	40.815
General Santos	332.900	61.390
Cagayan de Oro	320.653	68.883
Davao	1026.140	218.253

## Box Figure 2 Percent of workers in industry, Mindanao cities, 2002



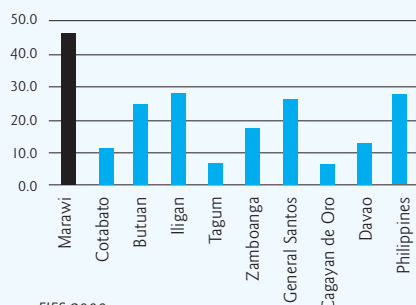
Source: APIS 2002

## Box Figure 3 Per capita income, Mindanao cities, 2000



Source: FIES

## Box Figure 4 Poverty incidence, Mindanao cities, 2000\*



Source: FIES 2000

\* Uses Balisacan's consistent cost-of-living lines

The result of all these is the unusual case of Marawi as a city of well-educated people having a very low standard of living. Of all cities above, the people of Marawi have the lowest per capita income and the highest poverty incidence by a large margin [Box Figures 3 and 4].

## Spillovers and Diaspora<sup>2</sup>

The spillover of the conflict is most manifest in the Diaspora [Box Map 2]. Most of the other cities and regions in the country became a safe haven for the displaced persons from Lanao del Sur and Marawi City. They were forced to flee for human security and economic survival. Diaspora individuals interviewed by Busran-Lao [2005] talk about their experience of the war and the lost opportunities, not only in terms of damage to properties but also of their chance to improve their quality of life. They speak of being forced to take on jobs they have no knowledge of and experience and live in an alien environment that is culturally insensitive.

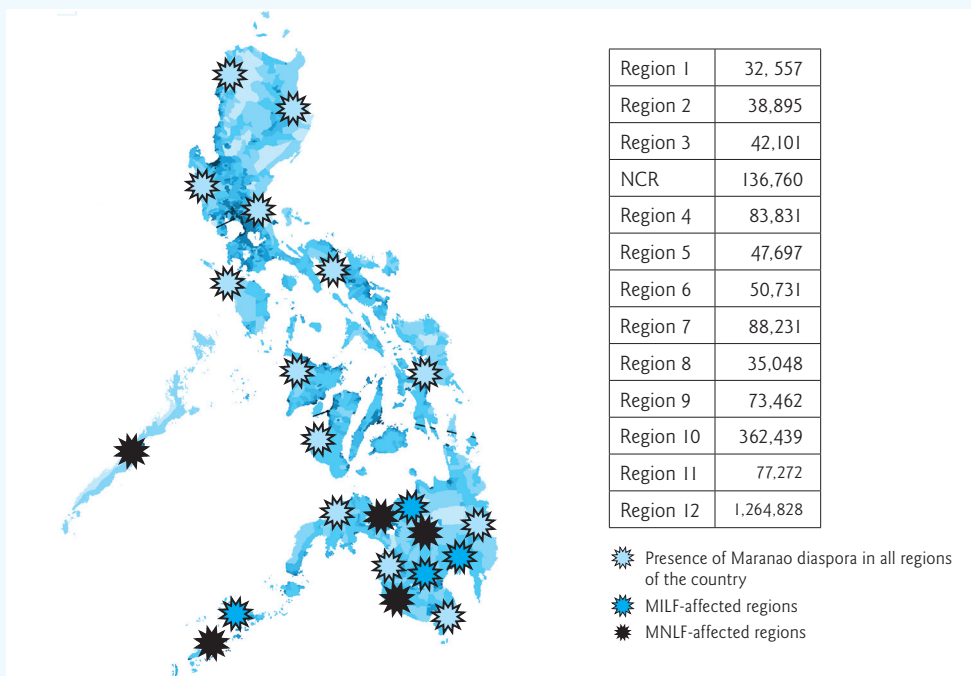
The spillovers are therefore not only economic and geographic, but also emotional and psychological. Indeed, the trauma of the 1970s still haunts those affected by it. Most of the children of this period, now already in their 40s or 50s, still tremble and break down in tears whenever asked to recount the incidents.

### An 85-year-old Maranao woman

**recalls:** "The conflict in the 1970s was very hard, depressing, and difficult.... Too much militarization and the military created fear among many civilians. Military that time were very bad. They captured women for their mistresses, and almost all men were tortured. Military conducted raids of civilian houses and confiscated all the properties they liked. Maranao women were forced to marry just to be saved from the military. There were many disappearances of men and women."

Note, however, that it was not only Muslims but also Christians who were traumatized. Indeed, some who remember clarify that the war was not one of Muslims

## Box Map 2 The Lanao del Sur diaspora in the country



versus Christians. Moros do not attribute their situation today to Christians but to the government.

**Participant, GenSan forum:** *"There was a good number of Christians in Marawi; for example, twin brothers....Nagre-rent sila sa bahay ng uncle ko. Pagputok ng Marawi Uprising, yung brother-in-law ko pinuntuhan sila, kinuha sila at dinala sila sa tuba. Sa mga bahay namin sila yung pina-stay sa mga katre,sa mga kuwarto. Para lang protektahan yung mga Christian friends namin. In other words, yung giyera sa Mindanao ay hindi Muslim versus Christians.... I am very sure that in many Christian areas...mga Muslim friends nila saved them from the Ilaga or from any armed element.... So the Moros....largely blame 'yung gobyerno sa nangyari. Hindi*

*yung mga Kristiyano dito sa Mindanao yung bini-blame nila."*

*"I could still remember the martial-law years... those salvage victims came from both Muslim and Christian groups. The whole family also experienced living in Jolo, and the Tausugs were as good as the Maranaos. It was the government side with which we have a bitter experience, especially when our fishing boat was attacked with gun fire. It was mistakenly identified as a boat with rebel passengers..."*

The more recent "all-out war" and other Government of the Republic of the Philippines-Moro Islamic Liberation Front (GRP-MILF) encounters are no less traumatic. The ages of some victims indicate that spillovers are also likely to be intergenerational.

**From a 70-year-old widow:** “Afraid to experience again the bombings in our community by the military during the martial-law years, we vacated our places and hiked through the forest together with our kids, pregnant women and sick persons to look for a secure place. We lost our properties like our houses, farm animals and harvest from our farm field. We lost some family members who were not given proper burial due to the displacement.”

**From a 10-year-old evacuee:** “I was 7 years old in 2000 when we evacuated from Koliya, Salvador, Lanao del Norte, to the Carmelites compound in Marawi City. We

walked on foot through the forests to reach Marawi. I was carrying a chicken and my father carried my younger sister. We saw some rebels and military people shooting at each other. The war wrecked our home. My father abandoned us at the evacuation center. My mother worked in the market as tobacco vendor. My eldest brother was forced to render hard labor and then worked as street vendor in Manila.”

“The conflict forced our young children to work as domestic help abroad to earn for the family.”

<sup>1</sup>Busran-Lao 2005

<sup>2</sup>Busran-Lao 2005

estimating the economic cost of conflict, the study by Barandiaran [2002] is the source of most frequently cited numbers. Ironically, estimates of the *direct* economic or monetary costs of the armed conflict in Mindanao are relatively small. The method, which uses an econometric model,<sup>13</sup> basically asks whether and by how much the trajectory of regional and national output per head might have been changed by the varying intensity of the conflict. The difference between what is predicted with and without the conflict<sup>14</sup> is then denoted as the output foregone.

Based on this procedure, Barandiaran estimates that during the periods of acute conflict, 1970-1982 and 1997-2001, the Moro insurgency resulted in lost annual output valued at \$150 million, about P8.175 billion (= \$150 million × P54.5/\$1 ), or a daily P22 million in current pesos.<sup>15</sup> The cost during periods of less intense conflict becomes much lower. Over the entire period of the conflict covered, 1970-2001, however, it is estimated that output lost directly was \$2 billion to \$3 billion or P108 billion to P158 billion, or about P5 billion to P7.5 billion annually. These figures are significant, particularly to the economies of the affected areas, but they are not particularly

large from the viewpoint of the national economy. This amounts only to some 2.5 percent of regional GDP of central and southwestern Mindanao and half of a percent of GDP for the entire country.

The reason for the modest figure is the physical confinement of the fighting to a small area of the country (hence also precluding large negative spillovers); the fact that resources mobilized for war on either side have never been large; the “low economic value” of the resource base of the area in question, particularly since fighting has occurred in the more remote areas; and the weak economic linkages between the affected areas and the rest of the country (again precluding large disruptions in the supply chain to the rest of the country) [Barandiaran 2003:33-34].

A recent paper on the Mindanao conflict by Schiavo-Campo and Judd [2005], on the other hand, argues for supplementing Barandiaran’s estimates because the latter neglect a larger implicit economic cost, which is *investment deflection*, or, in the terminology of **Figure 1.2**, foregone investment:

*There is anecdotal but persuasive evidence from the international investment banking community that the “troubles” in the island have adversely affected the image of the country as an investor-friendly venue. This is consistent with the evidence...to the effect that capital flight is a main result of civil conflict, with capital repatriation following a settlement of the conflict. In the case of Mindanao, however, such capital flight (limited by the low level of the initial capital) has been compounded by a failure to attract the equity investment that could be expected based on the area’s location and factor endowments—investment which was deflected to other areas in East and Southeast Asia.*

Foregone investment is both an implicit local cost and a spillover cost. At the local level, investment in agriculture by communities (say, in irrigation or in plantations) may be inhibited by the insecurity spawned by fighting. At the level of the whole country, investment may also be lost, as the country’s attractiveness as an investment location suffers from its association with the region troubled by armed conflict. Foreign investors can afford to be fastidious when their location options span many countries, many with similar endowments, and not all of which suffer from armed conflict and human insecurity.

Still, a simple yet vivid illustration of this relationship is provided by the figure above, which shows the growth of investment for the entire country as well as for major island groups, including Mindanao. The test shock used is the 2001 Abu Sayyaf kidnap incident originating at a resort in Palawan and leading to a manhunt and violent confrontation in Basilan, which drew worldwide attention. The figure clearly shows a sharp drop in

investment for the entire country and for all regions that coincides exactly with the year of the incident. It is obvious that the drop in Mindanao is much sharper. More noticeable, however, is the fact that durable investment growth in Mindanao continued to shrink two years following the incident, even after spending in the rest of the country began to recover. Schiavo-Campo and Judd [2005] estimate that if investment deflection were to be counted in, the economic cost of the Mindanao conflict would amount to P10 billion annually, or a total of \$370 million over the period 1975-2002.

This argument brings up the larger question of hypotheticals, however. Part of the problem with using historical values and trends to estimate “lost output” from conflict is that it double-penalizes the region and the locality for its violent history. The conflict in Mindanao is found to have little impact on national growth because the area’s and the region’s economic contributions are weighted by their *currently small* contribution.

Some may choose to interpret this to mean that the conflict is of little significance. But one must note that the small current contribution of the region is due in no small part to the presence of the conflict itself. The Mindanao conflict is in danger of being given low priority owing to its “small” peso-cost; yet this “small cost” in terms of lost GDP is itself due to the conflict and the official neglect. Indeed, the real tragedy of armed conflicts is that they prevent areas such as Muslim Mindanao from attaining their full potential. In this sense, all estimates of lost output based on current performance are understated.

The economic costs—both direct and spillover—entailed by the communist insurgency are no less real, although their measurement is more elusive. As already mentioned, the NPA’s wider area of operations and the relatively low-level, non-episodic character of the conflict make it difficult to isolate the conflict’s effects on trends in economic growth and investment behavior for specific areas

## Box 1.5 Costs of armed conflict in Bicol<sup>1</sup>

The Bicol region has figured prominently in the Communist Party of the Philippines-New People's Army's (CPP-NPA) Protracted People's War since its origins more than 35 years ago. In 1970, the year of the "First Quarter Storm," the Southern Luzon Party Committee was established as the first regional committee. The following year, open hostilities broke out in Southern Luzon when government forces were ambushed in San Pedro, Iriga City. Plaza Miranda was bombed in August of that same year. At around this time, the CPP urban guerrilla movement was beginning to experience the effects of Marcos's repressive administration and many of the CPP-NPA leaders went to NPA base areas in Eastern Luzon and the Bicol region.

A number of Bicolano students and labor activists went back to their hometowns to engage in teach-ins and attend to the regionwide expansion of the CPP-NPA organization. One of them was Romulo Jallores, who returned in 1971 and established his base area in the town of Tigaon in Camarines Sur. Jallores belonged to a poor family of abaca farmers and strippers of this town.

In December 1971, Jallores, now *Kumander Tanqkad*, was seriously wounded in a bloody encounter with Philippine Constabulary (PC) soldiers. In a relative's house in Naga where he sought refuge, a PC team trapped and killed him. Six months later, his younger brother Ruben, *Kumander Benjie*, was also killed by PC soldiers in a remote sitio of Ocampo, Camarines Sur. Witnesses said the PC team cornered him and his five companions, tied their hands, and riddled them with bullets.

The large crowd that flocked to the Catholic Church where their bodies were brought and to the funeral procession signaled the growth of the CPP-NPA movement and the escalation of armed conflict in Camarines Sur and throughout mainland Bicol. The rebels who captured (and subsequently released) two Philippine Army soldiers in March 2004 in Tinambac, Camarines Sur identified themselves with the Jallores command, indicating the conflict persists.

Bicol is the third poorest region in the country, trailed only by Central Mindanao and ARMM. At least 53.1 percent of the population are poor, 19 percentage points higher than the national figure of 34 percent as of 2000. One reason for this is its low level of productivity—

attributed mainly to climate conditions—and it is not clear whether and how the persistence of the CPP-NPA armed insurgency has contributed. Nonetheless, the insurgency has and continues to involve tremendous costs in terms of lost lives, displaced families, destruction of properties, and derailed development processes. Available data cover more recent years.

**Combat-related deaths and displacement.** As many as 25,000 combat-related deaths have occurred since 1969. At least 49 persons in the Bicol region were killed in 2000, and at least three women in Barangay Pawa, Masbate in 1999. Over 50,000 have been displaced by the conflict. In Libmanan, Camarines Sur, some families had to move from their homes in CPP-NPA zones, leaving their farms untilled.

Children have also been specifically victimized as the NPA has reportedly been recruiting them into their ranks. The report of the Regional Peace and Order Council (RPOC) for year 2003 attributed the increase in the strength and number of firearms of the rebel groups in the region to the continuous recruitment of children and adolescents. The rebels recruit students from barangay high schools and from universities and state colleges in the region.

**Human-rights abuses, committed mostly by military and paramilitary groups.** On March 1, 2004, two Army soldiers were captured in a gunfight in Sitio Caramboan, Barangay Bataan, Tinambac, Camarines Sur, held captive for five months and 18 days, and released on August 18, 2004 in Presentacion, Camarines Sur. During that five-month period, more than 31 human-rights violations were committed allegedly by the Philippine Army in connection with the rescue operation. Fact-finding missions of Karapatan, Bayan, and other groups documented these violations, which involved killing and abduction, arbitrary arrest and detention, illegal search, physical assault and torture, grave threats and coercion, and illegal trespassing to dwellings. Fearing harassment, 240 individuals of Barangay Salvacion, Tinambac, Camarines Sur evacuated their homes. From 2000 to 2004, the Commission on Human Rights Region V recorded 81 insurgency-related human-rights violations in five of the six Bicol provinces.

**Destruction to property.** Financial losses from the armed conflict may be gauged from recent bombings and destruction to property perpetrated by rebel groups in Bicol.

- Globe cell site, Bubulusan, Guinobatan, Albay, September 4, 2003. (Note: A totally destroyed cell site may cost anywhere between P10 million and P20 million to rebuild. Damage to the base only would amount to P1 million to P2 million per cell site.)

- Globe cell site, San Roque, Masbate, March 6, 2003

- Smart cell site, Travesia, Guinobatan, Albay, October 26, 2002

- Globe cell site, Sorsogon, October 17, 2002

- RCPI/Bayantel, Quinarabasahan, Bula, Camarines Sur, October 5, 2002

- Burning of Philtranco (P11.5 million) and Raymond Buses (P5 million) in Ligao, and Ragay, Camarines Sur, respectively.

- Burning of St. Jude Bus or Buban Bus (P1.2 million), Barangay Libod, Camalig, Albay, July 23, 2002

- Burning of Philtranco Bus (P7 million) Sitio Malobago, Barangay Buga, Libon, Albay, January 5, 1998

- Burning of a heavy equipment (grader) parked at the project site of the National Irrigation Administration (NIA) in Barangay Busac, Oas, Albay, by four unidentified men believed to be CTs [Oas PNP report]

- Burning down of Palanog Good Found Cement Factory, Barangay Palanog, Camalig, Albay, November 29, 2002

Such destruction has jacked up nonlife insurance premiums for commercial establishments, bus services, and other properties, a cost likely to be passed on to consumers.

These acts of destruction are believed to be rebel punishment for owners who fail to pay **revolutionary taxes** to the NPA. Revolutionary taxes are claimed as a legitimate way of generating funds for the revolutionary government. Taxes are collected from farmers every harvest time, and from fisherfolk, small businessmen (owners of karaoke bars and *sari-sari* stores), government infrastructure projects, and private contractors (roads and bridges, electrification, irrigation, and other civil works), where revolutionary taxes can amount to anywhere between 5 and 10 percent of the project cost regardless of the project.

The most lucrative source of revolutionary taxes are cell sites of the two big telecommunication networks. Rebel groups demand anywhere from P50,000 to P200,000 per

site per year, or as much as P500,000 for a newly setup site. Attacks on cell sites may reflect the inability to pay these taxes.

The specific case of Pio Duran in Albay is presented by Rosco [2004]. In Pio Duran, barangay officials pay a revolutionary tax of P1,000 every quarter, broken down as follows: P600 from the council and P400 from the internal revenue allotment (IRA) of the barangay.

"Madam Nelly," a businesswoman, was assessed for P8,000 a year. Since she could not afford this, *"it was reduced to P1,000 yearly, in addition to the other needs that the members of the NPA are asking for...this can be in the form of a sack of rice, cigarettes, bags, etc."* Landowners like "Sir Nestor" and "Sir Inggo," on the other hand, usually pay at every coconut harvest time (every 45 days), or upon receiving demand letters from alleged NPA members. Residents say they comply with these demands for their own security or protection against "bad elements" or robbery since their businesses are open until late at night. Others consider it a "donation" to the revolutionary movement.

**Foregone investments and development opportunities.** The CPP-NPA armed conflict has an adverse effect on the growth and development of the area where the insurgents maintain a stronghold. On the one hand, the threat of being subject to revolutionary taxes deters entrepreneurship at the community level. On a larger scale, investments are delayed or foregone, as in the case of telecomm services. The expansion of telecom lines and cell sites is frequently deferred for an extended period pending the search for a suitable place in order to avoid the revolutionary taxes or, in case of nonpayment, harassment. Note that as of 2002, only 14.4 percent of families in Bicol had access to a cell-phone or telephone, less than the proportion nationwide (28.5percent). Other examples:

- A \$50 million World Bank-funded project, i.e., the Community Based Resource Management Project (CBRMP), may have failed to take off after LGU project coordinators received letters from the NPA asking them to discontinue their activities. This was reported in the municipalities of Castilla and Magallanes in Sorsogon, San Miguel in Catanduanes, and Presentacion and Bato in Camarines Sur (Calara 2002)—all NPA strongholds in Sorsogon and Camarines Sur. The CBRMP in Presentacion was indeed discontinued.

■ In Presentacion, Camarines Sur, a marble-cutting industry that started using local resources was discontinued due to the very high revolutionary tax demanded.

■ Barcia [2003] reported that the CPP-NPA groups are writing banks and/or traders in Bicol asking them to pay revolutionary taxes; some of them already “started paying such taxes to the NPA for fear of reprisal.” A serious repercussion of this practice might be the loss of opportunity for local producers to market their products with lower transportation costs.

■ In Albay, a 72-hectare farmland in Guinobatan owned by the Catholic Church became due for land reform two years ago. The church complied, and the whole tract of land was assigned to the rightful tenants. However, when the geodetic engineer from the Department of Agrarian Reform (DAR) started to conduct the land survey, he was harassed by a group of NPAs, who also confiscated his surveying instruments. Efforts of the church to dialogue with the rebels failed. The tenants eventually lost their legitimate claim to ownership as provided under the CARP.

Local peace-building workers viewed the NPA behavior in this last case as grossly inconsistent with the cause it was purportedly fighting for. As such, it raised doubts as to whether their current activities and practices were still ideology-driven.

**Intergenerational impact.** The story of the Jallores brothers of Tigaon may be viewed as a microcosm of the path that families of rebels have taken. After their deaths, a sister, Gavina, who used to try to persuade Rommel to shun demonstrations, had a complete change of mind. The Jallores brothers became a source of pride for the family and nephews and younger cousins eventually joined the movement.

Families of rebels certainly live in poverty and are deprived of education in the absence of a provider, a cycle repeated in the succeeding generation. Similarly, orphaned children of rebels, including those of the military, stand to suffer most from the loss of better education and opportunities for a brighter future.

Intergenerational effects will also be seen in the destruction of the environment, which continues unabated in remote areas, as the LGUs cannot enforce environmental laws in NPA-controlled areas.

**Effect on governance.** Requiring a Permit to Campaign (PTC) during election time is another form of rebel fund-raising. In some cases, congressional candidates strike a compromise with the rebels, assuring them of a certain percentage of their countryside development fund. Local candidates who can ill afford to pay large sums are required to pay in kind with cell phones, two-way radios, laptops, and the like.

During the last elections, some candidates failed to pay for the PTC or seek a compromise, and were unable to reach remote areas during the campaign. Such a situation deprives the residents of valuable information and wider choices and undermines their right to free and meaningful participation in the electoral process. Conversely, politicians who submit to the authority of the rebels by seeking a PTC virtually condone the practice and create conditions for perpetuating such activities. Most likely, poor governance and corruption is then institutionalized downstream as scarce public funds in the form of the CDF or the IRA are leaked out to the NPA and communities lose vital public services or capital.

<sup>1</sup> *Lobrigo et al. 2005*



or over specific periods. A visible and substantial direct economic cost of the conflict, however, is due to the NPA's attacks on infrastructure, particularly on telecommunications and power facilities in the CALABARZON area [Morada 2005].

Between 2000 and 2003, 46 attacks on cell sites were reported, with half of them occurring in Central Luzon, Southern Tagalog, and Bicol region, all of which are known NPA strongholds. Some 20 cell sites of Globe Telecommunications were downed in the last three years alone. With each site costing telecom companies between P10 million and P15 million to build, the repair or rebuilding of 46 sites would cost companies anything from P460 million to P690 million. NPA attacks were apparently triggered by their failure to "pay up" on the so-called revolutionary taxes.<sup>16</sup>

Another target of NPA guerrilla fighters has been power supply infrastructure. The entire network of transmission lines and power plants is a fairly easy target. Major attacks include the one on the 600-megawatt coal-fired power plant in Calaca, Batangas in January 2004, which caused a major power outage in Metro Manila and other parts of Luzon, and a major disruption of business and people's lives.

The CPP-NPA follows the peculiar practice of collecting "revolutionary taxes"—which government calls plain extortion—as an assertion of its existence as a "provisional government" alongside that of the Republic of the Philippines. The bulk is said to be collected from "class enemies," or the enterprises and their operations located within the guerrilla front. In some cases revolutionary taxes appear to be the opportunity costs of avoiding the sabotage of one's facilities. Morada [2005] assembles some data suggesting the magnitude of these activities.

*In the first six months of 2004, the AFP reported that the communist insurgents collected some \$740,000 "revolutionary taxes" mostly from mining, agricultural, telecommunications, and transportation firms.<sup>17</sup> In 2002, it was estimated that some P279.2 million worth of equipment and property were lost due to NPA attacks, that included commuter bus burning, toppling of mobile phone relay towers, and similar activities in the mining, logging, and agricultural estates. In the same year, Davao-based rebels collected about P23.08 million, followed by Southern Tagalog with P22.29 million. Central Luzon came in a distant third, with only P7.62 million.<sup>18</sup> Both local and foreign firms in the Philippines have been victims of NPA revolutionary taxes, which effectively increased the cost of doing business in the country. NPA documents captured in 2001 indicate that telecommunications companies operating in the CALABARZON area pay as much as P80,000 to P120,000 per year. Medium-scale enterprises such as ice plants and poultry farms pay between P50,000 and P60,000 per year, while small landowners are taxed from P10,000 to P20,000 during harvest season. For projects such as property development or road construction, the NPA charges 1 to 3 percent of the project budget. In the late 1980s, which was the peak of the CPP-NPA's taxation activities, the Southern Tagalog region contributed about P45 million per year. The industrial belt running from Calamba to San Pedro, Laguna is an important source of funds. Many of the companies in the area covertly give to the communist insurgents usually through union funds or percentages from collective bargaining agreements.<sup>19</sup>*

From such microeconomic accounts, it becomes clear that such practices are bound to have a fallout in terms of lower investment, lower output growth, and higher employment than otherwise, in the same way that ordinary taxes raise the cost of doing business. This unfortunately also means a further setback to the development of the affected areas, compared with others unaffected by armed conflict.

A related NPA practice has been the collection of fees for “permit to campaign” during elections:

*Based on estimates from the May 2001 elections, permit-to-campaign fees extorted by the NPA reportedly totaled P4.2 million in the CALABARZON area alone.<sup>20</sup> During the six-month campaign period leading to the May 2004 elections, the AFP estimated that the NPA collected a total of P13 million (although the Philippine National Police estimated it lower at P9.6 million) from politicians. The PNP reported that NPAs in Caraga region in Mindanao were able to raise some P5.05 million, followed by Bicol and CALABARZON regions, with a combined collection of at least P3.6 million.<sup>21</sup>*

From the foregoing, it is clear that the continuation of the conflict imposes peculiar economic and political costs on affected areas.

## Armed conflict affects human development through human security

The effect of the various costs of armed conflict on levels of human development can be telling. As human insecurity increases from armed conflict, people turn away from those social and productive activities that could have facilitated the development of their human potential. Lives are destroyed, families and communities torn apart, cultures decline, and investment is foregone or deflected. Development in the immediate area stagnates and, through spillovers, the entire region and perhaps the entire country is affected. In this manner, by degrading human security, persistent armed conflict ultimately affects human development and living standards.

The robustness of this causal mechanism is evident from several aspects. At the local level, the fate of Marawi City in Lanao del Sur is illustrative from a diachronic perspective [**Box 1.4**]. From the old, genteel Dansalan that was the social and commercial crossroads for Muslim and Christian Filipinos, Marawi was transformed into “ground zero” of the Moro insurgency in the 1970s, beginning with the provocations and atrocities of lowland Christian vigilantes (*Ilaga*), to the October 21, 1972, MNLF-led uprising and its brutal suppression by the armed forces.

Both remarkable and portentous for others affected by conflict, however, is the fact that more than three decades since, the city still has not lived down its reputation as the nest of Muslim-Christian strife. Even today, therefore, compared to *all other cities* in Muslim Mindanao, Marawi manifests the lowest per capita income, the highest poverty incidence, the lowest proportion of workers in manufacturing, and the lowest business and real-estate tax collections. It is evident—given its recent violent history—that investment, tourism, and economic activity in

general have come to shun Marawi over the long term. One is then left to contemplate a city with the best-educated population of all Muslim cities, but with paradoxically the worst standards of living.

**Table 1.7 Top and bottom 10 provinces in life expectancy, 2003 (in years)**

Top 10 provinces	Years	Bottom 10 provinces	Years
Cebu	72.6	Antique	62.6
Pampanga	72.2	Kalinga	62.5
Batangas	71.8	Apayao	62.4
Bulacan	71.4	Eastern Samar	61.7
Camarines Sur	71.3	Western Samar	61.4
Nueva Ecija	71.2	Basilan	60.6
Davao del Sur	71.1	Lanao del Sur	57.9
Rizal	71.0	Sulu	52.8
La Union	70.6	Maguindanao	52.0
Cavite	70.5	Tawi-Tawi	51.2

Source: Statistical Annex 1

On a more general scale, successive issues of this *Report* (see particularly HDN 2002) have documented how the bottom 10 provinces in almost every aspect of human development always include some of the most conflict-ridden provinces. The five provinces with the lowest life expectancy in the country are in Muslim Mindanao [Table 1.7]. There is a gap of 20 years between life expectancy in Cebu, for example, and that in Maguindanao and Tawi-Tawi, and this is ultimately reflected in the latest overall HDI rankings [Table 1.8], which also lists those provinces as the bottom-dwellers for the entire country. The fact that four of these provinces (Maguindanao, Lanao del Sur, Basilan, and Sulu) are also found on the list of the provinces most affected by conflict [Table 1.9] is no coincidence but rather suggests a deeper relationship. The presence of two Cordillera provinces among those with the lowest

life expectancy is also suggestive, since the area is known to be a traditional area of operations of the communist insurgency.

**Table 1.8 Top and bottom 10 provinces in human development, 2003 (0 < HDI < 1)**

Top 10 provinces	HDI	Bottom 10 provinces	HDI
Benguet	0.738	Lanao del Sur	0.480
Laguna	0.717	Eastern Samar	0.474
Batanes	0.711	Western Samar	0.469
Rizal	0.708	Sarangani	0.448
Cavite	0.704	Zamboanga del Norte	0.446
Nueva Vizcaya	0.686	Masbate	0.442
Pampanga	0.685	Basilan	0.409
Bataan	0.679	Tawi-Tawi	0.364
Bulacan	0.663	Maguindanao	0.360
Ilocos Norte	0.659	Sulu	0.301

Source: Statistical Annex 1

**Table 1.9 Provinces most affected by Moro (MILF/MNLF) conflict, 1986-2004 (by number of encounters and by number of casualties)**

By number of encounters	By number of casualties
Maguindanao	Maguindanao
North Cotabato	Lanao del Norte
Basilan	North Cotabato
Lanao del Norte	Lanao del Sur
Lanao del Sur	Basilan
Davao del Sur	Sulu
South Cotabato	Sultan Kudarat
Sultan Kudarat	
Sulu	
Zamboanga del Sur	

Source: Bautista [2005]

Indeed, a more systematic regression analysis that controls for other factors (geography, climate, access and infrastructure, and other initial conditions) confirms a robust *negative relationship* between being a province in Muslim Mindanao on the one hand and a host of indicators of human development on the other. Other things being equal, a province in Muslim Mindanao tends on average to have:

- An incidence of poverty that is *higher* by 32 percentage points
- Income per person that is P11,000 *lower* (in prices of 2000)
- Cohort-survival rates in basic education that are 31 percentage points *lower*
- Infant mortality rates that are 15 points *higher*

It is interesting, however, that the same causal connection between human development and armed conflict cannot be easily demonstrated in as clear-cut a manner for the communist insurgency. At most, one observes that infant mortality in a Cordillera province is also significantly higher than the average province (other than those in the Autonomous Region in Muslim Mindanao) holding all other variables constant.

Part of the reason for this weaker relationship undoubtedly lies in the fact that the war waged by the CPP-NPA-NDF is more diffuse than the Moro conflict. While the NPA and the MILF have about the same troop strength (ca. 12,000), the MILF confines its principal operations to specific areas of Mindanao; the NPA, whose ideology and constituency are national, must spread throughout the archipelago. Moreover the NPA's logistics are inferior in some ways to that of the MILF (e.g., the latter produce their own anti-tank weapons), which prevents it from mounting the same fixed positional warfare that the MILF is capable of waging. In turn, however, it should be noted that the NPA has begun to shift some of its emphasis to Mindanao [Bautista 2005].

The relatively diffuse and shifting character of the communist insurgency therefore probably accounts a great deal for the fact that the armed conflict it wages does not figure prominently in a cross-section analysis of human development. For if all provinces were hypothetically equally prone to being affected by the communist armed conflict, then the level of human insecurity across provinces would not be detected as a relevant variable. This does not negate its effect, however [Box 1.5]. Certainly, the country *as a whole* could have been more secure *without* the armed conflict, and a comparison of the Philippines with other countries without similar insurgencies would likely show the latter doing better than the former in human development terms.

## The causes of conflict: Does low human development cause conflict?

The large costs of ideology-based armed conflict in terms of losses in human life, property, and economic and social opportunities are obvious in the preceding. It is another question, however, whether these costs are sufficiently large for the participants to justify stopping the conflict and seeking a peaceful resolution.

Clausewitz observed that war was the continuation of politics by other means. Ultimately, therefore, whether or not insurgent groups and their supporters abandon armed conflict as a means for pursuing their ideology in favor of peaceful means will depend on whether they perceive the costs of continuing to pursue a war as being high enough to outweigh any gains they can derive from it, or if the consequences of abandoning armed struggle do not demand too large a sacrifice of their ultimate goals—or both of these. Mainstream Filipinos as well as the government must themselves also reconsider their recalcitrance or indifference to the demands of

the insurgencies in relation to how much more of the costs of conflict—which we showed are already large—they can afford to bear.

The histories, ideologies, and changing demands of the Moro and communist insurgencies are discussed in this *Report*. At its root, the Moro insurgency is a struggle against the “historical and systematic marginalization and minoritization of the Islamized ethnolinguistic groups, collectively called Moros, in their own homeland in the Mindanao islands.” From 76 percent of the Mindanao population in 1903, Muslim groups currently account for no more than 19 percent (1990) [Figure 1.3].

The roots of the Moro problem have been summarized in *six key elements*: (1) economic marginalization and destitution; (2) political domination and inferiorization; (3) physical insecurity; (4) a threatened Moro and Islamic identity; (5) a perception that government is the principal party to blame; and (6) a perception of hopelessness under the present setup. This is the context in which the demands for autonomy and—for some groups—independence under a separate state should be appreciated.

The communist insurgency, on the other hand, is nominally part of what was formerly a worldwide ideology that in its most advanced form rejects capitalism as a social and economic system. It seeks to steer the country’s political and economic development away from a capitalist and toward a socialist future by nurturing a revolution based on the failures of a “semicolonial, semifeudal” system: (1) widespread and deep poverty and an inequitable distribution of wealth and control over the resource base; (2) poor governance, as seen in the poor delivery of basic social services, the absenteeism of elected local officials, corruption and inefficiency in government bureaucracy, and poor implementation of laws, including those that should protect the environment; (3) injustice and abuse by those in authority, human-rights violations, corruption, and delays in the administration of justice; (4) structural

inequities in the political system, including control by an elite minority, traditional politicians, and political dynasties, and enforcement of such control through private armies; and (5) exploitation and marginalization of indigenous cultural communities, including lack of respect and recognition of ancestral domain and indigenous legal and political systems [National Unification Commission 1993].

The demand for agrarian reform is important in the analysis and rhetoric of the mainstream communist insurgency since the movement has traditionally believed that land is the principal source of wealth and therefore—in Marxist fashion—also political power in Philippine society.

Given these histories and ideologies, armed conflicts should be expected to occur and persist in areas that are the most deprived, where deprivation is broadly measured by such variables as poverty incidence, inequality, or some aggregate or component measure of human development. *The straightforward argument is that deprivation breeds discontent and a sense of injustice, which in turn lead to armed conflict.*

Frequently enough, not even the most abject conditions will by themselves cause grievances, much less lead to revolutions and secessions. Many traditional communities that have always lived off a sparse environment, for example, have only minimal expectations and make the most minor demands. For such communities, hardship is not deprivation and therefore no cause for grievance—rather, it is a fact of life, perhaps even a chosen way of life.

For grievances to exist, people must perceive and be convinced that something higher and better than their present condition is indeed possible. Deprivation, after all, is never abstract; it is always a perception framed *relative to some standard*. Ideology articulates such a standard, for one of its essential functions is to argue how the present could be otherwise for its potential adherents. As Marx perceptively pointed out regarding revolutions, “the problem itself arises only when the material

conditions for its solution are already present.” That is to say, a revolution is likely to attract a following when its promised changes are at least plausible.

Often, the most persuasive demonstration that things *can* be different is the fact that some people in society seem to undeservedly enjoy certain rights and entitlements that others do not. From the viewpoint of the secessionist movement, for example, mainstream Christian regions and populations enjoy certain social advantages not available to Moros. The communist insurgency harps on the obvious disparities between landowners and landless and between capitalists and workers. Thus, ideology seeks to show that people are deprived relative to *what could be* under some promised alternative, whether this takes the form of an independent Moro state—secular or Islamic—or an imminently socialist society. Indeed, the revolutionary argument is that deprivation can be relieved and injustice remedied only by pursuing such alternatives.

Governments counter this by seeking to persuade the contested constituencies either: (1) that the perceived conditions do not constitute deprivation but are rather unavoidable if regrettable circumstances (also implicitly arguing that the improvements promised by the competing ideology are not reasonable but demagogic fantasies); or alternatively (2) that *some* relief from these grievances is in fact forthcoming from the existing system itself—making insurgency and revolution unnecessary. Then of course, any revolutionary movement worth its salt will always argue that any reforms promised by the government are either inadequate, incomplete, or insincere.

## Hardship versus deprivation

The observation that deprivation and injustice, rather than hardship alone, lie at the heart of armed conflict can be empirically demonstrated. It may surprise some to learn, for example, that the frequency of armed conflict across provinces is *not* directly related

to the incidence of poverty in such provinces [Edillon 2005]. In short, the provinces with the greatest concentration of the poor are *not* necessarily those most likely to experience armed conflict. Even more remarkable is the fact that aggregate measures of income inequality (e.g., the Gini coefficient or ratio) also do not explain the incidence of conflict.

This begins to make sense if one remembers that deprivation is always relative. Hence, people in local communities will take their frame of reference as pertaining to their immediate surroundings, which may be smaller and more limited in scale than the situation suggested by aggregate measures of poverty incidence or inequality.

By contrast, measures of deprivation do “predict” the occurrence of armed encounters that occur across provinces [Appendix I.2]. In particular, the presence or absence of basic services such as *electric power, education, reliable water supply, and road transport* is an important component that feeds into whether communities regard themselves as deprived or not. The widespread and well-known availability of these services to mainstream communities serves as an adverse point of comparison for neglected and desolate areas, turning experienced hardship into palpable grievances and making people receptive to competing state ideologies.

## Minoritization

Relative deprivation becomes more acute with *minoritization*. If everything else were equal, the frequency of armed encounters would be less in the predominantly “minority”-dominated provinces,<sup>22</sup> that is, provinces where a high proportion of the original settlers remains (that is, the less is the degree of minoritization). An obvious reason for this is that relative homogeneity in culture eliminates at *least one* possible frame of unfavorable reference for deprivation, namely, marked differences in treatment between mainstream populations and minority ethnic groups.

In practice, however, there will be large gaps in the provision of social services *within* a province, which becomes especially perceptible when an area's original inhabitants are reduced to the status of minorities in their old homelands through the influx of new settlers. Historically, of course, this is what occurred on a massive scale in Mindanao. Because of a deliberate resettlement policy as well as autonomous immigration from other parts of the country, the original Moro peoples of Mindanao have been reduced from as much as 76 percent of the population at the turn of the 20th century to as little as 18 percent toward its end [Figure 1.3]. Especially in "mixed" provinces where large majority and minority populations live side by side each other and the proportion of original inhabitants is small, differences in treatment and provision of services provide striking contrasts and potent sources of discontent.

### **Why rising incomes may or may not stem conflict**

As mentioned, average income (or equivalently average expenditure) does not by itself predict the incidence of armed conflict. The manner by which incomes affect the occurrence of armed conflict is a complex one and reflects the interaction of ideology, organization, and real grievances.

Broadly speaking, average incomes can affect insurgencies and the occurrence of armed conflict in two ways. On the one hand, as intuition suggests, the poorer people are, the more likely they are to harbor grievances and a sense of injustice. From this aspect, therefore, armed conflict should rise as incomes fall and should fall as incomes rise. But on the other hand, low-income communities will also have more difficulty sustaining an organized insurgency in logistical terms since the need to support full-time armed rebels represents a significant material burden on the people themselves. On this score, therefore, *higher* incomes in an area may raise rather than

reduce the likelihood of armed conflict.

A further reason is the correlation between rising incomes and education: The more of a poor community's population become educated, the better able they are to articulate what may have been previously unexpressed grievances, and the greater the following for a revolutionary ideology. If the former represents the "demand" side for an insurgency, the latter is akin to its "supply" side.<sup>23</sup>

**Figure 1.4** [Edillon 2005] shows and substantiates the course of this relationship (differentiating between minority-dominated and mixed-population provinces). The net effect is that beginning with low incomes, the *incidence of armed conflict first rises before falling as the average income of the middle class rises*. The fact that it is the average incomes of the middle class (i.e., the third quintile) that seems to matter is also intuitively clear: Elements of the middle classes (e.g., students, professionals) are typically the bearers of revolutionary ideology and also provide the bulk of leadership.

Several implications follow from this empirical relationship. First, there may be localities that in a real sense are "too poor to rebel"; the relative peace or lack of an active insurgency in some areas, however, does not mean that such communities are not deprived or victimized. It may only mean they are not well-off enough to sustain an organized rebellion. Many communities of *lumad*, Ati, and other traditional ethnic groups are prime examples. From a human development perspective, however, it is important that the mere absence of open conflict should not make it any *less* urgent to address real human deprivation, so that not only "the squeaky wheel gets the grease."

Second, it simply cannot be taken for granted that average affluence will mechanically cause insurgencies to "die away." That depends on people's reference point. Even in relatively well-off areas, pockets of neglect and discrimination will provide both the means and the motive for rebellion, so it is no longer curious that rebels do thrive and operate



even in relatively affluent areas, including some municipalities of Bulacan and Rizal [see Morada 2005]. This will also imply that in some very poor localities, improvements in income or education may at first increase rather than reduce the incidence of conflict, so that alternatively, one might argue this is an argument against piecemeal or tokenist approaches. There is a “hump” or threshold of improvement, which intervention must clear before a difference in the atmosphere of social conflict can be felt. This is partly an argument that intervention in behalf of the poorest communities should be substantial and sustained.

Then, again, minoritization matters. Although everywhere a certain threshold will always be reached where improved economic well-being leads to a decline in the incidence of conflict, *a larger improvement in middle-class income* is needed to bring down the incidence of armed conflict in mixed-population provinces than in the minority provinces. (In **Figure 1.4**, note the black curve is flatter than the brown curve.)

An important reason for this phenomenon may be found in the context of relative deprivation: Where minoritization is pronounced (i.e., in the “mixed” provinces), the unequal treatment of and discrimination against minorities provide additional sources of resentment that cannot completely be offset by improvements in average incomes alone. As a result, *larger* income improvements are needed to compensate for the situation than in the more ethnically homogeneous minority provinces, where odious interpopulation comparisons are not as stark. Alternatively, of course, one can argue that if the dimension of discrimination could be minimized or eliminated (as in, say, the minority-dominant provinces), then the “payoff” to higher incomes in terms of reducing the incidence of armed conflict would be easier to reach.

## Land reform

Not surprisingly, the rate of accomplishment of land reform turns out to be a good predictor of the frequency of armed conflict: The higher the proportion of land redistributed under the Comprehensive Agrarian Reform Program (CARP) relative to the potential land reform area, the lower the likelihood of armed conflict. Access to land is, after all, a basic demand, especially for the mainstream communist insurgency, whose ideology, strategy, and tactics are irretrievably linked to the agrarian question. To a lesser extent, of course, even the Moro conflict involves an implicit land issue since it reasserts historical communal claims to land against the property rights of non-Moro settlers.

It remains an open question, however, to what extent land reform is important because it is a truly strategic issue for human development, or simply because it is *the* particular advocacy emphasized by the communist insurgency at the moment and therefore the basis of its organizing activities. One might validly ask whether the failure to fully implement the CARP is as crucial an obstacle to the achievement of human development as other grievous failures of the current system—its failure to provide quality basic education or primary health care, adequate infrastructure, and more productive alternatives to agricultural occupations. More recent assessments of the government’s land reform accomplishments, after all, do concede that the extent of redistribution has been significant:

*By 2002, CARP officially claimed to have redistributed nearly six million hectares to more than two million peasant households, accounting for nearly half of the country’s total agricultural lands and two-fifths of the total rural households, respectively. This nationally aggregated land redistribution outcome is below the optimistic projections and claims by its*



ardent supporters, but it is also beyond the pessimistic predictions and claims of CARP critics [Borras 2004:107].

Indeed, a rough counterfactual exercise [Edillon 2005] suggests that even in terms of reducing the incidence of armed conflict, the payback from a completion of CARP does somewhat less well than simply improving adult education, although it creates a larger impact in majority-dominant or in mixed provinces [Table 1.10]. In minority-dominant provinces, however, a completion of CARP is inferior to both provision of education and improved access to water supply. Hence, if there is currently an 88 percent chance of an armed encounter occurring in a minority-dominant province, completing the CARP scope would reduce this chance to 84 percent, but removing disparities in social services, such as access to water supply, could reduce this to as low as 70 percent. Even in majority-dominant provinces, where the impact of completing CARP is largest, it results in only a 5 percentage point reduction in the probability of an armed encounter occurring.

The question therefore arises whether the sources of discontent and future course of an insurgency—say, a decade from now—will still be crucially determined by the outcome of the land issue. This is no mere conjecture: It is already one reason for the schism within the communist movement itself, with some factions seriously doubting the continued relevance of a movement addressing a predominantly rural constituency. As this Report argues:

*It would seem that for the progress of peasant mass base-building of the CPP, agrarian reform and agrarian revolution are not the crucial factors. The CPP's peasant mass base (or at least its guerrilla fronts) appears to be increasing despite the significant redistributive outcome of CARP and the relatively low level of revolutionary land reform.*

**Table 1.10 Probability of at least one encounter per year given certain interventions (in percent)**

	Type of province		
	Majority	Minority	Mixed
Base run	75.5	88.3	79.7
With interventions			
finish CARP scope	70.2	84.4	76.4
increase access to electricity	73.7	86.4	76.6
increase adult education	nil	nil	nil
remove disparity in water supply	75.5	69.5	79.7
increase road density	75.5	86.8	78.6
Peace policy	nil	35.79	nil

Note: "nil" means almost zero probability  
Source: Edillon [2005]

*The persistence or strength of the NPA has some other stronger basis or source. According to a former CPP insider, it is the function of the NPA to function itself as a "social police" in the countryside where the state has no presence. Stated otherwise, "The insurgency survives because it is an alternative political movement supported by force." In short, another state structure [Original emphasis].*

From the government's viewpoint, of course, the real challenge is going beyond the merely pragmatic question of whether it should continue to pay attention to the land issue as and when its association with armed conflict declines.

## History matters

A history of past conflict also increases the expected number of armed encounters: A province that has already experienced an armed encounter is that much more likely to experience one again for two reasons.

First, it simply reflects the “supply” side of revolutionary organizations. The operations and activities of insurgents are founded ultimately on the receptiveness of communities to the ideological “investments” made in them by revolutionary movements and the lasting network of organizations and personal relationships formed on that basis. Irrespective to some extent of the prevailing material and social conditions, therefore, a certain level of sympathy and support for the insurgency will always be found in some areas, making it that much easier for the rebel movement to locate there. Examples of these are some Central Luzon provinces in the 1960s, Isabela in the 1970s, the Cordilleras in the 1980s, and the provinces of the Bondoc Peninsula since the 1990s. For the Moro conflict, ethnic and clan reasons predetermine natural bases in the Sulu archipelago and Lanao.

A second reason is to be found in the typical cycle of violence and retaliation engendered by armed conflicts themselves. The resulting loss of human life, destruction of property, and social disruption may provide sufficient reason for armed conflict to continue. Raids by the armed forces on suspected rebel bases, for example, can often lead to abuses of human rights, even among noncombatants and the politically uninvolved. Relatives may take up arms in order to avenge family members killed, or in retaliation for perceived violations of their rights. For such reasons, therefore, hysteresis alone will predispose certain provinces to further armed conflict.

Whether or not one agrees with the particular ideologies and solutions they espouse, the communist and Moro insurgencies cannot be ignored since they are undeniably based on real grievances.

The most obvious reason for not ignoring them is the huge human, social, and economic costs they entail, costs borne not only by the combatants but increasingly by mainstream Filipino society as well. The spillover of part of that conflict into terrorist forms is deplorable, but it merely makes explicit the already latent truth: The Filipino majority can refuse to confront the roots of the conflict only on pain of putting their own security and way of life at risk.

Apart from the majority's interest in self-preservation, however, the more fundamental reason for not ignoring the insurgencies is simply that they raise fundamental questions regarding human development. For mainstream society to ignore questions relating to deprivation, injustice, and discrimination means for it to ignore the principles on which it was putatively founded.

In a profound sense, all insurgencies hold up a mirror to mainstream society and challenge it to deliver to minority populations and the deprived what it seems to provide adequately to majorities and amply to the socially privileged. An inability of mainstream society and the government to rise to this challenge would bolster the insurgent message that the project of a Filipino democracy has failed, and that indeed armed rebellion (even terror) is what is needed to attain a socialist state, or a separate Moro or an Islamic republic that alone can deliver the minimum levels of human development for neglected constituencies.

## Reinforcing current peace efforts: Some proposals

*I've been crying lately, thinking about the world as it is.  
Why must we go on hating, why can't we live in bliss?  
'Cause out on the edge of darkness there rides  
a Peace Train,  
Oh, Peace Train, take this country,  
come take me home again.*

—Yusuf Islam (formerly Cat Stevens)

Until now, the Philippine government's approaches to the ideology-motivated armed conflicts have fallen under three types. Paul Oquist [2002] has aptly termed these (1) the “military-victory” position, (2) the “pacification and demobilization” position, and (3) the “institutional peace-building” position.

The *military-victory* position is easiest to comprehend since it proceeds from the simple belief that insurgencies are best addressed through a decisive military response. This is the typical resort when an insurgency has just begun since it feeds on the hope that an insurgency can, as it were, be “nipped in the bud.” But—as has obviously occurred in both the Moro and communist conflicts—an easy solution through this means is typically out of reach. Nonetheless, the logic of the position typically leads not to an abandonment of the use of military force but first to an escalation: The initial failure to stem conflict is rationalized to mean simply that not enough resources have been committed to the war.

Unfortunately, the escalation itself only engenders further resistance and retaliation since an intensified military response will typically be associated with human-rights violations, casualties among noncombatant populations, and the social and economic dislocation. Insurgents may also resort to terror and view this as a justified response to a numerically superior foe. Conflict is then further prolonged as a vicious cycle of self-

destruction sets in.

Despite its futility, the purely military option presents itself not only at the beginning of a conflict, but also when a stalemate is reached (to break it) or when frustration with other approaches sets in. Powerful interests also stand to benefit from it, not the least of whom are some groups in the military for whom opportunities for corruption increase with bloated war-appropriations: “Budget Huks” are part of the lore and, more recently, the staging of imaginary encounters and battles has been documented. A more serious charge has also been made that the AFP has itself sold munitions to rebels.

Majority-population interests (e.g., from cynical ones, such as land grabbers and speculators, to ordinary citizens) may also benefit from the displacement of minorities by large-scale military operations or from the simple deterrent of military presence in an area. For these reasons, the victory position is susceptible to manipulation. Those who stand to benefit from a war have an interest in provoking it or manipulating “events on the ground” (e.g., including provoking cease-fire “violations” or “terror” attacks) to obtain that result. Unsurprisingly, this was the predominant approach under the Marcos regime.

The *pacification and demobilization* position differs slightly in that it aims to achieve a cessation of hostilities and a demobilization of forces, usually culminating in a peace agreement with rebels. But it seeks to do so with as little adjustment and as few concessions to the other side as possible. The use of military force is not ruled out, to the extent that this helps to soften the stance of the adversary (i.e., changing the “facts on the ground”) and therefore improve the government's bargaining position.

Just as important, however, is the use of cooptation of active elements of the insurgencies (rebel leaders and followers), particularly through the offer of positions, or livelihood, or integration. Attention is typically focused only on individually accommodating the active elements of the

insurgency, leaving the deeper roots of the conflict typically unaddressed. For this reason, any peace concluded under this approach tends to be impermanent since the neutralization of insurgent leaders notwithstanding, the insurgency's deeper roots put out new shoots in the form of new leaders and organizations. Historically, this is evidenced by the succession in the communist insurgency from the Huks to the CPP-NPA, and in the Moro secessionist movement, from the MNLF to the MILF.

Pacification tends to be attractive to most elected governments. Even as such governments may desire to end armed conflict, they pragmatically do not want to displease their majority constituencies and vested interests. They therefore seek the path of least resistance and change. Not surprisingly, this has also been the position adopted for the most part by the Philippine government. Intermittent military offensives combined with the accommodation of important communist and Moro leaders have been a tried-and-tested formula in many administrations.

From a human development and human security perspective, however, even the pacification approach falls short. For it seeks to stop armed conflict not by squarely confronting the issues raised by insurgency, but merely by degrading its most active and conscious elements. This is attained either through superior military might, cooptation, corruption, or all of these. Almost cynically, it concentrates amelioration efforts only on the most critically influenced and violent-prone areas, oiling only the parts of the machine that squeak, without regard for the corrosion in the rest. It is in this sense that—no less than the victory position—the pacification perspective is also reactionary.

The only approach that potentially accommodates the framework of human development is what Oquist [2002] has broadly called *institutional peace-building*, whose goal is “the adoption and implementation of the policies necessary to achieve sustainable, long-term peace and the articulation of institutions to implement and consolidate those

policies as central tasks.” Thus, where pacification sees a peace agreement as concluding the process, an institutional approach regards it only as a starting point. The search for long-term peace requires the government side to reexamine itself and society's priorities against insurgent demands and decide on institutional change, where these are called for. This is ultimately the meaning of the well-worn phrase “search for a just and lasting peace.”

If this is to occur, however, the government itself must agree in principle to be weighed and measured, using a scale or metric against which the potential and the outcomes of mainstream society and the existing state can be laid down—and this metric is essentially what human development and human security provide. Hence, for example, profound questions can be asked regarding whether mainstream society has systematically denied the country's Moro areas of education, health, and income opportunities, and how much of this is due to discrimination and to pressure from non-Muslim settlers. Similarly, questions may be asked to what extent society has truly deprived small farmers and farm workers of future opportunities owing to the lack of land, or access to social services.

To engage in such questioning is not to “surrender” to rebel demands. That would be the case only if government were unwilling or incapable of offering a compelling framework to address the demands of the insurgency. A dictatorship, for example, would in principle not be able to respond “institutionally” to a demand for genuine participation in the political process. A government built on ethnic or racial purity and the interest of settlers could not respond “institutionally” to a demand for self-determination or even for guaranteed ancestral domains.

Human development, however, can in principle be asserted and accepted by both sides, without papering over the *ideological differences* in the means to promote it. Hence, for example, the communist insurgency may insist that the problem of low rural

incomes can be solved only by dispossessing the rural landowning classes. Without denying the validity of raising rural incomes, however, government may take a broader view and also consider land taxation, redistribution of public lands, as well as providing nonfarm incomes and education opportunities. It then becomes an empirical matter whether the government's approach or that of the insurgents is more effective.

The remaining sections of this *Report* suggest a number of steps that can place the existing peace efforts on a sounder footing and lead to a solution to the conflict.

## I. Ensure policy consistency

A precondition in the work for peace is the achievement of a consistent national policy toward the communist and secessionist insurgencies. The constantly changing strategies and approaches to armed conflict that have been adopted by various administrations are greatly responsible for the erosion of the credibility of the government's initiatives and have contributed to policy incoherence.

The incoherence of policy is evident not only across but also within administrations. Various factions espouse differing policy positions that proceed from widely varying starting points and interests, with the "right hand" (military approaches) frequently not knowing what the "left hand" (socioeconomic development approaches) is doing. Civilian and military agencies are "wedded to their own framework, language, and tactics" [Hernandez 2005].

The schizophrenia and oscillations in national policy toward the different armed conflicts have compounded errors and yielded grotesque policy configurations. Hence, for example, while the antisubversion law (Republic Act 1700) was repealed (RA 7636) in 1989, the government ironically tolerates a "dirty war" conducted by the military against leftist politicians and their sympathizers who

do care to participate in elections. In more recent years, in relation to the MILF, the "all-out war" policy of President Estrada in 2000 was reversed to an "all-out peace" policy by President Arroyo in 2001, only to revert back to "all-out war" in 2002-2003. The lack of policy consensus, coherence and consistency is an important reason for the "extreme protraction of the peace process."

But while policy coherence is essential, even more important is the *nature* of the policy pursued. All administrations have given lip service to the peace process, but within each, the cause of genuine peace has been invariably damaged by the recurrent resurgence of the "victory" position, as espoused prominently by some military circles. To be sure, no solution to an insurgency is likely to dispense with a military and police component that stands ready to defend the civilian population. It is altogether different, however, when an administration is seduced by the notion that peace can be achieved solely or primarily through a decisive military victory. Founded partly on fear and prejudice on the part of majority populations and fuelled by corruption by some military elements who derive benefits from war, this stance has led to the most massive human costs on both sides and large numbers of noncombatant casualties (e.g., the 2000 "all-out war" and the 2004 Buliok offensive).

*Policy coherence demands a **common framework for peace** that can be consistently adopted across administrations.* Such a framework must be broad enough to provide a common ground for dialogue even with insurgents, and general enough to gain wide assent from the mainstream population and possibly the international community. Ideology-based armed conflicts are especially difficult to address since they are premised on highly specific state visions interwoven with tightly argued justifications and demands. The "one long argument" of this *Report*, however, is that human development and human security do provide such a framework. Human development and human security it presupposes are, after all, first principles

the validity of which should be difficult to dispute by either side and which provide a common metric for progress that transcends opposed ideologies and social systems.

*The common framework must be supported by a **national constituency** for peace.* Peace efforts up to now have been almost exclusively the domain of designated specialists and negotiators. This is merely symptomatic of the marginalization of the issue and reflects the attitude that the armed conflicts can be compartmentalized and addressed away from mainstream society. Politicians have seen fit to involve majority populations only to the extent that “terrorism” is superficially raised as an issue.

More public and media attention, for instance, is likely to focus on proposed “antiterror” legislation than on the problem of displaced populations and discrimination against Moros in general. The Moro conflict in particular is depicted as an almost exclusively “Mindanao issue”—meaning, one that concerns only the inhabitants of the island—rather than a pressing question of human development and human security that touches all Filipinos. The public’s superficial involvement and lack of information is a basic reason for the inconsistency of policy. Lacking an anchor in a well-informed public consensus, policymaking is always at risk of being held hostage to the narrower interests of politicians and the military.

The complexion of policy would be vastly different if the public were directly involved in support of a peaceful and just resolution of the country’s insurgencies, that is, if the general political constituency were to “own the process.” Once the cause of peace and the resolution of armed conflicts occupy a place in the national discourse as prominent as that taken by various corruption scandals, deviations from the national consensus would entail political and electoral consequences that the nation’s politicians could not ignore.

What is sorely needed is a mobilization of popular support to make peace and human security

an integral part of the mainstream political agenda. To accomplish this, civil society organizations, media, and political leaders must exert common efforts to overcome the majority’s indifference and point out their own stakes in the issue in the form of huge human, social, and economic costs of ignoring the roots of the insurgency and the risk of the armed conflict degenerating into terrorism. This is further discussed in proposal 6 below.

## 2. Legislate a national peace policy

Ultimately, the government’s commitment to peace must be elevated to become enduring. This can be done only through a **national policy for peace** with the force of law. Various administrations have taken on the task of making peace, at times with highly promising results. But the danger has always existed that even positive initiatives will be reversed or abandoned with changes in administration, priorities, or fortunes on the part of the administration.

Notwithstanding promising peace initiatives of the National Unification Commission (NUC) and later the Office of the Presidential Adviser on the Peace Process (OPAPP), for example, subsequent administrations pursued them only erratically: “[T]he voices of OPAPP and peace advocates are heard only if the President is willing to listen. Inside government, the OPAPP has to counter the influence of a military establishment schooled in Cold War ideology and corporate interests unreceptive to the structural reforms identified through the NUC consultations as necessary for peace-building” [Ferrer 2002].

Until lately, the current Arroyo administration appeared to make significant progress toward opening formal peace talks with the MILF while it was already in the midst of talks with the CPP-NPA-NDF. The severe credibility problems affecting the Arroyo administration, however, have spilled over and affected the progress of negotiations. It is fair to say that the decision of the NDF representatives to put talks on hold was at least partly motivated

by strategizing over whether it was worthwhile to negotiate with its counterpart whose hold on power was tenuous and whose commitments might not be binding on a successor. Uncertainty such as this can be minimized if legislation exists to sustain, harmonize, and build upon the ongoing peace processes. For then it would be evident that any commitments the government made carried the support not only of the executive under a particular administration but also the approval of Congress and the entire nation.

Specific legislation may take the form of creating a permanent advisory and coordination mechanism for the peace process. Some of these functions are now being performed by the OPAPP, an office created under the executive. A process is needed, however, by which the commission or agency regularly reports to Congress and the nation on the status and progress of peace negotiations and other peace processes. Then any changes in the government's stance adopted with respect to the peace process would have to be justified before the legislature. Needless to say, this also serves to reinforce the supremacy of civilian authority over the military and addresses the weaknesses and uncertainties inherent in the change of administrations.

Besides creating a permanent peace commission, the law should outline the broad principles to guide any administration's approach to the Moro secessionist threat and the communist-led armed conflict, respectively. Reinforcing the "six paths to peace" formulated in 1993 by the NUC,<sup>24</sup> the essential points of a national peace policy should include the following:

1. The renunciation of war as an instrument of national policy and a reaffirmation of the principle of civilian authority over the military. This shall mean the primacy of peace negotiations over military action in addressing the various rebellions, as well as the primacy of civilian authority in the peace process.

2. A clear distinction between rebellion and terrorism, which implies that their respective

solutions shall also be distinct. Hence, the war on terror should never prejudice the peace talks.

3. In matters of security, including counterterrorism, a preference for the people-centered human security approach over the state-centered national security approach. This implies an approach that protects peace, respects human rights, and promotes human development.

4. A search for a peace that is just, lasting, and comprehensive. This means the peace process should be understood not only as the formal peace negotiations with rebel groups but should also address the roots of the conflict and existing political, social, cultural, and religious cleavages. The process proper should involve not only talks among negotiators but also entail people-to-people and public participation in peacemaking as part of building a popular constituency for peace.

5. A reaffirmation of the principle that peace and development go hand in hand. More particularly, peace negotiations and processes shall go hand in hand with relief, rehabilitation, and development efforts, especially in areas affected by internal armed conflict.

6. A continuity of peace processes. Peace processes must build upon the accumulated gains of previous and current peace negotiations and agreements, complement existing solutions, encourage new ideas, and open new formulas that permanently solve the problem, including fundamental changes in the existing legal and constitutional order.

7. Insulation of the peace process from partisan politics. In short, the process should enjoy bipartisan support regardless of presidential administration.

The attempt to define and legislate a national peace policy will likely generate controversy. But this should not be viewed as a drawback but part of the great public debate needed to bring the questions raised by armed conflict into the agenda of mainstream political life, where they belong.



### **3. The Moro armed conflicts: Pursue an approach along three tracks**

There are effectively three “tracks” to approaching the Moro insurgency, corresponding roughly to the issues raised by armed movements led by the MNLF, MILF, and the Abu Sayyaf Group (ASG). While they are interrelated, each differs in terms of the state of progress and the goals to be realized. These tracks, particularly the first two, should not be confused with Tracks 1 and 2 used in international diplomacy.

#### **3.1 Address gaps in and learn from the implementation of the peace agreement with the MNLF (Track 1)**

In formal terms, the state of hostilities with the MNLF ended when the Philippine government entered into a Final Peace Agreement (FPA) with the MNLF on September 2, 1996. Concrete results include the demobilization (though not total disarming) of the MNLF, the integration of about half of its armed fighting force into the AFP and PNP, and the creation of the ARMM, the regional government of which has been headed by MNLF leaders (notably Nur Misuari) since 1996.

In many senses, this branch of the Moro conflict—also the oldest—should have been the easiest to resolve. It is here, after all, that progress has been greatest, a formal settlement has been accepted by both sides, the principal demand of the movement is limited to a reasonable demand for regional autonomy, and the movement has abandoned armed struggle as the means to achieve this goal. Indeed, it now involves “a Moro stream of integration into the Philippine political and economic mainstream.”

It is therefore an obvious anomaly that despite the ARMM’s creation by law (RA 6734 amended by RA 9054) and its integration as a permanent feature of the nation’s political life, both mainstream populations (particularly in Mindanao) and many of

the MNLF’s adherents express a deep dissatisfaction with the reality of regional autonomy in the current framework. This frustration was most sharply evidenced by former ARMM governor Nur Misuari’s “revolt” and the hostilities between government troops and MNLF forces in November 2001 and February 2005.

Depending on who is doing the viewing, the ARMM is a glass that is either half-empty or half-full. In both cases, it is considered a disappointment. Majority politicians and mainstream media consider the entire ARMM experience an utter failure. The sweeping majority-population view is that huge amounts of resources have already been allotted to “Mindanao,” but that ineptitude, corruption, and bad faith on the part of the ARMM leadership (many of whom are ex- or current MNLF) are to blame for the failure to improve people’s lives and end armed conflict. The blanket “lesson” said to emerge then is that the entire project of Moro autonomy (and, more so, Moro independence) is wholly misdirected since Moro leaders cannot deliver the goods; the government will always be blamed for what are actually self-inflicted failures; and bad faith will cause a resumption of armed struggle again in some other guise.

Ironically, the MNLF has also come to view the ARMM project as a failure, but one attributable to bad faith on the part of government. In the first place, the shape of regional autonomy was finalized without the MNLF’s input and consent. Contrary to the letter and intent of the Peace Agreement of 1996, the law giving final shape to the ARMM (RA 9054) was passed unilaterally, without the consent or inputs from the official negotiating party, the MNLF, nor have all the stipulations of the already imperfect law even been fully implemented.

In the MNLF’s equally sweeping judgment, therefore, the ARMM venture was doomed—perhaps even programmed deliberately—to fail, and the MNLF, in being asked to take it over, playing the role of an unwitting accomplice to a fraud. What is true



is that important provisions in the Peace Agreement and RA 9054 pertaining to the geographical extent of the autonomous region, accountability of local governments to the regional government, protection of cultural diversity, treatment of ancestral domains, and the conduct of the ARMM elections were either excluded or not implemented.

Valid issues may also be raised about whether enough financial support and flexibility existed to give the regional government a fair chance at proving itself. In particular, the level of commitment to a so-called “mini-Marshall plan” and the degree of financial and revenue autonomy allowed to the autonomous government have been seriously questioned. Misuari’s revolt was a reaction to his marginalization but also to these perceived deviations from the peace accord and the impending railroading of the process.

Objectively, therefore, it cannot be said that the 1996 Peace Agreement leading to the creation of the ARMM has failed—more accurately, it should be said this strategy was never given a chance, simply because its stipulations still have not been fully implemented. On the other hand, it is equally an oversimplification to attribute all the failures of the ARMM to a lack of finance or to the law’s deficiencies; the MNLF’s own political and management shortcomings cannot be overlooked.

Nonetheless, particularly after the recent ARMM elections, it is tempting for some to proceed from a pure pacification viewpoint and wave away such problems by simply telling the affected Moro communities that everything—mistakes, bad faith, and all—is now water under the bridge and should simply be accepted. This outlook is especially appealing since the MNLF as an organization is admittedly no longer the armed threat it once was (now riven by divisions, partly coopted, and with vanishing international support), so that any opposition from it is likely to be manageable.

Adopting such a view would be extremely wrongheaded, though. First, despite the ARMM’s problems, it does represent a significant gain for the

Moro cause for self-rule and reflects some of the true sentiments and aspirations of the Bangsamoro people. Second, the government’s dealings with the MNLF will inevitably be regarded as a gauge of its sincerity and fairness in its dealing with the MILF. For the government to blatantly abandon important parts of the MNLF autonomy agreements, simply because the latter no longer represents a threat, would merely vindicate existing and future Moro groups in their resolve to continue on the path of armed struggle and in their maximum secessionist demand.

Even as a strategic option, therefore, mere “pacification” again is not viable. *Rather, a peace framework based on human development and human security demands that the government exert efforts to implement all practicable and deliverable aspects of the 1996 Peace Agreement and RA 9054.* The government should not rule out further enhancements to Moro autonomy implicit as and when a final settlement in turn is reached with the MILF.

As redress for the unilateralism with which the Philippine government implemented the peace agreement, *the leadership of the autonomous regional government should be encouraged to sponsor a wide-ranging process of consultation among its constituents* to determine, among others, whether the ARMM constituencies view the current arrangements as adequate based on standards of human development or other criteria; what options for governance they may desire (e.g., monocultural or multiculturalist); and how these might be made operational. Existing and additional studies on the ARMM should inform this process in order to ensure the quality of the debate.

After a sufficient period of consultations and public information, a *referendum* should be held by the autonomous government on the question of what *political expression* self-rule might take, including the options of current or improved autonomy, complete independence, regional autonomy under a federal or unitary system, and so on. The results

of such a referendum may or may not be binding, but such a powerful statement of the people's will certainly cannot be ignored by Congress in the process of legally revising the parameters of self-rule. It goes without saying that for such a consultation and referendum process to succeed, mechanisms to ensure its integrity must be provided for, including mechanisms to ensure the impartiality of the new ARMM leadership as its facilitator.

### **3.2 Give the highest priority to negotiations with the MILF (Track 2)**

This *Report* argues that the conclusion of peace between the government and the MILF is the single boldest step to be taken for peace in our time and serves as the linchpin of the broader Mindanao peace process, as well as of the legitimate fight to defend against terrorism. In short, how the government deals with the MILF will largely determine whether even the regional autonomy deal with the MNLF can be sustained and whether the threat of terrorism can remain confined to its present narrow basis in the ASG and similar groups.

History itself dictates that the substance of negotiations involving the MILF is bound to be more demanding and complex. The movement's *maximum objective* of an independent Islamic state is potentially one dimension higher than, say, the MNLF's previous demand of self-rule under a secular state, with even this subsequently being moderated to a demand for regional autonomy. As aptly put in one chapter of this *Report*:

*The GRP should realize that the MILF did not split from the MNLF in 1977 and continue to wage its own armed struggle, Islamic diplomacy, and peace negotiations, only to end up with a mere enhancement of the existing ARMM, which would still be basically same terms of settlement imposed earlier on*

*the MNLF. It has to be qualitatively and substantially better than that.*

As further noted, however, it is promising enough that this maximum objective is not presented as the MILF's negotiating position. Instead, the talk is of "[f]inding a political and lasting solution... with the end in view of establishing a system of life and governance *suitable and acceptable to the Bangsamoro people*" [emphasis supplied]. In short, what form self-rule will take—from autonomy to secession—is ultimately to be left to a process in which the final decision is taken by the Moro people.

The historic challenge, not only to the Philippine government but also to the non-Moro mainstream population, is whether they can make a credible commitment to political reform and an improved general social environment that can give reasonable guarantees of development, dignity, and security to the way of life of Moro communities. It is in this sense that the government's record in implementing the *less difficult terms* of the MNLF peace agreement serves *initially* as a test of good faith and *ultimately* as a minimal template for an MILF accord. Gains already realized for Moro autonomy under the ARMM must be preserved and built upon, even as gaps are filled with regard to the MILF's aspirations for a distinctly Islamic way of life and form of self-rule.

A great deal of additional work must be devoted to the difficult but crucial issues that were simply set aside or glossed over in the MNLF settlement. Especially complex is the concept of *ancestral domain* and its connection with self-rule and territory—not to mention its reconciliation with existing concepts of rights to private property and the exploitation of resources (e.g., mining rights). But a particularly difficult issue is the MILF's concern to establish an explicitly Islamic system of life and governance, which raises questions regarding separation of church and state, the superiority of the Constitution over the Q'uran, and the protection of the rights of non-Muslims under such a system.

The recent interest in amending the Constitution—though admittedly motivated by other concerns—may be viewed as an opportunity to accommodate a wider range of options in any final settlement and a chance to reinforce government commitments and guarantees by implementing them as constitutional amendments if necessary. If the solution “acceptable to the Bangsamoro people” were to take the form of some kind of federalism, for example, then it would certainly be ruled out under the present Constitution—although it could possibly be accommodated under a new one. This consideration is even more relevant when dealing with the question of how to accommodate an explicitly Islamic system of governance and way of life for some areas.

While the MILF and MNLF operate in distinct areas and find their strengths in different ethnolinguistic constituencies, their histories give them valid claims to representing distinct but related aspirations of the entire Bangsamoro people. It remains to be seen whether the solution that will be agreed upon in upcoming MILF negotiations can be accommodated in the same political framework that contained the agreement with the MNLF, although it is just as likely the latter may be enveloped by the former or that both will exist alongside each other. The two tracks set benchmarks for each other, so that any substantive improvements achieved in one must be reflected in the other. From the viewpoint of arriving at a definitive and lasting solution to the Bangsamoro problem, therefore, it would be optimal if the solutions to the admittedly distinct aspirations represented by each were to be consolidated or, at the very least, coordinated. The process of accomplishing this also cannot be specified beforehand. At some point, however, it must boil down to the people in the concerned areas voicing out their opinions through some politically credible and valid process, e.g., through a consultation, referendum, or plebiscite.

On hindsight, the government’s present predicament of having to confront and negotiate

successively with various Moro groups can be seen to stem from its failure to address the social roots of conflict and its reliance instead on superficial strategies of victory or pacification. The various armed movements espousing self-rule—whether culminating in some form of autonomy, federalism, or outright independence—are a response to real human problems of deprivation and discrimination and a desire to protect a threatened way of life. The government can remove the social bases for future armed movements only if it can demonstrate that it can provide answers to these issues in a framework of peace, human development and respect for the rights of minorities.

### ***3.3 Delineate terrorism clearly and deal with it firmly without prejudicing the larger peace process (Track 3)***

The resolution of armed conflict has been complicated by the internationalization of the issue of terrorism. Terrorist practices certainly antedate the international concern provoked by the “9/11” events in the U.S. and subsequent attacks affecting other countries. But the transnational scope of contemporary terror, the association of important terror networks such as Al Qaeda and Jemaah Islamiyah with Islamic fundamentalism, and their impact in exposing the vulnerability of even powerful countries such as U.S., the U.K., and Russia have brought the issue to the forefront of the international agenda.

This prominence has had several effects. On the positive side, greater awareness has led to a sharper definition and wider condemnation of terrorist acts. Until lately, the terrorism condemned under the Geneva Conventions and Protocols referred only to those perpetrated against civilians in times of war or armed conflict (hence arrayed with war crimes and crimes against humanity) [Santos 2005c]. Such definitions failed to cover acts committed by small informal terror networks, or groups with unclear belligerency status, especially in times of peace. For

example, the terrorist acts of small urban guerrilla groups in the Europe of the 1970s (e.g., the Baader-Meinhof group in Germany or the Brigatti Rossi in Italy) or of the present Al Qaeda network would have fallen through the cracks.

The emergent definition of terrorism generalizes its scope to include even acts committed in those ambiguous situations, falling short of the threshold contemplated in the Geneva Conventions. The gist of the work of the United Nations High Panel was paraphrased by UN Secretary-General Kofi Annan when he defined any action to be terrorist “*if it is intended to cause death or serious bodily harm to civilians or noncombatants, with the purpose of intimidating a population or compelling a Government or an international organization to do or abstain from doing any act.*”<sup>25</sup> This development is welcome to the extent that it raises to the level of an international crime the violation of the rights of noncombatants under all circumstances. The extra “teeth” of this definition bite against groups that seek to justify acts of terror in the name of resistance to or defense against “state terror.” As Kofi Annan explains, however:

*We do not need to argue whether States can be guilty of terrorism because deliberate use of force by States against civilians is already clearly prohibited under international law. As for the right to resist occupation, it must be understood in its true meaning. It cannot include the right to deliberately kill or maim civilians.*

The international concern over terrorism has its downside, however, in that it makes it easier to justify foreign intervention. Foreign powers feeling threatened by terrorist attacks may feel emboldened and justified to act preemptively by siding with one side or another in a domestic conflict. The government of country A whose citizens were actual

or threatened victims of a terrorist attack in country B may now feel its intervention justified. From the viewpoint of governments dealing with domestic conflicts, however, the impact of such foreign intervention on facilitating the prospects for peace and human development can be ambiguous, to say the least.

In the Philippines the ASG has been the principal organization resorting to terror as the main means to attain its ends. The group was responsible for the country’s worst cases of hostage-taking (Sipadan, Malaysia in 2000 and Palawan in 2001) as well as the deadliest perpetrated against civilians, including the Rizal Day (2000), SuperFerry (2004), and Valentine’s Day (2005) bombings. Originally consisting of young Moro rebels, the group has degenerated into “banditry with a confluence of Moro, outlaw, and Islamic identities” [Santos 2005c]. It has been listed by both Philippine and the U.S. governments as a terrorist organization and is the subject of a manhunt by both police and the military. On the other hand, the case for the inclusion of the CPP-NPA in the U.S. list of terrorist organizations is less clear-cut.

Thus far, the government has done the right thing—even at the risk of displeasing some foreign powers, notably the U.S.—by drawing a formal line of distinction between the MNLF and MILF on the one hand and the Abu Sayyaf and other terrorist groups on the other. The distinction turns principally on the issue of whether or not such groups are willing to eschew the use of terror as well as any links with international terrorist networks such as the Jemaah Islamiyah. This both the MNLF and the MILF have been willing to do, but not the Abu Sayyaf. Both the MILF and MNLF have condemned the Abu Sayyaf as “un-Islamic”; the MILF has cooperated in combating terror by providing information on the activities of terrorist groups.

Despite fine official distinctions, however, it cannot be denied that the other major impact of the globalized “war on terror” has been to heighten the importance of military responses and mailed-fist

solutions *in general*. On the ground, military and police action in the guise of “counterterrorism” has been applied not only against real terrorist groups but also against the mainline insurgencies and even the Moro “unarmed struggle.” Ostensible manhunts for Abu Sayyaf elements are as likely as not to result in firefights between government troops and the MILF or the MNLF, or the detention of legal activists and innocent civilians. This is unsurprising, given fluid conditions on the ground, overlapping constituencies, and the already high levels of mistrust and prejudice on either side.

Also latent in this, however, is the desire by some parties to actively provoke conflict, undermine the constructive peace process, and force a military solution. It has hardly helped that some foreign governments—less concerned with peace and more with their own immediate security and global interests—appear to encourage a stronger and less discriminating military response to both terrorists and the insurgency. This approach is advanced both by none too subtle political pressure (e.g., publicly calling the present government “the soft underbelly in the war on terror” or Mindanao the “doormat” of international terrorists) as well as by an overt bolstering of the military establishment through assistance and joint military exercises. The U.S. listing of the CPP-NPA as a terrorist organization on disputable grounds is another form of pressure and an unnecessary burden on the peace talks between the government and communist rebels. The obvious point for government, of course, is to ignore such pressures and aggravations and to remain focused on its own agenda of peace.

The human right to be free from fear—of terror attacks from whatever quarter and at all times—is a right that needs to be asserted, and this is what the current global condemnation of terrorism has done. It is, nonetheless, still mainly the reinforcement of a right that the majority population already largely enjoys. There is thus always the real danger that in asserting that right, a line will be crossed where the

rights of *minorities* may be violated. “Antiterror” legislation in certain countries (notably the post-9/11 “Patriot Act” in the U.S. and recent laws in Australia) has been severely criticized for allowing, among others, warrantless searches and arrests, indefinite detentions, and violations of privacy through wiretapping, eavesdropping, and Internet site-tracking. These new “powers” are typically arrayed first against the profiled minority populations, these days invariably Muslims.

To be sure, violations of such rights are occurring even today, as seen in the indiscriminate arrests and charging of “suspected ASG” or “suspected JI” members. What they still do not have is the odor of legality. *In view of pending proposals for “antiterror” laws in this country, extreme vigilance should be exercised to ensure that while a proper legal framework for terrorism is devised, the new legislation itself continues to uphold human rights and the rule of law.* It would be one of the greatest ironies of the misnamed “war on terror” if, in asserting the freedom from fear, other basic rights and civil liberties themselves were sacrificed. To majority populations that worry about terror, the maxim of Benjamin Franklin may be instructive: “Any people that would give up liberty for a little temporary safety deserves neither liberty nor safety.”

#### **4. The communist insurgency: Resume negotiations and institute reforms in parallel**

With respect to the communist insurgency, there is a need, first of all, to arrest the backward slide of negotiations. In particular, the reliability and value of negotiations with the Arroyo administration have been placed in doubt, especially in view of the credibility problems the administration has encountered even among the majority population groups that are its constituency. What is vital is for lines to be kept open, for negotiations to resume between the government and representatives of the National Democratic Front, and for agreements

already concluded—such as those on human rights and international humanitarian law—to be reaffirmed.

Nonetheless, it should be clear that any real resolution of the communist-led armed conflict must involve an acceptance by at least the bulk of the rebel movement's followers that the present political system—for all its obvious imperfections—is at bottom a *democratic system* open to reform. What distinguishes the Philippine communist movement is not any specific character of its analysis, concrete demands, or long-term vision for society. Rather, it is the fact that, unlike other communist or socialdemocratic movements, especially in industrial countries, it does not believe its aims can be attained except through armed struggle. More important, it is able to persuade significant segments of the population that that is indeed the case, and mobilize them on that belief.

The real challenge to ending this armed conflict is not the fulfilment of the substance of one or another specific economic or social demand, but rather the resolution of a *primarily political issue*, namely, a reasonable guarantee that the radical Left can join the mainstream of political life and advocate its aims armed with nothing more than “the weapons of criticism” rather than resorting to “criticism by weapons.”

The history and the current operation of the existing political system, of course, give ample basis for skepticism. Historically, the candidates of the Democratic Alliance—which included a number of communists—were legitimately elected to Congress in 1946 but expelled through the machinations of the dominant vested interests. Even today, the constraints of the party-list system militate against the success of ideology-based parties. The obstacles range from the rules themselves (e.g., the limitations on seats and the wide discretion given to the Comelec in applying the rules) to unwritten realities, such as the harassment and assassination of candidates and political workers of Left-leaning parties. On top of this, of course, is

the profound crisis engulfing the country's political system—underscored by the “Garci” wiretapping scandal—where even mainstream participants themselves consider the current electoral process a mockery of a genuine democracy and question its capacity to deliver fair and honest results.

Hence, the sharpest question posed by the insurgency is whether *this system is capable of reform*. Can it reach a level of maturity comparable to that in industrial democracies, where parties can advocate widely diverging ideologies and alternate in power or share it without risking loss of human life and catastrophic disruptions of social existence?

If there is any reason for hope, it can be found in the common ground that the post-Marcos government is committed—in principle and in rhetoric—to move toward genuine democracy. The government's current comprehensive peace process policy under Executive Order 3 maintains that it “seeks to establish a genuinely pluralistic society, where all individuals and groups are free to engage in peaceful competition for predominance of their political programs without fear, through the exercise of rights and liberties guaranteed by the Constitution, and where they may compete for political power through an electoral system that is free, fair and honest.” In many ways, therefore, the insurgency's claims are no more than what citizens of the mainstream would demand.

Central to the entire issue is the conduct of elections. No genuine solution to the insurgency can be proposed without ensuring the equality, fairness, and integrity of electoral contests as a *precondition*. Indeed, some NDF documents refer explicitly to electoral reforms “to take away undue advantage to political parties of the comprador and landlord classes and providing for genuine democratic pluralism, allowing a fair chance for political parties representing the workers, peasants and the middle class.” On the one hand, this simply requires adherence to the formal rules in place, including the independence and fairness of election officials, the



integrity of the count, and the dispatch of the results. Beyond this, however, clearly even broader electoral reforms must be addressed, including the following enumerated by Casiple [2004]: (1) depoliticization of the police and the military; (2) cracking down on violence, intimidation, and other illegal means to win elections; (3) preventing the use of public resources for partisan purposes; (4) restrictions of campaign spending and campaign finance; (5) regulating media access and use for partisan purposes; (6) enacting a ban on political dynasties, as stipulated by the 1987 Constitution; (7) promoting political maturity among citizens; and (8) promoting a party- and platform-based politics.

In undertaking these reforms, the nation would be responding in a substantial way to the rebel movement—more important, however, it would redeem itself in its own eyes. Even if for some reason therefore the GRP-NDF peace negotiations never reach the agenda item of political and constitutional reforms, it would still be a step in the path to peace to pursue those electoral and other reforms addressing the root causes of internal armed conflicts and social unrest. Among the root causes identified by the NUC in 1993 after nationwide consultations were structural inequities in the political system, including control by an elite minority, traditional politicians and political dynasties, and enforcement of such control through private armies. The necessary reforms should be pursued on their own merit even outside the peace process, though better if informed by it.

If one were simply wedded to a pacification approach, there would be no particular imperative to take reforms seriously, especially since it is public knowledge that the NDF—unlike the MILF—regards participation in the peace talks as a mere tactical move than a true strategic alternative. Nevertheless, a notable character of the communist insurgency's demands is that it asserts ultimate values—nationalism, democracy development, and social equity—that many people in mainstream society support, although they would not necessarily endorse the program and means

the NDF espouses.

For this reason, regardless of the progress and eventual outcome of the peace talks with the communist movement, it only makes sense for the government to propose and implement *its own means* to attain such goals. Agrarian reform is an important example: While the government's own concept of land redistribution and its ultimate significance for rural development may differ from the NDF's, there is no reason that the government should fail to expedite the completion of its own program. Similarly, it is ultimately an empirical matter whether it is true—as the NDF believes—that physical expropriation of assets and an overarching economic role for the state are a *sine qua non* for attaining social equity and development or whether—as the government maintains—a market economy supplemented by social services financed by a progressive tax system would suffice to achieve the same result.

### **5. Dovetail possible charter change with the peace process**

The administration's recent enthusiasm for constitutional change is both promising and precarious from the viewpoint of the peace process. On the one hand, the possibility of changing the Constitution opens the door in principle to a wider range of options to end the armed conflict. This is especially true for the Moro conflict. Concretely, the negotiations with the MILF may result in arrangements that exceed the provisions of the current Constitution—a proposal for one or several federal states for predominantly Muslim areas is an example—so that constitutional amendment becomes necessary. If the option of charter change was not available, agreement may be that much harder to reach.

Similarly, negotiations with the NDF could be positively influenced by the government's commitments to unilaterally undertake reforms of

the electoral process and the political system more generally. One of the four points on the substantive agenda of the joint framework for talks (Hague Joint Declaration) between the government and the NDF was “political and constitutional reforms,” which up to now, however, have not been specified. Nonetheless, unilateral government guarantees for honest, fair, and representative elections would gain in credibility if these were embodied in enabling laws and policies (e.g., ensuring integrity in the selection of Comelec members, the settlement of electoral disputes, rules on campaign finance, and strong prohibitions of political dynasties). Some writers [e.g., Casiple 2004] have also strongly suggested that a parliamentary form of government founded on a strong multiparty and party-list system has a good chance of accommodating the political agenda of the NDF.

Despite such possibilities and all the controversy generated by charter change, scarcely anyone has thought to justify the necessity of constitutional amendment based on the opportunity it presents for resolving the country’s longstanding armed conflicts. Yet the direct contribution of charter change to lasting peace in our time could, in fact, constitute its strongest rationale.

The fact that the current debate seems oblivious to the peace process underscores the downside risk of charter change—namely, *unilateralism on the part of the government and the majority population*. For unless the two processes are explicitly coordinated, constitutional proposals will most likely be adopted that are not the product of negotiation and agreement between the government and the other side. Irrespective of how bright or inspired ideas may be, these will have been solutions unilaterally conceived and imposed by the majority.

Nor will this be the first time it has happened. A good deal of the continuing problems and hostilities with MNLF stems from the fact that the government promulgated the provisions on autonomous regions in the 1987 Constitution and the two organic acts for the ARMM (1989 and

2001) without the consent and participation of the opposite side with whom it had already entered a formal agreement. One sees the same tendency now in the rife references to Mindanao’s supposed superior fortunes and the attainment of peace under a proposed “federal system” (indeed, even a “Mindanao Republic”).

It is clearly anomalous, however, that virtually all such proposals emanate from mainstream, predominantly non-Muslim politicians. They therefore have absolutely no bearing on the peace process and the MILF negotiations. Therefore, there can be no guarantee that such proposals will go any way toward persuading insurgents that they should lay down their arms and instead join a political process they have not helped to shape. Federalism of some sort may well ultimately suit the Bangsamoro (while its inclination for secession is an open secret, the MILF has not placed it as a *sine qua non* in its agenda). But this cannot on principle be determined and decided on by the government or by mainstream politicians—many of whom represent the very interests that provoked the Bangsamoro insurgencies in the first place. Rather, the precise form of self-rule for the Bangsamoro state should emerge as the outcome of negotiations.

The respective peace negotiations and the movement for charter change will likely proceed at their own pace, and it would be too much to expect these to be synchronized. Nonetheless, provisions must be made for effective consultation mechanisms with both sides of negotiating panels, by the newly created Consultative Commission, by Congress itself if convened as a constituent assembly, or by a constitutional convention if one is called for the purpose.

## **6. Build a national constituency for peace**

Peace talks by themselves are unlikely to prosper unless supported by a broad popular constituency that desires peace and is willing to undertake



fundamental reforms to achieve it. The basis for this broad constituency may simply be the desire to avoid the negative consequences of armed conflict and terrorism that spill over into the daily life of the majority. Or it may be the desire to undertake social reforms for their own sake, the contribution to peace efforts being merely a natural consequence. That should not matter; in both cases, the link between peace and reform is established.

Building a national constituency for peace, however, means overcoming public indifference and ignorance through an education process that involves civil society organizations, media, the private-business sector, and the education system.

In this process, *civil society organizations* (CSOs), being the most conscious elements, must inevitably take the lead. CSOs have already been particularly active in the peace process and in cultural work. To them falls the task of acting as independent and nonpartisan monitors of the peace process and of the results of self-rule attained thus far, who must provide timely and accurate information to other sectors of society. There is a need for a public articulation and appreciation of the positions of both sides to the conflict and the stakes involved for each.

Apart from CSOs that specialize in the monitoring of the peace process, however, organizations that work in the cultural field are important, particularly in areas dominated by majority populations. Anti-discrimination and anti-defamation leagues can serve as watchdogs that expose and document bias, discrimination, and other forms of human-rights abuse wherever these occur. While a number of these already exist that monitor human-rights abuses related to the communist-led armed struggle, efforts to prevent or denounce abuses against Moros or Muslim Filipinos are much less.

Finally, CSOs can facilitate people-to-people exchanges between the majority population and the Bangsamoro to break down barriers and form a common basis for expectations from the peace process. If the peace effort is to achieve a

wide constituency, the advocacy of peace CSOs must extend outside Mindanao itself and address mainstream audiences in Metro Manila, Cebu, and other power centers. (See Coronel-Ferrer [2005] and Tuano [2005] who discuss the civil society response and good news amid conflict for this *Report*.)

Owing to its wide reach and influence, *the role of media* in information and education is vital. In the survey discussed earlier, respondents cited television, radio, and newspapers as their main source of information on Muslims. Thus, for a start, there is a need to agree on and implement guidelines that redress language and reporting that encourage bias, prejudice, and stereotyping. For example, it has long been noted that such terms as “Muslim terrorist,” “Muslim bandit,” or even “Muslim rebel” fail to pass the standard of accurate and unbiased reporting since one rarely observes a terrorist’s religious belief (just as one could never identify a “Catholic kidnapper”). Remarkably, however, this practice continues. It is a measure of ignorance that some media actually see it fit to report a witness’s descriptive statement that the armed persons “spoke Muslim.”

Perhaps more difficult than this is raising the level of reporting by demanding a higher standard of evidence and explanation from authorities as well as a more comprehensive view of the various conflicts. Often enough, assertions are too readily reported as fact. In routine public parades of suspected “bombers” and “kidnappers,” for example, media people rarely question the authorities about the weight of the underlying evidence.

More than this, there is probably a need to balance the reportage on the consequences of the conflict. A good deal of attention is devoted to the more spectacular, acute aspects of conflict (firefights, sieges, bombings, etc.), typically from the viewpoint of urban, mostly Christian population. There is less effort on the other hand in reporting on long-term conditions in the countryside, social conditions of Moro communities, and internally displaced populations. Part of the problem is likely due to the

dominance of the majority population and the weak representation of Moros in both national and local media.

The stake of the *private sector*, particularly big business, in the success of peace efforts is virtually self-evident given the damage armed conflicts have already wrought on the nation's economy, tourism, and investment reputation. For this reason alone, it is in the long-term interest of business to reduce the causes of grievances among minority populations and marginalized communities. Philippine business has involved itself intensively and productively in political issues in the past, e.g., in governance and fiscal policy. It is remarkable therefore that business has not similarly lent its weight and influence in order to press government to expedite the resolution of an issue that affects them all—namely, the armed conflict. Part of this reason might stem from the misconception that the solution to the armed conflict lies primarily in the military sphere.

If, however, business were to take a longer view (which is what it does when it invests), it would soon realize that only a long-term commitment to the social and economic rehabilitation and development of communities will stop armed conflict. This is a sphere where they can play a role even now. Once more it is important to reach out to a wider audience. It is wrong to think that the Moro conflict is the concern merely of the Mindanao business sector. Rather, the negative harvest of armed conflict is directly or indirectly reaped by all businesses in the country. Indeed, it is big business in the country that may be in a better position to act in behalf of peace since, aside from having more resources at its disposal, it is not hostage to the mutual animosities and prejudices prevailing at the local levels.

If public and private stakeholders are convinced of the need to build an informed, concerned and proactive national constituency for peace, deliberate efforts should be made and regularly evaluated. A concrete way of doing so is to invest in surveys—along the lines of that conducted for this *Report*

[**Appendix 1.1**]—and other social science research that can indicate whether and exactly how much progress is being made with regard to overcoming public indifference or reversing prejudice.

## **7. Undertake key reforms alongside and outside formal peace talks**

### **7.1 Clean up the electoral process and institute governance reforms**

It bears reiterating that an immediate and crucial focus of reform should be the electoral process. The heavy cloud of scandal and mistrust engulfing the integrity and credibility of elections—and especially those in Mindanao and the ARMM—must be dispelled. The unabashed meddling of the national leadership in the process of selecting leaders in the autonomous region must cease and the people's voice permitted to triumph.

The integrity of elections and plebiscites is crucial to the peace process and beyond (remembering, however, that this is a move that serves not only the cause of the peace process but society at large). For at the heart of any future settlement in the Moro conflict will be successive determinations or validations of political options by the people: what form self-rule will take; what governance structure will prevail; what timetable should be followed; what the political-geographic coverage of the new arrangements should be; who the leaders will be, and so on. None of these questions can be settled without confidence on both sides that the mechanisms of public choice are fair and aboveboard.

Similarly, all talk about an open and genuine multiparty system that is open to parties with a Left advocacy will remain purely speculative without electoral reforms. It is crucial therefore that political and, if necessary, even constitutional solutions be found to thoroughly revamp the nation's electoral processes, beginning with the elections of 2007.

Renewed initiatives to improve the conduct of governance—especially though not exclusively in areas affected by conflict—will lend further support to peace efforts. These include measures to combat corruption and enhance the responsiveness, transparency, and accountability among local governments, and improve their capacity to deliver social services. Again, these are likely to be things that are needed and desired of themselves, but their relevance to ongoing peace process lends them even more urgency.

Of special concern should be the quality of governance in the ARMM. That creation to date is the only visage of autonomy and tolerance for Moro and Muslim governance that the Republic can present to remaining insurgents and the rest of the world. It cannot be a reassuring sign of future progress that governance in the autonomous region thus far has been clouded by persistent allegations of corruption, nepotism, and ineptitude that the people it presides over continue to fare among the worst in almost every aspect of human development. While many are willing to write this off as a failure of the Moro leadership of the ARMM, it is no less an indictment of the government and mainstream society which allowed it to occur. Above all, both national government and all Filipinos should instead realize the common stake they possess in the success of the Moro experiment with self-rule within the Republic. For this reason it is in their interest to ensure that institutions of the autonomous region are held up to the highest standards.

## 7.2 Reform the security sector

The security sector, namely, the police, the military, the justice system, and the intelligence services, is literally the “front line” between mainstream society on the one hand and the insurgencies and the communities that support them on the other. In many rebel-influenced areas, the presence of the military—often also performing civilian tasks—is

as much government as people are likely to see in a lifetime. Hence, the mien and behavior of the armed forces and the police will largely determine people’s ideas of the quality of government and its respect for their rights, beliefs, and ways of life.

The need to implement a consistent peace policy at the national level has already been discussed; what is important, however, is whether that policy is transmitted, represented, and implemented where it matters most—at the grassroots. At that level, however, it is not government negotiators or peace activists (at times not even local officials) who are *in situ* but the police and the military. It matters therefore that the military and the police comprehend the rationale behind the peace policy and realize its implications for their actions.

It is a first imperative to ensure the supremacy of civilian authority over the military; otherwise, what happens on the ground may be vastly different from what leaders think is the policy being implemented. The problem of an overbearing and headstrong military that goes its own way is relevant not only to the resolution of armed conflict but for mainstream society as well (as witness the various attempted *coups d’état*, “mutinies,” and shifts in allegiance since 1986). The recommendations of the Davide and Feliciano Commissions should be pursued in this respect, particularly as they deal with the problem of strengthening civilian control, professionalizing the military, insulating it from partisan politics, and clamping down on military corruption.

The country’s security sector also requires an indispensable minimum buildup of its capacity if it is to discharge its tasks adequately. The need to attend to the military’s resource problems in the field has already been highlighted by others (e.g., the Feliciano Commission). To this one might add the equally serious resource problems of the justice system. Many human rights violations are at least partly explained by sheer resource constraints: False arrests of suspected rebels, for example, are partly a problem of inferior police training and poor logistics;

detentions are unnecessarily extended owing to the clogged dockets of prosecutors and courts; children are mixed with adult prisoners in appalling conditions for simple want of space.

Finally, a thorough reorientation of the military, the police, and the penal system is in order with the view to underscoring the rule of law, respect for human rights, and cultural sensitivity. The latter is particularly important in minority-dominated areas: An image that continues to haunt many Moros is that of a president of the Republic, his commanders, and his soldiers feasting on *lechon* and beer near the mosque of Camp Abubakr which they have just overrun—scarcely an encouragement to stay in the republic rather than secede. A human-rights reorientation becomes even more imperative in view of impending “antiterror legislation” that would give wider latitude to the police and the military to hunt down suspected terrorists.

## **8. Undertake human development investments for their own sake**

Much of this *Report* has argued that the state of peace and security is indivisible, that sooner or later insecurity in one part of the population spills over and affects the rest, and that therefore it is in the interest even of those who feel themselves secure at the moment to be concerned for the security of others. This *externality* argument must be used with caution, however, since it can be distorted into the purely utilitarian interpretation that the majority should concern itself with the security of the minority only *as and to the extent to which* their own security is at stake. This could also lead to the fallacious corollary that the insecurity of a minority should be alleviated only to the extent that is necessary to secure the security of the majority. For the same wrong reason, a government may choose to emphasize and address the problems of only those minorities that constitute an armed threat, ignoring the problems of others who may be more powerless

and less aggressive. Left unqualified, this could lead simply to the “pacification” approach to armed conflict, an approach this *Report* rejects.

There is a second argument, however, the *rights* argument, which tempers such notions. Human security, like human development is an *end in itself*. Its imperative derives from the right to human development since the former is simply the free and secure exercise of human development choices. In other words, the attainment of human security is first and foremost a right of all, quite independently of the consequences of its attainment or non-attainment.

From this perspective, and as argued in all previous *Reports*, socioeconomic reforms that seek to address deprivations in health, knowledge, and access to safe water, electricity, and other economic provisions that make for decent standards of living are both necessary and desirable *in and of themselves*, even without reference to the armed conflicts they undoubtedly engendered. It is nonetheless reassuring, however, that empirical evidence does exist to show that investments in these same arenas—and most especially in education—are also the most potent policy handles to reduce the likelihood of armed conflict. This result simply gives the human development framework that much more validity.

The Moro and communist-led armed conflicts in the Philippines have lasted for at least three decades now and if one includes their historical antecedents, then perhaps for many decades even before that. The bizarre phenomenon of “wars without end,” alongside which one must now add “peace talks without end,” is the foreseeable consequence of failing to adequately and squarely address the roots of conflict. There will be some for whom this state of affairs is tolerable: Their only aim may be to keep conflicts “manageable.” Such attitudes may possibly change only if the security of the majority is put truly at risk, say, because of a sharp rise in terrorism.

A human-development perspective, however, always sees the question as whether human security will thus have been increased—freedom from fear

and want not only for the mainstream or the majority who would wish to be shielded from the insurgency or terrorism, but no less for the minorities and the marginalized populations as well. In most cases, failing to respond to the roots of conflict merely tightens the cycle of conflict-insecurity-further conflict.

The human-development perspective instead chooses to take insurgencies and armed conflicts seriously as mirrors to society. To be sure, mirrors may be distorted to a greater or to a lesser extent: Ideologies and pet theories may exaggerate certain objectionable features and details and hide others. Dealing with them squarely, however, will always provide an opportunity for the current system to peer closely at itself and discover at least some of its defects.

The valuable contributions to the national agenda of the causes espoused by the various insurgencies are undeniable. The critique of the overweening influence of foreign powers (particularly the U.S.) in the country's political life was provided primarily by the Left movement, a national debate that finally led to the removal of U.S. bases in the country. The decades-old socialist and communist advocacy for land redistribution culminated ultimately in the government's several agrarian reform programs. The Moro struggle, on the other hand, serves to expose the age-old injustices and iniquities perpetrated in the settlement of Mindanao, as well as laid bare the ugly layer of intolerance and anti-Muslim prejudice that runs silently through the predominantly Christian, mainstream Filipino society.

In many ways, the insurgencies have helped Filipinos and their government realize how they ought to build a more just, more democratic society. Then it should not be paradoxical if, by engaging in the peace process with its erstwhile challengers and adversaries, Philippine society itself should emerge a better one.

# Notes

- 1** In doing so, this *Report* knowingly excludes the armed violence spawned by electoral contests, clan rivalry (e.g., *rido*), or warlordism, which are essentially contests to redistribute power and spoils or settle scores *within* the same political system but do not seek to replace that political system itself.
- 2** That is, 37 years since the re-establishment of the Communist Party of the Philippines in 1968 (and 36 years since the foundation of the New People's Army). On the other hand, the start of the present Moro insurgency can be dated from 1972.
- 3** The seven provinces are Antique, Batanes, Camiguin, Catanduanes, Romblon, Siquijor, and Tawi-tawi. It is interesting that Catanduanes, which enjoyed the reputation of being the only genuinely peaceful province in Bicol, experienced its first NPA-related violent incident in February of this year.
- 4** These were, respectively, Operation Kadena de Amor (1982) in the Quezon-Bicol region, Kampanyang Años (1985) of the CPP's Mindanao Commission and Operation Missing Link (1987) in Southern Tagalog, and Operation Olympia (1988) in Metro Manila [*Newsbreak* 31 March 2003, E. Parreño, "Comrade vs. comrade"].
- 5** Privilege speech delivered July 1996.
- 6** This excludes 82 government troops killed and 229 wounded, as well as 249 Abu Sayyaf casualties.
- 7** See his 1903 article "Where to begin."
- 8** For example, it is argued by some that Christian civilians are legitimate targets because they contribute taxes to their governments, which taxes in turn are used to wage war against Islam.
- 9** In his work *De jure belli ac pacis* [1625].
- 10** Definition according to Article 1 of the Convention on the Rights of the Child.
- 11** See the Asia Society's <http://www.asiacource.org/asip/carling.cfm/#military>.
- 12** Covering Maguindanao, North Cotabato, and Sultan Kudarat provinces.
- 13** That is, a neoclassical growth model of per capita income as a function of the investment ratio, population growth, education (human capital), and intensity of conflict, among others.
- 14** That is, the coefficient of the dummy-variable representing conflict intensity.
- 15** This is not far off from R. Dy's estimate of the agricultural losses stemming from the Estrada administration's all-out war policy in 1999-2000, i.e., ca. P25 million daily [Mindanao Business Council 2003]
- 16** Kaufman, K. "Globe, Smart among rebels' milking cows." *Ibid*.
- 17** Conde, C. [2004]. "Rebels' 'revolutionary tax' adds to cost of business in the Philippines." *International Herald Tribune*. 20 October. Retrieved from <http://www.iht.com/articles/2004/10/19/business/rebel.html>.
- 18** Mogato, M. [2003]. "To Fund a Revolution." *Newsbreak*. 31 March. Retrieved from [http://www.inq7.net/nwsbrk/2003/mar/31/nbk\\_4-1.htm](http://www.inq7.net/nwsbrk/2003/mar/31/nbk_4-1.htm)
- 19** Damazo, J. [2003]. "Breaking Free." *Newsbreak*. 31 March. Retrieved from [http://www.inq7.net/nwsbrk/2003/mar/31/nbk\\_5-1.htm](http://www.inq7.net/nwsbrk/2003/mar/31/nbk_5-1.htm)
- 20** Kaufman, K. [2004]. "NPA campaign racket endangers peace talks." *Manila Times*, 15 July.
- 21** Inquirer News Service [2004]. "Military, NPA clashes took 201 lives." 21 June. Retrieved from [http://www.inq7.net/brk/2004/jun/21/brkoth\\_1-1.htm](http://www.inq7.net/brk/2004/jun/21/brkoth_1-1.htm)
- 22** Edillon's study [2005] operationally defines "marginal groups" as ethnolinguistic groups that constitute less than 1.5 percent of the country's entire population based on the 2000 Census of Population and Housing. "Minority provinces" are those where such marginalized groups make up at least 40 percent of each municipality. Provinces where none of the municipalities is home to such concentrations of minorities are called "majority" provinces. Provinces whose municipalities consist of both those with high and low concentrations of minorities are termed "mixed" provinces.
- 23** Suppose armed encounters  $a$  become less likely as average incomes  $y$  rise since the potential causes of grievance then become fewer. One can then define  $a = f(y)$ , where  $f$  is a negatively sloped "demand" function for armed conflict. On the other hand, it is also true that the material and human-resource requirements for

armed conflict rise with average income, so that one can define the “supply” of armed conflict as  $a = g(y)$ , with  $g$  positively sloped. The *actual level* of armed conflict  $A$  is then the smaller of the two, i.e.,  $A(y) = \min [f(y), g(y)]$ . It becomes evident that at low levels of income, where  $g(y) < f(y)$ , armed conflicts rise with income, but that at high enough levels of income,  $f(y) < g(y)$ , and conflicts fall with increasing incomes.

**24** The six paths are (1) the pursuit of social, economic, and political reforms to address the root causes of armed struggle and social unrest; (2) consensus-building and empowerment for peace through continuous consultation at the national and local levels; (3) peace negotiations with armed groups; (4) measures for reconciliation, reintegration of former combatants and rehabilitation of those affected by the conflict; (5) conflict management and protection of civilians; and (6) to build, nurture and enhance a positive climate for peace.

**25** Keynote address to the International Summit on Democracy, Terrorism and Security, 10 March 2005.

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# Postscripts

**1994**

**Human Development Must Wear a Human Face:  
Reflections on a 15-Year Journey**

**1997**

**Gender Concerns and Human Development**

**2000**

**Basic Education: All's Still Not Well**

**2002**

**Unemployment, Work Security, and Labor Market Policies**

**2005**

**A Different View of Insurgencies**

# Human development must wear a human face: Reflections on a 15-year journey

By **Gelia T. Castillo**

**F**OR some of us, **human development** started as an intellectual journey in search of ordinary life meanings. For the leading others, it was a challenging academic exercise in thinking through identifying, defining, and calibrating the available appropriate empirical referents that would stand for outcomes that expand those capabilities which make life humane. That **human development** must relate to outcomes or results was particularly attractive because it is defined as “the process of enabling people to have wider choices.”

In an address to new members of an honor society, I focused on the theme, “The privileges we enjoy and the choices we make.” My message:

*No matter where life may take you, be grateful that you have the privilege of making choices. Others are not as blessed as you are. Be a Renaissance person and make a difference in whatever you choose to do but do this for others not just for yourself. Only then can we share our privilege. Be a working hero (not a dead one) so that those you touch may have the privilege of making choices and enjoying the right to be what they want to be. This is what HUMAN DEVELOPMENT is all about.*

That said, one realizes that in the Human Development Community, what the heart could feel, the mind must evidence. For how do we know what, where, when, or how much of the outcomes we hope for have been achieved? Tribute must be paid to the pioneers who picked and tried the indicators and put them logically, statistically, and substantively together in the metric that is now widely known as the *human development index* or HDI. The most important dimensions of human capabilities relate to “a person’s physical survival and health, level of knowledge, livelihood or income, and political freedom.” Quite a novelty in a community where economists wield awesome influence. The first *Philippine Human Development Report* published in 1994 stated explicitly:

*Human well-being improves when incomes rise or when command over commodities expands. At the household or family level, an adequate source of livelihood is needed to raise well-being. But high income and well-being are not always synonymous...Higher incomes represent only means. Incomes are not outcomes.*

By 2008/2009, this concept was more concretely operationalized and quantified in “the *human poverty index* (HPI), which captures deprivation beyond that of income poverty alone. While the HDI measures overall

**Table I The comparative metrics of human development in Benguet and Maguindanao, 1997-2006**

Benguet				Maguindanao			
1997	2000	2003	2006	1997	2000	2003	2006
Human development index (HDI) rank among 77 provinces							
8	3	1	1	71	73	75	75
Life expectancy at birth (in years)							
66.9	68.9	71.0	72.9	54.7	55.6	56.6	57.6
High school graduates 18 and above (in percent)							
66.9	64.7	65.3	76.6	33.8	36.1	28.9	40.6
Primary and high school enrolment rate (in percent)							
94.1	94.8	94.8	93.8	79.9	76.6	81.2	75.2
Per capita income (in pesos)							
31,107	32,512	35,219	36,355	21,428	16,002	14,807	15,681
Poverty incidence							
23.1	13.7	14.3	12.7	27.5	31.9	47.3	45.3
Human poverty index (HPI)							
	13.3	12.5	14.0		28.8	33.7	33.4
<b>HPI Rank</b>			30				77
Functional illiteracy, 2003 (in percent)							
		10.9				44.0	
Population not using improved water sources, 2006 (in percent)							
			14.2				45.6

Source: Philippine Human Development Report 2008/2009

progress in three dimensions of human development, the HPI measures *deprivation* in the same dimensions: longevity, as measured by the probability at birth of not surviving to age 40; knowledge, as measured by the adult illiteracy rate; and overall economic provisioning both public and private, as measured by the percentage of people not using improved water sources and the percentage of children under five who are underweight. An HPI closer to zero indicates greater progress in reducing relative deprivation.”

All those dimensions of everyday life contribute to the HDI. That the HDI and its components have been developed and made possible at the provincial level is already a major step toward putting a *human face* to human development. But more needs to be done. The concept of *political freedom*, for instance, has yet to be fully explored and operationalized.

If an indie film were to be made on Philippine

human development, what would the storyline and images be in the “highs” and the “lows” of HDI? **Table I** attempts to visualize what such a film might project in an artistic but realistic scenario. The overall HDI rank and its underlying components from 1997 to 2006 are detailed from which the “best” in HDI (Benguet) and the “worst” in HDI (Maguindanao) from 1997 to 2006 might be creatively imagined. Needless to say, people in Benguet live longer than those in Maguindanao, receive more education and are more literate, have higher income but lower HPI, and have greater access to improved water sources.

What is missing in these scenarios is the literally hidden accoutrement of absolute power and control by the authority in power over the local populace, apparently with the support of the highest central authority. In the usual innovativeness of the Human Development Network, can we find the “fitting”

indicators of such power and control at the provincial level such that provinces can be ranked according to the vulnerability or risk of being inhuman?

## **Individual, institutional, global values: Context of human development**

What does it take to be *human*?

Urie Bronfen Brenner, a well-known Cornell University professor of human development and family life, wrote more than five decades ago that:

*The family is the most powerful, most human and by far, the most economical system for making human beings human.*

Since then, the world has become “smaller” and more connected although social relationships have not been necessarily harmonious. At this juncture in our global history, there is internationality in humanity as manifested in an interdependence that makes no one, regardless of geography, color, ethnicity, creed, ideology, gender, and socioeconomic status, immune to the actions of others. How people are affected by somebody else’s actions depends in part on the family they are born into and raised. In fact, the kind of family that rears them and the values it imparts are linked to the performance of their locality along the dimensions of the HDI.

A glimpse into the different values-context of human development may be gleaned from a sampling of the thoughts of diverse minds:

*“Poverty means never having quite enough to eat.”—a panhandler from the United States [UNDP 1997:16].*

*“We can survive only together. I need you to be me and you need me to be you.”—Bishop Desmond Tutu, Nobel Peace Laureate*

*“Individual commitment to a group effort. This is what makes a team work, a society work and a civilization work.”—*

Vince Lombardi, former Green Bay Packers coach [Kalinga Institute for Social Sciences n.d.]

*The University of the Philippines as the National University was called upon to be the bastion of secular morality in the country, to instill in its graduates a “pre-eminent sense of duty to society and the nation and the deep loss of honor and self-worth should they fail to fulfill minimum civic demands.”—Emmanuel de Dios [2008]*

*The view from the outside stressed that “U.P.—possessing human and intellectual capital, a history of independent and critical thinking, the trust and confidence of the people, and alumni of influence is best suited for the task of fighting corruption.”—Ramon R. del Rosario Jr. [2008]*

*“The present Age of Globalization must now be supplemented by an Age of Global Cooperation, where shared goals motivate diverse stakeholders to pull in the same direction.”—Dennis J. Snower [2009]*

All these quotes suggest that the context of human development starts from the individual but its essence lies in the imperative of social interaction which defines being and becoming human. Nowadays, the call is for “comprehensive responsibility for our common destiny,” for ethical literacy and a lived secular morality that is not merely enshrined in books and legal statutes. When the legal dominates over what is moral and ethical, the humaneness in human development is reduced to

what the courts and lawyers say, which poor people rarely ever get to hear, much less understand.

In this regard, the responsibilities of educational institutions, especially those of a national university, are great indeed. That it does not take many alumni to do damage and dishonor expectations—the University of the Philippines, for instance, having at least two alumni who might meet this criterion—underscores the daunting challenge.

Since we are in solidarity with the rest of the world in matters that make a difference in human development, we must be able to add to or subtract from our national HDI when we succeed or fail to live by the key values that underlie it. How the rest of the world sees us must be of consequence.

For example, our ranking in the 2008 Transparency International—141 out of 180 countries in the Corruption Perception Index, the lowest among the largest economies of Southeast Asia and a position we share with Yemen, Cameroon, and Iran—should qualify our HDI. Similarly, our ranking of 60<sup>th</sup> out of 61 countries in terms of bribery and corruption in the 2006 World Competitiveness Survey by the Switzerland-based Institute for Management Development; our being last among the top 10 economies of East Asia in the World Bank's 2008 *Worldwide Governance Indicators* because of our low scores in “control of corruption” and “political stability”; and, most recently, our dubious distinction of having made 2009 the deadliest year ever for journalists, according to the U.S.-based Committee to Protect Journalists, with 30 journalists among those killed “in one go” in the Maguindanao massacre [*Philippine Daily Inquirer* 2008].

On the bright side, street educator Efren Peñaflorida, along with the Dynamic Team Company volunteers and their mentor, did the country proud as “CNN Hero of the Year” and Manny Pacquiao as the world's pound-for-pound boxing king.

## Gains, losses due to population-related actions

Despite all the statistical, scientific, and glaring human evidence, political and church leaders have continued to block action on population and reproductive health issues. Yet during his tenure as United Nations Secretary General, Kofi Annan declared that “the Millennium Development Goals (MDGs)... cannot be achieved if questions of population and reproductive health are not squarely addressed.” The World Health Organization has documented the contribution that reproductive health can make to the achievement of the MDGs and the possible obstacles to their achievement that could result from lack of access to reproductive health care. Their table cited here [**Table 2**] is an alternative way of arguing the case for human development.

Fr. John J. Carroll [2004] writes this unexpected view of family size and the poor:

*[The] Church's natural family planning program (NFP) is reaching so few. While vigorously opposing distribution of contraceptives by the government and refusing to collaborate with the latter even in NFP, [it] seems unable to develop a program of its own which is proportionate to the need...In the meantime, unless something is done about family size among the poor, the tragedies of childhood malnutrition, street children, and child laborers will continue, on this, history and the Lord of history can be unforgiving.*

**Table 2 The MDGs with and without reproductive health care**

**MDG-1: Eradicate extreme poverty and hunger**

- With reproductive health care
  - Lower fertility, slower population growth, greater economic growth, reduced poverty
  - Greater freedom of women to participate in the labor force, with consequently greater equality of income and less poverty
- Without reproductive health care
  - Higher population growth rate and risk of food insecurity
  - More teenage births and shorter intervals between births
  - Greater risk of perpetuation of poverty from one generation to the next

**MDG-2: Achieve universal primary education**

- With reproductive health care
  - Fewer children, therefore more education resources for each child, better school performance
  - Reduced child labor
- Without access to reproductive health care
  - Low pupil retention rates, especially for girls
  - Girls burdened with sibling care, with little time for school work

**MDG-3: Promote gender equality and empower women**

- With reproductive health care
  - Later marriage and greater opportunities throughout life
  - Greater male participation in reproductive health and less domestic violence
  - Greater bargaining power for women in decisions about sexual behavior and childbearing
- Without reproductive health care
  - Continued harmful practices and violence against women
  - Continuing low status of girls and women

**MDG-4: Reduce child mortality**

- With reproductive health care
  - Lower risk of newborn, infant, and child morbidity and mortality
  - Better understanding of hygiene, baby feeding, and childrearing
  - Better parenting skills
- Without reproductive health care
  - More children born into large families and thus more likely to be nutritionally and emotionally deprived
  - Families less exposed to baby-friendly health initiatives and baby-care practices

**MDG-5: Improve maternal health**

- With reproductive health care
  - Reduced maternal morbidity and mortality
  - Availability of emergency obstetric and antenatal, delivery and postpartum care
  - Fewer births and greater spacing between births
- Without reproductive health care
  - Less access to contraceptives and choice in family planning
  - More deliveries attended by unskilled persons
  - More serious consequences from complications of pregnancy and delivery
  - Increased maternal mortality and morbidity

**MDG-6: Combat HIV/AIDS, malaria and other diseases**

- With reproductive health care
  - Better understanding about how HIV/AIDS and other sexually transmitted infections are contracted and prevented
  - Greater ability to negotiate safe sexual behavior, thereby reducing risk of sexually transmitted infections
  - Greater public understanding and appreciation of sexual health
- Without reproductive health care
  - Greater risk of mother-to-child transmission of infection from lack of antenatal care and suitable preventive medication
  - Greater risk of HIV/AIDS as a result of fewer diagnostic examinations and treatment for sexually transmitted infections
  - Greater risk of HIV/AIDS from earlier onset of sexual activity and reduced access to contraceptives

**MDG-7: Ensure environmental stability**

- With reproductive health care
  - Enhanced role of women in resource management
- Without reproductive health care
  - Larger population growth, with greater migration to crowded urban slums
  - Greater pressure on food and water security
  - Greater extension of population movement into forested areas, marginal land, and fragile ecosystems

Source: Adapted from the table on the UNFPA Website. Retrieved June 24, 2008, from <http://www.unfpa.org/icpdm-dgs-rh>



## Longevity, gender, and poverty

In looking for one summary health indicator which would be roughly parallel to poverty incidence, *life expectancy at birth* seems to be an appropriate statistic which is available not just at the national but at the provincial level. A simple correlation between the 2003 poverty incidence and longevity showed a -0.506 value (statistically significant at the 1 percent level), which means the higher the poverty incidence, the shorter the life expectancy.

Over a period of 43 years (1960 to 2003) life expectancy increased from 52.8 to 69.8 years. The top 10 provinces in life expectancy registered an average of 71.3 years and a poverty incidence of 19.6. Provinces with the lowest average life expectancy of 56.8 years had a poverty incidence of 58.55. The difference between the top 10 and bottom 10 provinces is 14.57 years in life expectancy and 38.95 in poverty incidence. Clearly, the poor do not live as long as the wealthy. Although “health is wealth” is a popular slogan, it is wealth that “buys” health.

But the more interesting finding is the gender factor in life expectancy. In 2003, females were expected to live 72.4 years while males, 67.2. On average, the female will outlive the male by 5.2 years. The 10 provinces with the largest gender difference in life expectancy range from 7.4 years in Basilan to 10.9 years in Cebu. The 10 provinces with the smallest longevity differences between females and males range from 0.2 years in Quirino to 3.2 in Davao del Sur. Incidentally, the female advantage over the male was observed in all provinces, including the Autonomous Region in Muslim Mindanao (ARMM). As a matter of fact, Basilan females could expect to live 7.4 years longer than the males [Castillo 2009].

Does this mean that Filipino females are healthier than their male counterparts even in high-poverty provinces? If they are, why is this the case?

If we were to use longevity as a source of evidence for research prioritization in favor of the

disadvantaged group, the research agenda could tilt toward male health problems. To add to this definition of “disadvantage,” Maligalig and Albert [2008] found that among children between six and 11 years old, those who belong to the bottom 30 percent of the income decile are 2.8 times more likely to be out of school than those in the upper 70 percent income group. Of this group, boys are more likely not to attend schools than girls.

These gender differences have very real implications for young people in high school and in the university, particularly with regard to boy-girl relationships. More girls might end up marrying younger men with education and incomes that are much lower than theirs.

For some other insights relevant to gender equity issues, Quisumbing, Estudillo, and Otsuka [2008] share these findings:

■ The current pattern of intergenerational transfers in the child generation, whereby sons inherited 0.15 hectares of additional land and daughters received 1.5 more years of schooling, is *egalitarian*. Average predicted incomes of sons are not significantly greater than the average predicted annual incomes of daughters.

■ At all age ranges in the life cycle, daughters earn more nonfarm income, whereas sons earn more from farm income using larger areas of inherited land. Yet income differences between sons and daughters at all ages are not statistically significant.

■ Thus, parents bequeath more land to sons and favor daughters in schooling investments in order to equalize incomes between sons and daughters, while exploiting the comparative advantage of sons in farming and of daughters in nonfarm work.

## Women: Then, now, and tomorrow

In 1976, a 263-page research report funded by the Council for Asian Manpower Studies (CAMS) was completed. At that time it was probably the first and most comprehensive data-based description of the Filipino female in relation to the Filipino male. Rural, urban, regional, provincial, and some international data, including time series comparisons, were available for some parameters. This report, entitled "The Filipino Woman as Manpower: The Image and the Empirical Reality," was done before the concept of **gender** came into active use. Nowadays, "manpower," in reference to working women, is no longer politically correct.

The first part of the study presents images of the Filipina in history, in the contemporary world, in a double-vision, and in a romantically feminine role as projected in metropolitan newspapers and magazines. One interesting image comes from the former dean of the U.P. College of Law, Irene R. Cortes [1974]:

*The feminist movement in this country has progressed without sacrifice of femininity or arousing male antagonism. There have been no strident voices nor bra burning, but there have been male champions of women's rights. The low-key struggle for recognition of their cause has at times been taken for acquiescence in the state of things, but the Filipino woman knowing her own milieu chooses to effect change in her own way, not for her the aggressive, abrasive stance but the more subtle approach. She impresses men into the feminist cause—men are reasonable creatures after all, but the Filipino woman does not expect them to hand over in a silver platter what society has long conceded to men.*

The Philippine Representative to the Commission on the Status of Women, Leticia R. Shahani [1973], said of the ideal woman:

*[F]emininity should not be the basic criterion for judging a woman. I think women should be judged on their capacity to be human beings. It is their humanity not their femininity that counts. Some of the so-called feminine types can be egoistic, selfish, pretty, and limited. A woman's humanity should be measured by her capacity to love, and by this, I mean not only sexual love but also her aptitude for giving her time and effort to help others without wishing to possess them. She should also be judged by the product of her intellect and spirit.*

Most feminine of all is her thesis that:

*A woman executive can be charming, mysterious, and even seductive, and if she understands womanhood, she will succeed in being charming, mysterious, and seductive without even trying.*

The second part of this research report moves from imagery to empirical reality, presenting a comprehensive data profile on the following 10 aspects of the Filipino woman's life:

- As a demographic statistic
- As a matrimonial risk taker
- As a childbearer
- As an adolescent
- As a recipient of education
- As a migrant
- As a member of the labor force
- As a working wife
- As a decisionmaker
- As a participant in politics in formal

organizations and in church activities

This report can provide a historical benchmark against which gender specialists can assess how far the Filipino woman has “traveled.” It must be said, however, that it is necessary to “segment” women in order to be faithful to empirical reality. Some women are much more “equal” than many, many others. Which women are more vulnerable to domestic violence? When women rise to managerial and top-level positions, despite marriage and children, is it because men have been willing to share in household responsibilities, or is it because low-income women and men perform these traditional functions for them? Do these “domestics” receive human treatment from their employers?

Where wives are household managers of meager finances, do they become more responsive to livelihood opportunities? Microfinance leaders report that women are more dependable users of credit. For those who have chosen to work abroad, are they and their families better off in the HPI? We have had two female presidents. Have they been more supportive than male presidents of gender concerns? What about the long-surviving females? Have their longer lives been worth living beyond what the males have enjoyed?

## **Other routes to education, access, and quality**

“Quality is as important as access” was a pronouncement from the Fourth East Asia Pacific Ministerial Consultation organized by the United Nations Children’s Fund (UNICEF) in Bangkok in 1998. Between the dilemma of quality or equity comes a navigational statement from the same meeting:

*The test of our progress is not whether we add more to the abundance of those who have much but whether we provide enough for those who have too little.*

Quality, they also said, can come “bottom up” and not only “top down.” But these are slogans; in real life, it is more a case of “reach out” and “pull up.” “Equal but poor” in quality should not be our goal in promoting equity in access to education. Even on a selective basis, provided the schools are in different parts of the country, investments must be made not as pro-poor or pro-elite but as potential “seed multipliers” that will produce more and more highly educated individuals, so that the precious elites we now have will no longer be as elite as before. In other words, invest in schools that will produce ethically literate intellectual elites who will shape the thinking of the next generation, beyond Manila.

Nobody, particularly the poor, wants to perpetuate mediocrity and poor quality education because they suffer most from it. Education as a way out of poverty diminishes its value when parents pay hard-earned income to send their children to schools only to be non-passers in board exams, non-qualifiers in employment prospects, and low scorers in achievement tests.

There is a misconception among non-educationists that educationists regard education as their “turf” with less than a warm welcome to those outside of it [Castillo 2000]. As the *Philippine Human Development Report 2000* puts it:

*The current system fails sufficiently to harness the support of local governments, families, communities, and civil society, in general, in the process of education.*

One hopes that as we address the issue of quality, the education establishment will define education more inclusively. There are actually many innovative initiatives in the education of Filipino children as well as adults that are pursued in partnership with or beyond the school system. How can we tap into these initiatives proactively, so they eventually become mainstream in a shared vision of “Quality education for all”?

The Foundation for Worldwide People Power, with Education Revolution as its advocacy; the League of Corporate Foundations; the Synergeia Foundation; the Philippine Business for Education; Alternative Learning Systems; Education Nation, which affirms that education is “the most powerful means out of poverty, ignorance, exclusion, and war”; the Ateneo Center for Education; the Ayala Foundation’s Social Action Center; the Metrobank Foundation; the Philippine Business for Social Progress; the Read-Along Projects, along with reading skills promotion in *Sa Pagbasa Sisikat Ka*; discussions on the Basic Education Cycle; and the Payatas, Lupang Pangako, Quezon City schools under the leadership of Benjamin Caling with the educational support of the Ateneo Center for Educational Development are some of these innovations with exciting results. The latter schools in the dumpsite area, for instance, remarkably moved from number 94 among 96 schools in Quezon City to number 9 in a short five years.

Dr. Christopher C. Bernido and Dr. Ma. Victoria C. Bernido, Third Gawad Haydee Yorac awardees, established the Bohol Research Center for Theoretical Physics that is dedicated to building a nation through science, research, values, excellence, and a new method of teaching. That this physicist-researcher-educator couple chose to dedicate their lives to this task in Jagna, Bohol shows there is no place too small for large talents to share.

In addition to this multitude of education quality multipliers, conditional cash transfers and school feeding programs should be monitored and assessed with respect to their impact on sustained schooling and learning.

At the minimum, there should be a relentless pursuit of zero functional illiteracy, particularly in high HDI provinces, and a significant reduction in high functional illiteracy provinces. For example, why should Benguet, a top HDI province, still have 10.9 percent functional illiteracy; Pampanga, 12.7 percent; Ilocos Norte, 16.8 percent; Iloilo, 18.4 percent; and

Tarlac, 22.5 percent? Needless to say, the challenge to their governors lies in the highest functional illiteracy provinces like Maguindanao with 44 percent; Tawi-tawi, 43 percent; Sarangani, 43 percent; Basilan, 35.4 percent; Davao Oriental, 33.5 percent; Catanduanes, 35.5 percent; and Western Samar, 33.9 percent.

The value of being able to read is depicted by Robert S. Salva [2008]:

*Most of the development initiatives do not touch upon the discourses going on in the mind of the poor and the sidelined. There may be livelihood projects, but do you know that many urban poor are paralyzed when they are asked to fill up a bio-data or to take a personality test? Gawad Kalinga may build you a house, the microfinance institute may give you access to credit, and your community organization may give you a voice, but what happens when you have your house, money or voice? He said: **READ.***

The group of Peñaflorida and their mentor did not wait for the Department of Education (DepEd) to reform and transform. They pushed four Ks—*Kariton, Klase, Klinika, Kanteen* (Cart, Classroom, Clinic, and Canteen)—to reach street kids with tools to learn reading and writing, soap and toothpaste for personal hygiene, drinking water and food. They brought the school and other services to kids who would not have gone to school anyway.

In higher education, state colleges and universities, which number more than 110 and to which a substantial chunk of the education budget is allocated, ought to be challenged to show more and better quality output for the taxpayer’s money they utilize. Unfortunately, one of the facts of life in education is that it is easier to give birth to a school, upgrade it into a college, and then elevate it into a university than to put an end to its life. A school, once established, is almost impossible to “kill.” At least, we should prevent its unnecessary elevation.

Finally, although we always dwell on backlogs of classrooms, textbooks, desks, teachers, we are silent on how to reduce the number of new entrants into the school system. For as long as our population keeps on growing at the rate it does, shortages of school facilities, learning materials, and teachers will remain no matter how many school buildings we build, learning materials we make available or additional teachers we hire.

### **Small pleasures of daily well-being**

The minimum essentials for well-being to qualify for human development seem to be food (rice to begin with); water; electricity; a body that functions reasonably well; a place to learn; a job to go to upon waking up in the morning; and a somewhat permanent address—i.e., the structure is not easily washed away by floods or demolished, and occupants are not threatened by eviction due to the absence of the right to occupy.

Are these so difficult to achieve? There is nothing in this world that should be better enjoyed by the rich than by the poor. The song which goes: “The best things in life are free,” has to be more than a song. It has to be for real.

Well-being is more than a numerical concept. It is a feeling that one has access to what is defined as “the good things in life.” For instance, multi-country market surveys happily show that Filipinos take a bath (or at least want to) seven days a week. Since this is more frequent than for other people, access to water supply is an essential to a Filipino’s sense of well-being. Soaps and shampoos sell well even during difficult times, thanks to P5 sachets.

The well-expressed appreciation for the seven-minute showers provided to recent typhoon victims in an evacuation center is a testimony to this value on bathing. One need not be rich to take a bath at least once a day. Why shouldn’t the poor have the simple pleasures of daily living? Interestingly, the private

sector has responded vigorously to some aspects of this demand by packaging products—mayonnaise, catsup, soups, toothpaste, tomato sauce, cooking oil, coffee, tea, and more—in small sachets, thus giving ordinary Filipinos a small taste of the “good life.”

### **Political freedom, civil society, and the media**

Political freedom is one dimension of human capabilities that has not been directly addressed during the past 15 years of the HDN. Can we explore potential indicators?

The Philippines can be characterized as a “noisy” democracy equipped with a vibrant media to whom people go for public service requests and for redress of their grievances. When the “noise” stops, we lose our voice even if we continue to have an electoral democracy. Is the percentage of voting population actually able to vote a sensitive indicator of individual intelligent choice? What about the ability of local governments to generate their own resources and decrease reliance on central government, including presidential largesse? Where there are private armies and “private” media practitioners, there is hardly freedom of expression. On the other hand, media and “watchdog” groups who dare to monitor local government activities in the interest of transparency and accountability do so at their own risk.

The Kate Webb award given to the Philippine Center for Investigative Journalism (PCIJ) by the Agence France Presse [2009] recognizes its fearless work. For two decades, the PCIJ braved the wrath of powerful interests to expose corruption, the dangers of which were highlighted in November 2009 when at least 30 media workers were killed in the Maguindanao massacre. Quite apropos, the award prize money would set up the training program to teach reporters how to stay out of danger while

carrying out investigative reports on the 200 or so families that dominate Philippine politics [Cariño 2005].

In the case of civil society, the Philippines is regarded as “home to one of the most vibrant civil societies in the world.” Cariño estimates that there exist as many as half a million organizations to cater to different people’s concerns, from land issues to education, health, and social development in general. As far as available data are concerned, as of 1997, they accounted for 2 percent of the labor force, 36 times larger than the biggest private employer of the country. Volunteers who render regular unpaid service—not counting those in street demonstrations like EDSA I and II—were estimated to be 2.8 million, or 6 percent of the adult population or 1.2 percent of the economically active population.

It’s about time to ask the question: “What has civil society contributed to political freedom and human development in this country where it is seen to have a very vibrant existence?”

## **Human development in our ‘own backyard’**

Human development must grow in our “own backyard.” That is where its *human face* must shine most. We must look for human development outcomes in every societal undertaking we are engaged in, whether in financial analysis; in gender and development; in the courses we teach; in science; in microfinance; in agriculture; in call centers; in the internal revenue allocations to local governments; in housing projects; in reproductive health; in the choice of candidates for the 2010 elections; in the State of the Nation Address; in the arguments for education reform; in alternative ways of waste disposal; in addressing climate change; in using media; in lifestyles; in the national university; in our leaders, local or national; in doing business; in using public resources; in the practice of medicine.

With respect to the latter, Dr. Antonio L. Dans [2001] gives this advice to medical students:

*As you try to cling to your humanity, keep your strategies simple...It will not be easy, but it can be done.*

Then he cites Dr. William Crosby, a strong critic of U.S. physician’s licensure exams who once wrote the following in *Forum Medicine*:

*As a physician, I would rather be humane than encyclopedic. I can always look up knowledge in a textbook, but where can I read about humanity?*

GDP and economic growth rates are essential statistics that tell us how the nation’s economy is doing and how we compare with the performance of other countries. Although they are meticulously measured, they do not wear a human face. We must put that *face* in the HDI and its components so as to embody inspiration, aspiration, and commitment.

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# Gender Concerns and Human Development

**By Jeanne Frances I. Illo**

**T**HE *Philippine Human Development Report 1997* focused on “gender,” viewed through the lens of the changing status of women. The thematic essay captures the main findings of the various papers in the report. It began with a review of progress and trends before it explored the following areas: (1) access to and public expenditures in health and education; (2) economic opportunities and unpaid work, (3) gender-based hazards; and (4) women’s empowerment. It concludes with two key messages:

■ *Gains achieved by the Philippines have been significant. But gender gaps remain substantial in economic opportunities, decisionmaking, and access to resources.*

■ *Women are the key to sustainable human development. “Human development, if not engendered, is endangered.”*

It also proposes two general courses of action:

■ *Assess economic policies and programs in terms of their gender responsiveness and gender-based impact.*

■ *Develop a system of gender-disaggregated data collection, processing, and dissemination at both the local and national levels.*

This present essay reflects on whether or not the issues raised in the *1997 Report* are meaningful today. It reinvestigates some of the themes covered in 1997 and explores what have been done *vis-à-vis* the suggested actions.

## Women’s concerns and gender issues

### Valuation of unpaid work

The *1997 Report*, particularly the thematic essay, makes a critical contribution to the human development framework [Fig. 1.1, p.9] by stressing the importance of women’s unpaid work, both as a constraint to choices and opportunities and as itself contributing to human development. It also unpacks the “household activities and expenditures” element in the framework.

Unpaid work embraces caring activities, which, unlike the usual analysis of “labor” in terms of measurable output per hour, may be viewed as “labor undertaken out of affection or a sense of responsibility for other people, with no expectation of immediate pecuniary reward” [Folbre 2003:216]. It also covers unpaid labor contributed by family members in micro and small enterprises in the business sector, informal work in the delivery of public services, and volunteer work in nonprofit or social organizations or enterprises.

In their thematic essay, Floro and Tan note:

While there is increasing recognition that nonmarket household production is a significant economic activity providing the necessary goods and services for social reproduction, there are several methodological issues concerning its documentation and measurement that makes this area of production quantitatively elusive. Part of the difficulty lies in assessing the value of nonmarket production. Markets for many nonmarket goods and services are often distorted or nonexistent, presenting difficulties for estimating their monetary value...Despite serious difficulties, it is urgent to have a systematic documentation of women's [and men's] unpaid work and to integrate the information generated in policy decisionmaking and formulation, especially in important social and economic concerns such as the development of children, women's health and gender equality.

The concern for documentation and measurement has taken the form of a call for the collection of large-scale time use data, a call made by the National Commission on the Role of Filipino Women (NCRFW) and various Gender and Development (GAD) advocates since the 1990s. **Table I** enumerates the efforts to galvanize support for a nationwide time use survey, but no periodic, nationwide survey has materialized so far.

The interest in time use data stems from a desire to make visible the wide array of women's work and to gain formal recognition of women's contributions to the economy, including their unpaid, reproductive work. This creates not just goods and services for current consumption, but, more important, it produces the next generation of female and male workers (human capital) and citizens.<sup>1</sup> Will this generation observe the same gender roles and division of labor, or will women and men move toward more shared roles and responsibilities? The

**Table I Efforts toward addressing the need for time use data**

1997	Memorandum of agreement between NCRFW and the National Statistical Coordination Board (NSCB) for the project, "Development of a Framework toward Measuring Women's and Men's Contribution to the Economy," under the second phase of the NCRFW Institutional Strengthening Project, funded by the Canadian International Development Agency (CIDA)
1999	Framework for measuring women's and men's contribution to the economy finalized by the NSCB
2000	NSO (National Statistics Office) 2000 Pilot Time Use Survey conducted in Batangas and Quezon City, under the CIDA-supported NCRFW Institutional Strengthening Project
2002	Presentation of the framework for measuring women's and men's contribution to the economy during NSCB Executive Board meeting; launching of the UNDP Asia-Pacific Gender Equality Network (APGEN) Project on Integrating Unpaid Work into National Policies, which issued a call for a national time use survey in 2004
2003	Users' Forum on Integrating Unpaid Work into National Policies, organized by the NSO, NEDA, Asian Development Bank (ADB), UNDP-APGEN, and NCRFW
2007	Highlighting of unpaid work in national statistics during the plenary session and a side session organized by the NCRFW during the National Conference on the Philippine Statistics Association
2008	Advocacy Forum on Gender Statistics, organized by the NCRFW with the Inter-Agency Task Force on Gender Statistics

conduct of periodic, nationwide time use surveys can shed light on these and similar questions.

Time use surveys can provide the data for the valuation of unpaid work. Since 1997, there have been efforts to incorporate satellite accounts in the System of National Accounts (SNA) following the revision of the SNA in 1993 by the United Nations Development Programme (UNDP). This recognizes the concept of household production, which results from the combination of unpaid labor, goods, services, and capital.<sup>2</sup>

As noted by various observers, the operational inclusion of unpaid work in SNA has varied among

countries.<sup>3</sup> In the Philippines, the SNA production boundary consists of the production of all market and nonmarket goods and services of the following institutional sectors: (1) financial corporation, (2) nonfinancial corporation, (3) general government, and (4) nonprofit institutions serving households. For the fifth sector (households), however, only market goods and services and nonmarket goods are included in the production boundary, or are counted in the GDP.

Without time use data, labor force surveys are used as basis for estimating contribution of labor to GDP. These surveys, however, are problematic because they do not recognize work done by “housekeepers” who are not paid for their labor. There is a need to redefine “economic activity” to include activities that produce the next generation of workers. A recent paper of the National Statistical Coordination Board (NSCB) claims that neglecting to account for unpaid work has resulted in the undervaluation of GDP by 27 percent to 40 percent, and the underreporting of women’s contribution to GDP by at least 13 percentage points [Virola et al. 2007].

What are the implications of having reliable time use data, or information on unpaid work, to policymaking and action?

The time use data can provide a firm basis for advocacy for State and private sector workplace support for women’s care activities as well as day care centers. There are laws regarding these, but their effectiveness has been hampered by the absence of implementation and monitoring guidelines and budgets.

The estimate of women’s contribution to GDP and the high ratio of the value of unpaid work to total wages are important starting points for a social marketing of private sector support for women’s unpaid work. The products of unpaid work—meals, clean clothes, and other care services that would have cost more if these were purchased from the market—significantly depress subsistence wages, enabling business establishments to become competitive.

But left to themselves and with few exceptions,<sup>4</sup> the private sector will probably not invest in facilities that help their workers, particularly women, balance their work and family life.

Day care centers, however, are two-edged. As Elson [2005] and Folbre [2003] have noted, allowing women to bring their children to work reinforces the sexual division of labor. Men should share in the actual care of children. Some community-based enterprises have addressed this problem by conducting awareness-raising sessions with the men. Where this was done, some of the men have reportedly been convinced to share in domestic work such as minding children and preparing meals. This dual approach takes off from the recognition that gender norms affecting gender relations and division of labor can change, although these are not likely to change easily. Until this happens, women need to be supported with their child care work.

## **Education and health-related capacities and access**

The *PHDR 1997* noted the advances made in the areas of health and education since the end of World War II. Illiteracy, morbidity, and mortality rates have declined. It also noted that the absence of “explicit legal and cultural barriers to women’s education” in the country had enabled girls and women to enroll in large numbers, causing the gap in educational indicators to be narrower than elsewhere. In fact, girls and women had overtaken boys and men insofar as school participation, completion, and cohort survival rates were concerned.

These trends persist. The gender parity ratio (or ratio of female to male rates) in simple literacy rate widened from 0.3 percentage points in 1994 to 0.4 in 2000 and 1.7 in 2003. The same pattern was evident in functional literacy rate, where the gap increased from 1.7 in 1994 to 4.4 in 2003. Among people who had not completed any grade, the gender parity ratio dramatically dropped from 1.02 in 1990 to 0.84 in

2000, while the sex ratio among college graduates rose, too, although not as dramatically. Conversely, dropout rates (or proportion of school leavers) at the basic education level continue to be higher among boys than girls.

While the gender gaps may have favored women, other education indicators are troubling. Gender role stereotyping in tertiary level courses women and men pursue is one persistent problem. But particularly troubling are the dropout rates, which have been increasing since at least school year 2002-2003. The reasons children leave school are chilling. Boys are taken out of school to work in farms or seek other forms of employment, probably more now than before. Meanwhile, girls are said to leave school to help with housework and child care, but there is evidence that suggest that many quit because they got pregnant or have been recruited to work in the city.

These have negative long-term consequences as they compromise the development of capacities that could have helped females and males participate better in society and the economy as adults. The government has in place a dropout reduction (DOR) program for years now. What it can also do is to help schools and their boards to respond to gender-differentiated reasons for dropping out.

In the area of health, high maternal mortality rate (MMR) continues to be a problem. The Family Planning Survey (FPS) conducted by the National Statistics Office (NSO) in 2006 revealed that for every 100,000 live births in the Philippines, 162 women die during pregnancy and childbirth or shortly after childbirth. This MMR is slightly lower than the 1998 National Demographic and Health Survey estimate of 172 deaths and the 1993 National Demographic Survey estimate of 209 deaths, but still far from the Millennium Development Goal (MDG) target of 53 by 2015 [NCRFW 2009 and NEDA 2007].

To address the high MMR problem, the recently enacted Magna Carta of Women (Republic Act 9710) provides under Section 17 for (1) comprehensive

health services, including maternal care, “responsible, ethical, legal, safe, and effective methods of family planning,” and (2) comprehensive health information and education.

Experiences with gender laws, or laws in general, show that their implementation is often hindered by inadequate funding, lack of understanding among key stakeholders of their roles in the implementation, low political commitment, cultural norms and assumptions that make reporting of gender crimes difficult, and absence of effective monitoring system. These happened with the Anti-Sexual Harassment Act of 1995 (RA 7877), Anti-Rape Act of 1997 (RA 8353), Anti-Trafficking in Persons Act of 2003 (RA 9208), and the Anti-Violence against Women and Children Act of 2004 (RA 9262) [ADB et al. 2008:81-82]. Unless the problems are addressed early on, they can also easily hamper the effectiveness of the Magna Carta of Women.

High maternal mortality rate is just part of a bigger problem: high population growth and the absence of a population program that can contain the problem.<sup>5</sup> Limited-sample time use studies have shown that in families with children aged five years or below, particularly infants and toddlers, a large part of women’s time is spent caring and watching over them.

A study conducted in the early 1990s suggests that the time allotted by mothers for child care jumps from 9 percent to 21 percent in rural areas and from 12 percent to 15 percent in urban areas with additional young children in the family [Domingo and Cabegin 1994:31 and Illo 2009]. In contrast, fathers in rural or urban areas spend no more than 6 percent of their time with their young children. Women with babies or toddlers often temporarily withdraw from economic activities that will take them away from home, but not when the enterprise can be continued without leaving home. They resume their economic enterprises once the children are in school or there are older children who could keep an eye on their younger sibling.

The dangers of losing a child to injuries or accidents are very real. Injuries account for a significant proportion of childhood deaths.<sup>6</sup> Injury rate among children was highest at 0-4 years old. Leading causes reportedly differ by age group. Among children younger than one year, it is suffocation (248 per 100,000); among one- to four-year-olds, it is drowning (89 per 100,000).

## **Economic opportunities**

At least up until 2007, the Philippine economy has markedly improved. GDP grew by 7.3 percent in 2007, the highest growth in 31 years. This growth, however, seems not to have made a significant dent on poverty reduction, nor has it equally benefited urban centers, the countryside, and the provinces.<sup>7</sup> Jobs have not been created at the same pace as the growth of the labor force. Moreover, half of all new jobs are those that poor women and men have created for themselves—in what constitutes the country's informal economy [ADB et al. 2008:8].

The gender gap in the labor force participation continued through the decade following the publication of the *PHDR 1997*, although there appears to have been a narrowing of the gap caused by a fall in the labor force participation rate among men in some years. There has also been an increase in the unemployment rate among men between 2002 and 2006, reversing past trend. It is hard to ascertain the sustainability of this new trend. Since 1997, women's share in wage and salary jobs has increased, and so has the proportion of women own-account workers. Lastly, the domestic economy continues to fail in offering employment opportunities to women and men, fuelling the labor outmigration. Women overseas Filipino workers (OFWs) continue to leave, outnumbering men among land-based new hires [ADB et al. 2008:14-15].

Different groups of women face varying economic opportunities. The better educated women continue to dominate in the education-sensitive

occupational categories (administrative/executive/government officials, professional/technical, and clerical). They outnumber men in ICT-based industries, but they often occupy low-paid, low-tier jobs in electronic assembly lines, answering phone calls or Internet inquiries in call centers, or encoding company data. More and more women, however, are breaking into the better-paid jobs in design and content processing [ADB et al. 2008:28].

Many women, however, are found in agriculture, working as unpaid family labor, or in the non-agricultural, informal economy, running micro-enterprises or toiling as home-based workers, sewing parts of garments, or producing other goods as part of export-oriented value chains. Some studies have shown that women's contribution (out of incomes from these enterprises) to the household coffers is not insignificant. At least a third of income of poor households reportedly comes from women's various economic micro-scale activities [NCRFW 2004]. The choice to stay informal and micro is partly related to gender division of labor, where women are expected to "keep house and care for the children," regardless of their other occupation or preoccupation [ADB et al. 2008:38].

Economic empowerment measures have to expand beyond the concern over the formal labor market to the micro-enterprises and the informal economy that employ about half of the labor force (particularly women). A combination of measures—beyond the usual microfinance—is needed to address the various concerns of micro-entrepreneurs, both women and men.

## **Participation in politics and governance**

As noted in the thematic essay, Filipino women's engagement in formal politics—or the formal seeking or exercise of power in electoral campaigns and public spheres of decisionmaking—dates back to the two decades of struggle and mobilization for female

suffrage from the 1910s to the 1930s, which led to the enactment of the Woman Suffrage Law in 1937. Since then, and particularly during the past three decades, the Philippine government has made significant efforts in making its governance institutions accessible to women [ADB et al. 2008:23].

Nonetheless, among the candidates to elective offices, men outnumber women at national and local levels. As one scholar noted, “Winning in an election has always been a challenge to women career politicians. Election costs are tremendously high, despite election rules against expenditures, and only those with money can equally compete. Women politicians must also be acceptable to the network of patronage politics prevalent in the country which is dominated by seasoned male politicians” [Aguilar 1991-1992:1-2].

Men also continue to win more seats at all levels, although there has been a marked increase in the number of elected women, particularly in the House of Representatives. The number of women mayors has also consistently increased since 1995. Despite these developments, politics is still a male domain.<sup>8</sup> The rising percentage of women in electoral politics is partly due to the widespread practice of women contesting the positions vacated by their male spouse, and thus has more to do with political dynasty than “women’s empowerment.”<sup>9</sup> However, a few groups such as the Center for Asia Pacific Women in Politics (CAPWIP) have been striving to wean women politicians, both newcomers and old-timers, away from traditional politics of patronage to politics for social transformation.

In addition to efforts of women nongovernment organizations (NGOs), the NCRFW has supported advocacy campaigns and training of women and women’s groups within and outside government. Their combined efforts have produced several gender-sensitive female leaders and made possible the integration of gender concerns in regular orientation programs of newly elected local chief executives, networking with and capacity building of women

elected officials through their associations, and the passage in 2003 of the Manila Declaration on Gender-Responsive Governance—a statement of principles and actions that presently guides the policy advocacy and program development work of women elected officials all over the country [Sobritchea 2005].

In areas where these effects are strongest, exemplary gender-responsive local governance practices have emerged and been recognized by award-conferring bodies for excellence in local governance. Davao City has a Women Development Code (City Ordinance 5004) and Gender Watch Project. The province of Bulacan and Cebu City are other examples [NCRFW 2004].

Participation in governance is not limited to electoral politics.<sup>10</sup> Various laws enacted in the 1990s have provided for women’s representation in specific decisionmaking bodies such as the National Anti-Poverty Council (NAPC), which assigns the “women sector” a seat under the Social Reform and Poverty Alleviation Act of 1997 (RA 8425), and the National Commission on Indigenous Peoples (NCIP), which has two women commissioners out of seven pursuant to the Indigenous Peoples’ Rights Act of 1997 (RA 8371).

Women occupied more than the allotted seats in agricultural and fishery councils at different levels, but accounted for a much smaller percentage (no more than 29 percent) of the membership of agrarian reform governing units or councils, and a yet much smaller share in protected areas management boards. At the local level, there is no enabling law that would strengthen the sector representation provision of the Local Government Code. Meanwhile, a related bill continues to languish in Congress.

In the Philippines as probably elsewhere, women have long been involved in grassroots organizations, social networks, cultural associations, and religious organizations.<sup>11</sup> Women’s influence in decisionmaking can be seen in the successful advocacy by women’s organizations of gender-budget initiatives and landmark laws that seek to



protect the rights of women. At the local level, women's groups have worked with local legislators and GAD advocates in local governments to craft GAD Codes, plans, and/or programs [IPC/CIDA 2003, NCRFW 2004, and Sobritchea 2005].

## On the PHDR proposals

### **GAD budget and gender-responsive programs**

In the late 1980s, the government embarked on a gender mainstreaming campaign to remove gender bias in its policies (regulations, circulars, and issuances), operations and procedures, and programs. In 1992, Congress enacted the Women in Development and Nation-Building Act (RA 7192), which set forth three broad strategies for providing women rights and opportunities equal to that of men, including gender mainstreaming. The other two strategies are (1) setting aside and utilizing a substantial portion of overseas development assistance (ODA) funds to support programs and activities for women and (2) making all government departments responsible for ensuring that women benefit equally and participate directly in the development programs and projects of the department.

At the national level, the NCRFW helps a network of GAD focal points to mainstream GAD in various government agencies; the NCRFW is undertaking an assessment of its gender mainstreaming program.<sup>12</sup> Several things can be said about the focal point system. Many of the focal persons have gone through several training programs in the 1990s, but probably not as many have received updated GAD inputs. Some have been active for years, while others have either been reassigned or lost the support of management.

In addition, the capacities of the GAD focal points vary dramatically with some able to prepare GAD plans, design projects, or assist their colleagues integrate GAD or respond to gender issues in their

work. Their influence also varies with their location. Those based in the personnel/human resources divisions are able to address sexual harassment cases or include human resources type of activities (such as day care centers) in their agency GAD plans and budgets. In contrast, those with the planning division are able to integrate gender concerns in plans.

In a few agencies, the countless gender sensitivity sessions and GAD trainings seemed to pay off. GAD focal persons and technical working groups in the Department of Environment and Natural Resources (DENR) and the Philippine Ports Authority (PPA), for example, have been able to mobilize their GAD budget to continuously upgrade their capacities to do research, design and monitor projects, and improve services. In the case of PPA, its halfway houses and antitrafficking in persons program are exemplary [ADB et al. 2008:92]. As will be apparent in the next section, not many government agencies have been able to fashion its mainstream programs or services to address gender issues.

### **Domestically financed GAD budget**

The Implementing Rules and Regulations (IRR) of RA 7192 provides for a GAD budget allocation from the regular budgets of government departments and agencies. The first GAD budget call came out in 1994 for national government agencies; it was followed a few years later for local government units. Beginning in 1995, the General Appropriations Act (GAA) included a GAD budget provision.

During the 15 years or more of implementation and sustained advocacy, compliance with the GAD budget policy has been consistently low, averaging less than 40 percent of national government agencies. In recent years, the GAD budget has usually ranged between P0.84 billion (in 2002) and P2.16 billion (in 2007), while utilization averaged about 36 percent.<sup>13</sup>

An analysis of the agency GAD plans and accomplishment reports suggests that the GAD budget has been used primarily to fund various



capacity development or training programs on GAD, usually in the form of gender sensitivity training; advocacy, dissemination of information and education on gender issues; setting up or improving facilities for women employees; establishment of sex-disaggregated database; promotion of the use of nonsexist language; and agency-specific gender mainstreaming activities. Most are focused on preparing the organization to provide services or design projects or programs that address women's concerns or gender issues. Some, however, are directly related to improving agency outputs or operations through the integration of gender in national, sector, or local development planning and the revision of textbooks and module development to erase or counter social and gender stereotypes.

It is not clear whether GAD budgets and plans have led to increased consciousness on gender and development in an entire organization. With a possible exception of a few agencies, there is little to suggest that the GAD budget has been successfully used as leverage for making the whole agency budget more responsive to gender-related concerns.<sup>14</sup>

### **ODA-funded projects**

The National Economic Development Authority (NEDA) monitors the ODA-related GAD budget policy. Before 2006, NEDA classified foreign-assisted projects into whether these are women-specific projects, have a component for women, or have "integrated" women's concerns. Monitoring, however, has been difficult as there was no mechanism for ODA donor reporting. The third category was also ambiguous, making it hard to ascertain whether or not ODA projects have indeed allotted 20 percent of their budget to women's concerns.

In 2006, NEDA began to use the Harmonized GAD Guidelines, a tool it developed with the NCRFW and the ODA-GAD Network<sup>15</sup> to guide the review of project proposals and the monitoring

of ODA portfolios. The design checklists determine the gender responsiveness of projects at entry, while the project implementation, management, and monitoring and evaluation (PIMME) checklists help measure the gender responsiveness of projects at implementation. Instead of just focusing on women's concerns, the guidelines force all projects to confront relevant gender issues.

In 2009, NEDA requested 21 bilateral aid agencies, embassies, and multilateral agencies that provide assistance through loans or grants to submit their GAD monitoring report using the Harmonized GAD Guidelines and a prescribed GAD monitoring template. In all, 20 organizations responded. Their combined ODA portfolio amounted to \$9.5 billion. Of this, 35 percent reportedly support projects that are, by design, gender-responsive or gender-sensitive (that is, are set up to address key GAD issues and to involve women in significant ways), while 65 percent went to projects that have not been designed to respond to gender issues or that have not even identified any gender issue [NEDA 2009]. Not surprisingly, the gender-blind projects consisted mainly of infrastructure projects.

Examples of issues that gender-responsive/sensitive projects are designed to address vary among the sectors. In the social reform and development sector, these include lack of access of poor women to health and reproductive health services, gender-differentiated access to education and educational outcomes, need for provision of spaces in training centers for breastfeeding, sexist educational or training materials, and absence of sex-disaggregated information systems. Rural development projects are addressing issues on women's participation in resource management activities and their membership and leadership even in male-dominated organizations, access to microfinance and micro-enterprises, biases in distribution of resources and access to training (biodiversity, coastal resource management), and lack of recognition to women's claims to land. Sex-disaggregated land information

system was also developed to capture and show social and gender data.

Meanwhile, in the governance and institutional development, gender-responsive/sensitive projects are responding to issues on women's access to justice, the need for gender-sensitive handling of specific women's issues such as violence and sexual harassment, and women's representation in both membership and leadership of organizations. In the industry and services sector, there are projects that recognize the need to incorporate gender analysis in the value chain analyses, establish microfinance facilities and ensure equitable distribution of its benefits as well as from scaled-up selected commodities, and the development of local and national enabling environments for women micro-entrepreneurs [NEDA 2009].

These attempts to track regular domestic and ODA GAD budget allocations and execution are important and need to be sustained. So must the conduct of audit by the Commission on Audit (COA) of the GAD budget utilization. However, NEDA and the NCRFW have to scrutinize more carefully the GAD monitoring reports (ODA) and GAD plans, budgets, and accomplishment reports (regular budget) that they receive.

For locally funded GAD budgets, the questions are: Will the GAD plans really promote GAD in the agency and help produce more gender-responsive services and programs? Will the planned activities contribute to the achievement of performance indicators? Considering that inputs are rarely able to generate results immediately, how often can the same activities appear in GAD plans and budgets?

For ODA-funded projects, NEDA can ask: Are GAD ratings given projects backed up by evidence? Are the reported GAD initiatives producing gender equality or women's empowerment results? NEDA should begin requesting donor agencies to report GAD results.

## **Collection and utilization of sex-disaggregated information**

Gender sensitivity or awareness-raising sessions usually have several core messages. Of these, the importance of sex-disaggregated data is the stickiest. It is not surprising therefore for government agencies and ODA-funded projects to offer their sex-disaggregated database as a proof that they have "mainstreamed gender."

The message has been reinforced time and again by continuous advocacy of the NCRFW, GAD advocates, and women's organizations not only for the generation of information classified by sex of decisionmakers, participants, beneficiaries, or clients, but as well as for the collection of data on specific gender issues such as VAWC, land claims, constraints to women's access to finance and other inputs, work hazards in women-dominated workplaces, and control over reproductive health problems and services.

At the local level, the Department of Interior and Local Government (DILG) encourages local governments to assess themselves on several gender-related items using the Local Governance Performance Measurement System (LGPMs). These items include passing a GAD Code, having a GAD budget, and implementing a GAD plan. Another local-level GAD monitoring tool is the Gender-Responsive Local Government (GeRL), which helps local governments review their programs and services against gender-related variables.

For decades now, labor force and education statistics have been sex-disaggregated. These data have been used by policymakers, planners, and researchers. Other sex-disaggregated databases, however, are not as well used. It is not evident whether projects analyze these in order to fine-tune project design or implementation, or improve project management. Without a clear idea as to why they are collecting sex-disaggregated data, it comes as no surprise that agencies and projects are asking themselves: Why collect these data?

## Future research

From a wide array of research topics that should be pursued, three will be mentioned here. The first is unpaid work and changing gender roles and relations. These can be captured by periodic, large-sample, national time use survey. This will be a difficult and costly enterprise, but has to be done.

Another issue that needs to be investigated is the notion of *de facto* and *de jure* household headship, and household spending and saving patterns. As the 1997 Report shows, the Family Income and Expenditures Survey (FIES) database does not allow for a comparison of female- and male-headed households in similar stage of their life cycle. It cannot be used to answer whether or not the gender of the household head matters. Without controlling for life cycle effect and/or asset status, it appears that female household heads are less poor than their male counterparts, spend more prudently, and pay loans and taxes. It neglects to mention that the women had more resources at their disposal (incomes and transfers) and could therefore invest and share.

A third research issue is related to the role of the women's movement and its various strands in promoting women's status and interests. This should cover different arenas of action, including political engagement through the party list rule or as a critic of government, legislative lobbying, monitoring of government and NGO commitments, delivery of services, and networking and coalition formation.

## Conclusion

The Report uses the term “engendering” as a way of capturing the intent of “putting gender” into the discussion or “something” that we wish to “engender.” Very often, there is disregard for the fact that the “something” that we wish to “engender” can already be heavily gendered and based on masculine

standards. What the statement probably means is that unless human development is at the same time sensitive and responsive to women's gender needs and interests, it may be an endangered concept. It's probably not as sexy, but it is definitely more precise.

A final note: The authors of the various papers, particularly Maria Sagrario L. Floro and Edita Tan, who wrote the thematic essay, the editors, and Solita Collás-Monsod, who provided overall leadership in conceptualizing the 1997 Report, must be commended. Their efforts produced a collection of evidence-based, robustly argued articles on key dimensions of women's status and key areas of women's human rights—social, economic, and political. The Report also highlighted how gender relations affect women's well-being. It did this by implicitly embedding it in the discussions of economic participation and workplace hazards (in the form of sexual harassment) and by exploring the effects of violence against women on their well-being in the article “Breaking the Silence.” In so doing, the Report captured key issues that continue to resonate to this day.

## Notes

- 1** This point was forcefully made by Solita Collás-Monsod during the 10 October 2009 roundtable discussion.
- 2** This is captured in groups seven to 10 of the United Nations Trial Activity Classification System, namely, unpaid services for own final use (domestic and caregiving services); informal sector production of goods and services for own final use by unincorporated enterprises owned by households (subsistence production and other kinds of informal enterprises); unpaid volunteer/informal domestic and care giving services to other households; and production of housing services for own final consumption (imputed rents of owner-occupied housing).
- 3** See, for instance, Hirway [2005].
- 4** Among the large establishments, Johnson and Johnson is a notable exception. It offers a child care center and summer children's workshop onsite, flexible hours that help employees to take care of their family responsibilities, and compressed workweek during the summer.
- 5** A number of studies suggest that women have very little control on how many children they will bear. See, for instance, "Unmet Needs," a study commissioned by the Population Commission of the Philippines.
- 6** Injuries as cause of death among children account for one out of 20 children below one year of age, one out of seven in children 1-4 years old, one in five in the 5-9 years old group, and one in three in the 10-14 years old group [UNICEF, Draft 2007 Philippine Situation of Women and Children].
- 7** The *Philippine Human Development Report 2008/2009*, for instance, shows wide variations in the provincial, annual per capita income figures (from \$5,101 in Metro Manila to \$942 in Tawi-Tawi) and the HDI as well.
- 8** See *Paradox and Promise* [ADB et al. 2008:23]. The 2000 Census of Population and Housing placed the voting population at 43.3 million. Women slightly outnumbered men (50.1 percent to 49.9 percent). At least since 1995, women voters' turnout rate had been higher than the men's: 71.0 percent vs. 70.3 percent in 1995, 87.0 percent vs. 85.7 percent in 1998, and 76.7 percent vs. 75.9 percent in 2001 [NCRFW 2004]. This slight edge that women voters have over men voters have not been translated into votes for women candidates.
- 9** A 2004 study by the Philippine Center for Investigative Journalism found that 70 percent of the women in the House of Representatives in 2001 were members of political clans [Coronel, Chua, Rimban, and Cruz 2004].
- 10** The judiciary, another governance arena, is male dominated as well, although this dominance is slowly easing. In 1997, about 80 percent of the total judges were male. By 2006, female judges comprised 30 percent. In 2008, six out of 15 Supreme Court justices were women. Meanwhile, in the bureaucracy or the civil service, women comprise the majority. However, they tend to be found at the second level or the rank and file positions. Men occupy the executive or the managerial jobs. See *Paradox and Promise* [ADB et al. 2008:22-23].
- 11** The Philippine feminist movement was born in 1905 with the organization of the Asociancion Feminista Filipina (Association of Filipino Feminists). The period 1972-1986 saw a second wave of political activism among Filipino women, with tens of thousands of women involved in street protests as well as underground activities against the Marcos regime. As the NGO community grew in the 1980s, women organized their own NGOs and served as leaders in mainstream NGOs, organizing, mobilizing, waging political education, and lobbying the Legislature for bills that address women's issues and concerns [Aquino 1993-1994].
- 12** An earlier study of the role of the NCRFW in the gender mainstreaming effort is captured in Honculada and Pineda-Ofreneo [2000].
- 13** NCRFW unpublished annual GAD budget reports, 2002-2008.
- 14** For best practices at the local level, see *Gender Responsive Governance at Work: LGU Experiences in Using the GAD Budget* [NCRFW 2005].
- 15** The ODA-GAD Network is an informal organization of gender focal persons of ODA agencies operating in the Philippines. Formed in 2001, the Network serves as a venue for sharing of tools, experiences, and problems encountered in promoting gender equality/equity; coordinating activities; and planning joint actions.

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# Basic Education: All's Still Not Well

**By Michael M. Alba**

**T**HE school system is the highly structured and specialized set of processes that is intended to (a) transmit a society's accumulated knowledge to, (b) inculcate its values in, and (c) develop the productive skills of the next generation, in order to enable its members to (i) understand the workings of and interact with the world at large, (ii) develop their individual characters and sustain the cohesion of the community,<sup>1</sup> and (iii) have the means for earning incomes and enhance the productive capacity of the economy. The school system is designed to facilitate learning efficiently and effectively. Its curriculum is time-bound and contrived,<sup>2</sup> organized by subject or discipline, systematically arranged for coherence of topics and concepts and by progressive levels of difficulty, and apportioned into focused activities such as lectures, field trips, discussions, drills and exercises, and tests. Moreover, to motivate lessons, questions are posed in hypothetical and highly stylized ways, and, rather than left to be figured out, solutions or answers are aggressively proposed and cogently presented for the student to master.

That in contemporary societies the school system is so ubiquitous and organized, involves large segments of the population, and employs massive resources are testaments to its importance to the social order. It is fair to say that given the societal roles and goals vested in it, in the school system are also invested a society's hopes and prospects for

survival in the future.

Indeed, so invested are modern societies in the school system that considerations of its benefits invariably have a mythic and axiomatic, if not dogmatic, quality. The theme chapter of the *Philippine Human Development Report 2000*, for instance, describes the gains as follows. First, basic education is an empowering process that, to paraphrase Amartya Sen [1985 and 1999], *capacitates* the individual to function, to achieve, and to enjoy life. In other words, the claim is that the educated individual enjoys a higher level of welfare because his education complements other inputs (e.g., a book that is not simply owned but read or food that is not simply consumed but valued for its nutritional attributes), thereby enabling him to be more engaged, productive, and self-aware; in short, to lead a better quality of life. Second, basic education has positive external effects on the community at large since educated people tend to be law-abiding, participate intelligently in elections, and have a better sense of nation and community.

Given the stakes involved, the all-important question that ought to be posed periodically to the basic education sector is: Is the school system an effective and efficient agent for carrying out its objectives? To what extent is the school system able to transmit knowledge to, inculcate values in, and develop the productive skills of its target population? And at what cost does it do so?

To make this assessment, this paper takes stock of developments in basic education since

*PHDR 2000*. It provides glimpses of various aspects of the sector that can be culled from data from the Basic Education Information System (BEIS), the Department of Education's (DepEd) administrative reporting system, as well as the household surveys of the National Statistics Office (NSO) such as the Annual Poverty Indicators Survey (APIS) of 2004 and 2007, the Family Income and Expenditures Survey (FIES) of 2003 and 2006, and the Functional Literacy, Education, and Mass Media Survey (FLEMMS) of 2003.

Based on these statistical findings, the paper argues that a new perspective is needed in the sector—one that takes cognizance of the question posed above, recognizes the sectoral constraints, restructures the incentives of stakeholders to align them with sectoral goals and to inhibit adverse behavior, and organizes information systems and reporting mechanisms to provide regular feedback to constituents that then becomes the basis of further action.

## Access, outcomes, and inputs and congestion

A telling statistic from APIS 2004 and 2007 provides a convenient backdrop for the data analyses that follow. Among six- to 17-year-old children who were reported to have dropped out before completing high school,<sup>3</sup> the two most frequently cited reasons<sup>4</sup> were the high cost of education or that parents cannot afford schooling expenses, 22.9 ( $\pm 0.714$ )<sup>5</sup> percent in 2004 and 20.4 ( $\pm 0.661$ ) percent in 2007, and lack of personal interest, 37.0 ( $\pm 0.790$ ) percent in 2004 and 37.3 ( $\pm 0.711$ ) percent in 2007. In other words, the primary self-reported causes for dropping out were poor access due to the unaffordability of schooling and the lack of relevance of the curriculum or the poor quality of educational content.

## Access to basic education

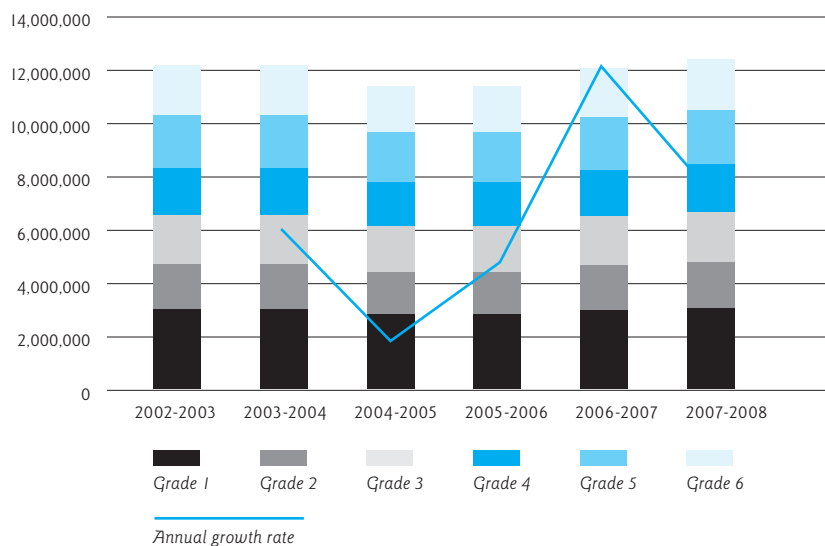
*PHDR 2000* reported a combined enrollment rate of 82 percent, a level that compares favorably with those of more advanced countries and suggests that the country's formal education system is highly accessible. In contrast, data from FLEMMS 2003 and APIS 2004 and 2007 indicate that 65.8 ( $\pm 0.337$ ) percent, 67.7 ( $\pm 0.243$ ) percent, and 68.3 ( $\pm 0.231$ ) percent of the six- to 24-year-old population were reported to be attending school in 2003, 2004, and 2007, respectively. Whether these recent estimates are comparable to the earlier cited combined enrollment rate figure for 2000 is unclear, however, because *PHDR 2000* did not specify the age group of the reference population of its combined enrollment rate. Nonetheless, the trend is one of expanding accessibility, the estimates being statistically different from each other.

At the basic education level, however, there may be cause for some concern. **Figure 1a** presents the enrollment levels in public elementary schools between SY 2002-2003 and SY 2007-2008 and their annual growth rates that are obtained from the DepEd's BEIS. The chart indicates that enrollment levels were significantly lower in SY 2004-2005 and SY 2005-2006 and that their annual growth rates exhibited a rather wide range, from the -4.4 percent of SY 2004-2005 to the 6.1 percent of SY 2006-2007.

A problem with **Figure 1a**, though, is that the picture it presents is distorted by the fact that data from the Autonomous Region in Muslim Mindanao (ARMM) are unavailable during the two low-enrollment years. Removing the data from ARMM altogether results in the graph presented in **Figure 1b**.

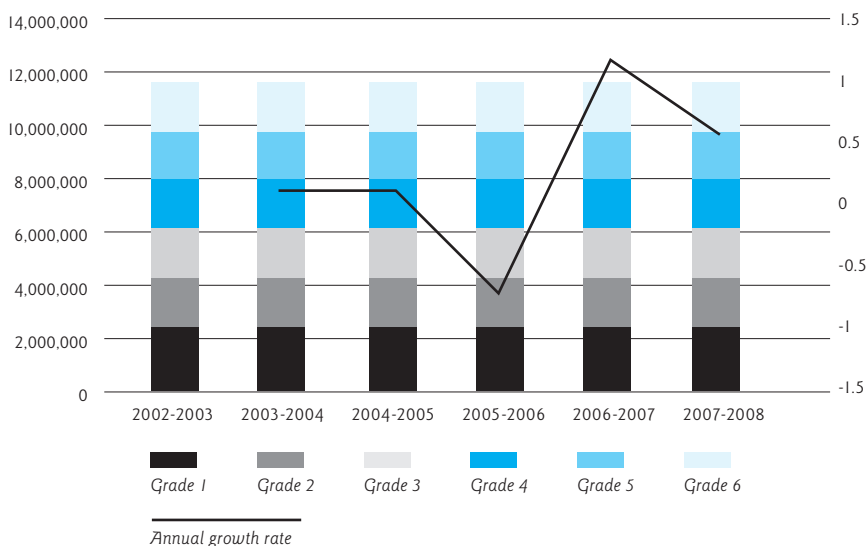
As may be gleaned from the second chart, public elementary enrollment levels in the rest of the country apparently exhibited no significant changes over the six-year period; indeed, the annual growth rates kept to within a rather modest range, neither lower than the -1.3 percent of SY 2005-2006 nor

**Figure 1a Public elementary enrollment (includes ARMM),  
SY 2002-2003 to SY 2007-2008**



Source of data: BEIS

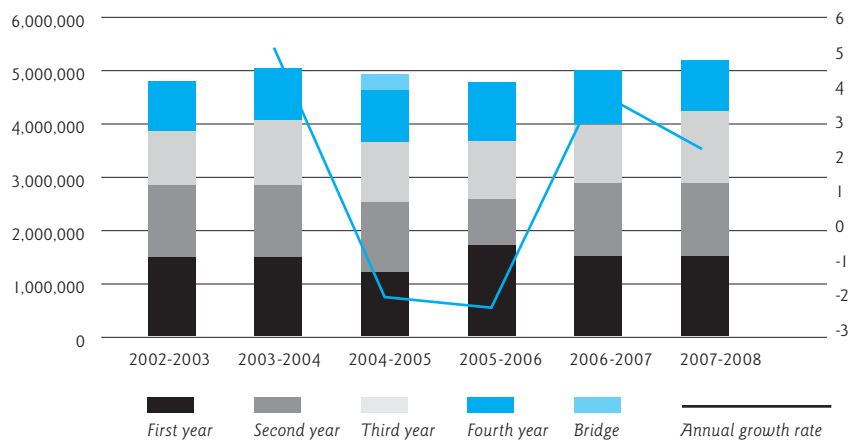
**Figure 1b Public elementary enrollment (excludes ARMM),  
SY 2002-2003 to SY 2007-2008**



Source of data: BEIS

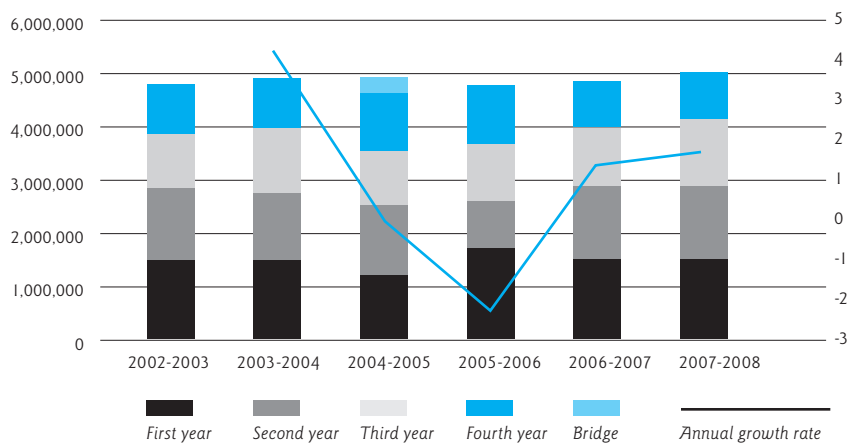


**Figure 2a Public secondary enrollment (includes ARMM),  
SY 2002-2003 to SY 2007-2008**



Source of data: BEIS

**Figure 2b Public secondary enrollment (excludes ARMM),  
SY 2002-2003 to SY 2007-2008**



Source of data: BEIS

**Table 1 Grade I enrollment and grade-to-grade dropout rates (excludes ARMM), SY 2002-2003 to SY 2007-2008**

School Year	Grade I Enrollment	Dropout Rates				
		Grade 2	Grade 3	Grade 4	Grade 5	Grade 6
2002-2003	2,427,727					
2003-2004	2,403,754	17.51	4.68	3.63	3.20	5.10
2004-2005	2,428,630	17.85	4.86	3.95	3.74	5.59
2005-2006	2,348,636	18.44	5.51	4.61	4.36	6.26
2006-2007	2,434,928	15.97	4.42	3.26	3.12	5.10
2007-2008	2,486,697	17.42	5.25	3.90	3.65	5.74
<b>Average</b>	<b>2,421,729</b>	<b>17.44</b>	<b>4.94</b>	<b>3.87</b>	<b>3.61</b>	<b>5.56</b>

Source: BEIS

higher than the 1.2 percent of SY 2006-2007. Stated differently, between SY 2002-2003 and SY 2007-2008 the average annual growth rate of public elementary enrollment was only 0.2 to 0.3 percent, which is way below the annual population growth rate of six- to 13-year-old children.<sup>6</sup> Taken together with the fact that private elementary enrollment is nowhere near the level of public elementary enrollment, this means that an increasing proportion of children did not have access to elementary education between 2002 and 2008.

**Figures 2a and 2b** present the ARMM-inclusive and ARMM-exclusive levels of enrollment in public secondary schools between SY 2002-2003 and SY 2007-2008 and the implied annual growth rates. Even when SY 2004-2005 and SY 2005-2006 data are excluded, **Figure 2a** still paints a dismal picture: Public high school enrollment in SY 2006-2007 (5,026,823) was actually slightly lower than in SY 2003-2004 (5,027,847), and the average annual growth rate over the six school years registered only 1.4 percent, which again is way lower than the population growth rate of 12- to 17-year-olds.<sup>7</sup>

Excluding the data from ARMM, the situation was even worse [**Figure 2b**]. Annual growth rates fell from 4.3 percent in SY 2003-2004 to 0.5 percent in SY 2004-2005 and -2.0 percent in SY 2005-2006, before rising to 1.3 percent in SY 2006-2007 and 1.9 percent in SY 2007-2008. In effect, the average

annual growth rate of public high school enrollment outside of ARMM was 1.2 percent between SY 2002-2003 and SY 2007-2008. Again, given the relatively small share of private secondary enrollment and the high growth rate of the client population, this means that increasing numbers and proportions of children did not find secondary education accessible over the period under analysis.

Where do students falter? Is school accessibility deteriorating because the growth rate of entrants into the school system has not kept pace with that of its client population or because students have been increasingly unable to complete their “tours of duty”?

**Table 1** presents enrollment in Grade I and grade-to-grade dropout rates for Grades 2 to 6 from SY 2002-2003 to SY 2007-2008. It shows that the public school system’s intake of Grade I pupils has not been growing significantly. Indeed, the average annual growth rate of Grade I enrollment in public elementary schools during the period has been less than 1 percent, with and without ARMM. Thus, to the lackadaisical intake of Grade I pupils relative to the increasing population of such children may be attributed the deteriorating accessibility of public elementary schools.

Nonetheless, from the structure of dropout rates [**Table 1**], the following additional observations may be made: The low intake of Grade I pupils

**Table 2 First year enrollment and year-to-year dropout rates (excludes ARMM), SY 2002-2003 to SY 2007-2008**

School Year	First Year Enrollment	Dropout Rates		
		Year 2	Year 3	Year 4
2003-2004	1,461,137			
2004-2005	1,446,711	10.63	9.45	10.18
2005-2006	1,101,067	9.58	9.24	9.64
2006-2007	1,569,528	1.95	11.87	13.96
2007-2008	1,473,003	11.42	7.42	10.78

Source: BEIS

notwithstanding, even among those who do enroll, many apparently are ill-prepared for school, which is why they account for the largest grade-to-grade dropout rate every year. The estimated rate then declines until Grade 5, but increases in Grade 6.

Accordingly, policymakers should be concerned with (1) why the public elementary school system has been unable to increase Grade 1 enrollment significantly in recent years, (2) how the Grade 1 to Grade 2 dropout rate can be reduced, and (3) how Grade 5 students can be persuaded not to drop out one year before graduating from grade school.

On the public secondary level, the year-to-year dropout rates are more evenly distributed, but are much higher than those of Grades 2 to 6 [Table 2].<sup>8</sup> Comparing Tables 1 and 2, one may also infer that the elementary-to-high-school transition rate is a problem. On average, 1.7 million students graduated from public elementary schools every year between SY 2002-2003 and SY 2007-2008, but only 1.4 million enrolled annually in public high schools.

The problem of accessibility at the secondary level thus boils down to (1) why 0.3 million elementary school graduates, on average, do not proceed to high school and (2) why year-to-year dropout rates are so high.

Recalling the self-reported reasons for dropping out that were cited earlier, one may also throw in these questions: To what extent are the poor elementary-to-secondary transition rate and the

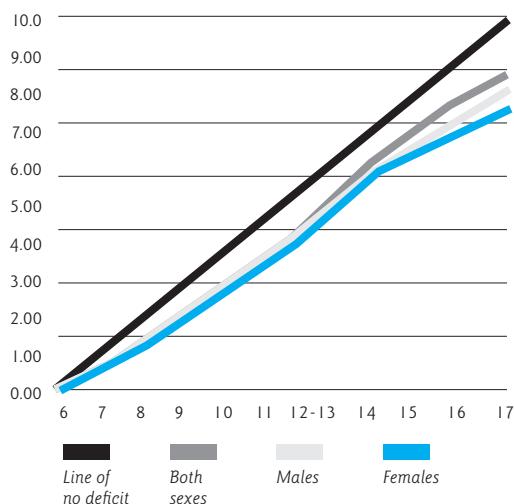
(Grade 5 to Grade 6 and high school) dropout rates due to high (direct and indirect) costs of schooling? To what extent are they due to the lack of relevance of the curriculum? Based on an empirical evaluation of the net social benefits of basic education, what interventions can be designed to mitigate schooling costs? How can the basic education curriculum be made more relevant, so that school attendance can be raised to socially optimal levels?

## Outcomes in basic education

Outcomes in basic education apparently did not improve since 2000. The adult basic literacy rate,<sup>9</sup> as estimated from the FLEMMS 2003 data, declined to 93.2 ( $\pm$  0.196) percent from the 94.6 percent figure that was cited in *PHDR 2000*. Moreover, no inroads against education deficits seemed to have been made.

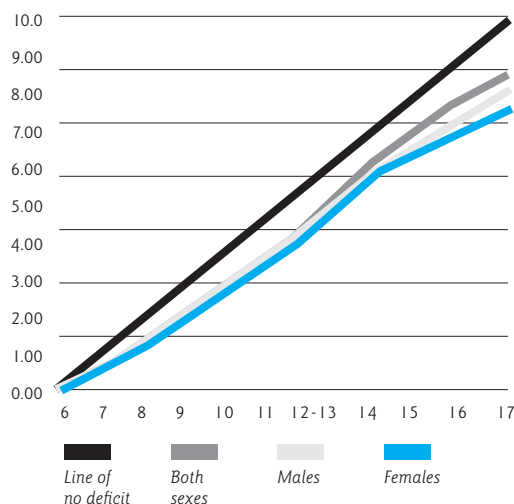
Figures 3a and 3b present for 2004 and 2007, respectively, the mean years of schooling implied by the highest grade that seven- to 17-year-old children were reported to have completed, conditional on the educational attainment not exceeding the grade-level ceiling for the child's age.<sup>10</sup> The following remarks may be made: First, the graphs of the two years are generally similar. Indeed, as indicated by Table 3 on which the diagrams are based, the sample means between the two years are statistically different only for seven-, 15-, and 16-year-old girls as well as seven-year-old children.

**Figure 3a** Age-specific mean highest grade attainment, 2004 (Ceiling-imposed)



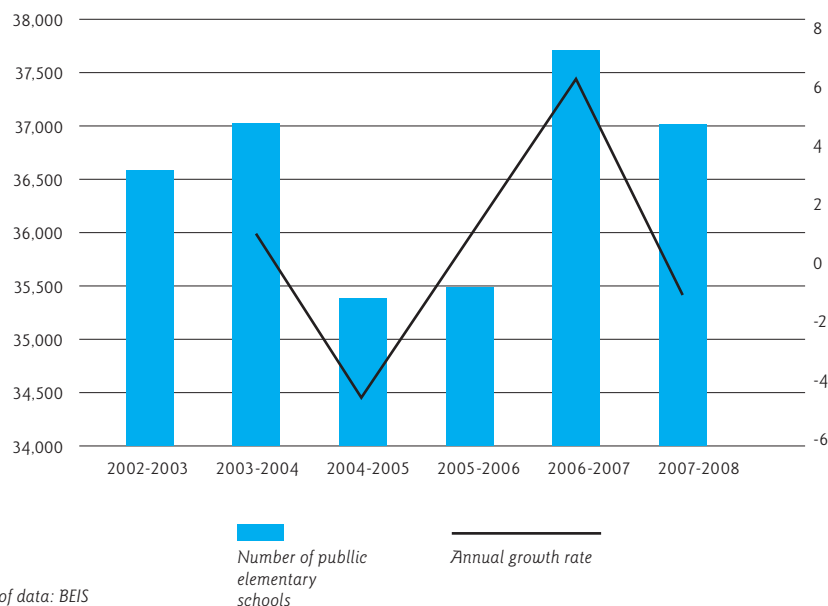
Source of data: APIS 2004

**Figure 3b** Age-specific mean highest grade attainment, 2007 (Ceiling-imposed)



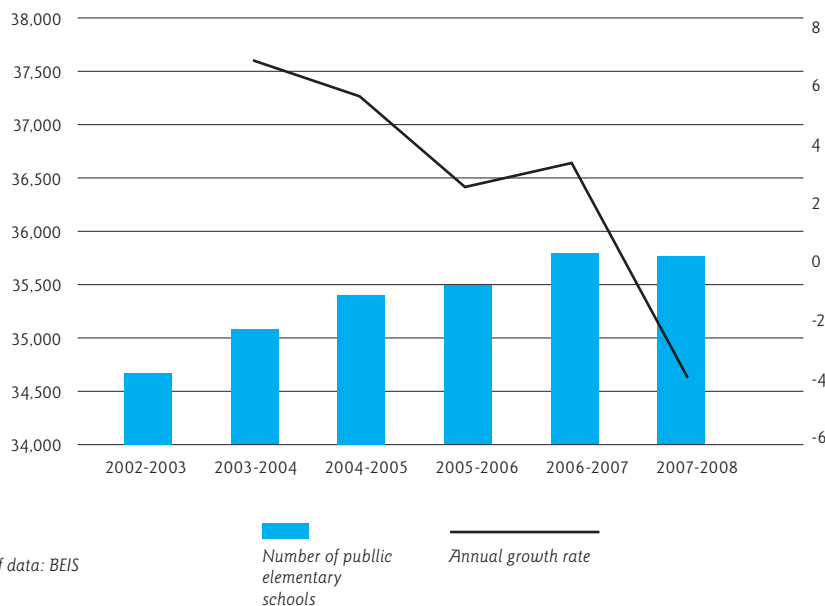
Source of data: APIS 2007

**Figure 4a** Public elementary schools (includes ARMM), SY 2002-2003 to SY 2007-2008

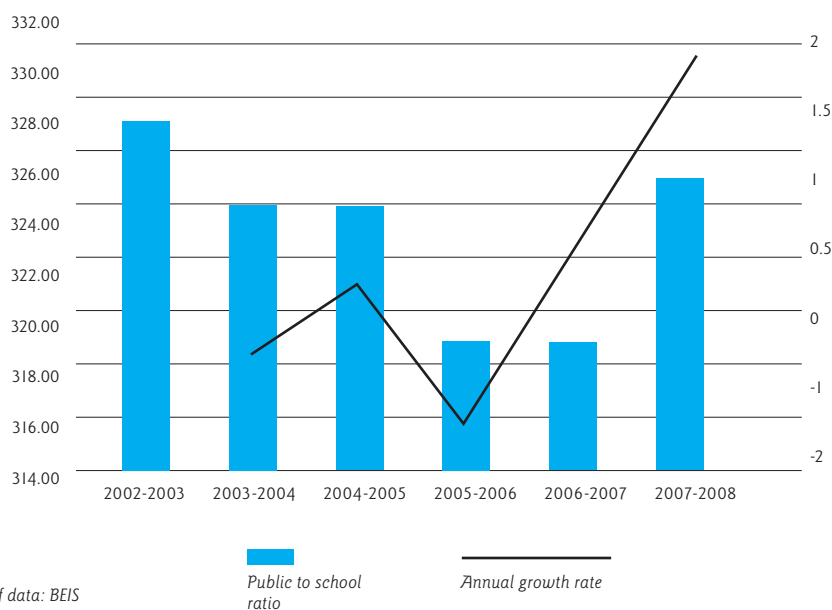


Source of data: BEIS

**Figure 4b Public elementary schools (excludes ARMM),  
SY 2002-2003 to SY 2007-2008**



**Figure 5a Pupil-to-public elementary school ratio (includes ARMM),  
SY 2002-2003 to SY 2007-2008**



**Table 3 Average years of schooling, 2004 and 2007 (Ceiling-imposed)**

Age (in years)	2004			2007			Comparison of Means (2004 vs. 2007)		
	Both Sexes	Male	Female	Both Sexes	Male	Female	Both Sexes	Male	Female
7	0.49	0.45	0.54	0.48	0.44	0.52	*		**
	0.007	0.008	0.008	0.007	0.008	0.008			
	964	503	459	887	465	454			
8	1.27	1.21	1.33	1.29	1.23	1.35			
	0.010	0.011	0.011	0.010	0.011	0.011			
	949	502	515	881	441	421			
9	2.15	2.06	2.24	2.16	2.07	2.24			
	0.012	0.013	0.013	0.012	0.014	0.014			
	936	492	474	937	457	465			
10	3.00	2.87	3.13	3.07	2.99	3.16			
	0.014	0.017	0.015	0.015	0.017	0.016			
	967	541	490	922	476	418			
11	3.93	3.77	4.09	4.00	3.88	4.14			
	0.017	0.021	0.017	0.016	0.019	0.019			
	924	508	425	846	437	413			
12-13	5.09	4.94	5.24	5.14	5.00	5.28			
	0.015	0.019	0.018	0.016	0.019	0.018			
	1326	975	932	1299	942	878			
14	6.24	6.05	6.44	6.27	6.12	6.42			
	0.020	0.024	0.022	0.019	0.022	0.021			
	926	491	433	894	443	441			
15	7.08	6.78	7.37	7.09	6.87	7.29			**
	0.023	0.029	0.021	0.022	0.027	0.022			
	919	471	428	906	451	414			
16	7.84	7.48	8.20	7.85	7.55	8.13			**
	0.026	0.033	0.022	0.027	0.032	0.026			
	873	471	375	856	421	396			
17	8.49	8.13	8.20	8.54	8.12	8.99			
	0.030	0.034	0.022	0.031	0.037	0.031			
	802	407	375	836	420	353			

Source: BEIS

**Notes:**

The numbers (in smaller typefont) below the estimate of the mean are the design-consistent standard error and degrees of freedom (number of PSUs – number of strata), respectively.

As suggested in Korn and Graubard [1999:75], the t-tests are carried out using the Satterthwaite approximation of the degrees of freedom.

\*\*\* Statistically significant at significance level 0.001.

\*\* Statistically significant at significance level 0.05.

\* Statistically significant at significance level 0.1.

**Table 4a Enrollment in public elementary schools (includes ARMM), SY 2002-2003 to SY 2007-2008**

School Year	Sample Size	Mean	Std. Dev.	Minimum	Maximum
2002-2003	36,588	329.31	499.9375	0	11.945
2003-2004	37,017	325.95	495.4668	0	12.934
2004-2005	35,380	325.92	499.2575	0	12.550
2005-2006	35,503	320.70	491.8706	0	12.226
2006-2007	37,673	320.75	491.2689	0	12.521
2007-2008	37,306	327.16	502.0455	0	12.840

Source: BEIS

**Table 4b Enrollment in public elementary schools (excludes ARMM), SY 2002-2003 to SY 2007-2008**

School Year	Sample Size	Mean	Std. Dev.	Minimum	Maximum
2002-2003	34,657	331.82	507.4478	0	11.945
2003-2004	35,058	328.51	503.0529	0	12.934
2004-2005	35,380	325.92	499.2575	0	12.550
2005-2006	35,503	320.70	491.8706	0	12.226
2006-2007	35,672	322.92	498.8342	0	12.521
2007-2008	35,271	328.47	508.1920	0	12.840

Source: BEIS

Second, the education deficits (as measured by the vertical distance between the line of no deficit and ceiling-imposed mean years of schooling at a given age) tend to be larger the older the children are. As early as seven years old, children are already about half a year behind;<sup>11</sup> by 11 years old, they are a full year behind.

The deficit becomes smaller for 12- to 13-year-olds and for 14-year-old children only because the expected years of schooling for both 12- and 13-year-old children are set to 6 to accommodate the minority of private school students who attend Grade 7. (Effectively, this lowers the grade-level ceilings and thus the deficits of children who are 13 years and older by one year.) Still, the deficit widens again after age 14, possibly because of the pressure on the children to participate in the workforce once they reach the minimum legal age (15 years old) to do so. By age 17, when children are supposed to have

graduated from high school, the deficit stands at 1.5 years.

Third, the gender difference in the education deficit generally increases with age. At 14 years, boys are only about three months behind (assuming a 10-month school year); at age 16, they are more or less six months behind.

Estudillo et al. [2001] offers a hypothesis for this gender difference in educational investments: Because parents in rural areas perceive sons (daughters) to enjoy a comparative advantage in farm (nonfarm) activities, they bequeath land holdings to sons and invest in the schooling of daughters. Their apparent objective: to carry out intergenerational transfers such that sons and daughters would have equal overall lifetime wealth. Alternatively, Alba [2001] suggests that the gender difference in educational investments may be because women use education as a compensating factor for the gender

**Table 5a Enrollment in public secondary schools (includes ARMM), SY 2002-2003 to SY 2007-2008**

School Year	Sample Size	Mean	Std. Dev.	Minimum	Maximum
2002-2003	5,504	870.47	1177.8570	4	12,440
2003-2004	5,751	874.26	1169.7170	9	12,559
2004-2005	5,783	852.38	1151.6110	11	13,097
2005-2006	6,002	804.51	1089.9490	7	12,015
2006-2007	6,384	787.41	1064.1580	0	11,989
2007-2008	6,488	790.14	1050.3880	8	11,381

Source: BEIS

**Table 5b Enrollment in public secondary schools (excludes ARMM), SY 2002-2003 to SY 2007-2008**

School Year	Sample Size	Mean	Std. Dev.	Minimum	Maximum
2002-2003	5,361	877.62	1188.7590	4	12,440
2003-2004	5,586	878.17	1181.5490	9	12,559
2004-2005	5,783	852.38	1151.6110	11	13,097
2005-2006	6,002	804.51	1089.9490	7	12,015
2006-2007	6,154	794.82	1079.0640	4	11,989
2007-2008	6,250	797.32	1065.4430	8	11,381

Source: BEIS

wage differential and for the lower wages in female-dominated occupations and industries.

## School inputs

Arguably, schools and teachers are the two most crucial inputs in the school system. The school is the *organizing principle* of the formal educational system and encompasses not only the physical infrastructure (school buildings, classrooms, and other physical facilities), but also the organizational setup (i.e., the administrative and functional structure of personnel, the arrangement and schedule of the curriculum) and standards and processes (such as the instructional, testing, and evaluation technologies) that support learning. As for teachers, it suffices to quote from *PHDR 2000*: “Teachers remain the single indispensable input in all categories of schools. Their importance is magnified by the system’s adherence to a traditional pedagogical technology that emphasizes

the individual teacher’s personal and transformative role and social example.”

## Growth rate of schools

**Figures 4a and 4b** present the number and annual growth rates of public elementary schools from SY 2002-2003 to SY 2007-2008, with the first chart including and the second excluding data from ARMM. **Figure 4a** shows the number of schools rising from 36,600 and 37,000 in SY 2002-2003 and SY 2003-2004, respectively, to 37,700 in SY 2006-2007, before falling to 37,300 in SY 2007-2008.<sup>12</sup> The trend was more or less similar without ARMM [**Figure 4b**]. The number of public elementary schools in the rest of the country increased at a decreasing rate until SY 2005-2006, grew at a slightly higher rate in SY 2006-2007, but contracted by 1.1 percent in SY 2007-2008. In sum, both with and without ARMM, the average annual growth rate of public elementary schools



**Table 6a Teacher ratios in public elementary schools (includes ARMM), SY 2002-2003 to SY 2007-2008**

School Year	<i>N</i> : <i>NTF</i>	<i>N</i> : <i>All</i>	<i>NTF</i> : <i>S</i>	<i>All</i> : <i>S</i>
2002-2003	36.25	17.74	9.08	18.56
2003-2004	36.55	17.62	8.92	18.50
2004-2005	36.13	17.37	9.02	18.76
2005-2006	35.57	17.09	9.02	18.76
2006-2007	35.93	17.34	8.93	18.49
2007-2008	36.21	17.33	9.04	18.88

Source: BEIS

**Notes:**

*N* = enrollment

*NTF* = nationally funded teachers

*All* = nationally and locally funded teachers

*S* = schools

**Table 6b Teacher ratios in public elementary schools (excludes ARMM), SY 2002-2003 to SY 2007-2008**

School Year	<i>N</i> : <i>NTF</i>	<i>N</i> : <i>All</i>	<i>NTF</i> : <i>S</i>	<i>All</i> : <i>S</i>
2002-2003	36.02	17.62	9.21	18.83
2003-2004	36.33	17.50	9.04	18.77
2004-2005	36.13	17.37	9.02	18.76
2005-2006	35.57	17.09	9.02	18.76
2006-2007	35.66	17.22	9.06	18.76
2007-2008	35.83	17.15	9.17	19.15

Source: BEIS

**Notes:**

*N* = enrollment

*NTF* = nationally funded teachers

*All* = nationally and locally funded teachers

*S* = schools

during the period was a mere 0.4 percent.

Since public elementary schools expanded at a slower rate than enrollment, average school size (i.e., the pupil-to-school ratio) increased during the last two school years, although, as **Figures 5a and 5b** indicate, the values (at just under 330) are a shade below what they were in SY 2002-2003. Nonetheless, these developments raise the following question: To what extent is the slow growth rate of enrollment in public elementary schools due to the even slower growth rate of the schools?

In contrast, developments at the secondary level were somewhat brighter. **Figures 6a and 6b** show that the number of public high schools expanded annually between SY 2002-2003 and SY 2007-2008, so that the average annual growth rates were 3.3 percent for the whole country and 3.1 percent when ARMM is excluded. As these rates were much higher than those of public secondary enrollment for the corresponding geographic coverage, the average sizes of public high schools in SY 2007-2008 (with and without ARMM) were well below their levels in

**Table 7a Teacher ratios in public secondary schools (includes ARMM), SY 2002-2003 to SY 2007-2008**

<b>School Year</b>	<b>N : NTF</b>	<b>N : All</b>	<b>NTF : S</b>	<b>All : S</b>
2002-2003	44.56	37.91	19.54	22.96
2003-2004	45.85	35.52	19.07	24.61
2004-2005	45.32	35.33	18.81	24.13
2005-2006	43.73	34.09	18.40	23.60
2006-2007	43.97	34.35	17.91	22.92
2007-2008	43.33	33.94	18.23	23.28

Source: BEIS

**Notes:**

*N* = enrollment

*NTF* = nationally funded teachers

*All* = nationally and locally funded teachers

*S* = schools

**Table 7b Teacher ratios in public secondary schools (excludes ARMM), SY 2002-2003 to SY 2007-2008**

<b>School Year</b>	<b>N : NTF</b>	<b>N : All</b>	<b>NTF : S</b>	<b>All : S</b>
2002-2003	44.49	37.91	19.73	23.15
2003-2004	45.62	35.45	19.25	24.78
2004-2005	45.32	35.33	18.81	24.13
2005-2006	43.73	34.09	18.40	23.60
2006-2007	43.49	34.01	18.27	23.37
2007-2008	43.08	33.85	18.51	23.55

Source: BEIS

**Notes:**

*N* = enrollment

*NTF* = nationally funded teachers

*All* = nationally and locally funded teachers

*S* = schools

SY 2002-2003 [Figures 7a and 7b]. At just under 800, however, the student-to-public-high-school ratios were still more than twice the values of the pupil-to-public-elementary-school ratio. Given that high values of the ratio suggest congestion or multiple shifts (which amounts to the same thing) and more complex administrative requirements at the school level, this implies that there is scope for policy interventions that effect further reductions in the size of public high schools.

Note that the enrollment-to-school ratio is simply mean enrollment.<sup>13</sup> In other words, average school size is a summary measure that locates where the distribution of enrollment is centered. The mean, however, says nothing about the variation in the distribution, so that it is worthwhile to explore at least the scatter and range of enrollment values in each level of schooling.

Tables 4a and 4b report the descriptive statistics of enrollment in public elementary schools

from SY 2002-2003 to SY 2007-2008. The tables suggest that the distribution of enrollment is quite dispersed, as indicated by the standard deviations; enrollment in a public elementary school can be as low as zero<sup>14</sup> and as high as 12,900.

Not surprisingly, the same story is told by **Tables 5a and 5b**, which present the descriptive statistics of enrollment in public secondary schools from SY 2002-2003 to SY 2007-2008. Again, the standard deviations are large, and the range of enrollment values goes from zero to 13,100.

The unexpected results then are that some schools did not even have students and that the extent of congestion in some elementary schools was probably as bad as that in some high schools. Given the younger ages of grade school children and their need for closer supervision, this latter finding does not bode well for the quality of schooling in grade schools with the highest enrollment levels.

## Types of teachers

Categorized by funding source, public school teachers may be one of two types. Nationally funded teaching personnel occupy regular DepEd positions, draw salaries from the national government, and work in the school to which their salary items are assigned.<sup>15</sup> Locally funded teaching personnel are financially supported<sup>16</sup> by local sources, such as local government units and parent-teacher associations, or are volunteers.<sup>17</sup>

**Figures 8a and 8b** graph the numbers and growth rates of nationally funded and of all teaching personnel in public elementary schools from SY 2002-2003 to SY 2007-2008. Two observations may be made on the charts. First, the locally funded teaching staff has been at least as large as the nationally funded teaching workforce in public elementary schools; the ratio of locally funded teachers ranges from 1 in SY 2002-2003 to 1.1 in SY 2007-2008. Second, the number of teacher positions

did not expand substantially. Between SY 2002-2003 and SY 2007-2008, the average annual growth rates of nationally funded and of all teaching personnel were 0.3 percent and 0.7 percent, respectively.

**Tables 6a and 6b** report the enrollment-to-teacher and teacher-to-school ratios for public elementary schools from SY 2003-2004 to SY 2007-2008. Since the average annual growth rates of all the variables for the period did not exceed 1 percent, the ratio values did not change much. The pupil-to-nationally-funded-teacher ratio remained at 36, while enrollment-to-teacher (both nationally and locally funded) ratio hovered at 17. On average, there were 19 teachers per school, nine of whom were nationally funded.

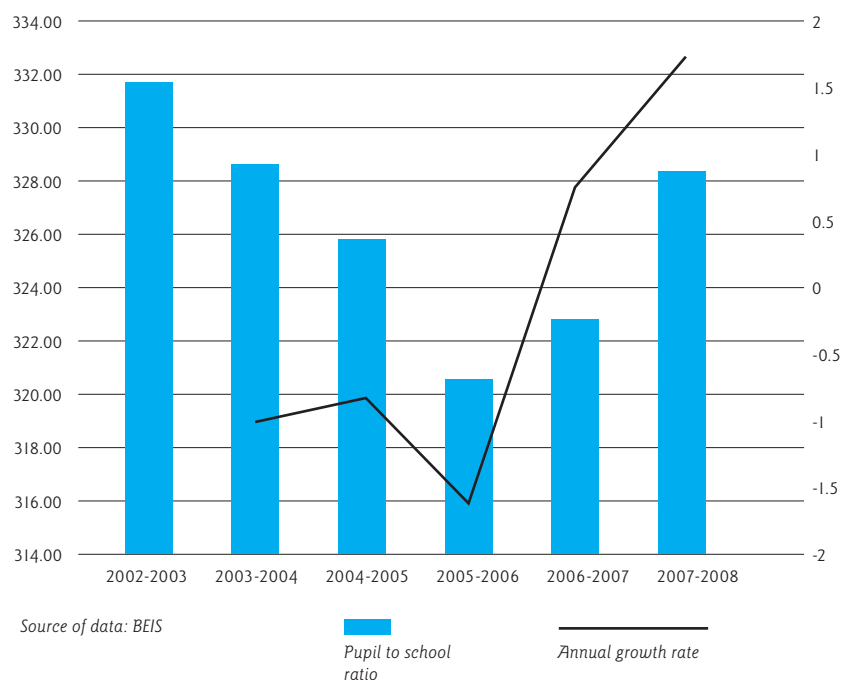
The number of teachers in public high schools from SY 2002-2003 to SY 2007-2008 and the annual growth rates implied by these are presented in **Figures 9a and 9b**. Comparing them with **Figures 8a and 8b**, one may make the following remarks: First, unlike at the elementary level, nationally funded secondary school teachers constituted the majority of the faculty. On average, only three locally funded teachers complemented every 10 of their nationally funded peers.

Second, as may be expected, the secondary level teaching workforce has been considerably smaller than the elementary level's. Nationally funded secondary school teachers have been only about a third of their elementary school counterparts, and the size of the entire teaching staff at the public secondary level has been only a fifth of that of the public elementary level.

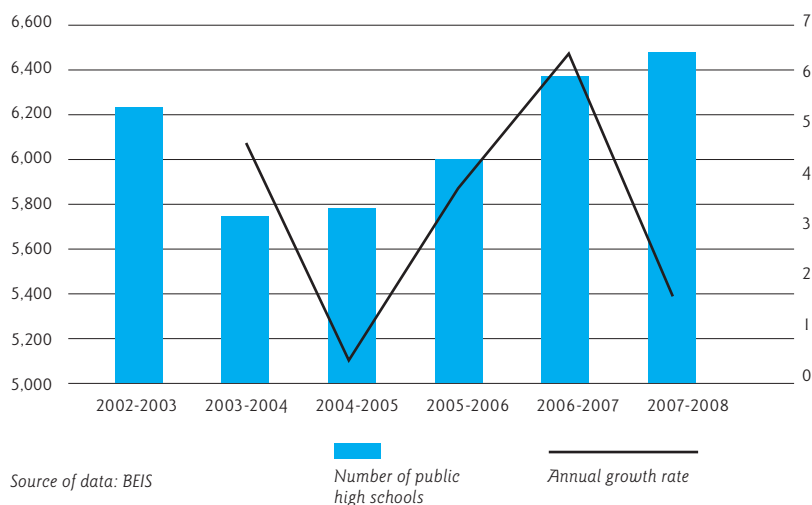
Third, buoyed up by its 3.5 percent growth rate in each of the last two school years, the size of the nationally funded secondary level teaching staff grew at an average annual rate of 1.9 percent over the entire period, which just exceeded that of public secondary school enrollment (1.4 percent). This implies that the enrollment-to-nationally-funded-teacher ratio fell, though not by much.

Fourth, since the number of public secondary

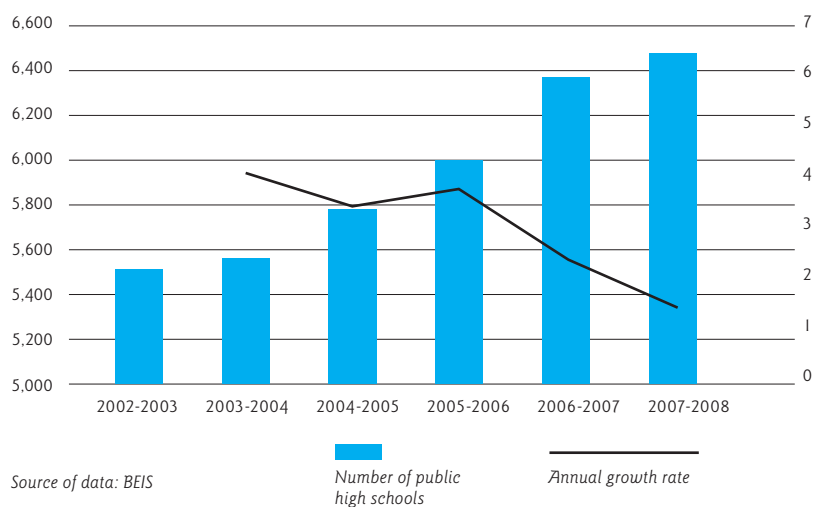
**Figure 5b Pupil-to-public elementary school ratio (excludes ARMM), SY 2002-2003 to SY 2007-2008**



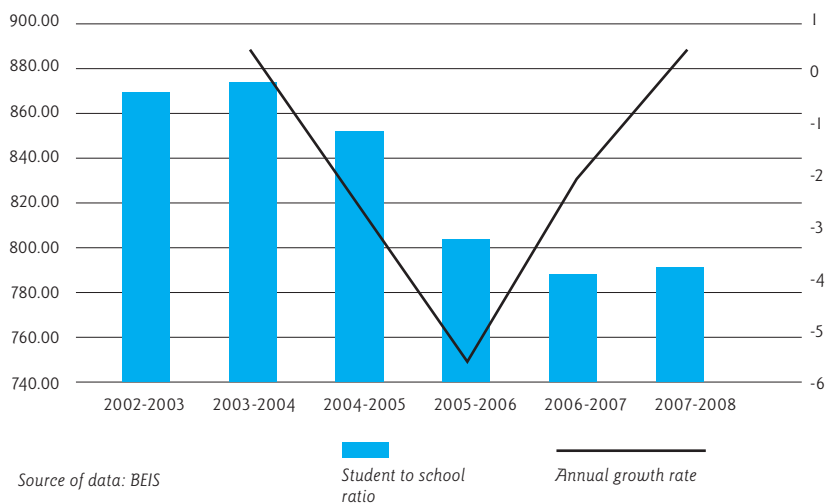
**Figure 6a Public secondary schools (includes ARMM), SY 2002-2003 to SY 2007-2008**



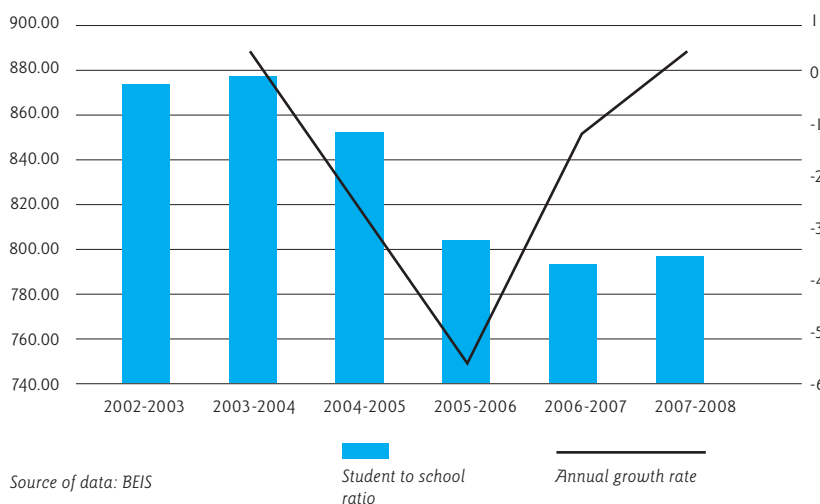
**Figure 6b Public secondary schools (excludes ARMM),  
SY 2002-2003 to SY 2007-2008**



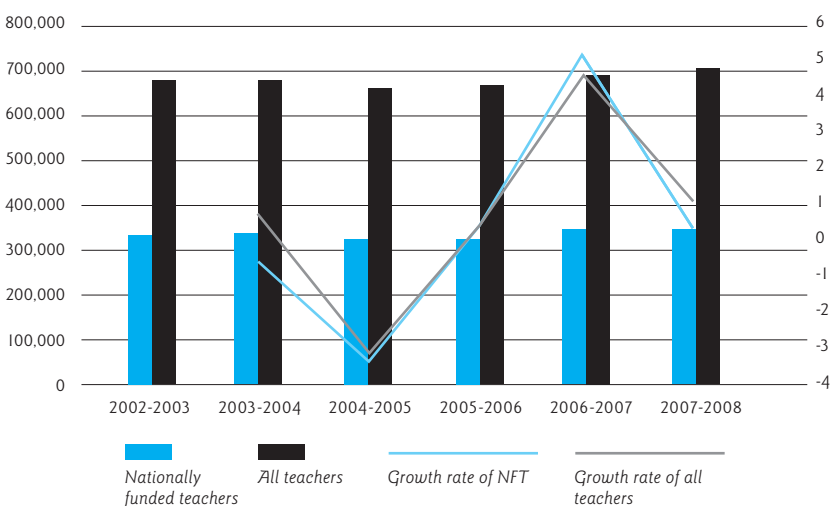
**Figure 7a Student-to-public secondary school ratio (includes ARMM),  
SY 2002-2003 to SY 2007-2008**



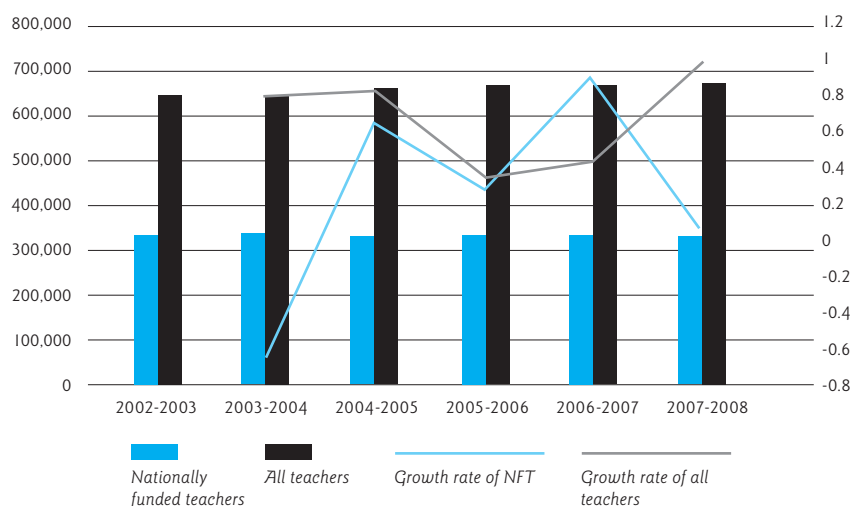
**Figure 7b Student-to-public secondary school ratio (excludes ARMM), SY 2002-2003 to SY 2007-2008**



**Figure 8a Teachers in public elementary schools (includes ARMM), SY 2002-2003 to SY 2007-2008**

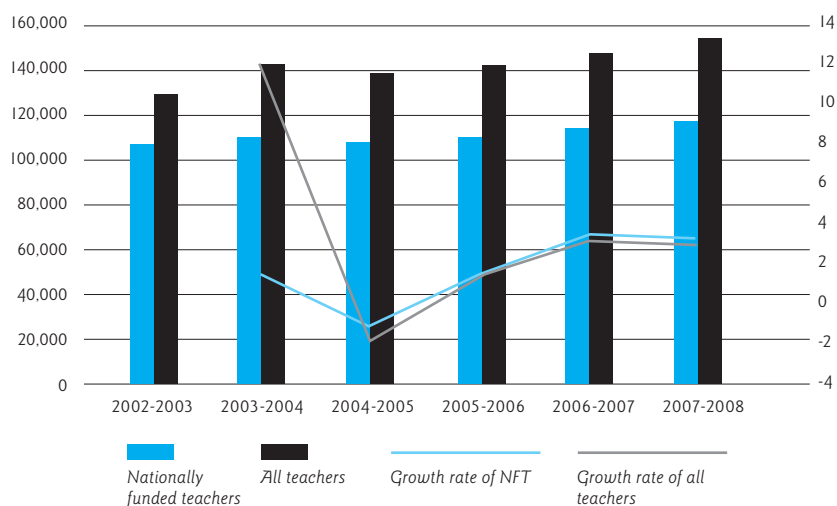


**Figure 8b Teachers in public elementary schools (excludes ARMM), SY 2002-2003 to SY 2007-2008**



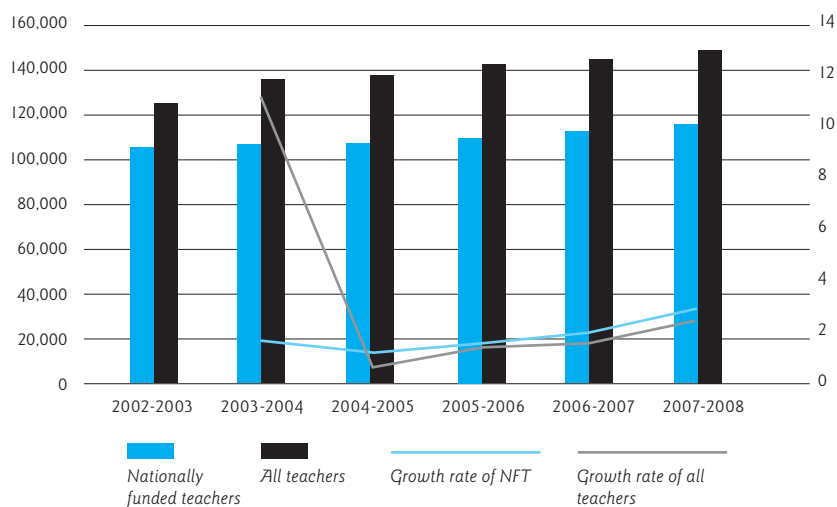
Source of data: BEIS

**Figure 9a Teachers in public secondary schools (includes ARMM), SY 2002-2003 to SY 2007-2008**



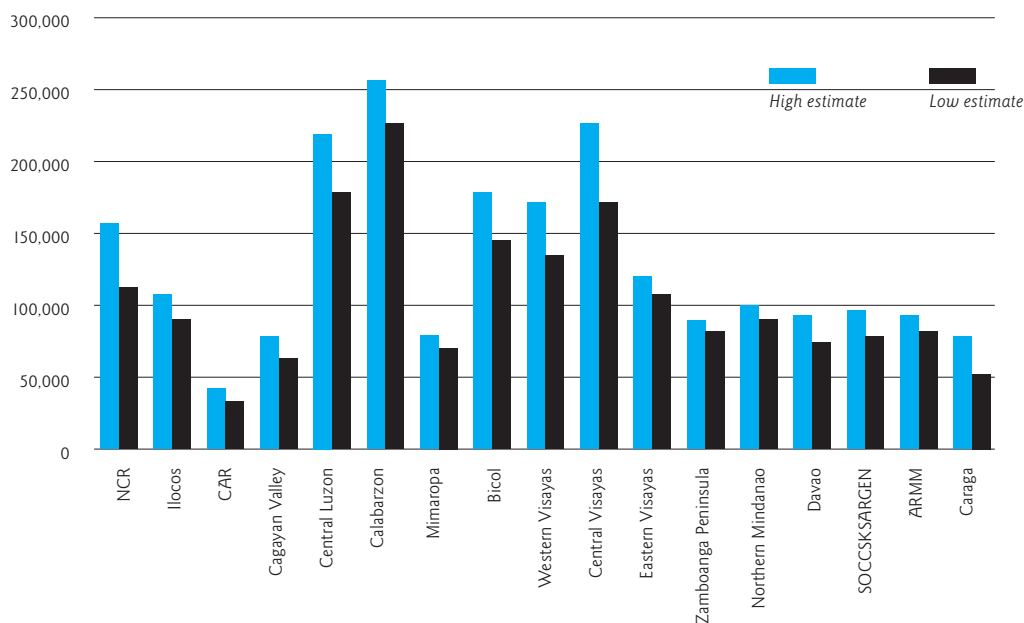
Source of data: BEIS

**Figure 9b Teachers in public secondary schools (excludes ARMM), SY 2002-2003 to SY 2007-2008**



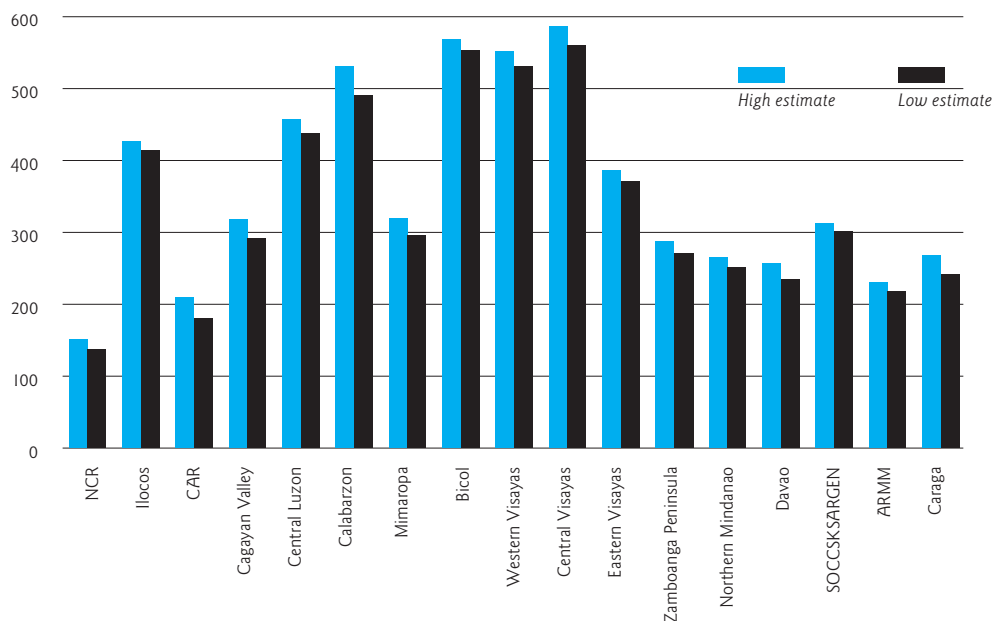
Source of data: BEIS

**Figure 10 Excess students in public high schools, SY 2007-2008**

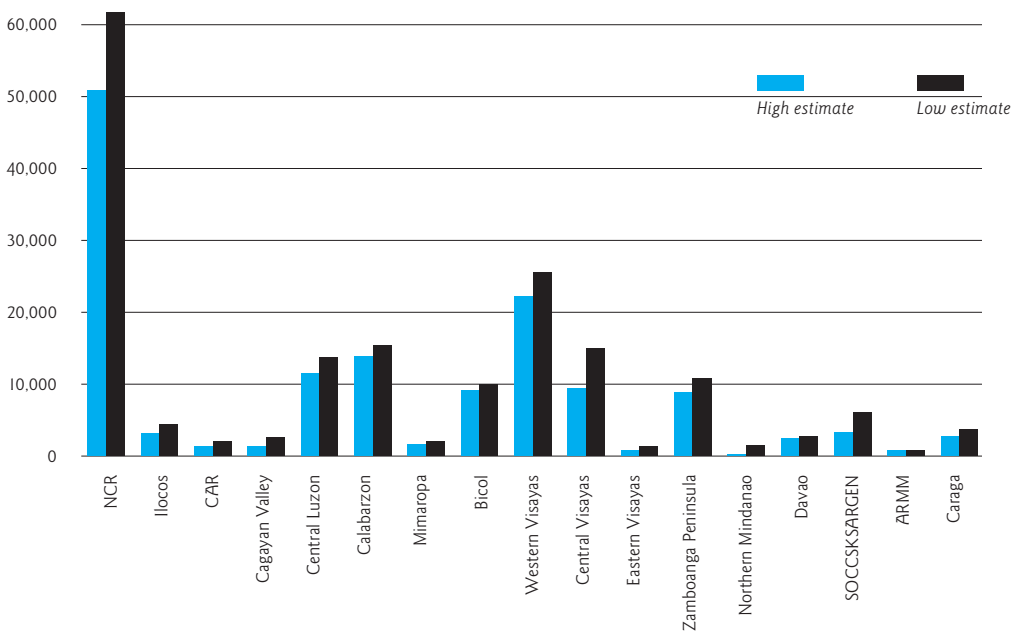




**Figure 11 Oversubscribed public schools, SY 2007-2008**



**Figure 12 Empty seats, SY 2007-2008**



**Table 8a Teachers in public elementary schools (includes ARMM)**

School Year	Sample Size	Mean	Std. Dev.	Minimum	Maximum
<i>NTF : S</i>					
2002-2003	36,588	9.08	12.1271	0	231
2003-2004	37,017	8.92	11.8328	0	229
2004-2005	35,380	9.02	11.8708	0	236
2005-2006	35,489	9.02	11.7804	0	248
2006-2007	37,673	8.93	11.6602	0	256
2007-2008	37,277	9.04	11.8621	0	266
<i>All : S</i>					
2002-2003	36,588	18.56	24.8295	0	488
2003-2004	37,017	18.50	24.5854	0	482
2004-2005	35,380	18.76	24.7542	0	488
2005-2006	35,489	18.77	24.6435	0	500
2006-2007	37,673	18.49	24.1919	0	518
2007-2008	37,276	18.90	24.7340	0	532

Source: BEIS

**Notes:**

*N* = enrollment

*NTF* = nationally funded teachers

*All* = nationally and locally funded teachers

*S* = schools

schools increased at an average annual rate of 3.3 percent between SY 2002-2003 and SY 2007-2008, at the end of the period there were fewer nationally funded teachers in each public high school, and it was the locally funded teaching staff that took up the slack (due in large part to the momentum provided by the 69.2 percent growth rate of locally funded teachers between SY 2002-2003 and SY 2003-2004).

These last two points are confirmed by **Tables 7a and 7b**, which report the enrollment-to-teacher and teacher-to-school ratios for public secondary schools from SY 2003-2004 to SY 2007-2008. As inferred, the enrollment-to-teacher ratio fell from 37.9 to 33.9 (since the total teaching staff expanded at a faster pace than enrollment), while the enrollment-to-nationally-funded-teacher ratio declined by one student (from 44.6 to 43.3). On the other hand, the

number of nationally funded teachers in each school dropped from 19.5 to 18.2, but the total number of teachers in each school increased by a whisker from 23.0 to 23.3.

Two issues remain to be discussed. First, as in the enrollment-to-school ratio, it is useful to explore how spread out (about the mean) the values of teacher-to-school ratios are to get a sense of the extent of variation in the distribution. Second, in exploring the enrollment-to-teacher ratio, it is instructive to consider what the appropriate formula or equation is and then explore its distributional statistics.

The enrollment-to-teacher ratio is calculated in **Tables 6a to 7b** simply as total enrollment *N* divided by total number of teachers *T*, i.e., by the formula

**Table 8b Teachers in public elementary schools (excludes ARMM)**

School Year	Sample Size	Mean	Std. Dev.	Minimum	Maximum
<i>NTF : S</i>					
2002-2003	34,657	9.21	12.2646	0	231
2003-2004	35,058	9.04	11.9718	0	229
2004-2005	35,380	9.02	11.8708	0	236
2005-2006	35,489	9.02	11.7804	0	248
2006-2007	35,672	9.06	11.8031	0	256
2007-2008	35,242	9.18	11.9940	0	266
<i>All : S</i>					
2002-2003	34,657	18.83	25.1272	0	488
2003-2004	35,058	18.77	24.8978	0	482
2004-2005	35,380	18.76	24.7542	0	488
2005-2006	35,489	18.77	24.6435	0	500
2006-2007	35,672	18.76	24.5095	0	518
2007-2008	35,241	19.17	25.0407	0	532

Source: BEIS

**Notes:**

*N* = enrollment

*NTF* = nationally funded teachers

*All* = nationally and locally funded teachers

*S* = schools

$$\frac{N}{T} = \frac{\sum_{i=1}^S n_i}{\sum_{i=1}^S t_i}$$

where  $n_i$  and  $t_i$  are, respectively, the enrollment level and number of teachers in the  $i$ th school, for  $i = 1, \sum, s S$ . This indicator answers the question: If they are to be evenly divided over teachers *in the school system*, how many students would there be per teacher? The question of interest to policymakers, however, is more probably: What is the average class size across schools? That is, on average, how many students per teacher are there *in a school*? If so, the appropriate formula is

$$\frac{1}{S} \sum_{i=1}^S \frac{n_i}{t_i}$$

Only when  $n_i/t_i = N/T$  for all schools, i.e., when all schools have identical student-to-teacher ratios, would the same value be obtained from both formulas.

To address the first issue, **Tables 8a and 8b** report the descriptive statistics of teacher-to-school ratios for public elementary schools and **Tables 9a and 9b** for public high schools. The tables suggest that the standard deviations are somewhat large: For public elementary (secondary) schools they are at least 1.3 (1.4) times the sample means. Moreover, in public elementary schools the range of values go from zero<sup>18</sup> to well in excess of 200 if only nationally funded teachers are counted and to more than 400 if all teachers are included. In the case of public secondary schools, the ranges for the entire country in SY 2007-2008 were [0, 314] for nationally funded teachers and [0, 511] for all teachers.

**Table 9a Teachers in public secondary schools (includes ARMM)**

School Year	Sample Size	Mean	Std. Dev.	Minimum	Maximum
<i>NTF : S</i>					
2002-2003	5,504	19.54	31.3912	0	745
2003-2004	5,751	19.07	30.6969	0	342
2004-2005	5,783	18.81	30.2690	0	331
2005-2006	6,002	18.40	29.7171	0	341
2006-2007	6,384	17.91	29.1123	0	342
2007-2008	6,488	18.23	28.8784	0	314
<i>All : S</i>					
2002-2003	5,504	22.96	35.0164	0	790
2003-2004	5,751	24.61	37.2433	0	758
2004-2005	5,783	24.13	35.1365	0	509
2005-2006	6,002	23.60	34.8496	0	500
2006-2007	6,384	22.92	33.4875	0	519
2007-2008	6,488	23.28	33.2234	0	511

Source: BEIS

**Notes:**

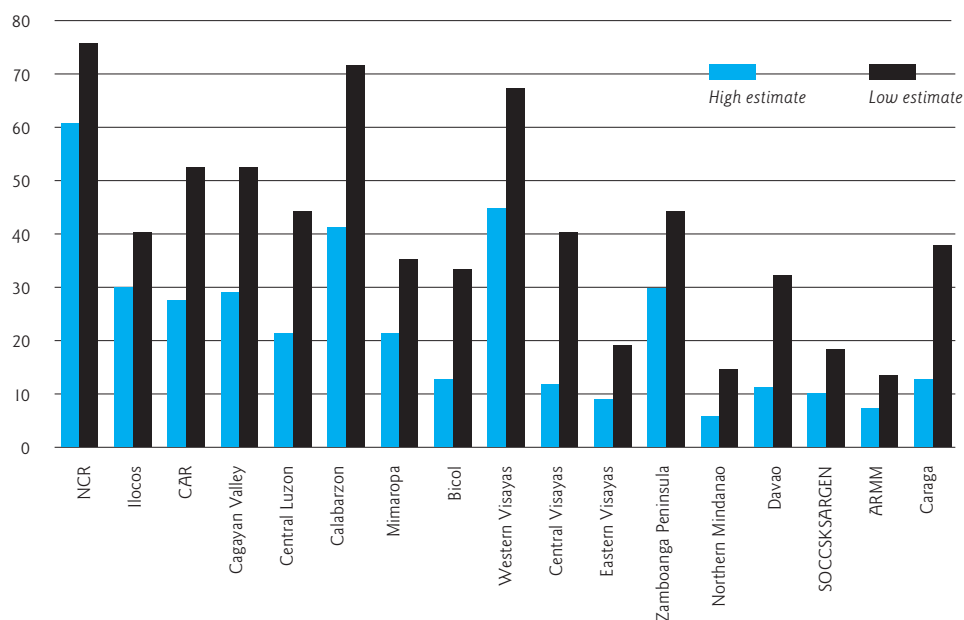
*N* = enrollment

*NTF* = nationally funded teachers

*All* = nationally and locally funded teachers

*S* = schools

**Figure 13 Oversubscribed public high schools, SY 2007-2008**



**Table 9b Teachers in public secondary schools (excludes ARMM)**

School Year	Sample Size	Mean	Std. Dev.	Minimum	Maximum
<i>NTF : S</i>					
2002-2003	5,361	19.73	31.7329	0	745
2003-2004	5,586	19.25	31.0514	0	342
2004-2005	5,783	18.81	30.2690	0	331
2005-2006	6,002	18.40	29.7171	0	341
2006-2007	6,154	18.27	29.5122	0	342
2007-2008	6,250	18.51	29.2841	0	314
<i>All : S</i>					
2002-2003	5,361	23.15	35.4073	0	790
2003-2004	5,586	24.78	37.6906	0	758
2004-2005	5,783	24.13	35.1365	0	509
2005-2006	6,002	23.60	34.8496	0	500
2006-2007	6,154	23.37	33.9538	0	519
2007-2008	6,250	23.55	33.7303	0	511

Source: BEIS

**Notes:**

*N* = enrollment

*NTF* = nationally funded teachers

*All* = nationally and locally funded teachers

*S* = schools

Thus, just like the distribution of enrollment, the distribution of teachers exhibits a fair amount of variation. Indeed, the data readily reveal the extreme cases of (1) schools with positive enrollment, but which had neither nationally nor locally funded teachers, and (2) schools with hundreds of teachers, which must be administrative challenges for their school heads.

As for the enrollment-to-teacher ratios in schools, **Tables 10a and 10b** report the descriptive statistics of the indicator for public elementary schools and **Tables 11a and 11b** for public high schools. In the case of public elementary schools, comparing the sample means in **Tables 10a and 10b** with the corresponding enrollment-to-teacher ratio (in the school system) reported in **Tables 6a and 6b**, one finds that the estimates are not that far apart, which indicates that teachers are more or less

evenly divided into pupils. Moreover, estimates of the standard deviation are fairly small; they are never larger than 0.5 of their corresponding sample mean. The ranges of values of the ratio, however, are still quite wide: In SY 2007-2008, the largest magnitudes were at least 300 pupils per teacher.<sup>19</sup> This suggests that the distribution of average class size across schools is positively skewed.

In contrast, at the public secondary level, the estimates of the sample means [**Tables 11a and 11b**] and of the total enrollment-to-teacher ratios [**Tables 7a and 7b**] are further apart. Moreover, the standard deviations are larger; they are at least 0.9 of their sample mean. The ranges are also generally wider: In SY 2007-2008, at least one school had four students per nationally funded teacher (three students per teacher), but another had as many as 1,459 (2,105).<sup>20</sup>

**Table 10a Enrollment-to-teacher ratios in public elementary schools (includes ARMM)**

School Year	Sample Size	Mean	Std. Dev.	Minimum	Maximum
<i>N : NTF</i>					
2002-2003	36,134	36.43	18.1580	0.00	1878.00
2003-2004	36,438	37.07	16.7995	3.67	516.00
2004-2005	35,087	35.54	13.7279	4.50	314.00
2005-2006	35,306	34.72	13.5670	0.00	344.00
2006-2007	37,311	35.45	15.1239	5.00	405.50
2007-2008	36,956	35.79	16.1179	0.00	342.50
<i>N : All</i>					
2002-2003	36,587	17.91	7.9582	0.00	417.00
2003-2004	37,012	17.81	7.9302	0.00	431.00
2004-2005	35,354	16.83	5.5518	2.00	134.00
2005-2006	35,459	16.46	5.5370	0.00	168.00
2006-2007	37,591	17.02	6.7046	2.50	127.00
2007-2008	37,248	17.00	7.4356	0.00	300.00

Source: BEIS

**Notes:**

*N* = enrollment

*NTF* = nationally funded teachers

*All* = nationally and locally funded teachers

*S* = schools

In sum, the problems with school inputs have to do with (1) the slow rates at which public elementary schools and nationally funded teachers in both levels of schooling have been expanding, which may be factors in the low growth rates of enrollment in public schools, (2) the large average size (or enrollment) of public high schools despite the 3.3 percent average annual growth rate of the schools, (3) the large dispersions of school enrollment, with extreme values of zero and tens of thousands of students, and of school teachers, with ranges of zero and several hundreds, and (4) the apparently increasing reliance on locally funded teachers at the high school level.

## Congestion in public high schools

An unsatisfying aspect of a statistical analysis of traditional input ratios, such as the one undertaken in the previous section, is that it does not provide a sense either of the extent of congestion in schools, given the dispersed and skewed distribution of enrollment levels and inputs, or of the resources needed to address the problem. This section presents a programming exercise<sup>21</sup> that, using BEIS data for SY 2007-2008, estimates the numbers of public high students who are underprovided with school inputs and the schools they attend as well as the resource gaps that need to be filled. It is intended as an example of an activity that DepEd planners and

**Table 10b Enrollment-to-teacher ratios in public elementary schools (excludes ARMM)**

School Year	Sample Size	Mean	Std. Dev.	Minimum	Maximum
<i>N</i> : NTF					
2002-2003	34,291	35.56	16.9649	0.00	1878.00
2003-2004	34,565	36.18	15.1902	3.67	516.00
2004-2005	35,087	35.54	13.7279	4.50	314.00
2005-2006	35,306	34.72	13.5670	0.00	344.00
2006-2007	35,454	34.55	13.0660	5.00	361.00
2007-2008	35,073	34.60	12.9996	0.00	318.00
<i>N</i> : All					
2002-2003	34,656	17.37	6.4405	0.00	239.00
2003-2004	35,054	17.30	6.9439	0.00	431.00
2004-2005	35,354	16.83	5.5518	2.00	134.00
2005-2006	35,459	16.46	5.5370	0.00	168.00
2006-2007	35,608	16.55	5.7436	2.50	110.00
2007-2008	35,217	16.35	5.5529	0.00	135.06

Source: BEIS

**Notes:**

*N* = enrollment

NTF = nationally funded teachers

All = nationally and locally funded teachers

*S* = schools

policymakers can do on a regular basis to improve the internal efficiency of the public school system (in the sense of aligning school inputs with the enrollment level).

Suppose that a public high school can have at most two shifts.<sup>22</sup> Let single-shift schools remain with one shift, and restrict all other schools to a double shift. Require each student to have a seat, i.e., a desk, armchair, or table-chair set. Consider the following as classrooms: academic classrooms, science laboratories, home economics rooms, workshops, computer laboratories, and rooms not currently being used. Assume that each classroom can accommodate 45 students. Adopt a 7:4 subject specialization ratio. In other words, seven specialized

teachers (in English, Filipino, Mathematics, Biological Science, Physical Science, *Makabayan/Heograpiya*, *Kasaysayan*, *Sibika*, and Physical Education) are needed to teach one section in each of the four year levels of high school. For the high (low) estimate, count only (both) the nationally funded (and locally funded) teachers and exclude (include) rooms that are not currently in use.

Let capacity (in terms of number of students that can be accommodated) in school *i* be determined by

$$k_i^* = \min \{t_i^*, c_i^*, r_i^*\}$$

**Table 11a Enrollment-to-teacher ratios in public secondary schools (includes ARMM)**

School Year	Sample Size	Mean	Std. Dev.	Minimum	Maximum
<i>N : NTF</i>					
2002-2003	4,700	50.63	57.1726	0.48	1553.00
2003-2004	4,666	53.52	87.3782	0.28	3887.00
2004-2005	4,595	49.80	44.1469	6.50	1331.00
2005-2006	4,703	48.22	41.0768	4.20	683.50
2006-2007	5,005	50.57	56.0768	4.56	1416.00
2007-2008	5,311	52.43	58.5023	4.00	1459.00
<i>N : All</i>					
2002-2003	5,323	46.59	60.6551	0.39	1358.00
2003-2004	5,604	46.34	68.0076	0.26	2084.00
2004-2005	5,633	44.46	69.6369	4.33	1975.00
2005-2006	5,795	44.04	57.9852	3.50	1801.00
2006-2007	6,110	43.24	50.2135	4.00	875.00
2007-2008	6,288	44.09	61.2215	3.00	2105.00

Source: BEIS

**Notes:**

*N* = enrollment

*NTF* = nationally funded teachers

*All* = nationally and locally funded teachers

*S* = schools

where  $t_i^*$ ,  $c_i^*$ , and  $r_i^*$  are, respectively, the (different) enrollment levels implied by the size of the teaching staff, the number of seats, and the number of classrooms of school  $i$ . In other words, the capacity of a school is set to the lowest enrollment level that its resources can handle. Define congestion by

$$d_i^e = \max \{n_i - k_i^*, 0\},$$

where  $n_i$  is the enrollment level in the  $i$ th school. That is, congestion is simply the number of students in excess of a school's capacity or zero, whichever is larger.

**Table 12**, which summarizes the results of the exercise, reports that under the high (low) set

of estimates some 2.1 (1.7) million students or 41.8 (34.1) percent of the high school student population were underprovided with school inputs and these involved 6,102 (5,796) or 94.1 (89.3) percent of public high schools. But at the same time there were 0.1 (0.2) million unsubscribed slots in 386 (692) public high schools.

**Figure 10** presents the regional distribution of these excess students. Central Luzon (III), Calabarzon (IV-A), and Central Visayas (VII) had the most number, while the Cordillera Administrative Region (CAR), Cagayan Valley (II), Mimaropa (IV-B), and Caraga (XIII) had the least.

**Figure 11** shows the regional distribution of oversubscribed public high schools. Regions with the



**Table 11b Enrollment-to-teacher ratios in public secondary schools (excludes ARMM)**

School Year	Sample Size	Mean	Std. Dev.	Minimum	Maximum
<i>N : NTF</i>					
2002-2003	4,567	50.33	57.1145	1.00	1553.00
2003-2004	4,518	52.32	77.1198	0.28	3887.00
2004-2005	4,595	49.80	44.1469	6.50	1331.00
2005-2006	4,703	48.22	41.0768	4.20	683.50
2006-2007	4,860	49.65	49.9194	4.56	1317.00
2007-2008	5,127	50.81	47.8424	4.00	882.00
<i>N : All</i>					
2002-2003	5,182	46.63	60.9050	1.00	1358.00
2003-2004	5,439	45.97	62.2809	0.26	1914.00
2004-2005	5,633	44.46	69.6369	4.33	1975.00
2005-2006	5,795	44.04	57.9852	3.50	1801.00
2006-2007	5,937	43.29	50.8024	4.00	875.00
2007-2008	6,060	44.17	62.1299	3.00	2105.00

Source: BEIS

**Notes:**

*N* = enrollment

*NTF* = nationally funded teachers

*All* = nationally and locally funded teachers

*S* = schools

most number of these schools included Ilocos (I), Central Luzon (III), Calabarzon (IV-A), Bicol (V), Western Visayas (VI), and Eastern Visayas (Region VIII), while those with the least number of these schools were the National Capital Region (NCR) and CAR.

The regional distribution of empty seats is graphed in **Figure 12**. It turns out that the unsubscribed slots in public high schools were preponderantly in NCR.

Regions with the most number of undersubscribed schools consisted of NCR, Calabarzon (IV-A), and Western Visayas (VI), while regions with the least number of these schools included Eastern Visayas (VIII), Northern Mindanao (X), SOCCSKARGEN (XII), and ARMM [**Figure 13**].

The following inferences may be drawn from these results: First, public high schools were generally oversubscribed. Stated another way, from a third to two-fifths of public high school students were underprovided with inputs.

Second, some regions were apparently more favored than others. For instance, NCR had the largest numbers of empty slots and undersubscribed public high schools and the fewest oversubscribed schools. Compared to other regions, CAR had relatively few excess students and oversubscribed schools. In contrast, Central Luzon (III) and Calabarzon (IV-A) had among the largest numbers of excess students and oversubscribed schools.

Third, there were hints of intraregional disparities. While its public high schools were

**Table 12 Results of programming exercise**

	High Estimate	Low Estimate
Excess students	2,140,703	1,749,906
Oversubscribed schools	6,102	5,796
Empty seats	140,568	175,226
Undersubscribed schools	386	692

**Table 13 Public high schools by type of binding constraint, SY 2007-2008**

	High Estimate	Low Estimate
Teachers	4,402	2,859
Rooms	647	1,045
Seats	1,439	2,092
<b>Ties</b>		
Teachers and rooms	116	38
Teachers and seats	48	12
Rooms and seats	34	108
Teachers, rooms, and seats	94	21

**Table 14 Resources required to solve the congestion problem**

	High Estimate	Low Estimate
Teachers	63,803	41,422
Rooms	15,866	15,597
Seats	923,550	923,550

generally congested, Calabarzon (IV-A) also had more undersubscribed schools than most regions.

**Table 13** classifies schools by the types of binding constraints they face. The programming exercise suggests that under the high (low) estimate 4,402 (2,859) of the schools had a binding teacher constraint, 647 (1,045) had a binding classroom constraint, and 1,439 (2,092) had a binding seat constraint. But some schools faced a combination of binding constraints: 116 (38) schools did not have enough teachers and rooms for their enrollment size, 48 (12) did not adequately provide enough teachers and seats, 34 (108) did not have enough classrooms and seats, and 94 (21) had insufficient teachers, classrooms, and seats.

**Table 14** shows the resources required to completely solve the congestion problem in public high schools in SY 2007-2008: 63,803 nationally funded teachers (41,422 teachers), 15,866 (15,597) classrooms, and 923,550 seats.

## The way forward

The previous section provided glimpses of various aspects of the basic education sector that suggest that all is not right with it. It is important to emphasize, however, that being limited to what can be undertaken with data from the BEIS and various household surveys, the analyses suffer from *data availability bias* and fall far short of what is needed to diagnose the underlying causes of sectoral problems and to prescribe how best to solve them.<sup>23</sup>

Two hypothetical questions drive home the point: If an extra P1 billion were made available to DepEd, what empirical evidence can it marshal to allocate the funds such that socially optimal outcomes would be obtained? Or to achieve, say, a basic education completion rate of 90 percent (i.e., 10 percent of Grade 1 pupils do not ever graduate from high school) in which high school graduates have a minimum score of 80 percent in a standardized secondary level achievement test,

what empirical evidence can be used to show how this can be achieved over a five-year period and how much the plan would cost?

No matter how comprehensive information systems and feedback mechanisms are, however, they are not and cannot be the magic bullet on their own. More fundamentally, what is needed in the basic education sector is—the trite phrase notwithstanding—a *paradigm shift*.

First, it is high time that the sector holds itself explicitly and doggedly to the question of its *raison d'être*. How effectively and efficiently is the school system transmitting knowledge to, inculcating values in, and developing the productive skills of the next generation?

Second, DepEd needs to overhaul the centralized, bureaucratic administrative mindset that it inherited from the American colonial government in favor of a regulatory approach that hands greater autonomy to school districts and school heads. Specifically, this means that working within the minimal set of immutable institutional constraints,<sup>24</sup> DepEd<sup>25</sup> must (1) redesign the incentive structures of stakeholders such that behaviors would be more consistent with the societal goal for the basic education sector and (2) organize information systems and feedback mechanisms that are oriented toward the goal and that enable it and stakeholders to diagnose the causes of problems and prescribe solutions. [Editor's note: Institutional constraints and perverse incentives and their role in the performance of the DepEd and other public sector organizations are the subject of the *PHDR 2008/2009*.]

Obviously, these changes are easier said than done. Admittedly, drawing up the blueprint will be costly and require an expert team of education specialists, regulation economists, statistical analysts, designers of information systems, and lawyers. The long-term decline of the basic education sector and the negative impact this has had on the competitiveness, growth, and development of the country as documented by many accounts,

however, suggest that time is past due for systemic and systemwide reforms. And there seems to be no better way. In any case, the following discussion is intended to illustrate the possibilities.

## **Size as the dominant policy concern**

*PHDR 2000* makes the point that the pressure of high population growth on the school system forced education policymakers to focus on providing more and more inputs and facilities just to keep apace and to cut corners, e.g., by reducing school hours and increasing the number of shifts, in order to spread out the costs. Consequently, as of 2000, access statistics were satisfactory, but quality as measured by achievement test scores and dropout, cohort survival, and completion rates suffered.

Arguably, however, in the context in which DepEd operates, the policy response is understandable. It is easy to be railed by media and Congress for refusing to accommodate children into the school system. It is more difficult to prove that high dropout rates or low test scores are due to defects in the school system *per se* rather than to problems involving other factors, e.g., poverty, family background, or school disruptions caused by natural calamities, political crises, or breakdown in peace and order.

Moreover, it is hard to hide congestion—that children have no seats, class sizes are large, textbooks are lacking. In contrast, it is easy to sweep low quality under the proverbial rug. Once poorly performing students drop out or graduate, they fall out of the ambit of DepEd, possibly into that of the Social Welfare Department in the first case and the Labor Department in the second. Directing underperforming students not to show up for achievement tests easily raises a school's average score.

From the vantage point of the regulatory paradigm that is being proposed, however, the point is: Had DepEd held itself or been held by stakeholders to basic education's social goal, it might have been

more circumspect about trading off quality for quantity, and possibly better interventions could have been designed and undertaken.

Essentially, the country's high population growth boils down to a budget constraint problem for DepEd. In response to a budget that does not increase as fast as population growth, the department may adopt three strategies (which are not mutually exclusive): allocate the budget more efficiently, leverage budgetary allocations to increase overall resources for the basic education sector, and rationalize overall resources.

To allocate the budget more efficiently, DepEd can conduct programming exercises similar to the one presented in the previous section to have a sense of resource shortfalls by school, school and legislative district, province, and region. (Indeed, under a school-based management or SBM system that is discussed below, the department can provide each school with a template and train each school head to undertake the exercise.) It can then develop allocation rules to mitigate the negative effects of the budget constraint on quality.

For instance, using audit records on the costs of a desk and a classroom and the average annual salary of a nationally employed teacher, DepEd can simply convert the input shortages in each school into their annual values in monetary terms by the formula

$$p = x_c + x_r + x_t,$$

where  $x_c$  and  $x_r$  are, respectively, the cost of the number of desks and of classrooms required by the school divided by the average life of the input type, and  $x_t$  is the annual salary of teachers required by the school. If all schools are treated equally, then the allocation rule would be to rank schools by ascending monetary value of their input shortages and allocate budgetary resources as far as they can go.<sup>26</sup>

Alternatively, equity and efficiency considerations could be added. For instance, schools in remote and poverty-stricken areas that have good

efficiency scores (i.e., show good achievement scores given their input bundle) could be given priority. Over time and if a reward and penalty system is instituted, schools could be allocated some percentage of their cost savings if they are able to extend the lifetime of desks and classrooms or taxed if these inputs have lower than average durations.

To increase resources for the basic education sector, DepEd can more (pro)actively seek support from local government units, legislators (through pork barrel funds), and the private sector.<sup>27</sup> For instance, the department can hold annual conferences for corporate foundations and other donors that are interested in the education sector, where it can report projections of budgetary shortfalls and ask for funding commitments, both specified and unspecified as to use. It may even use these conferences to lobby public support for a larger budget.

Additionally, DepEd can negotiate *quid pro quo* arrangements where, say, the local government funds the construction of a school building or covers the rent of classroom space (for three- or four-shift schools) in exchange for teacher items in the plantilla. More creatively, it may negotiate schemes such as P1 million in additional funds from donors for every point increase in the past year's mean secondary level achievement test score for either the nation as a whole or the poorest areas of the country.

To address the specific problem of shortage of teaching and nonteaching staff, DepEd can consider establishing a corps of volunteers, particularly new college graduates, parents, and retirees, who either complement the work of nonteaching staff (e.g., as receptionists, security guards and school traffic aides, library clerks) on a regular basis or train to teach topics in specific subjects and can be called to teach on an intermittent basis. Drawing on economic principles, the department may explore using nonlinear pricing strategies by offering a menu of price-quality options for families to self-select into, based on their willingness to pay for quality.

In fact, such a policy in rudimentary form

has been in place for at least two decades. The educational services contracting scheme (ESC) provides a tuition subsidy worth P10,000 in NCR and P5,000 in the rest of the country to public elementary school graduates who opt to enroll in ESC-participating private high schools. In effect, public high schools are decongested, and as a result of the subsidy, more resources are channeled to the education sector because ESC beneficiaries are induced to spend more than the value of their subsidy.

Finally, DepEd can rationalize the use of resources that it is able to raise from all sources. Given funding commitments from donors (so that some schools, districts, or budget items are favored), the department should realign its own budget both for efficiency and equity considerations to the extent possible. For instance, since LGUs with large special education funds (SEF) tend to have schools with overcapacity relative to enrollment [District 3 in Quezon City], private high schools in the area should not be allotted ESC slots. Alternatively, public consultations should be conducted to decide how LGUs should spend their SEFs, e.g., build more school buildings or provide private school scholarships to decongest public schools.

Obviously, crafting these interventions is not straightforward. In particular, DepEd has to be mindful about how they affect the incentives of stakeholders. For instance, the ESC program does not enjoy widespread support among teachers and principals of public high schools as well as school district and regional officials because school size (i.e., enrollment) matters in the allocation of DepEd resources and in the assignment of plantilla positions.

Concomitant to the interventions, therefore, is the realigning of performance incentives. School principals could be judged on the basis of how well they are able to leverage DepEd resources to increase the budgetary resources of their schools or decongest their schools without worsening access

or quality in the school district. School district and regional officials could be judged on the basis of sectoral performance rather than the administration of public schools alone.

The point remains, however, that the sector has to be focused on delivering its social goal (and performance reviews have to be undertaken periodically) and that new and creative strategies that take into account the incentives of stakeholders have to be adopted.

## Quality of education

*PHDR 2000* cites deteriorating quality, as evidenced by low achievement test scores and cohort survival rates, as another grave concern of the basic education sector. In particular, it attributes the quality deficit to (1) the lack of relevance of the curriculum, especially for disadvantaged sectors, due to the one-size-fits-all curriculum policy, (2) poor student comprehension and learning due to policy inflexibility on the language of instruction in specific subjects and grade levels, and (3) the inadequacy and poor quality of inputs, specifically teachers and textbooks.

Again, it can be argued that the policies betray a lack of focus on basic education's social goal. For instance, the usual argument of DepEd officials (and even educationists in teacher colleges) who balk at the need both to develop different, more contextualized learning modules (for increased relevance) and to translate instructional materials, particularly for the first three grades, to different languages (to make them more comprehensible to pupils) is that the effort would be too expensive. What is forgotten is that mathematics and science, at least in the early stages, are best learned in the context of a pupil's everyday experiences and that foundations are particularly important because of the cumulative nature of concepts in these subjects. What is missed is that unless a less costly way that is equally effective is found, the aforementioned interventions must be undertaken because the

current state of things defaults into a poorly educated citizenry and a less productive workforce that may have even bigger long-term costs and negative consequences.

A related issue, the debate on English as the medium of instruction, is instructive. The ostensible reason of proponents, according to several bills in the House of Representatives, is to expose students early to English and raise their level of proficiency to make the country more globally competitive. The literature on economic growth (e.g., Jones [2002] and Easterly et al. [1994]), though, maintains that a developing country's prospects for long-term economic growth depend in large part on the proficiency of its workforce (of high school graduates) in science and mathematics because the knowhow facilitates transfer of technology, thereby attracting foreign direct investments.

In effect, for the country to be more globally competitive and have better prospects for long-term growth, the question of language of instruction should be subsidiary to the problem of how learning in science and mathematics can occur effectively for the largest number of grade school and high school students. In other words, the language question in basic education should be: In what language(s)—and in what contexts—can effective learning in science and mathematics take place?

To improve quality, DepEd's bureaucratic obsession on standardization and insistence on centralized administrative control have to give way to a regulatory stance where decisionmaking is devolved but always considered for its impact on outcomes. In particular, this means that DepEd's policy and planning offices have to accord a more central role to measuring and rewarding (or penalizing) performance (i.e., the efficiency with which inputs translate into outcomes per peso of the school's, school district's, or region's budgetary resources) and devote more resources to solving coordination failures (particularly those arising from adverse stakeholder behavior, such as moral hazard and adverse selection). Instead of

expending resources on vetting and procuring textbooks or tweaking the credential and tenure requirements of the promotion system for teachers, for instance, DepEd would concentrate on designing and overseeing *tournaments* (of schools, school districts, and regions) and monitoring and rewarding performance.

In effect, decision units (i.e., schools, school districts, and regions) would be left free to decide within limits how budgets will be utilized, which textbooks will be adopted, and how teachers will teach, but would also be held responsible on how they score based on some pre-set criteria (e.g., having achievement test scores over the last  $n$  years that are better—higher and less dispersed—than what are predicted by estimated school production functions or having actual costs that for the given outcomes over the last  $n$  years are lower than what are predicted by estimated cost functions for schools, average annual growth rates of age-specific enrollment levels, and cohort survival rates). To persistently improve system performance, DepEd would also hold regular conferences or stakeholder consultations where problems can be discussed, solutions proposed, and best practices (or the technologies of the most efficient schools)<sup>28</sup> disseminated.

It is worth mentioning at this juncture that the ongoing initiative to decentralize the administration of schools using the SBM framework that is at the core of the Basic Education Sector Reform Agenda (BESRA) is a good fit to the regulatory perspective being proposed. Commendable features of the SBM framework include (1) the recognition that decisionmaking about the allocation of scarce resources available to the school should rest with the its stakeholders (i.e., the principal and teachers, students and their families, and local governments and civil society) since, on the one hand, they are the direct beneficiaries of school outcomes, and, on the other hand, they are likely to be the most well-informed about the school's particular circumstances; (2) the collaborative forging of a covenant among

stakeholders in the forms of a school improvement plan and a school operating budget; and (3) the regular monitoring of how resources are utilized and periodic evaluation of the impacts on school programs and projects to ensure accountability.

The point remains, however, that the initiative can benefit further from a DepEd central office that adopts a regulatory perspective, i.e., creates an environment that gives paramount importance to a pre-set criteria of outcomes, makes provisions for the regular monitoring of performance, provides for a system of rewards and penalties, and sets up consultative forums for stakeholders where problems are discussed and best practices are disseminated.

## **A final word**

Obviously, much remains to be said and done. Due to time, resource, and space constraints, this paper does not analyze achievement tests, government and household expenditures on basic education, and equity, just to name a few important topics. Nor does it discuss the information needs of DepEd as regulator, although this is perhaps best left to a team of experts to tackle.

The research activity and the ensuing debate, however, need not end here. Analyses that have not found space in this paper can be posted on the Human Development Network (HDN) website. Education is too important to be out of mind and sight for any given length of time. Considerable and constant thought, discussion, and effort need to be applied to it.

## Acknowledgment

I wish to thank Fr. John Carroll, S.J., for providing me with a copy of John Keane's article, Toby Monsod for "riding shotgun" on this paper, which sharpened my thinking, particularly on section 3, and the HDN staff for their unobtrusive solicitude.

## Notes

- 1 An interesting aside is that both the school system as we know it and nationalism as an ideology are outgrowths of print technology. Obviously, it is almost unimaginable that learning on a massive scale can be carried out without textbooks and workbooks. But on nationalism, Anderson [2003] notes that it was an ideal subject for book publishers in capitalist economies who were in search of content that would catch a large audience, i.e., readers fluent in the language used in the book (and therefore sharing a common bond).
- 2 The word is used advisedly. Arguably, the classroom is an artificial environment where contrived activities that facilitate learning are conducted.
- 3 These numbered 2.5 million in 2004 and 2.7 million in 2007.
- 4 To the question, "Why is \_\_\_\_ not currently attending school," the respondent was asked to pick only one of about 15 possible answers.
- 5 This is the survey-design-consistent standard error.
- 6 Based on population estimates that are obtained from APIS 2004 and 2007, the annual growth rate of the six- to 13-year-old population was 1.76 percent if ARMM is included and 1.65 percent if not.
- 7 From the population estimates derived from APIS 2004 and 2007, the annual growth rate of the 12- to 17-year-old population was 4.3 percent with ARMM and 4.22 percent without ARMM.
- 8 Throwing out the unlikely 1.1 percent first- to second-year dropout rate between SY 2005-2006 and SY 2006-2007 yields an average dropout rate of 10.5 percent.
- 9 This is defined as the proportion of the population 15 years and older who say they can read and write.
- 10 Formally, the variable may be described as follows: Define  $S_{ia}$  as the years of schooling implied by the highest grade completed by the  $i_a$ th child who is  $a$  years old, where  $i_a = 1, \dots, n_a$  and  $a = 7, \dots, 17$ . Specifically,  $S_{i_a}$  equals 1 if the highest grade completed is Grade 1, 2 if Grade 2,  $\dots$ , 6 if Grade 6 or 7,  $\dots$ , 7 if first-year high school,  $\dots$ , and 10 if the individual is a high school graduate. Let  $s_a$  be the years of schooling implied by the highest grade that is expected to have been completed by age  $a$ . Specifically,  $s_7 = 1, \dots, s_{11} = 5, s_{12} = s_{13} = 6, s_{14} = 7, \dots$ , and  $s_{17} = 10$ . Then the ceiling-imposed years of schooling variable is given by

$$S_{ia}^* = \begin{cases} S_{i_a} S_{a_a} & \text{if } \leq \\ S_a S_{i_a} & \text{if } > \end{cases}$$

In effect,  $S_{ia}^*$  measures the number of years that a child is behind relative to the years in school he is expected to have put in at his age.

- 11 An alternative interpretation of the statistic at least in the case of seven-year-old children is that only half of them have completed Grade 1.
- 12 Given the increasing numbers of children that need to be served, this reduction in the number of schools needs to be investigated: Is it a real phenomenon of some 300 schools being closed down or a spurious one of the schools simply not submitting their administrative reports? Unfortunately, there is no way to tell until data on SY 2008-2009 become available.
- 13 That is,  $N/S_n \sum_{i=1}^N \zeta_i$  for  $i = 1, \dots, S$ , where  $n_i$  is the level of enrollment in the  $i$ th school and  $N$  is total enrollment.
- 14 These are not cases of missing enrollment data but of enrollment values being zero in the school-level worksheets of the BEIS.



**15** Nationally funded employees whose posts are connected with a school but are deployed elsewhere are not included in this category or in the count taken here.

**16** Forms of support include salaries, honoraria, and stipends. Typically, the values of these are lower than the compensation that nationally funded personnel receive.

**17** Locally funded teachers may or may not have passed the Licensure Exam for Teachers that are required of nationally funded teachers. Those who have are usually waiting for an opening for a regular DepEd position.

**18** Again, these are actual zeros in the school data.

**19** In SY 2002-2003 the largest value of the ratio for nationally funded teachers was 1,878. This was a school in San Jose del Monte City, Central Luzon, which had one nationally funded teacher and 23 locally funded counterparts.

**20** The student-to-nationally funded-teacher ratio does not constitute an upper bound for the student-to-teacher ratio because the two indicators may have slightly different samples. For instance, a school with only locally funded teachers would not be in the sample of the first ratio. The student-to-teacher ratio, however, is a lower bound for the student-to-nationally funded-teacher ratio. Effectively, this means that the minimum value of the ratio involving nationally funded teachers only cannot be lower than the ratio involving all teachers.

**21** The original idea belongs to Honesto Nuqui who conducted the exercise with a slightly different set of assumptions for a World Bank evaluation of the Educational Services Contracting Scheme.

**22** The data indicate that in SY 2007-2008 there were 6,079 one-shift, 332 two-shift, 28 three-shift, and 49 four-shift high schools.

**23** This recalls the simile of economics being like a drunken search for car keys within the circle of light of a streetlight.

**24** The point here is that DepEd should identify the institutional constraints that keep it from achieving optimal outcomes and develop a timetable for improving on these constraints, depending on the ease with which changes can be done. In a given planning or operational period, however, there will be constraints that are hard and fast and others that can be finessed.

**25** The assumption here is that DepEd is a benevolent, utilitarian regulator. Technically, this means that DepEd maximizes a social welfare function that is the sum of the net welfare of each stakeholder in the basic education sector. Less formally, it means that DepEd's objective is to do the best it can on the society's goal for basic education.

**26** An important consideration is that the allocation rules have to take the lumpiness of inputs into account. It doesn't do to provide funds for half the value of classroom construction, for example.

**27** An important component of this effort will be annual reports, both general and specific to each donor, on how the funds were used, including DepEd's contributions especially in relation to *quid pro quo* arrangements. DepEd must endeavor to show in these reports, not only that outcomes improved as a result, but perhaps more importantly that the use of funds was not tainted by corruption.

**28** A possible best practice is worth mentioning. Targeted at low middle-income households who demand quality education, Roosevelt College (RC) offers a double dose of English, Filipino, science, and mathematics relative to the curriculum of public high schools. Perhaps more importantly, teachers' compensations consist of a basic salary that is lower than that of a nationally funded teacher and merit pay that depends on how well students in their classes perform in achievement tests at the end of the school year. One can thus surmise that the compensation package effects a separating equilibrium: Teachers who cannot get their students to score high in achievement tests would rather transfer to public schools; teachers who can do so on a regular basis would rather stay in RC.

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# Unemployment, Work Security, and Labor Market Policies

By **Emmanuel F. Esguerra**

**‘W**ORK and Well-Being” of the *Philippine Human Development Report 2002*<sup>1</sup> is an incisive analysis

of the employment situation in the country at the start of the 21st century. Proceeding from the notion that work is essential to human development [Sen 1999] and noting the limited success different administrations have had in addressing the unemployment problem, the chapter tackles the complex interactions between growth, employment, and poverty in the Philippine setting.

Seven major sections comprise the chapter, which opens with a discussion of the Philippine record in job creation and the observed weak relation between unemployment and poverty. It then dissects the problems of unemployment and poverty by discussing the episodic nature of Philippine economic growth, the shallowness of industrial transformation, the reasons for low labor productivity, the quality of available human capital, and the role of labor market institutions. Aside from several tables and diagrams to support the discussion of labor market outcomes, the chapter includes special topic boxes that explain important concepts and highlight empirical regularities or focus on a specific case to emphasize a point.

The analysis, supported by five specially commissioned background papers, leads to a set of well-considered policy recommendations to

deal with the problem of labor underutilization [PHDR 2002: 40-41]. These include (1) removing critical bottlenecks to achieving sustained economic growth; (2) revitalizing and modernizing agriculture, while supporting the growth of the “new services” and raising the competitiveness of small and medium industries; (3) expanding access to quality basic education and raising standards of training institutes; (4) improving industrial relations; (5) ensuring social protection; (6) facilitating overseas work and providing adequate protection for overseas Filipino workers (OFWs); and (7) reducing child labor by addressing its root causes.

The concept of income poverty is a convenient starting point for reflecting on the key messages of the *Report*. From this viewpoint, poverty is due to a deficiency in the stock of assets from which an individual derives income, or in the return that his existing stock of assets is able to earn in the relevant market. With complete, competitive, and freely accessible markets, poverty would largely be a consequence of a deficit in initial endowments. Still, individuals need not be hopelessly trapped in poverty if they have access to opportunities for accumulating assets. Indeed, investment in human capital through education, training, proper health and nutrition, or access to land or finance capital through unrestricted rental markets are potential escape routes from poverty.

The reality of limited and imperfect, if not actually non-existent, markets, however,

precludes many of the poor from exiting poverty. The absence of loan markets for higher education, alluded to in the *Report*, is a case in point. Markets in developing countries are also characterized by institutional or policy distortions causing inequalities in wealth distributions to easily translate into inequality in income-earning opportunities. For example, restrictions against land sales and share tenancy contracts in rural land markets have led to the emergence of labor contracts that foreclose the possibility for rural laborers to move up the agricultural ladder. To the extent that imperfections in factor markets limit a poor household's access to productive resources, such as land or finance capital, or to opportunities for human capital investment, poverty becomes self-reproducing through dynamic effects.

Moreover, where the economy is unable to grow on a sustained basis, production can proceed only unevenly and in stop-start fashion. Meanwhile, "animal spirits" are dampened, and investment is curtailed. Frequent spells of unemployment occur as a result, causing a disruption in income flows for those who rely mainly on the sale of their labor time as a source of income. In the event, breaking away from poverty is more difficult for those who are left defenseless against unanticipated income shocks by the absence of social insurance or publicly provided safety nets to mitigate the adverse effects of sector- or economy-wide disturbances.

For individuals whose only productive asset is their labor power, the ability to gainfully participate in the labor market is a critical factor that can spell the difference between deprivation and a comfortable measure of material sufficiency. Absent income from other sources, a person's position relative to the poverty threshold is determined by the nature and extent of his labor market participation (e.g., employed, unemployed, or underemployed) and the returns from participation (labor income). On this point the *Report* notes that the low quality of employment—not unemployment—is the primary

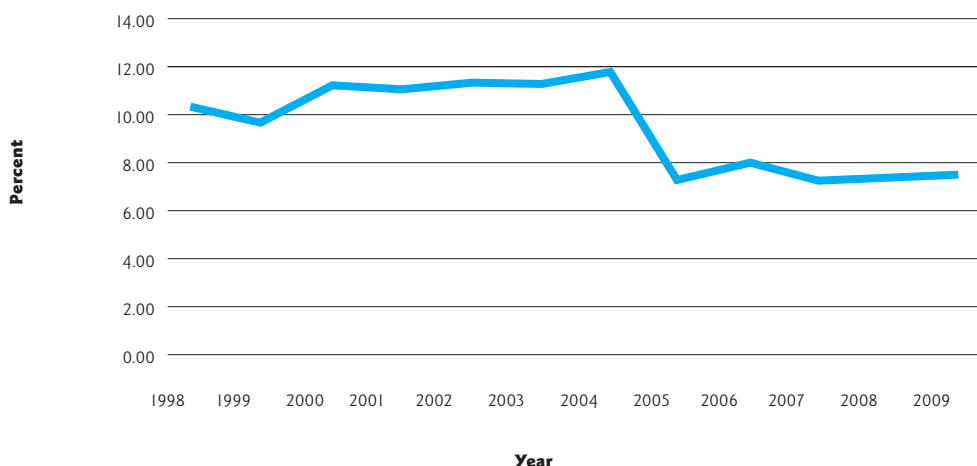
reason for the high incidence of poverty in the country [PHDR 2002:7]. Thus merely creating a million jobs a year will not suffice to reduce poverty, let alone allow a person to "unfold his capabilities."

From a labor market perspective the policy recommendations advanced in the *PHDR 2002* can essentially be reduced to just three: (1) those for achieving rapid and sustained growth over a longer period; (2) those for increasing investment in human capital; and (3) those for providing social protection.

The first ensures that there is a continuous demand for labor through investment in expanding productive capacity, thus minimizing interruptions in paid work and raising productivity over time. The second guarantees that the quality of labor supply is able to keep in step with the changing skill requirements of firms as they adjust to competition and the changing technological frontier, thus providing the basis for a sustained increase in labor incomes through time. The third is necessary to mitigate the effects of adverse labor market outcomes on workers or compensate for the lack of bargaining power of the unskilled and unorganized. In practice, type (1) policies tend to produce tension with type (3) policies, and *vice versa*, although they need not.

The recommendations of the *PHDR 2002* are strategic and far-reaching. They in fact are broadly consistent with the International Labor Organization's (ILO) "Decent Work<sup>2</sup> Agenda" [2006] which addresses the following concerns: (1) competitiveness, productivity, and decent jobs in a globalizing context; (2) decent jobs for young people; (3) managing labor migration; (4) labor market governance; and (5) social protection for the informal economy. The Philippine Government in its Medium-Term Development Plan (MTPDP) for 2001-2004 and 2004-2010 declared its commitment to this agenda with sustained growth of incomes and full employment as major development goals. So, is the country anywhere closer to its labor market objectives?

**Figure 1 Unemployment rate, 1998-2009**



*Note: The October survey round figure was used for 2005. All other figures are annual averages.*

*Source: National Statistics Office Labor Force Survey, various years.*

## Recent developments

After slightly dipping in 1999, open unemployment rose in 2000 and stayed at double-digit rates until 2004. In April 2005 the government adopted a new definition of unemployment [NSCB 2004] resulting in a lower unemployment rate and introducing a break in the data series, so that the unemployment figures pre- and post-2005 are not comparable [Figure 1]. At 7.5 percent, the average unemployment rate in 2009 is lower than in 2006, although it is slightly higher than in the two preceding years. Compared with most other countries in the Southeast Asian region, the Philippines' unemployment rate is still one of the highest even after the definitional change.

### Unemployment redefined

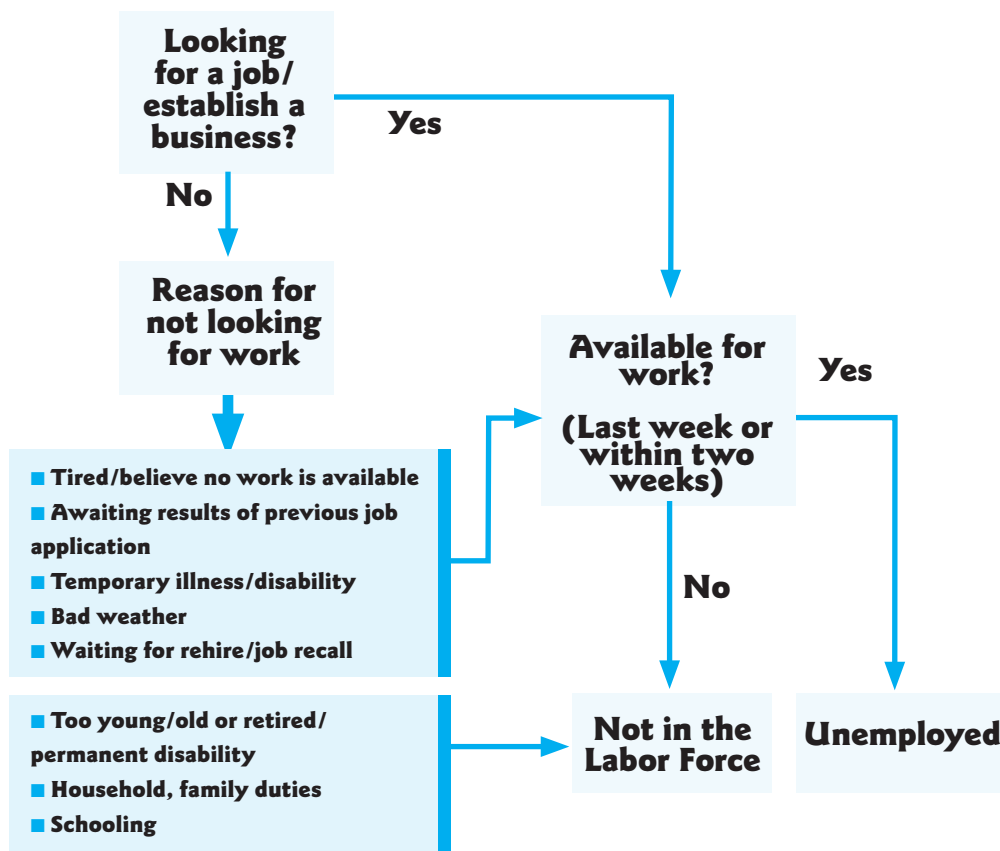
The revision in the definition of unemployment deserves some discussion as it renders the portion of the *Report* explaining labor statistics somewhat out

of date at the present time. Information on the state of the labor market is always critical in its ramifications on how the government views and decides to deal with the problem of labor underutilization. The change involves the inclusion of the "availability for work" criterion in the definition of the unemployed, whereas the previous definition hinged only on the simultaneous satisfaction of the "without work"<sup>3</sup> and "seeking work"<sup>4</sup> criteria.

As **Figure 2** shows, a person of working age who is without work is asked if he looked for a job or tried to establish a business during the reference period (i.e., past week), and further if he was available for work in the past week or would be available in two weeks. Those responding in the affirmative to both questions are considered unemployed. A negative response to the second query defines a respondent to be out of the labor force even if he is without a job and is looking for one. On the other hand, those responding in the negative to the first question are asked the reasons they did not look for work before

**Figure 2** Flowchart for identifying the unemployed

**For persons 15 years old and over who had no job/business**



Source: Rivera, E. [2008]. "Redefining the Labor Force Framework: Some Inputs from the Philippine Experience." Paper presented at the seminar on "Employment and Unemployment: Revisiting the Relevance and Conceptual Basis of the Statistics," sponsored by the International Labour Office, 4-5 December. Geneva, Switzerland.

**Table 1 Unemployed not looking for work, 1998-2007 (by reason; in thousands)**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total	2,174	2,104	2,380	2,446	2,610	2,711	2,993	1,336	1,450	1,460
Believe no work available	782	766	820	885	875	954	990	497	561	494
Awaiting results of job application	238	235	297	282	339	431	449	325	343	374
Temporary illness/disability	428	433	475	542	574	553	626	149	158	171
Bad weather	38	26	29	26	53	35	27	20	34	33
Waiting for rehire/job recall	205	213	242	228	269	301	342	345	354	388
Others	483	431	517	483	500	437	559	-	-	-

Source: 2008 Yearbook of Labor Statistics

they are asked about availability.

Certain reasons given for not seeking work may now classify a respondent as outside the labor force if he or she responds negatively to the availability question. These reasons are: (1) if the respondent either got tired of looking or believes no work is available;<sup>5</sup> (2) is awaiting results of a previous job application; (3) is temporarily ill or disabled; (4) bad weather; or (5) respondent is waiting for re-hire or job recall. Under the old definition, jobless persons of working age who did not look for work because of the preceding reasons were considered unemployed regardless of availability or length of time since they stopped actively looking for work.<sup>6</sup>

As a result of adopting the availability criterion, unemployment is lower by some 800,000 to 1.5 million jobless persons depending on the quarter under consideration. Following the new definition, the reduction should be equal to (1) the number of those who responded negatively to the availability question in the Philippines' Labor Force Survey (LFS) plus (2) the discouraged workers who had stopped looking for work more than six months before the survey. But published data show that the residual category, "Others," consisting of about 500,000 working-age individuals, has also been excluded from the unemployment count under the new definition<sup>7</sup> [Table 1]. Respondents in this category are not asked the question about availability, however.

A more fundamental issue, though, is the one

of clearly defining current availability for work. In the context of the standard unemployment definition, the availability criterion is supposed to differentiate between those who are ready to take up work or start a small business during the reference week or within the next two weeks and those who can begin only much later or are prevented by personal circumstances from taking a job. The idea is that for a jobless person to be considered unemployed he or she must be able and ready to take on a job *if an opportunity is present*.

The problem is that, as currently formulated, the availability question in the LFS is silent on the nature of the prospective work opportunity.<sup>8</sup> Suppose a person is not looking for work because he is waiting for the result of a job application or is waiting to be recalled to his old job. Surely, this person already has a particular job in mind based on his assessment of his qualifications and skill level. Most likely, too, he has formed some expectations about the terms of his anticipated employment and may not be willing to entertain just any alternative.

By the same reasoning, a person looking toward the overseas market for possible employment or re-employment would likely say he is unavailable for work given how the question is presently framed. Thus, without further inquiry about the terms at which a person without work might consider himself or herself available for a job if the opportunity presented itself,<sup>9</sup> applying the availability criterion



risks excluding more jobless persons from the unemployment count than warranted. To ignore this potential blind spot in the current measurement of unemployment would be a disservice from a public policy viewpoint.

## **Falling participation rates and OFWs**

Statistics show that the labor force participation rate (LFPR) declined for 2005-2008 with more additions to employment than entrants to the labor force, except in 2008 when entrants slightly exceeded available jobs probably on account of the economic slowdown. The decline in labor force participation seems hard to reconcile with previous trends, particularly in light of the reported record economic growth in 2005-2007. Did households suddenly feel prosperous that some members decided to withdraw from the labor force?

A possible explanation is the deployment of workers for overseas employment since OFWs are not counted among the labor force. But OFWs have always been excluded from the labor force, so unless it can be shown that recent net overseas deployment has begun to outstrip net additions to the labor force, the explanation is not persuasive.

However, labor migration can also weaken the work incentives of family members in remittance-receiving households. In fact, several studies on the Philippines cited in Ang, Sugiyarto, and Jha [2009] have found evidence of a decline in labor force participation among remittance recipients. Robustness of the results to variations in methodology could be an issue, however. This is suggested by the mixed results from other country studies (See Airola [2008] and Cox-Edwards and Rodriguez-Oreggia [2009] on Mexico and Mora [2009] on Colombia.) Some more research is needed here.

The adoption of the availability criterion may have also something to do with behavior of the LFPR in the recent past. To be sure, the change in

the definition of unemployment is cause for a lower LFPR; however, it should not be a reason for its continued decline unless more people are also giving up much earlier on their job search or are declaring that they are unavailable for work. The prospect of overseas employment has widened the choice of labor market for many Filipinos, however. While the LFS questionnaire does not specifically ask where the jobseeker intends to work, anecdotal evidence abounds that many prospective labor force entrants already have their sights on the overseas labor market in making career decisions. Once they join the labor market, persons such as these will be *looking for work* but may *not be available for work* going by the present LFS questionnaire which provides no context for the availability question.

The point is about the need to attune data collection instruments to the new labor market realities. As jobseekers increasingly look to foreign shores for employment, an ever greater proportion of them could be counted out of the labor force given how the availability criterion is currently applied. This will show up in a declining LFPR even before jobseekers shall have actually become overseas workers. There will then be more persons of working age included among the Philippines' economically inactive population simply because of the preference to work abroad by a growing number of them.

This point may be relevant to recent discussions regarding the inadequacy of the existing framework for measuring the labor force, and the idea of developing a broader concept of a national labor force (as distinct from the current one that embraces only domestic) in recognition of the greater mobility of labor across national boundaries [Rivera 2008], and particularly in the Philippine case, the substantial contribution of the export of labor services to the economy.<sup>10</sup> Novel as the idea might seem, this should not detract from the importance of clarifying the availability criterion and applying it carefully in tracking unemployment and changes in the labor force.

**Table 2 Establishments resorting to permanent closure/retranchment, 1998-2007 (by reason)**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Reasons</b>	<b>2,525</b>	<b>2,289</b>	<b>2,258</b>	<b>2,859</b>	<b>3,403</b>	<b>3,262</b>	<b>2,008</b>	<b>2,943</b>	<b>2,979</b>	<b>2,468</b>
Lack of market	668	501	484	645	723	720	419	505	498	325
Uncompetitive price of product	13	27	27	53	25	27	27	40	30	10
Competition from imported products	8	14	7	16	18	12	7	10	16	11
High cost of production	183	88	97	108	84	88	75	92	72	75
Lack of capital	190	123	111	125	133	111	70	91	67	44
Peso depreciation	236	63	21	24	9	4	3	4	-	4
Financial losses	253	326	351	435	550	431	339	526	690	443
Economic crisis	95	67	38	43	46	24	18	20	16	5
Reorganization/downsizing/redundancy	762	903	972	1,204	1,593	1,566	904	1,343	1,302	1,265
Change in management/merger	21	40	62	55	113	97	43	70	65	49
Lack of raw materials	40	56	30	21	17	28	17	25	20	12
Minimum wage rate increase	11	12	28	37	12	5	3	40	22	15
Others	45	69	30	93	80	149	85	177	181	210

Source: 2008 Yearbook of Labor Statistics

**Table 3 Permanently displaced workers, 1998-2007 (by region)**

Region	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Philippines<sup>1</sup></b>	<b>79,023</b>	<b>71,723</b>	<b>67,624</b>	<b>71,864</b>	<b>80,091</b>	<b>67,977</b>	<b>36,163</b>	<b>57,594</b>	<b>59,376</b>	<b>51,125</b>
National Capital Region	43,339	43,518	37,109	39,086	44,949	36,302	19,155	31,834	37,789	26,152
Cordillera Administrative Region	483	58	330	554	11	-	62	774	322	37
Region I - Ilocos Region	517	622	342	463	299	558	257	103	231	283
Region II - Cagayan Valley	356	288	77	23	143	276	-	12	NR	131
Region III - Central Luzon	8,307	7,812	4,512	7,679	5,284	5,189	4,040	8,497	6,073	2,785
Region IV - Southern Tagalog <sup>2</sup>	7,787	7,521	14,583	11,361	16,584	18,128	7,384	9,497	7,541	12,040
Region V - Bicol Region	843	788	316	430	806	744	371	303	65	213
Region VI - Western Visayas	3,242	2,177	2,037	1,708	2,144	622	666	756	4,443	1,408
Region VII - Central Visayas	7,094	3,249	2,293	3,471	5,451	4,231	2,998	4,469	54	4,443
Region VIII - Eastern Visayas	273	627	156	116	228	145	39	158	14	126
Region IX - Western Mindanao/ Zamboanga Peninsula <sup>3</sup>	277	392	924	577	144	136	165	166	511	243
Region X - Northern Mindanao	1,648	879	1,274	703	700	326	529	493	2,096	430
Region XI - Southern Mindanao/ Davao Region <sup>3</sup>	3,438	3,223	2,066	2,734	2,517	1,071	388	253	68	2,832
Region XII - Central Mindanao/ SOCCSKSARGEN <sup>3</sup>	400	569	1,373	343	213	204	109	104	162	-
Caraga	1,019	-	232	2,616	618	45	-	175	7	2

Source: 2008 Yearbook of Labor Statistics

<sup>1</sup> Excludes ARMM.

<sup>2</sup> Figures for 2003-2007 show total for Regions IV-A and IV-B.

<sup>3</sup> Starting 2002, the DOLE adopted the regional groupings under E.O. No. 36 issued on September 19, 2001. This E.O. provided for the reorganization of the Administrative Regions in Mindanao, hence, Regions IX (Western Mindanao), XI (Southern Mindanao) and XII (Central Mindanao) were renamed Zamboanga Peninsula, Davao Region and SOCCSKSARGEN, respectively. Meanwhile, Region X retained its name as Northern Mindanao.

## Employment insecurity

A crucial aspect of individual well-being is security in one's current status. In the context of employment this means freedom from the threat of job loss or the costs associated with being severed from one's means of livelihood. Although it is not possible to perfectly insure against job loss—even societies that used to practice “jobs-for-life” have moved out of that mold, some more gradually than others—various institutional arrangements exist in different countries to cushion workers against income losses arising from job terminations. The degree to which workers can feel secure in their current employment thus depends on their perception of the likelihood of being terminated, the ease of finding another job that is at least comparable to their present one, and the availability of some form of income support in the event of actual job loss.

From the standpoint of well-being, employment insecurity reduces the quality of employment. To some extent this may be offset by a higher remuneration, although casual observation suggests that in the Philippines low pay and job insecurity often go in tandem. Uncertainty in one's job may lead to low and stagnant incomes via productivity effects through job dissatisfaction, indifference to the work organization, lackadaisical performance, and a resistance to learn new skills. With their future in a work organization highly uncertain, workers have little incentive to perform well or raise their level of competence by investing in their own training.<sup>11</sup>

Cross-country data reveal a higher degree of employment insecurity among workers in the Philippines than in other countries. The data are from the work orientations module of the International Social Survey Programme (ISSP)<sup>12</sup> as cited in Green [2009]. Given differences in the level of development and institutional setting among the countries included in the study, how the Philippines compares with them is not as instructive as how the country

has fared over time.

Six out of every 10 workers surveyed in the Philippines said they worried “to some extent” or “a great deal” about losing their jobs in 1997, compared with the mean of three out of every 10 in the 32 countries included in the study. In 2005, the average for these countries remained the same, while that for the Philippines had increased to seven out of every 10. Other indicators show a similar pattern. The proportion disagreeing with the statement, “My job is secure,” increased from 15 to 20 percent between 1997 and 2005, while 45 percent said it was “very difficult” or “fairly difficult” to find a comparable job to their current one in 2005. This was during a period when the Philippine economy was growing annually by 4 percent.

But employment growth, while positive, was erratic during this period with the unemployment rate hovering above 11 percent. Thus the high degree of employment insecurity captured in the surveys probably reflects low employment expectations born of the knowledge that finding a job is generally difficult. Citing earlier studies, Green [2009] argues that perceived insecurity generally follows the path of the unemployment rate. If so, a reduction of the unemployment rate should benefit not only those who are eventually absorbed into productive employment but also those already employed who are made better off by having to worry less about losing their jobs.

That perceptions about the risk of job loss have an objective basis is further evidenced by the number of firms reported to have closed down or shed labor during the period 1998-2007. The number of establishments that resorted to permanent closures and retrenchments increased from 2,289 to 3,262 between 1999 and 2003 and from 2,008 to 2,468 between 2004 and 2006 [Table 2]. The most frequently cited reason was firms needing to reorganize and/or downsize their operations consequently had to let go of their redundant personnel. The lack of markets came in a

**Table 4 Permanently displaced workers, 1998-2007  
(by industry group)**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>All industries</b>	<b>79,023</b>	<b>71,723</b>	<b>67,624</b>	<b>71,864</b>	<b>80,091</b>	<b>67,977</b>	<b>36,163</b>	<b>57,594</b>	<b>59,376</b>	<b>51,125</b>
Agriculture, hunting and forestry	2,105	1,224	757	1,658	1,251	541	432	5,276	1,593	2,332
Fishing	166	563	316	246	433	169	38	159	151	374
Mining and quarrying	1,441	1,575	899	713	289	80	257	133	19	148
Manufacturing	38,178	37,395	35,774	37,257	39,075	34,705	17,564	22,792	23,188	26,108
Electricity, gas and water supply	103	499	305	388	641	528	405	688	537	185
Construction	6,062	3,750	1,395	1,708	2,620	1,564	1,125	998	1,468	2,086
Wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods	9,416	6,693	6,017	8,545	8,011	7,619	3,673	8,541	8,497	4,785
Hotels and restaurants	2,181	2,224	2,676	2,684	3,656	3,466	1,714	2,332	2,356	1,633
Transport, storage and communications	9,100	6,098	6,929	6,761	7,790	8,032	4,623	6,774	4,383	4,160
Financial intermediation	4,652	4,616	6,670	4,251	5,132	3,570	1,573	1,883	3,861	2,203
Real estate, renting and business activities	3,963	5,137	3,752	5,328	7,966	4,955	2,610	5,507	10,503	5,468
Public administration and defense, compulsory social security	-	-	-	-	-	3	-	-	-	-
Private education services	368	300	841	627	842	879	1,261	737	921	346
Health and social work except public medical, dental and other health services	461	411	111	546	523	301	259	437	831	410
Other community, social and personal service activities	827	1,238	1,182	1,152	1,862	1,565	629	1,337	1,068	887

Source: 2008 Yearbook of Labor Statistics

**Table 5 Labor turnover rate, National Capital Region, 2003-2008**

Year	Accession rate			Separation rate			Turnover rate
	Total	Due to expansion	Due to replacement	Total	Employee-initiated	Employer-initiated	
2003	6.82	2.24	4.59	6.76	2.96	3.81	0.06
2004	7.12	1.99	5.13	6.09	2.49	3.6	1.04
2005	8.66	1.96	6.7	7.67	3.26	4.41	0.98
2006	9.22	2.94	6.29	7.7	3.2	4.5	1.52
2007	10.47	1.94	8.53	7.64	3.42	4.22	2.83
2008	10.75	3.59	7.16	8.37	4.16	4.22	2.38

Source: BLES, Current Labor Statistics, various years.

far second as a reason.

But what is even more interesting from the data is that the tempo of reorganizations and downsizings seemed to pick up after 1999, continuing well into the next decade and accounting for more than 40 percent of the permanent closures and retrenchments recorded. This supports the view [Lim and Bautista 2001 as cited in the *Report*] that many industries took the economic downturn in 1997-1998 as an opportunity to downsize their workforce and employ new technology. In the process, jobs were threatened.

Between 1998 and 2002, a total of 370,000 workers were displaced due to establishment closures and retrenchments [Table 3]. Displacements were much fewer between 2002 and 2004, but picked up again thereafter. In terms of the composition of displaced workers, the National Capital Region (NCR) accounted for at least half of the displacements in any given year. Calabarzon (IV-A), Central Luzon (III), and Central Visayas (VII) are the other substantial contributors to the jobless pool understandably because these regions, together with NCR, host a large share of non-agriculture activities [Esguerra and Manning 2007].

By industry distribution, manufacturing led the way in job shedding, accounting for more than half of worker displacements in any given year [Table 4]. To a large extent, this reflects the highly cyclical demand for exports of semiconductors on which most of the growth of manufacturing has depended for many years now. Between 1998 and 2007, some 312,000 workers were displaced from the sector.

Labor turnover statistics<sup>13</sup> further tend to corroborate the perception of increasing employment insecurity among workers. The accession rate, which measures the proportion of new hires, whether temporary or permanent, to total employment in an establishment over a period of time,<sup>14</sup> indicates that nearly 70 percent of new hires in 2003-2007 were for replacement and the remaining for expansion. On the other hand, the separation rate, which measures the

proportion of terminations to total employment in an establishment over a period of time, indicates that 57 percent of separations during the same period have been employer-initiated (fires) rather than employee-initiated (quits).

The labor turnover rate, or the difference between the accession and separation rates, rose from 0.6 to 2.83 percent between 2003 and 2007 [Table 5]. While this rise may be viewed as a sign of brisk economic activity, it may also be symptomatic of business fluctuations to which firms have been increasingly subjected. This has adverse consequences on labor productivity and wages, and underscores the importance of macroeconomic policy.

A high turnover rate also means that workers' average job tenures have increasingly shortened. This is not too bad if workers are leaving their jobs for better ones as might be the case in an expanding economy. However, the Philippines' record in capital formation is not exactly an impressive one, and this is supported by the observation above that expansions have played only a minor part as far as the hiring of labor in the last few years is concerned. Unfortunately, it is not possible to tell further from the turnover data what the reasons for the replacements are.

Insecurity in employment is popularly associated with the idea of precarious work and is commonly identified with the use of nonstandard employment contracts. These contracts are short-term, contingent, low-paying, and do not provide the usual non-wage benefits normally found in regular employment agreements. In a highly competitive environment that rewards agility, the objective is for the firm to have greater latitude in its hiring and firing decisions.

In 2000 the Philippine Labor Flexibility Survey (PLFS) noted the use of temporary, casual, contractual, or agency-hired workers in 86 percent of about 1,200 firms surveyed. In 2004, the Bureau of Labor and Employment Statistics (BLES) reported that part-time, casual, contractual, and agency-hired

workers accounted for close to 30 percent of the nearly 2.5 million workers employed in establishments with at least 20 workers. The June 2008 figures show that the share of nonregular workers was 24 percent. Given these numbers, it does not appear that employers are substituting nonregular contracts for the standard employment contract in a big way as some observers think. Nonregular contracts have an economic purpose and are not the least costly alternative under all situations [Abraham and Taylor 1996 and Segal and Sullivan 1997].

The use of flexible staffing arrangements in firms can lead to the high turnover rates observed. The ease of dismissing an employee whose services are no longer needed makes hiring also easy. But it does not follow that an employer using a nonstandard contract will be firing and hiring employees more frequently (i.e., have a higher turnover rate) than another employer who uses a standard contract to employ workers performing the same functions.

The point of using the nonstandard contract is to have flexibility when it is needed. In the Philippines, however, the law requires employers to make their workers regular upon reaching their sixth month on the job. This has led to the widespread practice among employers of terminating their nonregular workers on the fifth month of their employment so as not to lose flexibility. In this way, the unintended consequence of a regulation meant to provide job security has been exactly to heighten insecurity. Given the high share of replacements in the accession rate, is it possible that the increase in the labor turnover rate between 2003 and 2007 was caused by early terminations because of the “regularization” law?

Aside from workers’ perception of the risk of job separation, insecurity depends upon the ease of finding a job comparable to the present one. A disturbing aspect of the process of labor churning is the low rate of re-absorption of displaced workers observed by Pascual [2009] in case studies.<sup>15</sup> No more than half of the 195 worker-respondents found

a wage job since being laid off. The job search period ranged from a low of three months to a high of 14. As of the interview date, less than 30 percent still had a wage job, suggesting that displaced workers’ employment options also tend to be limited to jobs of short-term duration. Moreover, the probability of getting another job is inversely related with age, with as much as a 20 to 50 percent cut in wage relative to the former job in case one is found.

Since only a few succeed at self-employment or finding a job overseas, while the others are deterred by the out-of-pocket costs of job search, a high percentage either become unemployed (i.e., jobless, not looking for work) for an extended period or prematurely exit the labor force. This makes re-absorption more difficult and exit from the labor force permanent as a result of the skills deterioration. Other negative welfare effects follow from the income loss, especially in the absence of social safety nets and the concomitant loss of access to credit (e.g., children quitting school, deterioration in health status). Beyond case studies such as this, however, there is very little systematic information about what happens to workers when they are displaced from their jobs as a result of establishment closures or downsizing.

From a policy perspective, addressing insecurity requires knowing which segments of the working population are likely to feel vulnerable to employment shocks and designing the appropriate responses. There is some reason to believe that women bear a disproportionately larger share of employment insecurity than men as a result of socially ascribed roles and the higher probability of career interruptions that tend to limit their access to specific training and, consequently, secure job positions in a work organization. Part-time jobs in services and other less protected sectors also tend to employ mostly women.

Age can have a positive or a negative effect on insecurity, depending on the sector of employment and the associated labor market institutions. Where personnel decisions are mainly governed by internal labor markets, job insecurity and age will tend

to be negatively correlated. On the other hand, in highly dynamic sectors requiring new skills, such as those closely associated with the information communication technologies, age and insecurity will be positively correlated. In industries where manual dexterity, good eyesight, and adaptability to multiple tasks make for good credentials, young workers will tend to feel more secure.

The role of human capital investment looms large on the issue of labor flexibility and employment security. Individuals educated only up to the high school level or less are likely to land routine jobs requiring no more than general, and therefore, easy-to-replace skills. Those with college degrees or higher, on the other hand, are generally presumed able to take on mental labor and work with technologies that require a much higher level of skills. The cost of job loss is more manageable for educated persons who are highly trainable and possess a good amount of skills that can be applied in various work settings.

As age and gender are not alterable attributes, the best insurance against permanent job loss is lifelong education and training. Basic education, if done right, equips the individual with the most fundamental skill—the ability to learn—and prepares him or her for more complex and specialized work. This increases employability and reduces the cost of job loss. Higher education (which need not be formal), including specialized training, allows the individual to keep abreast with new ideas and techniques that accompany technological progress.

That labor market flexibility is equated with job insecurity in the Philippines owes to the type or form of flexibility that has dominated practice. Numerical (or external) flexibility relies on the use of casual and temporary labor, subcontracting, layoffs, and retrenchment of personnel. Functional (or internal) flexibility involves changes in the work organization and work process, investment in training and skills enhancement, performance-based pay, multitasking, and job rotation.

To be sure, one will find evidence of both

types in the Philippines. But why has the former dominated as the strategy to adjust to competition? The country's concentration on low labor costs as a source of comparative advantage is one reason. This has undermined the incentive to invest in long-term training and the upgrading of skills. The other reason is the historically protected status of industry, particularly manufacturing, that in effect guaranteed job security. Considering the deficit in human capital investment, the strategy for adjusting to international competition had to take the form of systematic reductions in the regular workforce. In other words, even if the subjective preference had been functional flexibility, the scope for it would have been limited.

Among Asian countries, “functional flexibility is generally found in states which underwrite a supportive social structure in training, education, and R&D; where labor standards are enforced; and where the state provides incentives to invest in training and organizational development” [Kuruville and Erickson 2000:41]. The Philippines has a lot of catching up to do in this area. The *Report* provides very concrete suggestions on what needs to be done. In this connection, it should be noted that the country will not be able to meet the goal of universal primary education that it has set for itself under the Millennium Development Goals by 2015. This development does not augur well for the future quality of the labor supply, individual employment prospects, job security, and earnings and its implications on poverty and income inequality are disturbing.

## Labor policies and labor market outcomes

Philippine labor policies and regulations have been criticized for being either too restrictive as to inhibit employment growth or too lenient as to expose workers to various sources of employment and income risk. The sluggish growth of employment is often cited by employers' groups as an argument



for reducing labor regulations which, it is claimed, increase the cost of doing business. On the other hand, with the growing sense of economic insecurity, organized labor and its supporters think that government is not doing enough for workers and want a tightening of some labor regulations (e.g. the laws on security of tenure).

It is noteworthy that the *PHDR 2002* avoided being drawn into the debate. Neither did the *Report* attribute unemployment to existing labor policies and regulations nor did it advocate any direct intervention in the labor market to redress unwanted outcomes. Instead, it placed the problem of employment creation “in the greater framework of growth—or more precisely the lack of it” [PHDR 2002:13]—arguing that stable and productive employment can come about only if the economy can be put on a path of rapid growth over a reasonably long period.

Regarding labor market institutions, the *Report* at most expressed support for developing new and pro-active strategies that unions might pursue, and the expansion of social insurance benefits to include “limited forms of unemployment benefits” as well as other forms of social protection in the context of a sustained effort to distribute the burden of providing worker security across members of society [PHDR 2002:35-36, 38].

Evidently, the *Report's* authors think that in the larger scheme of things labor regulations are not, cannot, be the main barrier to employment creation in the country. First of all, most regulations apply only to a limited sector; nearly half of the country's employed labor force is outside the purview of most labor regulations. Second, even the most controversial regulations, namely, those on worker dismissals and the minimum wage,<sup>16</sup> can be evaded through a variety of means (e.g., exemptions, defiance, loophole mining).

In the case of dismissals, resorting to flexible contracts has been a way out; with the minimum wage, applying for an exemption or simply defying the law, especially in areas where government's

enforcement ability is weak, can do the trick. The *de facto* suspension of laws governing labor and labor relations, including the constitutionally guaranteed rights to organize unions, bargain collectively, and engage in peaceful assembly, in the export processing zones indicates that there is enough elbow room for employers to maneuver around the regulations in spite of their persistent complaints.

On the other hand, as Freeman [1993] observes, the interventions themselves can be endogenous to economic circumstances. That is to say, employers and workers can agree to selectively enforce wage floors and similar regulations depending on their assessment of relative costs and benefits at particular junctures. Recall how several times in the past organized labor had agreed with employers to implement a strike moratorium in exchange for the latter acceding to a freeze on layoffs in order speed up recovery from a crisis and stem further job losses.

Being trained economists, the writers of the *PHDR 2002* know only too well that there is no lack of economic arguments to justify the positions taken by opponents and supporters alike of government interventions in the labor market. The question is which position is more strongly supported by the facts on the ground.

*The more the world is filled with  
prisoner's dilemma games, certain types  
of moral hazard problems, and the like,  
the greater is the institutional case.*

*The closer the world is to the competitive  
ideal, the less compelling is that case  
[Freeman 1993: 122].*

Fact is, there is not enough basis for making an informed judgment about whether government interventions in the labor market have been unambiguously beneficial. Philippine research has been conspicuously lacking in investigations of the consequences of specific labor market regulations on work and well-being. For example, how has the



prohibition on “labor-only contracting” affected firms’ hiring decisions and workers’ job security? Has the law mandating employers to “regularize” casual employees after six months contributed to raising labor productivity and earnings? Do minimum wages in fact reduce poverty? Does the number of those who can potentially exit poverty after a minimum wage hike justify the potential losses in employment? Has minimum wage fixing on a regional basis improved employment prospects outside Metro Manila? There are no clear answers to these questions to date in spite of the fact that these issues have been intensely debated for too long now.

The problem may be traced to the lack of good and accessible data for doing more systematic analysis. Again, specific examples are useful here. A longer series on wages is not available to study the effects of regional wage fixing on market wages and employment. Breaks in the series often render comparisons through time problematic.<sup>17</sup> Firm level data are also more difficult to access; confidentiality agreements with participating establishments prevent statistics gathering agencies from releasing to researchers more information beyond aggregated summaries.

A fuller examination of wage differentials and their sources is hampered by the absence of employer-employee matched data. One has to content himself or herself with the LFS, or at best a merger of the LFS and the Family Income and Expenditure Survey (FIES). But both these are household surveys and do not include firm or employer characteristics which are equally important determinants of wage differentials. On the other hand, establishment data pertain only to establishment characteristics and do not include worker information.

The problem of not having good and accessible data is not just a researcher’s problem; it also means that an important input to policy formulation may be missing. Good and timely data are critical for informing government whether its policies and programs are making a beneficial impact on society.

Returning to the question of how labor policies affect labor market outcomes, the only unambiguous research result is that they are inequality-reducing relative to a situation where competitive markets are given free rein. Labor policies have no clear relation to other aggregate outcomes such as unemployment in developed economies [Freeman 2005].

A much different situation would more likely obtain in developing countries where institutions of the labor market are less developed because of structural and other reasons. Nevertheless, the absence of a consensus in the literature on the effect of labor policies and institutions on labor market performance should emphasize the importance of conducting solid empirical work in a specific micro setting. People behave differently under different institutional environments, and the same labor market policy is bound to elicit a different response from one country to another.

At the practical level, labor market institutions and policies may be more important in their role of facilitating public support for other policies outside the labor market which have a greater positive impact on employment creation [Freeman 1993]. The reform program required to put the economy on the path of sustained and rapid growth as proposed in the *Report* will certainly entail adjustment costs. When actions taken to raise productivity and competitiveness put some jobs at risk, opposition is likely to follow and erode confidence in the reform program unless compensatory measures are also put in place. Labor market interventions in the form of active as well as passive labor market programs that are well-designed and administratively feasible can help reduce short-run adjustment costs and lengthen workers’ time horizons in assessing the effects of longer term policies on their welfare. From a longer term perspective, therefore, labor market policies may have political economy benefits that exceed the usual efficiency costs ascribed to them in standard analysis.

## Acknowledgment

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## Notes

- 1** Subsequent use of the *PHDR 2002* or *Report* in the text should be understood as referring to “Work and Well-being,” its theme chapter, to which this commentary exclusively applies.
- 2** “Decent work” refers to opportunities for work in conditions of freedom, equity, security, and human dignity.
- 3** Defined as those not in paid employment or self-employment.
- 4** Defined as those who had taken steps during the reference period to seek paid employment or self-employment.
- 5** This is referred to as “relaxing the seeking work criterion” [ICLS 1982].
- 6** Provided the person had not stopped looking for work more than six months prior to the survey [NSCB 2004].
- 7** Since there is no explanation of what this category consists of, the basis for its former inclusion among the unemployed seems unclear to begin with. Could it be that unemployment had been overestimated all along before April 2005 by more than can be accounted for by (1) and (2)? Otherwise, how does one explain now the wholesale exclusion of this category from the unemployed? Has everyone here been determined to be “unavailable for work”?
- 8** In applying the availability criterion, the 13th International Congress of Labor Statisticians [ICLS 1982] had in fact recommended sensitivity to national circumstances. This calls for referencing potential work opportunities in terms of compensation, working hours, occupation, location, and other job characteristics. The LFS questionnaire merely asks, “Had the opportunity for work existed last week or within two weeks, would \_\_\_ have been available?”
- 9** The follow-up question, “Is \_\_\_ willing to take up work during the past week or within two weeks?” is also not likely to be informative since willingness to work depends on the context of the job opportunity.
- 10** As with GNP and GDP, a national and a domestic labor force.
- 11** An alternative view is that insecurity can perform the function of an incentive device to elicit good work performance. If so, workers in insecure jobs will tend to have higher earnings on average.
- 12** The ISSP is “a continuing annual programme of cross-national collaboration on surveys covering topics important for social science research.” [<http://www.issp.org>].
- 13** These statistics are gathered from large enterprises belonging to the Securities and Exchange Commission’s list of top corporations.
- 14** In the Philippines, this is reckoned quarterly and an average for the entire year is reported. The same is done with the separation rate.
- 15** The case studies included both casual and regular workers formerly employed in two garment firms in Metro Manila.
- 16** In a recent study [Sicat 2009], regulations on worker dismissals and minimum wages were found to be the most problematic for Philippine companies.
- 17** Prior to 2003, for instance, the LFS collected earnings, not wage, data which incorporated the effects of hours worked as well as any wage premium due to overtime.

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# A Different View of Insurgencies

**By Benedict J. Tria Kerkvliet**

**I**N 2005, the Human Development Network (HDN) produced its fifth *Philippine Human Development Report* (PHDR) since 1994. Unlike the first four, which emphasized economic matters, this one examined a political issue: human security and two armed conflicts that have affected many Filipinos and their communities during the past four decades.

Although collaboratively prepared, the *PHDR 2005* is well written and presented, thanks to its three main contributors: Emmanuel de Dios, Soliman Santos, and Toby Monsod. Three of its four chapters analyze the “communist and Moro insurgencies.” The first, and the most ambitious, chapter equals half of the study’s 114 pages of text. Drawing on a wealth of survey, statistical, and qualitative data, this chapter is an engaging and sophisticated analysis of the insurgencies’ causes and their costs, particularly for human development and security. **Chapters 2 and 3** go deeper into each insurgency’s evolution. The final chapter shifts from armed conflict to focus on updating the provincial human development indices (HDIs), which were initiated in earlier reports from the HDN.

Few studies of insurgency in the Philippines look at the armed conflicts in predominantly Muslim parts of the country and also at those elsewhere in the country.<sup>1</sup> Consequently, by examining both clusters, the *Report* makes a major contribution to analytical literature on insurgencies. Particularly

significant is that the study finds several similarities in the underlying factors fuelling unrest and violence. Another accomplishment is that the *PHDR 2005* combines new data with secondary sources in order to analyze carefully the costs of the protracted armed conflicts in the Philippines. Also very informative is the study’s analysis of bias in Philippine society against Muslims.

In the four years since the *Report*’s publication, fighting between insurgent and government forces has continued, mostly in the same provinces with the highest number of armed encounters listed in **Table I.1** of the *PHDR 2005*. Although the frequency of armed clashes has been less than was the case during the 1980s, it has been more than in the early 2000s.

In line with one of its recommendations, peace talks between the Moro Islamic Liberation Front (MILF) and the Philippine government did resume. Indeed, they reconvened several times, although each one collapsed. In 2008, for instance, talks stopped after the Supreme Court ruled that a key provision in a tentative agreement about ancestral homelands for Muslims was unconstitutional [Hicken 2009:193-195]. Negotiations between the government and the Communist Party of the Philippines (CPP) have not yet resumed since breaking down in 2005, but both sides continue to have informal discussions that may contribute to re-establishing formal peace talks.

The *PHDR 2005* says the “the communist and Moro insurgencies” are “ideology-based armed conflicts” (pp. viii, 2). Ideology-based armed conflicts, says the *Report*, espouse “alternative state-

visions” aimed at replacing the existing political system with another type (pp 2, 63). Participants in communist insurgencies, the *Report* adds, are fighting to establish a communist or socialist political economic system and government (pp. 25, 28, 35, 82-83). For participants in the second, the ideology is Moro nationalism: they seek a new nation, Bangsamoro, independent or at least autonomous from the Philippines and be perhaps an Islamic state (pp. 25, 28, 70-71).

The study is certainly not alone in using these terms and ideologies for the armed struggles in the Philippines. Such characterizations are ubiquitous in government accounts, news reports, and academic publications. But material in the *PHDR 2005* itself and some other studies makes one wonder whether these struggles are based on communist and Moro nationalist ideologies.

Drawing on a variety of evidence, the *PHDR 2005* develops a sophisticated investigation into the reasons for insurgency. Its main finding for **both** insurgencies is that although poverty *per se* is not a cause, deprivation and injustice “lie at the heart of armed conflict” (p. 28). Deprivations include lack of water, health care, education, and roadways. Injustices include rural families having no or too little land from which to make a living and being cheated or eased out of their fields.

The *Report* does not show that communism, Islamic nationalism, or any other recognizable “ideology” has much to do with the conflicts’ causes or objectives. It claims that people living in these circumstances of deprivation and injustice become “receptive to competing-state ideologies,” which can therefore “mobilize large masses and sections of society” (pp. 2, 28). But the *Report* does not support this claim with evidence, which is puzzling given that the study is otherwise impressively evidence-based.

Instead of accepting terms used in conventional but often poorly informed accounts, the *Report* could firmly question the “communist insurgency”

and “Moro insurgency” terminology. And given the evidence it does marshal, it could have offered more appropriate summary descriptions for the unrest. “Justice insurgencies,” for example, would better describe what the two armed struggles seek rather than saying they are “ideology-based communist and Moro insurgencies.”

Findings in various studies bolster the need to question claims that the armed conflicts are based on “communist” and “Moro” ideologies.

## The “communist insurgency”

The CPP and its leaders were major players in the armed unrest in numerous non-Muslim parts of the country during the 1970s and 1980s. Since then, the party has withered and splintered, but continues to have a few thousand members.<sup>2</sup> The New People’s Army (NPA) is the armed organization that the CPP claims to control and use to fight government troops in order to defend and advance the revolution. The number of NPA members is much less than the 25,000 it had in the late 1980s. But the armed organization has been rebuilding and in recent years has had between 7,000 and 12,000 members.<sup>3</sup> In addition to these two organizations, CPP leaders claim to have the support of the National Democratic Front (NDF) with thousands of members in “mass organizations” and millions of other people across the country.

But two issues here need probing: Are CPP members committed to communism? And are the thousands of armed NPA and the tens of thousands of NPA supporters communists?

Too little research has been done on what CPP members really believe, why they joined the party, and what they think the party stands for and is struggling to achieve. But available evidence suggests that the degree of commitment to a communist ideology has been shallow, especially after party leaders relaxed recruitment methods and the criteria for membership. Membership then increased rapidly such that in 1980, the CPP claimed 10,000 members,

five times its 1972 figure.<sup>4</sup> At that point there were signs of ideological superficiality.

In Mindanao, one of the fastest growing areas for CPP recruits, leaders saw “pervasive ‘ideological problems’ within the organization.” A 1980 party evaluation, according to a scholar who studies the CPP, said that despite the rapid increase in membership, “Mindanao communism’s ‘party-building’ phase was notably weak. The absence of a ‘systematic educational campaign’ was paralleled by cadres’ ‘limited familiarity with Marxist tools’” [Abinales 1996:176].

Little understanding of and commitment to CPP teachings on Marxism-Leninism-Maoism worsened as party membership in the Philippines jumped to 35,000 by 1986. In Davao alone, party membership jumped from 50 in 1978 to 1,000 in 1985.<sup>5</sup> Political education and “ideological deepening” did not keep up with this expansion. Consequently, “new recruits joined not because they were attracted to Marxism (or Maoism), but to avenge personal, family, or community tragedies caused by military abuses. Even among supposedly more sophisticated groups like students, the level of analytical sophistication and ideological understanding was inadequate.” A 1989 party document lamented that as the party grew, “political and organizational education of cadres was...mainly informal...and ‘on-the-job,’ and their instruction on Marxism was limited and never systematic.... [C]adre training was... slow...and... not formal” [Abinales 2006:196 and Abinales 2008:178, 166-174].

Lack of ideological cohesion as well as profound disagreements about methods of struggle and how best to deal with new political conditions in the country after the “people power” overthrow of the Marcos regime contributed significantly to splits and splits within splits in the CPP during the 1990s and into the 2000s.<sup>6</sup> These and other weaknesses also help to explain why CPP leaders in Mindanao and elsewhere launched internal investigations to expose supposed infiltrators and spies. The campaign

ended up killing hundreds of CPP members and other activists and causing chaos in the party, the NPA, and mass organizations.<sup>7</sup> Perhaps, after all that turmoil, CPP members today are more united around a communist ideology. But this cannot be assumed; it requires investigation.

We now come to the second question about the motivations of NPA members and supporters. Available evidence on this question is rather clear: A large majority of the guerrilla fighters and their civilian supporters have neither been CPP members, believers in communism, nor seekers of a communist-run state. They have been, as an unnamed source in the *PHDR 2005* put it, “primarily...peasants committed to armed struggle as the means to obtain a degree of social justice” (p. 83). Hundreds of thousands of peasants supported the NPA, wrote one long-time activist drawing on publications from the CPP and NDF and on studies by outsiders, because the guerrilla army and its organizations provided people with

*real benefits....Bandits were punished and a rudimentary form of justice imposed where none existed. Land rents and interest rates were lowered and where landlords resisted and brought in the military, lands were confiscated and redistributed [Rocamora 1994: 20].*

An example of the motivations and objectives of NPA members is that of a sugar plantation worker in Negros.

*[In the 1980s, he joined the NPA] because of his keen awareness of inhustisya (injustice), in particular worker poverty and rights violations; his disappointment in the leftwing clergy, who failed to show how to change the oppressive social system; and the persistent recruitment efforts of a CPP-NPA organizer from*

*another hacienda. His primary goal, he explained, was to improve the lot of hacienda workers by fighting landlord oppression and military repression. The CPP-NPA offered the means to do so.*<sup>8</sup>

His motivations are similar to those of some NPA members in Nueva Ecija in 1987 to 1990. Their goals, too, had to do with better living conditions. In elaborating what this would mean, one NPA member talked about raising wages and redistributing land so that workers and peasants could have “a decent standard of living, so their children can go to school, so they don’t get sick from malnourishment.” The goal, he said, is for workers and peasants to be more or less equal “to those for whom they work, to whom they sell rice, and to other people they deal with.”<sup>9</sup>

Many NPA members had similar objectives, which might better be termed “reformist” rather than “revolutionary.” What often pushed them to join the underground movement was repression. One of the guerrilla army’s foremost leaders commented after he had left the movement that military abuses, killings, and other forms of violent repression were “principal recruiter(s) for the NPA” [“Panayam kay Dante” 1987:22].

Lots of Filipinos are poor, oppressed, and critical of the political and economic system in which they must struggle to survive. Many get involved in individual and collective efforts aimed at changing the conditions engulfing them. What frequently drives people to resort to armed rebellion, argues one analytical investigation into this matter, is the state’s own violence against them. The “repressive machinery of the state” commonly defends agricultural businesses, political monopolies, and large landowners against ordinary people’s efforts to rectify injustices and demand reforms. In the face of violent repression people “reach a point at which they say, there is no hope for change through peaceful organized participation in the political system” and

they turn to “...organizations ready to work illegally for similar goals, but explicitly through the use of violence—armed revolution” [Hawes 1990:291-292, 294].

Fine-grained studies of how oppressed Filipinos come to support and join the NPA show that the process is complicated.<sup>10</sup> Rarely do repression, misery, and exploitation take people directly to supporting or joining armed rebellion. Those conditions predispose people to take action toward redressing injustices, but other factors affect whether or not people begin to organize or rebel.<sup>11</sup>

Often, one intervening factor is learning from others already involved in collective struggles change. The learning includes developing an analytical framework that helps people to combine the immediate or local causes of their poverty and repression with root, systemic causes in the political-economic system. People also learn a language by which to articulate their grievances, objectives, and demands. In numerous parts of the Philippines, the framework and vocabulary most influential for workers and peasants has come from NPA recruiters and organizers.

But labor unions, nongovernment organizations (NGOs), and various progressive Christian groups have also been significant teachers and mobilizers. Indeed, in many parts of the Visayas and Mindanao, NPA activists have built on frameworks and vocabulary that people already know from their labor union involvement, Basic Christian Community experiences, and liberation theology exposures.

For some NPAs, usually those holding leadership positions in the organization, a communist ideology is part of their framework and vocabulary. But for most ordinary members and supporters, that is not the case. Their framework in most NPA areas is the systemic oppression of the many by a few in Philippine society, and they speak in terms of liberation from exploitation; equality, no poor and no rich; and their rights to political influence, land, and decent living conditions.



In the Cordillera region, the framework and language for NPA members and supporters had some of these components, but it also had others that, besides **not** being a communist ideology, ran contrary to the nationalism that the CPP-NPA leadership championed. For many in Abra, Kalinga, and the Mountain Province who joined the NPA to fight against government-initiated “development” projects that infringed on highlanders’ land, property, and community-use rights, the guerrilla movement evolved into a struggle for Cordillera identity and regional autonomy.<sup>12</sup>

In recent years, people’s motivation for joining or supporting the NPA may not only have little or nothing to do with communism but little to do with justice. Some analysts suggest that the guerrilla organization has become a kind of business enterprise that sells protection in exchange for money and other compensation. Its “customers” include corporations, gambling and drug syndicates, government agencies, and large landowners [Magno 2007:314, 321-327]. According to this analysis, NPA members are akin to employees who receive monthly wages; local NPA leaders are akin to branch managers; and high NPA officials are the enterprise’s central managers and board members. Further research is needed to determine the extent to which this characterization is accurate for the entire NPA or only some units within it.<sup>13</sup>

## The “Moro insurgency”

At first glance, the terminology “Moro insurgency” might appear defensible in that the people involved are presumably Moros. But even here the evidence in the *PHDR 2005* justifies questioning this characterization.

An outstanding feature of the *Report* is the data summarizing the deprivation and injustice that Muslim Filipinos have suffered during the last 30 years or so. Provinces with the highest proportion of Muslims are among the most deprived in the

country, having some of the highest levels of poverty and infant mortality and some of the lowest rates of life expectancy and educational attainment. Muslim Filipinos are also victims of discrimination and persecution.

The basic causes of their insurgency, the *Report* concludes, are economic marginalization and destitution, political domination and “inferiorization,” physical insecurity, a threatened Islamic identity, a perception of the government being responsible for these conditions, and a perception of hopelessness. These, the *Report* says, are “the roots of the Moro problem” (p. 25).<sup>14</sup> Other studies of the insurgency have also stressed some or all of these factors.<sup>15</sup> And the dismal situation has not improved, judging from more recent statistical data in the latest *PHDR 2008/2009*. Provinces in Mindanao and the Sulu archipelago with large proportions of Muslims remain among the poorest and among those with the lowest per capita incomes and lowest HDIs.

So, a major reason to question whether the insurgency is ideologically based is that it grows from socioeconomic adversities in Muslim areas of the Philippines.

The *PHDR 2005* has little evidence that Muslims are driven or motivated by a Moro ideology or even a sense of Moro identity. Indeed, another hallmark of the *Report* is its attention to the various ethnolinguistic groups within the country’s Muslim population: Maranao and Maguindanao, each with about 25 percent of the Muslims in the Philippines; Tausog, with about 20 percent; Yakan, between 4 and 9 percent; Iranon, 4 percent; and several smaller groups composing 15 percent to 17 percent. The extent to which people in these various groups see themselves as “Moro” is debatable. Analysts argue that Moro identity is, at best, a recent phenomenon—within the last three or four decades at most—and probably not widely shared among Muslims in these several ethnolinguistic groups.<sup>16</sup>

Even among those who join or support armed



insurgencies the importance of Moro nationalism is unclear. Indicative is each of the several armed rebel organizations among Muslims in the Philippines since the early 1970s has been concentrated in a different ethnolinguistic group. The MNLF, one of the two largest, is primarily composed of Tausog people; the MILF, the other large armed organization, has mostly Maguindano people. As one analyst writes, “power rivalry among the Maguindanao, Maranao, and Tausug [Tausog] ethnic groups” is a prominent dynamic among the armed insurgent Muslims in the Philippines.<sup>17</sup>

Moreover, each ethnolinguistic group of insurgents is often split along clan, familial, generational, and other cleavages as well as rivalries among leaders, further undercutting the idea that the armed rebels are united by and fighting for a Moro nationalist ideology.<sup>18</sup> Although the Abu Sayyaf, another armed Muslim group, is also primarily Tausog in composition, it is not united with the MNLF are; indeed, they are often antagonistic to each other.

Numerous leaders of the MNLF, MILF, Abu Sayyaf, and less well-known insurgent organizations have espoused Moro nationalism and claimed that their organizations are continuing a long struggle against foreign rule of Muslims in the Philippine archipelago. Leaders have also said they and the organizations’ fighters seek autonomy from, or even full independence from, the Philippines, so that the Moros can rule themselves. Some insurgent leaders have also said they fight not only to have an autonomous or independent government but also one that will rule through Islamic law, although that objective has been inconsistent.<sup>19</sup>

Apparently these leaders’ stances are the primary reasons many analysts claim that the insurgencies are based on a Moro nationalist ideology. But this ignores or sidelines the point just made about ethnolinguistic differences among Muslims in the Philippines and the cleavages and

rivalries among—and within—the various armed organizations. Moreover, such characterizations privilege leaders rather than seriously examining the views of other participants and their reasons for joining or supporting armed insurgencies.

For some people, Moro nationalism or commitment to Islam is a fundamental reason for endorsing armed Muslim groups. But for most, there is considerable evidence to corroborate the *PHDR 2005*’s finding that deprivation and injustice are the bases for their involvement.

“Some Muslims join armed groups, like the MILF, in the name of *jihad*. It inspires them to sacrifice their lives for the cause of religion. Moreover, it gives them an identity, a status, social support and a purpose in life.” But, continue the authors of this observation, “underneath this Islamic veneer...is the stark reality that fuels the Muslim rebellion in Mindanao: economic and social exclusion....Ordinary people—unemployed, with little or no social status, meager education, and finances—join the MILF driven by need. They turn to violence for a solution to their economic and social problems.” Hence, the “ideological gap between the leaders and the rank and file is wide and palpable.” According to the study, “The rank and file [in the MILF] don’t talk of preserving Islam but of military abuses and of their need for land and livelihood. In fact, a number left the rebel group when jobs and land came their way” [Vitug and Gloria 2000:112, 116].

Abu Sayyaf leaders attracted members in 2001 not by appealing to Moro or any other identity nor by invoking Islam, according to a recent article. Rather, they offered each recruit “a high-powered rifle and a monthly salary of P50,000.” Later, when the leaders could no longer pay them, the “bulk of fighters and supporters returned home to resume their ordinary maritime and agricultural pursuits....” The Abu Sayyaf, concludes the article, is not one organization but a number of “armed gangs” that are “actually independent” of the main group carrying the name

and “do not share the political Islamist ideology of its core leaders.” Even within the main Abu Sayyaf group, fighters may not subscribe to this ideology. Rather, their “interests, motives, and commitments” may well vary from person to person. To the extent the group has an ideology, it is essentially a commitment to kinship ties and interpersonal relationships between leader and follower [Ugarte 2008: 135-136, 139].

An in-depth study in Cotabato found that “ordinary fighters and followers of the separatist rebellion held views and produced symbols of the armed struggle that differed markedly from those promoted by movement leaders.” One major difference was “how rarely any of the insurgents, in expressing their motivations for taking up arms or fighting on against great odds, made spontaneous mention of either the Moro nation (Bangsamoro) or Islamic renewal...” Despite years of hearing “appeals to Bangsamoro nationhood” from armed organizations’ leaders and pronouncements, the insurgents and their non-combatant relatives and neighbors refer to themselves as Muslims or “by the name of their particular ethnolinguistic group, rather than identify themselves as ‘Moros’” [McKenna 1998: 171, 186, 191, 286].

Current and former insurgents talk of defending their cultural traditions and local communities, their property and livelihood, and their lives, not of defending or promoting a Moro nation, the study notes. Indeed, “a powerful impetus for joining or supporting the separatist insurgents” has been “terror at the hands of the Philippine military.” For many Muslims, the insurgent armies have been major ways of trying to protect themselves and their communities and to avenge the deaths, mayhem and destruction that government troops cause [McKenna 1998: 191, 195-196, 286].

Another marked difference concerns the meaning and practice of Islam. MILF leaders, *ulama*, and *ustadz*es (Islamic teachers) advocate an “Islamic

renewal program” of “doctrinal purification and the rejection of Western cultural influence.” Some of the renewal program has gone down well with ordinary Muslims fighters, especially the Islamic teachings about “political equality and economic justice.” But many other aspects “provoked considerable resistance from community residents.” They particularly oppose renewal leaders’ efforts to squash popular beliefs in spiritual figures and saints and in long-practiced rituals during funerals and weddings [McKenna 1998: 232-233, 267].

To many Muslim fighters and their supporters, advocates of Islamic renewal “seek to formalize and Arabize” the Islam that people actually practice and which “needs no reforming other than to remind local Muslims of its essential message of brotherhood and uncomplicated spirituality. The new *ulama* lack the moral authority to lead Philippine Muslims because they are concerned only with surface manifestations of Islam and lack the wisdom to recognize its essence when they see it.” Ordinary Muslims “seek to revive not the universal idealized Islamic but the local idealized past when saints dwelt in the homeland and Islamic brotherhood was expressed in everyday life.” They are “yearning for a particular idealized past that is not a place of puritanism and intolerance but one of fellowship and reciprocity...” [McKenna 2002: 550, 552-553].

## Accurate labeling

Calling the insurgencies what they are actually about rather than continuing to use conventional terminology would augment the *PHDR 2005*’s recommendations. The *Report* calls for a consistent and common “framework for peace” that can support a “national constituency for peace.” It stresses the need to involve the general public so that a large proportion of the Filipino people can “own the process” of ending the fighting (pp. 35-36). More accurate terminology would help to accomplish

these sensible recommendations.

The insurgencies are much more about injustice, deprivation, exploitation, and repression than they are about communism and Moro nationalism. They seek justice far more than they seek communist or Moro states. Hence, calling them insurgencies for justice rather than insurgencies for communism or Moroland would be more accurate and help to broaden public interest in unrest and its causes. Talking about the insurgencies as communist and Moro facilitates the very thing that the *Report* counsels against—letting the unrest be relegated to the margins of society, sold by politicians as terrorism, etc.—rather than seeing the conflicts as “a pressing question of human development and human security that touches all Filipinos” (p. 35).

Talking about justice as the basis of these insurgencies would also help the *Report’s* recommendation that the “mainstream of political life” be broadened to include “the radical Left” (p. 43). The “radical Left” refers largely to organizations advocating a more equitable distribution of wealth and power in the Philippines, decent living conditions for workers and peasants, and protection for all citizens against state violence. Such organizations have indeed encountered enormous obstacles and hardships when trying to participate in elections, policy debates, and so forth.

One reason for such difficulties is that journalists, academics, and others have too readily labeled them “radical Left” and “communist,” thereby reinforcing rather than correcting the terminology that powerful perpetrators of injustice use. Such labeling helps to condition the general public to marginalize the organizations and show little concern about their exclusion from the country’s main political processes and institutions.

More accurate labeling of the insurgencies would also boost the *Report’s* emphasis on human development for its own sake and to counter rebellion. Calling the insurgencies “communist”

and “Moro” encourages military responses from the government. Summary terms that highlight what the rebellions are largely about will encourage responses from governmental and international agencies that emphasize education, sanitation, land distribution, roads, health delivery, employment, and other measures that will reduce deprivation and injustice.

# Notes

- 1** A notable example, published three years after the *PHDR 2005*, is Rutten [2008b]. The book includes studies of the Moro National Liberation Front-Bangsamoro Army (MNLF-BMA) in Muslim areas as well as the New People's Army (NPA) and the Cordillera People's Liberation Army (CPLA) in predominantly Christian lowland and upland parts of the country.
- 2** I have yet to find estimates of current CPP membership.
- 3** Cibulka [2007:266], Abinales [2006:189], and De Castro [1995:103].
- 4** Jones [1989:6, 129] and Caouette [2004:374].
- 5** The Davao figures are from Jones [1989:135], while the number for the CPP's total membership comes from Rocamora [1994:9].
- 6** Many studies examine the party's divisions. See especially Rocamora [1994], Weekley [2001:179-264], and Quimpo [2008:58-89].
- 7** Abinales [2008: 146, 165, 171]. For an up-close and personal account from a former party member in Luzon, see Garcia [2001].
- 8** Rutten [2009:432]. The plantation worker eventually joined the CPP. He left both the CPP and the NPA in the late 1980s. He continued, however, to press for better living conditions for agricultural workers, even while briefly on the payroll of Philippine military. In his various forms of activism—union organizer, community organizer, Basic Christian Community advocate, and local leader in the revolutionary movement—he “perceived himself persistently as a social reformer” Rutten [2009: 435].
- 9** Lengthy conversation, 31 July 1987, rural Nueva Ecija. This man, in his mid-20s, was not a CPP member. He came from a long line of impoverished peasant families. He had joined the NPA in the early 1980s. In June 1989, he was killed, along with some other NPA guerrillas, in a gun battle with the Philippine military.
- 10** This and the next three paragraphs draw primarily on the scholarship of Rutten [1996, 2000, 2003, 2008 a] and Collier [1997:chs 5-7].
- 11** For a sophisticated analysis of the interaction between state repression and underground resistance, see Boudreau [2008].
- 12** For an engaging analysis of this matter, see Finin [2008].
- 13** Franco [2006:143] and Borrás and Franco [2006:286-88] cite areas in which the NPA protects large landowners against peasant groups pressing for land reform. The landowners pay the NPA a “revolutionary tax.” Collecting money may well be a motive in itself; another, the authors suggest, is that by siding with landlords the NPA is trying to scuttle the Philippine government's agrarian reform program. Another researcher finds NPA members in Ifugao province changed from helping and protecting villagers in the 1970s-1980s to stealing from and burdening them in the 1990s [Kwiatkowski 2008:240-62].
- 14** This is unfortunate phraseology given that the *Report's* own remarkable data show that the problem is not “Moro.” The problem is what other people, organizations, and governments do to Muslims in the Philippines. Some analysts, including some who follow Islam, add that also part of the problem are the political and economic elites within Muslim parts of the Philippines who have long exploited their own people. For an overview of this aspect, see Diaz [2003:7-12], which draws heavily on publications by Muslim writers in the Philippines. Also see Abinales [2007:280-84].
- 15** For example, Buendia [2006:166-74], Gutierrez and Borrás [2004], Muslim [1994:117-30], Nuñez-Tolibas [1997:49ff, 83], and Rasul [2003].
- 16** McKenna [1998:80-85], Abinales [2007:278-80], and Collier [2005:155-59].
- 17** Diaz [2003: 24-25, 67]. Also see Gonzales [2000:117-18], Ahmad [2000:35-36], and Gutierrez [2000 a:324-25].
- 18** Ahmad [2000:32], Collier and Cook [2006:13-14, 20], Diaz [2003:25, 68], and Ugarte [2008: 131-36].
- 19** Vitug and Gloria [2000:114-15] and Gutierrez [2000b:152-59]. To some MNLF leaders, “Moro” can include Christians and other non-Muslims who “renounce their Filipino citizenship and wholeheartedly accept Bangsamoro citizenship” [Gutierrez 2000 a:322].

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# **Human Development in the Philippines: 15 Years of Research and Advocacy**

**Roundtable Discussion  
October 6, 2009  
Philippine Social Science Center**



## Participants

- Tomas P. Africa, *Former Administrator, National Statistics Office (NSO)*
- Michael Alba, *Associate Professor and Former Dean, De la Salle University College of Business and Economics*
- Arsenio Balisacan, *President, Asia-Pacific Policy Center; Former Director, Southeast Asian Ministers of Education Organization-Southeast Asian Regional Center for Graduate Study and Research in Agriculture (SEAMEO-SEARCA)*
- Maria Cynthia Rose Banzon Bautista, *Acting President, Human Development Network (HDN); Professor, University of the Philippines College of Social Sciences and Philosophy (UP CSSP)*
- Gelia T. Castillo, *National Scientist; Consultant, International Rice Research Institute*
- Solita Collás-Monsod, *Founding President, HDN; Professor, University of the Philippines School of Economics (UPSE)*
- Mercedes Concepcion, *Professor Emeritus, UP CSSP; Academician, National Academy of Science and Technology*
- Karina Constantino-David, *Former Chairperson, Civil Service Commission*
- Emmanuel De Dios, *Dean, UPSE*
- Geoffrey Ducanes, *Consultant, International Labor Organization*
- Erlinda Pefianco, *Director, SEAMEO Innotech*
- Jeanne Frances I. Illo, *Gender Equality Adviser, Canadian International Development Agency*
- Napoleon Imperial, *Chief Economic Development Specialist, National Economic Development Authority*
- Yasmin Busran-Lao, *Executive Director, Al-Mujadilah Development Foundation*
- Virginia Miralao, *Director, Philippine Social Science Center*
- Toby Melissa C. Monsod, *Coordinator, HDN; Assistant Professor, UPSE*
- Hon. Fidel V. Ramos, *Former President of the Philippines; Honorary Chair, HDN; Chair, Ramos Peace and Development Foundation*
- Edita A. Tan, *Professor Emeritus, UPSE*
- Patricia Montemayor Tan, *Manager, New Zealand Agency for International Development*
- Corazon Urquico, *Team Leader, Poverty Reduction and Support for MDGs, United Nations Development Programme*
- Benedicta Yabut, *Representing NSO Administrator Carmelita Erieta*

**Monsod, T.:** To formally welcome you to this event, let me introduce our acting president. Maria Cynthia Rose Banzon Bautista is a professor of Sociology and former dean of the College of Social Science and Philosophy of the University of the Philippines. She was also co-chair of the Technical Panel for the Humanities, Social Sciences, and Communications of the Commission on Higher Education. She has been awarded several times—Outstanding Young Scientist, Ten Outstanding Women and Achievement Award from the National Research Council of the Philippines.

**Bautista:** The motivation for this roundtable discussion is a book project that the Human Development Network embarked on in order to mark 15 years of knowledge building and advocacy for human development. The HDN was founded in 1992, and it released its first edition of the *Philippine Human Development Report (PHDR)* two years later, in 1994. This was followed by a volume every two or three years, depending on the release of updated national statistics—in 1997, 2000, 2002, and 2005. Our sixth and latest *Report* was launched early this year.

With this publication, the HDN intends to consolidate and take stock of what has been done so far. I hope that this report would be useful to different groups of people in the development community, to researchers, as well as to our advocates.

Basically, the book will contain reprints of the theme chapter of each of the volumes, plus a “postscript” from a third party expert. The “postscript,” which will be added to each of the theme chapters, is intended to be a short evidence-based reflection that will update the progress as regard each theme, reflect on the continued relevance of the analysis and recommendations, and propose where and how to move forward on research policies or advocacy.

The HDN is honored to have four third party experts who have agreed to do these “postscripts” based on their own reflections and aided by today’s roundtable discussion. We have:

■ Jeanne Frances I. Illo of the Canadian International Development Agency, who will comment on the 1997 volume on the “The Changing Status of Women”;

■ Michael Alba of De La Salle University, who will comment on the 2000 volume on Basic Education;

■ Emmanuel F. Esguerra of the U.P. School of Economics, who will comment on the 2002 volume on Employment;

■ Ben Tria Kerkvliet of the Australian National University, who will comment on the 2005 volume on Peace, Human Security and Human Development.

Dr. Esguerra’s and Dr. Kerkvliet’s preliminary comments will be presented by Noel de Dios and Toby Monsod.

Our task this afternoon is to hear their initial comments and discuss them. Some parts of our session will be included in the publication.

Our moderator is (Solita) Winnie Collás-Monsod, our founding president. She is a professor at the U.P. School of Economics, who convened the Philippine Human Development Network in 1992 and was its chairman for its first 11 years. It was under her leadership that the first four editions were published. The idea of a *Philippine Report* was motivated by one of her numerous international involvements, that is, as a member of the United Nations Committee on Development Policy. For a number of years, she served in the Advisory Panel of the *Global Human Development Report*. She was given the Most Outstanding Alumna Award for 2005 by the U.P. Alumni Association.

**Collás-Monsod:** We are going to start with the commentaries: Jeanne (Illo) and then Noel (De Dios) for Ben Kerkvliet. Then by that time Michael Alba will be here. After that, Toby (Monsod) will pitch in for Manny Esguerra.

Jeanne is the gender equality advisor of the Canadian International Development Agency. Jeanne is also the past president of the Women’s Studies

Association of the Philippines. She is also the secretary-general of the Gender Studies Association of Southeast Asia. Jeanne has written primarily on gender issues in economic development.

**Ilo: [REPORT]**

**Collás-Monsod:** We are going to listen to Benedict Kerkvliet's paper, which is going to be summarized for us by Noel De Dios.

Benedict Kerkvliet is a faculty member of the Australian National University (ANU). He taught Political Science and Southeast Asian Studies at the University of Hawaii in Honolulu for nearly 20 years before joining the ANU in 1992 where he was a professor and head of the Department of Political and Social Change. Dr. Kerkvliet works across the areas of comparative politics, Southeast Asian and Asian studies. Since he cannot be with us, we have an excellent substitute in Noel De Dios.

**De Dios:** Ben Kerkvliet has written a review of the book for the *Asia-Pacific Economic Literature*, which helped to stimulate interest in the report. Many of his comments here take off from that earlier review of his. So, I will just divide this into four things: the positive points he mentioned about the *Report*; his main issue against the *Report*; some suggestions; and, finally, my own comments.

**[REPORT]**

Ben Kerkvliet's report is self-explanatory and contains many illustrations. My own comment is that—I do not fault Ben for this—one would have wanted a more nuanced assessment of the progress of the peace talks up to now, especially since in light of the fact—which he mentions—that there has been a failure, of the peace talks between the government and the MILF (Moro Islamic Liberation Front) owing to the issue of ancestral domain. This, upon reflection, is probably a weightier issue for the *Report*. To what extent has the *Report* underestimated the acceptability of a peace agenda? What are the kinds of sacrifices that are required—both on the part of the MILF and on the part of the mainstream non-Moro population—in order to get a

lasting and just settlement in Mindanao? What are the complex political realities that prevented that from happening?

As an example: Was it important that the Arroyo presidency at this time was weakened and suffered from a low credibility, so that the issue of ancestral domain, which is a valid issue, was not pushed, but rather, the negotiations scuttled, owing to real political resistance as well as legal impediments to it? What are the counterfactuals that would have allowed that process to take place and succeed? Has the *Report* really underestimated the problem? Are the recommendations of the *Report* valid and realistic? Were they just rendered inapplicable by the current political realities? Or are they flawed and unrealistic from the start? That would have been an important assessment.

The *Report* did make a distinction between the NPA (New People's Army) insurgency and the MILF. I think we said that the MILF insurgency was more prone to a socioeconomic solution, even all the way up to an accommodation and apparent with the leadership of the MILF. With respect to the CPP (Communist Party of the Philippines) and NPA, on the other hand, while the rank and file may be satisfied by a state which fell short of the full accomplishment of the revolutionary promises, the leadership seemed less open to that kind of a resolution. I think there was also that nuance that Ben may have missed. But for me, the really burning question is really the MILF issue, and one wishes that might have been dealt with more thoroughly.

**Collás-Monsod:** Is Mike (Alba) here already? Not yet? Toby, can you fill in on Manny Esguerra's comments?

(Dr. Esguerra is associate professor at the U.P. School of Economics and director of the Economics Research Center of the UPSE. His specializations include labor economics, public economics, and development economics.)

**Monsod, T.: [REPORT]**

**Collás-Monsod:** We will open the floor for

discussion of the first three topics that we talked about, which are gender, the conflicts and human security, and employment. Would anybody like to start the ball rolling?

Let me start then. With respect to gender, to Jeanne Illo's presentation, I could not agree more. I am so happy that she brought in the fact that the Philippines has not had a proper time use survey on a national basis. It was supposed to have happened in 1997, and it did not happen. It finally happened in 2002 after scrounging around for some money. Instead of being nationwide, it was only in two provinces, Bulacan and somewhere in Metro Manila.

One of the biggest problems and the basis of why women have so many problems is because women are indeed invisible economically—invisible statistically. Their contribution to the economy has deliberately been ignored—by defining them out. As Jeanne pointed out, if you brought in the contributions of women to the national income accounts, you will find that the national income accounts are underestimated by anywhere in the Philippines from 27 to 40 percent. In other countries, that goes as high as 100 percent. The reason they are not given any importance is because they are invisible.

It is not as if it is hard to make them visible. In the 1930s, one of the Scandinavian countries—I do not know whether it was Denmark, Sweden, or Norway—had already included the contribution of women, their production of goods and services for household consumption, in the national accounts. But in 1949, the United Nations took over and came out with the system of national income accounts, which expressly excluded these goods and services produced in the home for domestic consumption. So Sweden just gave up its methodology. But it can be done.

I want to add to what Jeanne said about what the impact would be of making them more visible. I just do not want satellite accounts either. I think the Philippines should be blazing the trail in putting

forward the women in a national income account system. There is absolutely no reason for not doing it, except that we have, what do you call this when it is males who are controlling? [Crowd answered: "Androcentric!"]

In other words, all they think about is the men. The women are totally excluded. I do not see why they are able to estimate contributions of NGOs and other institutions with respect to nonmarketed services or charitable services yet they cannot do it for households. There is absolutely no reason for that. When we talk about employment as being economically active, are we saying that the women in households are not economically active? Are they not developing or at least maintaining human capital?

Perhaps the problem is semantics. Sergi Floro (Dr. Maria Sagrario Floro) talks about caring work. That does not ring a bell or resonate. But what that means is women working in the home, nurturing or developing human capital, nurturing the present and the future labor force, and therefore, of course they are employed!

We have to push the envelope a little instead of thinking about this within the same androcentric framework. This is what Jeanne is talking about.

With respect to Kerkvliet's, I think the reason for that seeming inconsistency between this supposedly ideological vision and the justice insurrection is there is a principal-agent problem. On the one hand, it is possible that as far as the mass base of both the Moro and communist movements is concerned, being a part of the movement is a rational decision that is based on a secure income coming in. As I have heard, the Moro foot soldiers may be receiving up to P50,000 a month or so.

But their leaders have the ideological bend. So, their objectives are essentially different. I assume that the mass base is the principal and the leaders are their agents with totally different objectives.

**Ramos:** Laws were enacted during the 15-year period pertaining to engendering women, as well as to issues in which women played a major part. The

Social Alleviation and Poverty Alleviation Act, RA (Republic Act) 8425, defined what is in the law for women. To me, that is a very important issue that must be played up because there are some countries that do not have this, including countries that are more developed and more developing compared to the Philippines.

In Republic Act 8425, the Social Reform and Poverty Alleviation Law of 1997, we describe a form of the “grameen system,” in which microfinance, micro-enterprise, micro-credit is extended to the heads of poor households, most of whom in the Philippines are women. We do suggest better than what the grameen system of Bangladesh does. By the way, they won a Nobel prize for that in 2006.

We suggest in our law that instead of just five poor housewives as the cooperative union, let us form a basis for accessing to micro-credit, which will lead to microfinance, which will lead to micro-enterprise—so we suggest 20. It is a big improvement, and it is being practiced all over the country now since 1997. To tell you frankly, Dr. Muhammad Yunus, as well as their minister for social welfare and development in Bangladesh, asked me for a copy of our law just two years ago. I gave it to them.

The Indigenous People Rights Act (IPRA) is another one, and then there is the Agriculture and Fisheries Modernization Law (AFMA)—all in 1997—which provided greater access for women.

Another aspect to note would be our participation in international conferences wherein it was the women of the Philippines that really took charge. An example is the International Conference on Population and Development (ICPD) in September 1994. The head of Philippine delegation was not Dr. (Juan) Johnny Flavio of Health, but Dr. (Cielito) Ciel Habito of NEDA (National Economic Development Authority). And he is 50 percent man and 50 percent woman. What I am trying to say is, he was really looking at the posture of the women in terms of family and reproductive health. Our position in

that international conference was adopted by both Christian and Muslim delegations in the whole because it was very balanced.

The other is the March 1995 Summit on Social Development in Copenhagen. At that time, the Philippines was the chair of the Group of 77—the developing countries. Again, it was the women that were played up there, and our principal delegation members were women.

But perhaps the biggest of them all was the September 1995 Summit on Women in Beijing. The main committee was headed by a Filipino woman (Dr. Patricia Licuanan), and a lot of the NGOs were led by Filipino women. In the end, the ministerial plenary took place in Beijing, while the NGO plenary took place about 50 kilometers away because of possible protests. Again, it was the Filipino women that led it.

*Dun sa Beijing e sikat talaga ang mga Pinoy women* (In Beijing, Filipino women were really famous). From all of that, various things came out like the law on Women in Development (WID) that enabled our agencies to create, for instance, Women’s Desks in the police stations. It was the mandate of the law.

**Collás-Monsod:** Our next commentator is Dr. Michael Alba. Dr. Michael Alba is a senior research fellow and a full-time associate professor at the College of Business and Economics of De La Salle University-Manila with specializations in micro econometrics, econometrics, economics, human resources, and microeconomics. His publications deal with issues concerning wage structures, wage differentials, and health. He also served as president of the Philippine Economic Society.

#### **Alba: [REPORT]**

**Miralao:** Having contributed to the gender issue in 1997 PHDR, let me give my comments on Jeanne’s comments. I fully support her and also Winnie’s call for time use surveys as we have advocated for the longest time but which never happened.

There is an additional reason I would like to see time use survey finally instituted. It is not only to highlight or surface the invisibility of women in house works, but precisely to show the changing gender roles. Are men taking on more housework? Are they doing more child care than they used to do a generation ago, for example?

All those issues are also worth looking into now. We always say that times have changed and the young are quite different from us now, but we need to look into all of these. Certainly, the time use surveys are really very good at telling you who does what in the household and how gender roles and the division of labor happen within families and households.

We need to reflect on what has been the role of the women's movements over time. By looking at these, maybe we can take into account what our most honorary chair has mentioned about the role of Filipino women in the various world summits—in Copenhagen, in Cairo, in Beijing. How much really has been accomplished by women's advocate and by women's movement in terms of getting laws and legislations, and other measures for women passed in the Philippines?

When I say women's movement, I do not think it is a monolithic thing. There are many strands of feminism, and there are certainly many schools of the women's movement. But that is where also you can take a look at: how the feminist ideology might have evolved over time because, certainly, the realities of women have changed and society has also changed. So the movement also has to recast themselves; I mean, come up with (something) new. They cannot just be saying the same old rhetoric that they were saying before. If they have to be more responsive to the changed conditions of today, then we need to see also where the Philippine women's groups and advocates are going.

The third suggestion that I would have is, I think we have made much progress in terms of looking at the basic indicators on health, education,

employment, how much the Philippines had come in terms of gender equality, and so on. There really persists a double standard—a double standard of morality, a double standard of conduct for men and women. We can only have a better grasp of this by doing an attitudinal survey or doing some study on attitudes at this point in time. We know what anthropologists and sociologists and so on and earlier studies have said on gender roles, but we have no new data on these things at present. That would be a very good update in terms of bringing the issue in the Philippines now.

Finally, the reason I could not do a comparison of female-headed households and male-headed households while controlling for the life cycle is that it just so happened in the FIES—and I did not expect it—that women live longer. In the latter life cycle there were really more female-headed households. That is why they have more resources because they have lived longer, although it would have been good if at earlier stages of the family life cycle, we could have gotten the sufficient numbers of female-headed households and male-headed households and make the comparison.

**Pefianco:** Let me just add to what Mike presented.

One, it is important perhaps to add in the report that when you talk about schooling, you are not really talking about all of education. Meaning, when we talk about education for all, it is not really what is happening in the schools. There was a big project in DepEd then, which was really about nonformal education, and it helped those who dropped out by bringing schools to where they are, under the alternative delivery mode. That is something I think DepEd is looking at now, but perhaps they should adopt it given that the number of out of school youth and illiterate adults right now is almost equal to the number of children in school—20 million.

The other point is, Mike clearly said there is a lot of failure when you look at children coming in at Grade 1 at six years old. You lose them. But you

know, current studies as well as practices point to the fact that we need to go down the ladder. The research is telling us that 50 percent of the brain has developed by the age of five, another 30 percent by the age of eight. The remaining 20 percent will develop over the rest of your life.

In the Philippines especially, children never have that stimulation that allows them to get ready for school. In fact, DepEd now tells us recent data: Of the children who enter Grade 1 now, only 48 percent of them are ready for Grade 1. They are starting handicapped. So what do we do? We use the first four weeks of Grade 1 to make up for what they did not learn in their first six years. So you are using four weeks of every year to catch up, but you never catch up.

Perhaps, what we should do is really go down and prepare them, develop that brain, so that they are more developed and ready for school at six years old. Then they will not drop out, and will be able to survive. Thailand has just increased the number of years of schooling from 12 to 15 years. They added three lower years. We only have 10 years of basic education. During our time long ago, there were already suggestions to add two more years to basic education. At that time, we were concerned about learning time. That is sacred.

How many hours do we give a child in school? Once upon a time, we had 190 days; then it became 200; then by the time we left DECS (Department of Education, Culture, and Sports) then, it was 220 days times six hours learning time. Therefore, 1,320 hours learning time. Now, they have cut it to less than 200 days. And there are four shifts per day. When you cut learning time, you put everything at risk. That is again another point.

In most countries, as part of the Convention on the Rights of Children, the number of years of compulsory education was increased from six to nine because when children drop out of school after six years of education, they are only 12 years old and not strong enough to fend for themselves. If you

gave them nine years of compulsory education, that means they would be 15 years old, and therefore they will be strong enough to be able to have the skills they need to go wherever their work will bring them.

The last point is, decentralization really has to be implemented the way it is intended to be implemented. DepEd was not one of those that were devolved. And we are happy for that because we do not want to put education in the hands of the local government. But it has to be decentralized. We have to move authority, accountability, responsibility, and the resources, so that these schools can make decisions. Then they become accountable. When they become accountable, you can reward them for performance and everything else.

**Concepcion:** Given that 50 percent of the brain has developed by the time (children) enter school, we have to take into account that this developmental phase is affected by poverty and malnutrition. Even if you add more years before first grade—kindergarten, nursery, and so forth—if the children are really malnourished, they will not learn anything.

Listening to Gin Miralao suggesting several studies to Jeanne Illo, I would like to add: look at how the GAD (Gender and Development) budget is being utilized. Five percent of the budget is supposed to be for gender and development, but where does it go? Is it at all being tapped? Also, what has all of these sensitivity and awareness training led to?

If one reads the latest scandal involving (Deputy National Security Adviser Luis) Chavit Singson and his common-law wife, if you look at the comments particularly from the males, you will be scandalized. These are police officers, superintendents, even radio talk show hosts who say we would have done the same as Chavit Singson did. Where is the gender sensitivity there?

We have spent many pesos for such things; we have desks, gender desks. But gender desks in police stations have been useless. We are supposed to have focal persons for gender in each department



of government.

**Castillo:** Women are not equal so I would like to focus on three groups of women: domestic helpers; teachers because they are a very important socializing force in our society and majority of them are women; women of child-bearing age who are not afforded the information and choice about bearing children. In our society the inequality between rich and poor, higher-educated and less-educated women is very great. This is a fact which is overlooked.

Why are we not doing better in basic education when we know a great deal about how to do better?

Let us underscore the population issue.

**Busran-Lao:** We really have a problem with reliable data, and this has very important bearing on intervention: What are you intervening in if you do not know what is there? That makes the problem of money going to ARMM a paradox. You have so much money, and yet poverty is still there and you are still among the bottom 10 provinces in the country. So, why are you putting money into something that you do not know? This makes people think that it is really a program for corruption. If you do not have data, you do not know what is there, and if you put so much money, then where is that money going to?

The situation is at its worst since the final peace agreement of 1996. All of these development studies came out. ARMM is still at the bottom of the country, and yet you are talking of this money for ARMM, both ODA (overseas development assistance) and IRA (internal revenue allotment), and more. (But) what is really being done in ARMM? What is the real intervention? This has a very big implication on the peace situation because people there think that they are just being used and nobody really cares about the situation there.

If there is no gender-disaggregated data and you talk of victims of violence, rape, education, you really do not know what is happening to the women there. I remember the concluding comments of the United Nations Committee on the Elimination of Discrimination against Women (CEDAW) committee

to the Philippine government. Three paragraphs—I think paragraphs 28, 29, 30—urged the Philippine government to really look into the situation of Moro women and indigenous women because they know that there is no data. If you are economically invisible, if you are not in the data, you do not count, you do not exist, you are nobody.

I would really look into the money. I would urge international communities, international organizations to really look at the interventions being done in the ARMM. If you have a basic problem of data, then you have a problem of the intervention.

On education and ARMM conflict, although there is absence of data, when you talk to people from the ground, they can tell you that there are more girls than boys in the classrooms. When we asked a woman leader from Basilan and another from Sulu, they said boys are being hidden by their parents because the military will just come and beat them up. So why will you send your boys to school? You have a problem if you have very educated girls and undereducated boys. It is the same if you have educated boys and undereducated girls. Neither is right.

What about the displacement of hundreds of thousands of children in the evacuation centers? Since there are no catch areas or holding areas, they use schools as evacuation centers. The children who are in the host community now cannot go to school because the IDPs (internally displaced persons) are there. So, the children of both the displaced and the host communities are affected by the armed conflict.

On gender issues, particularly reproductive health and the Church influence on policies, we in the reproductive health advocacy group realized the impact of this when the Bush administration asked to withhold the distribution of pills and all that because they are abortifacients. You are talking now of a U.S. government believing that the pills are abortifacients, and it affected their distribution to the Third World countries. It also affected the Filipino women who could have benefited from that intervention.

On the Moro problem, Mr. Benedict said that



even the term “Moro” may be debatable in terms of identity for the collective Moro tribes. We all know that reactions to the social problem are not uniform or monolithic. Yes, there are also a great number of Tausog, Maguindanao, Maranao people, and other tribes who would not subscribe to an ideological base. Basically, they are not for violence; basically, they just want human development and human security in their area.

While it is true that the conflict started from injustice, marginalization, and government deficiencies, and that it gave birth to the so-called ideological base, the prolonged neglect has resulted in these ideologically based groups having roots in the community as well as a protracted war of almost 30 years. You cannot but have roots within the community when government intervention is always a failure. And it adds up to mistrust, loss of confidence in government and in governance for that matter. So, while you say it is socioeconomic in nature, then (what is) the explanation for “Why is this happening to us? Why are we being deceived? Why are they stealing what is given to us?” Then the notion that “Because you are Muslim” would take root in the consciousness of people.

I myself personally do not subscribe (to that thinking) because I have an issue with whether it is Moro nationalism or an Islamic state. I have an issue with the (lack of) inclusivity of different perspectives and identity and also because of the gender issue. I have always said I would not want to be part of any of that if my being a woman is not recognized and does not merit any representation. As we know, women have never been part of a peace panel of the ideologically based groups.

But, of course, it is a governance issue; it is a human development issue. Much of the problem could be dealt with when you have good governance in place, meaning, being transparent, accountable, inclusive, participatory, and respectful of the rule of law. But, as I have said, how do you deliver that when the conflict is there and it has taken root? There have

been several peace talks and peace agreements. The final Peace Agreement of 1996 is problematic until now. And why did the MILF emerge after the final peace agreement? They also have their own roots.

You cannot but deal with these ideologically based groups. You cannot but deal with the peace process and peace talks and the MOAs (memorandums of agreement). Good luck to the next administration. You cannot undermine and disregard the validity and the issue of the peace talks and the peace process.

**De Dios:** If you did it that way—reduced it to concrete demands saying there are only social or economic issues without the ideological summary of it—that would mean you were undermining the stance of the negotiating party. You would fail to recognize the legitimacy of the organization.

So, while I take Ben’s comments constructively, in practical terms, you would not be able to implement that kind of a position.

Indeed, the government actually proceeded this way to some degree. It said “never mind the organization,” just deal with the people directly. It appeared to reduce the matter of being just local peace initiatives, just deliver social services. That has actually not led to a good result, in practical terms, since by doing so, one sweeps aside the entire history and the legitimacy of the conflict.

**Busran-Lao:** The human security aspect of human development is very problematic because they dominate the human security aspect, whether they are MILF or ASG (Abu Sayyaf Group). They claim to be fighting a valid end-cause that has something to do with human security. We have seen it several times. Even American soldiers were not spared from the bombing.

Another point is that because of their international profile, you cannot tell the OIC (Organization of Islamic Conference) to forget about these ideologically based groups. Even if I want them to disappear, I have to face them in my own community, in my own advocacy, even on the gender

issue. I always face the Islam and gender thing. These groups are already more or less trying to condition the mind of people on the ground that there will be such a thing as an Islamic state. And women, if they do not position themselves and strengthen themselves within the discourse of Islam and gender, and really position themselves and deliberate from their own definition of Islam, will lose.

**Tan, E.:** Population is such a focal point here. Whether you talk about women, if you talk about welfare, women's worth, and so on, the population issue is there. For instance, whether women take care of the house is so important. To me, it is how many children does she have to take care of. When they get sick, when they are hungry, it is really the mother who is the caregiver. So population is critical. If you talk about education and our capacity to produce better education, again, population is a factor. It is a central determinant of welfare. We have to focus on the impact of population growth on all these things.

I would like to suggest to Mike that if you are going to talk about inequality of access to education, you have to talk about the inequality in quality because that is so great. This is where you might do more work. I have been so curious about the variation in the results in the NEAT and in TIMS. I think DOST (Department of Science and Technology) has data on this, so you can do great analysis. Because imagine that the high school students from Ateneo, La Salle, and so on could compete very well with the students in Singapore and Hungary, and Finland; they are top ranked students. If we talk about equality or distribution, we have to talk about quality. It is not just the dropout rate, but really what they have learned.

Following Ditas' (Concepcion) point, there is a lot of literature now on cognitive and noncognitive formation from childhood, but what kind of statistical analysis can we do to capture the growing inequality that you find? If you look at, say, achievement, then inequality might be larger (vis enrollment) because you have these poor kids who are hungry when they

go to school. Our housegirl, for instance, is extremely bright and very good, but when I asked why did you drop out in Grade 4: "*Eh kasi ho wala na akong makain eh, kaya hindi na ako pumasok* (Because I had nothing to eat so I did not go to school)."

A lot of girls and boys are not able to go to school because they are hungry. According to teachers in public schools, many of their students, their pupils do not get breakfast. How can you have grade school children without breakfast? How can they learn? Again, it is a population issue because if a family has only one child, and with the average income of the poor, I do not think they will be so hungry. I would like to see the next report integrating all these, including nutrition and especially the population issue.

**Balisacan:** I like Mike's presentation. The kernel density analysis is very disturbing. The curve is shifting, and it is happening in all expenditure levels. The deterioration is happening across the distribution, and that to me has a very important implication not only for this country, not only for human development now, but the capacity of the economy to generate growth and to compete with our neighbors 10 years, 15 years from now. While Thailand, as Linda (Pefianco) noticed, is investing heavily on education, we are finding ourselves (going) backward. It would be very interesting to put that, Mike, into context: what does that mean, from an economic viewpoint, for the way we will be able to generate competitiveness in the future.

A point I would like to raise is, Mike, part of the exercise here is to assess, to point out whether what we said in earlier *Reports* are still relevant today. I looked at the volume which you are commenting on. One of the key proposals was in this whole business of rationalizing the education budget, shifting priority from personal services to MOOE (Maintenance and Other Operating Expenses) and capital outlay. Is this recommendation still relevant today?

The second bullet there is expanding access

to basic education, public day care, pre-school, but there is something about adding a pre-university year. Linda's point is that pre-elementary years might have been an important issue, but there is another view. I heard Father (Bienvenido) Nebres in Congress saying we cannot really improve what we currently have, so what is the point of adding more years? Gelia (Castillo) pointed out that there is much difference between the rich and the poor. The number of years is one, but inequality in quality is even more important.

We need to value household contributions or women's work, particularly at the household level, but the cost of doing time allocation studies would be large. I really want it in that national income accounts, but think about the time allocation studies that will be required in order to do the statistical work for that. I think we will have to do periodic time allocation studies.

**Collás-Monsod:** For the Philippines, the NSCB has already published statistics that engender national income based on the two time use surveys. They have so far been able to estimate, annually up to 2007, what the national income accounts would look like if women's household contributions were measured.

But the assumptions they made were heroic. When they measured women's hours, I think they used janitorial services for unskilled labor or something like that. In spite of that, they came up with 27 percent more GDP if women services at home and nonmarketed services were counted.

**Yabut:** I will just recommend some data from NSO (National Statistics Office). We have data on decisionmaking of women in the 2003 NDHS (National Demographic and Healthy Survey) and 2008 NDHS, and the finding is the more likely they are using family planning methods, the more powerful or the more involved they are in decision making. The infant mortality rate among these mothers is also lower than those who have no part in the decisionmaking in the household.

We have the 2003 FLEMMS (Functional Literacy, Education, and Mass Media Survey) and 2008 FLEMMS which will be out first quarter next year. In the 2003 FLEMMS, we have the literacy status of individuals *vis-à-vis* their types of schools. We have also the 2007 APIS (Annual Poverty Indicators Survey) comparable to the 2004 APIS.

**David:** Obviously, all the previous PHDRs will have to be brought together in order to identify what is central and what is not. On the gender side, I agree with the comments, but I think a lot of emphasis also has to be placed on the issue of population.

One of the issues that we need to look at relates to the Church. The Church effectively has lost its influence. That is why it is concentrating its influence on politicians. It is the laws and policies that they basically try to influence because they have lost their influence in the decisionmaking at the individual and family level. All surveys will show you that at least 80 percent of the population already say they do not care what the Church says about family planning. They just want it. It is interesting to find out how an institution like the Church, which is not only in charge of the here-and-now but including the hereafter, can lose its influence so fast. If you consider the past 20, 30 years, the erosion has been so fast.

In addition to that, the lack of a population program leads to many other problems, like there is greater abortion these days. Do you know that abortion is already on the Internet? That you can actually go to particular sites of the Internet and they will tell you, depending on where you are, the number to contact in order to procure an abortion anywhere in the Philippines.

The methodology of abortion has not improved because it is still the unsafe method of abortion, but the marketing of these unsafe methods has been updated to the 21<sup>st</sup> century. It is now all Internet and immediate. When you want to avail of abortion, it is like meeting underground: They will post where to go; they will take you by taxi to the clinic itself.

The number of abortions is actually on the

rise, and that is the irony between modernity and the underdevelopment of our methodology, between improved marketing technology and yet the same old unsafe methods, the irony also of the Church which has lost its moral influence over its flock but which continues to convince politicians. If we understand all of that—on the one hand, how the Church has lost its influence and, on the other hand, how abortionists can become so modern in their technology—we probably would have some answers to some other parallel problems.

With regard to peace, distinguishing between the communist and Moro or Islamic insurgencies is very important. Unfortunately, because our politicians are limited by their term of office, they are so shortsighted. At the national level, we have gotten to the point of just doing the things on the short term and attacking the problem singly. I agree, you cannot will away ideologies, but at the same time, all the emphasis on the peace talks has always been an emphasis on talking only to those who have arms.

Peace is not something that is a question of just talking to the people with arms because even if the people who are now armed agree to lay down their arms, other people will take up arms because they know that our psychology has been, and I think this is consistent in the way we solve problems, we talk to those who violate the law and to those who create the problem. We do not talk to the people who may be supporting the ones who violate because they are aggrieved.

For instance, we have a problem with squatters. We do not talk to the people who religiously try to make both ends meet by paying exorbitant rentals. We only talk to those people who violate the law and squat, and so we do not solve the urban problem. We do the same thing with the insurgency. You cannot will the insurgents away, but if you talk only with those who have arms and make peace like the MOA-AD (memorandum of agreement on ancestral domain), it will not work either.

Whether you talk about gender or insurgency

or population, we must have an accounting of all the funds that had been put in and look at it in another way, in terms of how these funds could have been spent. In ARMM, when I was still in government and donor agencies were talking about projects to improve the bureaucracies and so on and so forth, I said to set these aside first because there are priorities on the ground that need to be addressed.

Finally, on the issue of education, we have lots of data, but we have not raised the issue of content of education, especially at the elementary school level. We can talk about classrooms, we can talk about teachers, we can talk about training teachers, but basically in terms of content, we now only have 10 years with fewer hours of schooling, which is expected to be reduced by 30 minutes to one hour more, according to (Education Secretary) Jesli Lapus, because of “Ondoy” and all the other typhoons. Yet if you look at what we teach, we are emphasizing only skills. That is why when they said let us reduce the first and second grades down to four hours a day, what did they cut? They put history, geography, and others into English, music and others into science, physical education into something else. We really need to analyze the content of education that we are dishing out to our kids.

I remember Maris (U.P. Professor Ma. Serena Diokno) had an article in the *Inquirer* recently talking about what has happened to History and how the identity of the Pinoy and the concept of nationhood cannot be easily understood. We are such poor citizens because we do not really understand where we came from. Why? Because this is not part of what is considered important.

Perhaps as a final point, one of the crazy things we can really consider is whether we should be pragmatic about it. Can we really educate all these kids today in the way we want to educate them? No! Will we therefore just democratize the moronization of our kids by making everybody morons except the rich? Or will we invest in at least a handful of kids among the poor per region, per province or whatever,

who really can be invested in, which means being elitist in a sense and not simply democratizing everything all of the time? *Kasi kahit naman sa public schools natin eh, pagka nagkaswerte ka dun sa mga top sections, magagaling* (Because even in our public schools, if you are lucky to get into the top sections, they are all good).

We have very good teachers, but we insist on spreading ourselves so thinly. Perhaps it is possible to be pragmatic as an immediate response. Until our population becomes more stable, until we are able to fix problems of governance and so on, there is at least something we can do on the ground in the meantime.

**Tan, E.:** As far as resources are concerned, I just found out from the discussion of Michael that special education funds are extremely large and nobody knows how they are spent. So, we do have some resources.

The other thing I want to see is some accounting of the MOOE. After books, how much is spent on travel, honoraria, and so on. There are things that we have to see, like the textbook. There are complaints about the quality of the textbooks, and it should be easy to see that. I mean, organize a small group to evaluate and improve the textbooks.

My question on the equality issue: Can we really compare the textbooks and the curriculum, say, in elementary and high school of the top schools like Ateneo with those of the public schools? Not all public schools have poor quality students. There are many private schools with even worst quality, so can we do something about that? I think we can easily replicate the textbooks they are using in these schools.

**Africa:** I would like to just go back to the data issue. I would like to add my voice to the clamor for a national time use survey. The Family Income and Expenditure Survey is an attempt to quantify the economic dimensions of how the family copes. The time use survey covers everyone in the family. You monitor what each member of the family is doing.

Say, how much time children spend on work, on studying, on other things.

For women, is it true that women are invisible in statistics? I said that we have tried to make them visible, but still I cannot understand the gender dimensions. They say that household headship culturally should belong to the men, but in actuality, it is the women's. But I cannot grasp on what basis this can be said. A time use survey will quantify who makes most of the important decisions.

I am also very much disturbed, especially after leaving NSO and working abroad, at how the family can cope with the absence of the mother or the absence of both the mother and the father. Again, you can include that in time use surveys.

While the Family Income and Expenditure Survey quantifies the economic dimensions, a time use survey can reveal the social demographics. It is a big challenge because it is like a diary method of how the family exists. How it uses the time allocated to it. It does not need a very big sample either. I wonder if there are really distinct regional differences. I do not know if cultural differences exist.

Listening to Ditas' point about the gender and development budget of government, well, you can insist on a national time use survey. The GAD is a big amount and how much would a national time use survey cost? I think the NSO can quantify or put this forward anytime.

Even on the concept of work, you are asking about the concept of employment. In fact, many of the housewives are outside the labor force and therefore you do not capture their contributions. It becomes inconsistent by definition. It also does not make sense to include women's work in the national income accounts because they are outside the labor force by definition. So, there is not enough objective data to argue the advocacy.

That is what I am saying: To argue the gender advocacy in development, there is not enough objective basis to do that. Of course, you see it with your own eyes, but where is the evidence? But

maybe no one has been pushing that strongly for it is really difficult to gather evidence.

But if you can push for a difficult Family Income and Expenditure Survey, you can also push for a difficult time use survey. Not only that it concerns the family, but it shows the status of the women and the children in terms of how they use the time daily. You assume that the man will be working or not working, but there are the fine details of the children and the women.

It need not be done regularly. You can do it every five years, every 10 years and see if there are generational shifts or work shifts or employments shifts, so you can understand the socio and cultural aspects, the gender aspects. Have the roles shifted? For instance, if we had done this in 1980 and again in 2010, then we could begin to understand what overseas work has done for this country.

I think a national time use survey can help tie the *PHDRs* together. You can argue about the definition of employment, the concept of work, and right in front of your eyes, there are the housewives who are excluded from the labor force. But I agree with Arsi that while it is a good idea to have your women GDP, it is quite heroic at this point without objective basis.

**Collás-Monsod:** It is a vicious circle that has happened here. The system of national accounts by the UN excludes the nonmarket services produced at home. But women produce most of the services at home. Therefore, they are considered economically not active. And therefore, the employment definition, which takes its bases from the national account system.

Well then, these people are not economically active. They are not in the labor force. Why should they not be in the labor force? The answer of the national account system is, well, if we do that, then we lose the concept of unemployment. But I say, in developing economies, unemployment is not as important as underemployment.

Therefore, if you change these concepts and set

them straight, then we are going to be able to focus on the right issues as far as development is concerned. The women are excluded because of the definition thing. That is all. They are excluded and not economically active simply by definition. Can you imagine such an injustice? It is also economically unjust.

**Ducanes:** This is a comment on the 2002 *PHDR*. The update or the postscript should touch on two topics or two developments in the labor market that we did not anticipate or underestimated when we did the report in 2002.

One is the BPO (business process outsourcing) industry, which has grown by leaps and bounds. How much is it employing? By how fast is it growing? How did it change the quality of employment for the youth and for the labor force in total? How sustainable is it?

Second is, of course, labor migration. From 2002 up to now, remittances have more than doubled as migration accelerated. Migration is about labor; it is also about gender. Most of the migrants are women. There is gender selection by occupation and thus by quality of employment. On education, there is the issue of brain drain and whether migrants represent a leakage in government expenditures and if so, what should be done about it.

**Ramos:** This is really for the overall. I realized that there are some book reports coming out, but since we have to go on as Philippine HDN, I would strongly suggest that this group, plus related groups, advocate for better and higher quality dialogue with the President and the future president because I hate to say it but this is what we used to do.

First of all, on women, we have the NCRFW (National Commission on the Role of Filipino Women), and we met once every two months for all of six years with the President presiding over a body of, let us say, 25 to 30 people at lunch—quality time together. Many of these issues that had been taken up should have been taken up for that period. Look at the last eight years. So, that is one group, and some of them carried over from my time to the next successive presidency.

The second agency that also met once every two months was the NECOM—National Economical Consultative Commission—again for all of six years. The President just sat in as a resource person in that manner, but the President has sat among them by rotation, so that every big denomination or grouping has a chance to preside. Many things had been taken up: Mindanao, gender equity, population, including freewheeling discussions on what is traditional method of family planning, what is modern method, and what is artificial method if there is such a thing. But we used to call it modern, and this was well accepted. The bishops at that time did not put up much resistance. So, that is another interaction agency that worked.

Now, the one that is provided by law unfortunately has been resorted to very infrequently. This is the LEDAC—Legislative Executive Development Advisory Council—which is much bigger than the Cabinet itself, much bigger than the National Security Council. But it did include members of the Cabinet, majority, minority of the Senate, majority, minority of the House but, more importantly, the sectoral representatives or the stakeholders: women, youth, academe, elderly, farmers, workers, fisherfolk, indigenous people, the private sector and handicapped. About 45 of us met every Wednesday at breakfast. *Anong ibinigay sa inyong agenda* (What agenda was given to you) that was agreed to last week? Therefore, you did your homework, so that you could say something valuable during this morning's discussion. The idea was to provide quality time for about three hours. It is like an extended Filipino family talking *na may problema kaya kung maliit pa eh pag-usapan na natin para hindi na lumaki* (like a family that has a problem, which should be resolved while still small so as not to become serious). If we did not resolve a big problem in one sitting, we did achieve a consensus in the direction of the resolution or finalizing the list of priorities of the said five issues, things like that. In any case, that might be strong tools for quality,

frequent, predictable dialogue by the President and the other decisionmakers.

We need to interact with the people at the top and the decisionmakers and put in our little inputs, so that they are included in the *bibingka* (rice cake). The issue here is not to divide the *bibingka*. How can we divide it by 92 million times? Nobody is gonna get an equal share. The idea is to make a much bigger *bibingka* for everybody to share.

**Monsod, T.:** The way I understand these comments, not all of them are intended for postscript writers to study now. Rather they could be among the recommendations for further study.

To summarize the suggestions made, one big topic with regard to gender was the matter of undertaking a national time use survey and why. That it is time to do this, that it is feasible to do every five or 10 years to see if there are generational shifts, work shifts, employment shifts; that it is necessary to better understand gender dynamics, to provide objective basis for a integrating women's work in the national income accounts (which is now excluded simply by definition), to be able to focus on the right issues as far as development is concerned. (The 1997 postscript) can also include some observations on how the role of the women's movement has been over time, whether it has been successful or not on certain things. Where have the funds for sensitivity training and gender desks gone? Where has the GAD budget gone?

I'd like to mention that based on a couple of studies I did, the GAD budget consisted mostly of an identification of existing programs that *also* included women rather than programs created to empower women *per se*. So what we see of the GAD budget could be a little misleading.

There is also the question of whether attitudes have changed and the matter of a divide, if any, between rich and poor women. Prof. Gelia (Castillo) made a comment that women are not a homogenous group and there are three big categories that deserve more attention: domestic workers, teachers, and



women of childbearing age.

(This) led us (to) the discussion of population as central determinant of welfare, with observations and suggestions for further research made by Edita (Tan) and Karina (David), such as on the role and influence of the Church, among others. President Ramos also noted that key laws were passed and a number of international conferences were attended during his time which bode well for women.

On education, the suggestions had to do with taking a closer look at a number of specific issues—not only inequality in inputs but inequality in quality, the issue of the curriculum, hours of learning, why there is a difference between top schools and average public schools—and also reviewing the recommendations in the 2000 volume. Are the past recommendations still relevant? Of course, the question is: Why are we not doing better? By the way, this was also the question that the *2008/2009 PHDR* tried to answer. Its key message was that it is not just about amount of funds but also about institutions.

Yasmin (Busran-Lao) commented on ARMM and connected the data problem with the paradox of poor human development outcomes in ARMM despite a lot of funds going to it. The lack of data also connects with understanding and addressing the poor status of women, the peace issue and education issues.

Commenting on Dr. Ben's postscript, both Noel and Yasmin pointed out that the reaction to the social problem is not uniform and there are groups of people who do not subscribe to the ideological base. The issue, however, is that the ideological view has grown and has taken root because of prolonged neglect. Thus, Ben's suggestion may not be very practical. If we reduce the matter to practical socioeconomic demands, there is a risk of undermining the whole history of the conflict and the legitimacy of the negotiating—and this could lead to worst results, especially as regard human security.

Karina brought up the issue that the peace talks seem to be focused only on those with arms and that

government typically only deals with people only who violate the law, and suggested that we further explore the opportunity cost of ODA and other funds spent in ARMM.

Jeff (Ducanes) made a comment on the 2002 volume: to take a look at things that were not anticipated when the volume was written, particularly the BPO industry and the issue of labor migration.

FVR's (Ramos') final suggestion is very timely. He reminds us of mechanisms that were set up to encourage ongoing dialogue with the women's lobby or women's advocates, with the church groups, with legislators—which allowed progress toward resolving issues. Restoring venues for better and higher quality dialogue with the President is something that that HDN can advocate for.









