WORKING PAPER

Political Economy of Federalism:
Insights from Data on Guns, Goons and Gold

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Abstract

Even deeper decentralization (de-concentration and devolution) in the Philippines will likely face chronic challenges in local governance. Emerging evidence from several decades of policy experience from the implementation of the Local Government Code suggests that weak governance and traditional politics – perhaps epitomized by the adage "guns, goons and gold" – still frustrates strong and inclusive development outcomes in the entire country. If federalism is to succeed, it will need to address these challenges and create more effective mechanisms to help new federal jurisdictions and sub-jurisdictions transition towards better governance and stronger development outcomes. As a contribution to the ongoing discussions on decentralization and local governance, this paper examines some of the possible governance and political economy issues in rolling out federalism reforms. This paper explores the risks and potential of the current governance structure of the country upon transition to a federal form of government. To help illustrate challenges and opportunities in this transition, this paper examines the cases of three proposed states and the potential for successful federalism reforms by highlighting three areas: guns and goons (dynasties, conflict and private armies) and gold (wealth and socio-economic variables).

1. Introduction

Some analysts contend that decentralization in the Philippines is one of the responses to the governance challenges posed by an over-concentration of political and economic power in the capital (Manila), which is associated with imbalanced (Manila-centric) and inequitable (anti-poor) economic growth. Through administrative de-concentration and political devolution, decentralization is expected to bring government closer to the people, allowing local government units much more flexibility to respond to administrative challenges and, in principle, making government leaders much more accountable to their constituents. While the track record of decentralization in the country reflects mixed results,[1] recent discussions have focused on deepening decentralization by pursuing a more federal form of government.

Should even deeper decentralization be pursued by the Philippines, persistent challenges in local governance will need to be addressed. As a contribution to the ongoing discussions on decentralization and local governance, this paper examines some of the governance and political economy issues in rolling out some federalism reforms. It will focus, in particular, on the

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[1] See among others Asian Development Bank (2005), Banaag and Mendoza (2016), Dela Rosa (2016), Gatmaytan (2001), Llanto (2012) and Manasan (2005) and Tayao (2016).

creation of "states" under the proposed federal structure by the PDP Laban political party.[2] To help illustrate challenges and opportunities in this transition, this paper examines the case of three proposed states and the potential for federalism roll out by highlighting three areas: guns and goons (dynasties, conflict and private armies) and gold (wealth and socio-economic variables). We find it convenient to use the "3Gs framework" as a means to monitor and communicate key areas for monitoring, notably as these areas will reflect the possible changes (if at all) from deeper reforms. Meanwhile, the possible federal states examined herein include:

- **State of Bangsamoro** – where the proposed state is based from an existing entity (ARMM) and where dynastic shares, private armies, conflict and underdevelopment are high. This current state of family politics, arms possession and conflict can be traced back to the American colonial period when the colonial government allowed local strongmen to possess arms, participate in the shadow economy to ensure their cooperation.

- **State of Northern Luzon** – where there will be 15 provinces that will merge into one state and where the second largest concentration of private armies is located. This is also where Abra–tagged as the "murder capital of the North"–is situated.

- **State of Central Visayas** – where only 5 provinces will merge into one state and where the third highest concentration of private armies is located. This state in example where stark asymmetry between the constituent provinces exist–the highly developed province of Cebu versus more underdeveloped Masbate. The latter is also one of the most highly dynastic and political conflict-laden provinces in the country.

An initial review of the political and economic data in these proposed states help highlight a number of risks, notably arising from political conflict and in some states an overwhelming number of weak governance jurisdictions. This suggests that some states will be created with an immediate disadvantage of mostly weakly governed and poorly growing jurisdictions comprising it. A transition towards better governance under a system that espouses greater de-concentration and devolution must nevertheless include strong oversight mechanisms implemented at the federal level.

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[2] See https://federalisminstitute.wordpress.com.

2. Data

This paper makes use of different data sources and maps out asymmetries among provinces in the proposed states in terms of key variables which can be broadly categorized in terms of guns, goons, and gold. For guns and goons, which are often associated with traditional politics and patron-client political environments, the paper turns to proxy measures including the pervasiveness of political dynasties, prevalence of private armies and incidences of conflict. Gold would include the different socio-economic variables pertaining to wealth and development of the region, indicating possible economic motivations for contesting or supporting better governance outcomes.

Political dynasties and dynasty share. Political dynasties are members of the same family that have occupied the same posts in the past or have spread to different elected positions. The pervasiveness of these dynasties could vary from province to province, depending on how people from the same family are currently occupying elected posts at present or how many of them have "passed on" their posts by letting another member run for office a family member's term expires.

Following Mendoza, et. Al (2015), this paper uses surname matching to determine whether a particular elected official belongs to a dynasty. Using the elected officials list of the Commision on Elections (COMELEC), an elected official is tagged as dynastic—or part of a dynastic political clan–if there is there is a matching surname in other elected posts from the same province and/or there are matching surnames among officials in past election periods.

The paper then expresses the pervasiveness of political dynasties by looking at the number of elected posts occupied by a member of a dynasty versus the total number of elected posts in a particular province. This is referred to as the *dynasty share*. A province with a higher dynasty share, therefore, has more elected posts occupied by members of a family dynasty in relation to total elected posts when compared to another province with a lower dynasty share.

Count of Private Armed Groups (PAGs). The count of Private Armed Groups (PAGs) varies depending on the source. The Philippine Department of National Defense (DND) and Philippine National Police (PNP) have released diverging figures even within the same period. For this discussion, we refer to the count published last 2012 (Mendoza 2012) as this contains information suitable for analysis at the provincial level.

Incidences of conflict. Several sources of information are used to map out conflict at the province level. For the Autonomous Region of Muslim Mindanao (ARMM), International Alert Philippines provides a comprehensive database on all conflict cases for 2015 drawing on police reports and verified cases from media sources. However, because their database contains conflict in a broad sense, only governance and political conflict categories were extracted for this analysis:

- *Conflicts related to governance*—includes competition over non-elective position, conflicts versus military versus police, corruption of public office, political/geographic splitting of administrative and political boundaries, misfires from security groups, etc.

- *Political conflict*—includes election-related violence, rebellion, political repression, conflict among political parties, elective positions etc.

Drawing on details contained in the International Alert conflict database, the paper analyzes the magnitude (count) of conflict and examines the names of the actors in the database. Unfortunately, the same does not hold true with all other provinces in the country. While it is possible to compile media sources and media articles on various issues, the most that can be done for comparability purposes is mark whether a province has had governance/political conflict in the 2016 elections based on media reports (Mendoza 2016). While this paper turns to a number of media articles on conflict, this is not a sufficient surrogate to determine the magnitude of this discussion. A systematic monitoring similar to the International Alert for other provinces, while needed, is beyond the scope of this discussion. Instead, this paper turns to these media articles to understand political conflict in each of the provinces in detail.

Development, underdevelopment and socio-economic metrics. The paper also examines the development and wealth indicators of the constituent provinces within the proposed states. Just by looking inequalities in terms of development, a proposed state would benefit from several developed provinces while a state with more underdeveloped provinces might pose high potential, but also face more challenges. Another scenario would be a state wherein a more developed province is combined with a very underdeveloped province. In this case, the former may serve as the center while the latter has the potential to benefit from the resources of its more developed neighbor. The dynamics become more interesting when we juxtapose these development variables with the political landscape. In fact, previous studies have linked poverty and underdevelopment to political dynasties (Mendoza, et. Al 2016). Using government data,

this paper covers the following indicators to understand and explore the levels of development of Philippine provinces: Human Development Index (2012); Unemployment Rate (2012); Poverty Rate (2012); Income Inequality (2012); Internal Revenue Allotment Dependency (2012); Count of Airports (2016); Count of Seaports (2017); Count of Mining Sites (2017).

3. Key Findings

Table 1 provides the key metrics and an overview of the asymmetries that exist within each of the proposed states.

Table 1. Summary of Key Indicators Across Selected Proposed States

STATE	COMPOSITION		GUNS & GOONS			GOLD					
	Former Regions	Composition	Dynasty	Private Army	Conflict	Human Development	Poverty Rate	Middle Class Share	Unemployment	Income Inequality	Financial Resources
Northern Luzon	3	15	49.6%	13	2	0.587	20.3	14.0%	4.3	0.417	81.48%
Central Luzon	1	7	53.8%	3	1	0.642	12.5	19.9%	8.3	0.443	74.09%
Southern Tagalog	1	5	57.5%	7	4	0.701	9.5	23.3%	9.0	0.405	61.92%
Minparom	1	5	43.4%	4	1	0.557	25.2	12.5%	3.8	0.481	94.09%
Bicol	1	5	52.6%	2	0	0.523	29.1	8.9%	5.3	0.437	85.30%
Eastern Visayas	1	6	53.1%	2	3	0.493	38.1	9.9%	5.8	0.507	91.19%
Central Visayas	2	5	54.7%	8	2	0.569	31.6	9.3%	4.8	0.473	88.05%
Western Visayas	1	6	53.4%	1	2	0.613	21.5	14.7%	5.8	0.436	82.96%
Northern Mindanao	3	11	47.0%	0	4	0.518	34.9	11.1%	4.5	0.462	83.93%
Southern Mindanao	3	10	43.2%	4	2	0.502	33.8	9.4%	3.9	0.439	85.30%
Bangsamoro	1	5	61.9%	42	4	0.330	43.2	1.5%	4.1	0.295	87.08%
Measure	Count of Regions	Count of Provinces	Average Dynasty Shares of Provinces 2016	Count of Private Armed Groups 2012	Provinces with Conflict during 2016 elections	Average HDI for 2012 of Provinces	Average Poverty Rate for 2012	Average Middle Class Share 2015	Unemployment Rate 2012	Income GINI Coefficient 2012	IRA Dependency Ratio 2012

Source: Authors' elaboration based on various data sources elaborated in part II.

Composition: The first column labeled "Former Regions" looks at how many administrative regions have combined to form the proposed new states. This is a first possible gauge on the extent of political and economic change that will happen in the newly formed state. A count of one means that there is minimal change since the current state is just synonymous to the administrative regional structure currently in place. There are some advantages to this, since existing structures are familiar and may not require major overhaul.

For instance, the proposed State of Central Luzon is essentially Region III while the proposed state of Minparom would be the group of provinces currently comprising the MIMAROPA region. These states are marked green as there is no drastic change is seen in the structure. However, those states that would involve the merging of provinces coming from different administrative regions would present more changes structurally and therefore could pose more challenges (thus the red marks). For instance, more new political dynamics are

possible where previously separate political jurisdictions would now need to form collective action under the aegis of a federal state.

Meanwhile, the second column labeled "Composition" provides a count of the actual provinces that make up the proposed state. As leadership is at the provincial level, the higher count of provinces would mean more provincial leaders could potentially vie for leadership in the newly formed state. This is not necessarily a problem –except in situations with high risk, such as Northern Luzon which, apart from having a large number of provinces that would merge into one state, also has the second largest number of private armies.

Guns and goons: The next set of columns are metrics to understand the prevalence of PAGs, the number of provinces with recorded conflict, and prevalence of dynasties. Notably, Bangsamoro state has the highest concentration of private armies (42 PAGs). This is more glaring especially when we look at the fact that this state is only composed of 5 provinces. This is in stark contrast to the proposed State of Northern Luzon: while having the second largest concentration private armies (13 PAGs), the state is composed of 15 different provinces which means that the larger concentration of private armies is driven by the higher province count. Albeit far from the high concentration of PAGs found in the state of Bangsamoro, one glaring example is the Central Visayas region where there are 8 PAGs in contrast to only having 5 provinces. This is in fact driven by Masbate which is infamous for its political killings especially during election periods. In terms of conflict, both the proposed states of Bangsamoro and South Luzon have the highest number of provinces with conflict in relation to the total number of constituent provinces (4 out of 5 provinces with recorded conflict in the 2016 elections). Coincidentally, these two regions have the highest prevalence of dynastic elected officials on the average as expressed by their dynastic shares (61.9% and 57.5% respectively).

Gold. The last columns in Table 1 represent the development and wealth indicators of each of the proposed states. The cells marked in red flag the lowest development indicators while green cells mark higher development in relation to other provinces. Clearly the proposed State of Bangsamoro has the lowest Human Development Index (HDI), the lowest middle income share, the highest poverty levels. The relatively low income inequality means that many of its inhabitants experience poverty despite having relatively lower average unemployment versus

other states. In describing traditional politics in the Philippines, "gold" in the 3Gs descriptor is often used in a pejorative way, often signaling the concentration of wealth under corrupt and rent-seeking scenarios. In lieu of more detailed wealth indicators linked to political actors we opt instead to capture this angle using proxy indicators for inclusive development (or the lack thereof).

3.1 The Proposed State of Bangsamoro

As shown in Table 1, the proposed State of Bangsamoro is an agglomeration of the most dynastic, underdeveloped, and conflict-laden compared to other proposed states. In short, this state appears to face the most difficult political and economic conditions for good governance. Table 2 drills further into its constituent provinces and looks at patterns of asymmetry in terms of guns, goons and gold to identify risks and potentials in the transition to statehood.

Table 2. Proposed State of Bangsamoro Summary of Guns, Goons, and Gold

BANGSAMORO	GUNS & GOONS			GOLD					
	Dynasty	Private Army	Conflict	Human Development	Poverty Rate	Middle Class Share	Unemployment	Income Inequality	Financial Resources
Maguindanao	69.1%	20	91	0.309	54.5	1.9%	1.5	0.369	94.5%
Sulu	67.5%	7	43	0.303	40.2	0.9%	1.3	0.220	93.3%
Lanao del Sur	61.5%	4	11	0.217	67.3	2.2%	8.3	0.330	96.4%
Basilan	57.7%	6	32	0.419	32.1	1.2%	5.4	0.261	64.0%
Tawi-Tawi	53.5%	5	0	0.403	21.9				
Total Bangsamoro	**61.9%**	**42**	**4**	**0.330**	**43.2**	**1.5%**	**4.1**	**0.295**	**87.1%**
Measure	Dynasty Shares of Provinces 2016	Count of Private Armed Groups 2012	Incidences of Conflict from International Alert 2015	HDI for 2012 of Provinces	Poverty Rate 2012	Middle Class Share 2015	Unemployment Rate 2012	Income GINI Coefficient 2012	IRA Dependency Ratio 2012

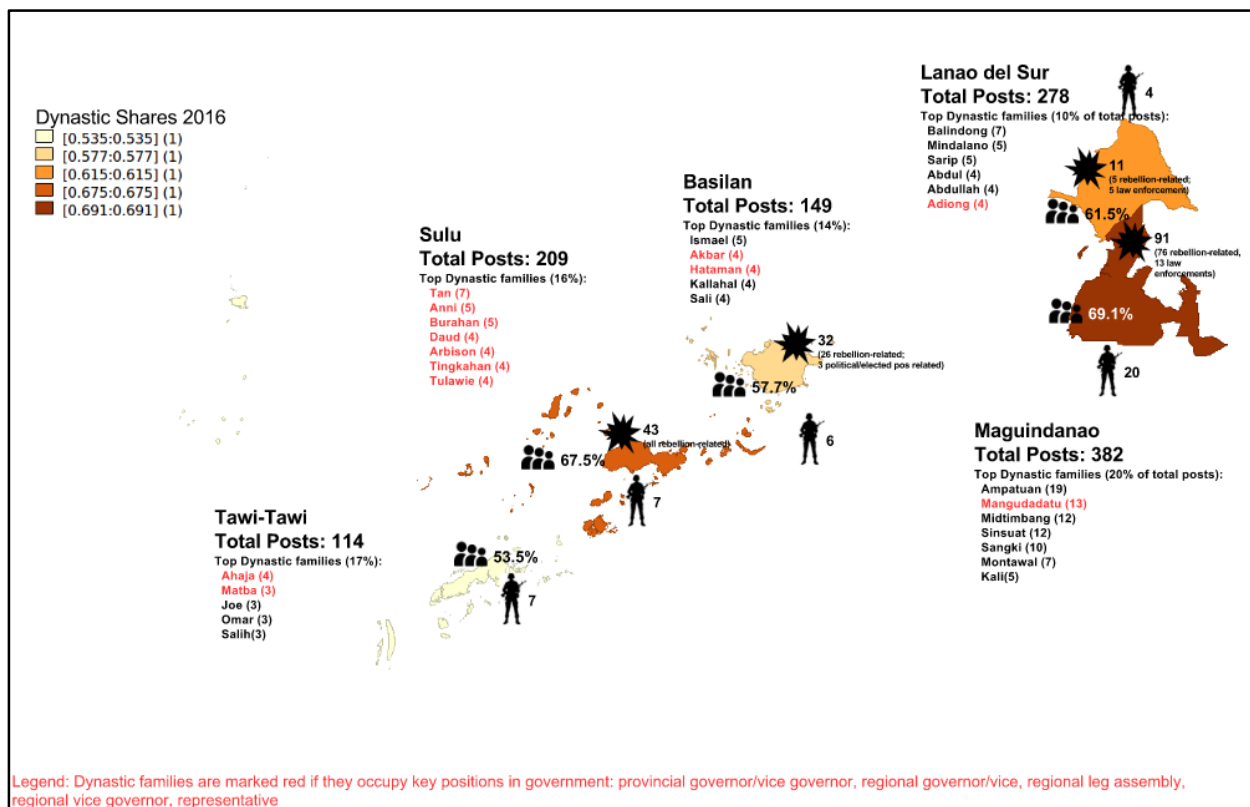Source: Authors' elaboration based on various data sources elaborated in part II.

Guns and Goons. Overall, the Bangsamoro region is highly dynastic with all of its provinces having high dynastic shares compared to total national average of 50%. Maguindanao is the most dynastic among the provinces, with 69.1% of total elected posts belonging to a dynasty. Coincidentally, it also has the largest concentration of PAGs and conflict with 20 armed groups and 91 recorded incidences of political conflict in 2015. Meanwhile, Tawi-Tawi would have the least dynasty share, albeit still higher than national average, and is also the province with the least recorded conflict from International Alert.

Drilling down dynastic families and conflict together, we have noted that a large number of conflict incidences are tagged as rebellion-related and law-enforcement related in terms of count. There are only a few cases identified as governance or politics-related. We found minimal

matches between the dynastic families and the actors identified in the International Alert Conflict database. It is important to note, however, that armed conflict and political dynasties are not separate phenomenon but are historically linked. In contrast to Spanish Colonizers, the US colonial government established alliances with the datus/local strongmen, allowing them to keep their weapons and engage in economic activities without regulation or effective transaction to maintain peaceful collaboration (Lara 2016).

Since then, insurgencies and conflict has continued to be part of the provinces under the proposed state of Bangsamoro. State-sponsored policies on arms bearing in the Marcos and Arroyo periods, initially intended to fight against separatist insurgencies and maintain peace, have enabled families to use PAGs for their own political gain. The culture of conflict and keeping PAGs has permeated so extensively that provinces in this state have become a potential source of private armies to provinces outside the regions. One example is Masbate, discussed in detail in the last section of this paper. Some news reports note how armed groups from this province are sourced out and recruited from Mindanao.

Map 1. Top Political Dynasties in the Proposed State of Bangsamoro

Gold. Overlaying socio-economic data against dynasty shares in Map 2, Maguindanao is not only the most dynastic and conflict-laden—it also has lower HDI, high poverty rates, and high income inequality compared to all other regions. This poses as a challenge since it is where one of the larger airports and seaports are located in this province which should make it a suitable location for a capital compared to the proposed capital which is in Lanao del Sur which lacks a major seaport.

In terms of resources and wealth, mining activity–at least those officially sanctioned by the Mines and Geosciences Bureau–is nonexistent in the region. Moreover, the most dynastic states, Maguindanao, Sulu and Lanao del Sulu all show high dependency to IRA which means that these provincial governments have not set-up other ways of gaining income. Augmenting government revenue at the provincial level is potentially precluded due to the existence of a pervasive shadow economy that permeates the region. In the literature, smuggling, kidnap for ransom and the illegal guns and drugs trade are among the key activities that are flagged repeatedly.[3] In addition, middle class shares remain low even for bigger provinces Lanao del Sur (2.2%) and Maguindanao (1.9%) and has seen very minimal growth trend compared to 2009.

The shadow economy in the Bangsamoro is of particular concern, as the illicit drugs trade in particular, has strong links with the weak state capability and weak institutional and regulatory environment in this part of the Philippines. Cagoco-Guiam and Schoofs (2016:142) notes that "Drug money can be converted into political power, but control over public office represents the real prize because it ensures the diversification and protection of illicit sources of wealth."

The shadow economy also creates particularly strong incentives for its stakeholders to preserve the weak institutional environment, prompting many to actively contravene efforts to improve this and enhance good governance. Finally, an over-all environment of weak institutions, poverty and underdevelopment actively crowds out alternative means for economic development, further fueling economic and political concentration of power, and sustaining the patron-client relationships. It is not uncommon for even druglords and warlors in the region to be well-loved by communites that continue to depend on them for largesse and means of income.

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[3] See among others Lara (2014), Gutierrez (2016), Villanueva (2016), Cagoco-Guiam and Schoofs (2016) and Quitoriano (2016).

In summary, the proposed state of Bangsamoro continues to be a key-watch out especially as the current structures and economic situation could bring forth challenges in the transition to statehood. In terms of conflict, the top dynastic families occupy the highest posts here. One of these families, the Ampatuans of Maguindanao, are known to have their own private army and are linked to the massacre of 58 people in 2009. These are elements that might contribute to potential violence especially when these different political clans vie for control over the newly formed state. This current leadership structure and pattern of governance has yet to provide development opportunities and socio-economic development in the region.

Map 2. Guns, Goons and Gold of the Proposed State of Bangsamoro
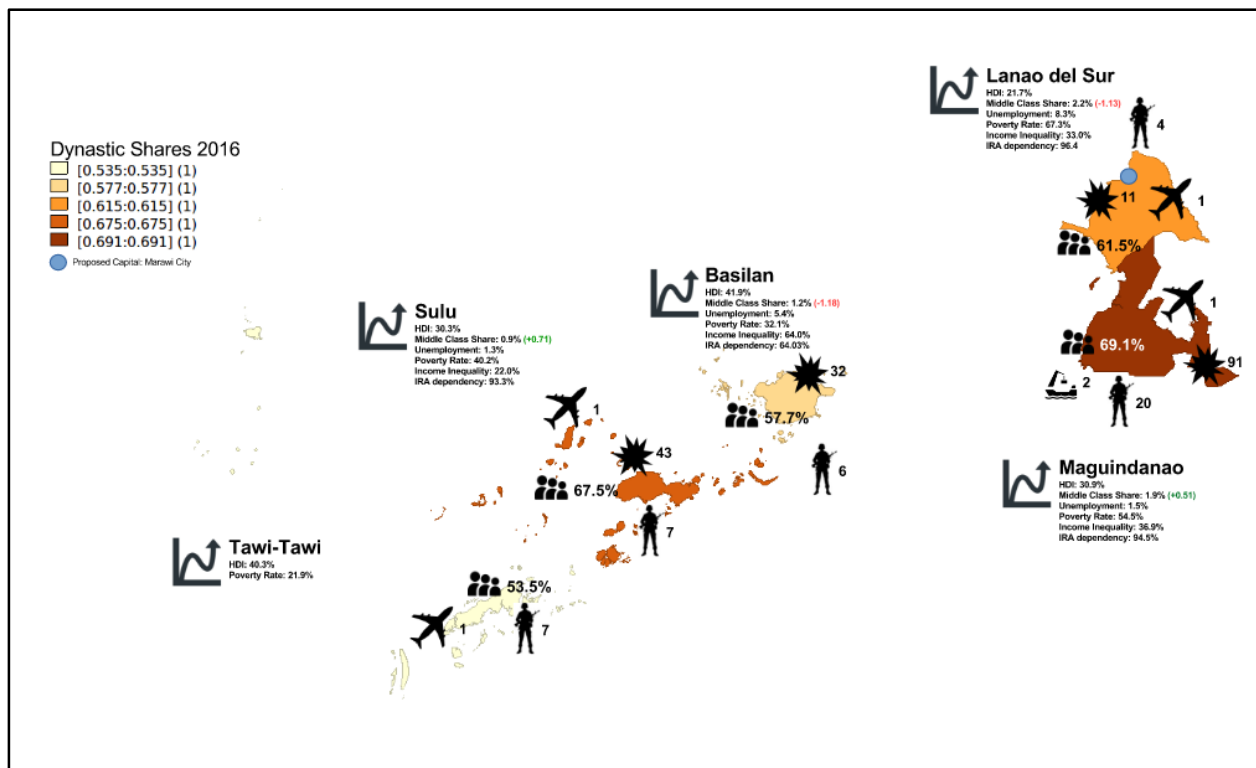
Source: Authors' elaboration based on various data sources elaborated in part II.

3.2 The Proposed State of Northern Luzon

In the previous sections, we hypothesized that the consolidation of different seats of power into a state government could pose as a big challenge as leaders of each province vie for leadership within the proposed Federal State. Control of the state would lend access to all resources and wealth of its constituent provinces. In the case of the proposed State of Northern Luzon, 15

provinces would combine to form a new state (Table 1). In addition, some areas in this newly formed state also has a high count of political clans.

Table 3. Proposed State of Northern Luzon Summary of Guns, Goons, and Gold

NORTHERN LUZON	GUNS & GOONS			GOLD					
	Dynasty	Private Army	Conflict	Human Development	Poverty Rate	Middle Class Share	Unemployment	Income Inequality	Financial Resources
PANGASINAN	64.6%	1		0.580	14.9	12.0%	6.6	0.417	85.6%
ILOCOS NORTE	64.3%	1		0.731	8.4	23.5%	8.4	0.384	73.2%
BATANES	62.3%	0		0.512	18.2	10.0%	0.0	0.470	70.0%
LA UNION	60.0%	2		0.687	15.3	11.1%	9.7	0.398	71.2%
ISABELA	58.6%	1	YES	0.587	19.0	14.1%	2.8	0.412	88.0%
ABRA	56.9%	5	YES	0.526	27.2	14.7%	7.1	0.404	66.2%
APAYAO	56.8%	0		0.379	54.7	10.2%	1.2	0.463	98.4%
CAGAYAN	56.5%	3		0.626	15.2	12.6%	2.1	0.432	87.9%
ILOCOS SUR	55.3%	0		0.640	13.7	16.2%	6.7	0.391	75.2%
NUEVA VIZCAYA	46.6%	0		0.644	15.1	11.8%	3.2	0.419	82.4%
IFUGAO	42.1%	0		0.488	36.0	7.6%	1.0	0.404	94.4%
KALINGA	41.9%	0		0.546	20.9	16.4%	6.0	0.452	94.4%
QUIRINO	33.8%	0		0.549	15.5	9.4%	0.0	0.428	88.0%
BENGUET	25.3%	0		0.842	2.8	29.8%	8.7	0.402	64.6%
MOUNTAIN PROVINCE	18.9%	0		0.473	27.9	9.9%	0.7	0.387	82.8%
Total Northern Luzon	**49.6%**	**13**	**2**	**0.587**	**20.3**	**14.0%**	**4.3**	**0.417**	**81.5%**
Measure	Average Dynasty Shares of Provinces 2016	Count of Private Armed Groups 2012	Provinces with Conflict during 2016 elections	Average HDI for 2012 of Provinces	Poverty Rate 2012	Average Middle Class Share 2015	Unemployment Rate 2012	Income GINI Coefficient 2012	IRA Dependency Ratio 2012

Source: Authors' elaboration based on various data sources elaborated in part II.

Guns and Goons. The proposed state of Northern Luzon is an agglomeration of provinces that fall under two ends of the dynasty share spectrum–making it seem less dynastic relative to other proposed states. One one hand, there are the highly dynastic provinces of Isabela (58.6% dynasty share), Ilocos Norte (64.3%), La Union (60.0%) and Pangasinan (64.6%). On the other hand, it also hosts the two least dynastic provinces in the country, Benguet (25.3%) and Mountain Province (18.9%). Still 9 out of the 15 provinces over-index versus total Philippines dynasty share of 50%. This means that in terms of quantity, many provinces remain highly dynastic.

Linking this with private armies and conflict, we see that provinces with private armies and conflict all fall in provinces that over-index versus average state dynasty share (49%). The most notable case would be in the province of Abra which some have tagged as the "murder capital of the North" due to political killings that occur in this region. This province also hosts 5 of the 13 private armies and is also identified to be one of the two provinces where political violence occurred in the last 2016 elections. It ranks fourth and ties with Tawi-Tawi in terms of highest count in PAGs in the country.

Looking into the top dynastic families of selected provinces, it can be observed in Map 3 that family membership, or the count of family members in elected positions, is high in the

Northern Luzon provinces. This can go as high as 10 people–as with the case of the Sison family of Pangasinan. This is followed by de Guzman and Perez families with 9 family members each elected in 2016. Provinces like Isabela would have 7 members each for the Dy and Uy families.

Map 3. Political Dynasties and Conflict in the Proposed State of Northern Luzon
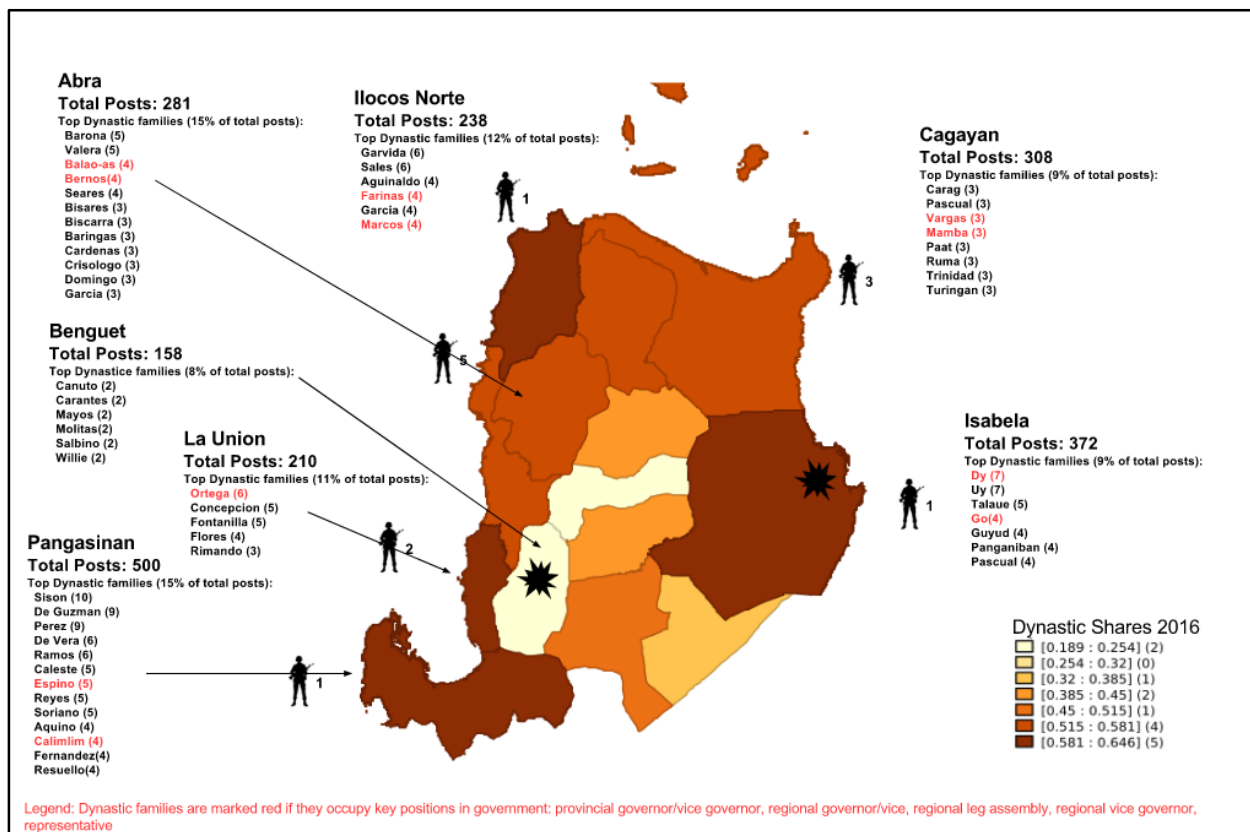
Source: Authors' elaboration based on various data sources elaborated in part II.

On the other hand, in Benguet, where dynasty share is low, we see none of the dynastic families occupy the higher elected positions of governor or congressman and number of family members in dynasties are not very high. While not belonging to provinces with the highest dynasty shares (dark brown patches in Map 3), all the highest posts in Abra province, infamous for its political violence, rests exclusively within two dynasty families Balao-as and Bernos.

The provinces of Abra, Ilocos, and Pangasinan are among those identified as hotspots by PNP and COMELEC especially during election periods. The sentencing of former Abra governor Vicente Valera after being found guilty of the assassination of political rival Luis

Bersamin demonstrates how a longstanding combination of dynastic rule and the access to PAGs could perpetuate conflict and violence.

According to Ma. Ayn Ballesta's 2009 article for the Philippine Center of Investigative Journalism entitled "The Blood Politics of Abra", some people believe that the Paredes-Barbero rivalry in 1963 gave birth to Abra's private armies when Jose Valera—married to a Paredes—ran against Barbero for governor. However, it was not until 1965 when actual hiring of goons to meet political ends was documented in media. The Valeras lost their power around this time but regained power in 1986 when Vicente Valera was appointed as acting governor. In 2006, Vicente was linked to the assassination of Congressman Luis Bersamin. Despite this, the Valera family continued to hold on to power during the last 2016 elections with 5 members holding elected posts. Ballesta attributes the extraction of money from Internal Revenue Allocation as the primary driver why politicians in Abra hold on to politics:

> "It would not be as easy for me to conclude that many of those in power have only a personal interest in IRA had there been improvements in roads, infrastructure, and lives of the people. But there is Tineg town, which receives the highest IRA of more than P41 million a year yet has impassable roads. And the last time I was in Malibcong, another Abra town, there was not a single span of cemented road. I have been told the same holds true in other upland municipalities."

Gold. Provinces in the proposed state of Northern Luzon also shows no particular pattern between dynasty shares and socio-economic indicators at least in terms of magnitude (Table 3). The most dynastic province, Pangasinan does not necessarily have unfavorable indicators for HDI, income inequality, poverty rate and IRA dependency. Nor does it have the highest compared to all other provinces. Ifugao and Apayao provinces, for instance–both have lagging indicators of HDI, poverty rate, middle class share, income inequality and IRA dependency but the former over-indexes versus total Philippines and Northern Luzon state dynasty shares while the latter shows the reverse. However, when we look at improvements in HDI (Map 4), 3 out of the 4 most dynastic regions Ilocos Norte, Pangasinan, and Isabela (shaded in brown) showed positive improvements in 2012 versus 2009.

In terms of resources, the State of Northern Luzon has the third largest count of mining firms with Cordillera Administrative Region provinces having one of the larger employee sizes

per establishment. However, it remains relatively smaller in terms of value output compared to other mining regions in the country. The entire state also shows a scarcity of seaports in contrast to the number of provinces with coastlines. However, this is offset by the number of airports–at least one can be found in the provinces that lie in the state's periphery. The proposed capital, Tuguegarao (blue dot), is situated in the Cagayan province which hosts 3 of the only 5 seaports in the province and a principal class 1 airport.

Map 4. Guns, Goons and Gold of the Proposed State of Northern Luzon
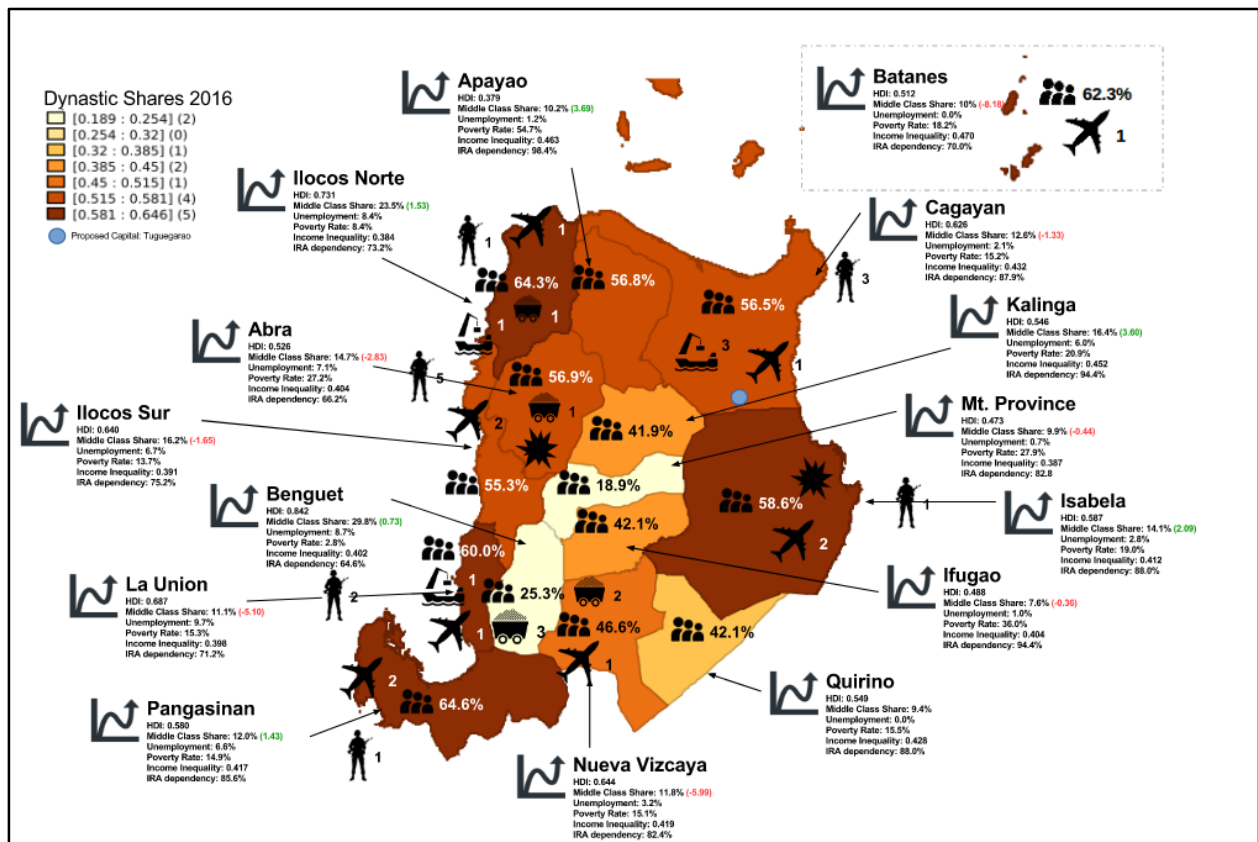
Source: Authors' elaboration based on various data sources elaborated in part II.

3.3 The Proposed State of Central Visayas

The proposed state of Central Visayas is another case of asymmetry among its constituent provinces. First, it has the second largest concentration of private armies and over-indexes versus total Philippines in terms of percentage of dynastic posts. This concentration of private armies is driven largely by the province of Masbate which has been infamous for being a hotspot for political violence as well as its underdevelopment. Yet, it also has the Cebu region which–

despite still over-indexing versus total national dynasty shares–shows high human development, lower poverty rates, high middle class shares and lower IRA dependency.

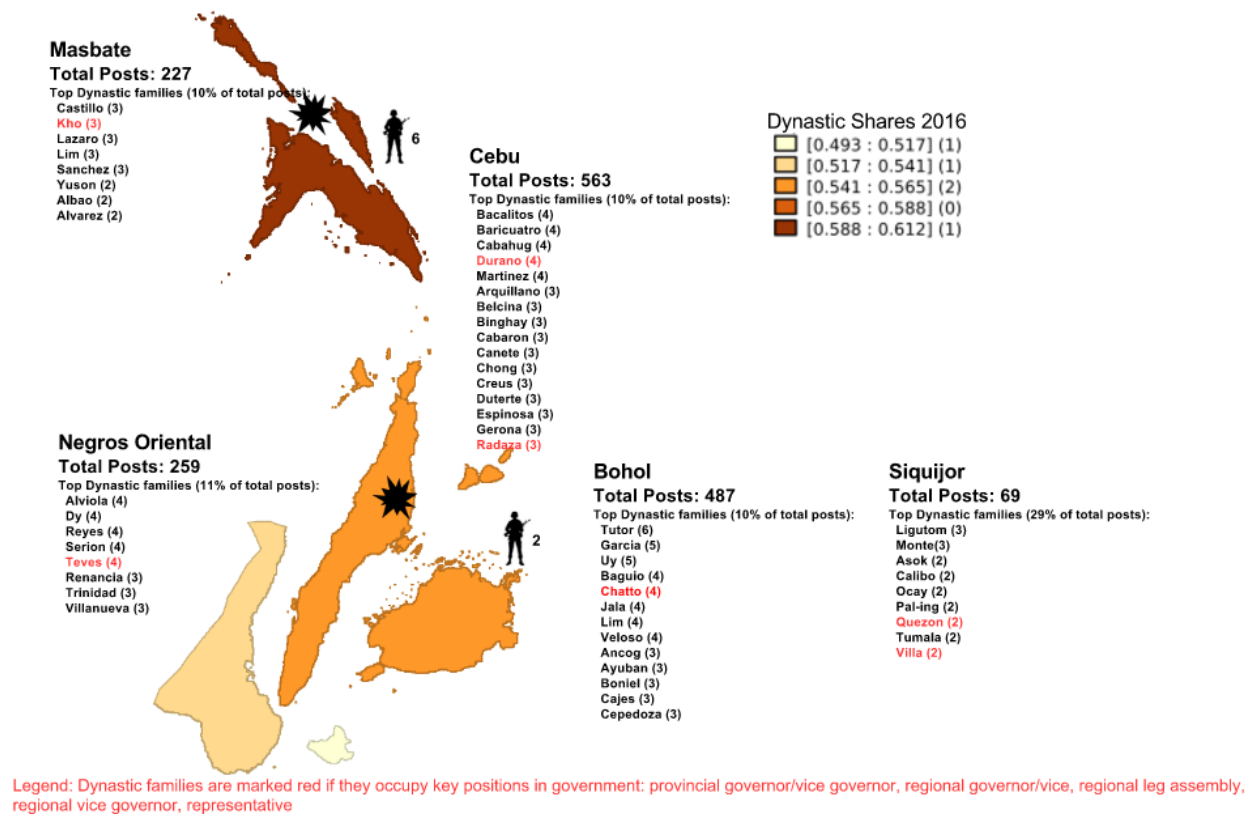*Table 4. Guns, Goons and Gold of the Proposed State of Central Visayas*

CENTRAL VISAYAS	GUNS & GOONS			GOLD					
	Dynasty	Private Army	Conflict	Human Development	Poverty Rate	Middle Class Share	Unemployment	Income Inequality	Financial Resources
MASBATE	61.2%	6	YES	0.422	40.6	4.8%	1.7	0.387	97.9%
BOHOL	55.4%	2		0.574	30.6	12.2%	6.5	0.473	90.7%
CEBU	54.9%	0	YES	0.636	18.9	17.6%	7.0	0.472	74.9%
NEGROS ORIENTAL	52.5%	0		0.522	43.9	8.2%	5.3	0.459	83.7%
SIQUIJOR	49.3%	0		0.690	24.0	3.5%	3.5	0.572	93.1%
Total Central Visayas	54.7%	8	2	0.569	31.6	9.3%	4.8	0.473	88.0%
Measure	Average Dynasty Shares of Provinces 2016	Count of Private Armed Groups 2012	Provinces with Conflict during 2016 elections	Average HDI for 2012 of Provinces	Poverty Rate 2012	Average Middle Class Share 2015	Unemployment Rate 2012	Income GINI Coefficient 2012	IRA Dependency Ratio 2012

Source: Authors' elaboration based on various data sources elaborated in part II.

Guns and Goons. Examining the dynasty shares from highest to lowest (Map 2), we see that all 5 provinces except Siquijor over-index versus the total national dynasty share of 50%. Masbate province is the most dynastic with 61.2% of elected posts in 2016 have family elected either in the past or at present. Coincidentally, Masbate is also where 6 of the 8 PAGs in the region are based. It ties with Basilan province and ranks third overall in terms of count of PAGs per province. Sharing the second spot in terms of dynasty shares is Bohol which hosts 2 PAGs but without any reported conflict as of the 2016 elections.

Drilling down further into the dynastic families, we note that highly dynastic families across regions are elected in major government posts. For instance, the Khos of Masbate ties with several other families for having the most number of elected posts within a family (3 members as of 2016 elections). Same is true with Duranos of Cebu (4 members), Chattos of Bohol (4 members) and Teves' of Negros Oriental (4 members). In Siquijor, the topmost positions still belong to the most dynastic families Quezon and Villa (each with 2 members) albeit not the highest in terms of number of family members (i.e. highest in Siquijor is the Ligutoms and Montes clans with 3 members each).

Map 5. Political Dynasties and Conflict in the Proposed State of Central Visayas

Masbate
Total Posts: 227
Top Dynasty families (10% of total posts):
Castillo (3)
Kho (3)
Lazaro (3)
Lim (3)
Sanchez (3)
Yuson (2)
Albao (2)
Alvarez (2)

Cebu
Total Posts: 563
Top Dynasty families (10% of total posts):
Bacalitos (4)
Baricuatro (4)
Cabahug (4)
Durano (4)
Martinez (4)
Arquillano (3)
Belcina (3)
Binghay (3)
Cabaron (3)
Canete (3)
Chong (3)
Creus (3)
Duterte (3)
Espinosa (3)
Gerona (3)
Radaza (3)

Dynastic Shares 2016
[0.493 : 0.517] (1)
[0.517 : 0.541] (1)
[0.541 : 0.565] (2)
[0.565 : 0.588] (0)
[0.588 : 0.612] (1)

Negros Oriental
Total Posts: 259
Top Dynasty families (11% of total posts):
Alviola (4)
Dy (4)
Reyes (4)
Serion (4)
Teves (4)
Renancia (3)
Trinidad (3)
Villanueva (3)

Bohol
Total Posts: 487
Top Dynasty families (10% of total posts):
Tutor (6)
Garcia (5)
Uy (5)
Baguio (4)
Chatto (4)
Jala (4)
Lim (4)
Veloso (4)
Ancog (3)
Ayuban (3)
Boniel (3)
Cajes (3)
Cepedoza (3)

Siquijor
Total Posts: 69
Top Dynasty families (29% of total posts):
Ligutom (3)
Monte(3)
Asok (2)
Calibo (2)
Ocay (2)
Pal-ing (2)
Quezon (2)
Tumala (2)
Villa (2)

Legend: Dynastic families are marked red if they occupy key positions in government: provincial governor/vice governor, regional governor/vice, regional leg assembly, regional vice governor, representative

Source: Authors' elaboration based on various data sources elaborated in part II.

Apart from having the highest dynasty shares, a relatively large count of PAGs, Masbate has also been identified as a perennial hotspot by PNP and COMELEC during elections. Political killings have become so prevalent that it necessitated a peace covenant program among those running for office during the 2016 elections. While this covenant was signed by politicians and stakeholders from the state, media, and the church, this was not signed by Antonio Kho and his wife Olga. Tagged as Masbate's "reigning political kingpin" by Dr. Prospero de Vera of the UP National College of Public Administration and Governance, Kho has been linked to violence perpetrated against many of his clan's political opponents.

In Ryan Chua's 2013 news article entitled, "Masbate's Kingpin", he mentioned that Kho was incarcerated but later acquitted for allegedly ordering the murder of Rep. Tito Espinosa in 1995. He was accused of killing of Rep. Moises Espinosa Sr. in 1989 but was later absolved. He is also blamed by the Lanetes "for the ambush of the late Rep. Fausto Seachon Jr., and the

attacks on incumbent Gov. Rizalina Seachon-Lanete". In the same article, he also admits to keeping an armed group but only in the past.

Regardless of who the masterminds are, the fact still remains that Masbate's political history is tainted by violence. Anecdotal information connecting violence in Masbate to Mindanao where the highest concentration of PAGs are situated support existing bodies of literature on the shared histories of political dynasties, PAGs, and conflict. Quoting a 2016 news article by Rhaydz Barcia published by Rappler:

> "Former policeman Elpidio Daligtig of Cataingan Masbate, who is running
> for town   ouncilor, supported Sera's claim, noting that bigtime politicians
> have recruited active soldiers and policemen from Mindanao as their hired
> thugs, for a monthly salary of P25,000.
>
> Some politicians are also reportedly swapping goons from Samar and
> Sorsogon provinces, the former cop added.
>
> Politicians here are hiring active soldiers and PNP in Mindanao,' Daligtig
> said. 'It's a usual practice here by the politicians to use NPA and so as
> they're trading off goons from Samar and Sorsogon.'
>
> Baleno town Mayor Romeo C. dela Rosa said the series of killing
> incidents in Aroroy and Baleno towns are election-related, and supported
> the claims of Sera and Daligtig.
>
> 'Criminals, ex-soldiers, and NPAs were hired by the politicians so we
> need the Special Task Force of the PNP and AFP here to neutralize these
> elements every election period or even after election,' Dela Rosa said."

Gold. Apart from being the province with the highest dynasty share, count of PAGs, and the prevalence of conflict, Masbate also has the lowest development indicators (Table 4). It shows the lowest HDI within Central Visayas (0.422) while Cebu and Siquijor show highest HDI scores in the region (0.636 and 0.690 respectively), comparable to the national average (0.644). Similarly, Masbate shows the highest poverty rate (25.2%) while Cebu falls on the other end of the spectrum (18.9%) and far from the total state average (31.6%). Inequality is also low for Masbate which indicates that the poor conditions are experienced by majority of its inhabitants. Meanwhile, Siquijor shows a relatively higher income inequality despite having a high human

development. This, alongside the low middle class share, indicate that only a handful benefit from developments in this region. Meanwhile, in terms of unemployment both Bohol and Cebu have higher unemployment rates higher than the national average while Masbate shows lower unemployment.

Map 6. Guns, Goons and Gold of the Proposed State of Central Visayas
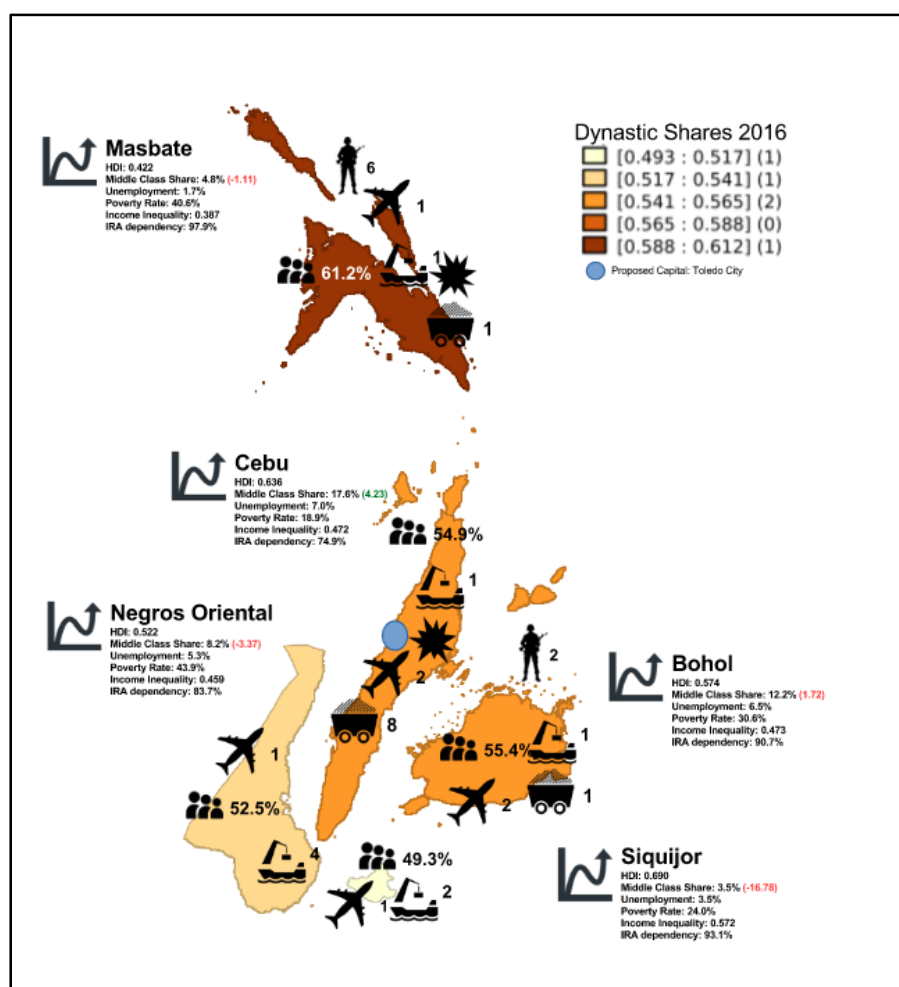
Source: Authors' elaboration based on various data sources elaborated in part II.

As the province with the best development metrics, Cebu is a suitable place to build the state capital. It hosts a major airport and key seaports. In addition, its is the center of mining extraction within the state. The 2012 mining census indicate that mining operations in Central Visayas have the second highest value in gross addition to tangible fixed assets and the third largest regions in terms of value output. In contract, Masbate's development is marred by

frustrated land reforms in the country. In 2007, it ranks eighth among the provinces with the biggest number of unmet land reform beneficiaries and hectarage that are not fully covered by the Comprehensive Agrarian Reform Program according to the Department of Agrarian Reform (Castaneda, 2008).

4. Conclusion

This paper presents a very preliminary mapping of some of the possible contexts under which the proposed federalism reforms might take place. Using a very simple framework of "guns, goons and gold" or the 3Gs, the paper tried to identify several key indicators to help monitor the ex ante prospects for more successful federalism roll out. The three proposed states examined herein—Northern Luzon, Central Visayas and Bangsamoro—indicate the range of challenges to be faced in continued decentralization reforms. While some states have some of the ingredients associated with good governance—a strong middle class and lower IRA dependency (ergo a strong domestic revenue base), still others scored unfavorably on variables liked to traditional politics and patron-client relationships (e.g. dynasties, high inequality, low human and economic development, presence of private armed groups and history of violence).

Clearly, any planned transition towards even greater decentralization must balance the transfer of resources and political power with much more stringent mechanisms for accountability, including possible innovations in transparency and oversight institutions, as well as plans to dismantle the most egregious violations of democratic politics at both the national and local levels (e.g. fat dynasties and private armed groups, as well as impunity in crime and corruption). In some regions in the country, the persistence of violence and conflict has become intimately linked to the illicit trade and shadow economy. Deep political and economic interests conspire to preserve these structures, and plans to dismantle them should be complemented with more effective and inclusive economic development policies that empower citizens and reform groups to begin to support the alternative equilibrium. It is unlikely that this will take place naturally, and within the confines of the local jurisdiction. There is still a role to play for the federal structure for imposing transition mechanisms at the national/federal level.

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