

# THE PERSISTENCE OF CRISIS IN THE DEMOCRATIC SPACE

Notes on the Politics of Non-Structural Change  
in the Post-Marcos Period

EDGAR B. MARANAN

"We vow never again to let the patrimony of this nation lie at the feet of those noble houses that have finally shown the true face of foreign finance."

— Pres. Corazon C. Aquino, from her  
State of the Nation Address, July,  
1987.

The dictator was merely the pus: the wound  
is still there.

— Attributed to Jose Ma. Sison

## 1. *Introduction*

Since she ascended to power, President Aquino has delivered two State-of-the-Nation addresses which have been remarkable in two ways: one, they represent not so much the quintessential vision of the political neophyte who has undoubtedly enjoyed the highest esteem ever given by the masses to a political figure, as the blueprint of recovery, development, and growth devised by a new generation of technocrats and political brain-trust; and two, they project not so much the actual situation of the country two years after the downfall of Marcos, but an official interpretation of social reality which has been challenged both by those who argue for total structural change (the Communist Party of the Philippines, for one) as well as moderate critics who supported her campaign for the presidency.

By now, it is clear to the critics of the Aquino administration that the two fundamental social projects of the "EDSA People Power Revolution" of February 1986 — Democratization and Development — are in danger of grinding to a halt.

The problem of reconstruction in any developing country such as the Philippines arises from the structural nature of underdevelopment, which has deep historical roots in colonial plunder and private appropriation, and well-articulated ramifications in post-colonial elite domination and foreign control.

The thesis is by way of analogy: just as the breakaway from Spain, and the later "reacquisition" of independence from the United States, merely

indigenized and reconstituted class rule of the propertied over the propertyless in Philippine society, so did the ouster of the fascist regime of Ferdinand Marcos and the ascendancy to power of Corazon Aquino signal a new phase in elite circulation. "Fascist regime" and "ascendancy to power", terms used quite often in political analysis, are imbued with a complex of political attributes. The first was used interchangeably with "US-Marcos dictatorship", while the second evokes an ironic—even nostalgic—allusion to the great promise of "democratic space" held out by the events of February 1986. Marcos and Aquino are seen as ultimately parts, albeit critical parts, of a massive structure of social, economic, and political relations which lumbers on through the desolate landscape of Philippine history. Sometimes it breaks down, and replacement parts are in order. This rather mechanistic rendering of Philippine society cannot substitute for a more elaborate critique of the "liberal-democratic" paradigm in a neocolonial setting, of course, but the point is to underscore the logic of structures that informs the whole question of social and political change, or "liberation", in the Philippines.

## 2. *Reforms, Adjustments, and Crisis Indicators*

In her first State of the Nation address to the Philippine Congress meeting in joint session on July 27, 1987, President Aquino adverted to her "economic reform program aimed at recovery in the short and sustainable growth in the long run," which also "addressed itself to the basic problems of unemployment and underemployment, and the consequent mass poverty."

Such a program called for "comprehensive *structural reforms* of the internal economy, complemented by no less important external economic considerations."

During the last year of the Marcos administration, and in the intervening months following its downfall, there was a welter of economic analysis showing how and where the dictatorship had sown the seeds, and reaped the bitter harvest, of the economic crisis of the eighties. It was only to be expected that the incoming regime would train its denunciation of the dictatorship on the roots of the crisis, in order to come up with a viable reform program. Thus, in her first state of the nation address in 1987, President Aquino reiterated the grim statistics and characteristics of life under the dictatorship, which she was now sworn to completely reverse:

"... I was immediately called upon to deal with the dangerous combination of a severely distressed economy and a growing insurgency . . . Production had contracted by 11% for two consecutive years, bringing unemployment rates to double-digit levels. Twelve percent of the labor force, nearly 2.6 million workers, were unemployed. (And up to now, 750,000 join the labor force every year.) Real per capita income had been set back 10 years. New investments had dried up and business confidence was at an

all-time low. Interest payments on a \$26.3 billion external debt took almost half our export earnings. . . *no part of this debt benefited, or perhaps was even seriously expected to benefit, the Filipino people. Yet their posterity to the third generation and farther are expected to pay it.*

“Poverty blighted the land. Five million families (59% of the total) lived below the poverty line, as compared to 45% in 1971. Dictatorship had done nothing but make more of our people poorer.

“It also made us sicker. The prevalence of malnutrition among our young and the incidence of birth fatalities had risen at alarming rates. Infant fatalities due to pneumonia alone rose by 12% in 1984 and severe malnutrition among children rose to 21.6% in 1985. . . .”

The two basic features of her economic recovery program, she contended, were “its comprehensiveness with respect to structural reforms,” and “its reliance on the private sector to carry the main burden of growth.”

What, then, was to be the nature of the “structural reforms”? Referring to the notorious practice of the past regime of giving special privileges and preferential treatment to government corporations and select individuals — a practice “which enriched the few at the cost of impoverishing the many . . . distorted markets and factors of production . . . (and) bore the aspect of legitimacy” — the president enumerated the structural reforms undertaken by her government thus far: a) the abolition of monopolies and special privileges, b) the commitment to a fair and transparent trade liberalization program, c) the lifting of price controls, and d) the institution of tax reforms to shelter the poor from onerous taxes and equitably redistribute the tax burden.

The second basic feature of the program, she said, was a reaffirmation of her government’s “faith in private initiative to propel and sustain our economy”, and this principle in turn was premised on the proposition that “for as long as free market forces dictate the dynamics of the business environment, the private sector will respond aggressively.”

A fundamental difference between the Aquino government’s perception of economics and policy, and that of its critics, lies in the pivotal notion of what comprise structures. Apparently, the Aquino government construes structures in terms of economic institutions and policies which lead up to “reforms” and “adjustments” that contribute to a positive growth rate, or to the aggregate national product, or which make the country more credit-worthy to its foreign lenders. Such institutional and policy reforms and adjustments — argue the critics — do not comprehensively address the historically rooted problems such as the vast concentration of private wealth and resources in the hands of old and new oligarchs and political dynasties (including those swept into power by the February Revolution of 1986), the unfair advantage of multinationals in the exploitation of our natural resources and in the availment of long-term credit funds, and the deadly combination of widespread agrarian unrest (unsatisfactorily addressed by

the “emasculated” and “landlord-influenced” Comprehensive Agrarian Reform Law, or CARL of 1987), and the foreign debt burden. (The president’s mention of this burden in her 1977 address is underscored above. The wind has blown the other way since then.)

The administration’s officially proclaimed reliance on “free market forces” is but a reflection — further argue the critics — of the controlling influence of external financial institutions such as the International Monetary Fund, whose “stabilization program” has consisted mainly of “structural adjustments”. Dr. Joseph Lim of the UP School of Economics, writing about the monetarist policies of the IMF, has argued that the tendency to

radically transform the entire economy to a pure model of free enterprise and capitalist development... is done without any consideration of the historical forces and institutions in the society such as the characteristics and nature of the ruling class, the size of the domestic market, and the initial distribution of wealth and resources in the society. Thus, the so-called ‘structural adjustments’ for the monetarist IMF do not refer to a real transformation of the social structures of society but simply implies deregulations and decontrol in all fields of the economy so that price “distortions” will be corrected. This includes import liberalization and tariff reductions, a lifting of exchange controls, elimination of government subsidies for basic foods, social services and private enterprises, a floating exchange rate policy, “privatization” of state enterprises, and liberalization of commodity and financial markets. In all these, free trade and “correct prices”... will rid the economy of inefficiencies...

Robin Broad of Carnegie Endowment for International Peace has undertaken a similar critique of “structural adjustment” in her book *Unequal Alliance, 1979-1986: The World Bank, the International Monetary Fund, and the Philippines*.

Broad’s book is a lively chronicle of the Philippine experience, especially during the twenty-year regime of Marcos, under the dubious influence of the two financial giants of the international money-lending and debt-managing system. The author employs hard data and a highly critical perspective in demonstrating how the World Bank and the IMF — either through its direct advisory mechanisms and agents, or the Filipino technocrats and economic managers who trained under them or have sworn by their economic belief-system — instituted “structural adjustment” through the reform of existing government institutions or creation of new ones to dovetail with their model of development in the Third World, but in the process causing more harm than good to the largest sectors in society, and paving avenues towards massive graft and corruption in the highest levels of the technocrat-managed authoritarian government.

It is disturbing to note, therefore, that basically the same prescriptions for recovery, development, and growth which did not work for the past regime, and instead contributed to the economic tailspin in its last days,

have been practically adopted under the present regime, as evidenced by continuing negotiations and accommodations with the same global financial institutions. The economic philosophy propounded in the first State of the Nation address and in subsequent policy formulations of the administration comprise a negative mirror image in critic Broad's depiction of the historic failure of structural adjustment, which would run, according to the thinking of Filipino, World Bank, and IMF technocrats, along this line:

Economic growth with political stability . . . could be achieved through one fairly universal set of policy instruments: free trade and investment. Let free market forces determine prices. Guarantee that those economic sectors geared to the world market receive priority in the allocation of state resources. . . .

Broad contends:

The tragedy is that this particular brand of structural adjustment works to the benefit of the few. Recent history demonstrates that it has helped some transnational banks and corporations and a very thin stratum of transnational elites in developing countries. Structural adjustment has also been, over the past half-decade of general stagnation in world trade, a disaster for the majority of the Third World, that is, for most workers, peasants, and small entrepreneurs producing for the domestic market. Structural adjustment has retarded development in the broader, participatory and sustaining sense of the term.

Studies on socio-economic indicators of structural crisis during the first two years of the Aquino government argue that aside from "cosmetic changes" and gradualist policies, the present regime differs but slightly from the one it replaced. In May 1988, a region-based research organization, the Center for Nationalist Studies of Northern Luzon, came out with a well-researched paper entitled *The Aquino Government Beyond Rhetoric (A Philippine National Situationer)*. The study argues that "the quality of life under the previous regime remains the same to date", and proceeds to enumerate what it considers to be the main characteristics of Philippine society under the Aquino government:

1. The economy is suffering from a chronic crisis, due to the enormous foreign debt problem (which the Aquino government has chosen to deal with conservatively), the persistence of import dependence, rising inflation, widespread unemployment, underutilization of productive capacity, and uneven income distribution.

2. Poverty is widespread. Over 70 percent of Filipinos are sinking below the poverty line. Health, education, and housing needs are unmet, and deprivation in these areas is increasing. Crime rates and "moral bankruptcy" are on the upsurge.

3. Industry is stagnating because of the perpetuation of a backward agrarian-based economy, the absence of efforts to develop basic and heavy industries, and emphasis on export-led industrialization.

4. Unrest is growing in both urban and rural areas, as a consequence of government's failure, precisely, to resolve the basic, structural causes of inequity, poverty, and hunger.

5. Political repression is growing. The military has been given increased power with which to suppress social unrest.

Dr. Jose Rocamora, a Filipino scholar who is at present the Associate Director of the Transnational Institute (TNI) in the Netherlands, presented an overview of the Philippine situation in an article written for the recently concluded European Solidarity Conference for the Philippines. He points out the following facts and figures:

1. Some 30 million out of 56 million live in absolute poverty; in the past ten years, 12 million more have been added to the poverty rolls.

2. Real wages have dropped constantly since 1960. Thus, even if the GNP grows at 6% per year till the end of the century, real wages would still fall at 3% from current levels.

3. The Philippines has the highest poverty level and lowest calorie supply per capita in the entire ASEAN region. (Sometime after this article was written, an international report stated that the Philippines has been acknowledged as one of the seventh poorest nations in the world, sharing with Bangladesh the honor of being Asian representative in the not too exclusive club.)

Furthermore, Rocamora argues, while it can be said that GNP is up, unemployment is down, real wages are up and inflation remains low, what do the economic figures add up to?

It means profits for big business are up, conditions better for maybe 10% of the population. But for the majority of the people, even if we should grant that economic conditions are slightly better than in the last years of Marcos, the situation is so bad today that the real question is: are Aquino's economic policies such that there is real hope for substantial — not just marginal — improvement?

Gross national product being the conventional measure of growth in the past and present regimes, do GNP and other economic indicators assure us that the majority will be enjoying much improved living conditions? Rocamora says no, and among the reasons he gives are:

1. "Easy growth". After contraction during the last three years of Marcos, there was no place to go but up. In simple terms, much of the growth rate came from using already existing productive capacity, not building new ones...

2. GNP grew from government "pump-priming" and from increases in world market prices of Philippine exports. But government cannot indefinitely put money into the economy because of budgetary limitations from debt payments and growing military expenditures...

Rocamora argues that we cannot have an assurance of long-term improvement until the Aquino government implements key reforms in several critical areas:

1. It must reorient the economy towards the needs of the people and not the needs of foreign and local big business. Instead, economic policy . . . is now even more controlled by the IMF-WB than under Marcos, with debt policy as key (factor), considering a net outflow of US \$12 billion expected between 1987 and 1992, compounded by other prescriptions such as import liberalization and more foreign investment incentives.

2. It is now clear. There is no land reform for the millions of Filipino peasants, despite the recent parliamentary exercise on agrarian reform in Congress.

3. On labor, Aquino's policies are no better. (They are) essentially anti-labor, if we go by the standards of her war declaration on labor delivered in a speech before Filipino businessmen in October 1987.

Jaime Tadeo, who represented the *Kilusang Magbubukid ng Pilipinas* in the European Solidarity Conference, presented a strongly worded critique of the government's land reform policy, as well as its conduct of the counter-insurgency campaign in the countryside which has largely affected the impoverished rural masses. It is highly significant that the massacre of peasant marchers by military elements during a march to Malacañang in January of 1987 was an immediate cause of the breakdown in the ceasefire talks between the Government of the Republic of the Philippines (GRP) and the National Democratic Front (NDF).

Thus, this is how the peasant sector in Philippine society is faring at present, according to Tadeo's presentation:

The peasantry bears the brunt of the US-sponsored "total war policy" of the Aquino regime. In the countryside, where the armed resistance movement has struck deep roots, the peasants have become the victims of punitive and massive campaigns and vigilante attacks. These activities are aimed at terrorizing the peasant masses and destroying their legitimate organizations. KMP, as the militant center of the legal democratic peasant movement, has been singled out in a sustained campaign of terror and negative propaganda. Its membership has been continually harassed, if not massacred, its activists kidnapped and salvaged, its various offices raided and its leaders vilified and targeted for assassination.

He sounds out a warning to the government, however, that repression of the peasantry can only succeed in radicalizing more members of this sector:

Through its sustained campaign for genuine agrarian reform, the peasant movement, led by KMP, has been able to effectively expose the anti-peasant people character of the Aquino regime . . . KMP has popularized its genuine land reform program, winning the support of the peasantry as well as other sectors of the Philippine society to this alternative . . . the

campaign for open rent reduction, anti-usury struggles, and the implementation of selective land seizures, are now becoming popular methods of struggle in the countryside . . .

### 3. *Democratic Space: Contraction and Confrontation*

'Democratic space' was supposed to have been the immediate result of the ouster of the Marcos regime. It meant any of the following:

1. Individually or collectively, the people could articulate their vision of a just, peaceful, and progressive society without fear of repression, harassment, and official cynicism. This was to be made possible under a government which would encourage pluralism, popular movements, and participatory politics. Even the traditional agent of state repression, the military, had its image refurbished — it was renamed, for a time, the New Armed Forces of the Philippines (NAFP) — if only because a faction of it spearheaded the revolt against an unwieldy regime and another faction was prevailed upon not to participate in the slaughter of thousands.

2. The new helmsmen had a free hand to reform ailing institutions, redress socio-economic grievances, launch decisive programs that would alleviate poverty, and to lead the way towards translating into reality the main ideals of the Filipino people's almost two decades of struggle against the dictatorship: jobs and justice, food and freedom, land and liberation, respect and promotion of human rights, genuine national sovereignty; indeed, all summed up in democratization and development.

3. The fields of fire between the state and the forces of armed revolution would be cleared, and transformed into a venue for peace talks and possible reconciliation.

In short, the original plan was for the ever-widening expansion of the democratic space into a paradigm of liberal democracy where even radical thought would be welcome (though not allowed to pursue the vision of change through revolutionary violence), where the governors were just and lacking in self-interest, and where the economic take-off could be realized under conditions of political stability and social solidarity.

The cycle of poverty, unrest, state violence, revolutionary activity, intensified repression and deeper poverty is dramatically described by peace activist Edmundo Garcia in his book *Dawn Over Darkness: Paths To Peace in the Philippines*. In it he argues that the roots of the internal armed conflict in the Philippines are the socio-economic inequalities which are hardly offset by recent economic statistics on growth, as well as flagrant human rights violations which, during the past two years, have reached alarming proportions and can compare in magnitude with the worst excesses of the Marcos regime.

Father James Reuter, SJ, interviewed on the television production of Stanley Karnow's "In Our Image: Relations Between the Philippines and the United States", declared quite emphatically:

The word Feudalism fits Filipino society perfectly. It fits perfectly! Feudal means only a few people own the wealth, the land, the buildings, and the masses who are poor work for them in one way or another.

Poverty, the human rights situation, the failure of the peace process due largely to a highly militaristic approach to the insurgency problem, and the absence of meaningful empowerment except through personalistic electoral politics are thus the main reasons for the faltering projects of democratization and development in the Philippines.

Observers of the political process in the Philippines — having witnessed the resurgence of the bureaucratic-capitalist ills of the past (graft and corruption are said to exist on all levels, i.e., 'democratized'), the realignment and reconstitution of traditional political parties representing the interests of the elite, and the general breakdown of delivery systems to the poor which ought to have taken first priority from the very start — might well conclude that the envisioned politics of democratic space (government for the people and with the participation of the people), has simply given way to the old politics of elitism: a modicum of public service for a maximum of private gain.

With the benefit of hindsight, the critics of the Aquino government's performance during its first one thousand days in office have pointed out what possibly was President Aquino's most crucial "missed opportunity" for the translation of her anti-dictatorship campaign into concrete reality: the declaration of a sweeping agrarian reform nationwide in the early days of her "revolutionary government." At that time, she had the massive support of the masses, the middle class, and a significant faction of the country's politicians. Such a declaration should have had a more radical and immediate application than Marcos' much touted PD 27 soon after the declaration of martial law in 1973, which ended up ten years later benefiting less than 10% of its intended beneficiaries. A similar move by President Aquino at the start of her term would have had a more dramatic impact, since it would have served the purpose of rectifying the sham land reform program of Marcos.

As President Aquino's own land reform scheme has turned out, actual land transfer from the landlords to the peasants has been rendered difficult by the provisions of CARL, specially with regards the retention limits allowed the landlords and their children. A fundamental question with regards the Aquino government's willingness and ability to institute a genuine land reform program that could effect actual land transfer to a majority of Filipino peasants, has arisen: Could she have, given the class character

of her major political supporters and allies, effectively instituted a genuine land reform for the Filipino peasantry? Critics cite the "incorporation" of the 6,000-hectare Hacienda Luisita, owned by the President's family, instead of its breaking up and expropriation, as proof that the landlord class in the country is just not about to give up its position of privilege.

In some parts of the country at present, underground and legal organizations of peasants have been taking over huge tracts of land allegedly unused or abandoned by landowners. The challenge of the revolutionary left and the restive marginalized groups in the country remains to be the main source of threat against the liberal-democratic paradigm of President Aquino's constitutionalized but stagnant people power movement. Since this government has apparently not been above the grave abuse of human rights as a response to continuing protest over the decelerating pace of democratization and development, and since the insurgency appears to be still viable and resilient despite a string of political errors, it can only be expected that crisis will continue to fill up what is left of the "democratic space" created in February 1986.

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