

# The political economy of permanent crisis in the philippines by: walden bello

[Economics](#), [Macroeconomics](#)



The Political Economy of Permanent Crisis in the Philippines By: Walden Bello (Book Review: Chapters 6 & 7) In a world where competition gets tougher and tighter, it does not pay to play around and settle with typical and average situations. It is not valuable that we settle for anything less. Hence, it is necessary that we improve on what we got and acquire some assets that we do not possess. However, looking on the Philippine context, statistics prove that we lag behind some countries; more disappointingly, behind some countries which were once at the bottom before. How did this happen? History may give the answers but what matters is how the government approached the dilemmas the country was facing few years back. Chapter Six of the book, "The Anti-Development State: The Political Economy of Permanent Crisis in the Philippines" by Walden Bello talks about "unsustainable development." Sustainable development; what could this mean? As defined in the book, "sustainable development" is the development that meets the needs of present generations without compromising the ability of future generations to meet their own needs. The chapter then discussed about environmental concerns in relevance with the economic policies. Economic activities cannot be separated from the environment since we get resources from the environment in order to produce goods or services that we use up for economic purposes and to supply the necessities of people. Walden Bello takes up the mining and logging industry when both were at their peak. On mining industry, the government was almost over-the-top generous on offering various incentives to multinational corporations for them to extract the country's vast mineral resources. However, the side-effect of this, on the other hand, was that the

indigenous people living within the area of the mine sites involved were eventually out of the government's concern, consideration, and protection. The situation sets the fact that the indigenous people's community and welfare were unmercifully ignored. The government focused on improving and strengthening the mining sector for future capital inflow that the benefit and well-being of the indigenous people were disregarded. Would the inflow of money really be used for public necessities? Or would it be kept in the pockets of some few privileged elites? Going now to the logging industry, there was a time when this sector boomed and the Philippines had become the fifth-largest exporter of timber in the world market. Of course, the government was obviously overwhelmed when some logger-turned-politicians gained control over the logging industry and granted special considerations, and exemptions to "legitimized illegal logging" (as referred to by former DENR Sec. Victor Ramos). Soon after, more and more trees were cut and abused. Although the Department of National Resources (DENR) tried to secure and protect the trees, their power was not enough. Illegal loggers became aggressive to the point where they would kill DENR rangers that would stop them. Loggers got off delirious because the government tolerated the act of cutting trees that had become widely "legitimately illegal." As said in the chapter, "environmental equilibrium and economic strategy were simply in contradiction." Sustainable development needs balance. Implementing economic policies for economic interests is a necessity; but having them to tolerate environmental degradation could get things worse. That instead of sustaining development, abuse of natural resources may mean halting of progress. Speaking of progress, there are

several causes that brings a country to the bottom; or worse, to a downfall; although there is this one popular factor affecting and/or hindering development which is the trendy corruption. Whether be it a petty one, or ratchet corruption, still they contribute to the economic stagnation of the country. But can we really blame our slow growth with this factor? Chapter seven tackles about corruption and poverty with the idea that it is not corruption per se that causes poverty and economic stagnation. With the latter, the chapter brings up the cases of crony capitalism evident in some administrations especially during the presidency of Joseph Estrada. The bottom-line of the chapter lies with the idea that underdevelopment of the Philippines must not be blamed wholly on corruption; but it is with the ruling elite groups having control over the market, resources, some people, and others. Specifically, crony capitalism enters the scenario. During the reign of Joseph Estrada, transactions involving him and some wealthy personalities and public officials were the reasons that brought his supremacy down. Discussed in the chapter were Estrada's four notorious cronies namely: Lucio Tan, Mark Jimenez, Dante Tan, and Danding Cojuangco. Obviously, these four people were Estrada's friends; and what do friends do? They support and help each other. Just like what these cronies did for Estrada, they gave him support through providing him cash, campaign arrangement, political connections, and other contributions for his campaign. Of course, for a friend that has been given big things, the debt of gratitude comes next, or what we call, " utang na loob". True enough, we cannot really get rid of that attitude of ours since we Filipinos value " pakikisama". Back to Estrada, as a great friend, he gave them something in return. Estrada used his powers as a

mortal supreme being to repay his crony friends. He gave them what they wanted. Just like what happened to his first listed friend, Lucio Tan. Lucio Tan, back then, was charged with a tax evasion case. It was one of the biggest tax evasion case in the Philippine's history. Yes, talk about Php 25 billion. Hearing this, Estrada declared his intention on abolishing the government agency responsible for going after the people with ill-gotten wealth. Getting away with your wrongdoings because of a connection; smart thinking, Mr. Lucio. Another issue involving Lucio Tan, as the owner of Philippine Airlines (PAL), was when he suspended the flights between Philippines and Taiwan because of his accusation that Taiwan's China Airlines and EVA Airways are stealing the passengers of PAL by implementing lower prices. Lucio Tan accused them of violating the passenger quotas in a bilateral air-services agreement. With the suspension, PAL was able to acquire more passengers. Well, good for PAL. But on the other hand, the suspension meant some diplomatic argument between PH and Taiwan. Just so happened during that time, PH depended on Taiwan for jobs, trade, and tourists. Unfortunately, the suspension was not really of a well-timed move to exasperate the country that we rely upon. Another friend was Mark Jimenez. Mark was charged of several accounts of fraud, tax evasion, and illegal campaign contribution in the US. As he heard of the news, Mark pushed himself in the circle of Estrada. As a friend, again, Estrada said he would take care of the situation; a friend to the rescue, indeed. At some point, Mark Jimenez was also a great broker back then. He was described as a "corporate genius" by the former president. Surely, they did things for each other; whether be it legal or illegal, right or wrong. Dante Tan, however,

was one of the identified depositors in the famous " Jose-Velarde" account. Dante got caught up with issue on Best World (BW) controversy. BW experienced a strange share-price increase that led for an investigation. However, the very good friend himself, Joseph Estrada, became a hero once more from saving the face of Jimenez. Estrada told the investigators to clear the name of Jimenez; and that was it, another name saved. It was another getaway from a transgression. Lastly, the final friend and crony listed was Danding Cojuangco. During Marcos' regime, he made Danding as the director of the Philippine Coconut Administration (PCA), meaning, as appointed in a powerful position, Danding could make use of the funds from the said government agency. Danding used the funds of PCA to be able to invest to few corporations making the public funds turn into private ones. He successfully managed to own one of his precious possessions, the San Miguel Corporation, which was allegedly bought through the PCA funds. Another issue with Danding was the matter on land reform. Cojuangco tried to control various lands while assumingly giving up his claims as a landowner; all of these possible because of Estrada's lavish support to his friend. Tying and combining all of the cases above, it is safe to assume that Estrada has been a corrupt official. Tolerating all the bribery and fraud, shamefully as the most powerful public official whom must be the one showing examples as a good citizen. Cronies of Estrada were undoubtedly good friends to him; and so was he. He received praises as an outstanding friend; of course, from the four cronies he had. He might actually get an award as the " Best Friend of the Year" award, if there is one. Being a great, helpful, and generous buddy is totally superb and fantastic. Helping is not bad, nor is being generous kind

not either. But there are limits that one must know upon giving in to something immoral and illegal. True enough that the cases above were brought about by cronyism and corruption; few factors adding up to the causes of underdevelopment. Philippine's stagnation has been heavily acquainted with corruption; a fact. Even so, corruption has been the evil word being associated with the country's poor description. Ask anyone on what causes Philippine's underdevelopment, I would not even put the effort on asking since I know that almost everyone would answer, corruption. Truth is, corruption cannot be removed in a snap, nor it cannot be eradicated at all. Corruption is not some litter that can be swept off and be dissolved forever, but corruption is somewhat a permanent phenomenon. The only way to fight it is probably to minimize it and prevent it from happening.

Nonetheless, we are not living in a perfect world. We cannot monitor everyone in this country if they are doing anything illegal and if they are being corrupt. My point is, petty corruption may be almost anywhere and somewhat unnoticeable. The important thing is we must be able to minimize and control ratchet corruption, as it is being associated with big sums of money that will have an effect over the country's growth. Whatever it may be, still, corruption is illegitimate as for it promotes interests only for private gains. And whatever Estrada and his cronies did, they contributed to the country's economic underdevelopment. Although we always blame corruption for poverty and economic stagnation, is it fair enough that we point to corruption per se as the whole sinner for this tumbled economy? In the same chapter, Bello also points out that economic stagnation cannot just be attributed to corruption and cronyism. He brought up cases linked with

our country's neighbors as being developed even though they have high statistics on corruption cases. An example given was South Korea. South Korea also experienced extensive corruption and yet their country grew and grew until now. The argument is, if some corrupt countries are able to attain growth and development, maybe corruption is not the key cause of economic stagnation. As stated, Jens Chr. Andvig and Odd-Helge Fjeldstad, Brunetti, Kisunku, Weder in 1997, and Paldam in 1999, surveyed econometric studies testing the relationship between corruption and economic growth. In their survey, they found out that GDP growth is insignificant. Although some of them said that a country is corrupt because it is poor. Going back to basics and as stated in the chapter, corruption is generally defined to be the misuse of public resources by a public agent for private gains. The view taken from the chapter says that wrong behaviors of the elites are the primary reasons why the Philippines remains to be a weak state. Our country seems to be experiencing "anarchy of families" (as stated by Alfred McCoy and termed by anthropologist Robert Fox). Due to the ruling class and other abusive and opportunistic elites, they have been dominating the state using their social power and money. As the elites being influential in the country, they have their ways on protecting and getting their interests against the public interests of the state. The disappointing part is that the state has been continuously tolerating and serving these elites through providing them their private interests. As a result, the state's autonomy weakened because the public resources were privatized and benefitted elite families. The government could no longer fight against these families due to the fact that a weak state has already been existing and elites are the ones



being strengthened. It is an awfully bad combination that the country has strong elite families and a weak state wherein few elite families are enjoying the privatization of public resources while the state's resources are weakening. Now, as to connect the latter with the pointed out root of the state's stagnation which is corruption, it all trickles down to the idea that both of these are the factors why the Philippines lags behind neighbor countries. But as to slightly defend corruption, Walden Bello suggests and emphasizes that corruption is not the real cause of poor Philippines; rather it is the weak state and the abusive elites. The thing is, people tend to not consider the underlying cause of the state's problem. Some ignorant people are likely focusing on the proximate causes and not on the ultimate cause which is why the approach on the problem has not been pretty much pragmatic and somehow progress is not really achieved. Walden Bello again pressed the issue on corruption vis-à-vis the ruling elites when he stated in the chapter that these elite families are using corruption as an escape goat and weapon with the hope that they may take over the power of the public officials and to have something to blame for the country's economic stagnation. As a result, we keep on blaming corruption as the sole problem of our state's underdevelopment. Our minds are focused on this target that we do not consider anymore the root cause of our problem. It is stated in the chapter that " the idea that we are poor because we are corrupt is conceptually and empirically flawed. " That idea has been used to strengthen the power of local elites and empower the neoliberal thought including privatization and deregulation, which are in favor of the ruling elites. In conclusion, Bello stated that what the state needs for development is " not

less, but more state. " This is to give importance of the state's supremacy over the elites. This means that the weak state must be transformed to a strong state by realizing the greater autonomy of the state than the little prowess of the elites. Strategies on attaining sustainable development must be done accordingly. Taking in consideration some of the points given above, it is strongly clear that the state must act on the emergence of the upper class. Given the fact that the Americans have inculcated in the Philippines their pattern of a weak central authority which in turn gives power to the upper class and prevented, eventually, a developed state, this means that the Philippines had adapted a system in what we call, the " EDSA System, " as described by Bello. EDSA System is democratic in the sense that it makes the electoral procedure as its weapon for political success. Still, politics in the Philippines are well-dominated by the elite and upper class people and somehow manipulating and sabotaging the Philippines' developmental system. Lessons from reading the chapters given above have brought about the idea that the political and economic development of the Philippines was worsened over the past years especially through the EDSA System. However, the very fact this book was published is to bring together some analysis supported with historical facts that would create some valid suggestions on letting in development in the Philippines. In the end, Philippines' developmental plans must proceed to its maximum ability and have an alternative political economy that would boost the political and economic sectors. Build up the strong state and minimize the elites' powers. The way out of national impasse is not far from possible; that is, unless, if we move the EDSA system out of the Philippines' political economy.