
HUMAN DEVELOPMENT IN THE PHILIPPINES

Executive Summary

The 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 headstart 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 with 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 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 1987-90 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 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 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 insufficient, 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 socio-economic 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 non-government 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 over-emphasized. 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 3-4 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 through 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 (Appendix 3.2).
- 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.