

# Sustaining Poverty

The National Report on Sustainable Development in the Philippines

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**Focus on the Global South**

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## **Sustaining Poverty: The National Report on Sustainable Development in the Philippines**

### **Introduction**

Ten years after the momentous Earth Summit at Rio, people pause to take stock of what has been.

An assessment or even a simple retelling of history is of course no easy task. This report undertakes this task but with the acknowledgement of the fact that this account is but one version of the tale. Nevertheless, this report attempts to present a succinct history of sustainable development in the Philippines marking key legislation signed, international treaties agreed to, economic policies adhered to and actions taken by the different actors, including civil society.

The report then moves on to the present to assess the current state of sustainable development in the country. In particular it attempts to paint a picture of the nation as it is now, its poverty threshold, levels of incidence of subsistence, state of natural resources and levels of equity. With this endeavour, the report aims to provide a view of the road ahead for the country, of where it is headed as it follows the path it has currently chosen.

In the weaving of this tale however, the report highlights a number of case studies of sustainable development in action and the key challenges for the future, not only for civil society but also for all actors involved. This emphasis on action is pivotal in the sense that the report would like to show the movement from rhetoric and legislation to action and results.

Throughout the report emerge four themes, indicative of the situation of sustainable development in the country:

1. the contradiction between structural adjustment or liberalization policies and sustainable development
2. the contradiction between having remarkable laws and enforcing them,
3. the contradiction between a very strong private sector and a weak state, and
4. the importance of an alliance between government and civil society in taming private interests and achieving sustainable development.

The report then ends with its conclusions and recommendations for how to best meet these challenges. More importantly for how to make that crucial turn in the road from platitude to practice for as this report will show, most people cannot afford to wait another ten years for development to be sustainable.

## I. History of Sustainable Development

1986 marked the turning point in the history of the Philippines. It was the year of the yellow revolution, where thousands of Filipinos marched to the streets to overthrow then President Ferdinand Marcos. It was the end of a 20 year long dictatorship. It was this year where the country also witnessed the birth of the current Philippine constitution, written by a diverse group of representatives from almost all sectors. Democracy was to be reinstalled. This was a revolution.

1986 is where this history begins.

Although the term sustainable development had already been discussed a few years prior to 1986, most activists had been underground fighting the dictatorship and its violations against human rights. It was only after 1986 that the discussions picked up and groups more actively participated in activities and projects on sustainable development. It will therefore be in the interest of this paper to begin its historical timeline of sustainable development in the country from the year 1986.

To facilitate a more organised manner of discussion of the country's recent history, particularly sustainable development and the role of the state, market and civil society in shaping and implementing it, the timeline will be divided into the terms of the Presidents and their administrations. This then begins with former President Corazon Aquino and ending with the beginnings of the current President Gloria Macapagal-Arroyo.

### The Yellow Years (1986-1992)

Former President Corazon Aquino was swept into power through the peaceful yellow revolution where thousands of Filipinos amassed at EDSA, a major road in the metropolis. The assassination of her husband, Benigno "Ninoy" Aquino, a major leader of the opposition in 1983 along with the failed snap elections held in 1986, helped trigger the historical demonstration of **people power** and also turned the then housewife into a rallying point which united the opposition.

Thrust into this rare opportunity for groundbreaking changes, the Aquino government represented the much-awaited triumph of civil society. It was as a revolution should be, the overthrow of the old regime and its corrupt institutions and the replacement with a new and better government, in this case, the replacement of the crony capitalism and dictatorship of Marcos with democratic institutions and more equitable distribution of wealth.

No one had reason to expect otherwise, as the government began with the drafting of a new constitution, participated in by almost all sectors of the country. This even specified the protection and advancement of the right of the people to a balanced and healthful ecology (Article II, Section 15), a first in the environmental rhetoric. This legislation incorporated the progressive concepts of human rights, sustainable development and participatory democracy into the fundamental law of the country.

The next year began with an omen amidst otherwise good beginnings.

On January of 1987, the **Mendiola Massacre** shook people back into cruel reality. Hundreds of farmers, peasants and fisherfolk had peacefully marched to Malacanang,

the presidential home and seat of power, to air their grievances for a true land reform and their cases of land disputes to the President. But what hoped to be a regular demonstration turned to a bloody encounter with the police under superintendent Brigadier General Alfredo Lim and the marines firing at the farmers, killing 13 and wounding almost a hundred. There seemed to be no apparent provocation to merit the gunning down of strikers but the government would claim otherwise.

This proved to be a pivotal moment as the bodies of the dead farmers shattered the then untarnished image of Aquino. This ignited the progressive movement to be critical of the Aquino administration.

The issue was washed down then covered up with a series of new legislation. The first Executive Act of the President was the creation of the **Presidential Commission on Good Governance (PCGG)**, with the sole goal of recovering the supposed billions of dollars Marcos and his cronies had stolen from the Filipino people. Giving it extensive powers, the PCGG could sequester or freeze any assets, from corporations to bank accounts, of Marcos and his cronies, which they considered to be ill gotten. Furthermore, the PCGG also had the power and the choice of appointing temporary corporate directors to companies they sequestered till the judicial bodies have decided on the fates of the assets in question.

The PCGG was the first of many democratic institutions reinstated like the Congress, Senate, the commission on human rights, media, and judicial bodies.

The **Department of Environment and Natural Resources (DENR)** (Executive Order 192) also came into being in 1987. There was an urgent need to focus on the environment, especially the green issues so the new government subsequently separated agriculture from the natural resources, creating what is now the DENR. Then DENR Secretary Fulgencio Factoran explains this as a tactical move to give the Department more teeth in pursuing and implementing environmental protection laws. "We saw that the agencies handling the environment like the national pollution commission were small agencies with limited budgets and limited mandates."<sup>1</sup> The theory behind the establishment of the DENR was then that with the power to grant licences for extraction of natural resources, it follows that it would have the power to execute environmental protection laws.

This new concern for the environment and an ecology friendly development coincided with international events. It was in 1987 that the independent commission led by Gro Harlem Brundtland, the World Commission on Environment and Development presented its famous report, *Our Common Future* to the UN General Assembly. The **Brundtland report** as it is known now, presented the first definition of sustainable development to the rest of the world. "**Sustainable Development is development that meets the needs of present generations without compromising the ability of future generations to meet their own needs.**"

Development then tied in economic growth with environmental protection and an equitable distribution of wealth and resources with the goal of improving and raising the standards and quality of living for everyone.

Ironically, that same year, Aquino would assist in paving the road for unsustainable exploitation of resources. On July of 1987, Executive Order 279 gave the Secretary of

the DENR the full authority to negotiate and conclude leasehold agreements, or better known as **FTAA's (Financial and Technical Assistance Agreements)**, something, the President originally had the sole power to do. This effectively hastened the entry of many firms, with one thing different from the Marcoses era, the FTAA's included the government in the equation of the actual business. This meant that the government and the mining firm entered a joint venture in the exploitation of the nation's minerals.

Then the fledgling administration next addressed the burning issue of land reform with its **Comprehensive Agrarian Reform Program (CARP)** (Republic Act 6657). The redistribution of land most especially to the long deprived farmers seemed close at hand with the big reforms the Aquino government was promising, hailing agrarian reform as its priority. And even though the original radical proposals of civil society had been watered down by the landed elite in Congress, CARP was still seen as a landmark legislation that would redistribute lands, albeit over a ten year period.

This also brought about the **Department of Agrarian Reform (DAR)** with its mandate being the implementation of CARP.

The following years would however see the tide change even more forcefully.

Justly so, the activists who had rallied behind Aquino began pulling away and more importantly, began to clearly see the new administration. It was at this time when the realization had settled that Aquino had her own cronies, her relatives, spurring the term "Kamag-anak Inc." (Relatives Incorporated). Questions arose on the appointment of relatives to key positions in government and more importantly, to companies sequestered by the PCGG.

The most solid confirmation of Aquino's true colors however, came in the form of **Hacienda Luisita**, a 6,000-hectare land owned and run by Aquino's family. The banner program of this administration conveniently underwent some quick fixes to exempt the Hacienda Luisita from being redistributed. A stock distribution option offered a very big loophole through which the Aquino property could go through to avoid land reform or actual land transfer.

Cover blown, people began to see Aquino for who she really was: an elite with her own set of cronies just like the dictator they had fought so hard to overthrow.

Losing its moral high ground, factions gained footing and began challenging the legitimacy of the government. 1988 and 1989 saw at least six **coup d' etat** attempts, most of them led by a prominent figure of the people power that had installed Aquino in 1986. Needless to say, the attempts severely destabilised the already splintering government. It also divided the Armed Forces of the Philippines, creating factions, further weakening the government.

This also put pressure on Aquino to succumb to the right, spurring the militarization of the policies of government. The administration gave in and unsheathed the sword of war against insurgents, including progressives and all left leaning groups. Aquino then fired key cabinet members seen as left leaning and too progressive, including then Labor Secretary Augusto Bobit Sanchez and Agrarian Reform Secretary Butch Abad.

Fully abandoning any pretensions of progressive leadership, Aquino signed and implemented US endorsed policies of privatization and liberalization.

By the time Aquino had taken over, two **Structural Adjustment Loans (SALs)** had already been signed by Marcos.

### **Structural Adjustment Loan I**

#### **Program Description:**

The Structural Adjustment Program aims to promote exports through improvements in the incentive system, liberalize the tariff structure and simplify import procedures, and restructure selected industries.

Implementation Schedule: 1980-1983

#### **Program Financing:**

Funding Source: International Bank for Reconstruction and Development  
Amount: US \$ 200 million  
Terms: Interest on principal – 9.24%  
Commitment charge – 0.75%  
Repayment period – 20 years – including 5 years grace  
Scope of Financing: Import of industrial raw materials, intermediate goods, capital goods, spare parts and other goods.  
Disbursement: Two tranches, the first upon loan effectiveness, the second when satisfactory progress is made in realigning tariffs and liberalizing import licensing.  
Date of Loan Signing: 25 September 1980  
Status: (as of Aquino) Fully disbursed. First tranche released in December 1980 and the second in July 1981.

#### **Technical Assistance:**

Funding Source: International Bank for Reconstruction and Development  
Amount: US \$ 5 million

### **Structural Adjustment Loan II**

#### **Program Description:**

The Structural Adjustment Program aims at improving the allocation and efficiency of investment over the medium term. The second phase of the program includes:

1. a fundamental reform of the Philippines' industrial incentives and promotion policy
2. an extension of the ongoing trade policy reforms through measures in indirect taxation, import liberalization, and tariffs and
3. reforms in energy policy and public resource management

The program also aims at improving the structure of the balance of payments by limiting the country's reliance on foreign savings and reducing the current account deficit to more sustainable levels.

Implementing Agency: Inter-Agency Committee to Monitor and Coordinate Structural Adjustment Program

Implementation Schedule: One year (1984)

### **Program Financing:**

Funding Source: International Bank for Reconstruction and Development

Amount: US \$ 302.3 million

Terms: Interest on principal - standard variable rate

Commitment charge – 0.75%

Repayment period – 20 years, including 5 years grace

Scope of Financing: Essential imports estimated at about 4% of Philippine merchandise imports and meets 8% of gross external capital requirements in 1983

Disbursement: Two tranches: \$203.2 M upon loan effectiveness and the second tranche of \$100 M after 6 months, after a review of the progress made in implementing the program.

Date of Loan Signing: 27 April 1983

Status (as of Aquino) Fully disbursed

Source: World Resources Institute<sup>2</sup>

Aquino however had the choice of whether to follow the footsteps of Marcos adhering to economic policies of the World Bank and the IMF or to begin her own path, beginning with lessening foreign debt servicing and spending more instead domestically.

She would make her choice and it was to the dismay of her original supporters. The **Committee on Privatization** and **Assets Privatization Trust** (Proclamation No. 50) quickly entered the scene with the aim of implementing the required privatization measures of the IMF and the World Bank.

Nature however would wreak havoc and chaos. On July 16, 1990, the biggest **earthquake** to hit Northern Luzon, the northern region of the Philippines, in the last century, violently shook the region, destroying buildings, roads, bridges and cutting off telecommunications in several cities. Hundreds were buried in the debris, many more stranded and some cities were practically cut off from neighboring cities, making rescue efforts virtually impossible.

Baguio City, the hardest hit, located in the mountain regions, could not be reached for days by rescue teams as all major roads, originally cut out from the sides of mountains were all covered with rocks from landslides, both from the earthquake and the aftershocks to follow.

This brought to the forefront the inability of government to address natural disasters of such intensity. In a report assessing disaster, the Philippine Institute of Volcanology and Seismology states that the government had not undertaken measures to prepare itself for natural disasters.<sup>3</sup>

Then the next catastrophe followed the very next year, the biggest volcano explosion in the 20<sup>th</sup> century. Located north of Manila, **Mount Pinatubo** exploded with so much fury on June 12 1991, 5 billion cubic meters of ash and pyroclastic debris went shooting up the atmosphere, turning day into a gray night. 847 dead, hundreds injured, countless missing and at least 1 million people displaced. The three hardest hit provinces of Tarlac, Zambales and Pampanga suffered the most with Pampanga being the worst off of the three. Most of the displaced hailed from Pampanga with most of the province covered in the solidified lahar.

Pampanga and the other provinces hit were agricultural lands and now that the lahar had solidified, there was nothing but a gray barrenness. Farmers who had for all their lives farmed, could do nothing with this infertile land. The Aquino government could not go beyond the immediate rescue efforts onto rehabilitation and creation of alternative livelihoods.

Internationally though, the Philippines was more than able to keep appearances, joining the ratification of the **Montreal Protocol** and supporting the **Inter Agency Committee on Climate Change**. Recognising among other things, “that all countries, especially developing countries, need access to resources required to achieve sustainable social and economic development and that, in order for developing countries to progress towards that goal, their energy consumption will need to grow taking into account the possibilities for achieving greater energy efficiency and for controlling greenhouse gas emissions in general, including through the application of new technologies on terms which make such an application economically and socially beneficial.”<sup>4</sup>

They also tried to address issues raised by indigenous people particularly on mineral extraction, signing into law the **People’s Small Scale Mining Program** (RA 7076). Critics would however call it out for its pretensions as it had provisions, which suspiciously allowed for the dispossession of the small-scale miner in favor of the large-scale using the reason of technology and capital.

The Aquino government further tried to keep with the spirit of devolving power democratically by issuing the **Local Government Code** (RA 7160), which basically strengthened the role of Local Government Units in the country.

A major change in policy however would be the treaty on the **US Bases**. With still enough progressives in the Senate and the relentless efforts of civil society on the rest of the government and the populace, the Philippines successfully booted out the major remnant of colonization, the US military bases. On September 16, 1991, it was a vote in the Senate and the magnificent 12, led by progressive leader, Senator Wigberto Tanada, voted the bases out.

This was a victory for civil society as finally, the country could sever its dependence on the US and pursue development on its own and enjoy its right to self-determination. Government though would feel this as a great loss, citing the number of foreign investments the bases attracted because of the supposed security and stability it offered, not mentioning the employment it generated.

Cynics though say that the US left without a fight because one of its two major bases in the country was destroyed by the recent Mount Pinatubo explosion. In fact, a major issue

to this day is the cleaning up of the abandoned bases where it was also later discovered that it housed toxic waste.

And with good reason did these critics think this because in the same year that the progressive movement booted the US bases, to be rid of American dependency, the Aquino administration passed the **Foreign Investment Act of 1991**, which liberalized the entry of foreign investors into the country. The government had also “put in place a 5-year tariff reduction program that simplifies the tariff structure and puts a 9-band tariff layer, with most of the items concentrated at around 3, 10, 20 and 50 percent tariff rates.”<sup>5</sup> All to pursue a unilateral trade liberalization program.

Nature however had other plans in store, and as the cliché goes, nature has a way of catching up with you. So on November 5, 1991, a tropical storm caused major floods in the islands of Leyte, Samar and Negros. This however would have gone on unnoticed, as the country is used to having floods and regular tropical storms. But the city of **Ormoc** in Leyte had been badly deforested by unabated illegal logging and over-exploitation, causing the floods to rise to heights of 10 feet in no time at all, drowning 8,000 people and displacing 700,000 with a total damage of 736 million pesos.

The realization had hit hard. The Aquino government’s claims to environmental protection and sustainability had all been a sham and now the truth was out. Timber license agreements were part of political spoils and illegal loggers turned out to be political warlords.

Fate would not however, spare any kindness to the Aquino administration, dealing it with yet another blow as its term ended: the **energy crisis**. Abolishing the Department of Energy much too hastily it seemed, brought the worst energy crisis the country had ever experienced, with blackouts lasting for more than 8 hours at a time. This heightened the discontent of the politicized populace with the government, and brought to the forefront the controversial debate on the **Bataan Nuclear Power Plant**. “Two factors contribute to the uproar over its suggested reactivation: 1) the onerous nature of the loan negotiated by Marcos to build the power plant and 2) the safety aspects of both the plant and the land it was built on this is yet not to mention the debate over the use of nuclear power as energy source.”<sup>6</sup>

Aquino’s term then ended in the first quarter of 1992, in chaos. The country was suffering an energy crisis, provinces hit by natural disaster had not been resuscitated, it was deeper in debt, growth had stagnated and poverty, far from being addressed, had worsened as the unemployment rate steadily increased along with the fast rising inflation rate.

<b>GDP and GNP Growth Rate 1986-1991</b>		
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Year	GDP Growth rate	GNP Growth rate
1986	3.4	4.2
1987	4.3	4.6
1988	6.8	7.7
1989	6.2	5.6

1990	3.0	3.7
1991	-0.6	0.4

Source: National Statistical Coordination Board

<b>Unemployment and Inflation Rate 1986-1991</b>
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Year	Unemployment Rate (%)	Inflation Rate (%)
1986		-0.45
1987		3.03
1988	9.55	8.93
1989	9.13	12.20
1990	9.53	14.17
1991	10.50	18.66

Source: National Statistics Coordination Board, National Statistics Office

Even worse, by the end of her term, Aquino had managed to fully entangle the country to more loans, grants and measures for structural adjustment, adhering shrilly to all IMF-WB policy dictates. "To illustrate, the number of regulated items was reduced drastically from 1,924 to only 183 within the period."<sup>7</sup>

<b>Program Loans and Grants Signed, 1987-1991</b>
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Year Signed	Program Title	Funding Agencies	Total Amt (in US\$ M)	Major Reform Areas
<b>1987</b>	Economic Recovery Program	IBRD J.EXIM*	300 300	Tax reforms, import liberalization, GFI's rehabilitation and public investments
	Budget Support Program II	USAID	150	Foreign exchange liberalization, fiscal and monetary reforms, privatization and import liberalization
<b>1988</b>	Forestry Sector Program	ADB OECF*	120 120	Environmental Protection
	Government Corporate Sector Program	IBRD OECF*	200 200	Government corporate sector reforms including privatization
<b>1989</b>	Financial Sector Reform Program	IBRD OECF* J.EXIM	300 300 300	Financial Sector reforms including strengthening of CB and PDIC
	Support for development Program I	USAID	218	Privatization, transport deregulation, trade reforms, tax reforms and public investments
	Agrarian Reform Support	USAID	47.5	Agrarian reform program

				implementation
	Fisheries Sector Program	ADB OECF	80 80	Environmental protection
	Debt management Program	IBRD	200	Improvement of public investment efficiency and enhancement of foreign investments
<b>1990</b>	Natural Resources Management Program	USAID	35	Environmental Protection
	Local Development Assistance Program	USAID	45	Decentralization
	Road and Road Transport Program	USAID OECF*	100 100	Deregulation and demonopolization of transport sector
<b>1991</b>	Environment and Natural Resources Sector Program	IBRD IDA* OECF*	100 66 100	Environmental Protection
	Private Enterprise Policy Support Program	USAID	79	Tariff reform and investment liberalization
	Support for Development Program II	USAID	56	Foreign exchange liberalization, transport deregulation, tax administration and domestic resource mobilization
	Agribusiness System Assistance Program	USAID	15	Privatization, tariff reform and deregulation in the transport and agribusiness sectors, demonopolization in the transport sector

\* Co- financing

Acronyms:

IBRD International Bank for Reconstruction and Development

IDA International Development Association

OECF Japan's Overseas Economic Cooperation Fund

JEXIM Japan Export Import Bank

USAID United States Agency for International Development

Source: Soriano, Ma. Cecilia, "Philippine Structural Adjustment Programs" PIDS Research Paper Series 92-10, 1992

### **The Lost Tiger (1992-1998)**

June of 1992 saw the inauguration of the new President, a former General and Defense Minister of Aquino, Fidel V. Ramos. Endorsed by Aquino, Ramos enjoyed the administration party's machinery and won by a slim margin over then presidentiable Miriam Defensor-Santiago, amidst allegations of vote padding, vote buying and cheating in the counting or as it was termed, "dagdag-bawas"<sup>8</sup>.

The public doubted any real reforms under the new President as he was endorsed by the former administration. For one thing, Ramos had early on declared his adherence to the same macroeconomic policies of his predecessor.

Ramos would however find a way to gain moral ground with civil society in the coming months. July 1992, the **Earth Summit in Rio de Janeiro** presented such an opportunity. The Philippines participated in the Earth Summit and went away with the term sustainable development.

Ramos had found a new pet term and it was his to exploit. From then on, Ramos would use the term sustainable development to describe all his government's programs and projects, popularizing the term.

Most of civil society would believe him to be sincere as Ramos signed Executive Order No. 15 on September 1 of that same year, creating the **Philippine Commission on Sustainable Development (PCSD)**. It was the first National Council for sustainable development in Asia. It was, as Ramos himself said, "a concrete gesture of our country's commitment to operationalize sustainable development."<sup>9</sup>

Followed by two environmental legislation, **Toxic Substances, Hazardous and Nuclear Waste** (RA 6969) and **National Integrated Protected Areas System** (RA 7586), Ramos had no need for a public relations officer. He knew just what to say and do. RA 6969 for example, provided the policies for managing and regulating the use of toxic and hazardous waste.

The end of the relatively good year however would witness **a major split in the progressive movement**. On December 1992, a paper reaffirming their adherence and loyalty to the National Democratic ideals was published in the Philippine Daily Inquirer, a major daily, thus confirming the long drawn out internal debate among the National Democratic sphere of progressives. This bitter split would produce two major opposing sides, the reaffirmists and the rejectionists. This political divide would define future major people's organizations and non-government organizations dealings and campaigns.

1993 rolled in and brought out the true intentions of the Ramos administration. The administration introduced its newest battle cry **The Medium Term Philippine Development Plan (MTPDP) or Philippines 2000**. Billed to reduce poverty, empower people and improve the quality of life of every Filipino, the MTPDP would achieve all this through liberalization, privatization, deregulation and opening fully the economy to foreign investment.

The Philippines was going to be Asia's next tiger and not only a regular tiger like its neighbors, it would go one up by being a green tiger. The country was not going to follow the develop now, pay later on environmental costs model, like many newly industrialized countries. It was going to pursue development with the environment in mind.

What more can the progressive movement ask? Here it was, a plan for sustainable development and environmentally conscious economic growth. But what Ramos did not realize was that civil society was not born yesterday and would see the contradictions in black and white and more importantly, the difference between empty promises and reality.

This difference would be elucidated in the coming years as Ramos would aggressively pursue his vision of Philippines 2000.

Beginning with the way Ramos solved the ongoing power crisis. By this time, the energy crisis legacy of the Aquino administration had deteriorated to a sad way of life, killing many electricity dependent small industries. Ramos used the misery to convince Congress to enact the **Electric Power Crisis Act**, giving him emergency powers and access to emergency funds. But as it turned out, what the power crisis act really gave Ramos was an excuse to fast track deals on power plants. Questions were raised on the seemingly too easy bidding process and the apparently anti-environmental power plants. Also, communities in the provinces where the plants were speedily constructed, were not even consulted, a clear violation of the environmental impact process wherein communities are informed and have the right to refuse the entry of such a project.

But Ramos was way ahead of everyone. Like his predecessor, Ramos knew how to maintain his image internationally and so far from being the anti-environmentalist, Ramos scored big by joining the ratification of the **Framework Convention on Climate Change (FCCC)** the very next year.

The government also declared the **Philippine Strategy for Biodiversity Conservation**, keeping up with the issuance of pro-environment legislation.

1994 would however witness a great national debate, concerning whether or not the Philippines should ratify the **General Agreement on Tariffs and Trade (GATT) Uruguay Round**. One of the major issues raised in this debate was that of food security, or “the ability of a country to produce most of its basic food needs to survive and economic welfare of peasant producers, respect for the cultural preferences of consumers when it comes to food, protection of the country from vagaries of world trade in grain and other foodstuffs, and the political stability of rural society.”<sup>10</sup>

Despite the clear arguments and objections raised against GATT, including the fact that it was the need to dump 1<sup>st</sup> world surplus into 3<sup>rd</sup> world markets like the Philippines that the agreement was being pushed, and that the agreement would not only threaten the country’s food security but also its domestic agricultural sector, the government looked hell bent on ratifying GATT. Pro-GATT advocates would cite efficiency and the ideal free market.

It had been a well-laid out plan and the ratification of GATT was just the ending to a carefully crafted plot. As even before the Uruguay round of GATT, the country had already set itself up for export orientation and foreign interests domination with the **1993 Medium-Term Agricultural Development Plan** which prioritised high value crops for export over staple crops for domestic consumption.

So when the time came to implement the **Agreement on Agriculture (AOA)**, the major result of the GATT Uruguay round, the Philippines did not even have to reduce its tariffs as its tariffs were already below requirements. It did however need to bind itself to not increase its tariffs and to reduce the bound rates by 24 % over ten years, exempting only rice.<sup>11</sup> In its mad pursuit to execute the AOA, the government passed the **Agricultural Tarrification Act** (RA 8178), which repealed older laws: RA 1296, RA 2712 and RA 1297, all designed to prohibit the importation of locally produced crops and products. It also rendered useless hard earned victories of farmers by repealing the laws RA 7607 and RA 7308, the Magna Carta for Small farmers and the Seed Industry Development Act, again laws designed to ensure that the country did not import agricultural products that its domestic agricultural sector could produce.<sup>12</sup>

On its path to liberalization, Ramos then enacted RA 8179, an **amendment to the Foreign Investment Act of 1991**. This relaxed further the rules on the entry of foreign investors, allowing among other things, the 100% ownership of local businesses and the lowering of the previous required amount of capital from 20 million pesos to a meager 5 million pesos.

Following closely, RA 8180 came or the **Downstream Oil Deregulation Act** which amidst much criticism, opened the oil industry to new players, both foreign and local but still provided for the maintenance of the existing oil cartel.

Then Ramos signed the **Bank Liberalization Act**, which opened the banking sector and allowed for the entry of at least ten more off shore banks.

Then as if to turn the tables on its critics, the government suddenly argued that it had a conscience, passing the **Social Reform Agenda (SRA)**. It was to be government's response to poverty, ensuring the marginalized sectors integration into the economic mainstream and improving their quality of life by giving them access to social services and involvement in governance. The SRA also promised the implementation of sustainable development in the exploitation of natural resources for economic activities, the very same thing the MTPDP declared it would do.

Once again looking sincere, the President even formed the Social Reform Council (SRC) bringing together different sectors from farmers to victims of disasters, and the different government line agencies and local government units. The council initiated flagship programs meant to address agrarian reform, aquatic reforms, ancestral domains, urban reforms, resettlement for the displaced and delivery of social services.

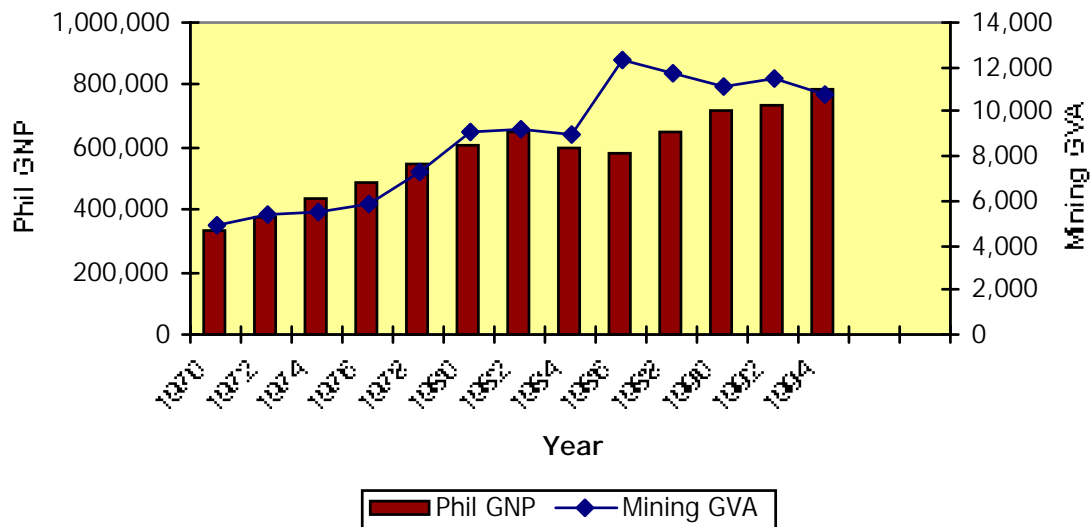
But "government has yet to disaggregate the SRA budget to indicate exactly how much resources go to what specific reform and to whom"<sup>13</sup> making it impossible to assess and evaluate concretely its progress.

1995 then had the administration targeting the country's mineral resources. Tagged as the tiger industry, the mining industry received much support from Ramos. Signing into law the **Mineral Exploration, Development and Conservation Act** (RA 7942) or the **Mining Act of 1995**, the government created the greatest contradiction of all. It declared that the Mining Act of 1995 would ensure economic growth via Sustainable Mining. As Lodel Magbanua of the Legal Resources Center (LRC) decries, how can the mining of non-renewable resources possibly be sustainable?

Also, it provided a very wide opening for foreign investors to come in, own and run corporations in the country. As the Mining Act looked more as an extended version of Aquino's FTAA, it stirred much controversy as civil society groups questioned the lopsided arrangements.

Mining then was the trophy project of how to do business responsibly, and extract resources sustainably. How the exploitation of non-renewable resources ever translated into sustainable is beyond comprehension.

What is easier to understand however is that numbers do not lie and the numbers showed that the mining industry, despite its highs and lows has steadily contributed a fairly healthy average of 1.52% for the past thirty years, peaking at 2.14 in the mid-80's.



Because of this, mining was tagged as the tiger industry by the Ramos administration, which, with the help of the government, would supposedly boost the economy of the country and make it at par with the country's more affluent neighbors.

The market would however not cooperate as metal prices remained depressed while costs of mining stayed constant, forcing some companies to sell at a loss. Benguet Mining for example, claimed to have been selling gold at least a hundred dollars less than the cost, thereby subsidising the market.<sup>14</sup> Also, despite their delusions, minerals were depletable and non-renewable, thereby causing many companies to fail to meet their quota. In fact, two years before this Act, 220 mine sites had already been abandoned<sup>15</sup> while several firms declared bankruptcy.

Barely a few months into office, the delusions of grandeur of the mining industry and government came crashing with the Marcopper accident on March 24, 1996.

The **Marcopper** mine site situated at the top of the island's mountains unleashed a torrent of sulfidic mine tailings into the defenseless **Boac** and Makulapnit rivers. An estimated total of 1.5 – 3 million cubic meters of toxic tailings<sup>16</sup> covered the whole length of the Boac river, a river that goes through almost the entire Marinduque, thereby effectively killing the small island's ecosystems and livelihood.

Later that year, the Ramos administration would find yet another way to bounce back. On September 26, 1996, it launched **Philippine Agenda 21 (PA21)**, the country's translation of the Agenda 21 of the Earth Summit in Rio, to a local development plan. The PCSD through various multi-stakeholder consultations had drafted PA21 and was proud to say that it had covered everything needed for the Philippines to go on the path to sustainable development.

But this time, a spade would be called a spade and PA21 was definitely lip service to sustainable development with government appropriating terms of the progressive movement for itself to lend to its credibility.

This is because upon closer inspection, the contradictions between the Ramos administration program, MTPDP and PA21 are just too stark to find common ground.

<b>MTPDP vs. PA21</b>	
Neo-liberal framework: growth oriented and export oriented	Equity-oriented and local market oriented
Modernization of rural agriculture "We must hasten the modernization of this sector"	Cultural Sensitivity "Nurturing the inherent strengths of local and indigenous knowledge, practices..."
Principle of a Competitive Economy "enhance competition, reduce government regulation...expose to foreign competition.."	Principle of Self-Determination "Respect the right & relying on the inherent capacity of the country & its people to decide on the course of their own development."
MTPDP promoted the Mining Act of 1995	Strong positions against pollution, resource depletion and exploitation

While MTPDP includes PA21 rhetoric using terms such as participatory democracy and the all too favorite phrase, sustainable development, it does not follow it through with actual provisions. Furthermore, it was clear after a while where government priorities lay, "MTPDP was well funded while the PA21 practically got no funding."<sup>17</sup>

The truth is, the MTPDP had always been the government's intentions whereas PA21 had been nothing but lip service. The contradiction between structural adjustment or liberalization policies and sustainable development

And by now, the government-NGO cooperation that was the PCSD was seen as simply a government propaganda for its rhetorical sustainable development façade for what really was its anti-environment economic liberalization program.<sup>18</sup>

If anybody had any doubts of this reality, they were completely wiped out after the **Asia Pacific Economic Cooperation (APEC)** meeting held in Subic Bay, Olongapo City in the Philippines on November of 1996. Bringing the entire delegation to an idyllic spot in the country, far from the overpopulated urban centers and squatters filled cities, Ramos proclaimed the country the next tiger, promising even more liberalization measures to go with the planned further opening of the economy.

1997 brought all these to a screeching halt as the **Asian Financial Crisis** devastated the region and the country most especially. Following IMF-WB dictates of capital account liberalization (bonds, securities, which are otherwise regulated investments) resulted in massive inflows of speculative capital into the financial and real estate sector triggering artificial booms in Manila. The problem however was that since they came in so fast and so easily, at the first scent of panic, they were able to pull out just as quickly, causing the collapse of the fundamentally weak economy. In Manila alone, billions of dollars exited in

less than two years, in 1997 and 1998 bringing the GNP growth rate to below zero in 1998.

<b>GDP and GNP Growth Rate 1992-1998</b>		
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Year	GDP	GNP
1992	0.3	1.3
1993	2.1	2.8
1994	4.4	5.3
1995	4.8	5.0
1996	5.7	6.9
1997	5.1	5.8
1998	<b>-0.5</b>	0.1

Source: National Statistical Coordination Board

Nature would not better the matter as the sun mercilessly shone, signalling the beginning of the **El Nino Phenomenon**. The archipelago was literally squeezed dry by the extreme heat, killing hectares and hectares of agricultural lands in several provinces throughout the country. Strangely, in a country of 7 thousand islands, surrounded by water, a drought had become a looming reality.

In a last ditch effort, Ramos signed and enacted into law the Indigenous People's Rights Act (IPRA), authored by the progressive organization, LRC. It's non-implementation later on though would show the contradiction between having remarkable laws and enforcing them.

### **The "Pro-Poor" Years (1998-2001)**

Selling himself as the man of the masses, Joseph Ejercito Estrada became the most popularly elected President of the Philippines. Joseph Ejercito Estrada, more popularly known as Erap, began his career as a movie actor, often starring, as the renegade hero of the poor people, endearing him to the audiences comprised mostly of the common person. Capitalizing on this fame, Erap went on to win several government posts from mayor to senator to vice-president, and now finally, president.

After elected, talk of midnight cabinets, drinking sessions, a wealth of publicized cronies and an even bigger number of displayed mistresses became accepted as the way of life of the President. He spoke with that unmistakable drunken drawl often bungling policies, leaving his spokespersons and executive secretary to correct whatever inconsistencies he may have declared.

Leaving the policy making to his array of advisers, Erap's macro-economic policies remained neo-liberal and following Ramos' steps, put out his own MTPDP, only with a better slogan **Angat Pinoy 2004**<sup>19</sup>

His policies were exactly the same but his charm worked wonders. Keeping his poor people hero image, Erap would regularly visit slum areas and eat with them, using his hands to the delight of poor people everywhere. He would then give out dole outs like grocery packages, money, sometimes from his own pocket or land titles.

His officials on the other hand, were not as adept at maintaining such pro poor images, as most of them were really appointed into key positions as part of political spoils. The Environment Secretary for example, Antonio Cerilles was a known logger. This conflict of interests clearly showed in his dealing with the issue of the **IPRA**.

Barely three months after its approval and enactment into law; the IPRA faced its first legal battle. On September 25, 1998, former Supreme Court Justice Isagani Cruz filed a case in court, questioning the constitutionality of the IPRA. "The IPRA was a rank violation of the constitution. I have nothing against the indigenous people but their protection should be in accordance with the law."<sup>20</sup> The basic issue raised in the petition involved the Regalian Doctrine or the law that says that the State has ownership and control over all lands and natural resources. According to Justice Cruz, the provision in the IPRA that allows the indigenous people to own and control their ancestral domains violates this doctrine.

"24 hours after Justice Cruz filed his case, the respondents received their summons already and a few months later, the case was heard!" complains Lodel Magbanua of LRC. And in this country where some cases wait several months to years to be heard, this was indeed something to be bristled about. But that was only the beginning. Soon after the summons, the case made it to the news and it stirred emotions anew. "When the IPRA was approved and its implementing rules and regulations were signed, our entire tribe had a celebration and made offerings to our gods and ancestors for such a blessing. Only to find out a few months after that we had rejoiced too early,"<sup>21</sup> Shares B'laan Datu Bong Dawang, a high-ranking leader of an indigenous group. And that was the general sentiment amongst the NGO's and people organisations as the victory they had grasped in their hands had suddenly fluttered out of reach.

In the end, the Supreme Court itself was divided on the issue, coming to a stalemate, with 7 votes each for both sides. In such an event, the IPRA should be held constitutional as it was not declared otherwise. But Cerilles would interpret the law in his own way and thereby declared a temporary restraining order, an order only courts can declare, on IPRA and its agencies. Cerilles justified his self imposed TRO by saying that the IPRA's constitutionality had been questioned so therefore could not be implemented. But even Justice Cruz, the original complainant did not agree with this, "That is not constitutional because the Supreme Court itself did not issue a TRO so the IPRA should be implemented fully."<sup>22</sup>

What little success achieved by the past administrations were frenetically negated by the Estrada administration, for one thing, Cerilles did not waste appointing his fellow loggers to key positions in the department.

Soon after his instalment, stories of corruption and irregularities abounded. One former employee states that even the legal contract holders were required to give undisclosed amounts for their contract to be honored.<sup>23</sup> Even a high ranking DAR official confirms Cerilles' ways as lands for agrarian reform left under the DENR's care has mysteriously been transferred to Cerilles' name.<sup>24</sup> Naturally, this system of corruption allowed for the exemption of certain companies from fulfilling requirements like ocular inspections. Cerilles was even supposedly witnessed by staff, to have ordered Jimmy Pisigan, the head of an investigating team for these ocular inspections, to drop a number of names

from the list of violators, explaining, "*Hindi mo pa ba kilala ang mga kaibigan natin? (Do you not yet know who our friends are?)*"<sup>25</sup>

Noticing the shift of priorities of the Department, NGO's were up in arms against Cerilles. "That man was born with a chainsaw in his hand."<sup>26</sup> exclaimed Bobby Chan of ELAC, as he expressed frustration at the way Cerilles coddles illegal loggers. "He and his staff regularly stayed at the Dos Palmas resort here in Puerto Princesa for free, when it is a well known fact that this resort is owned by apprehended illegal loggers!"<sup>27</sup> Edward Lorenzo, also of ELAC, shared the same sentiment as he explains that most of the cottages of that resort are actually made of endangered premium hardwood taken from the forests of Palawan, a no logging zone.<sup>28</sup>

And so it was with Erap's other cabinet members, government officials and cronies. Cronyism had always been part of every administration's unwritten policy but Erap's way of cronyism simply just did not fit the past mold with cronies seen publicly with the president, at times obviously affecting key policies. A case in point was when Estrada declared Danding Cojuangco, a notoriously known crony of Marcos, big landlord and a man with a questionable background, linked to the coco-levy scam<sup>29</sup>, as the Godfather of Agrarian Reform.

Naturally, media picked up on such ways but Estrada would not be open to criticism, especially of his buddies. So after the **Manila Times** ran a front page photo with an article showing yet another example of Erap's brand of cronyism, Erap unleashed his ire. The Manila Times was not only forced to publicly apologize but was subsequently closed down and bought by well-known crony, businessman Mark Jimenez. Later on, the Philippine Daily Inquirer, another staunch critic of the Estrada administration, would almost suffer the same fate when it nearly died from the ad boycott called by Erap himself, saying that if these advertisers were his friends, they would not place ads with the Inquirer.

After intense lobbying, the progressive movement would then score a huge win with the passing of **The Comprehensive Air Pollution Control Policy (RA 8749)** or **Clean Air Act**. "We were central on getting the Clean Air Act passed because of its three most important provisions, the ban on incineration, the fuel provision and the provision that empowers citizens and communities to file suits against the government or a corporation violating the clean air act."<sup>30</sup> This law although with its imperfections, is staunchly advocated by Greenpeace and other environmental organizations in the country mainly for its sweeping provisions of bans on incinerators and leaded gasoline.

It's flaws lie in the contradictions it has in its framework. "On the one hand it's all about pollution prevention, on the other it talks about pollution control. These are two different things that are metrically opposed."<sup>31</sup> Von Hernandez, Regional Campaign Director of Greenpeace Southeast Asia, explains further that while prevention aims to eliminate sources of pollution, control is an entirely different story. The principle behind control is to monitor levels of certain pollutants in the environment and once an individual or corporation meet those standards then they are in the clear. "This is a false notion because even if you meet that level, set by the law, the pollution is still there, it accumulates, it builds up. And that's why we call it legalized pollution."<sup>32</sup> In essence, you meet the law but you still pollute.

Despite all this however, the critics still embrace the law because it is a step in the right direction. "All of our pollution laws are outdated and this pioneers in the fight against the alarming levels of pollution in the country especially in the urban centers. In fact Metro Manila has been ranked one of the top 5 most polluted places in the world."<sup>33</sup>

Of course policy is one thing and implementation another. And no matter how stern the provisions of the Clean Air Act may be, violators are expected and in fact have already surfaced this early. "We discovered that even with the passage of the Act, there were still companies that were beginning to put up incinerators in the country."<sup>34</sup> What makes it worse according to de la Cruz of Greenpeace is that these incinerators being brought into the country are mostly banned in first world countries. The good incinerators that do meet environmental safeguards do not reach our shores mainly due to the sad fact that we cannot afford them so we are tossed the scraps. But these scraps find open arms here as the government continues to see it as the end all and be all solution to the waste problem, which of course is not only a backend answer, it is also a false belief. "Incinerators generate toxic emissions with acid gases, toxic metals and new compounds like dioxins and furans which are carcinogens."<sup>35</sup> This fact, Greenpeace had hoped to have drummed into the policy makers heads as they campaigned for the Act.

But as it turns out, some have found this at fault for the current state of the waste problem. "The problem with the clean air act is that incinerators have been banned. If the clean air act ban is not there, Metro Manila does not have to ask other communities to host its garbage (via landfill), it can solve it on its own." states Robert Aventajado.<sup>36</sup>

With one avenue blocked, the Estrada administration then quickly shifted gears towards the only other option they thought possible, landfills. Without anyone looking, they bid out an agreement for a landfill in the serene island of Semirara, Antique. They figured that this would be a perfect venue as it would be far from the metropolis and did not have enough of a population to voice protests against it. They did not however count on ngo's and neighboring islands' communities catching up on them and using the media to blow the whistle. In a few days, photos of the picturesque island found its way to the front pages of the major dailies and in the prime time news.

Fortunately for Semirara, the contractor had failed to acquire an Environmental Compliance Certificate or ECC, a document needed by any company to build or operate in any part of the country, allowing the courts to halt its operations. Not to say though that DENR Secretary Cerilles had known nothing of the matter. In fact, Aventajado confirmed that "The DENR had given the contractor a letter of permission so that they can start operating..."<sup>37</sup>

Population on the other hand, was steadily increasing with the National Capital Region hitting the **ten million mark** on May 2000. This belied the worsening problem of overpopulation in urban areas furthered by the unmitigated migration from rural to urban. The Philippines was growing at a steady pace with the total population reaching **76.5 million** that same year. Combining the figures, this meant that 13% of the entire population was all cramped into the country's capital region.

<p style="text-align: center;"><b>Population of the Philippines Census Years 1975-2000</b></p>
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Year	Population	Average annual rate of increase (%)
1975	42,070,660	2.78
1980	48,098,460	2.71
1990	60,703,206	2.35
1995	68,616,536	2.32
2000	76,498,735	2.36

Source: National Statistical Coordination Board

This, of course, was not to say that the Estrada administration alone had caused the population and migration problem as it was clearly a problem since the 80's, where the Catholic Church decried any efforts at population control as sinful and immoral. Estrada however was not bettering the situation and did not have any clear and consistent policies to address the alarming rate of increase. If the rate is to continue, the Philippine population is expected to double in approximately 29 years<sup>38</sup>.

Nor was he helping the worsening poverty gripping the nation. His policy of artificially lifting one family out of poverty, via dole out, helped his media campaign but did worse for the poor in the long run. Poor families would then stand outside the gates of Malacanang asking for land titles, housing, food and even just a dole out of money.

Poverty incidence, or the proportion of families with per capita incomes below the poverty threshold, had increased nationwide and showed no signs of abating.

#### Poverty Incidence

Island Group/ Region	TOTAL		URBAN		RURAL	
	1997	2000 /f	1997	2000 /f	1997	2000 /f
<b>Philippines</b>	<b>31.8</b>	<b>34.2</b>	<b>17.9</b>	<b>19.9</b>	<b>44.4</b>	<b>46.9</b>
NCR	6.4	8.7	6.4	8.2		
Luzon	30.1	31.1	18.3	20.8	38.9	39.4
Visayas	38.2	41.7	23.6	25.4	46.7	51.5
Mindanao	44.6	47.1	32.0	32.7	51.3	55.1

Source: National Statistical Coordination Board

\* /f- final estimates

By 2000, 33.7% of families were estimated to be poor. Some families though were still worse off, falling below the poverty line and into the subsistence threshold. These families cannot even afford to buy their most basic food needs.

Subsistence incidence, or the proportion of families with per capita income below the food threshold (P7,710 in 1997, P9,183 in 2000), also increased. By the year 2000, the NSCB estimated 2.5 million families who did not have sufficient income to buy their basic food requirements, up by 11 percent than in 1997.

#### Subsistence Incidence

Area	TOTAL /f		Percentage Point Difference (%)
	1997	2000	
<b>Philippines</b>	<b>16.5</b>	<b>16.7</b>	<b>0.2</b>
NCR	0.8	1.5	0.7
Luzon	14.2	14.1	.01
Visayas	21.1	22.9	1.8
Mindanao	24.8	25.6	0.8

Source: National Statistical Coordination Board

\* /f- final estimates

By mid year though, Estrada would live up to his tough guy saves the day image when the **Abu Sayaff**, or the country's infamous armed bandits claiming to be a Muslim extremist group, kidnapped a group of foreigners vacationing in the idyllic resort in the nearby island of Sipadan.

The kidnapping would bring to the fore a long festering problem of poverty and misunderstood cultural issues in the south of the Philippines. Estrada however saw none of this and instead, saw it only as an opportunity to bolster his image with the masses. Sending the military out, Estrada tried to wipe out not only the Abu Sayaff but also the Moro Islamic Liberation Front with an attack on Camp Abubakar.

Ever to be the inconsistent one, Estrada would later rescind and then send a negotiating panel headed by key official, Robert Aventajado. The panel would succeed in securing the hostages but for hefty prices of several millions of dollars each. This would set a dangerous precedent for the future, showing that crime does pay, but would not be seen till after a year.

The latter part of the year however would bring ill tidings for Estrada as former good friend and crony, Governor Chavit Singson changed sides and spilled his guts, revealing enough evidence to put Estrada and his whole band of cronies in jail. This was the jueteng scandal, which frenetically spiralled into an **impeachment trial**, dragging all other offenses like stock manipulation and pocketed tobacco excise taxes with it. Suddenly, the nation watched, riveted to the devastating amount of evidence and even more ruinous testimonies of witnesses, at the same time, getting a crash course in law and raising their level of political consciousness.

The trial would go on, returning the people's faith in the law and due process but when pro-Erap senators voted to suppress a crucial piece of evidence, the heightened awareness of the people made them realize the violation of their right to the truth. This clamor for justice in turn brought people to the streets for **Edsa Dos**.

And with a spontaneity unlike any other, a confluence of different forces massed at the Edsa shrine with one common enemy: Erap. Feeling the noose tightening, Erap's friends left his side one by one along with his cabinet members, key officials and as a final blow, the Armed Forces, leaving him in a daze, with no other choice but to resign.

Like the too late twist in a plot of a bad movie, Erap, regained some of his original swagger with the apparent unfazed support of his mass base and challenged the legitimacy of the current administration both through public speeches and filing cases.

And so even as the newly installed President Gloria Macapagal-Arroyo attended to the business of running a government and people got on with their lives, the image of Erap lingered.

Macapagal's image on the other hand as an elitist, born to wealth and prestige, as the daughter of a former Philippine President, did little to win over the die hard supporters of the fallen movie actor. Estrada of course has his mansions and millions but the point is, their images differ greatly in that Macapagal is seen as a member of that intellegentia who look down their noses at the uneducated. Couple that with the irony that the elite that Macapagal supposedly belongs to are they themselves not united in their support of her.

And this is why those politicians rallying the fervent supporters of Erap were confident of a victory. They knew that the key players of the Edsa Dos, the uprising that toppled Estrada and brought Macapagal-Arroyo to power, are not solidly united in one aspect: Gloria Macapagal-Arroyo.

During Edsa Dos itself, the people obviously did not think much of Gloria. The heroes were Chief Justice Davide, Congressman Joker Arroyo, Senator Nene Pimentel and a few other senators. As if to drive the point home, groups like Sanlakas posted signs saying "Erap's ouster is the people's will but Gloria is not the people's choice."

This unwieldy coalition behind Macapagal's fledgling administration seemed even more unstable than the new government, bringing together camps that would not have originally banded. Then as critics began assessing the new appointees and cabinet members, accusations flew of Macapagal recycling traditional politicians or hiring some as political favors. And as if that wasn't enough to rock the already shaky boat, a controversial ruling on a local film dealing with the social ills of poverty and the sex trade, angered many, driving a wedge in that poorly concealed divide. Macapagal may not have owed her glory to cronies but she was obviously repaying the Church for its support, bringing the old debate of separation between Church and State to the forefront, opening yet even more wounds.

Estrada had, in his time, branded the Church as elitist and openly supported the El Shaddai, the religious assemblage with a wide mass base. Then you have Macapagal, who, hovering in fear and acting rashly by banning a film she had not seen but had heard enough of from the Church, lost yet another number of severely needed supporters.

So by the time the cameras caught the mug shots of the fallen Erap, the opposition knew it was time to act.

On April 25, the day after the much publicized arrest of Erap, pro-Erap supporters amassed at the Edsa Shrine, the site of the two previous historical rallies, Edsa 1 and Edsa 2. Their idol was down and being kicked by the oppressors and they weren't going to stand for that. Opposition politicians seized the opportunity as emotions rode high on the people but more so because they knew that this just might work. That they just might be able to wrest the power from Gloria Macapagal-Arroyo who had catapulted to the presidency a little more than a hundred days ago through the very same means.

And so it went. For the next five days people massed at the Shrine, enraging the Catholic Church, the activists, the business groups, the youth, and almost everyone, who, just a few months ago, went there to that sacred ground to demand for the resignation of then President Estrada. Stories of people being paid and other rent-a-mob qualities circulated like wildfire making the middle class, with the help of media, look down their noses on this lumpen crowd. Who in turn did little to refute this image as they beat up media men attempting to cover the event.

Analysts dismissed it and predicted it would fizzle out as people with no clear objectives and principle cannot possibly sustain these rallies, either that or the money supporting this civil disobedience would simply run out. Whichever way, it was bound to end and their demands for Estrada's return to the presidency sounded plain ridiculous. But as the rallies culminated into a furiously vicious 12-hour attack on the Philippines' seat of power, the originally condescending people could do nothing but stand back and watch.

The crowd would eventually be handled with surprising ability and tolerance by the military and arrests were made of both the leaders and followers. Declaring a **state of rebellion**, Gloria would then restore some semblance of order. And this is how the current administration would take off.

## II. Current State of Sustainable Development

Off to a rocky start, Gloria Macapagal Arroyo had the unenviable task of living up to expectations. Whether she liked it or not, she was under a microscope, her every move scrutinised as she picked up the pieces in the wake of Joseph Estrada's ouster.

Early on, she issued bold statements on corruption, transparency, poverty eradication and adhering to calls of civil society for good governance and responsible and sustainable development.

The first bill she signed in fact had to do with sustainable waste management, the Solid Waste Management Act. This was also due to the pressing fact that Metro Manila had been declared to be in a state of crisis as garbage trucks stopped collecting trash. Nonetheless, it was seen as a sign of goodwill on her part and a step in the right direction for her fledgling government.

### A. Flying Out

And confidence in her unwieldy coalition was one thing she sorely needed as the previous administration so badly damaged the people's belief and trust in the system and in the country that a general sentiment among middle and upper class had been to migrate out of the Philippines.

#### [Losing Control, the Rich and Powerful Increasingly Ponder Emigration](#)

(This article originally appeared in the author's commentary "Perspective" in *Business World*, June 27, 2001.)

By Walden Bello

He was one of President Fidel Ramos' top cabinet members. When I saw him the other day, he was no longer the person that used to project confidence about the law and order situation on television. He was despondent, confessing that "the word 'immigrate' used to be banned in my family. Now, for the first time, we're discussing it as an option for the children."

His is not an uncommon reaction among the members of the elite and the upper middle class these days. Gloomy discussion about what the ex-cabinet man called the "downward spiral of politics" inevitably leads to the question of immigration or overseas employment, which is usually an option entertained mainly by Filipinos from the lower middle class and lower classes.

"I do not think that we're headed for an explosion," the ex-official speculated. "What will happen is that the different insurgencies and crises will gradually tear the body politic apart, while politicians, like Joe de Venecia, oblivious to the big picture, jockey for personal political advantage."

#### **New Challenges, Old Formulas**

In other societies confronting deep social crises, loss of confidence among the elite has normally preceded loss of control. Never has this loss of confidence been more marked among the Philippine elite than today. It is not so much because of the advance of insurgent movements. One can, in fact, make the case that the long-lasting Moro and communist-led insurgencies were a bigger threat, in military terms, to elite control in the seventies and eighties than they are today.

The erosion of confidence stems primarily from a sense of losing the capacity to deal with the accumulation of unresolved problems: the insurgencies, the deep-seated social crisis, the perennial stagnation of the Philippine economy. These old challenges have now been rendered more formidable by an increasing bitter wrangle between two factions of the elite.

In the late eighties and early nineties, Corazon Aquino's antidote to the threat of both the right and the left was to invoke democracy, while Fidel Ramos tried to excite the people with the prospect of prosperity brought about by the Philippines' integration into the global economy. The "Moro problem" was dealt with by Ramos by playing on war weariness in the South and dangling the prospect of a vague autonomy negotiated with one wing of the insurgency, the MNLF, as the first step toward peace and stability in the South.

Today, the Abu Sayyaf has called into question the old strategy of permanent military presence cum divide-and-rule politics, which was employed to contain movements guided by a rational political calculus. The combination of bold terrorism, military build-up via robbery and kidnapping, and fundamentalist Islamic fervour is a potent formula that appeals to many young Muslim Filipinos who have seen conventional guerrilla tactics and political negotiations fail to stem their continuing marginalization. In contrast, the Manila elite and the blundering Philippine military, unable to come up with a fresh formula for social containment, find themselves increasingly squeezed into a bystander role between highly motivated experts in scorched earth tactics and a Christian majority that increasingly talks the language of "annihilating" the enemy, meaning the Moros.

Democracy and globalization were the answer to the challenge posed by the insurgent Communist Party of the Philippines and other progressive movements in the North. But elections quickly fell into their pre-Marcos pattern of elections as a means of legitimizing the rule of the wealthy and powerful. As for the globalization that Ramos and the business establishment had predicted would eventually resolve the poverty question, this solution went down with the Asian financial crisis, which was caused precisely by the policies of capital-account liberalization that had been prescribed as the route to global integration by Ramos' mentors in the International Monetary Fund and the local technocratic establishment. By the late 1990's, neoliberal economics had failed throughout the world as a panacea for poverty, though its failure failed to be fully appreciated in the Philippines, where Estrada's corrupt cronyism provided the established elite with an easy explanation for the descent of the country into its perennial economic crisis. Massive wealth redistribution that also serves as the engine of economic growth is the only answer, but this is something that the Philippine rich and powerful will never accept.

#### **Intra-elite Polarization**

The collapse of the old formulas coincides with an unparalleled polarization between two factions of the elite, which, more than the Moro insurgents or the NPA, poses a very immediate threat to political stability. Infighting has always marked the elite. So have shifting alliances. There are several novel elements today. One is the two factions appear to have congealed in their opposition to each other, with few key figures crossing to the other side. Another is that one faction, the *nouveau-riche* group led by Joseph Estrada, has successfully mobilized a large segment of the lower classes, particularly the urban poor, against the more established elite coalition. Class struggle rhetoric has become an instrument of intra-elite struggle, and this is very unfamiliar terrain for the more established, traditional faction.

In addition to the populist inflection of intra-elite struggles, there is another factor leading to confusion and a sense of losing control. The institutionalization of elections as a means of resolving the succession of power that was the key elite project in the post-Marcos period has unravelled. As a result of EDSA II and EDSA III, mass uprising is fast contending with elections as a legitimate mechanism of political succession.

The Philippine elite has a well-deserved reputation of being unenlightened. In the past, however, it has also been extremely skilled at preserving its hegemony amidst perennial social

crisis of the vast masses of the population. But this is a game that cannot go on indefinitely. The unresolved social and political inequalities generating crisis have simply accumulated and meshed together to produce a political Gordian Knot. There are no Alexanders in the Ayala Alabang set. Instead, there is a sense of running out of solutions and options, a feeling that is often accompanied by harsh condemnation of what they characterize as “the stupid *masa* that allow themselves to be fooled by Erap.”

Emigration is increasingly on the mind of many of the wealthy and powerful. Maybe that is not a bad thing for the Philippines.

Emigration has been a common option for a large number of Filipinos who cannot find opportunities in the country. More often than not, these Filipinos come from the lower or middle class strata of the population, a great number of them leaving behind their families to ensure a better future for them. Some who have college degrees take jobs or contracts as domestic helpers or entertainers with the justification that they will earn more as a domestic helper in a foreign country than a regular white-collar employee in the Philippines. This willingness to grab hold of any kind of employment despite risk to their lives and safety and despite the fact they will leave their children behind to be cared for by relatives, is indicative of the lack of opportunity and employment in the country.

Number of Registered Filipino Emigrants  
By Country of Destination  
1994-1998

Country of Destination	1994	1995	1996	1997	1998
<b>TOTAL</b>	<b>64,537</b>	<b>56,259</b>	<b>60,926</b>	<b>54,078</b>	<b>39,010</b>
USA	40,519	34,625	41,318	37,017	24,887
Canada	14,303	11,292	10,051	8,216	5,651
Australia	3,224	2,967	2,002	2,126	2,189
Japan	4,226	4,884	4,516	4,172	3,810
United Kingdom	174	150	150	195	193
Germany	784	661	542	566	560
Italy	99	71	72	0	96
Others	1,208	1,609	2,275	1,786	1,624

Note: For the United States of America: 1992-1997 data include Trust Territories of American Samoa, Guam Marianas Islands, Saipan, U.S. Virgin Islands and the Commonwealth of Puerto Rico.

Source: Commission on Filipino Overseas

Although the table shows already a sizeable number of emigrants, the more important data not shown here are the illegal emigrants in these countries. A great number of Filipinos have been documented to have gone into foreign countries with tourist visas and then work and eventually reside in those countries as illegal aliens. Again, the sense of desperation to grab hold of work in any way outside the country tells of the lack of confidence in their chances in the country.

And as statistics will show, the women who embark on these roads to a better future are between the ages of 25-29, and are more often than not employed as service workers.

Women who migrate both legally and illegally have been documented to fall prey to abuses by employers or illegal recruiters who sell the women off as prostitutes. There have been calls by some women's groups to disallow migration of women into countries where the most number of offenders have been reported but government has yet to take action on this.

Migration		
	Women	Men
Number of Overseas Filipino Workers (OFWs)	396,000	504,000
Biggest Portion of OFWs in Age Bracket	25-29	30-34
Most Common Destination	Hong Kong	Saudi Arabia
Most Common Occupation	Service Worker	Production & Related Workers, Transport Equipment, Operators & Laborers

Source: National Statistics Office (1996)

Fact is, people will continually put themselves at risk for a chance for a better life in a foreign country as the rates of unemployment and underemployment in the country have been steadily on the rise while the purchasing power of the regular individual has been on the decline. With the unemployment rate increasing to 11.4% by January 2001, a nine month high from the previous year, the prospects have become even bleaker.

Household Population 15 years old and Over By Employment Status January 1999, 2000, 2001
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Period	Labor Force Population (in '000)	Employment Rate (in %)	Unemployment Rate (in %)	Underemployment Rate (in %)
January 1999	31,168	91.0	9.0	22.1
January 2000	30,623	90.5	9.5	21.0
January 2001	31,684	88.6	11.4	16.9

Notes:

- 1.) Data were taken from the preliminary results of the January rounds of the Labor Force Survey using past week as reference period
- 2.) Details may not add up to totals due to rounding.

Source: National Statistics Office

Unemployment Rate By Sex							
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Sex	1995	1996	1997	1998	1999	2000	2001
Both	8.4	7.4	7.9	9.6	9.4	10.1	9.8

Sexes							
Male	7.7	7.0	7.5	9.5	9.5	10.3	9.4
Female	9.4	8.2	8.5	9.8	9.2	9.9	10.3

Source: Integrated Survey of Households, October 1995-2000, National Statistics Office

And this is not solely due to a lack of education or skills. On the contrary, Filipinos have been known to be preferred as overseas workers because of the high literacy rate and skills in communication and other fields. Simple literacy for example is at 93 percent for both men and women.

Education (in percentage)
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	Women	Men	Year/Source
Simple Literacy Rate	93.5	93.7	1994/NSO
Elementary Enrolment Rate	93.4	95.3	1996-1997/NSO
Elementary Completion Rate	72.1	62.0	1996-1997/DECS
Secondary Enrolment Rate	68.2	58.7	1996-1997/DECS
Secondary Completion Rate	76.4	66.3	1996-1997/DECS
Proportion of Enrolment in Higher Education	55.9	44.1	1997-1998/CHED
Percent of No Grade Completed among women (men)	4.3	4.2	1998/NSO
Proportion of College Graduate or higher	57.6	42.4	1996-1997/CHED
Most common field of study	Business and related	Engineering and technology	1997-1998/CHED

Couple the ongoing rise in unemployment however, with the worsening poverty, migration has definitely become a common goal for most Filipinos, and as the political scenario destabilised, for the rich and powerful as well.

2000 Poverty Estimates
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Annual Per Capita Poverty Threshold	Poverty Incidence	Annual Per Capita Food Threshold	Subsistence Incidence
The country's annual per capita poverty threshold reached <b>P13,823</b> in 2000	Poverty incidence for the country was estimated at <b>33.7%</b>	Food (subsistence) threshold for the country was <b>P9,183</b>	Subsistence incidence at the national level was placed at <b>16.7%</b>

Notes:

- 1.) Estimates are based on the preliminary results of the 2000 Family Income and Expenditure Survey
- 2.) These statistics are prepared by the National Statistical Coordination Board TWG on Income Statistics and as such are official

Source: National Statistical Coordination Board

This is the dire situation that Gloria Macapagal-Arroyo entered into and as mentioned earlier, much was expected of her. For one, she owed her presidency to the people who massed at the streets demanding the ouster of her predecessor. Also, she had made promises that she would not be like the past presidents before her but rather would take the country onto a different path of equitable and sustainable growth.

## **B. Privatization as Panacea**

A few months into office, her state of the nation address immediately shattered any notion of change. Like past presidents before her, the over arching principle of development for the country would be the Medium-Term Philippine Development Plan (MTPDP).

“The Medium-Term Philippine Development Plan (MTPDP) for 2001-2004 embodies the anti-poverty and overall development framework of the administration. In preparing all Filipinos for the new economy, the Plan aims to expand and equalize access to economic and social opportunities, inculcate receptivity to change, and promote personal responsibility.”<sup>39</sup>

The entire paradigm is problematic as equitable growth will supposedly be achieved through free enterprise, or more specifically through privatization, deregulation and liberalization. More disturbing is the fact that government lays out in black and white in its MTPDP its intent to pave the road for private sector to flourish and for it to provide infrastructure services like power, water, transportation and telecommunications. True enough, the government immediately approved the privatization of utilities, specifically water and energy, despite great resistance from civil society and the general public.

This in itself shows the contradiction between structural adjustment or liberalization policies and sustainable development and the contradiction between a very strong private sector and a weak state.

## **REJECT THE MERALCO MONOPOLY, AMEND THE POWER BILL**

### **Action for Economic Reforms**

Jenina Joy Chavez, Tina S. Clemente, Alvin Firmeza, Jose Ernesto Ledesma, Dr. Joseph Anthony Y. Lim, Nepomuceno A. Malaluan, Rene Ofreneo, Jessica Reyes-Cantos and Filomeno S. Sta. Ana III  
20 February 2001

The Action for Economic Reforms is one with the other civil society groups in rejecting the power bill in its present form. The strong influence of MERALCO and its affiliate interests in the legislative process permeates key provisions in the bill. These provisions allow MERALCO to secure its dominance in the industry rather than introduce “a regime of free and fair competition” as the bill enunciates in the declaration of policy.

### **Securing MERALCO’s “Vertical” Market Dominance**

Vertical market dominance occurs when related interests in the vertically integrated sectors of the electricity industry are able to exploit their relatedness to improve their position against rivals. This is particularly true when the end-users cannot choose their suppliers, and the supply is instead determined by the distribution utility that enjoys a monopoly over the franchise area. When a single entity is allowed by law, is given the power to choose its supplier and has a monopoly over distribution, clearly there is an incentive to discriminate against rival power generators.

The bill seeks to correct this situation by requiring open access to the distribution utility and allowing the end-users to choose their supplier. Thus, the supplier can deal directly with the power generators, thereby avoiding the discriminatory transaction between affiliated power producers and distribution utilities. The generator and the consumer, upon perfection of their supply contract, are given an open access to the distribution utility for a service fee called the “wheeling charge.”

Under the bill, however, open access will be available only to the big consumers. Small consumers, will remain a captive market, unable to participate in the competitive transactions **for an indeterminate period.** Thus, upon passage of the bill into law, MERALCO can choose its affiliate suppliers such as First Gas Corporation, Bauang Private Power Corporation, and Panay Power Corporation even though their supply price is higher than their rivals.

The bill hopes to mitigate the problem by subjecting the distribution retail supply rate in the captive market to regulation by the ERC (Energy Regulatory Commission) “based on the principle of full recovery of prudent and reasonable economic costs incurred, or such other principles that will promote efficiency as may be determined by the ERC.” Such safeguard, however, is not so reassuring given the known problems of regulation: (a) prevalence of regulatory capture; (b) weak consumer representation in the regulatory agencies and in the adjudication process of these agencies; (c) control by the regulated sector of a large segment of the relevant information.

### **Securing MERALCO’s “Horizontal” Market Dominance**

Horizontal market dominance in the generation sector occurs when a generation company is able to ease out rival companies, in the end commanding a market share large enough to be able to dictate prices for a period of time. The nature of the power industry is very conducive to market dominance in the generation sector under a deregulated setting. Not only is capitalization requirement high; a power facility requires a period of time to be on-stream. Once a player is able to control the supply over a sizeable market, it will have the power to dictate

prices, owing to the low elasticity in power demand.

In its present form, the bill is very conducive to strategic behavior by MERALCO, given its vast interest in the industry. The bill tries to address this problem by imposing limits on the ownership, control or operation of the installed generating capacity by a company or related group. The limits, however, remain very high--at 40% of installed generating capacity within a grid and 30% of installed capacity at the national level. We face the possibility of having only three competitors in a grid and four companies at the national level.

But not only are the thresholds very high. These thresholds will also be effective only until such time that the market for the end-users is wholly contestable. We argue that the danger of horizontal market dominance remains even when the market for end-users is already wholly contestable. Having the power to choose a supplier will not be very meaningful if there are very few firms to choose from.

### **Recovery of MERALCO's Stranded Costs**

The power bill makes reference to "stranded costs of distribution utilities." Through this, a distribution utility will be allowed to sell existing power purchase agreements with independent power producers at a loss, with the loss recoverable from the consumers as stranded costs. This provision is tailor-made for MERALCO. At present, MERALCO is the utility with the highest number of power purchasing agreements with independent power producers, including those that involve its affiliate interests in the generation sector. Why should these utilities be allowed to recover stranded costs when they are not required under the present bill to divest their interest in the generation sector? Why should consumers bear the losses of these private transactions?

The recovery of stranded costs by distribution is not only anomalous in giving MERALCO a special advantage. It also legitimizes the direct purchase by distribution utilities from independent power producers, which we believe is without strong legal basis. The legal cover often cited for such transactions is Executive Order (EO) No. 215 issued by President Corazon Aquino in 1987. While this EO allows the private sector to generate electricity, the types of generating plants that may be constructed are the following: "(a) co-generation units, defined as production of production of electricity and other forms of useful thermal energy used for industrial, commercial, heating or cooling purposes for sequential use of energy; (b) electric generating plants intending to sell their production to the NPC National Power Corporation grids; (c) electric generating plants, intended primarily for the internal use of the owner, but which may also sell as to the excess to the NPC grids; (d) electric generating plants outside the NPC grids intending to sell directly or indirectly to end users."

It is clear that the spirit or intent of the EO is that private power producers may sell only to NPC, except when it is intended for internal use of the owner of the generating plant, or when the power is intended for sale outside the NPC grids.

### **Amend the Power Bill**

Privatization must be done right. The cost implications of bad privatization of Napocor are staggering, not only in relation to the Philippine privatization process but also in relation to the building of a constituency and strengthening the support for the new President. It is in this context that the Macapagal administration and Congress must work together to correct the major flaws in the bill.

We hence propose the following:

1. The pricing standard in the captive market should be improved. This may be done

by adopting a transparent formula that approximates the competitive price.

2. The bill must fast track, and provide a definite deadline for a wholly contestable market. To be sure, the transaction costs for the singular participation of small consumers in the power supply market will be high. However, this can be remedied by the proper aggregation of small consumers.
3. The limits in the ownership, control or operation by any company or related group of the installed generating capacity within a grid and at the national level should be reduced further.
4. The reduced limits in the ownership, control or operation by any company or related group of the installed generating capacity should be maintained even when the threshold for the contestable market has been reduced to household level.
5. All references to stranded costs of distribution utilities in the bill should be deleted.

The incorporation of the aforementioned substantive proposals contributes to making the bill responsive to strengthening the regulatory institution, clipping power, and protecting consumer interests.

The Filipino people overthrew the Estrada regime for its economic plunder and brazen venality. The people power that ousted Estrada also signifies public rejection of all types of rent-seeking and booty capitalism. The power reform bill is hence an acid test for the 11<sup>th</sup> Congress and the Macapagal-Arroyo administration to resist private monopoly interests and advocate the interests of the consumers and civil society.

\* Action for Economic Reforms is an independent policy analysis and advocacy organization focusing on economic and governance issues

Quick to sense dissent, Macapagal immediately ordered the shelving of the controversial power bill, stating that it shall be reviewed and will take into consideration the flaws pointed out by civil society organizations. House Representatives Etta Rosales and Rene Magtubo even blew the whistle on this corruption as they exposed the bribery of 500,000 pesos given to each congressman. A press conference later however, the President would visibly flip flop and instead told Congress to hurry up and approve the bill. This, after obvious pressure from its strongest external backers, the World Bank, the IMF and the Asian Development Bank. The indecisiveness not only belied weakness but more importantly, her acceptance of a bill so tainted with corruption and tailored to benefit a few.

Water utilities were soon to follow in the wake of the energy privatization and the situation looked even worse. Two concessionaires took control of water in the country literally. The two concessionaires, Maynilad and Manila Water were both owned by old rich families partnered with foreign firms with questionable track records in other countries, well entrenched in the elite strata of the nation. Soon after winning the bids, the two immediately began amending the contracts and changing prices, clear violations of the agreements. Communities who originally enjoyed water supplies suddenly had no access to water while some families could no longer afford the water. This was not the

promise of privatization which were among others, better services, lower prices and efficiency. To make things worse, the regulators of the industry, to whom the consumers could supposedly go to, were housed in one of the concessionaire's offices and their salaries funded by the concessionaires themselves.

The privatization of utilities in this haphazard manner where agreements are obviously lopsided or if not, just look good on paper are now the key factors indicative of the kind of development in the country.

Privatization is seen as the panacea or cure all for all possible ailments of the economy and since the previous administrations had successfully privatized almost everything in the country, the Macapagal administration, with the prodding of external bodies like the international financial institutions, went on to target utilities. But as can be seen with the disaster of the water privatization, the regulatory bodies are a joke and government has proven to be malleable to the pressure and interests of the private concessionaires.

More importantly, access to safe water, has become even more difficult to the regular consumers and especially for the poor. Access to safe water has already been difficult so to add to this, only compounds the problem.

Access to Safe Water 1998 Percent Distribution			
Main Source of Drinking Water	Urban	Rural	Total
Total	100.0	100.0	100.0
<b>SAFE</b>			
Piped into dwelling	46.6	14.0	30.2
Piped into yard/plot	7.8	5.4	6.6
Piped into public yard	11.4	11.7	11.6
Protected well	24.8	40.0	32.5
Bottled water	1.6	0.0	0.8
<b>DOUBTFUL SOURCE</b>			
Unprotected well	1.9	11.2	6.6
Developed/ undeveloped well	1.9	15.0	8.5
River/stream/pond/ lake/ rain water	0.5	1.5	1.1
Tanker truck/peddler	3.3	0.9	2.1
<b>OTHERS</b>	0.1	0.1	0.1

Source: 1998 NDHS, NSO

### C. The corporate driven WTO as driving force of development

This insistence on the tried, tested and failed model of privatization, liberalization and deregulation, by Macapagal, in retrospect, is no surprise as she was the key advocate of GATT and the WTO in the early nineties when she was still a Senator.

Hand in hand with this unwavering faith in the free market and the prescriptions of the IMF, is the insistence on economic growth and development via foreign direct investments (FDI). This was the battle cry of former President Ramos and so it would be for Macapagal. The more FDI, the better.

Again, clearly, here is a contradiction between structural adjustment or liberalization policies and sustainable development and the contradiction between a very strong private sector and a weak state.

Registered Foreign Direct Investments by Industry  
4<sup>th</sup> quarter 2000 and 2001

Industry	Fourth Quarter		Growth Rate
	2000	2001	
Agriculture	18.7	31.8	70.1
Mining	4.2	25.0	495.2
Manufacturing	830.7	971.5	16.9
Electricity, Gas & Water	14.8	22.1	49.3
Construction	37.7	30.2	-19.9
Trade	193.0	592.1	206.8
Transportation	255.2	2.6	-99.0
Finance & Real Estate	772.9	2,256.5	192.0
Services	68.4	131.4	92.1
<b>Total</b>	<b>2,195.5</b>	<b>4,036.2</b>	<b>85.1</b>

Notes:

4. Details may not add up due to rounding
5. The services industry include hotel/ restaurant businesses, computer software development, health care program services, renting and leasing of water sport equipment, training services, protection/security training course, college education and other services.

Source: Securities and Exchange Commission (SEC) and Bureau of Trade Regulation and Consumer Protection (BTRCP)

As can be seen from the table, FDI leaped by 85% in a year. This is a remarkable increase and one the Macapagal administration would like to repeat. And repeat they will as they aggressively chase after foreign investments even stating in the MTPDP that, "Investment laws will be interpreted in favor of the investor."<sup>40</sup> Local governments as well are directed to be investor-friendly to attract investors to the countryside.

When confronted with the looming reality of domestic industries dying due to the flooding of competition from foreign investments, the government turns a blind eye and calls this healthy competition and in fact encourages it. In its MTPDP, the Macapagal administration issues the death sentence to the domestic industries by stating, "In 2004,

tariffs on most producers... will range from 0 to 5 percent. To help local producers prepare for regional and global competition, the Philippines will continue to participate in trade and investment liberalization and facilitation initiatives under the auspices of WTO, ASEAN and the Asia-Pacific Economic Cooperation (APEC) forum."<sup>41</sup>

Tying the country's development to the World Trade Organization is tantamount to negating all possible progress made in the field of sustainable development. As it has been stated several times over by critiques of the WTO and grudgingly admitted by its supporters, the WTO is an undemocratic organization which binds less developed countries to treaties that benefit the rich and more powerful countries. The process of consensus is not only undemocratic; it is also non-transparent as the green room excludes most member countries.

The WTO was sold to the global public as the lynchpin of a multilateral system of economic governance that would provide the necessary rules to facilitate the growth of global trade and the spread of its beneficial effects. But just after 5 years, it had become crystal clear for whom the WTO was made for.

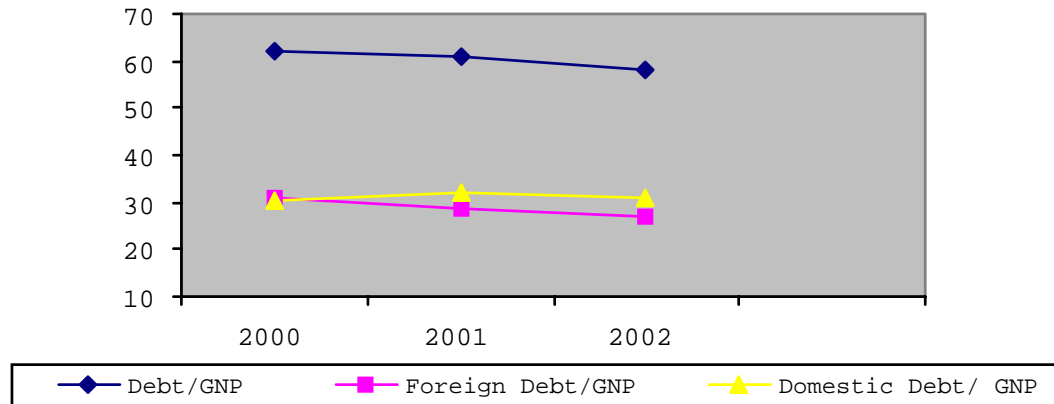
1. By signing the Agreement on Trade Related Investment Measures (TRIMs), developing countries discovered that they had signed away their right to use trade policy as a means of industrialization
2. By signing the Agreement on Trade Related Intellectual Property Rights (TRIPs), countries realized that they had given high tech transnationals like Microsoft and Intel the right to monopolize innovation in the knowledge-intensive industries, and provided biotechnology firms like Novartis and Monsanto the go-signal to privatize the fruits of aeons of creative interaction between human communities and nature such as seeds, plants and animal life.
3. By signing the Agreement on Agriculture (AOA), developing countries discovered that they had agreed to open up their markets while allowing the big agricultural superpowers to consolidate their system of subsidized agricultural production that was leading to the massive dumping of surpluses on those very markets, a process that was, in turn, destroying, small holder based agriculture.

By setting up the WTO, countries and governments discovered that they had set up a legal system that enshrined the priority of free trade above every other good – above the environment, justice, equity and community. Something that definitely goes against everything held sacred and valuable in the model of sustainable development.

The truth is, the driving forces of development in the country are the IMF and WB via its prescriptions and structural adjustment policies and the rule based trading system of the WTO. The onerous debt cycle these policies and prescriptions have gotten the country into weighs heavily on the national budget, making it nearly impossible to spend on more important services like health, housing, social welfare and land distribution.

It does not help of course if the government's priorities lay in other aspects like defense and economic services like communications. Also, it does not better the situation when the budget for the environment is lumped together with agriculture and agrarian reform. This belies the relegation of the protection of natural resources as secondary to other economic priorities.

As percent of GNP



Notes: 2001 and 2002 figures are National Government targets.  
Source: MTPDP 2001-2004

Fiscal Sector  
Central Government Debt  
(in millions of pesos)  
Feb 2002

	Latest Data	Previous Data
Total	2,437,397	2,426,859
<b>Domestic Debt</b>	1,272,858	1,263,333
Short term	418,630	426,581
Medium term	426,424	414,183
Long term	427,804	422,569
<b>Foreign Debt (long term)</b>	1,164,539	1,163,526
Debt guaranteed by central government	488,508	494,546
Domestic	18,140	23,143
Foreign	470,368	471,403

Source: National Statistical Coordination Board

Sectoral Allocation of the Budget  
2000-2001  
(share to total budget)

	2000 (actual)	2001

<b>Economic Services</b>	<b>25.32</b>	<b>25.37</b>
Agriculture, Agrarian Reform and Natural Resources	8.25	7.20
Trade and Industry	1.11	0.72
Tourism	0.38	0.26
Power and Energy	0.28	0.33
Water Resource and Flood Control	1.09	1.06
Communications and Transportation	17.79	13.64
Other Economic Services	1.05	2.11
<b>Social Services</b>	<b>40.20</b>	<b>44.20</b>
Education	27.51	31.20
Health	3.45	3.50
Social Services and Welfare	6.22	7.10
Housing and Community Development	1.95	0.64
Land Distribution	0.84	1.07
Other Social Services	0.23	0.70
<b>Defense</b>	<b>8.53</b>	<b>8.42</b>
<b>General Public Services</b>	<b>21.32</b>	<b>22.06</b>
Public Order and Safety	11.11	12.25
General Administration	10.21	9.81
<b>Total Expenditures</b>	<b>100.0</b>	<b>100.0</b>

Source: Department of Budget and Management

#### **D. The Great Disappointment**

This departure from sustainable development proves to be a great disappointment for the country. Disappointing because it was the Philippines to first translate Agenda 21 into a national sustainability plan in Asia and again the first in the region to implement a Global Environment Facility (GEF) project, the Integrated Protected Area.

Being a first in rhetoric and supposedly action, the country had a head start in the arena of sustainable development. But as economic priorities entered the picture, the rhetoric stayed very much the same, as rhetoric.

The Philippine Commission on Sustainable Development (PCSD), yet another first, has for a lack of a better term, evolved into a talk shop of sorts. It has the Philippine Agenda 21 (PA21) and has the mandate of the President to pursue equitable growth and sustainable development but does not have the ability to do so, having no adequate funding. And as earlier discussed in the history of sustainable development in the country, the PCSD and PA21 have been subsumed by the MTPDP, belying the true priorities of the government.

The PCSD then has not been able to achieve its objective as an oversight body or to ensure the implementation of the sustainable development policies spelled out in the localised agenda 21. Instead, because of the stubborn adherence to the free market paradigm and the policies of liberalization, privatization and deregulation, the “grow now, pay later” mentality has stayed on.

Truth is, sustainable development has been rhetorically appropriated but there has been no implementation.

Yes, government and even business have learned how to use the term and hijack it to serve their own ends. But as certain private corporations will show, the use of sustainable development has been to “greenwash”, their activities and then pass themselves off as responsible corporations. An example of which would be a company using dirty practices in its factories, but would hold tree-planting events with media in tow.

One need not look too far however for evidence of this non-implementation of the sustainable development rhetoric. Two glaring things are proof enough of this failure of government to keep to its commitments: poverty and inequality and the continuous destruction of the environment.

These two benchmarks are used by many in assessing the country’s state of sustainable development because these are the two main goals of equitable growth: the reduction of poverty and inequality and the protection of the environment and natural resources.

Assessing the country’s poverty and inequality and state of natural resources not only in rates for the past few years in the country, but as compared to others in the region as well, the outlook turns bleak.

Clearly, there exists here a great contradiction between having remarkable laws and enforcing them and the contradiction between structural adjustment or liberalization policies and sustainable development.

Unemployment Rate (In percent)				
Year	1998	1999	2000	2001
Philippines	10.05	9.8	11.2	11.4
Malaysia	3.23	3.43	3.1	
Indonesia	5.46	6.4	6.1	
Thailand	4.38	4.16	3.63	4.20
Singapore	3.23	3.48	3.08	
India		6.36		
Korea	6.79	6.28	4.05	3.8
Taiwan	2.69	2.92	2.98	3.96
Sri-Lanka	9.43	8.85	7.67	
China	3.10	3.1		

Source: International Financial Statistics

Looking at the unemployment rate around the region, the Philippines continually ranks first. This was beginning 1998 during the aftermath of the Asian Financial Crisis where, the indiscriminate opening of capital accounts to the much too volatile speculative capital investors was prescribed the international financial institutions. In this set up, money flowed in unchecked, which made it also possible for it to flow out just as easily. This is because investment in speculative activity was not characterised by the investment in capital goods, machinery and infrastructure that marks regular foreign investment. In

others, speculative investors were not tied strategically to the economy, enabling them to take off at a moment's notice.

This blow which the country has yet to fully recover from has impacted negatively on the greater population, pushing many below poverty line and some even below the subsistence line. What is more important to note however is that even before the crisis, during the supposed good years according to the international financial big boys, the gini coefficient, indicative of the income disparity in the country, was already on the rise.

So while the average income did show a healthy increase, the distribution of this however was only to the tenth decile, or the richest group. Again this shows that the development only benefited a privileged few. Because of the rich becoming richer and the poor remaining poor or worse, becoming poorer, the gini coefficient for 1997 was 0.4872, a rise from 0.4507 three years prior to that.

The rise in inequality was nationwide but the highest disparity increase was in Western Mindanao, the site of the aforementioned kidnappings and clashes between the government and Muslim extremist groups and bandits. The increase, according to the National Statistical Coordination Board, was from 0.3861 to 0.4864 in three years.

This rise in inequality highlights the urgency for an alliance between government and civil society in taming private interests and achieving sustainable development.

Poverty and Equity Indicators						
	1985	1988	1991	1994	1997	2000
<b>Poverty Line/ Threshold (in Pesos)</b>						
Annual per Capita	3774.00	4777.00	7302.00	8885.00	11319.00	13916.00
Monthly Family of Six	1872.00	2389.00	3651.00	4443.00		
<b>Poverty Incidence (in percent)</b>						
...Of Families (% of total)	44.20	40.20	39.90	35.50	32.10	34.40
...Of Population	49.30	45.50	45.30	40.60		
<b>Income Decile Distribution of families (% of total)</b>						
First	2.00	2.00	1.80	1.90	1.70	
Second	3.20	3.20	2.90	3.00	2.70	
Third	4.10	4.10	3.80	3.90	3.50	
Fourth	5.00	5.00	4.70	4.90	4.30	
Fifth	6.00	6.00	5.70	6.00	5.40	
Sixth	7.30	7.30	7.00	7.40	6.80	
Seventh	8.90	9.00	8.80	9.10	8.70	
Eighth	11.40	11.60	11.40	11.80	11.50	
Ninth	15.70	16.00	16.10	16.40	16.20	
Tenth	36.40	35.80	37.80	35.50	39.30	

Source: TWG on Poverty Determination, NSCB, FIES, and NSO (Last updated Jan. 29, 2002)

Total Number of Families By Income Class			
	1991	1994	1997
Philippines	11,975,400	12,754,944	14,192,462
<b>Income Class</b>			
Under P10,000	306,400	149,537	66,917
10,000 – 19,999	1,647,500	933,267	482,827
20,000 – 29,999	2,145,600	1,644,422	1,132,664
30,000 – 39,999	1,731,700	1,652,896	1,473,041
40,000 – 49,999	1,250,900	1,391,055	1,438,575
50,000 – 59,999	978,700	1,133,426	1,163,897
60,000 – 69,999	1,234,400	1,698,025	1,828,642
80,000 – 99,999	772,400	1,074,314	1,285,026
100,000 – 149,999	1,017,000	1,501,550	2,072,417
150,000 – 249,999	593,400	1,054,063	1,853,665
250,000 – 499,999	237,300	419,335	1,063,498
500,000 and over	60,000	103,035	33,293

Source: Family Income and Expenditure Survey (FIES) (Last updated February 28, 2001)

And so even as per capita GNP enjoyed an increase from 1999 to 2001, the benefits have not trickled down to those it should be benefiting as according to the government's promise of a redistribution of wealth and income.

GDP, GNP and Personal Consumption Expenditure			
ITEMS	YEAR		Growth Rate
	1999	2000	
Estimates at current pesos			
Gross Domestic Product	39,025	42,370	8.6
Gross National Product	41,100	44,697	8.8
Personal Consumption Expenditure	28,154	29,779	5.8

Source: National Statistical Coordination Board

GDP, GNP and Personal Consumption Expenditure
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ITEMS	YEAR		Growth Rate
	2000	2001	
Estimates at current pesos			
Gross Domestic Product	42,114	45,490	8.0
Gross National Product	44,518	48,205	8.3
Personal Consumption Expenditure	29,782	31,983	7.4

Source: National Statistical Coordination Board

GNP and GDP 1999 – 4 <sup>th</sup> quarter 2001 (at constant 1985 prices, in million PhP)		
Period	Gross National Product	Gross Domestic Product
1999	968,556	917,382
2000		
1 <sup>st</sup> quarter	239,115	225,059
2 <sup>nd</sup> quarter	246,482	233,423
3 <sup>rd</sup> quarter	247,457	233,761
4 <sup>th</sup> quarter	279,562	262,719
2001		
1 <sup>st</sup> quarter	246,892	232,216
2 <sup>nd</sup> quarter	256,882	240,954
3 <sup>rd</sup> quarter	256,688	241,462
4 <sup>th</sup> quarter	289,934	272,801

Source: National Statistical Coordination Board

By 2001, the country's GNP had registered a 3.7% growth rate while the GDP registered at 3.4%. However, all this growth and increase will not mean anything if it is all concentrated in the upper crust of society. As shown earlier with the poverty and equity statistics, those living in poverty and subsistence do not even feel a trickle down effect of the economic gains made by the country. This alone is enough to show that the government has not kept true to its commitment of at least reducing poverty and redistributing wealth, albeit in small amounts.

The government has also not lived up to its rhetoric of sustainable development, as economic gains without equitable distribution, is definitely not a component of sustainable growth.

Without the proper distribution of goods and access to basic services and utilities, marginalized families will continue to suffer most especially those with children. As studies show, a sizeable number of children below the age of are either underweight stunted or wasted.

<b>Nutritional Status of Children</b> 0-5 years old, 1998 (prevalence)
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	Women	Men
Underweight	40.9	35.3
Stunted	26.7	36.5
Wasted	6.6	7.1

Source: National Statistical Coordination Board

Furthermore, the government has also failed in the second benchmark, which is the protection of the environment and natural resources. The forest cover is dismal and the coral reefs are down to the last few.

As will be discussed in the case studies later in the report, the destruction of the environment has gone on unabated and has been a most profitable venture for political warlords and certain members of the government.

Also, the use of non-renewable energies as the main source of power and the continued depletion of minerals, another non-renewable source, has been and continues to be the prevalent mentality.

<b>Power Indicators</b>
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	1996	1997	1998	1999
<b>System Capacity (MW)</b>				
<b>NPC</b>	8055	8025	8549	5400
Hydro	2231	2231	2235	2060
Geothermal	1194	1194	1214	1195
Coal	705	705	1305	1200
Oil	3360	3330	2611	705
Gas Turbine	565	565	1185	240
Non Renewable Energy	--	--	--	--
<b>Private Operations</b>	2431	2976	3268	6650
Hydro	29	41	41	217
Geothermal	520	520	687	735
Coal	755	755	755	2687
Oil	1251	1350	1375	1872
Gas Turbine	310	310	410	1139
Non Renewable Energy	--	--	--	--
<b>Energy Sales (GWH)</b>	35613	38724	39906	39216
Luzon	26709	29140	30504	30732
Visayas	3688	4050	3850	3273
Mindanao	4978	5246	5228	5211

Source: National Power Corporations (NPC) Annual Reports (Last Updated January 23, 2001)

## **E. The Second Front – Development with Strings Attached**

One of the first to declare all out support for the US war against terror was Philippine President Gloria Macapagal-Arroyo. Understandably so as Arroyo has several pressing problems that, in her mind, a shower of Washington's good graces could easily solve. First is her presidency which perilously stands on a tight rope of uncertainty as sectors responsible for the ouster of her predecessor Joseph Estrada, and subsequently her rise into power, had begun to pull out and question her policies and decisions. A Washington ally, her advisers calculated, could not easily be overthrown and as several coup rumours hung in the air, Arroyo needed that backer.

Second is the Abu Sayaff, a bandit group claiming to be Muslim extremists, and known Al Qaeda members. Richer thanks to the ransom payments earned when they kidnapped a group of foreigners in the nearby island of Sipadan, the Abu Sayaff pulled off another kidnapping, raiding Dos Palmas, a popular resort in Palawan, leaving the scene with at least 20 including 3 Americans, using high speed Volvo engine speedboats. Lastly, the economy was still in shambles with investor confidence just not returning as imagined at the start of her term. Also, the kidnappings were hurting tourism, a major dollar earner for the country. The Sipadan alone had impacted negatively as according to the Department of Tourism, this resulted into a 10.44 percent decline in visitor numbers, a serious blow the new administration had hoped to recover from with renewed campaigning and marketing and a new Tourism Secretary. Then the Abu Sayaff struck again and that just proved to be too much instability for customers and investors. By the end of the day, Dos Palmas had folded and many other resorts in the area looked about ready to follow suit. This in particular hurt as Palawan had been the biggest income generator for tourism.

The first tranche of good graces came in the form of aid packages, specifically a \$2 billion aid package that included PL-480 food aid, agricultural export guarantees, poverty alleviation support, investment guarantees, and a debt-for-nature swap. Plus \$2.6 billion worth of promised investment from US multinationals.

Billions of dollars entering the scene may look like the perfect deal after dishing out a couple of platitudes committing your country to whatever military effort. This strategy of development through aid however is severely flawed for one basic evidence and that is in the experience of most countries, great amounts of aid have not resulted in development.

Another thing is that investment may flow in now owing to a sense that the US is committed to the Philippines thereby making it a good investment. However, this can be changed – Basilan may next week be the site of a bloody battle in which Americans are killed, then all hell will break loose and foreign investors will run to safer climes. If there's one thing the Asian financial crash has taught the region; it's that business confidence is very evanescent.

And aid does not come without its strings.

After the US victory in Afghanistan, it did not take long for Washington to announce that it was extending its war against terror in Yemen, Somalia, Sudan, Iraq and of course, the Philippines.

Using the opening provided by her predecessor, Estrada, the Visiting Forces Agreement between the US and the Philippines, Arroyo squeezed in the Balikatan 02-1 military exercises in Basilan. Not calling a spade a spade, the Arroyo administration declared that this was just to be combat training, a simple military exercise where American Special Forces would not engage in actual combat.

The American soldiers were here again and that alone was enough to reunite the fragmented opposition against Arroyo. In a single move, Arroyo had negated the victory of the long and hard battle fought in the last decade to remove the US bases in the country. National sovereignty did not appear to be of any concern of Arroyo's.

Not only that, the shrill adherence to the US military backed solution to the Abu Sayaff problem deepened the already painful divide between Filipino Muslims and Filipino Christians. The Abu Sayaff led kidnapping in fact, brought to the fore a long festering problem of poverty and misunderstood cultural issues in the south of the Philippines.

But Arroyo has done nothing to arrest this widening gap, worsening it herself by calling anyone who opposes the military solution as Abu Sayaff supporters. Simplification of the issues have only served to fuel stereotypes, and in a predominantly Catholic country, that task has proven much too easy.

The Muslim rebellion in the country has been around for more than three decades and has left in its wake a number of guerrilla wars, failed negotiations and countless dead. Analysts blame this on past and present government's misunderstanding of Islam, its culture, its people and a continuous betrayal. An age old promise of integration into government with proper appreciation and recognition of Islam ways has never been fulfilled and instead has been broken many times over, resulting into great poverty in the South, mockery of elections, dummy appointees and a great lip service to all Filipino Muslims. This deep-seated issue has spawned the liberation; separatist and extremist groups like the Moro National Liberation Front (MNLF), Moro Islamic Liberation Front (MILF) and even the Abu Sayaff.

Which is why crushing the Abu Sayaff and its mass base supporters will only exacerbate the problem further, alienating Muslims from their Christian brothers and even increasing the supporters maybe not of the Abu Sayaff but of the other extremists.

Even more disturbing are the results of a newly released report of the findings of an International Peace Mission to Basilan and Zamboanga. Composed of parliamentarians, human rights activists, peace advocates, journalists and academicians, the International Peace Mission went to Basilan and Zamboanga to:

- (1) investigate reports of civilian casualties, arbitrary arrests and displacement of affected communities in Basilan and Zamboanga
- (2) assess the conduct of joint US and their impact on the Christian-Moro conflict and the Moro separatist struggle
- (3) exchange information and insights with local civil society organizations regarding security trends and conflict situations in various regions of the world
- (4) and to gather insights with which to inform international initiatives towards peaceful conflict-resolution.

Curiously enough the mission was blocked and attacked by the national government with the National Security Adviser prejudging the mission's outcome and questioning the mission members' credentials. Despite this however, the mission was able to hear the testimony of many residents and conducted numerous interviews and site visits. In the end, the mission reported that

- (1) The Abu Sayaff is mainly a political problem sustained by corruption
- (2) Human rights abuses are being committed in the fight to destroy the Abu Sayaff
- (3) The military solution does not work
- (4) The solution lies in peaceful dialogue among the different religious communities
- (5) The US is making the situation worse rather than better

These findings have been published and have in fact been carried by local and international media, strengthening the calls of civil society for a reassessment of the military solution and the presence of US troops in the country. The government however has turned a deaf ear to this and has instead intensified efforts at pushing the military formula. In fact, the President has agreed to yet a new round of training exercises with US troops in yet another province in the country.

This manner of dealing with Muslim separatist groups in the Philippines, in the name of the war against terror, sets a very dangerous precedent. It has tragically stereotyped the Muslim as the bad guy and the only way to deal with them is by crushing them. Moreover, it establishes that the United States can enter the region, crush any Muslim separatist group linked even remotely to Osama bin Laden and in return, promise aid packages and investments from US corporations

This will serve not only to undermine the regions' individual countries' national sovereignty but more importantly, deepen the religious divide especially in countries where there will be even larger numbers of Muslims affected.

Also, it will set an economic trend of keeping the economy afloat via acquiescence to Washington's war.

This therefore confirms the conclusion that the current administration has no qualms receiving aid for development via acquiescence to militarization and its subsequent consequences.

## **F. Key Challenges**

The key challenge to sustainable development is to address these contradictions that exist and continually recur in the country:

1. the contradiction between structural adjustment or liberalization policies and sustainable development
2. the contradiction between having remarkable laws and enforcing them,
3. the contradiction between a very strong private sector and a weak state, and
4. the importance of an alliance between government and civil society in taming private interests and achieving sustainable development.

**The contradiction between structural adjustment or liberalization policies and sustainable development**

A big challenge is to break away from the free market formula of liberalizing, privatizing and deregulating. This model of following IMF prescriptions and developing to meet trade requirements of the WTO has been documented to have been destructive to the environment and detrimental to society.

The Structural Adjustment Program for example has already been confirmed by several studies to have been responsible for the degradation of the environment in the country and the depletion of natural resources. The Philippines, as recorded by the Freedom from Debt Coalition, has been a dutiful follower for nearly 20 years, receiving 9 structural adjustment loans from the World Bank, participating in 3 standby programs, 2 extended fund programs and 1 precautionary standby arrangement with the IMF. And what has this amounted to? An unimaginable amount of foreign debt, a financial crisis from which it still has to recover, an economic stagnation and a severe social disparity with almost 70% of its population living in poverty.

The first phase focused on trade liberalization and saw quantitative restrictions removed but since the program failed to factor in the event of a global recession, exports fell and imports coming in to take advantage of the lowering of tariffs eroded home industries.

The second phase had the Philippines in serious debt singing to the tune of \$26 billion. So instead of pushing for economic recovery, the repayment of the foreign debt was prioritised by the supposed promoters of economic growth and alleviators of poverty with some 50% of the budget going to servicing national debt. This resulted into government austerity measures and intensification of export and exploitation of natural resources. Not surprisingly, a financial hemorrhage ensued, with the net transfer of financial resources coming to a negative \$1.3 billion a year from 1986-1991.

This institutionalized stagnation within the country.

Families living under the poverty line coming to 46.5% of all families in 1991 and share of national income going to the lowest 20% of families dropping from 5.2% in 1985 to 4.7 in 1991. As if not bad enough, the third phase of structural adjustment which liberalized the capital account, facilitated the country's fall into the Asian Financial Crisis, worsening the social conditions.

Furthermore, the Philippines is living proof of the correlation between environmental destruction and structural adjustment. Quoting the findings of the study of the World Resources Institute,

“Adjustment created so much unemployment that migration patterns changed drastically. The large migration flows to Manila, (the capital) declined, and most migrants could only turn to open access forests, watersheds and artisanal fisheries. Thus the major environmental effect of the economic crisis was overexploitation of these resources.”

Couple this with the increased drive to recklessly exploit natural resources to fuel the market, the end result is a dismal forest cover of six million hectares by 1991, only 700,000 hectares of which are virgin forests.

The reality is that the insistence on this type of development is the wrong mindset and goes against the spirit of sustainable development which among other things aims for equity to access and opportunity and the protection of resources and the environment.

### **The contradiction between having remarkable laws and enforcing them**

The key challenge for any country to have sustainable development is first and foremost the creation of policies and a framework for these ideas to be put into practice. Which is why most civil society organizations have focused their efforts at engaging their governments to recognize and put into legislation key provisions for the attainment of sustainable development.

The Philippines has been a role model in this aspect, developing laws and policy frameworks and even official bodies to implement these policies, well ahead of its neighbors. As mentioned earlier, the country was the first in the region to translate and localise Agenda 21 into a national sustainability plan, the Philippine Agenda 21. It was also a first with the Philippine Commission on Sustainable Development and other such similar bodies throughout the country, which aim to ensure the implementation of these development policies.

The reality however is that alongside these positive steps forward, the government was also busy creating countermeasures to negate these efforts. The Medium Term Philippine Development Plan (MTPDP) the bible for development and growth in the country has taken the drivers seat and relegated the national sustainability agenda to the backseat. The emphasis has therefore then been to achieve economic growth and development via free market doctrine and free trade, a framework that has been known and documented to not only be inequitable but also non-sustainable.

The key challenge then therefore is not for the country to create more policies and sustainable development rhetoric but rather, to use political will to implement the already existing laws and policies the country has and to cease insisting on the free market model.

### **The contradiction between a very strong private sector and a weak state**

The IPRA, as mentioned earlier in the report is a landmark legislation that recognizes the rights of a long marginalized sector of the country, the indigenous peoples. It was, like the Philippine Agenda 21, a first in the region and a source for national pride as other countries envied the bold and courageous steps the Philippines was taking in equity in access and land rights. And for the first time, the highly contested ancestral domains was addressed and given proper attention.

However, the landed elite and the resource-extractive industries successfully blocked the realization of this law. After a long battle in the Supreme Court, the law was still declared constitutional but because of a lack of political will, the law remained on paper and has been shelved by the current powers that be. The National Commission on Indigenous Peoples has then stopped receiving its funding and have become utterly powerless.

The key challenge here then is for the current administration to implement this law and allow it to realize its full potential. The indigenous people of this country have too long been shunted to one side in favor of resource extractive industries such as mining and

have been displaced from their lands. This law will recognize their rights and their land and thereby empower them and force the industries to respect their opinion and choices and give them their due.

The Clean Air Act is another landmark legislation that once again puts the country ahead of the rest. Its sweeping ban on the use of lead in gasoline and incinerators give the people a greater chance of enjoying clean breathable air. But with the way government has been agreeing to Northern pressure, as early as now, threats to the bill have arisen. For one, the rejection of the United States to sign the Kyoto Protocol have given confidence to carbon polluters to engage in business as usual.

The key challenge here is for the country to withstand this pressure and to stick to its commitment to achieve a better and a cleaner environment for its constituents.

### **The importance of an alliance between government and civil society in taming private interests and achieving sustainable development**

The key challenge really is for civil society to push government to realise the folly of the free market above everything else framework and to show that the people will no longer wait for another ten years before the government keeps its commitment to a sustainable road to development.

Concretely, this means appointing officials not as part of political spoils but on the basis of merit and genuine interest and concern for the area of appointment. In particular, the Department of Environment and Natural Resources, a key department in the protection and responsible utilisation of the country's natural resources.

This is a very real challenge today as the current appointee to the Department, Heherson Alvarez, has yet to be approved by the Commission of Appointments. Alvarez, the President's nominee is a controversial choice as he is known to have a questionable record and more importantly, his known opposition to the total log ban. Alvarez was nominated by the President despite strong resistance from civil society and progressive movements, which shed doubt on the sincerity of the President to appoint qualified persons to key positions in government.

### **III. Sustainable Development in Action**

#### **Introduction to case studies:**

The case studies in this report show results at a macro level and were chosen to elucidate certain developments at the national level.

The first case study, “Palawan: Hope for the Last Frontier” was chosen for the stark reality that it shows of the state of deforestation in the country and the co-option of the concept of eco- tourism for commercial purposes. But more importantly, it shows that even if the corruption and abuse of natural resources goes all the way up to the Secretary of the Department of Natural Resources, that communities can still take action. This case study illustrates the success of civil society organizations helping communities adversely affected by loggers and over exploitation, to take direct action and to arrest the situation, thereby empowering these communities.

The second case study, “A victory in the battlefield of mining” shows the success of civil society organizations affecting legislation through intense campaigning and lobbying. The resulting law, the Indigenous People’s Rights Act (IPRA) is a first in the region. It is a step in the right direction towards the recognition of rights of indigenous communities, the most often neglected and unheard voices, who are often displaced in favor of large extractive corporations like mining companies. This case study also highlights the need to push for corporate accountability as a major mine tailings spill by a large multinational corporation, which rendered an entire island dead, has yet to be resolved.

The third case study, “On the bumpy road to sustainable waste management” also shows the success of civil society organizations affecting legislation through tireless campaigning. The Clean Air Act is a keystone legislation banning the use of incinerators and lead in gasoline, both sweeping and much needed laws to arrest the worsening conditions of pollution in the country. But this case study also shows the need for further work as decision makers in government have yet to depart from wrong end solutions in addressing pollution and waste management making implementation of this legislation and others like the Solid Waste Management Act quite difficult to attain.

## **A Brief History of Forestry in the Philippines**

Once upon a time, the Philippines held the rank of fifth largest log exporter in the world market, accounting for about 33% of total export earnings<sup>42</sup>. The sixties and seventies paved the golden brick road for the loggers. Having such a hold on the economy, loggers-turned-local-politicians had an equally influential position in the government. This easily translated into concessions, grants and exemptions. Former Department of Environment and Natural Resources (DENR) Secretary Victor Ramos says so himself, stating that most timber licences (TLA's) given out before were part of political spoils<sup>43</sup>.

This special treatment from government fuelled the rise of the loggers to political warlords in provinces and rural areas. Former DENR Secretary Fulgencio Factoran describes these as people who were used to getting their way and getting away with it. More so as they started sitting in political positions themselves. This became detrimental to the country's rainforest as the intoxicating feel of power worked its magic on these warlords. Afraid to lose the stronghold they had the felling of timber continued at an even more intense pace, peaking at an annual production average of 15,475 thousand cubic meters<sup>44</sup> for the years 1966 to 1970. At this time, TLA's only numbered to less than a hundred, but this would increase significantly for the next decade, reaching a peak of 230 TLA's in 1977<sup>45</sup>, with tens of thousands of hectares per TLA<sup>46</sup>. Ironically, this high happened at a time when the government declared a total log ban then after opposition, settled for a selective log ban.

A few years of what Victor Ramos calls "legitimized illegal logging"<sup>47</sup>, the government began feeling the effects of such irresponsible logging methods. So, in the beginning of the 80's they tried to curb the denuding of forests by requiring timber concessionaires to reforest their areas. This of course was a vain attempt as instead of replanting, companies began underreporting actual log production and exports<sup>48</sup> or in some cases, submitted non-existent reforestation projects<sup>49</sup>. Couple this with the other causes of deforestation namely, slash-and-burn farmers, conversion of forest lands to croplands, migration of lowlanders to the uplands and natural occurrences like forest fires, you then had severe depletion of forest cover.

But, this should not be taken out of the context that it was in. While it was true that political warlords, irresponsible farming and illegal loggers were to blame and held responsible for the destruction, it should be remembered that this tone of exploitation was set by colonial power that was the United States of America.

In fact, the western demand for wood placed the "modernization" of the logging industry among the top priorities of the colonial administration at the turn of the century.<sup>50</sup> Government worked hand in hand with large-scale timber corporations, both foreign and domestic to transform the Philippines from a timber importer to Southeast Asia's largest timber exporter<sup>51</sup>, leaving however the rainforests of the islands depleted. But who was keeping score? Great profits came in and the then Bureau of Forestry was only too happy to cash in on the demand, giving out promotional booklets targeting US customers saying that, "When you buy Philippine lumber, you are helping not only the

Filipinos, but also the American lumbermen in the Philippines and the American machine manufacturers in the United States.”<sup>52</sup>

Independence came and the Americans left but the damage had been done. The taste of massive profits from equally massive exporting of timber had worked its intoxicating magic. After the US demand dwindled it was quickly replaced by other markets, Japan taking the lead. From the 1960’s to the 1990’s, Japan accounted for as much as 70 percent of timber logged in the Philippines.<sup>53</sup>

### **Attempt at Reforms**

This was the situation that met the fledgling Aquino government in 1986. They realized the need to focus on the environment, especially the green issues so they subsequently separated agriculture from the natural resources, creating what is now the Department of Environment and Natural Resources (DENR). Factoran explains this as a tactical move to give the Department more teeth in pursuing and implementing environmental protection laws. “We saw that the agencies handling the environment like the national pollution commission were small agencies with limited budgets and limited mandates.”<sup>54</sup> The theory behind the establishment of the DENR was then that with the power to grant licences for extraction of natural resources, it follows that it would have the power to execute environmental protection laws.

With this new found power, the DENR under then Secretary Factoran, reduced dramatically the number of TLA’s from 137 in 1987 to 29 at the end of the term<sup>55</sup>. “ This, Factoran explains as a deliberate move to stop the rapid denuding of forests. Not issuing TLA’s was one thing, policy reform another. Which was the demand of environmental ngo’s, who at that time had found a new voice, thanks to the overthrow of the Marcos dictatorship. At their prodding, the DENR cancelled all stumpage contracts and then raised the fee for cutting a tree from a ridiculous amount of five pesos to five hundred and twenty five pesos. Such an increase did not go down too well in the logging community but because of the environmental awareness campaign of the ngo’s, especially on the evils of unregulated forest cutting, the public had a raised consciousness thereby effectively removing the original swagger of loggers cum politicians. Added to the fact that the abrupt change of governments from Marcos to Aquino did not give them enough time to switch sides and position themselves.<sup>56</sup> This also gave way to the passage of a 12-year commercial logging ban in Congress.

All this however did not stop the further reduction of forests, resulting to a dismal forest cover of six million hectares by 1991, only 700,000 hectares of which are virgin forests.<sup>57</sup>

<b>Forest Cover</b>	
1991	6,015,400
1996	5,590,179

\* average annual rate of denudation: 87,556 ha or 1.49%

Source: Department of Environment and Natural Resources

By the time President Fidel Ramos came into power, the only way to save the forests was through a total log ban as it was found out that many commercial loggers found ways of going around the commercial logging ban by converting to industrial tree plantations albeit on paper only. But a total log ban did not concur with the Ramos’

government of “sustainable development”. Because as Victor Ramos explains, “If you come up with a policy of total log ban, you cannot import your needs.”<sup>58</sup> Yet at the same time, they needed to reduce the number of TLA holders to arrest the situation. “This is when we thought of community logging which is sustainable. You allow the community to get the whole potential of the wood product by giving them the opportunity, like by training them to go into higher value product.”<sup>59</sup> This realization of involving communities allowed the DENR to further lessen the number of existent TLA’s. “We became stricter, requiring Environmental Impact Assessments (EIA’s) and included the provision for aerial surveys and full documentation.”<sup>60</sup>

However, illegal loggers proved to be gifted in their ways. They purposely let the DENR officials confiscate their logs, making them think that the confiscation rate was going up but in truth, this was only a small percentage of their actual cut.<sup>61</sup> Also, it was found that they would recycle logging permits at checkpoints, buy TLA’s from legal holders for the purposes of presenting to inspectors and at some points would buy off the actual inspectors and denr personnel. “We found this out only from one of the operators as he was apparently short changed by his partners.”<sup>62</sup> Sadly, by the time the modus operandi is exposed, the leaders have either gone out of the country or worse, are never found out.

### **Negating the Past**

But as the sad story of the Philippine environment will show, policy reforms are only as good as the people implementing them. Former Secretaries Factoran and Ramos have both admitted that it takes the President and the DENR Secretary to successfully pursue reforms and effectively put into action laws that are already there.

What little success achieved by the past administrations were frenetically negated by the Estrada administration when Antonio Cerilles was appointed as DENR Secretary. Cerilles, a former governor had no background whatsoever in the area of natural resources, except to be a former logger<sup>63</sup>, was obviously placed as a political favor. And as all cases of cronyism goes, Cerilles did not waste appointing his fellow loggers to key positions in the department.

Soon after his instalment, stories of corruption and irregularities abounded. One former employee states that even the legal contract holders were required to give undisclosed amounts for their contract to be honored.<sup>64</sup> Even a high ranking Department of Agrarian Reform official confirms Cerilles’ ways as lands for agrarian reform left under the DENR’s care has mysteriously been transferred to Cerilles’ name.<sup>65</sup> Naturally, this system of corruption allowed for the exemption of certain companies from fulfilling requirements like ocular inspections. Cerilles was even supposedly witnessed by staff, to have ordered Jimmy Pisigan, the head of an investigating team for these ocular inspections, to drop a number of names from the list of violators, explaining, “*Hindi mo pa ba kilala ang mga kaibigan natin? (Do you not know who are friends are?)*”<sup>66</sup>

“He and his staff regularly stayed at the Dos Palmas resort here in Puerto Princessa (Palawan) for free, when it is a well known fact that this resort is owned by apprehended illegal loggers!”<sup>67</sup> Edward Lorenzo, of ELAC, explains that most of the cottages of that resort are actually made of endangered premium hardwood taken from the forests of Palawan, a no logging zone.<sup>68</sup>

Once again, a concrete example of the contradiction between having remarkable laws and enforcing them.

Even the original set up of the DENR, which received accolades at its beginning, has come under fire. At present the DENR has received criticisms that it is schizophrenic in nature. "The present DENR as it is presently structured is really schizophrenic." explains Von Hernandez, Regional Campaign Director of Greenpeace<sup>69</sup>. Hernandez adds that the granting of permits and the protection of the environment come into conflict as the first function depletes the natural resources the second function is supposed to conserve. Furthermore, Hernandez states that the environmental concerns are the eventual losers of the constant battle as only one fourth of the total budget of the DENR goes to it. "Especially if you have a Secretary who's beholden to corporate interests."<sup>70</sup>

This schizophrenic nature of the DENR has been the center of a long and bitter debate. While the integration of protection and the granting of permits to exploit gives more weight to the one protecting the resources, it also opens the door to the favoring of exploitation for economic reasons and shunting the department on protection to one side.

At the end of the day however, both sides realize that the power really lies in the Secretary of the DENR, it is his or her decision on whether one side will lord over the other or whether a delicate balance between the two will be attempted.

But exploitation always has better spoils than protection.

And this frustrates those who genuinely want to protect what's left of the environment in the country. Rey Alcances, Chief of the Environmental Impact Assessment Committee expressed his desire for his department to leave the DENR. "We want to be independent of the system." This he says is due to the fact that their assessments and subsequent rulings have often been reversed or "softened" in favor of the other function of the department, granting of permits. "There's a battle of interests and we are often at the losing end."<sup>71</sup>

### **It's all in the implementation**

But in the end, it's all about the money. As Hernandez of Greenpeace says, if the Secretary is beholden to corporate interests then there is nothing the department can do, literally. Because after all, the department is a government office and it has a bureaucracy and it has a budget. So people just cannot do their job and many times the ones with the expertise and the heart end up frustrated and get up and leave. Alcances laments that he loses his best people to corporations and other private firms. "I can't blame them, the department can only offer them so much and they have to think about feeding their families."<sup>72</sup> Alcances adds that the expertise all wind up in the private sector. "They come here young and idealistic and then they realize that their hands are tied because of lack of funds and the bureaucracy so they leave."<sup>73</sup> Plus of course the fact that the Department does not have enough funding to go around in the first place, often depending on foreign donors or developmental projects to augment the insubstantial budget. That is, assuming all the money go to field operations and not the pockets of certain officials.

Budget constraints in the case of forestry law implementation translate into the easy life for illegal loggers. As forest rangers and denr officials use archaic means to police loggers. Loggers, who have the latest technologies at their disposal, cannot be expected to cower in fear of rangers who have no means of getting to the actual logging sites except by foot. The phenomenon of validating reforested areas via aerial photos came as a recent development only with then Secretary Ramos specifically allocating budget for the purchase of one measly helicopter. Another antiquated approach at catching illegal loggers is the setting up of checkpoints at the logging roads and piers, which result, many times, to trucks with premium hardwood getting past inspectors by simply covering the wood with bags of charcoal.<sup>74</sup> Aside from laxity there is also the factor of corruption, confirmed by Secretary Ramos, mentioned earlier. With the help of the local offices, the loggers recycle logging permits at checkpoints making it appear like they conform to the allowable cut quotas. "The bureaucrats were taking advantage of the system."<sup>75</sup>

On the other hand, if the rare forest ranger does catch the erring logger or the trucks of premium wood, the crusading rangers are faced with yet another obstacle: firearms. As mentioned earlier, the trade of timber by warlords has become a way of life for many, especially in the provinces. And as the old adage goes, bad habits die hard, which should have included the disclaimer, if they die at all. Secretary Factoran explains that these warlords are used to forcing their ways in any way possible and so all these rules and regulations come as a culture shock. So what then is an unarmed ranger to do in the face of armalites and guns? Many have died trying to hold their ground but the reality is, not everyone is a hero and so there are many of those who will step aside and swallow their principles. Feeling helpless, some rangers have actually requested for weapons and firearms from the department. Secretary Ramos recalls encountering several forest rangers asking, if not pleading for arms. "They would tell me that they could stop the trucks and the loggers if they had the same, if not more powerful firearms."<sup>76</sup> But this is the government and that authority falls under the jurisdiction of the armed forces and the national police.

The reality however is that in this lucrative business of raping the forests, the forest ranger is not the only one used for target practice. Holding nothing sacred, these armed hooligans have done away with denr provincial officials, at one time shooting one inside his home. But the highest official they and along with some other cohorts, did away with was a Central Luzon Director up for appointment as the department's Undersecretary. That man was Ric Serrano, a hero by all definitions of the word.

It happened in the morning of June 24, 1998. As Serrano made his way through the usual traffic of Quezon City, armed men stopped in front of his car and blasted away. Three years later, the case still remains unsolved though not for lack of interest and effort by the government, rather through the cunning methods of the killers. It was common knowledge that Serrano had a lot of enemies because of the way he clamped down on illegal loggers in Central Luzon, not caring for political affiliations. He also closed down factories he deemed environmentally unfit, especially those near rivers and watersheds, knowing the impact of these on nearby rainforests. "Anybody in Region 3 would be willing to pay a fat sum for the head of Ric, especially to derail his appointment."<sup>77</sup> Investigators then zeroed in on this slighted group. True enough, witnesses slowly began coming out, one linking a factory owned by families closely affiliated to the Cojuangcos, the very same Cojuangcos of former President Cory Aquino. The involvement of Serrano's driver in the incident was also exposed, belying trails of an

insider job. But before the case could be heard, witnesses began dying or disappearing. One witness dropped out of sight with the entire family. Even the lead investigator, a Colonel, died in a mysterious car crash. "Every time we get a lead, we run into a dead end with another witness dead or gone." shares the frustrated wife of Serrano.<sup>78</sup>

"The untimely demise of Ric sends a deadly message: that protectors of waterways and forests can be forever silenced...and they can get away with it."<sup>79</sup>

### **Zeroing in on the Last Frontier**

A message heard but disregarded nonetheless by the courageous in the Last Frontier. People who have taken it upon themselves to save the forests, since no one else seems to be doing so.

The last frontier, or Palawan, has a total ban on logging in the hopes of preserving what little rainforest this country has. But even with all the attention from government and the media, the trees of Palawan are still vanishing. This is due to the fact that the ban, according to Bobby Chan of ELAC, is only good on paper.<sup>80</sup> And thanks to good publicity, the rest of the country don't know any better.

Palawan has always, and continues to be hailed as the epitome of environmental protection and preservation, what with its beautiful corals and breathtaking sceneries of lush green forests. It's the perfect world and a gold mine for the government. Hoping to boost the country's tourism, the government supported the active selling of the island. Soon enough, several world-class resorts cropped up and offered dazzling beaches with impeccable white sands and crystal blue waters with fully furnished cottages and a host of water sports and both indoor and outdoor activities. Who can resist? It's paradise and more importantly, it boasts of eco-tourism, a new brand of tourism that takes care of the environment, especially the forest and water ecosystems.

But that's advertising. And with a potential market sold to the idea of a beautiful get away, who wants to know the real story? Local officials are too busy receiving accolades and awards at five star hotels like Legend Hotel to care about the reality that chainsaws still clear the rainforests. During that lavish ceremony, the final tally of stumps numbered 78 felled trees.<sup>81</sup>

The truth is none of these posh resorts and overrated officials deserve the credit they get. In fact, some of them belong in jail. Dos Palmas, one of the leading beach resorts in Puerto Princesa has fantastic cottages lining the equally fantastic shoreline but upon inspection, it is one screaming violation. "The cottages are built of premium hardwood from our forests, we know because we caught them."<sup>82</sup> Following leads from various reports that Ipil and Manganese trees were being cut down and shipped to a nearby island, the members of ELAC along with a DENR forest ranger ended at Dos Palmas. True enough, the felled timber lay in heaps, awaiting further cutting for the construction of the native cottages. Not realizing the crime in progress, the manager even led Edward Lorenzo and forest ranger Elmor Malitabo to the construction site where they saw firsthand the processed hardwood being used as support beams in the cottage. It was only when Lorenzo and the forest ranger began proceeding with the arrest that the Dos Palmas staff began to panic, but with the evidence in plain view, they could do nothing else. So, the woods were confiscated and the reports filed, it was just a matter of days for the court hearing.

However, the DENR got in their way. A few days after the arrest, the provincial office of the DENR declared the report null and void because Malitabo was supposedly not qualified to sign the said documents. After that, Malitabo was suspended without pay<sup>83</sup>, a severe punishment, for a common employee, especially since most forest rangers lead very simple lives, depending on meager salaries. Then just like that, the case was dismissed.

It is interesting to note however that this resort was where Secretary Cerilles stayed for free with his entire staff, every time they went to Palawan for seminars or conferences.

There are other stories of resorts and beach getaways in Palawan not being all that they're hyped up to be. "Most of these resorts are in timber lands. Aside from that being a violation in itself, it also means that they displaced several fishing and forestry communities."<sup>84</sup> In the mad rush to capitalize on the pristine islands of Palawan, developers kicked out entire communities, displacing not only their homes but their livelihoods as well. "These fisherfolk cannot even get near the water because the resorts' security guards will drive them away with their speed boats, saying that it's embarrassing for the tourists to see common fishermen."<sup>85</sup> This is not eco-tourism explains Lorenzo, "Genuine eco tourism means immersing yourself in the entire ecosystem to appreciate it's diversity and complexity, and that includes meeting the people living there and appreciating their way of life."<sup>86</sup> One resort, the Club Paradise even resides on Tagbanua Ancestral Domain. "They have not only made the age old residents of that place squatters in their own land, they have poisoned them."<sup>87</sup> As the club dumps their garbage and other toxic waste either into the sea or the community's area, the Tagbanua's suffer the ill effects.

And this is the reason why ELAC, or the Environmental Legal Assistance Center exists. The group, composed mainly of lawyers and volunteers, aims to empower communities by leading them into taking a pro-active stance. "We want the communities to take control and be pro-active and not only reactive."<sup>88</sup> Teaching them about their rights, the group believes that environmentalism cannot be separated from human rights. "Access to natural resources is a basic human right and they are deprived of that when irresponsible people abuse these resources."<sup>89</sup> ELAC however, does not stop with the education of the communities' rights, they go further by showing them how to assert that right. "We know that the government agencies in charge of these people, including the DENR's enforcement of environmental laws are inadequate, inefficient and sometimes in cahoots with the offenders."<sup>90</sup> And realizing the danger the forests of the Last Frontier are in, ELAC sees the urgency to act. "The whole process is hampered by corruption and we cannot afford to wait around for these incompetent officials to shape up while chainsaws clear entire hectares."<sup>91</sup> The solution then is swift justice.

### **Taking swift action**

Swift Justice, put simply is citizens' arrest. Communities, along with the help of ELAC lawyers or paralegals, apprehend the wrongdoers themselves. Tired of waiting for the non-existent assistance from the government, communities have followed ELAC's initiative with great enthusiasm and spirit. "They are inspired to take direct action themselves."<sup>92</sup> This is evident as a great shift from originally reporting offenders to authorities to community apprehensions is steadily documented.<sup>93</sup> Even without the ELAC members, communities take matters into their own hands, as ELAC trains several

community leaders into paralegals. Paralegals and the villages apprehend the illegal loggers and confiscate the chainsaw and wood. Taking their knowledge to heart, they even arrested one of their own. "The tribes worked with us to arrest the erring tribal chieftain in Tagusao, who was cutting down century old trees."<sup>94</sup> A team of paralegals have confiscated a total of 4,000 board feet of illegally cut premium hardwood in Tagusao alone.<sup>95</sup>

However, felling trees is not the only way to make money out of these rainforests. There is also the illegal collection of resin from almacigan trees, or more commonly known as the bleeding trees. These trees release great quantities of resin or sap through the years and the environmentally friendly way to collect it is to scrape just enough of its surface to allow for continuous bleeding. This, the communities do with great care, under license from the DENR but poachers have other ideas. "They sneak in to these restricted forests and literally chop off chunks of the trees leaving it practically dead."<sup>96</sup> With the mentality of get rich quick scheming, poachers hack off several meters of wood from the trees, rendering it useless as it cannot heal wounds of that size. So, ELAC teaches communities to keep an eye out for these exploiters and set up police zones for them to monitor.

But how do they overpower usually armed loggers? Simple, Chan explains, by sheer number. "We bring the entire community if we can."<sup>97</sup> They follow a lead or a tip then they round up at least ten men from the village, armed with nothing but wooden poles and home made weapons and arrest the loggers. "We try to talk to them calmly and read them their rights, making sure they understand, we never want it to become violent."<sup>98</sup> Although the scenes are usually filled with tension, the ELAC rule is no violence. "We always tell the communities that don't be a hero, meaning when they are outnumbered and the loggers are armed, they shouldn't brave a confrontation."<sup>99</sup> Members of ELAC and some tribes have however encountered a few near misses. "There are some loggers who just refuse to go peacefully, even if they see the number of people there to arrest them."<sup>100</sup>

There are limits though to peaceful and unarmed ways and ELAC realizes that. "This is when we enlist the help of the government, most times, the marines or the national police."<sup>101</sup> Now this is where the resourcefulness begins. Employing a whole variety of means, ELAC members have tried bringing media, whole communities or threatening with criminal prosecution for dereliction of duty. At one time, a denr officer refused to go up the logging area because it was raining. But Chan and the others don't let paltry excuses get in their way. So, at times, they have to resort to attacks through media, going on local radio stations to air their complaints. This is because Chan knows that the sight of uniforms and high powered arms easily translate into the eager surrendering of illegal loggers.

This is where the other side of swift justice comes in, the coercing of denr and other public officials to do their jobs. "In Maranat, paralegals manned the checkpoint together with DENR personnel to make sure the latter will apprehend an oncoming truck stealthily loaded with hot lumber."<sup>102</sup> Because, as Chan explains, ultimately, they want the public officers to earn their pay and perform their duties. "We cannot keep doing their jobs! That's why whenever we can, we ask, drag or force denr personnel to come with us during arrests and confiscation of lumber and chainsaws."<sup>103</sup>

Of course for every action there is an equal and opposite reaction, in this case, a backlash for all the trailblazing that ELAC has been doing. There are the usual death threats and harassment cases filed in court and even getting the National Bureau of Investigation to hound them in the hopes of finding anomalies they can be charged with. "What we find the most distressing is when our efforts, together with the tribes' are all negated."<sup>104</sup> Lorenzo explains that most of the time, the cases they file against the environmental offenders get dismissed either because of obviously partial judges or legal technicalities. "We had pictures of the offenders in the act of the crime and the case was still dismissed because the pictures were supposedly not clear enough!"<sup>105</sup> Worse, the chainsaws and timber were released to the accused. When this happens, the possibility of identifying the top ringleader and financier, diminish. But even if the courts return them to the loggers, the communities are ready for them. "Sometimes, we catch the same chainsaw twice, thrice."<sup>106</sup> So ELAC members and communities do not lose faith, as one less chainsaw in the forest is at least ten less felled trees.

Also, the denr officers who do assist ELAC and other communities in the pursuit of swift justice, get suspended, fired or even brought to court. "Cases are filed against them in the Ombudsman and it's really sad because these regular employees cannot afford lengthy court battles."

But all these obstacles thrown in their way, only make the communities and ELAC fight and strive harder because they know they are making a dent. "If they raise hell against us, then we know we are making their lives miserable."<sup>107</sup> And that is the point of this, to let it be known to those whom illegal logging has been entrenched in their lives, that things are changing, communities are growing bolder and smarter and that they are not going to get away that easily. "Communities, tribes and common folk have long been too afraid to speak up but that is changing."<sup>108</sup> And changing indeed as success stories of apprehended loggers and confiscated chainsaws have reached other provinces, ELAC receives calls from different towns as far as Mindanao. As much as ELAC wants to respond to all these calls, they realize the need for other organizations and groups to take up the reins in those areas.

Ultimately, what ELAC aims for is for other forestry communities in the country to follow their lead and by this, institutionalise these citizens arrests and swift justice apprehensions and confiscation so as to make it the general rule rather than the exception.

Mining, or the extraction of minerals, metals and non-metals, from the earth, is a capital-intensive industry requiring at the onset, large infrastructures, equipment, machinery and the latest technologies. Naturally, the capitalist has calculated that the product of all these efforts will earn more than all that money spent getting it. They were not wrong in their assumptions as world market prices of metals like gold, iron, nickel and copper all proved to be enough incentive to get into business. Even non-metals commanded a high price. This is due to the fact that the world we know today cannot be possible without minerals, things like electricity, cars, planes, computers, almost everything uses either components of metals or non-metals. Since there is no easy way to replenish the supply, minerals being naturally occurring, inorganic solids that take years to form, the value shoots up even more. The more difficult to obtain, the higher the price, and usually the metals like gold are the trickiest to find.

### **A Brief History of Mining in the Philippines**

Unfortunately for the Philippines, several geological surveys discovered that the islands have one of the highest mineral endowments in the world. And so much in the same manner people rushed to the gold mines an era ago, companies from all over the world made a mad dash to the islands of the Philippines. Hungry for investment, the government welcomed the attention with open arms, creating laws specifically to address these developments.

The late strongman Ferdinand Marcos pioneered in these efforts, passing the Presidential Decree 463 or the Mineral Resources Development Decree, which facilitated the growth of the mining industry. Its salient points included the 60-40 sharing agreement where foreign investors can only ideally own 40% of the company whereas the Filipino owned the 60% majority. This provision intended to open the doors to the local investors but instead opened a window only to a few privileged elite. Benguet Consolidated for example, originally a 100% American owned corporation sold its shares to businessmen like Jaime Ongpin and families like the Sorianos, well known dominant clans both politically and economically powerful in the country. Marcopper, another originally foreign owned company, sold its equities to the Marcoses and Marcos cronies. Another important highlight of Marcos' decree was the complete disregard for surface owners and present occupants of the lands to be explored, stating that any prospector can enter the land he applies for and is explicitly protected by the government in the event of the refusal by the said occupants.

And as if that wasn't enough, Marcos threw in several more incentives like a lease term of 25 years, renewable for another 25, duty free importation of any equipment, then the area limits of 10,000 hectares proved to be useless as a clause allowed companies to own several plots. The final insult however came in the form of the ridiculous fine of 5,000 pesos for mine tailings and other cases of pollution and destruction of environment.

In other words, the government laid out a golden brick road for the mining companies to the country's natural resources, creating special laws for this specific purpose. The

Marcos regime had successfully legitimized the raping of the country and even thanked the rapists for doing such a good job by awarding them with a high status in government and the nation.

This was just the right treatment for an industry that raked in an average of 20% of the total Philippine exports.<sup>109</sup> It also had an average of 1.3% share gross value added in the country's gross national product.<sup>110</sup> And in the Philippines' economy, a 1% share in the GNP defines that industry as a veritable income generating source for the nation. They also paid a sizeable amount in excise taxes, or the amount based on gross revenues, to the administration, reaching sums of 19 million dollars in one year alone.<sup>111</sup>

By the time Cory Aquino took over, mining firms in the country totalled to 270, mostly, if not foreign owned, foreign dominated, showing only 60-40 arrangements on paper. Aquino however did not better the situation.

On July of 1987, Executive Order 279 gave the Secretary of the DENR the full authority to negotiate and conclude leasehold agreements, or better known as FTAA's (Financial and Technical Assistance Agreements), something, the President originally had the sole power to do. This effectively hastened the entry of many firms, with one thing different from the Marcoses era, the FTAA's included the government in the equation of the actual business. This meant that the government and the mining firm entered a joint venture in the exploitation of the nation's minerals.

Like Marcos, Aquino added some bonuses to encourage foreign investors to enter the industry by giving tax holidays, tax reduction of the first five years and other tax exemptions.

After six years, Fidel Ramos entered the picture and with his Medium Term Philippine Development Plan (MTPDP), Ramos kicked open the doors to foreign investors for all industries, deregulating, liberalizing and privatizing almost all government owned corporations.

The mining industry would however get special attention. Using his new favorite phrase, sustainable development, Ramos coined the greatest oxymoron of all: Philippine Sustainable Mining. Tagging it as his trophy project of how to do business responsibly, and extract resources sustainably. How the exploitation of non-renewable resources ever translated into sustainable is beyond comprehension.

Because of this, mining was tagged as the tiger industry by the Ramos administration, which, with the help of the government, would supposedly boost the economy of the country and make it at par with the country's more affluent neighbors.

### **The Grand Failure**

Everything seemed to go as planned with the mining firms labelling themselves as pioneers in environmental efforts and the only industry with sustainable development in mind. Lies however have a way of catching up, no matter how deftly one outmanoeuvres them. Barely a few months into office, the delusions of grandeur of the mining industry and government came crashing with the Marcopper accident.

The Marcopper mine site situated at the top of the island's mountains unleashed a torrent of sulfidic mine tailings into the defenseless Boac and Makulapnit rivers. An estimated total of 1.5 – 3 million cubic meters of toxic tailings<sup>112</sup> covered the whole length of the Boac river, a river that goes through almost the entire Marinduque, thereby effectively killing the small island's ecosystems and livelihood.

The accident was so disastrous that media did not need to sensationalise. Mining, an industry usually talked about in economic figures and vague general terms by city bound Filipinos suddenly became a very harsh reality. People suddenly received a crash course in minerals exploration, learning terms like mine tailings, open pits and low-grade ores.

The Marcopper spill also brought into the spotlight the company, paving the way for an assessment of the entire industry. Astonishingly though, its mother company, Placer Dome, an internationally renowned mining firm, escaped with nary a scratch and kept its hands conspicuously clean of the whole matter. "When we were going to file a complaint against (them), we were shocked to see that the companies no longer existed, somehow they were able to sell shares, change names and ultimately cover their tracks."<sup>113</sup>

A series of finger pointing ensued, among those who couldn't get out, as no one wanted to take the responsibility for it and the corresponding consequences. This of course got ugly, fast. Government was the first one found guilty as it was discovered that Marcopper had no business operating in the first place. Former DENR Secretary Fulgencio Factoran explains, "Exemptions were made during the time of Marcos, such that two of the biggest developers that needed environmental impact assessments were exempted...the other was Marcopper mining."<sup>114</sup> Then the engineers came next, linking the spill to a faulty plugging system, an obvious reckless oversight. Several more bungles and covered up errors surfaced showing an irresponsibly run operation with government deliberately looking the other way.

And why wouldn't government feign blindness when the industry it had been pushing, favoring and counting on for profit had actually fallen head first into the ground? Three years before the Marcopper incident, a total of 220 mine sites had been abandoned.<sup>115</sup> And in fact, in a span of 20 years, when the government was throwing incentives left and right, 29 firms had declared bankruptcy.<sup>116</sup> World market prices had slumped but production costs remained the same forcing mining companies to sell at a loss, if they sold at all. Even Benguet mining, one of the oldest and largest firms in the country declared losses. "We produce the gold at 400 dollars an ounce and then the market will sell it at 300 dollars. We were losing an average of 300 million pesos a year."<sup>117</sup> The advent of newer technology like fiber optics factored into the further depression of the world market prices of metals and non-metals.

Looking beyond the stockholders' reports of equity bottom lines, however, showed that firms weren't the only ones hurting. Employees, in this case, miners, were the front liners in the crisis. The workforce decreased by the thousands, big companies like Benguet and Lepanto downsized from a high of 15,000 to 6,000.<sup>118</sup> Though some firms like Benguet, claim to have paid off their workers with sizeable retirement pays, most have completely relinquished their responsibilities by declaring bankruptcy, thereby escaping the legal requirements of compensating workers.

However, in an industry like mining, losing a job is not as simple as losing a job at, say, a factory. This is a specific industry which involves skills unique to its processes leaving miners clueless as to where to go next. *“Wala na ho akong ibang alam na gawin kundi maging minero.”*<sup>119</sup> shares a miner from Benguet, who has been working there for 20 years. Most miners enter the trade as young burly adults, learning and developing mining skills and end up spending most of their lives there. This is also because mine sites are usually up in the mountains or in inaccessible areas, mining companies put up houses for their miners, as well as other basic services like hospitals or clinics, schools and grocery stores. Miners in turn, end up bringing their families there, wives, children and all. Never mind that they are cramped into a one bedroom unit, as they think of the benefits they get from the company. *“Mahirap ang trabaho at maliit lang ang suweldo, 180 pesos lang a day, pero okay dahil madaming binibigay ang kumpanya...pati dependents namin libre ang hospital.”*<sup>120</sup>*(The work is difficult and the pay is small, only 180 pesos a day but its okay because the company gives us many benefits... even our dependents get free hospitalisation.)*

Former mining communities then turn into virtual ghost towns almost overnight, with some towns even losing basic services like electricity when the mining companies close down. “It was only then that we realized how dependent these communities became to the companies when they rallied outside the DENR to have the sites reopened because they had no electricity.”<sup>121</sup> Not only that, miners and their families had attached indebtedness to the mining company, citing the fact that they had only received such benefits and basic services like education and hospitalisation from the companies. This made it difficult for ngo’s to convince most of the miners to demand for their rights and stand up to the companies because miners defended the firms. “It is very unfortunate that we are a poor country because it is the government’s duty to provide us with roads, schools and hospitals. But what happens is that the companies are the ones who give it to the people and in turn the people become indebted to them.”<sup>122</sup> They become indebted for something they have a right to in the first place.

This loyalty because of benefits granted can be identified as patron-client relationships, very common in feudal systems like land tenure systems. The patron, or the company, grants goods and services, the client, or the miners cannot afford on his own and is therefore repaid through loyalty and a lifetime of being beholden. An effect of this is to diminish unity among the individuals in the same class.<sup>123</sup> This is evident in the absence of independent union organizing in most, if not all, mining communities.

But this was of no concern to the government, the DENR’s Bureau of Mines specifically. The Mines and Geosciences Bureau, an agency created for the mining sector and ideally, the people in it, has existed solely for the promotion of the industry. Its objectives put forward the enhancing of mineral resource utilization for economic development while putting secondary the goal of taking care of affected communities. Also, a certain word called regulate, seemed to be conspicuously missing from its list of mandates. They present no threat imagined or real to firms who violate the laws with regard to the industry.

Given that lack of obligation to regulate the players of the industry, the Bureau of Mines should ideally be able to effectively implement its only mandate of promotion for economic development and community benefits. But alas, the Bureau has again fallen short. Yes, they successfully attracted investments from the private sector but they forgot about the communities. They claimed to be pro-people but did not involve the said

people in the process of development or decision making. One of the Bureau's Division Chiefs admitted as much by saying that they had left the people in the dark by failing to provide basic information and not promoting participation of communities.<sup>124</sup>

Not even safeguards like the environmental impact assessments have put people into consideration as it focused mainly on the physical environment. "They simply forgot that people die not only because of chemicals thrown in but who die because of socio-economic effects of these activities."<sup>125</sup>

### **Crisis as Opportunity**

When institutions lose their moral sway, it is time to strike.

Environmental groups led by the Legal Rights and Natural Resources Center (LRC) knew their warfare and strike they did. The result: a grand victory, short lived but a victory nonetheless.

#### **Mining Act of 1995**

Realizing their folly with the Marcopper accident, government revised the implementing rules and regulations of the then fledgling bill now called the Mining Act of 1995 or Republic Act No. 7942. The Mining Act's amends for past sins were through the realization of the importance of social acceptability and environmental sustainability. These could be deduced from the following salient features of the act. First is the recognition and protection of indigenous cultural communities, especially ancestral lands. Then, the indigenous people and communities of the lands to be explored had a right to be informed and more importantly, the exploration needed their approval and agreement. It also provided for a share in the profit of the minerals through royalties and specified indigenous services and goods should be preferred by the firms. Then finally, the environmental impact assessment factored in communities, putting in social safeguards with the requirement of a mine rehabilitation and guarantee fund to avoid the devastating effects of abandoned mines.

This however has yet to be implemented and more importantly, upon closer scrutiny, there are many contradictions. LRC has in fact filed a case questioning the constitutionality of this law but it has yet to be heard, several years later.

### **Indigenous Peoples Rights Act**

The grand victory was the signing of the Indigenous People's Rights Act (IPRA) into law. The IPRA, a law drawn by environmental ngo's, had more sweeping revisions in mind all aiming to uplift the status of the indigenous people through recognition of their rights and their involvement in the developmental process. A key issue in this law is the recognition of Ancestral Domains or as they define, lands that have belonged to these communities since time immemorial but have no regular legal documentation like land titles but instead are supported by tribal laws and practices. Tied to this recognition of Ancestral Domains is the right to explore it and utilize the minerals therein by the communities who, through the IPRA, communally own these lands and minerals to be found in it.

Barely three months after its approval and enactment into law, however, the IPRA faced its first legal battle. On September 25, 1998, former Supreme Court Justice Isagani Cruz

filed a case in court, questioning the constitutionality of the IPRA. "The IPRA was a rank violation of the constitution. I have nothing against the indigenous people but their protection should be in accordance with the law."<sup>126</sup> The basic issue raised in the petition involved the Regalian Doctrine or the law that says that the State has ownership and control over all lands and natural resources. According to Justice Cruz, the provision in the IPRA that allows the indigenous people to own and control their ancestral domains violates this doctrine.

"24 hours after Justice Cruz filed his case, the respondents received their summons already and a few months later, the case was heard!" complains Lodel Magbanua of LRC. And in this country where some cases wait several months to years to be heard, this was indeed something to be bristled about. But that was only the beginning. Soon after the summons, the case made it to the news and it stirred emotions anew. "When the IPRA was approved and its implementing rules and regulations were signed, our entire tribe had a celebration and made offerings to our gods and ancestors for such a blessing. Only to find out a few months after that we had rejoiced too early."<sup>127</sup> Shares B'laan Datu Bong Dawang, a high-ranking leader of an indigenous group. And that was the general sentiment amongst the ngo's and people organisations as the victory they had grasped in their hands had suddenly fluttered out of reach.

The National Commission on Indigenous Peoples, a commission created by the IPRA law, along with other lead ngo's gathered all resources to defend the IPRA. Volunteers came from the law schools of the University of the Philippines and the Ateneo de Manila. "We had to rely on these volunteer lawyers because we had no funds and the solicitor general who was supposed to be on our side, abandoned us."<sup>128</sup> relates the frustrated NCIP Commissioner David Daoas.

Indeed, the solicitor general was supposed to be on their side of the fence as the case filed by Justice Cruz was directed to the Secretary of the DENR. By this point of the story however, it is important to note that a presidential election had just taken place and along with the new President came a new cabinet and Secretary of the DENR. So, the President and the Secretary who had signed the IPRA into law were no longer in position and now it was President Estrada and the notoriously known logger Antonio Cerilles as DENR Secretary.

The indigenous people's groups and ngo's could sense a defeat. This tension then triggered bitter rivalries and divisions among the ngo's. "Some ngo's were blaming the authors of the IPRA that it was too rushed and so now it had holes that the enemies could pick."<sup>129</sup> A series of finger pointing had ensued and now the people they were fighting for, did not know who to trust. As a leader of an indigenous group stated, "We didn't know who to turn to. Some ngo's seemed insincere and looked like they had an agenda of their own."<sup>130</sup>

Then the blow was dealt, not by the decision as the Supreme Court voted a tie of 7-7 leaving the IPRA constitutional as it did not declare a temporary restraining order, TRO, to prevent its implementation. But rather, the blow was dealt by the Secretary of the DENR. Cerilles who declared a TRO of his own, stopping the IPRA and killing the agencies along with it. "The NCIP had no budget except for salaries and wages so we were rendered helpless."<sup>131</sup> Cerilles justified his self imposed TRO by saying that the IPRA's constitutionality had been questioned so therefore could not be implemented. But even Justice Cruz, the original complainant did not agree with this, "That is not

constitutional because the Supreme Court itself did not issue a TRO so the IPRA should be implemented fully.”<sup>132</sup>

The blow was most painful however, to the indigenous people whose futures depended on this political roller coaster. Because more than the recognition of ancestral domains, the indigenous people are after the right to self-determination. “Even if ancestral lands are recognized, if we are not given the right to freely determine the way they use these lands, then the recognition would be superficial. We want to be able to determine the direction our lives will take. And more importantly, we want recognition of our culture and the acceptance that it is equal to other cultures, with the knowledge that these cultures can learn from one another.”<sup>133</sup>

And this is the real plight of the indigenous people who are severely affected by the mining industry but are not heard by government or the companies. Some firms even refuse to accept the existence of indigenous people in areas they mine, that are accepted as ancestral lands. “Benguet has been around for 98 years and we have not encountered a genuine indigenous community.”<sup>134</sup> Of course, their gauge for community is the existence of infrastructure, something one will really not see in an indigenous community. “These people are transient, moving from one part of the land to the other following the seasons and dictates of nature, like say the water sources and the food supply. So you don’t expect to see infrastructure like the houses we see in the cities.”<sup>135</sup>

Also, because these indigenous communities have no structures on the land, more so legal documents to the land like titles, mining companies have found it all too easy to evict them from their lands. Especially with the past laws in the firms’ favor, indigenous people were thrown out of their lands, forced to find new homes or go down to the cities where they become street urchins or part of the squatters in slum areas. Entire communities are dislocated, disrupting an entire culture and way of living.

And for the longest time, these communities could do nothing to fight back. If they did, lives were lost and the result remained the same: the companies had the law on their side. There was just no way an indigenous community could fight a firm in court with no funds and no documents to support them.

The only people they had on their side were ngo’s and people’s organizations formed through valiant efforts of indigenous leaders who had had enough. “We are tired of the romanticized view of us that we are uncivilized and have no knowledge of anything. Many of us have gone to schools, universities and look, I’m a full blooded Igorot and I have a degree in law.”<sup>136</sup> In fact, most if not all of the indigenous communities are organized and are aware of their rights. “We have a Tribal Liberation Movement that organizes the communities and informs them of their rights and we even try to meet with other groups of indigenous communities in other parts of the country.”<sup>137</sup>

These groups pushed and shouted and ranted until finally the government heard them and this resulted into the reforms of the mining sector. But as the sad story of every activist goes, the victory proved to be short lived.

Yes, the Mining Act of 1995 recognized the ancestral domains but it was the IPRA that was to be their bastion. It would systemize the ownership or claims to the ancestral lands through the issuance of certificates of ancestral domain claims and ancestral domain

titles. This aimed to integrate the marginalized indigenous communities with the system that did not recognize them while accepting the uniqueness of their cultural heritage.

Victories though short lived, should be counted, for that is which makes the struggle worthwhile.

Metro Manila, the center of all economic activity of the Philippines has a land area of 636 square kilometers but with a population of 10.5 million people, cramped into a total of 2 million households. Given all these individuals generate waste. However, they generate it at an alarming rate of 6,036 tons per day<sup>138</sup>. That's 2,203,140 tons of garbage in one year. A trip around the metropolis shows the immensity of this waste with heaps and mounds in various states of disarray litter the main highways and thoroughfares.

### **Righting a wrong with another wrong**

"This is not a crisis because this is not a turning point or a point of no return where its either we survive this or not because this has been around for more than a decade. And it will continue to be here especially with the way the government is addressing it."<sup>139</sup> This is because according to Greenpeace's Regional Campaign Director Von Hernandez, the government has been asking the wrong questions thus implementing the wrong solutions. "They are solving a wrong with another wrong and it is just worsening the situation."<sup>140</sup>

The wrongdoing begins with the assessment of the issue, much in the same way a good scientist can only come up with a good hypothesis if he has a correct statement of the problem, government cannot hope to improve the conditions if it fails to give an appropriate evaluation. Yes, the obvious dilemma is waste and to address it, government has hired teams of experts and consultants to help them solve it. This is where the wrongs beget even more wrongs.

The government spends capital on experts with long lists of degrees attached to their names to study, analyse and submit solutions. First blow. The experts are tasked to find solutions on how to get rid of the waste in its final form, hence, the recommendations are incinerators and sanitary landfills. "This is a backend solution. The problem's source is not addressed."<sup>141</sup> A backend solution, Hernandez explains further is a reactionary solution wherein the effects are mitigated temporarily. Just like a man scooping water out of his boat but not covering the leak. This is because waste in its final form is not the root problem and solving at this level will only give momentary relief.

The real cause lies in source separation of the waste. "Waste is only waste when it is in the wrong place."<sup>142</sup> And looking at the statistics, the country has a lot of matter in the wrong place with 50% of the total waste being compostable and 45% as recyclable<sup>143</sup>. "Theoretically, your residual waste is only 3%." says Robert Aventajado, former President Joseph Estrada's adviser who handled the Presidential task force on waste. So, ideally, only that 3% should go to the sanitary landfill. But because of a combined lack of awareness and concern, Filipino households have fallen into the habit of simply throwing everything out and waiting for the garbage truck to collect it. All of this waste is then dumped into landfills and open dumpsites like San Mateo and Payatas or burned.

If government hopes to solve this issue, then it should focus on the households where waste can be easily separated and still be recycled. Because as Hernandez explains, when mixed with other waste, some recyclables are deemed useless, "for example,

paper is only good dry, once you mix that with kitchen waste, its gone.”<sup>144</sup> And so it is with other recyclable materials as components in compostables may corrode as they decompose or rot.

According to Francis de la Cruz, toxics campaigner of Greenpeace, if households segregate, compost and recycle, the volume of waste brought to landfills would decrease substantially. The problem then of government should not be how to collect and dispose of the municipal waste but rather how to make households segregate, compost and recycle their own waste. “The thinking here is that at the household level, the waste is still manageable so it should not be too difficult a task to segregate, compost and recycle.”<sup>145</sup>

This idea did cross the mind of the government a few years back, during the Ramos administration but it failed miserably. Jejomar Binay, then the head of the Metro Manila Development Authority, the body in charge of municipal waste, tried to implement this idea along with a money making scheme in hand. The principle being that households would purchase color coded garbage bags from Binay and then dispose of their waste in this manner. This failed because of several problems. “The collection was not segregated, so people would see that the waste they had painstakingly segregated into color coded bags would all be dumped into the same garbage truck and ultimately, the same dumpsite or landfill.”<sup>146</sup> The few Filipinos, who followed the segregation, then realized the futility of the exercise and gave up altogether.

Another reason the effort failed, de la Cruz explains, was the lack of consistency in the awareness campaign. “Many communities did not understand what needed to be done, and more importantly, why it was important that they participated in it.”<sup>147</sup> Even Victor Ramos, then DENR Secretary admitted as much, saying that when they would campaign in rural areas, they would hold lectures only for a few barangays. Ramos would however blame the apathy of the people, “we cannot force them to come and listen if they do not want to attend the seminars.”<sup>148</sup> Others would however pin the blame on the complexity of the process. “They wanted the people to segregate into several different bags, recyclable, biodegradable, non-biodegradable, etcetera, it was too difficult for the common household.”<sup>149</sup> But Cruz counters that the Filipino household is capable of implementing such a task, rather it was the inconsistency of government that should be held accountable. “They said segregate but they did not make recycling centers available and they still had the same destination for everything and most importantly, they still collected garbage that was not segregated.”<sup>150</sup> Filipinos then felt the insincerity of the implementors and began suspecting Binay of just trying to make a quick buck. “Everyone began questioning the underlying motives of the MMDA, specifically Binay, especially since it seemed that he was the one profiting from the sale of the color coded garbage bags.”<sup>151</sup>

Then, a few months into the Macapagal-Arroyo administration, we had a glimpse of an environmental disaster when dump trucks refused to collect garbage as the major landfills’ expiry dates passed. “They already knew that the San Mateo and Payatas landfills only had certain life spans but they did not prepare for it.” explains de la Cruz. In fact, de la Cruz shares that in one planning session of a major area, Quezon City, the local officials still directed the budget to wrong end solutions. “They had 900 million pesos allotted for garbage collection and trucks!” This money could have easily started a segregation, composting and recycling campaign and program. “With a budget like that, they could organize the local junkyard collectors into a business designed to lessen the

flow of recyclable materials to the landfill.”<sup>152</sup> But instead they push for more trucks. This grossly disproportionate allotment of budget to a non-sustainable program reeks of underlying motives, which Aventajado himself reveals. “Even Chairman Binay didn’t want recycling, segregating and composting. I think mainly because it will affect the collection of garbage, and that’s where they, the mayors earn money.”<sup>153</sup> Also, many reports of ghost dump trucks have surfaced as moneymaking schemes of local officials.

One failure after another continually pushes the government in the wrong direction. Instead of finding ways to improve or better the strategy in making households segregate, compost and recycle, they reverted to the back end solution of creating more landfills and incinerators.

### **The trauma of landfills**

Ideally, a sanitary landfill should be a welcome addition to any community, most especially if they want to be rid of their waste in an orderly manner. A well-built and maintained sanitary landfill is a complex system involving a series of processes all designed to minimize the actual waste that will be stored in the landfill. In essence, it should filter out waste into recyclables, compostables and residue that cannot be recycled nor composted, allowing the waste to go back into the system and be of use again. Also, the sanitary landfill has storage facilities for potentially toxic materials, saving them for the time when technologies to reuse them or recycle them have been made.

The ideal however is something the Payatas and San Mateo landfills will not be able to achieve in this lifetime. It is the experience of these two sites that have traumatised communities and pushed them to block any kind of landfill entering its vicinity. “Payatas is not even a landfill, it is a dumpsite.”<sup>154</sup> The payatas dumpsite has served as repository of both municipal waste and toxic waste. It has evolved into mounds of garbage with a stench both nauseating and lethal. “We made tests in the grounds there and the results showed high levels of metals and methane gases. This was definitely a toxic dumpsite.”<sup>155</sup> In fact scientific findings have also showed that the leachate, or a liquid containing organic acids, solvents and toxic materials, flows through the waste and has found its way to the river system nearby, thereby contaminating the water sources of the surrounding communities.

The San Mateo landfill fares no better as it too hosts a variety of garbage at several degrees of decomposition mixed with non-biodegradable items and toxic materials. “The San Mateo landfill is just a depression in the ground, it is in no way designed to be sanitary nor environmental.”<sup>156</sup> Like Payatas, it holds heaps of garbage several feet high with no semblance of order to it.

More than the toxic combination of waste, both landfills have, one more thing in common: communities. Both San Mateo and Payatas have local residents who have set up shanties and structures with some semblance of a house. “These squatters live here because they have income from this garbage.” is a common explanation. For them, scavenging has become a family affair, with all members, including pre-adolescent children, joining in the fray. And since the heaps of waste, as explained earlier, has not been segregated, there are much to be salvaged. “There’s a wealth to be found in our garbage.” relays Hernandez.<sup>157</sup> And apparently, these families know that, setting up homes on the mountains of garbage itself, not minding the stench and the hazardous

chemicals they inhale everyday. “These people are here for the livelihood, they don’t see it as a waste issue, they see it as an economic issue.” shares de la Cruz, who has personally surveyed the grounds of both landfills. “They don’t want to leave those grounds because they earn more than the minimum daily wage everyday and they also have a place to live.”<sup>158</sup> Not even the tragic accident at Payatas, where a landslide of garbage buried alive several families, could dissuade them to leave.

In fact, these families oppose moves by environmental groups to close down the landfills. Environmentalists even lament the fact that some bleeding heart militant groups take advantage of these communities by organizing them and feeding on their grievances. “They see it as their right to stay in those landfills and that it is not a question of waste management but rather a question of equality.”<sup>159</sup> Worse, these militant groups use these people to raise the group’s other issues, which, more often than not have no relation to the landfill issues.

### **Waste as Oppressor**

Although on the one hand, it is good that these communities are organized and politicized, because as Hernandez admits, it is not just simply a garbage issue. “Yes, it is first and foremost a toxic waste problem but right after that are human rights issues.” This is due to the fact that when a community hosts a landfill, that community is affected in several aspects, aside from the obvious waste issue.

“Asking a community to host a landfill translates into exploitation.”<sup>160</sup> states Hernandez. The presence of a regional landfill shows the inequity between communities, bringing it to the age-old divide between rich and poor. As evidenced by the present landfill sites, host communities are predominantly poor. “These indigent neighborhoods had these landfills slapped onto them. They had no say in the matter because that’s how it is in our society.”<sup>161</sup> Only the rich have the capability and the power to decide the fate of their locality. And why would any established area welcome a regional landfill when it will surely have adverse effects to health, society and its local economy.

Once an area agrees to host a landfill, no matter how sanitary government will claim it to be, an automatic effect is the depression of property value in the entire area and its immediate vicinity. This has been observed and it makes perfect sense as real estate investors and developers shy away from areas who host landfills, knowing that it will cause countless problems in the future. More importantly, the image of that community suffers a severe blow. And in a society that relies on imagery, any damage to a reputation is devastating. “This is all about social equity, no one wants to be a dumpsite.”

<sup>162</sup>

First concern is for health. Because these landfills are in fact toxic of nature, there are health risks for all those living near it. In Carmona\*, it was documented that the leachate flowed into the river and Laguna de bay\* and has contaminated water sources of the villages with lead and zinc, which also effectively enters marine life. These fishes end up in fishermen’s boats and ultimately, the local market. So in effect, a mismanaged landfill can poison an entire food chain. Also, the gases that these landfills emit from the rotting of biodegradable items combined with the decaying of non-biodegradable materials are unleashed into the air and inhaled by the residents of the community. “These are very dangerous and toxic gases as they come from the spontaneous combustion in dumps caused by methane generation of the combination of the waste.” explains Hernandez.

Next concern involves environmental issues, which are actually tied in with the health concerns. "All the gases that are released from the dumpsite, not only bring health risks being carcinogens, but also contribute greatly to global warming."<sup>163</sup> In addition, a landfill degrades the land that it occupies and the nearby water sources. The toxic waste also corrodes and contaminates the otherwise, non-toxic materials in the landfill thereby creating more hazardous waste.

Third issue centers on social concerns as landfills of this type show no signs of sustainability. The danger being that one day in the future, this landfill may be abandoned and left as the mess that it is. Multiply that possibility by the number of landfills that Metro Manila has alone, then we can look forward to an environmental disaster.

Even the well-off districts of the country have dirty secrets to hide that contribute to this pending environmental disaster. The Rockwell Center of the Lopez Group of Companies, a prominent business group in the country, opened and not too soon after, became the elite's own private playground. However, what the Philippine Center for Investigative Journalism (PCIJ) discovered was that the pristine Rockwell Center had dumped toxic waste into the nearby but less affluent community without informing the residents and apparently, with a midnight deal from then DENR Secretary Cerilles. "...Cerilles signed the Environmental Compliance Certificate (ECC) on January 16, just nine days before a new secretary took over his post."<sup>164</sup> The report further reveals that the waste dumped into the poorer community, Barangay San Joaquin in Pasig City, are PCBs (polychlorinated biphenyls), which are not only cancer causing and toxic, they are lethal in even the smallest amounts.

### **All good things come to those who fight**

As with everything in reality, there are no happy fairy tale endings of the good conquering the bad but there are still however dragon slayings and the paving of the road for the next batch of heroes.

#### **Philippine Clean Air Act of 1999**

It was only through the intense lobbying and tireless campaigning of local environmental groups that the Philippine Clean Air Act of 1999 passed into law. "We were central on getting the Clean Air Act passed because of its three most important provisions, the ban on incineration, the fuel provision and the provision that empowers citizens and communities to file suits against the government or a corporation violating the clean air act."<sup>165</sup> This law although with its imperfections, is staunchly advocated by Greenpeace and other environmental organizations in the country mainly for its sweeping provisions of bans on incinerators and leaded gasoline.

It's flaws lie in the contradictions it has in its framework. "On the one hand it's all about pollution prevention, on the other it talks about pollution control. These are two different things that are metrically opposed."<sup>166</sup> Hernandez explains further that while prevention aims to eliminate sources of pollution, control is an entirely different story. The principle behind control is to monitor levels of certain pollutants in the environment and once an individual or corporation meet those standards then they are in the clear. "This is a false notion because even if you meet that level, set by the law, the pollution is still there, it

accumulates, it builds up. And that's why we call it legalized pollution."<sup>167</sup> In essence, you meet the law but you still pollute.

Despite all this however, the critics still embrace the law because it is a step in the right direction. "All of our pollution laws are outdated and this pioneers in the fight against the alarming levels of pollution in the country especially in the urban centers. In fact Metro Manila has been ranked one of the top 5 most polluted places in the world."<sup>168</sup>

Of course policy is one thing and implementation another. And no matter how stern the provisions of the Clean Air Act may be, violators are expected and in fact have already surfaced this early. "We discovered that even with the passage of the Act, there were still companies that were beginning to put up incinerators in the country."<sup>169</sup> What makes it worse according to de la Cruz is that these incinerators being brought into the country are mostly banned in first world countries. The good incinerators that do meet environmental safeguards do not reach our shores mainly due to the sad fact that we cannot afford them so we are tossed the scraps. But these scraps find open arms here as the government continues to see it as the end all and be all solution to the waste problem, which of course is not only a backend answer, it is also a false belief. "Incinerators generate toxic emissions with acid gases, toxic metals and new compounds like dioxins and furans which are carcinogens."<sup>170</sup> This fact, environmentalists had hoped to have drummed into the policy makers heads as they campaigned for the Act.

But as they say, all battles have to be fought to the end and it is important to count even the smallest of victories. And the Clean Air Act has had its share of triumphs. First is the successful removal of lead in gasoline, a very monumental achievement as a great number of the vehicles that congest the country's cities run on leaded gasoline, and according to several studies, is the main source of air pollution in the country. Second is the total ban on incinerators, a move counted as a huge win by environmental groups, as observers comment, this single move is one of the biggest achievements of the Act.

Last but not in any way the least, is the opening of the doors to communities and common citizens to stand up and let their voice be heard. The Act allows for individuals or groups to file suits against violators of the Act. This empowers the people and more importantly, gives them a pro-active role in safeguarding the environment they live in.

#### Ecological Solid Waste Management Act of 2000

Barely a few months into office, President Macapagal-Arroyo realized she had to listen and take civil society seriously as the garbage problem in the country escalated to alarming heights. International publications like TIME and Newsweek ran pictures and articles all dedicated to the disastrous garbage crisis in the country, showing heaps of waste being burned at the sides of main highways. Couple this with the constant pressure from local environmental groups, the President had no choice but to sign this bill.

This landmark bill, the Ecological Solid Waste Management Act of 2000 focuses on segregating, composting and recycling. This bill has also been consistently campaigned along with the Clean Air Act as it is the hope that the combination of these two bills would solve the garbage problem in the country and pave the way to sustainable waste management.

Essentially, “the key issue is not to find better engineering devices to control what comes out but to organize communities to control what goes in.”<sup>171</sup> This issue goes back to the first wrongdoing of government in addressing the problem. “Government should consult the citizens for solutions and not experts.” The idea being that the citizens have firsthand knowledge of the problem, thereby knowing the better approach and ultimately, it is they who get affected by their solutions. Involving the communities should be the priority and will be the right avenue for sustainable solutions. Rather than hiring overrated experts and then shoving their decisions down the people’s throats. Yes, they hold public hearings supposedly to discuss the proposed programs with the communities, but by this time, the budget has already been allotted and the hearings are really just public relations events.

It is true that recycling will not solve the problems overnight but decisions should at least be in the right direction. Involving communities in the decision making process will not only bring forth better and sustainable solutions but it will also make the individuals responsible for their own area. It will allow them to see the direct consequences of their actions and will encourage them to segregate, compost and recycle their own waste at the household level, which really is the most pivotal factor. Because once households segregate, compost and recycle, it will drastically reduce the waste generated.

#### **IV. Conclusion and Recommendations**

The Philippines is a country rich with natural resources but has not been able to leave the status of developing country because of the way development has been run.

As the report has shown, there have been four recurring contradictions that have made it nearly impossible to achieve sustainable development. These are:

1. the contradiction between structural adjustment or liberalization policies and sustainable development
2. the contradiction between having remarkable laws and enforcing them,
3. the contradiction between a very strong private sector and a weak state, and
4. the importance of an alliance between government and civil society in taming private interests and achieving sustainable development.

### **The contradiction between structural adjustment or liberalization policies and sustainable development**

As the report has shown as well, most of the natural resources of the country have been largely exploited by these northern countries.

In mining for example, a highly capital intensive industry, the large scale mining companies were all tied to foreign transnational corporations who sometimes tied up with the local elite. These companies then sold these minerals with profit not going back to the country but to their mother countries. The money that did come back went straight to the pockets of the local elite. And as several cases have shown, once the project is over, the mines are left the way they are, in ruin. The country is host to more than two hundred abandoned mine sites. These ruined areas were almost always once homes to indigenous communities who had been displaced by these mining activities, without compensation or the least bit of concern.

And this is how development has gone, and continues to go. Because of neo-liberal policies from international financial institutions and multilateral development banks, countries like the Philippines opened their markets and followed a doctrine of privatization, liberalization and deregulation. Mining is the perfect case in point. Because of liberalization policies, the mining sector was opened up to foreign investors, allowing 100% ownership of foreign companies and granting them tax holidays, exemption incentives and the preference in the law. As one law has stated in so many words, the communities that have occupied the land must give way to the mining company if the presence of minerals has been determined.

And so it has been with resource exploitation in the country. Foreign companies entering with red carpet treatment and leaving with the country's resources and profit to boot.

Add to this the fact that the country has tied itself further into northern control by signing onto the World Trade Organization, agreeing to unfair trade rules and arrangements. This has of course only further legitimized the entry and exploitation by foreign companies of the country's natural resources.

The story though only gets worse. As in most cases, when one mentions exploitation, irresponsibility is soon to follow. And once again, mining is the perfect case in point. The mine tailings spill in Boac river, Marinduque by the Marcopper corporation is the poster example of corporate irresponsibility and the lack of corporate accountability.

As the case study has shown, the corporation has left the crime scene unscathed. In other words, those responsible have not been held accountable. And to this day, the Boac river has yet to be cleaned of its very toxic and lethal mine tailings. Everyday that it stays there, the more widespread its effect and damage to the island's habitat and people.

An entire island dead because of one corporation's severe irresponsibility, and yet nothing. Placer Dome, its mother company remains shielded from this disaster.

This is just one example of many in the country. Rivers dead, communities displaced, entire forests wiped out, lakes and the air polluted by dirty industries welcomed via liberalization, it goes on and on.

So now, again, just who owes who?

It has also been shown that these neo-liberal policies and commitment to free trade that the economy has stagnated, the poverty worsened and the gini coefficient has risen. Meaning, the country has not improved, more people have been pushed below the poverty line and the gap between rich and poor in the country has just widened.

Many things have to be done and one of them is the holding of these northern exploiters and the international financial institutions and multilateral development banks, accountable – accountable for the destruction of natural resources in the country and the worsening of poverty.

### **The contradiction between having remarkable laws and enforcing them**

Another thing that has to be done is for the government to be pushed from its pedestal of rhetoric onto the ground of real action.

This is why the case studies chosen were those at the macro level, to show the need for civil society to push for the change in legislation and more importantly for its implementation. As has been mentioned several times over in this report, the country does not have a lack of sustainable development rhetoric and in truth, most laws are already in place for the road to a more equitable and sustainable type of development. But the government has time and again relegated these to the backseat as it first pursued neo-liberal policies, thinking that the environment and sustainability can be addressed after economic development.

This is the mindset that has to be changed. Civil society and the progressive movements have to drum it into the heads of government that sustainability cannot be achieved after the fact of exploitation is done. The grow now, pay later mentality just simply does not work.

And as the Palawan case study has shown, if it takes direct action and empowering communities to take action by themselves, then so be it. Governments have to be pushed because at the rate the country is going, yet even more families will be pushed below subsistence thresholds. And families that cannot even afford one meal a day is a matter of dire urgency that just cannot be relegated to more rhetoric and promises till the next earth summit.

## **The contradiction between a very strong private sector and a weak state**

Realizing the responsibility of government to pursue these actions though does not mean that they should be the only ones held accountable for their promises and actions. Good governance, a very important call, should not only be applied to governments, especially since government is not the only actor in this field. Checks for good governance should also be applied to the private sector and to the international financial institutions and multilateral development banks.

These international financial institutions and multilateral development banks carry a lot of weight in influence and credibility and they should be pushed to use this responsibly. Approval from the International Monetary Fund for example, is a seal of approval for the rest of the international creditors to lend to a certain country. In the case of the Philippines, this seal of approval did not leave the country even when a dictator ruled it. This non-withdrawal of support for an undemocratic leader only served to add to his legitimacy.

Twenty years later, these multilateral development banks still do not practice what they preach as they engage in actions reeking of complicity and conflict of interest.

The Asian Development Bank, for example, ever so conveniently announced to government how difficult it would be for them to facilitate a loan to a private sector client if the government did not grant the request of that private sector client for a automatic currency exchange adjustment. This is a clear conflict of interest as this particular private sector client is a concessionaire who won the bid for the water privatization in the country. The very same water privatization that the ADB helped push and apparently now, funding.

Accountability should more importantly be applied to the private sector. Corporations should be held liable for their actions and not just be counted on to grow a conscience and do reparations voluntarily.

Many corporations get their loans from the multilateral development banks like the developing countries and yet they are not subject to the same harassment and squeezing of certain actions via tranches like most governments of the south are. Then because these multilateral development banks require the government to guarantee these irresponsible corporations, governments suffer when these corporations go bankrupt from mismanagement or poor business decisions. And when governments absorb these losses, ultimately, so do the taxpayers.

This helplessness of government to push for corporate accountability and to refuse conditionalities imposed by development banks and international financial institutions shows the weakness of the state and its malleability to private and northern interests.

The importance of an alliance between government and civil society in taming private interests and achieving sustainable development

In the end though, all these recommendations would work if corporate led globalization stopped running the show.

This brand of globalization, which pushes for privatization, liberalization and deregulation, should be blocked by first dismantling the institutions that run it.

The IMF, WB and the WTO, have no hope for reform as they are in fact, imprisoned within paradigms and structures that create outcomes that contradict objectives of fair trade, reduction of poverty, sustainable development and global financial stability. Action should then be geared for the disempowerment and abolishment of these institutions. And in their place should be new institutions that do not have the baggage of illegitimacy, institutional failure and Jurassic mindsets that are attached to the IMF, WB and the WTO.

It is very crucial to make this call for as the time draws near for the next world summit on sustainable development, the corporations and these institutions have once again found a way to hijack the affair. More and more the outcome looks bleaker as the agenda has now been pushed away from the commitments of ten years ago and instead shoved into the commitment of the free trade agenda of the WTO as the road map for sustainable development. More and more the situation looks worse than it was ten years ago as corporations have taken over and insisted that they would pursue sustainable development, eradicate poverty and protect natural resources voluntarily while following the revered free trade model.

And if for nothing else, this is the falsehood that this report has proven: that the free trade agenda espoused by these drivers of this type of globalization, has done nothing but widen the gap between rich and poor, pushed more families into poverty and degraded the country's natural resources.

It is then imperative for the progressive movement to not allow them to hijack the world summit and to push for the abolishment of these institutions backing the corporate led globalization. This arrogant corporate led globalization where individuals are lost in the mad pursuit for profit.

But the progressive movements cannot achieve this by themselves. It is therefore important and urgent for government to realize this and form an alliance with civil society and tame private interests, and this corporate led globalization.

The move should be towards a global order that is built on, tolerates, respects and enhances the diversity of human communities, protects our natural resources. More importantly, one that leads to a truly sustainable type of development. One that not only meets the needs of present generations without compromising the ability of future generations to meet their own needs but also one that ensures each individual equal access and opportunity to pursue a better life.

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- <sup>27</sup> Interview with Atty. Edward Lorenzo, Environmental Legal Assistance Center, Puerto Princesa, Palawan, March 8, 2001
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