

Constitutionalising 'Authoritarian Liberalism': The Political Economy of the Charter Change Now Agenda

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"We have initial perceptions of what reality constitutes. Those perceptions in turn lead to the construction of a set of beliefs, ideologies to explain that reality and explain the way we should behave. That in turn leads to the creation of an institutional structure, or an institutional matrix, which then shapes our 'world'. And as our beliefs about that reality incrementally change we enact policies that incrementally modify that institutional structure. An incremental change is always constrained by path dependence. That is, the existing institutions always constrain our choices. As we make those choices which are incrementally altering policy, we are changing reality. And in changing reality, we are changing in turn the belief system that we have. That circular flow has gone on ever since human beings began to try to shape their destiny." - Douglass North (1999)

A deeper logic underlies the *Charter Change Now* agenda. It is the logic of providing the fundamental institutional framework, with constitutional effect, that would guarantee the global and domestic rights of capital. At the heart of the project is to constitutionalise 'authoritarian liberalism' as the de facto state form that promotes a (neo)liberal economy in an authoritarian political framework.

The Southeast Asian political economist Kanishka Jayasuriya coined the term 'authoritarian liberalism' at the advent of the new millenium to describe the emergent state form in East and Southeast Asia in the epoch of globalisation. This state form is quite similar to what Barry Gills, Joel Rocamora, and Richard Wilson referred to as 'low intensity democracy' in the early 1990s and Paul Cammack's 'state-managed democracy' in the late 1990s where the democratisation process is an outside-in approach in which the structural imperatives of globalising capitalism compel nation-states to be more responsive to the exigencies of the market than to the requirements of democracy.

The triumphalist pronouncements that the most appropriate formula to attain development is a market economy combined with a liberal democratic polity; and that globalisation is creating conditions for the consolidation of a world of liberal democracies are barren and indeed rhetorical. Empirically, the realities of the free market economies of (soft) authoritarian states especially of China, Singapore, Malaysia, and Vietnam are tangible manifestations that these pronouncements are false. As in the respective cases of these Asian states, globalisation may in fact mean the end of liberal democracy - characterised by limited accountable government, relatively unfree and unfair competitive elections, partially curtailed substantial civil and political rights, and compromised associational autonomy. Theoretically, the market economy - liberal democratic polity formula

alienates the idea of democracy from its social connotation as popular power, in favour of 'formal' and procedural criteria that safeguards the dominance of the elites and of the market. Historically, if there is any cogent lesson that we could draw from the past decades about the relationship between democracy and political-economic regime, it is that capitalism can thrive and survive even without democracy; and that socialism cannot survive without democracy.

GMA's Head-in-the-sand Politics

Politics with ethical consideration is not only about 'who gets what, when, and how', but most importantly, about 'for whom' one gets and shares power. All throughout her reign in Malacanang, the character of Mrs. Gloria Macapagal Arroyo as a politician could be described as head-in-the-sand politics - that is, *I will pursue my personal political interest and to hell with all the rest!*

GMA's self-indulgent and brazen destruction of the democratic institutions in the Philippines are morally intolerable. With her appointments of saboteurs of democracy, the Commission on Elections has lost its credibility. Like a master of patronage politics, she has taken good care of the well-entrenched local patrons in Congress since she assumed power in 2001 and especially for the 2004 elections. As a *quid pro quo* to their benefactor, the horrible 'representatives of the Filipino people' are spending most of their time and institutional resources 'in aid of Mrs. Arroyo'. The Supreme Court has failed to act timely on pressing constitutional issues, partly a result of GMA's well-paid throng of legal acrobats. There is no doubt as well that the integrity of the other Constitutional Commissions such as the Commission on Audit and the Civil Service Commission, together with the entire Philippine bureaucracy, have terribly suffered with GMA's self-indulgent politics. And with all the warnings on human rights violations the Commission of Human Rights has been issuing to her administration GMA does not even care, making the CHR appear inutile before the public.

Even the 'bastions' of democracy like the military (which is supposed to defend democracy, but does not internally exercise it), the media, and civil society have been destructed and disciplined - all for GMA's survival. This has become more evident at the time GMA's administration issued Presidential Proclamation 1017 declaring a state of national emergency in February when the assault on democracy and its forces has even become publicly obvious - visualised, read, and heard in the media. The Armed Forces and the police have been deeply divided and politicised - with some factions of the military corps themselves claiming that some of the marines have been used in the elections, and hence validating the truthfulness of the Garci tapes. More than that, GMA has almost perfectly learned the art of establishing an authoritarian rule: that is, discipline the media and the civil society! Among others, the closure of *The Daily Tribune* under the direct supervision of Malacañang, the coercive force the police unleashed to violently disperse Laban ng Masa's commemoration of the EDSA revolution in defense of an illegitimate regime, the various cases of inciting to sedition charges filed against GMA's critics, the practical unconcern of the government to the series of killings of mediapeople, and the recently pronounced billion-peso threat to crush the left do not only send a chilling effect to the democratic forces. These are signs of the times that a foreboding project to construct an authoritarian social order is emerging.

With the destruction of the democratic institutions, GMA's train is leading the way to authoritarianism. She is making possible undemocratic practices - like the heartless dispersal of peaceful assemblies and rallies, the series of warrantless arrests among activists, the surveillance on mediapeople and human rights activists, and the restrictions of trade union rights a la Thatcher and Reagan - democratic, while 'extra-constitutional', 'extra-parliamentary' popular politics as 'undemocratic'. Indeed, there is no other president in the history of the Philippines who has ever destructed democracy the way GMA does. For the sensible Filipino people, all these are destructive

destruction of democracy. For GMA, it is creative destruction for her authoritarian project.

Gloria's Irrational Exuberance, Palliative Economics

GMA's self-indulgent politics is even more ridiculous when it is extended to her economics. When her administration is under threat on grounds of her political illegitimacy, she immediately finds refuge to the economics argument. When she claimed victory over those she labels as 'destabilisers' who are 'sabotaging the economy', she boastfully proclaimed that the market is on her side - as evident in the impressive performance of the peso against the dollar and of the indices in the stock market. GMA claims that the relatively commendable performance of the economy amidst political chaos is a product of her administration's 'right economic fundamentals'. Yet, another self-indulgence: 'because of me, huh'! But when she protects and promotes neo-liberal policies - of government non-intervention in the affairs of the market - she is quick to resort to the classic capitalist argument separating 'the economic' from 'the political'. Yet, another contradiction!

But the reality is: GDP growth rate is above all propelled by the dynamic development of productive forces, that is by increased in labour productivity - more output per unit of labour. Among the essential reasons - and definitely not because of GMA's economic policies - GMA makes no stable economy, no improving GDP, no stronger peso. These are essentially products of the Filipino workers! Care and concern of the OFWs to their families back home converted into remittances. Continuous productivity of workers, even under poor and alienating labour conditions, here and abroad transformed into GDP. They (increasing growth rate and peso appreciation) are hardwork and care and concern of Filipino workers here and abroad *quantified*!

OFWs continue to send remittances to their beloved family back home not because of Mrs. Arroyo, but in spite of her. Indeed, the GDP is improving and the peso is strengthening against the greenbucks. This is precisely the reason the workers are out on the streets - raging outrage on this very system of elitism in which once the economy develops, its fruits are only enjoyed by the few, marginalising the majority of the people who comprise the workers. The workers are all too aware that when the capitalist system is in crisis its internal logic inflicts most of the suffering on them. The same goes when the elitist system is in crisis: the masses suffer the most. This is contrary to GMA's label on the workers and the masses who join rallies as 'destabilisers'. Clearly a head-in-the-sand politics - she only sees herself. She is blind to the reality that changing this unjust system of elitism is a legitimate demand and aspiration of the Filipino people. Trained in some capital-obsessed school of economics, she fundamentally regards labour as a cost, and not a source of value and wealth.

Only market fundamentalists like GMA think and confidently argue that the market reflects reality. But the market does not reflect reality. Market, in fact, creates reality - the reality of heightening social antagonisms, grinding poverty, and intolerable social injustice. Gloria Macapagal, with a doctorate in economics, misleads the people in making them believe that the rising indices in the stock market is a reflection of a functioning efficient market. This is especially wrong when applied to the financial market - an economic space for exchange riddled with manias, panics, and irrational exuberance.

The crucial factor in determining the relationship between economic progress, on the hand, and the stock market system, on the other, is the nature of the stock market pricing process and the actual prices which emerge from this process. For GMA and her orthodox financial economic advisers, actual prices generated by the process of buying and selling of shares on the stock market will generate prices which obey the so-called efficient market hypothesis. The fundamental basis for this

belief is that share prices always accurately and exclusively reflect the true long term expected profitability of firms. GMA's financial economists think that the postulated pricing process in the Philippine stock market is based on rational expectations of investors who have similar beliefs about the future prospects of companies. But, from the sensible lens of 'reality economics', the philosophy behind GMA's high regard on the relatively impressive merits of the stock market as a reflection of an efficient economy is fundamentally flawed. Under the auspices of sloppy economic managers led by GMA, most, if not all, professional investments are decisions based on irrational exuberance and other psychological factors - and least on the bright profitable prospects of 'efficient' firms in the Philippines.

Sensible economists who are firmly grounded on business and financial realities do not forget Keynes' famous beauty contest analogy as regards the pricing process in the stock market. In his General Theory written in the mid-1930s, Keynes well argues the intrinsic mispricing of shares in the process of share price determination because stock market players base their investment decisions not on the basis of 'fundamentals' (on efficient firms with perfect information) but on speculative and gambling considerations. In other words, professional investments in the stock market are not about who the efficient and promising firms are, but about what average opinion expects the average opinion to be. In this sense, an inefficient pricing system that characterises the Philippine stock market could favour those who are inefficient rather than those who are efficient. This reality in the financial market has been pronounced and validated at the aftermath of the 1997 Asian economic crisis even by the 'organic intellectuals' of capital such as the celebrated MIT economist Paul Krugman and the eminent defender of free trade Jagdish Bhagwati. Krugman notes that foreign exchange markets behave more like the unstable and irrational asset markets described by Keynes than the efficient markets described by modern finance theory. Bhagwati accepts that the dominance of short-term, speculative capital flows is not productive, but rather riddled with panics and manias that will lead to considerable economic difficulty. Hence, even from both the corporate and social perspectives the reliance on the stock market-based system as the primary financial system for the economy and the determinant for economic progress is not at all a sensible basis and objective.

With all her irrational exuberance about the rising indices in the Philippine stock market, GMA is even more putting the country through instability and the precariousness of the global financial market. The Philippine economy is susceptible to high degree of volatility in prices, which includes arbitrary pricing, because of its poorly regulated market, deficient private and publicly provided information, and a number of suspicious firms listed with no long enough reputable records. Moreover, the lessons of the 1997 Asian economic crisis is readily accessible: that in a crisis the stock market is likely to interact in a negative feedback loop with the market for foreign currency generating basically a meltdown not only in the financial sector, but also in the economy as a whole. Notwithstanding GMA's overly optimistic pronouncement about capitalist market reality, the latter contrasts even more sharply with people's experience of it.

Governance in a Neo-liberal World

It is against this background of GMA's predisposition to authoritarianism and market-obsession amidst the enduring social crisis in the Philippines, and combined with the structural requirements of neo-liberal globalisation, that the proposed revision to the 1987 Constitution was crafted and is being advanced. When Charter Change proponents talk about the need for a new Constitution that is fit for globalisation, they are honest about it. They mean it, and they unashamedly argue for it. It is for this reason that the argument against Charter Change must not only be limited to the issue of timing and to the exposition of the 'vested interests' of GMA, House Speaker Jose de Venecia, and

their clientele. While the issues of timing and vested interests are valid arguments against the Charter Change Now agenda, a more important endeavour for progressive forces is to argue against the neo-liberal ideas, and the elitist philosophy that comes with it, being institutionalised in the proposed Constitution. Keynes aptly puts it: 'Sooner or later, it is ideas, not vested interests, which are dangerous for good or evil'.

The Consultative Commission's *Proposed Revision of the 1987 Constitution*, finished in December 2005, is a blueprint for the institutionalisation of a neo-liberal kind of governance - a kind of governance that is more responsive to market forces than to popular democratic forces. In particular, it outlines the fundamental institutional framework for: [a] market-led development through the strengthening of market-driven social relations; and [b] a strong state able to manage the contradictions of the capitalist system.

Market-led Development Through Market-driven Social Relations

From the perspective of capital, the 1987 Constitution is a burden and a threat to capitalist hegemony - especially to its current configuration, neo-liberalism. Among the other essential reasons, it is a threat to the neo-liberal offensive because of the prominence of the role of state in the spheres of social life, the affirmation of labour 'as a primary social economic force', the provision of an industrial policy in which the development strategy is to be pursued through industrialisation, and the 'jurassic' political economic provisions that constrain free capital mobility and the completion of competitive capitalism. The Charter Change project of GMA comes at a time when the neo-liberal revolution is intensifying. States are being reorganised in such a way that the requirements of international competitiveness are internalised. The proposed Charter seeks to institutionally embed what the Philippine government has long been doing from the Cory Aquino administration to the present: the pursuit of an 'open market economy' through macro-economic structural adjustments in the policies of privatisation, deregulation, and liberalisation. Further, it aims to create a globally 'competitive' Philippines through comprehensive institutional reforms and behavioural change (which includes change in values) in relation to the market and the creation of 'competition cultures', labour market flexibility, and the development of 'human capital'.

[a] 'Market! Market!': The Institutionalisation of Capitalist Ethos

In any Constitution, the article on 'Declaration of Principles and State Policies' (Article 2 in the case of the Philippines) outlines a nation's values. National values as enshrined in the Constitution are things, ideas, principles, and policies that people in a given territory regard as important to national life at a particular historical moment. The proposed changes in Article 2 asserts a new set of values for the Filipino people, deleting each and every provision on the state's responsibility on social entitlements as asserted in the 1987 Constitution - in particular, the role of the state in the provision of education, health, youth development, communication and information, and balanced and healthful ecology. The removal of these provisions means something profound, much more profound than the very narrow legal critique about the verbosity of the 1987 Constitution. It means the introduction of new set of values for a neo-liberal world.

What is left unsaid in the proposed 'state declaration' is that all those social entitlements are better left to the market forces. Central to this is the abandonment of state's promotion of 'total human liberation and development' (as asserted in the 1987 Constitution) in favour of market values. They are now tasked to be satisfied not by the state; but by the market. It must be emphasised however that the neo-liberal development paradigm is not an issue of 'state versus market' for nothing is as simple as a zero-sum game in this complex world. Active state involvement in making markets work has been present from the very beginning, ever since the Washington Consensus in the 1980s.

Even more striking is the brazen provision in the proposed Constitution asserting the capitalist ethos as regards property that would disembled the market from the society. The proposed Constitution (Article XIV, Section 5 [National Patrimony]) deletes the significant sentence in the 1987 Constitution which affirms that the market is firmly embedded in the society: 'The use of property bears a social function, and all economic agents shall contribute to the common good' (Article XII, Section 6, 1987 Constitution). The deletion of this declaration only means the institutionalisation of a system of appropriation that is very much private; and hence concealing the fact that the system of private appropriation in capitalism implicates the whole of society. In addition, while the proposed Constitution recognises the 'authority' of the state to promote distributive justice and to intervene for the common good, it does not anymore see these functions as the 'duty' of the state. Yet public institutions, including the proposed Constitution, must all be mobilised in order to sustain this system of private property that carries no public responsibility.

The framers of the proposed Constitution then went on to spell out the duty of every Filipino citizen in a new article called 'Bill of Duties' (Article V). The article enjoins the citizens - needless to say, most of whom are workers - to contribute to '*good governance*' and the '*vitality and viability of democracy*'. But 'good governance' for whom? In a neo-liberal world, 'good governance' is for the capitalist market. In 2002, the World Bank explicitly defined its neo-liberal stance on good governance:

Good governance includes the creation, protection, and enforcement of property rights, without which the scope for market transactions is limited. It includes the provision of a regulatory regime that works with the market to promote competition. And it includes the provision of sound macroeconomic policies that create a stable environment for market activity. Good governance also means the absence of corruption, which can subvert the goals of policy and undermine the legitimacy of the public institutions that support markets.

Good governance then is for market transactions and for market activity, one that works with the market and that supports markets. What we have now are the Philippine elitist and capitalist class in alliance with transnational capital crying, 'Market! Market!' But there is an alternative critical hypothesis. If they are providing a prominent role for the market that implicates the lives of each and every Filipino, why not provide a bill of duties as well for the market? The market fundamentalists have a quick answer to this: capital does not have citizenship and it is only loyal to profit. As such, market cannot contribute to the '*vitality and viability of democracy*' because it is not simply a space of freedom and choice, but of domination and coercion.

[b] The Neo-liberal Offensive: An Ideological Assault to the Workers

The institutionalisation of capitalist hegemony is not complete without launching an ideological assault to the workers. In particular, it must change the society's consciousness towards labour - from the existing social declaration that labour is a source of value and wealth, to a new capitalist mindset that regards labour only as a cost. It is for this reason that the 1987 Constitution's declaration that: 'The State affirms labor as a primary social economic force. It shall protect the rights of workers and promote their welfare.' has to be revised in such a way that provides the platform needed for the project of creating the conditions for the hegemony of capital over labour, upon which capitalist reproduction ultimately depends.

In the proposed Constitution, the word 'responsible' is added to describe the role of labour as a social economic force. And it then guarantees not only the rights of the workers, but the private sector as well. It says, 'The State affirms labor as a primary and *responsible* social economic force. The State shall protect and promote the welfare of *both workers and employers*.' (Article 2, Section 11, Proposed Constitution).

The revision is consistent with the emphasis put forward by the World Bank, the architect of neo-liberalism itself, in the mid-1990s on the role of workers in an integrating world. The Bank promotes 'effective' unions, and indeed 'responsible' labour, that would work with the market and help firms extract more profit; but not to protect jobs, distort markets, and oppose reforms and structural adjustment programmes. The Bank then proudly asserted in the late 1990s that 'nothing is more significant to economic growth than the private sector'.

It is true that the framers of the proposed Constitution still provide for affirmative actions as regards the liberation of women against oppression and the rights of indigenous peoples and all the other identities. The capitalist system they are trying to constitutionalise can tolerate the rights and liberation of these identities because the system is in fact resistant to them. What they cannot affirm and tolerate however is the liberation of the working class.

[c] Neo-classical Economics Redux, Neo-liberal Policies Institutionalised

The article on 'National Economy and Patrimony' in the 1987 Constitution outlines a Keynesian kind of economics. It stresses the goals of the national economy to include 'a more equitable distribution of opportunities, income, and wealth; a sustained increase in the amount of goods and services produced by the nation for the benefit of the people; and an expanding productivity as the key to raising the quality of life for all, especially the underprivileged'. Hence, it provides for an industrial policy in which industrialisation is the core development strategy - providing adequate social services, promotes full employment, a rising standard of living, and an improved quality of life for all. The key idea of an industrial policy is not simply about protectionism, but the systematic 'coordination' among economic actors (state, business, workers, and other social actors) and economic sectors (manufacturing, agriculture, and services) toward economic development. The proposed Constitution (especially in Articles II and XIV) discards these Keynesian provisions altogether, paving the way for the institutionalisation of neo-classical economics (with its equality assumptions that all economic activities are qualitatively alike in contributing to economic growth) and neo-liberal policies (with its excessive market optimism that could usher in development).

Apparently, the injunction for industrialisation has not been put to practise. Since the 1987 Constitution, the managers of the Philippine economy have violated this injunction for industrialisation in the country; and they have practised market-led development consistent with the metaphor of a harmony-ensuring market of neo-classical economics.

Interestingly, the framers of the 1987 Constitution must have known the history of economic development and thus the powerful analytical tool of development economics. They discarded the mother of all assumptions in neo-classical economics: the assumption of no diversity and no qualitative difference; hence the equilibrium metaphor that portrays the market as a mechanism creating automatic harmony. The 1987 Constitution understands development as a process of cumulative causations which are the joint effects of factors excluded by the neo-classical equilibrium metaphors. It recognises: [i] qualitative difference between economic activities (across and within manufacturing, services, and agriculture); [ii] diversity (the degree of division of labour); [iii] synergies (linkages and clusters between manufacturing, services, and agriculture sectors); [iv] institutions (to safeguard the common good); and [v] novelty (significance of innovation, learning, and science). It regards the manufacturing industry as key to economic development, and that a combination of manufacturing activities and a large division of labour is crucial in creating a wealthy nation - reducing unemployment, increasing the tax base by creating high-income individuals, helping solve balance of payments problems, and increasing the velocity of money circulation. The 1987 Constitution thus aims to copy the development strategies of wealthy economies characterised by increasing returns, specialising in activities where the opportunities for innovation are the largest with a large division of labour and diversity, dynamic synergies and strong institutions, and intensified

innovation.

The idea of development economics in the 1987 Constitution is now being subjected to obsolescence, even if it has not been implemented at all. The 1987 Constitution values synergy - specifically, the priority the state has to put on comprehensive rural development and agrarian reform (agriculture), a dynamic manufacturing industry (manufacturing), and the development of Filipino skills and talents for science and technology (services). The idea is to achieve a diversified economic sector besides agriculture and raw materials. Agriculture, or services, may serve as an engine of growth but not alone in monoculture without a manufacturing sector. This synergy among economic sectors is embedded in 'policy coordination' intrinsic in any industrialisation strategy and in the history of economic development: the coordination of education policy, industrial policy, innovation policy, trade policy, and competition policy. But the neo-classical sensibility behind the proposed Constitution is unable to register synergies and linkages. It is also unable to register qualitative differences (including the different potentials of economic activities as carriers of economic growth) and to cope with innovations and novelties (especially how differently these are distributed among economic activities).

For a long time now, the government has prioritised the service sector simply because it is the country's 'comparative and competitive advantage' over the rest of the economies. In addition to the deletion of the provisions mandating the state to promote agricultural and industrial development, it is striking that the proposed Constitution also deletes the mandate for the state to pursue a 'trade policy' that serves the general welfare on the basis of the principles of 'equality and reciprocity'. Among the economic sectors, the proposed Constitution spells out the focus on services. In this regard, it is acting a la most developed economies in the WTO in their primary concern on free trade in services under the Doha Round. This is not surprising at all since GMA is an ardent proponent of the accession and subjection of the Philippines to the WTO!

But the kind of services the government promotes are not even knowledge-intensive; and this includes most of the economic activities of the OFWs and call centres. Take for example the call centres. Apart from several alienation most call centre agents suffer (such as alienation from one's own labour, geography, family and friends, and educational attainment), it only requires a handful of skills: communication skills and consumption of coffee to keep one awake. Services may be at par with the significant role manufacturing once did in the developed world. However, the service sector, even if it is knowledge-intensive, cannot grow and thrive without demand from a diversified manufacturing base. In this sense, synergies among economic sectors (ie., the dynamic interaction among manufacturing, services, and agriculture), which is regarded as one of the greatest discoveries in the history of economic development, are also important. Without regard for this significant insight from development economics, the Philippines remains to specialise in being poor.

That is why even if the latter articles and sections in the proposed Constitution define the role - let alone, responsibility - of the state in education, health, protection of labour, social justice, strengthening of family, among others, it is hard to believe them. The market-led, service-oriented development strategy enshrined in the proposed Constitution simply cannot fulfill these injunctions. Indeed, to constitutionalise requires constitutional lies. Take for instance the proposed Constitution's regard for the promotion of all citizen's right to quality education and the Filipino family as the foundation of the nation.

Under conditions of market-led, service-oriented development strategy, massive investment in education for the development of human resources feeds emigration. Without creating a local demand for the same human resources (just like the development strategy of most East and Southeast Asian states), education would be a sure recipe for mass migration. This is not to suggest however that education must be responsive to the needs of the industry. It only shows how 'policy

coordination' of education policy, industrial policy, and other policies are indispensable to economic development. This, however, is no problem for GMA and her economic managers for this is precisely their palliative economics: for thousands of Filipinos to emigrate every day and for them to send back remittances to boost the economy's GDP.

In connection to this palliative economics is another constitutional lie as regards the maintenance of the provision in the proposed Constitution (Article XVII, Section 1) that 'The State recognizes the Filipino family as the foundation of the nation. Accordingly, the State shall strengthen its solidarity and actively promote its total development.' The fact of tremendous social costs of migration is well-known and is available to those who want them. But the implication of the government's migration policy for family relations is best captured in the words of Marx more than a century ago. To borrow Marx's perfect description of family relations under conditions of market-driven social relations, the policy for mass migration 'has torn away from the family its sentimental veil, and has reduced the family relation into a mere money relation'.

An industrial policy still makes sense for the developing world in this era of globalisation. There is a need for developing countries like the Philippines to pursue industrialisation which could address the issue of redistribution, and usher in civilisation and long-term development; in particular, a very strong and efficient manufacturing sector that is able to perpetually enhance its technological capability, and able to create local synergistic exchange between different economic activities in the urban and rural spaces, as well as possessing diverse economic base, a dynamic division of labour, and specialising in increasing returns activities. Indeed, a strong case could be made for the proposition that industrialisation strategy has a great potential to uplift the untold suffering of millions of Filipino people. But there is a sensitive, fundamental class issue that (transnational) capital and pro-capital political forces would hardly dare to take risk: only a dynamic industry is able to create formal employment - let alone, full employment - in which a 'critical mass' and a countervailing power of labour unions are socially formed.

[d] A Project for Capitalist Modernisation

The resurgence of neo-classical economics in the Philippines as outlined above is accompanied by neo-liberalism's project for capitalist modernisation, which is often sugarcoated in the 'good governance' buzzword of capital's transnational agencies. The project is to catch up with resurgent capitalism in most of the developing world through the creation of a genuinely competitive capitalism in the Philippines, and hence sweeping away all the inherited evils and vestiges of pre-capitalist, feudal relations. For capitalists and pro-capitalist political forces, the reproduction of capitalism in the Philippines suffers from the incompleteness of capitalist development because of limited, if not lack of, competition and market access for 'global' capital. This vision for capitalist modernisation is the central reason the proposed Charter allows for 'foreign' capital to operate in the country; provides mechanisms for easy 'entry' and 'exit' of capitalist enterprises; maintains the pursuit of flexibility and productivity through labour market reforms for competitiveness; and restructures the Philippine geography into competing sites of accumulation under a federal system.

First, the proposed Constitution promotes capitalist competition by allowing foreign ownership to industrial, commercial, or residential lands and assets (including the mass media); and it guarantees as well the rights of 'foreign' capital to explore, even in large scale, the minerals and natural resources of the country. As such, the sentence in the proposed Constitution that says 'a sustained increase in the amount of goods and services produced by the nation for the benefit of the people' as one of the goals of the national economy has been deleted. The national economy is then envisioned to embrace production for profit more than the production for needs. In doing so, the proposed Charter guarantees the right of capital, in greater scope and depth than ever, to impact on the lives of Filipinos. After all, when capital comes in, it does not merely come as money; it comes as a

domestic social force at the core of national life.

Second, the proposed Constitution removes policies it regards barriers to easy and quick entry and exit of firms. For instance, the limits imposed by the 1987 Constitution on private corporations, individuals, and 'foreign' capital in terms of time, area, and scope of landholding, lease, co-production, and joint ventures have been deleted. This framework for a reduction of policy-related barriers to easy 'entry' and 'exit' of firms is important especially for firm-level competition; in particular, for a firm's productivity growth. However, this guarantees the untrammelled adventurism of free capital mobility known for its short-termist predisposition. Rather than enhancing the efficacy of the country's macroeconomic policy that will encourage longer-term investment and at the same time raise some tax, the proposed Constitution places the developing Philippines on too a precarious situation highly vulnerable to capital flight.

Third, the proposed Charter maintains the provision on labour productivity, now under the neo-liberal agenda of labour market reform. This implies the creation of a 'flexible' labour force as a key strategy to the establishment of competition cultures and the promotion of competitiveness. At both the national and firm levels, increasing labour productivity - hence, the increase in capital/labour ratio - is the essence of competitiveness and the key to ensuring survival and long-run growth. Yet, competition and expansion depend not on workers' salaries but on unit labour cost - ie., a combination of effective cost per worker and the productivity of labour. In the context of intensifying global competition that generates pressures to lower wages and poor labour standards across the world, the asymmetry between the goal of increasing productivity, on the one hand, and rising real wage, on the other, is logically apparent in the competitiveness rhetoric. Hence, under such conditions, the proposed Constitution has another sweet talk, another constitutional lie, that says 'expanding productivity' is 'the key to raising the quality of life for all, especially the underprivileged'.

Fourth, the project to reconstruct the Philippine political geography under a federal system also implies an economic logic for capital (Article XII, Proposed Charter). Central to this is the creation of 'autonomous territories in the country' to be transformed into centres of accumulation. That is to say, competing sites of accumulation. The uneven character of development in the country in which primitive/feudal/pre-capitalist relations coexists with modern features of the society suggests that different territories require distinct strategy for capital accumulation from autonomous territory to autonomous territory within the geographical landscape of national capitalism. As such, the proposed Charter provides for a more comprehensive primary legislative powers for every autonomous territory to include socio-economic activities such as 'planning, budget, management, finance, agriculture and fisheries, natural resources, energy, environment, technology, transportation, housing, health and social welfare, and labour and employment' which are excluded in the narrow and limited administrative-socio-cultural scope the 1987 Constitution provides for local government units. The ambitious vision will thus turn the Philippine landscape into a huge bazaar with localities competing for investments and markets and hence peddling their workforces, offering the lowest prices for doing business. It would make not only localities but also businesses compete with one another. The idea is that businesses under intensified domestic competition would be able to cope with the rigours of international competition. This is the politics of a genuinely competitive capitalism: it is not simply about satisfying business' wants, it is also about forcing businesses to be competitive. And here lies the system's inherent contradiction: capital is completely dependent on the market, and the logic of competition must be perpetually realised for its survival and self-reproduction.

Indeed, one must recognise that it is intrinsic in the capitalist modernisation project to create a new ruling class that would compete with, and could even replace, the old *trapos*, landlords, bosses, and capitalists. But one must also recognise that the social relations would be the same: capitalist and

elitist. Still the hegemony of capital over labour, and the real subsumption of the masses to the elites. Accordingly, one must also recognise that it is intrinsic in the project to alleviate poverty not simply through the traditional neo-liberal strategy of market 'trickle down' effects; but through the innovative contemporary neo-liberal strategy of 'accumulation of human capital', that is the productive utilisation of the most abundant asset of the poor: labour. However, one must also recognise the limitations of such project that leaves the system unchanged - the very same system that reproduces poverty, upon which the secret of its survival ultimately lies.

A Strong Republic, But Not Democratic

Apparently evident in the crafting of the proposed Constitution is the fact that globalisation does not bring about the end of the nation state. States are in fact *authors* of globalisation by the way they sign international agreements, legislate policies, and promulgate constitutions to effect their internal reorganisation for global capitalism. The nation state remains the world's universal political form and the indispensable medium of global capital. The market, on the other hand, is a blind force which needs supporting governments and social institutions and a stable political order and legal framework that would provide a certain degree of predictability for capital. At the same time, there is no 'invisible hand' that automatically corrects market failures; and as such, there is need for non-market responses (ie, from states and other social actors) to market imperfections. Against this background, the idea of a strong state or a strong republic is not at all incompatible with neo-liberalism so long as the dynamics of capitalist competition are promoted without fear or favour.

While the proposed Constitution is a project of capital (and pro-capital political forces) and the elites (and the pro-elite forces) who vehemently believe in capitalist market-led development and elite rule; it likewise reflects the surrender of the Philippine state to a genuinely global capitalist system - not anymore of the old-style imperialism of the rich robbing the poor, but of a new variant of subjecting poor countries and the workers to the imperatives of the market. It would be uncritical however to assume that the local managers of the global capitalist system, together with the elites and pro-elite rule forces, are not critical. GMA and her political economic advisers need to be 'critical' as their opponents in the sense that they need to be mindful of the complex processes at work in making the system run smoothly and that they are able to find innovative responses as crises and conflicts arise. After all, the maintenance of the status quo is not an easy task. They are all too aware of the fact that crises, contradictions, and clashes of interests are inherent in both the capitalist and elitist systems. In order to compensate for their limited, and even their loss of capacity, to manage the affairs of the economy they have to manage the polity instead. Managing the polity conducive for a neo-liberal economy involves the containment of conflicts and class struggle, as well as the assurance of state legitimacy through the ballots. Thus, a strong republic could actually be a positive asset for neo-liberalism.

Indeed, the complexities of the capitalist and elitist systems, the crises they induce, and the conflicts they provoke would even require much more intrusive state intervention and much more comprehensive state planning, coordinated at the international scale, than the Bolsheviks and the most orthodox socialists could imagine. Having this in mind, the framers of the proposed Charter find it imperative to reform the public sector in order to promote an attractive investment climate; set-up a decision-making institution like the parliamentary form conducive for capitalism's need for periodic adjustment; and institutionalise an elitist republican virtue that is not democratic.

[a] Public Sector Reform *for* and *with* Markets

The 1987 Constitution enjoins public officers and employees to serve the people, to whom they are at all times accountable, with 'utmost responsibility' among other virtues (Article XI, Section 1). The proposed Constitution, on the other hand, enjoins public officers and employees to serve the people

with 'utmost efficiency' (Article XIII, Section 1) consistent with its institutionalisation of market values. The emphasis on 'efficiency', in place of 'responsibility' and even 'justice', by which public service is defined in the proposed Constitution thus recognises the need for greater government efficiency as a precursor to creating the environment right for business and the requirements of productivity. The logic is clear: the public sector forms a substantial part of the economy; and as such productivity in this sector has an important and direct impact for the productivity performance of the economy as a whole.

Government institutions do not merely provide certain degree of predictability for capital. To a large extent, they also manage market forces through policies of privatisation (ie, the sale of public assets to private investors) and liberalisation (ie, opening up of restricted markets to competition). Equally important for the system is that market forces are institutionally managed through the reorientation of regulation, in particular a regulatory framework in a regime of 'de-regulation', privatisation, and liberalisation. However, the central task of this regulation under a neo-liberal regime is to secure the interest of business, and not of the people. This is the context within which public sector reform is introduced, one that works for and with the market. But again, as has been mentioned above, the accountability of the market - whose conduct of business implicates the rest of the society - is not defined in the proposed Charter. It therefore enforces the separation of 'the economic' and 'the political' in capitalist discipline as well as the paradox at the heart of capitalist production: the exclusion of the poor and workers from wealth and yet their inclusion in the circuits of its production. Further, it implies that the state, and hence the Filipino multitude, shall be the absorber of risks as well as failures of market adventurism.

This does not mean, however, that the public sector should not be reformed and that public officers and employees should not be efficient. Of course, public service productivity and efficiency is important for the needs of the people and the legitimate demands of taxpayers, and the building of infrastructure for education, health, and transportation. It is simply to point out how market forces are also institutionally managed through 'corporatisation' (ie, public sector organisations adopting corporate form of organisation as well as corporate values). It is also to simply point out that contrary to the philosophy of the market fundamentalists that markets are always efficient and that state intervention is wrong; markets are not always efficient, and governments are not necessarily inefficient.

[b] Parliament for Markets

Taking into account contemporary political conjuncture and the configuration of power relations, especially the seeming absence of alternatives clear to the people and the apparent lack of a vibrant political party dynamics in the country, the shift from a presidential to a parliamentary form of government at this time would provide a formidable institutional guarantee for lifelong political leadership of GMA and her clientele. If this shift were constitutionalised, sooner than later, the opposition groups will be incorporated in the regime, or their dream of electoral victory over the incumbent may be nearly impossible. That is a clear political logic. But there is also a deeper political economic logic that underpins the need for a transformation of the institution for decision-making. It is the link - often broken in contemporary discussions - between globalisation and a parliamentary form of government.

The premises are straightforward. First, the global capitalist system does not run smoothly, but is inherently insecure, precarious, and crisis-ridden; it is subject to periodic adjustments which states need to enforce for it to perpetually thrive and survive. Thus, globalisation is presented not only as a blueprint for continuing market-led development, but also as a set of conscious policies and initiatives for the management of its contradictions. Second, the foremost strength of a parliamentary form of government lies in the fusion of the executive and the legislative functions

which makes decision- and policy-making relatively fast and smooth compared to the presidential system's prone to policy paralysis. Thus, a parliamentary set-up is conducive to the institutional requirements of the exigencies of (global) capitalism.

This need for responsive institutions under conditions of the crisis-ridden system is evident at the aftermath of the 1997 Asian economic crisis when the task of 'surveillance' has become one of the core responsibilities of the IMF and the World Bank as managers of global capitalism. The IMF, in particular, does 'surveillance' of the financial and economic issues of a universal membership of 184 countries. Why is surveillance then important for the management of global capitalism? In today's globalised economy, where the economic and financial policies of one country may affect many other countries, international cooperation to monitor economic developments on a global scale is essential. By doing surveillance, the global managers of capitalism would then be able to detect the vulnerabilities and risks of the global capitalist order at an early stage. This, in turn, would allow them to prescribe the restructuring of the policy frameworks and institutions of member countries in the guise of improving transparency and accountability. In this case then, a parliamentary institution, which is not constrained with too much checks and balances characteristic of a presidential form but one which is responsive to the system's recurrent crisis and needs for periodic social restructuring, is essential.

In theory, the parliamentary form of government has its important merits for governance, and even for a vibrant democracy. However, the parliamentary project in the proposed Constitution is a normative alternative being offered - the 'must be' and 'should be' - based on the needs and interests of capital and the (incumbent) elites. In this context, the parliamentary system would be functional to the capitalist and elitist systems. What is lacking in the provision of an alternative form of government is the *realpolitik* in the Philippine society - that is, a political and economic alternative grounded in the country's culture, history, and developmental needs, and based on the transformative power of reality.

[c] Republicanism Against Democracy

The first section in the article on declaration of state principles and policies means a great deal about the Consultative Commission's elitist stance. It says, 'The Philippines is a republican state', full stop. As such, it has ceased to declare the Philippine state as 'democratic' as in the 1987 Constitution. This only means that the Philippine state remains a republic, but not democratic. The members of the Consultative Commission are serious about this. Some of them have strong background in political philosophy.

In political theory, republicanism is pitted against democracy; in particular, to the 'excesses' and 'dangers' of absolute democracy. In the history of political thought, republicanism is intrinsically elitist, and even capitalist. In contemporary politics, the United States often asserts its republican virtue as a justification for its 'exceptionalism' in international law. In the period of antiquity, among the available models of political organisation a republican virtue is most closely associated with the aristocratic (mixed) constitution of Sparta and Rome, instead of the democratic Athens. In modern political theory, the central organising principle of republicanism is the concept of citizenship, which implies not simply the passive enjoyment of rights as in liberal democracy but the active participation of citizens in pursuit of a common good. Active citizenship however was reserved for men of property, and not for women nor those men who 'lacked the wherewithal to live of themselves' - indeed, not for men who depend his livelihood by working for others. The republicans, as well as the liberals, agree about the exclusivity of the political nation. Hence, their core conception of citizenship is divided between propertied elites and the labouring multitude.

For the framers of the proposed Constitution, the country's history of 'people power' must now be an

event of the past. It is for this reason that the republican virtue of representation is enshrined in a doctrine of parliamentary supremacy. That is to say, there is no legitimate - let alone, constitutional - politics outside the parliament. While the proposed Charter maintains the word 'democracy' in the preamble and in some sections, it is a democracy that enables elitism and capitalism to survive. Accordingly, the coercive arm of the state, the Armed Forces of the Philippines, is to be mobilised to protect capital and the incumbent elites in office - not anymore as 'protector of the people and the State' as in the 1987 Constitution. The maintenance of the first sentence 'Civilian authority is, at all times, supreme over the military', while deleting the following sentences that define the role of the military as the 'protector of the people', suggests a mandate for the preservation of elite rule. In political science, 'civilian authority' does not refer to ordinary civilian, but rather to the political elites elected into office and appointed by duly constituted authorities.

Indeed, democracy is dangerous to elitism and to capitalism. It is dangerous to these unjust social systems especially if we mean 'democracy as a social relation' in which 'the political', 'the economic', 'the cultural', and all the other spheres of social life are not separated from, or merely reflective of, one another. Rather, these spheres are organically connected to one another. In this sense, political democracy does not only mean the enjoyment of liberal freedoms and an equally weighted votes among enfranchised citizens, it also means the rule of the 'demos' and its original signification as 'popular power'. Cultural democracy is about being and not about having, in which every human being is respected for who one is and not for what one owns. Economic democracy is not simply about equitable distribution of wealth, but democracy as the driving mechanism of the economy. In a word, democracy is an ideal in complete opposition to capitalism and elitism.

Conclusion

The Consultative Commission's proposed Constitution must be given the seriousness it deserves. It may be harder to reveal than to conceal the exploitative nature and the opportunistic character of GMA's Charter Change agenda, or even to capture it in theory. But the overarching idea of the agenda is already spelled out in the preamble: that the sovereign Filipino people are to ordain and promulgate a Constitution not anymore 'to build a just and humane society' but simply 'to establish a Government that shall embody our ideals'.

The proposed Charter targets to reverse the 1987 Constitution, which forces of elitism and capitalism regard as a burden and threat to their hegemony. The project aims to get legitimacy for the great transformation it seeks to institutionalise for the Philippine society, one that would guarantee the right of the market forces to be the sole director of the fate of human lives. The proponents are brazen and unapologetic about their capitalist and elitist stance. This could have not been done in most European and Latin American states where neo-liberal projects must in the first instance be embellished with 'populist' appeal because the project that would put life in the market, hence the corruption of life in its entirety, hardly gets legitimacy from the people. As always, the structural condition upon which the incumbent regime depends its survival is through its brazen promotion of chronic mendacity. In this case, the mendacity that Charter Change is panacea for social ills. To constitutionalise requires constitutional lies.

The Charter Change agenda is indeed overly ambitious, seeking a kind of social change that simultaneously and systematically restructures the political, the economic, and the cultural spheres to catch up with capitalist development. But it is real. This is not an easy task especially under the auspices of an elite political class like GMA whose economics ends when her politics begins.

GMA's regime uses the Charter Change project as a response to the crisis of the political system.

While her critics think that the political system as a whole is in crisis and that a systemic change is most urgently needed, GMA only regards it as a crisis of her popularity and that an alternative is still available within the system. But whichever way one may regard the crisis - systemic, institutional, or popularity - GMA exerts every effort to make the crisis functional to her as well as to the entire elite system. With her disruption and indeed 'creative destruction' of the failing 'EDSA institutions', GMA is doing a favour to both the capitalist and elitist systems. All social institutions are to be oriented toward the survival of GMA's regime in particular, and the preservation of elite rule and capitalism in general. GMA may leave her post soon but she is making sure that the neo-liberal institutions and its associated elitist institutions are in place. The proponents of Charter Change are even using state power, resources, and institutions to shape the will of the multitude, rather than the latter shaping the former. Hence, the Charter Change agenda constitutes the reconfiguration of new institutions that are more likely, and could better, secure the conditions for elite and capitalist reproduction in the Philippines.

But the Charter Change project at the present conjuncture offers an imperfect response to the burgeoning crisis of the system. Even if the proposed Constitution is to be ratified - either through by-pass of existing institutional procedures or through successful deceptive campaigns among the Filipino electorate - neo-liberalism in a framework of a strong republic is inherently unstable and crisis-ridden. The reorientation of capitalist reproduction through the promotion of competitive capitalism on a national scale and the preservation of elite reproduction through a shift to parliamentary form of government at this time would not only perpetually reproduce capitalism and elitism in the Philippine society. Above all, they will generate the reproduction of social antagonisms across the Philippine geography. These are social antagonisms directly resulting from the heartless assault to democracy, the workers, and the masses constitutive in the proposed Constitution. These are social antagonisms that spring from the very logic of 'authoritarian liberalism' itself.

The Charter Change Now project is to be confronted head-on by a democratic will to power. To be for democracy. To be for the workers. To be for the masses.

P.S.

* From Bonn Juego's blog: <http://agoodgame.blogspot.com>