

Following the Most Suitable Path to Democracy - Philippine Scenario: Democracy to Demo-crazy

By Kaixuan Jin

AUTHOR BIO

Kaixuan Jin is a student of Grade 10 from the Renmin University Affiliated High School International Curriculum Center, Beijing, P.R. China. He is delighted in economics, politics, history and classical literature. He enjoys reading political, historical articles and journals, and analyzes the relationship between political events and the economic aspects. Moreover, he hopes that every country could develop rapidly and healthily based on its unique domestic and international circumstances. Throughout the research process, he has strengthened the courage and dedication to overcome the academic difficulties.

ABSTRACT

The Republic of the Philippines gained independence from the US after World War II in 1946 and boosted brilliant economic status in Asia till the 1960s with the aid and investment from the US. However, the booming economic situation deteriorated which aroused the arguments as compared with other newly founded Southeast Asian countries. Many scholars noticed that the political system played an important role in economic development, while the establishment of democratic system was incapable of safeguarding the healthy development of the economy. As per Samuel Huntington, the performance of democracy outweighed the mere establishment of democratic system (Huntington, 1968). In the Philippines scenario of pursuing the development of democratic system, the performance of democracy was less than satisfactory. The shifts of presidency in 1986 and 2001 driven by two revolutionary movements had actually aroused the political discontinuity and economic instability. Therefore, the paper tries to testify that the performance of democracy affects economic development significantly by analyzing the adverse effect of its political discontinuity on the economy. Through the case study of the Philippines and comparative case study with Singapore in the aspects of national capacity and democratic accountability, the paper substantiates the details of the democratic system and makes an effective response to the prevailing core subject of political institution and economic development, which hopefully might be worthy of reference for other developing countries in the institutional establishment.

Keywords: Philippines, political discontinuity, economic performance, democracy, national capacity, democratic accountability.

INTRODUCTION

The Republic of the Philippines gained independence from the US after World War II in 1946, till when the US had colonized it for around 50 years and had set governmental and educational systems for it. After independence, the Philippines possessed brilliant economic status in Asia till the 1960s with the help and investment of the US. However, the booming economic situation deteriorated which aroused the arguments as compared with other newly founded Southeast Asian countries after World War II.

By the research of Philippines' economic data and the presidential election, it was worth mentioning that the GDP decreased in some years of election. Why the shift of president and the government could lead to the downside momentum for economic development? Could the discontinuity of politics be the reason?

There were two unique revolutionary movements in the Philippines which overthrew the presidents of Ferdinand Marcos in 1986 and Joseph Estrada in 2001 respectively. The national capacity and democratic accountability would be used to study the cause of the discontinuity in politics in the Philippines. Furthermore, Singapore would be chosen as the comparative country in this research.

LITERATURE REVIEW

The IMF conducted a study on "How Does Political Instability Affect Economic Growth?" in 2011 (Ari Aisen, F. J. V., 2016), covering up to 169 countries, and 5-year periods from 1960 to 2004. The results showed that higher degrees of political instability were associated with lower GDP and GDP per capita

growth rates, therefore were harmful to economic growth.

The political stability and economic growth are deeply interconnected, as per Zahid Hussain (2014) illustrated. "The uncertainty associated with an unstable political environment may reduce investment and the pace of economic development. And, poor economic performance may lead to government collapse and political unrest." Some scholars also mentioned that the politics discontinuity showed the propensity of a government collapse by severe conflicts or competition between various political parties.

In the book "Politics in the Art of the Possible" (2022), Liu Yu mentioned that politics had a fundamental impact on the fate of a country, especially its stability. Indeed, political continuity was important for economic growth. Liu Yu studied several typical Asian countries as India, Korea and Vietnam in the book, with the purpose to inspire new consideration for other countries of similar geographical location and historical backgrounds.

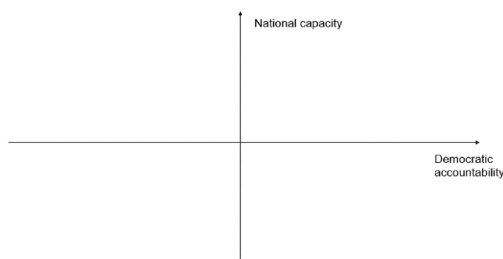
The author targets the Philippines as the research country which gained independence after World War II and shared some similarities with the countries mentioned by Liu Yu. The independent variable is political instability caused by the shift of the presidency and its cabinet. The dependent variable is economic growth. The interrelation of these two variables will be illustrated by charts. Every time when the independent variable exists, it will lead to the decreasing curve in the economic growth, presenting a negative correlation function, which means that one grows, the other may fall.

The performance of democracy could be propelled by national capacity and the

democratic accountability. The author uses the coordinate system with X and Y axis to demonstrate the correlation between national capacity and democratic accountability, with the knowledge gained from the book written by Liu Yu. The X-axis represents the democratic accountability and Y-axis represents national capacity. It is easy to observe the situation of democracy on the graph. More details will be presented in the research finding.

METHODOLOGY

In this essay, the author utilized the methods of text research and qualitative analysis. The book of “Politics in the Art of the Possible” written by Liu Yu, was scrutinized to obtain general knowledge of comparative politics by means of analyzing the correlation between national capacity and democratic accountability. Besides, many academic research papers and journals on political systems, economic development and history had been studied. Furthermore, the author used the method of qualitative analysis to clarify the reasons for economic decline in the Philippines with the data from the World Bank website. Last but not the least, the author drew a coordinate system with X-axis of democratic accountability and Y-axis of national capacity. It is a convenient method to mark the position on the quadrant which indicates the situation of political and democratic development of the countries.



To deepen the understanding of the political discontinuity in the Philippines, the analysis was undertaken for the correlation between national capacity and democratic accountability. Two shifts of presidency were taken into account. First, Ferdinand Marcos failed the reelection in 1986 as a result of the first “People’s Power Revolution” and was forced to exile in Hawaii. His opponent Corazon Aquino was elected as the eleventh president of the Philippines. Through the 21-year-tenure, Marcos was overthrown eventually and blamed for running a corrupt, undemocratic regime as a dictator. Both national capacity and democracy were at low level, thus detrimentally affecting the Philippines’ economy. Next, the mass elected thirteenth president Joseph Estrada was impeached for corruption of millions of dollars. He was ousted in his third year of tenure in 2001 by the second People’s Power Resolution and his vice President Gloria Arroyo ascended to the presidency. This shift of presidency was regarded as the conflicts between elite groups by the outside viewers. The national capacity had little improvement while the mass election pushed forward the democratic process.

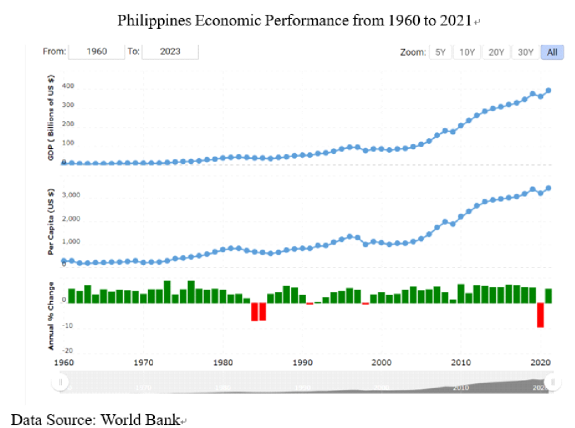
FINDINGS

Overall Economic Development in the Philippines

After the independence in 1946, with the aid and investment from the US, the economy in the Philippines had recovered quickly and reached the level before the War, especially in the sector of industry, agriculture and finance (Kästle). In the late 1950s, many multinational companies had transferred their headquarters to Manila for the promising economic prosperity. And Manila was then called the “Mini New York”. The GDP per capita in 1961 had reached \$278, only next to Japan in East Asia.

However, the boom did not last long when the US shifted its strategic center from Philippines to Japan and Korea, which led to the relocation of the aid and professional personnel. The Philippines' economy had to face the uncertainties because its national economic sectors hadn't developed solidly. The Philippines' government tried to find ways to rebuild its economy in the agricultural sector and labor market and achieved a short period of prosperity starting from the late 1960s.

In the 1970s, the Philippines economy relied heavily on foreign debt, with the ceiling height of 10.5 billion US dollars, more than half of its total GDP. The economy in the 1970s and 1980s came into stagnation with low growth rate and high inflation rate. The Asian Financial Crisis in 1997 hit the economy seriously and caused further deterioration. Since 2010, the economy has stepped on the healthy track of development. The overall economic performance in the Philippines from 1960 to 2021 is revealed in the chart below.

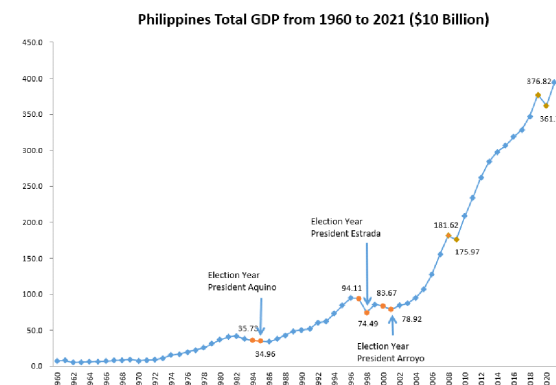


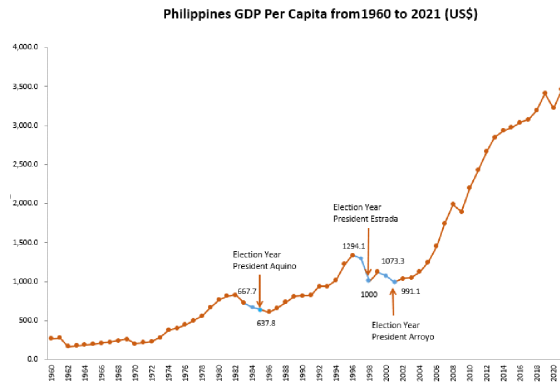
Analysis on the National Capacity and Democratic Accountability in the Philippines

The concept of national capacity was developed by political scientists and economists, mainly referring to “the ability of a state to collect taxes, enforce law and order, and provide public goods” (Lindsey, 2021). While

democratic accountability in the political realm often involves “a relationship of representation” (Kitschelt, 2011), by means of “electoral processes and parliamentary oversight, as well as reviews by supreme audit institutions, investigative journalism and public demonstrations” (“Democratic Accountability”). The degree of these two indicators will influence the structure of the country's political system and its mode of democracy, thus exerting positive or negative impact on its economy.

Going through the chart of Philippines overall economic performance in terms of GDP and GDP per capita from 1960 to 2021, five downhill curves could be observed during respective periods of 1985-1986, 1997-1998, 2000-2001, 2009-2010 and 2019-2020. The first three periods of decreasing GDP coincidentally happened in the election years. The other two were affected by outside factors as subprime mortgage crisis in 2007 and COVID-19 pandemic in 2019. Therefore, the research will focus on the two presidential shifts which were driven by the revolutionary movements in the year of 1986 and 2001, and leave out the down curve in 1997-1998 which should be evaluated by the intertwined influence of the Asian Financial Crisis and the shift of presidency.





Data Source: World Bank

Presidential Election in 1986

The Presidency of Marcos

Ferdinand Marcos, Nationalist Party leader, was elected in 1965 as the tenth president and remained in power till 1986 (“Ferdinand Marcos”, 2019). During his first presidential term, he focused on construction of infrastructure projects and bolstering the country's rice production which were considered necessary and helpful for the recovery from the War. Marcos was reelected in 1969, the first Filipino president to win a second term, but violence and fraud were associated with his campaign. In his second term, economic growth slowed, prosperity faded, the crime rate increased and political unrests were widely spread. Marcos declared martial law on 21 September 1972, and abolished the Constitution for the purpose of refusing to relinquish power. The martial law was lifted on 17 January 1981. During this time, he implemented military control throughout the country, took over the media and put political opponents in jails. Marcos also manipulated a national referendum supporting his presidency indefinitely in 1973. In June 1981, he won presidential reelection for another six years, with his political opponents boycotting the vote. The end of the Marcos era occurred when his chief political rival, Liberal

Party leader Benigno Aquino, who had been jailed by Marcos for eight years, was assassinated on his arrival in Manila on 21 August 1983. Marcos and his wife were blamed for the assassination. In this result, the urban wealthy and middle class, core supporters of Marcos, began to impeach him for enriching his personal fortune via crony capitalism, monopolies and overseas investments that violated the law. To quiet the opposition and reassert his power, Marcos called for special presidential election in 1986, a year before the end of his current six-year term. Corazon Aquino, the widow of Benigno, became the presidential candidate of the opposition. Marcos managed to defeat Aquino and retained the presidency, but his victory was regarded as fraudulent. Thousands upon thousands of citizens took to the streets to support a non-violent military rebellion known as “People’s Power Revolution” against Marcos. He was ousted on the date of inauguration on 25 February 1986 and Aquino was brought to power. Marcos and his family were forced to flee into exile in Hawaii with a huge amount of money embezzled from the Philippines.

Marcos’ Crony Capitalism

During his presidency, Marcos imposed “crony capitalism”, by which private businesses were seized by the government and handed over to friends and relatives of government members, later leading to economic instability. Take his wife, Imelda, as an example. She had been appointed as the mayor of Manila since 1975. In 1978, she was appointed unofficially as the successor of the president. In 1979, she was appointed as the chairman of the cabinet meeting composed of ministers, and became the second most powerful person in the Philippines. Their relatives and close friends were also entitled with senior office posts and took the privilege for seeking benefits of their own. Marcos and his

wife were criticized for crony capitalism both politically and economically for which led to the monopolies and the income gap between the rich and the poor.

The Presidency of Aquino

On 25 February 1986, as a result of the “People’s Power Revolution”, Corazon Aquino became the first female president of the Philippines (Szczepanski, 2020). She restored democracy to the country, promulgated a new constitution which forbade a second term of presidency, and served until 1992.

Presidency for Aquino was not entirely smooth. She pledged agrarian reform and land redistribution, but she could hardly fulfill her promise as opposed by landlord classes. Marcos’ supporters staged many coup attempts against Corazon Aquino during her tenure, but she survived with the help of her allies in her unique political style. She refused to run for a second term in 1992 and was praised for setting a good example to abide by the new 1987 Constitution which forbade the second term. She has been described as both the “mother of Philippine democracy” and as the “housewife who led a revolution.” (Dungo 2022).

Analysis in Terms of National Capacity and Democratic Accountability

Ferdinand Marcos was the president of the Philippines from 1966 to 1986 before fleeing to the US. He was known for running a corrupt and undemocratic regime, being blamed for his dictatorship, crony capitalism and fraudulence of presidential elections, all of which greatly damaged the democratic accountability. At the same time, he was also criticized for corruption, ineffective governance, unstable social situation and income gap. The national capacity during his tenure was weak. Therefore, the Philippines

was located in the third quadrant on the coordinate system.

Since the shift of presidency from Marcos to Aquino by “People Power Revolution”, the political instability affected the overall economic performance with a 2.8% drop of GDP in 1985-1986 period.

Shift of Presidency in 2001

Joseph Estrada served as the 13th president of the Philippines from 1998 to 2001 (“Joseph-Estrada”, 2023). In 1998 Estrada ran for president, though he was significantly opposed. However, with the support of Imelda Marcos (the widow of former president Ferdinand Marcos) and votes from the country’s poor, Estrada won nearly 40 percent of the vote, handily defeating his nearest rival. The margin of victory was the largest in a free election in the history of the Philippines, and Estrada was officially declared president by Congress on 29 May 1998.

The tenure for Estrada as president was short-lived, as a corruption scandal erupted in October 2000 claiming that Estrada had accepted bribes worth millions of dollars. In November the Philippine Senate began an impeachment trial. On 20 January 2001, Estrada was ousted amid mass protests known as the Second People’s Power Revolution, and his vice president, Gloria Arroyo, ascended to the presidency. Due to the shift of presidency from Estrada to Arroyo in the 2000-2001 period, the overall economic performance in GDP dropped 5.7%.

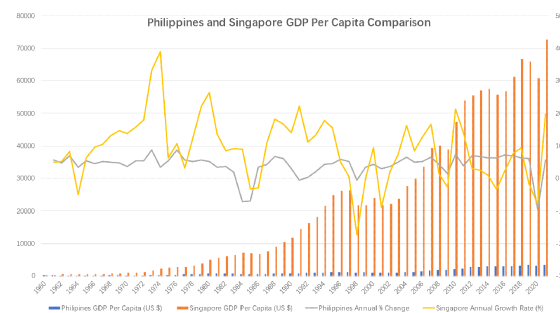
It was ironic that the mass elected president with overwhelming victory was ousted by the People’s Power Revolution. Looking through the underlying reasons, the elite groups’ conflicts were a common phenomenon in the

Philippines, which were deeply rooted and powerful enough to manipulate the election process. The national capacity had little improvement while the mass election pushed forward the democratic process. Therefore, the Philippines was located in the fourth quadrant on the coordinate system.

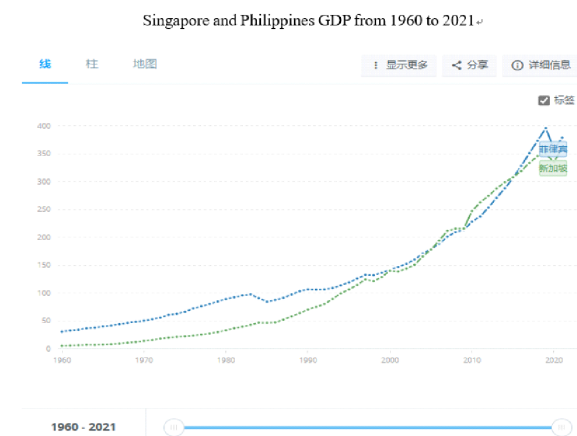
The Comparison with Singapore in National Capacity and Democratic Accountability

Singapore was founded on 9 August 1965. It has been renowned for the “Singapore model”, created by Lee Kuan Yew, the first and most influential Prime Minister from 1959 until 1990. The Singapore model is highly centralized and meritocratic, and the government runs efficiently, rationally and without corruption (“Singapore’s Political System”, 2019). For more than 50 years, the People’s Action Party (PAP) has dominated its politics.

Under the PAP, the government has taken a central role in promoting business, encouraging nationalized companies across a variety of industries. Moreover, the government has kept taxes low and simplified the rules and regulations facilitating private businesses; and it has actively sought out foreign investment, by providing incentives for entrepreneurs seeking to do business in Singapore. Therefore, its economy has developed at a high speed. The charts below show the difference in GDP per capita and GDP from 1960-2021 between Singapore and the Philippines.



Data Source: World Bank



Data source: World Bank

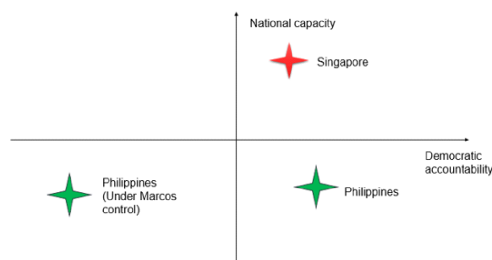
From the above charts, it is notable that the GDP of Singapore has caught up and surpassed that of the Philippines in 2006. The scales of total GDP of these two countries have been equivalent after 2000. However, the GDP per capita has a huge gap. The GDP per capita of Singapore has been almost 20 times higher than that of the Philippines in recent years, which is the indicator reflecting the affluence and economic level of a country. There is no doubt that the momentum of economic development in Singapore is much better than that of the Philippines.

Singapore’s political system, which originated from the British, is a Westminster-style democracy. The Constitution provides the framework for Singapore’s political system, consisting of three branches of government, the Legislative, the Executive, and

the Judiciary which supervised and balanced one and another. Although Singapore is a multi-party nation, the People's Action Party (PAP) has been the dominant force since independence, regularly winning well over 60% of the vote ("Singapore's Political System", 2019).

Therefore, Singapore belongs to the first quadrant of the coordinate system with high national capacity in the aspects of separation of legislative, executive and judiciary powers, efficient governance, excellent incorruptibility, and reasonable democratic accountability on all-citizen-election, effective economic rules and regulations. The coordinate system on the correlation of national capacity and democratic accountability is shown as follows.

The Correlation of National Capacity and Democratic Accountability



DISCUSSION

As illustrated above, the discontinuity in politics really makes a difference in the Philippines. The two shifts of presidency could be regarded as typical examples not only because of the political conflicts steered by the People's Power Revolution, but also because of the consequential drop of economy in terms of total GDP of 2.8% and 5.7% respectively. Further study should be carried to verify the conclusion that the politics discontinuity played negative effects on Philippines' economic development.

What's more, the qualitative analysis was used to locate the position on the coordinate

system of national capacity and democratic accountability. It was actually much more complicated for the method of positioning in the system, because many parameters or factors should be taken into consideration. For future study, quantitative methods or data modeling should be adopted to evaluate the relationship of the parameters so as to figure out the exact position in the system.

It is meaningful to visualize the position on the coordinate system of democracy by axis of national capacity and democratic accountability, with the purpose to evaluate the performance of democracy. The position on the coordinate system of democracy synchronizes with the changes of national capacity and democratic accountability.

It is difficult to comment on which mode of democracy is better or worse. However, the conclusion could be drawn that the degree of democracy must be in line with its national conditions. It is extremely difficult for a country to promote democracy while enduring political instability and social under-development. Democracy is like a double-edged sword, if implemented well, it is in favor of promoting the development of the country and the wellbeing of its people. Otherwise, overuse or overstate democracy will bring about demo-crazy, consequently damage the overall development. It is necessary for the emerging countries with similar backgrounds as that of Singapore or the Philippines to take into comprehensive consideration on how to achieve the equilibrium of national capacity and democracy for a better future.

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