

The Line of Fit towards ASEAN Connectivity: Focus on the Philippine Political Structure and Processes

HILTON J. AGUJA

*MSU-Iligan Institute of Technology, Iligan City,
Philippines email: hilton.aguja@g.msuiit.edu.ph*

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ABSTRACT

The Hanoi Declaration on the adoption of the Master Plan on ASEAN Connectivity was adopted on 28 October 2010. It calls for a well connected ASEAN in line with the vision to put in place an ASEAN Community by 2015. The Declaration speaks of a three pronged approach for the achievement of the envisioned connectivity: Physical connectivity, that is, to connect ASEAN through enhanced physical infrastructure development; Institutional connectivity, that is, effective institutions, mechanisms and processes and; People to people connectivity for an empowered people across the region. The concern of this paper focuses on institutional connectivity that is basically anchored on the political component of the Master Plan. As it stands, various issues currently exist as 'impediments to movement of goods, services and skilled labor across borders'. Needless to say, these issues are policy concerns requiring political decisions that hinge on the political sphere of every member country. It is on this point that this paper derives its relevance. In this regard, the paper argues for some fundamental restructuring to reconfigure the attendant political processes of the country to better position itself to respond expeditiously to the challenges posed by the emerging regional ASEAN architecture.

Keywords: ASEAN connectivity, structures and processes, fundamental governance principles, institutional connectivity

ABSTRAK

Deklarasi Hanoi yang diadopsi dari Master Plan Konektivitas ASEAN ditandatangani pada tanggal 28 Oktober 2010. Deklarasi ini bertujuan untuk mewujudkan konektivitas ASEAN yang sejalan dengan visi Komunitas ASEAN 2015. Deklarasi ini menggunakan tiga pendekatan yaitu: konektivitas fisik untuk menghubungkan ASEAN melalui peningkatan pembangunan infrastruktur; konektivitas institusional untuk efektivitas institusi, mekanisme dan proses; konektivitas masyarakat untuk memberdayakan masyarakat ASEAN yang lintas negara. Penelitian ini berfokus pada konektivitas institusional yang pada dasarnya berlandaskan pada komponen politik Master Plan. Berbagai masalah yang ada saat ini merupakan 'hambatan

bagi pergerakan barang, jasa dan tenaga kerja terampil lintas negara'. Masalah ini adalah masalah kebijakan yang memerlukan keputusan politik yang bergantung pada setiap negara anggota. Penelitian ini bertujuan untuk memberikan masukan dalam restrukturisasi yang mendasar untuk mengatur ulang proses politik oleh aparatur negara untuk memposisikan sehingga dapat menanggapi tantangan yang dihadapi ASEAN dengan lebih cepat.

Kata kunci: konektivitas ASEAN, struktur dan proses, prinsip fundamental pemerintahan, konektivitas institusional

INTRODUCTION

The envisioned emergence of an ASEAN community is very well on its way. To concretize the vision, the Hanoi Declaration on the adoption of the Master Plan on ASEAN Connectivity was adopted on 28 October 2010. It calls for a well-connected ASEAN in line with the vision to put in place an ASEAN Community by 2015. While the Master Plan on ASEAN Connectivity laid out with specific details all the various projects that cut across the ASEAN member countries, it is cognizant of the various issues that currently exist as 'impediments to movement of goods, services and skilled labor across borders' (ASEAN Master Plan, 2012). Needless to say, these issues are policy concerns requiring political decisions that hinge on the political sphere of every member country. As such, it shall be the focus of this inquiry through a content analysis of the underlying principles of the Master Plan for ASEAN Connectivity and juxtaposing it with the corresponding operative principles undergirding the Philippine political processes. It is on this point that this paper derives its relevance.

RESEARCH OBJECTIVES

While in the main, this paper's major objective is to track the line of fit, or lack thereof, between the envisioned ASEAN Community and the specific policy trajectory of the Philippines as a member state towards ASEAN Connectivity, this paper will look specifically into the following concerns:

1. The fundamental organizing principles undergirding the envisioned ASEAN Community.

2. The fundamental organizing principles undergirding the Philippine Polity.
3. The line of fit between these specific organizing principles; and
4. Policy recommendations to address dissonance, if any.

THE ANALYTICAL FRAMEWORK

With the effort to create an ASEAN community grounded on a workable ASEAN connectivity architecture, the need to harmonize the organizing principles operative in each member state to that of the emerging ASEAN community architecture becomes a primordial concern. Principles governing the workings of the system acquire a particularly significant role in actual operation. There is therefore a need to ascertain whether the pronounced principles are congruent with each other so as to facilitate the ASEAN community building process. Consequently, the dissonance if any, between the organizing principles undergirding each member state and the emerging ASEAN community must thus be identified for possible bridging through policy intervention and advocacy work. The ultimate goal is the institutionalization of a harmonious working relations grounded on commonality of operating principles. The schematic diagram below is adapted as the research framework for analysis.

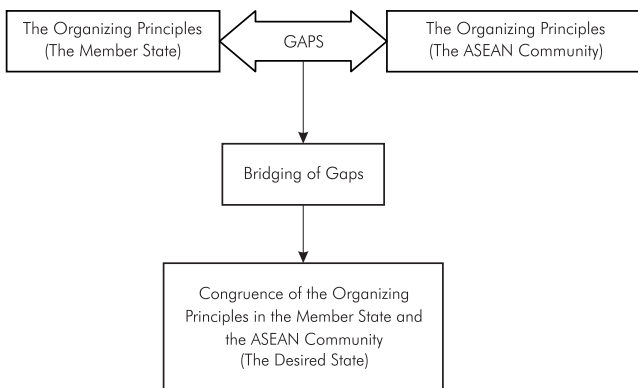


FIGURE 1: THE SCHEMATIC DIAGRAM OF THE ANALYTICAL FRAMEWORK

THE ASEAN COMMUNITY: THE ORGANIZING PRINCIPLE

The Hanoi Declaration on the adoption of the Master Plan on ASEAN Connectivity was adopted on 28 October 2010. It calls for a well-connected ASEAN in line with the vision to put in place an ASEAN Community by 2015. The Hanoi Declaration bespeaks of a three pronged approach for the achievement of the envisioned connectivity: Physical connectivity, that is, to connect ASEAN through enhanced physical infrastructure development; Institutional connectivity, that is, effective institutions, mechanisms and processes and; People to people connectivity for an empowered people across the region.

Of the three pronged approach for the establishment of a well-connected ASEAN, it is the connectivity on the institutional level that appears to be the most defining component of the package. It establishes the necessary legal regime to facilitate the whole process of interconnectedness. As to its coverage, the key elements of institutional connectivity involve the following (ASEAN Master Plan, 2012):

1. Trade liberalization and facilitation
2. Investment and services liberalization and facilitation
3. Mutual recognition agreements /arrangements
4. Cross border procedures
5. Capacity building programmes

The building blocks of ASEAN institutional connectivity is anchored on the principles of liberalization and facilitation of trade, investments and services. These principles are the same operative principles governing the functioning of the General Agreement on Tariff and Trade since 1947 (Irwin,1995) and subsequently of the World Trade Organization since 1995 (Zeiler, 1999).

Free trade and freedom of movement of investment capital are the economic ideology that defined the workings of the global economic order engineered after the Second World War

through the instrumentalities of the International Monetary Fund (IMF) and the World Bank. Known as the Bretton Woods twins, these two institutions served as the overseer of the global economic order through the establishment of the General Agreement on Tariff and Trade and eventually the World Trade organization (WTO) in 1995. These are exactly the same organizing principles followed by the ASEAN in its effort to create the ASEAN Community by 2015, thus further requiring some explanatory details as to how the system works.

THE BRETTON WOODS SYSTEM: THE INTERNATIONAL ECONOMIC ORDER

At the end of the Second World War, the United States (US), as the succeeding hegemon, assumed the responsibility and the opportunity to establish and maintain an international economic order that was to characterize the post war trading relations. It was ideologically inclined to a world economy open to trade and investments. The War had greatly enhanced its productive capacity- doubled as a matter of fact- and it was imperative that after the War, she be able to export her industrial surplus without restraints, or face a possible return to depression (Lichauco, 1976).

The desire to open the world economy to free trade and investments proved to be problematic; the world economic system before and after the war was not operating on the principle of free trade but on principles contrary to it. The European economies which constituted the largest market for American exports were managing their respective economies on the basis of mercantilism. This system is based on the view, among others, that a country must export as much as possible and import as little as it can. Also, the great depression of the 1930's and the Second World war itself created a state of emergency which made imperative the strict economic planning and allocation of scarce resources according to defined priorities. These events promoted

the use of controls designed to restrict imports and outflow of capital and maximized exports.

The US believed that to promote free trade on a global basis, it was necessary to create a transnational agency which would assist nations afflicted with deficits in their international trade accounts. The basic rationale for this is that, a nation in deficit is impelled to control and limit imports. Hence, nations in deficit should be given temporary assistance so that they will not be compelled to do anything that would limit their importation of goods; so that they will not think of resorting to import and exchange controls, as they did in the thirties (Lichauco,1976:14).

To address these issues, the International Monetary Fund and the World Bank were conceived. These institutions were designed at a conference held at Bretton Woods in the New Hampshire Mountains in 1944. Though these institutions are international agencies, they are likewise controlled by the US which holds enough voting power to dominate decisions (Constantino, 1977: Hudson 2003).

The immediate tactical function of the IMF is to provide temporary relief to member countries suffering from a shortage of international currency due mainly to their transactions in foreign trade. The IMF's twin, the World Bank, discharges a supplemental function, which is to promote the mobility and freedom of investments. Thus, The IMF promotes maximum freedom in the international flow of goods and commodities while the World Bank promotes maximum freedom in the international movement of investment capital (Lichauco, 1976:15).

THE UNDERLYING IDEOLOGY OF THE GLOBAL ECONOMIC ORDER

The workings of the international economic system are defined by two elements comprising its ideology. One is the belief that economic relations should be one in which there is the highest degree of free trade in goods and services. This element of

the ideology clearly reflects the US desire for world economic order on the basis of free trade and is enshrined in the Charter of the IMF. The second element is the belief in the efficiency of private international capital to undertake the reconstruction and development of the world's economy and, therefore, the necessity to promote foreign investments. This element of the ideology of the international economic order is embodied in the purposes of the World Bank (Ilichauco, 1976:12).

To concretize the workings of the international economic order based on the Bretton Woods principles, the General Agreement on Tariffs and Trade (GATT) was first signed in 1947. It was a multilateral agreement regulating international trade. According to its preamble, its purpose was the "substantial reduction of tariffs and other trade barriers and the elimination of preferences, on a reciprocal and mutually advantageous basis." The agreement was designed to provide an international forum that encouraged free trade between member states by regulating and reducing tariffs on traded goods and by providing a common mechanism for resolving trade dispute (Zeiler, 1999). Over the years, GATT evolved through several rounds of negotiations. The last and largest GATT round, was the Uruguay Round which lasted from 1986 to 1994 and led to the creation of the World Trade Organization (WTO) in 1995. Whereas GATT had mainly dealt with trade in goods, the WTO and its agreements has expanded GATT coverage and now cover trade in services, and in traded inventions, creations and designs (intellectual property).

THE ORGANIZING PRINCIPLES OF THE PHILIPPINES POLITY

The Constitution of the Republic of the Philippines is the fundamental and supreme legal document that defines the parameters within which the government may act legitimately. Any governmental decision or action in contravention to its Constitution is for all intents and purposes null and void. The Consti-

tution even warns Government officials that “[they] may be removed from office, on impeachment for, and conviction of, culpable violation of the Constitution... (ART XI. Section2).

Having in mind the overall governing principles underlying the international economic order (Bretton Woods System) adopted by the ASEAN in its envisioned community through institutional connectivity, it is now appropriate to juxtapose the organizing principles of the Philippine Polity to see the line of fit or lack thereof towards ASEAN connectivity. While the global order and the envisioned ASEAN Community are predicated on the concepts of free trade, openness, internationalization and the like, it is now interesting to see what the Philippine Constitution says about these very same organizing principles.

While these days, the buzz words are internationalization and moving beyond borders, the Philippines is still encased in its parochialism, reminiscent of the State System of Westphalia. It still speaks of an educational system that must ‘foster patriotism and nationalism’ (Art. II, section 17). Its pursuit of foreign policy is still grounded on considerations dictated by ‘national sovereignty, territorial integrity, national interest, and the right to self-determination’ (Art. II, section 7). It still envisions the development of ‘a self-reliant and independent national economy effectively controlled by Filipinos’ (Art. II, section 19).

As to its national patrimony, the Constitution, with great detail, prescribes to ‘protect Filipino enterprises against unfair foreign competition and trade practices’ (Art. XII, section 1). It further declares that “ All lands of the public domain, waters, minerals, coal, petroleum, and other mineral oils, all forces of potential energy, fisheries, forest or timber, wildlife, flora and fauna, and other natural resources are owned by the State...The exploration, development and utilization of natural resources shall be under the full control and supervision of the State. The State may directly undertake such activities, or it may enter into co-production, joint venture, or production-sharing agreements with

Filipino citizens, or corporations or associations at least sixty per centum of whose capital is owned by such citizens... The State shall protect the nation's marine wealth in its archipelagic waters, territorial sea, and exclusive economic zone, and reserve its use and enjoyment exclusively to Filipino citizens'... (Art. XII, section 2).

Further, the Constitution mandates the Congress of the Philippines to "reserve to citizens of the Philippines or to corporations or associations at least sixty per centum of whose capital is owned by such citizens, or such higher percentage as Congress may prescribe certain areas of investments. The Congress shall enact measures that will encourage the formation and operation of enterprises whose capital is wholly owned by Filipinos ... (Art. XII, section 10).

In the grant of rights, privileges and concessions covering the national economy and patrimony, it gives preference to qualified Filipinos (Art. XII, section 10). This provision goes further by emphasizing that "...the practice of all professions in the Philippines shall be limited to Filipino citizens, save in cases prescribed by law (Art. XII, section 14). Still further, the Constitution requires that "...the ownership and management of mass media shall be limited to citizens of the Philippines, or to corporations, cooperatives or associations, wholly-owned and managed by such citizens...Only Filipino citizens or corporations or associations at least seventy per centum of the capital of which is owned by such citizens shall be allowed to engage in the advertising industry. The participation of foreign investors in the governing body of entities in such industry shall be limited to their proportionate share in the capital thereof, and all the executive and managing officers of such entities must be citizens of the Philippines law' (Art. XVI, section 11).

The brief review of the organizing principles of the Philippine polity clearly manifests the mindset that is grounded on the principles that is not attuned, if not contrary to the organizing

principles of the envisioned ASEAN community. To address this dissonance is an urgent matter that the Philippines would have to look into; otherwise, the inconsistencies and contradictions in the organizing principles would clash making it difficult to create a sound political and economic architecture that would serve as basis for governance in the ASEAN community. And this, as already noted, would necessitate some changes in the Constitution of the Republic of the Philippines.

PROSPECTS FOR CONSTITUTIONAL REVISION IN THE PHILIPPINES

That the Philippine Constitution needs to be amended to be attuned with the emerging ASEAN architecture is no longer an issue. The Pulse Asia in a national survey in December 2001 observed that, for the first time in a decade, a slim majority of the people (52%) favored changing the Constitution (Abueva, 2002). Another survey conducted in May 2006 indicated that 64 % of Filipinos favor charter change (Jurado, 2006). Indeed, the time has come to commence the search for an alternative mode of governance in the country. Subsequent surveys likewise validate the increasing receptivity of the people to effect changes in the Charter. What is not clear however, is what changes should be effected in the paramount law of the country.

Having in mind the emerging ASEAN community by 2015 and cognizant of the existing dissonance in the organizing principles of the Philippine state and the emerging ASEAN political and economic architecture, some degree of openness must be injected in the very protective and nationalistic provisions of the Constitution. This however would have to be done on the basis of mutual reciprocity. As it currently stands, no matter how willing the Philippine government may be in fine tuning its acts towards ASEAN connectivity, it is always incapacitated by the existing Constitutional provisions which limits its capacity to act accordingly.

On the political front, this dilemma is magnified further by the political arrangements attendant in a presidential system of government that the country has. With its separation of powers and functions coupled with coequality among the three separate branches of government, the entire government apparatus is prone to deadlocks particularly if different political parties are in control of the separate branches of government.

This particular issue on the structure of government was not substantially looked into by the framers of the Constitution. A former member readily admits that in 1986 when the present Constitution was drafted, 'emotions were high and the major pre-occupation was how to ensure in the speediest way possible the restoration of the democratic processes...[it] was not the best time to engage in protracted debates, especially about the fundamental government structure' (Bernas, 1993). Those who argued for a parliamentary set up lost to those who argued for a presidential structure by only one vote (Abueva, 2002). Also on the same vein and by a margin of one vote, it was decided to restore the Senate whose members are elected at large and thereby to return to bicameralism in law-making (Nolledo, 1987). Likewise, if brevity is a virtue, the Philippine Constitution suffers from being 'one of the longest in the world...[with] infirmity arising from compromises that resulted in more than fifty of its provisions, including major ones, requiring enabling laws by Congress before they can be implemented' (Casiple, 2002). This loopholes subject the Constitution to the prevailing political equation in the legislative department.

By a very painful margin of a single vote, the horizontal structure of the Philippine government decided. It is not surprising therefore, that among the major arguments for changing the charter hinges on the horizontal shift from presidential to parliamentary and vertical structural shift from unitary to a federal set up. This trend, viewed from a larger perspective, notes one writer, is simply in keeping with the overall tide of democratization that

has swept the world since the collapse of the former Soviet Union. In this rapid modernizing time where democratization is a common feature, only two forms of government are relevant: Presidentialism and Parliamentarism (Sosmeòà, 2001).

CHANGING THE FUNDAMENTAL GOVERNMENT STRUCTURE

As to the appropriate political structure to be set in place, political scientists contributed their insights on the matter. Dr. Jose V. Abueva (2002) of the University of the Philippines summed it all when he said: “Political Scientists have concluded that democracies with a parliamentary system are more stable and productive”. For their part, Juan Linz and Anuro Valenzuela (1994) observed that South America, which is the continent of presidentialism, rarely, if ever, produced lasting political democracy. They further noted that the most stable democracies of Europe have been parliamentary regimes while most countries with presidential constitutions have been unstable democracies or authoritarian regimes. Professor Fred Riggs of the University of Hawaii also joined the discourse with the observation that the presidential system has not succeeded anywhere except the United States (Sosmeòà, 2001).

TABLE 1 30 YEAR AVERAGE GDP GROWTH RATES OF SELECTED ASIAN COUNTRIES AND THEIR FORM OF GOVERNMENT

| Country | RATE | Form of government |
|-------------|-------|--------------------|
| Korea | 6.4 % | Parliamentary |
| Singapore | 6.3% | Parliamentary |
| Malaysia | 5.9% | Parliamentary |
| Thailand | 5.7% | Parliamentary |
| Indonesia | 5.3 % | Presidential |
| Philippines | 3.1% | Presidential |

The Philippine rate of growth is half the rate of other Asian countries.
The Wallace Report (2004). <http://www.dataphil.com/wallacereport.htm>

Corroborating all these generalizations about the failures of the presidential system, the economic performance of Southeast

Asian countries is also very telling. The table below is indicative of the correlation between governmental type and economic performance. Fast growing Asian economies noticeably have parliamentary governments while the slow performing economies have presidential governments.

While the above table shows the link between economic growth and political structures, the table that follows shows the proneness to corruption of certain political structures. It does not come as a surprise to see that the presidential political set up has failed to bring economic growth in countries that has adopted it because it is also the political system that has brought forth the most number of very corrupt leaders in the world.

Contributory to this proneness to corruption is the manner by which the president in the presidential system gets elected. Unlike his counterpart in the parliamentary system who gets elected by members of the parliament, a presidential candidate needs to campaign all over because he is elected at large. And this is no mean feat. In 1998 for instance, a serious presidential candidate in the Philippines was expected to spend at least Php 2 billion for his election that was to land him a job that would pay him Php 693,000 per year or Php 4,158,000.00 for his full term of six years. Two billion pesos are certainly a large sum of money. It is the equivalent of the salaries of the office for 2,886 years! (Enrile, 2002)

If these tabulated statistics is to tell us something, former Prime Minister Lee Kuan Yew of Singapore has become its spokesman. He said: “The Philippines has chosen the most difficult political system to operate, with its checks and balances and gridlocks between the executive and the legislature. If this were the system chosen by South Korea, Hong Kong, Taiwan, or we ourselves, we would not have attained the status that we have now” (Enrile, 2002). One can no longer overemphasize the necessity of changing the structure of government in the Philippines.

The proneness to gridlocks between the executive and the legislature in a presidential system is an arrangement that is not

conducive with the emerging ASEAN regional architecture. In parliamentary systems, the decision of the parliament binds the entire government, as there is a fusion of the executive and legislative assemblies. Decision making is expedited for implementation. In contrast, the presidential set up in the Philippines can keep hostage the other branches on the ground of coequality and separation of powers. If there is disagreement emanating from both the executive and the legislative branches, the likelihood of resolution is remote given that the two branches are technically separate and equal. Any branch of government can be at the mercy of the other especially so if political parties of different persuasions are in control of the other branches. This is a structural dilemma that must also be addressed as the country revisits its fundamental law.

CONCLUSIONS AND RECOMMENDATIONS

After surveying the ideological landscape that undergirds the workings of the Philippine polity and that of the envisioned ASEAN Community, the following conclusions are warranted:

1. The ASEAN Community is envisioned to operate on the basis of the principles governing the international economic order that has been in effect since the end of the Second World War. These principles are anchored on the free flow of goods, free flow of services, free flow of investments and free flow of skilled labor and human development to facilitate world trade.
2. The Philippine polity is organized on the basis of principles that are not attuned with the principles of free trade and free movement of investment capital. It remains parochial as its Constitution prescribes protectionist measures limiting foreign participation in the economy by reserving huge areas of the economy that is mainly reserved for Filipino citizens or corporations effective controlled by such citizens. This does not augur well with the emerging ASEAN economic architecture.

3. Putting side by side the organizing principles underlying the creation of the ASEAN Community and the operating principles governing Philippine polity, one observes lack of congruence and harmony in the principles in operation.
4. By way of recommendation, the Philippines is urged to break free of its parochial outlook and inject openness in the economic provisions in its Constitution so as to enable the government to respond to the opportunities and challenges posed by the emerging ASEAN community. Moreover, it is recommended that the structure of government be horizontally structured to shift from presidential to parliamentary and vertically structured to shift from unitary to a federal set up. These structural changes are proposed to make the Philippine government more responsive to the challenges borne by the sweeping changes in the global arena.

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