



**General and specific allegations
of gross and systematic violations
of economic, social and cultural rights**

STATEMENT OF EXPERT WITNESS - IBON FOUNDATION

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Philippine poverty and underdevelopment are not accidental outcomes. The violation of the economic, social and cultural rights of tens of millions of Filipinos results from the conscious and systematic implementation of economic policies designed to benefit a few rather than meet the needs of the many. Philippine elites and foreign monopoly capitalists impose market- and profit-driven globalization policies to oppress and exploit the Filipino people.

The Philippine economy has been distorted to serve narrow profit-seeking rather than to provide jobs, livelihoods, incomes and social services needed by the people. On the whole, these policies force and keep tens of millions of Filipinos in hunger, drudgery, poorly-paid toil and poverty every day, across the country, and around the world. They also devastate the environment which disrupts communities and compromises national development.

The policies also have specific adverse consequences: unaffordable health care and education, monopoly-priced water, electricity and transport, demolitions of urban poor communities, gross neglect of victims of natural disasters, misuse of public funds, attacks against organized workers, and many others.

The administration of Pres. Benigno S. Aquino III, United States (US) imperialism, the US-dominated International Monetary Fund (IMF), World Bank, and World Trade Organization (WTO), and the transnational corporations (TNCs) operating in the Philippines grossly and systematically violate the economic, social and cultural rights of the Filipino people.

Neoliberal "free market" globalization policies result in the most extensive and systematic violations of rights of tens of millions of Filipinos. These are the broad contours of our neocolonial backwardness and underdevelopment.

There are the most poor Filipinos in the country's history. We estimate 66 million poor Filipinos or those struggling to survive on just Php125 (US\$2.80) or less per day (as of 2012). These are the country's farmers, fisherfolk, workers, small-scale traders, vendors, domestic workers and other informal sector workers. The government's official estimate of just 24 million poor are only those that should be considered as in extreme or subsistence poverty.

There are the most number of unemployed and underemployed Filipinos in the country's history. We estimate 12.2 million unemployed and underemployed consisting of 4.3 million unemployed and 7.9 million underemployed (as of 2014).

But employment does not even mean decent work. Over four out of ten (44%) workers are non-regular or agency-hired workers and over six out of ten (63%) do not even have written contracts. Four out of ten (40%) employed Filipinos are in just part-time work with very low pay and no benefits.

Peasants and fisherfolk still subsist in conditions of severe semifeudal oppression; rural land, credit, trading and marketing monopolies still prevail in the vast countryside. Seven out of 10 peasants are landless and a third of landowners own or control more than 80% of agricultural land. Three-fourths of the country's poor are in the rural areas with poverty incidence among farmers and fisherfolk far above the national average.

These are the consequences of an economic system designed so that a few oligarchs and foreign transnational corporations (TNCs) benefit from the people's labors and the country's natural resources.

The wealth of the 10 richest Filipinos has more than tripled under the Aquino administration from Php630 billion in 2010 to Php2.2 trillion in 2015 (250% increase). The net income of the country's some 260 listed firms on the Philippine Stock Exchange (PSE) rose from Php438 billion in 2010 to Php583 billion in 2014 (33% increase). The net income of the country's Top 1000 corporations grew from Php804 billion in 2010 to Php1.0 trillion in 2013 (26% increase).

In contrast, real wages have been virtually unchanged for at least a decade. The real value of the average daily basic pay of millions of workers nationwide increased by less than Php5 (Php4.50) or just 1.7% between 2005 and 2014. The mandated minimum wage is highest in NCR but even here its real value only rose by Php20 or by less than 6% since June 2005. As it is, almost half (45%) of workers nationwide are paid less than the minimum wage and about one-fourth (25%) are just paid the inadequate minimum wage.

The wealth of the 25 richest Filipinos is already equivalent to the combined income in a year of the country's 76 million poorest Filipinos.

Imperialism grossly and disproportionately benefits from Filipino labor and natural resources. We are plundered for our labor, agricultural and fisheries resources and minerals; we are denied opportunities even in our own domestic markets. Two-fifths (40%) of approved investment in the country in the last decade-and-a-half is foreign rather than Filipino, not yet counting the use of dummy corporations.

As a result our economy has paid out over US\$36 billion in profit remittances since 1980 which is on top of over US\$178 billion in debt servicing. We have exported over US\$43 billion worth of mineral exports since the 1970s while our local industry remains stunted and our mining communities are among the most ecologically destroyed and impoverished in the country.

Trade and investment liberalization has made the Philippines one of Asia's most open economies and destroyed the national economy. Despite our rich natural resources and huge productive labor force, we have become a service and trading economy more than a producing economy. The manufacturing sector (23% of gross domestic product, or GDP) has contracted to as small a share of the economy as it was six decades ago and agriculture (10% of GDP) is the smallest in history. This is most of all what results in the country's record joblessness and poverty.

Globalization has intensified the country's semifeudal and semicolonial backwardness. Among the economy's fastest growing sectors are those merely providing cheap labor and cheap raw materials to foreign monopoly capitalists and foreign economies.

The most blatant expression of this is our unprecedented cheap labor export. More Filipinos are forced abroad to find work than find employment in the country -- last year, 4,508 overseas workers were deployed every day because only 2,800 jobs were generated at home. The 10.2 million overseas Filipinos in 2013 officially reported by the government is already equivalent to more than a tenth of the population although migrant groups estimate the real figure to be even higher at some 12 million.

We are exploited even in our own country. The government hails one million jobs in business process outsourcing (BPOs), especially call centers, and some 1.2 million jobs in special economic zones (SEZs) especially in export-oriented manufacturing. However these sectors are dominated by foreign investors dominate which account for 93% of BPO investment, with the largest share being US companies, and around 70% of manufacturing.

The Philippines does not benefit from its mineral resources. Mining is now among the most profitable sectors with the stock exchange-listed firms for instance seeing profits more than double between 2010 and 2014 (115% increase). Yet the equivalent of some 98% of domestic production is exported to benefit foreign firms and economies rather than the national economy.

The decline of domestic production does not just deprive the economy of jobs, incomes and modernization. The country also ends up importing virtually all its intermediate and producer goods aside from being a growing importer of many consumer goods. In effect, our cheap labor and underpriced natural resources are used to pay for the higher-value manufactured goods of the advanced capitalist countries which benefit from exploiting our labor and resources.

Other witnesses will take up specific adverse consequences in more detail but we can draw attention to some illustrative points.

Health privatization means treatment in private hospitals that is on average five times more expensive than in public hospitals and confinement that is on average three times more expensive. Around 80,000 babies still die of preventable diseases every year and six out of 10 Filipinos die without seeing a doctor.

Power privatization has made electricity the most expensive in Asia and even more expensive than in Japan or South Korea. Water privatization has made water the third most expensive after Japan and Singapore. Rail transport privatization has caused fares to increase from 50-100% literally overnight.

Putting private profits and commercial development over the people's housing needs has resulted in the demolition and displacement of at least 61,000 urban poor families with some 305,000 individuals under the Aquino administration. These were done to build business districts, commercial centers, condominiums, roads and railways.

Mining liberalization to exploit the reported US\$840 billion-1.4 trillion worth of minerals in the country threatens the survival of indigenous peoples and their rights to ancestral domain. In the last five years, dozens of their communities and thousands of their families have been temporarily or permanently displaced, often violently, to give way to mining projects especially in Mindanao.

In giving greater attention to promoting big business and attracting foreign investors over the public welfare, the Aquino administration has neglected its capacity to respond to natural disasters. We can take the example of Typhoon Yolanda/Haiyan which affected 3.4 million families. Over 1.2 million homes were damaged or destroyed but, after a year, the government only built 364 homes. The livelihoods of one million families with 5.6 million people was severely affected but less than 220,000 families were given livelihood support.

The administration has privatized even disaster response. The 171 affected towns and cities were divided into 24 clusters for adoption by big business conglomerates who will be "development sponsors". This is the neoliberal approach of de-emphasizing state responsibility and its role while exaggerating corporate efficiency and humanitarian intent.

Foreign monopoly capital and domestic elites use their influence on the presidency, Congress and the judiciary to implement policies that serve their narrow economic interests. Bureaucratic corruption is also endemic to the Aquino administration. Billions of pesos are used according to political expediency rather than according to urgent social and economic priorities.

The Aquino administration is directly accountable for violating the rights of tens of millions of Filipinos. It consciously and actively maintains the globalization policies of previous administrations. Worse, it consciously and actively works to entrench these policies, to expand their effect, and to remove the remaining barriers to the completion of the destructive neoliberal agenda for the Philippine economy.

The distorted anti-people economy today has been shaped by decades of market- and profit-driven globalization policies across the breadth of the economy. These policies have gone as far as the 1987 Philippine Constitution formally allows and in many cases even beyond such as in the case of liberalized mining, privatized power generation and transmission, and the use of dummy corporations in telecommunications.

The Aquino administration's Philippine Development Plan (PDP) 2011-2016 upholds the policies of past administrations. They are the starting point of the plan's focus on "global competitiveness indicators" of competitive markets, labour market flexibility, improved business procedures, lowering business taxes, protecting property rights, and the like.

The plan gives particular stress on intensifying privatization through "public-private partnerships" or PPPs. More than ever, the government intends to use public resources to support private profits of domestic and foreign big business across the breadth of the economy: transport, power, water, sewerage and sanitation, agro-industries, agri-services, agro-forestry and fisheries, irrigation, post-harvest services, farm and fish trading centers, micro-insurance, and even disaster risk reduction.

Notably, the Aquino administration seeks to complete the neoliberal privatization agenda with PPPs in education, health and housing. With the World Bank's "user pays" principle now public policy, these vital social services are made unavailable, unaffordable and inaccessible to the country's poor majority.

The administration is using so-called social protection as a smokescreen for completing the neoliberal globalization agenda. The World Bank-designed conditional cash transfer (CCT) scheme is the third biggest in the world and is used to divert attention from how the roots of poverty and underdevelopment are growing ever deeper under the Aquino administration.

The US government is directly accountable for violating the rights of tens of millions of Filipinos. It consciously and actively intervened in Philippine economic policymaking during US colonial rule over the country from 1898-1946, and throughout its neocolonial domination from 1946 until today.

The shift to neocolonial rule in 1946 was only done after one-sided and US-biased laws and treaties were put in place. These prevailed for nearly three decades, repressed the development of local agriculture and Filipino industry, and resulted in massive joblessness and poverty. From the 1970s until the 1990s, the US used IMF stabilization programs and World Bank structural adjustment programs to impose far-reaching trade and investment liberalization, privatization and deregulation policies.

From the 2000s until today, economic policy-making remains dictated by the US government and by the international financial institutions it dominates. The US imposes globalization policies on the Philippines to benefit American corporate export and commercial interests as well as to create the kind of free market-driven trade and investment system in the Asia-Pacific that allows it to maintain its hegemony and dominant economic position.

The US is the biggest foreign investor in the country and American corporations dominate the biggest firms in the country. It is the biggest foreign exploiter of the country's resources and market opportunities. Since 1999, for instance, it has invested US\$5 billion which is more than Japan (US\$4.1 billion) and China including Hong Kong (US\$1.6 billion).

US corporations are among the biggest direct beneficiaries of US-designed economic policies. We can take last year as an example. The US pushes power privatization -- US firms account for 45% (US\$466 million) of the country's electric power systems imports. The US pushes airport privatization -- US firms account for 25% (US\$635 million) of aerospace imports including for airport projects. The US pushes health privatization -- US firms account for 24% (US\$92 million) of medical equipment imports. The US pushes water privatization -- US firms account for 10% (US\$40 million) of water equipment and services imports. The US promotes BPOs -- US firms account for 26% (US\$394 million) of information technology imports, aside from 31% of foreign equity in BPOs.

The US Agency for International Development (USAID) is among the US government's key mechanisms for crafting our economic policy. For example, the US\$25 million USAID project Accelerating Growth Investment and Liberalization with Equity (AGILE), started in 1998, created "satellite offices" in 11 key government agencies to produce at least ten major economic laws. AGILE was renamed and extended into the Economic Governance Technical Assistance (EGTA) Project (2001-2004) and was succeeded by three other programs in the 2004-2006, 2006-2008, and 2008-2011 periods.

Since 2011, the US government has been using the so-called Partnership for Growth (PFG) initiative. This program has at least US\$739 million in funding and is the most comprehensive US intervention in Philippine economic policy-making in decades. Aside from seeking to consolidate US economic control over the Philippines, the PFG is also part of the US government's larger effort to dominate Asia-Pacific economic integration through the Trans-Pacific Partnership (TPP). The TPP is the acknowledged economic aspect of the US pivot or rebalance to Asia against China.

Among the US government's interventions is the US\$1 million USAID-funded The Arangkada Philippines Project (TAPP) since 2010. This lobbies policymakers on 471 policy recommendations and is among the most aggressive groups seeking to change the 1987 Philippine Constitution and remove the last legal impediments to foreign capitalism in the country. The project is administered by the American Chamber of Commerce and implemented with the Joint Foreign Chambers of Commerce in the Philippines. By 2014, over seven out of ten (72%) of the TAPP's recommendations have been started or already completed.

There are five (5) other USAID economic policy intervention projects cumulatively worth US\$74 million: Trade-Related Assistance for Development (TRADE), Facilitating Public Investment (FPI), Investment Enabling Environment (INVEST), Advancing Philippine Competitiveness (COMPETE) Project, and the civil society-focused Philippine-American (Phil-Am) Fund.

The US government is conscious that its intrusiveness in Philippine economic policy-making does not become publicly known, as can be seen in leaked US Embassy-Manila diplomatic cables. In 2008, one of the US ambassador's cables was explicit: "It is important that we NOT promote or even acknowledge our leadership role and give the Philippine Government primary credit". Another said: "The USG has played

an important, though unheralded, role in these [economic] reforms.... The USG role in many of these reform initiatives is very discreet. Nationalist reactions can reduce or eliminate our effectiveness. Please protect information on the USG role in initiatives.”

Aside from these USAID projects the US government also uses the range of diplomatic, political and military leverage at its disposal. The US government is relentless in pushing for neoliberal "free market" globalization policies in the Philippines through visits of high-ranking economic officials, in US embassy statements and country assessments, and in international economic forums.

The World Bank used US\$1.1 billion in development policy loans in 2006, 2011, 2013 and 2014 to push for health, education and power privatization, higher VAT and other taxes, and reduced government spending. The IMF uses its regular country monitoring reports and its recommendations which are compelled through financial blackmail by commercial banks and through global capital markets. Domestic laws and policies have been implemented to comply with the WTO's "free market" deals including its iniquitous Agreement on Agriculture (AoA) which has deepened rural poverty and worsened food insecurity.

These are the conditions of the Filipino people driving them to fight against their oppression and exploitation. This defiance will continue and strengthen as long as these conditions persist, and such resistance and struggle is our greatest source of hope. ###