The Philippines before Martial Law: A Study in Politics and Administration*

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The frequently discussed tension between political participation and order[1] was especially apparent in Third-World competitive electoral systems such as that which existed in the Philippines before martial law was declared in September, 1972. Scarce resources, intensive intra-elite electoral competition, and a growing peasant and urban lower-class electorate increased pressures for costly social services. A high birth rate, outmigration from stagnant rural areas, and industrial growth through a process of import substitution that relied too heavily on capital-intensive technology all expanded the pool of surplus labor, intensifying pressures on politicians to employ clients in the bureaucracy. Rising election costs and a large bureaucracy fueled a cyclical and chronic inflation, which led, when economic growth slowed, to conflict among social groups. As pressures for social services increased and the threat of mobilization by counter-elites grew, urban businessmen, high-level administrators, and technocrats found further justification for limiting political interference in administration.

To help maintain dominance by a small conservative elite over major institutions and protect foreign investors, Philippine regimes sustained barriers against new interests that threatened the status quo. Such barriers helped channel the fruits of growth to a few entrenched interests and perpetuated a circle of economic and social dualism keeping the poorest groups poor.[2] Efforts by the executive to centralize and "rationalize" administration sought to: (1) contain the dislocating effects of economic change through repression and the more efficient provision of limited social services; and (2) rationalize markets for foreign investors, creditors, and that portion of the indigenous elite with national economic interests by attempting to curb the destabilizing effects of political competition. In the Philippines during the 1960s, for example, deficit spending during elections stimulated inflation and helped lead to decontrols, tight money, and a slowing of economic growth in manufacturing.

As long as the Philippine electorate remained small and voters deferred to established notables who were recognized as natural leaders, Philippine elites were able to regulate participation without excessive expenditures on patronage. Traditional habits of deference gradually eroded, however, and vertical ties could only be maintained through greater reciprocity between patron and client. Accordingly, the demand grew for material inducements as politicians became pressed to provide schools, public works, cash payments, jobs, and other forms of patronage in exchange for votes.[3]

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[1]See Samuel P. Huntington, *Political Order in Changing Societies* (New Haven: Yale University Press, 1968).

[2]See the argument by D. Weintraub, "Development and Modernization in the Philippines: The Problem of Change in the Context of Political Stability and Social Continuity," *Sage Research Papers in the Social Sciences, Studies in Comparative Modernization Series,* Series No. 90-001, Vol. 1 (Beverly Hills: Sage, 1973), pp. 19–20.

[3]The impact of changes in clientelist relationships upon parties and politicians is discussed in James C. Scott, "Corruption, Machine Politics, and Political Change," *American Political Science Review,* 63 (December, 1969), 1142–1158. See also, by the same author, "Patron-Client Politics and Political Change in Southeast Asia," *American Political Science Review,* 66 (March, 1972), 91–113, and Carl H. Landé, "Networks and Groups in Southeast Asia: Some Observations on the Group Theory of Politics," *American Political Science Review,* 67 (March, 1973), 103–127.

In order to maximize electoral support, Philippine politicians spread scarce patronage as thinly as possible, caring little about when and if a project could be completed. The particularistic nature of many demands increased political influence at the enforcement stage of policy.[4] Consequently, policy enforcement often did not conform to general rules.

Business interests were subject to the demands of influential politicians, which required making payoffs to secure needed capital, legislation, licenses, and other rights. Changes in regimes required corporations to make further accommodations with new incumbents. While large corporations often could pass on political costs to the consumer (as could, to a lesser degree, small corporations with less control over politicians and markets), many corporations could have lowered their costs and planned more accurately had the bureaucracy been insulated from excessive politics and had turnover among national politicians been lower. Business leaders, wanting closer coordination between government and business planning, complained that politics, which "dissipates resources on projects and activities with high political impact but low economic returns," was largely responsible for government failure to plan in ways that would maximize business growth.[5] American business, preferring to work through government rather than through the less predictable legislators,[6] has benefited from the suppression of politics under martial law.[7]

The inflationary push of elections led to two devaluations between 1960 and 1971 and frustrated plans to diversify the economy. By raising the price of capital imports, devaluation slowed manufacturing growth and further reinforced dependence on primary exports. Exporters, whose interests were overrepresented in Congress, thus appeared to gain at the expense of manufacturers producing for the internal market.

It is unlikely that all agencies and levels of administration were equally subject to political pressures. The long-standing efforts of various agencies to rationalize local administration and limit the discretionary power of mayors (e.g., the College of Public Administration and the Local Government Center at the University of the Philippines, the Philippines Department of Finance) suggest that local politics is a useful setting to examine more carefully how Philippine politics led, in the period before martial law, to overstaffed administration and created strong pressures for social services. After demonstrating that certain elite groups in the Philippines favored administrative reform at the national and local level, I shall examine the nature and form of political pressures in the allocation of local public resources. More specifically, I shall assess whether class structure, urbanization, political mobilization, and the strength of political machines affected the distribution of budgetary resources and the absorption of surplus labor by the bureaucracy. In the Philippines, I shall argue, competitive elections and scarce resources encouraged political elites to employ protégés in the bureaucracy, and at the same time increased pressures for social services from the government.

National Reform

The growth of national corporate capital and the more complex integration of the Philippine economy with those of the United States and Japan, generated pressures for stronger presidential leadership, planning, and administrative reform. Administrative reform was urged by foreign banks, aid donors, and international banks such as the Asian Development Bank. Under technical advice from management consulting firms in the United States, the Philippine Congress passed a revised budget act in 1954 authorizing performance budgeting in twelve national agencies.[8] American founda-

[4] Scott, "Corruption, Machine Politics, and Political Change," pp. 1142–1146.

[5] Sixto K. Roxas, "Policies for the Private Sector," *Philippine Economic Journal,* 8 (1st Sem., 1969), 26, cited in Romeo B. Ocampo, "Technocrats and Planning: Sketch and Exploration," *Philippine Journal of Public Administration,* 15 (January, 1971), 35–36.

[6] Richard A. Styskal, *Strategies of Influence Among Members of Three Voluntary Associations in the Philippines* (Ph.D. dissertation, University of Oregon, 1967), cited in Robert B. Stauffer, "The Philippine Congress: Causes of Structural Change," *Sage Research Papers in the Social Sciences, Comparative Legislative Study Services,* Series No: 90-024, Vol. 3 (Beverly Hills: Sage, 1973), p. 12.

[7] Martial law, implemented in 1972, rationalized the political environment for business by centralizing administration. Entrepreneurs now have to bribe fewer government officials. For a description of the salutary effect of martial law on foreign business in the Philippines, see the Corporate Information Center of the National Council of Churches of Christ in the U.S.A., "The Philippines: American Corporations, Martial Law, and Underdevelopment," *IDOC-International/North American Edition,* 57 (November, 1973), pp. 27–35.

[8] Angel Q. Yoingco, Antonio O. Casem, Jr., and Amancia G. Laureta, "A Review of the Philippine Experience in Performance Budgeting," *Philippine Journal of Public Administration,* 13 (July, 1969), 263.

tions helped expand the Asian Institute of Management, as well as the College of Business Administration and the College of Public Administration at the University of the Philippines. Technocrats and businessmen were trained through these institutions, as well as through study abroad.[9]

The growing influence of American-trained technocrats and businessmen in the Philippines during the late 1960s signalled the rise of an antipolitical, corporatist ideology. This ideology was opposed both to "old-style" politics and to the growing nationalism of senators such as Benigno Aquino and Jose Diokno (and other members of the intelligentsia) – a nationalism which threatened the continued access by foreign corporations to Philippine raw materials, cheap labor, and markets.[10] Technocrats like Sixtos Roxas consistently urged closer coordination between government and private enterprise in planning, and disdained the strong political pressures for social services. They felt many such services were wasteful and unproductive.[11]

The displeasure of technocrats often focused on the Philippine Congress, which provided an institutional power base for segments of the rural landed elite attempting to slow the efforts of the executive to centralize power.[12] Unlike the process in many other ex-colonies, Filipinization of the bureaucracy followed Filipinization of the Congress. The bureaucracy (except at the highest levels) became an avenue for middle-class mobility and was highly vulnerable to political intrusion by powerful legislators. As Grossholtz writes, "Congress is far superior to the bureaucracy and is not above making that clear."[13]

A growing electorate and rising election expenses increasingly preoccupied legislators concerned with individual survival. Obliged to perform personalistic services for local clients, legislators (especially in the House) became overburdened with particularistic legislation, to the exclusion of more general and long-term policy.[14] Additionally, the Philippine Congress appropriated more money than the nation had at its disposal. While excess appropriations increased the discretionary power of the president in choosing which funds to release, it meant that both the president and administrators were besieged by politicians seeking the release of funds for particularistic projects. Congressional control over budgets, enhanced by line-item budgets, directly drew administrators into extensive logrolling.

While projects occasionally produced both economic success and high political payoff, more often they did not. By emphasizing short-term gains at the expense of long-run transformations,[15] patronage politics undercut the attempts of several Philippine administrations to meet planned goals. Businessmen and planners, promoting long-term projects, competed with politicians over budgetary priorities. Predictably, small public works projects easily spread throughout the country, were quickly approved and more readily financed than large projects.[16] The amount appropriated for small public works projects in chartered cities between 1966 and 1969 correlates .54 with the amount actually allocated. The correlation is .34 for large public works projects financed over the same period.[17] Since appropriations for both types of public works projects over the years have been larger than available funds, the government accumulated promises it could not redeem As of June 30, 1970, only 17.8 per cent of the appropriations authorized since the

[9]See Robert B. Stauffer, "Philippine Martial Law: The Political Economy of Refeudalization" (unpublished paper presented at the annual meeting of the Association for Asian Studies, Boston, Massachusetts, April 1–3, 1974), p. 15.

[10]Stauffer, "Philippine Martial Law," p. 14. See also Ocampo, pp. 53–64.

[11]Ocampo, p. 44.

[12]See Robert Stauffer, "Congress in the Philippine Political System," in *Legislatures in Developmental Perspective,* ed. Allen Kornberg and Lloyd D. Musolf (Durham: Duke University Press, 1970), pp. 334–365.

[13]Jean Grossholtz, "Integrative Factors in the Malaysian and Philippine Legislatures," *Comparative Politics,* 3 (October, 1970), 93–113, quote p. 109.

[14]Stauffer, "The Philippine Congress," pp. 14–16.

[15]See the discussion by Scott, "Corruption, Machine Politics, and Political Change," p. 1148.

[16]For small public works projects, the District or City Engineer is allowed to approve the program of work without obtaining approval by the Division Engineer or the Bureau Head. See Ledivinia Vidallon-Carino, *The Politics and Administration of the Pork Barrel* (Manila: Local Government Center, University of the Philippines, 1966), pp. 10 ff.

[17]Large public works projects are those costing more than P25,000. Public works appropriations are compiled from three public works acts – Republic Acts 4854 (1966–1967), 5187 (1967–1968), and 5979 (1969–1970). Actual expenditures for the 1966–1970 period are from data compiled by the Infrastructure Operations Center of the Presidential Economic Staff in an unpublished report to the president. For funded projects, there may be a one- to five-year lag between the appropriations and the release of funds.

first public works act in 1954, had actually been released.[18]

Few legislators were interested in the maintenance of public works projects. As one high Philippine official complained, "Once a road, a school building, a hospital are completed, there are no funds for upkeep or maintenance. All the politician wants is to show people in his district that he can deliver: he is not concerned with viable continuing projects. The investment itself is all that counts."[19]

Even though individual legislators occasionally joined with administrators in pressing for reform, Congress as a whole was quite resistant to changes that would lessen its power. In the early 1950s, the Philippine Budget Commission (with considerable American advice) pushed vigorously for performance budgeting to increase administrative discretion over the management of projects. Although Congress passed a Revised Budget Act (R.A. 922) which shifted emphasis to performance budgeting, it undercut the very basis for performance budgeting through its "demand for a budget in a line-item format as the basis for legislative consideration and (authorization) . . . the majority of members of Congress, in the exercise of their legislative powers, would not surrender to agency administrators the right to determine the type and composition of agency organization and supporting facilities that should be set up to carry out their responsibilities under the law."[20] By 1967 Congress had authorized the appropriations of only 42 agencies on a performance basis; 22 of these agencies were colleges.[21]

Congressional sensitivity to local interests often set Congress at odds with the President over legislation designed to give more power to local units. For example, President Marcos vetoed in 1967 a decentralization bill. Between 1946 and 1970, the percentage of largely particularistic bills (i.e., bills dealing with provincial and municipal government) passed by Congress increased from 19.6 to 64.5 per cent.[22] A number of these bills transformed municipalities into chartered cities,[23] thereby increasing the local government's taxing capacity and the percentage of national revenues remitted to them.

Class Structure and Local Reform

In their efforts to unseat machine politicians, urban reformers did not need to agitate for at-large elections, except in Manila where representation in the city council was by district. At-large elections in the United States favored well-known men from the business community and hindered minority or ethnic representatives concentrated in wards.[24] Nevertheless, certain conditions in the Philippines made it difficult for urban reformers to increase "efficiency" by narrowing political access for the lower class.

Changes in city government structure in the Philippines required national legislation by Congressmen reluctant to oppose allied machine politicians in their districts. The large size of the lower, economically insecure classes in most chartered cities favored politicians who cultivated relationships with local barrio and ward leaders. The machine, more than the reform politicians, could bind clientele to it by providing legal relief, occasional employment, and other particularistic services.

With their frequent disdain for machine politics, reform candidates in the Philippines have not met with much long-term success.[25] While urban politicians could not insulate themselves from lower-class demands and expect to remain in office, those with a fairly substantial business and middle-class constituency (who

[18]Department of Public Works and Communications, *Annual Report for Fiscal Year 1969–1970* (Manila: Bureau of Printing, 1970), p. 1.

[19]An anonymous official quoted in Naomi Caiden and Aaron Wildavsky, *Planning and Budgeting in Poor Countries* (New York: John Wiley, 1974), p. 118.

[20]Honesto Mendoza, "Deficiencies in Our Government Budgeting and Accounting Systems," in *Perspectives in Government Reorganization,* ed. Jose Veloso Abueva (Manila: College of Public Administration, University of the Philippines, 1969), p. 229.

[21]Yoingco, Casem, and Laureta, pp. 263 and 274.

[22]Stauffer, "The Philippine Congress," p. 14.

[23]Between 1960 and 1970, some 28 municipalities became chartered cities. See Proserpina D. Tapales and Eleanor P. Maling, "Proposed Criteria for Philippine Cities: A Plea for Congressional Rationality," *Philippine Journal of Public Administration,* 14 (July, 1970), 311–319.

[24]James Weinstein, *The Corporate Ideal in the Liberal State: 1900–1918* (Boston: Beacon Press, 1968), pp. 110–116.

[25]In 1959 six of the eight candidates elected to the city council in Quezon City represented the Citizens League of Quezon City; in 1963 only two reform candidates were reelected. In Pasay City the League for Good Government did not win any elective posts in 1963, and in Makati only one reform candidate was reelected. The elitist image of the reformers and lack of communication between the citizens' leagues and the lower classes appears to have hurt the reformers. See Aprodicio A. Laquian, *The City in Nation Building* (Manila: School of Public Administration, University of the Philippines, 1966), pp. 187–192.

generally want feasibility planning, efficiency, and community-wide, "indivisible" benefits) had to balance middle- and lower-class demands in order to be re-elected. The high turnover among local officials in larger, more developed cities[26] indicates that it has been difficult, with the shortage of local resources and high costs of improving the urban environment, for politicians to maintain their support.

The election of urban reformers and patricians became more difficult in the Philippines as literacy increased and the percentage of the electorate that was lower class grew. Cities in which low levels of literacy limited the size of the electorate were often governed by patricians – a pattern common earlier in many Philippine cities. When local officials were appointed or elected in a limited franchise, mayors (and to a lesser extent councilors) hailed largely from well-known families with extensive business interests in both rural and urban areas. As political office in all cities became elective in 1959, and lower-class voters increasingly registered to vote, more political professionals were elected at the local level.[27]

Pressures for Social Services

With the exception of the Hukbalahap movement in the immediate post–World War II period, lower-class groups in the Philippines were rarely organized or ideologically predisposed to press for a fundamental redistribution of resources. Unlike what happened in Latin American countries such as Chile before the military coup against Allende, in the Philippines the lower classes did not undergo sustained political mobilization "by leaders of political groups external to the low-income communities themselves ... in the context of a national political environment which is supportive of aggressive demand making by low-income groups in a wide range of issue areas."[28] Nevertheless, a growing lower-class electorate within a clientelist structure of political mobilization raised pressures for both neighborhood-wide and individual inducements (e.g., schools and jobs). The local or individualistic character of patronage, in "which policy is not really policy but highly individualized decisions that only by accumulation can be called a policy,"[29] should not obscure the fact that patronage often served business and middle-class interests.

The Philippine elite and upper-middle class tend to educate their children in private elementary and secondary schools and to use private health services. As a result, local expenditures for social improvements and services (primarily expenditures for intermediate and secondary education) disproportionately served the lower and lower-middle classes.[30] On the other hand, pressures for economic improvements (primarily for construction and maintenance of roads) often originated with businessmen and landowners eager to expand markets.[31]

Competition among Philippine local elites was exacerbated as the elites became increasingly differentiated and as the electorate grew in the 1950s and 1960s. In some Philippine cities, fragmented political power, shifting coalitions, and scarcity increased the bargaining power of

[26]See Thomas C. Nowak and Kay A. Snyder, "Clientelist Politics in the Philippines: Integration or Instability?" *American Political Science Review,* 68 (September, 1974), 1147–1170, at p. 1164.

[27]Laquian documents the transition in Manila "from prominent family to big businessmen, civic leaders, professional politician and 'new-breed' organization man" Laquian, pp. 82–87, quote p. 83. In his study of municipal officials in Capiz and Batangas, Machado also notes the growing recruitment of political professionals into politics. Kit G. Machado, "Changing Patterns of Leadership Recruitment and the Emergence of the Professional Politician in Philippine Local Politics," *Philippine Journal of Public Administration,* 16 (April, 1972), 147–169. See also, by the same author, "From Traditional Faction to Machine: Changing Patterns of Political Leadership and Organization in the Rural Philippines," *Journal of Asian Studies,* 33 (August, 1974), 523–546.

[28]See the discussion by Wayne A. Cornelius, "Urbanization and Political Demand Making: Political Participation Among the Migrant Poor in Latin American Cities," *American Political Science Review,* 68 (September, 1974), 1125–1146, quote p. 1146.

[29]Theodore J. Lowi, "American Business, Public Policy, Case Studies and Political Theory," *World Politics,* 16 (July, 1964), reprinted in *The Power Elite in America,* ed. Norman L. Crockett (Lexington: D.C. Heath, 1970), p. 84.

[30]The simple correlation between the percentage of population (in chartered cities) which is college-educated and the percentage of school-aged children enrolled in private elementary and intermediate schools is .80. In 1964, the private secondary school system enrolled from 35 to 100 per cent of all secondary students, depending on the chartered city.

[31]See Arturo G. Pacho, *The Administration of Public Highways Program in Davao* (Manila: Local Government Center, College of Public Administration, University of the Philippines, 1969), appendix A, p. 12. Since the Philippines has a surplus of literate, semi-skilled labor, business and landowning interests are not concerned to expand public primary and intermediate education, particularly nonvocational education, nor politicize public health programs. Lacking land, capital, or marketable surpluses, the poor, we feel, see greater *relative* benefits from cheap education and health services than from roads.

barrio or ward leaders and their clients. Urban politicians could no longer, as in earlier days, ignore the requests of community leaders for social services. As Huntington argues in writing of Third-World nations more generally, "without an overriding cleavage to bifurcate the political arena, each faction tries to overcome its opponents of today by alliances with its opponents of yesterday."[32] Similarly, students of American state politics often argue (if not always demonstrate) that in noncompetitive situations, the majority party does not need to concern itself as much as in competitive situations with the interests of lower socioeconomic groups.[33] While persistent ideological cleavages rarely occurred among either the local or national Philippine elite, intense rivalries pushed politicians uncertain of victory to expand their clientele.

Larger, more economically diverse cities had more political factionalism (r=.35) and weaker political machines (r=.34) than did other cities.[34] Consequently, pressures to meet the social needs of the lower classes might have been greatest in the larger, more economically diverse cities, although scarcities might prevent such needs from being adequately met. These cities, however, also had a larger middle class and a more diverse industrial structure; they often had more vocal business interests which, in seeking to rationalize politics and improve efficiency, also attempted to limit demands from the unorganized or less wealthy sectors of the community. Where both business and lower-class demands were muted, local incumbents would be fairly free to enhance their power in the city administration (i.e., the mayor's office) by employing clients.

Measures and Data

The size of the lower class in Philippine chartered cities is measured by a factor score indexing the percentage of city residents in 1960 with no education, the percentage of the labor force in farming, the percentage of households with no radio, and the percentage with no toilet.[35] The size of the lower class strongly correlates negatively (r=−.70) with the percentage of city residents with some college and (r=−.64) with the percentage of the labor force in professional and administrative positions; therefore, to avoid multicolinearity only the more comprehensive measure of class – the factor score – will be used in the regression equations. City size and diversity is also measured by a factor score. Assuming that business pressures on government may be greater in more industrialized communities, I have added a measure of industrialization which indexes variables such as the percentage of the population in manufacturing and per capita fixed assets in manufacturing.[36]

Party affiliation is not included in the measure of machine strength because party switching was very common in the Philippines prior to martial law and because grass-roots party organizations with autonomy from local and regional elites had not developed in the post–World War II period. The strength of political machines is the mean plurality received by city mayors and by the strongest presidential and congressional candidates in a given city in elections between 1957 and 1969.[37]

Political mobilization is measured by the mean percentage of the population voting in both local and national elections between 1949 and 1969. Change in political mobilization is measured by residuals – deviation of the mean for political mobilization between 1961 and 1969 from the regression line computed by the regression of the mean of political mobilization between 1961 and 1969 on political mobilization between 1949 and 1957. There are two reasons for using electoral data which span the years 1949 through 1969 together with policy data which span the years 1961 through 1969:

[32]Huntington, p. 415.

[33]For a summary of this literature, see Edward G. Carmines, "The Mediating Influence of State Legislatures on the Linkage Between Interparty Competition and Welfare Policies," *American Political Science Review*, 68 (September, 1974), 1118–1124.

[34]My measure of political machines will be discussed subsequently. Political factionalism is described in Nowak and Snyder, pp. 1158 and 1159.

[35]While a number of chartered cities have rural peripheries, all of the variables loading highly on this factor except "percentage of population in farming" measure poverty, not "ruralness." *Antipolo* or open-pit toilets (neither of which require a central sewer system) and cheap, battery-powered portable radios are widely used in rural areas. Thus the absence of toilets and radios in such areas indicates poverty, not a lack of urban facilities such as electric power and sewers. The author will, upon request, send factor matrices for any or all of the factor scores used in this article.

[36]See Nowak and Snyder, Tables 2 and 4, pp. 1156 and 1158 for the relevant factor matrices.

[37]The logic and validity of using pluralities as measures of machine strength in the Philippines is examined in Nowak and Snyder, pp. 1157–1158. The current measure of machine strength is more comprehensive than that discussed in the previous article because it combines pluralities for both local and national elections.

(1) to increase variance in the measure of change in political mobilization, and (2) to lag changes in expenditures with changes in political mobilization, since rising demands rarely cause immediate policy changes.

Because the use of per capita expenditures as a measure of local government effort penalizes poor chartered cities which had a weaker tax base and could not spend as much as wealthy cities,[38] the analysis relies more heavily on a second measure of government effort: the percentage of the city budget spent on one of three major functional categories – social improvements, economic improvements, and administration. While local governments had sufficient discretion over funds to respond to political pressures by shifting funds from one category to another, there were constraints on the internal reallocation of funds.[39] Therefore, as another measure of government effort, I include changes in the percentage of expenditures allocated to social improvements, economic improvements, and administration over a nine-year period. Using a measure of change over time increases the probability of finding that political forces will influence expenditures.[40]

Seventy-two per cent of total city expenditures go for social improvements, economic improvements, and administration.[41] Social improvements include maintaining and improving intermediate and secondary education; economic improvements primarily consist of constructing and maintaining city roads and bridges; and administrative expenditures are largely allocations for the city mayor's office.

Changes in percentage and per capita expenditures in the different budget categories are measured by the deviation of the percentage of the total budget spent on a given category in 1969 from the regression line computed by the regression of allocations in 1969 on allocations in 1961. This procedure controls for any variation among initial levels of expenditures for particular categories which might affect future expenditure levels.[42] Negative residuals suggest that allocations to a particular category have decreased, while positive residuals indicate that such allocations have increased.

The amount of labor absorbed by the bureaucracy is measured by the percentage of the local budget spent on salaries and wages. Cities with more revenues were required by law (Republic Act 4477) to spend less of their General Fund on salaries and wages.[43] However inappropriate such a law might have been in a labor surplus society such as the Philippines, it was intended to guard against local governments hiring excess labor when such labor did not serve as a substitute for capital. By controlling for the revenue class of cities, I can

[38]Summarizing American policy literature, Hayes writes: "The extant American literature is fairly conclusive in demonstrating that levels of wealth correlate strongly with amounts expended in policy areas." In her analysis of policy outputs in Brazilian States, Hayes uses per cent expenditures rather than per capita expenditures in different policy areas. Margaret Daly Hayes, "Policy Outputs in the Brazilian States, 1940–1960: Political and Economic Correlates," *Sage Professional Papers, Comparative Politics Series,* Series No. 01–030, Vol. 3 (Beverly Hills: Sage Publications, 1972), p. 17.

[39]Appropriations for the operation and maintenance of schools, for health and sanitation, and for maintenance, repair, and construction of roads could not be less than the amounts received respectively from tuition fees, municipal aids for health and sanitation purposes, and the manufactured oil allotment and motor vehicles allotment. Republic Act No. 5447 created a special education fund based on proceeds from an additional property tax and a certain percentage of the taxes on Virginia cigarettes. This fund was earmarked for uses such as the organization and operation of extension classes, elementary school buildings, repairs and construction, and teachers' salaries. See Pagtakhan-Sumilong and Federico B. Silao, eds., *A Summary of Laws and Regulations Affecting Philippine National-Local Government Relations* (Manila: Local Government Center, College of Public Administration, University of the Philippines, 1970), pp. 7 and 50–51. Tied revenues in Davao City, for example, constituted on the average (1961–1969) 31 per cent of the school fund. The remaining school revenues were transferred from the General Fund. Raul P. de Guzman, et al., *Report on the Davao City Government* (Manila: Local Government Center, College of Public Administration, University of the Philippines, 1970), p. 126. Since secondary education was less of a "public right" in the Philippines than intermediate education (grades 5–6), the transfer of expenditures for intermediate education to the national government in 1964 increased the elasticity of local expenditures on education, and social improvements in general.

[40]Sharkansky argues that as "the span between present and past expenditures increases ... there is increasing opportunity for factors to enter the budgeting process that are remote from the context that surrounded the first budgeting period." Ira Sharkansky, *The Politics of Taxing and Spending* (New York: Bobbs-Merrill, 1969), p. 114.

[41]Other categories of expenditures include protective services, adjudication expenses, and costs of revenue collection. These categories are not used in the analysis because they are not as easily tied to particular class or political interests.

[42]See George W. Bohrnstedt, "Observations on the Measurement of Change," in *Sociological Methodology, 1969,* ed. Edgar F. Borgatta and George W. Bohrnstedt (San Francisco: Jossey-Bass, 1969), pp. 113–133.

[43]The maximum percentage which can be spent on salaries and wages for city employees under Republic

examine what other variables affect the percentage of the budget spent on salaries and wages. The base I have used for computing the percentage of the budget spent on salaries and wages (i.e., total expenditures) differs slightly from the base used by the Philippines Department of Finance (i.e., the General Fund), in order to provide a more comprehensive analysis of expenditures. The General Fund includes between 70 and 80 per cent of total city expenditures.

Compliance with Republic Act 4477 indicates some autonomy from the incessant political demands on administration to absorb protégés. Administrative noncompliance is measured by the percentage of salaries and wages that exceed legal guidelines in fiscal years 1968 and 1969. Penalties for exceeding these guidelines are weak. Routinely, the Philippines Department of Finance allowed overspending on salaries and wages of up to 20 per cent more than the amount allowed by law.

Local Autonomy

The unitary structure of the Philippine political system and the growing power of the central government[44] means that I must determine whether chartered cities were sufficiently autonomous in policy making to be considered meaningful units of analysis. The charters of Philippine cities and subsequent national legislation and regulations gave cities greater autonomy than either municipalities or provinces. I lack the data for units below the chartered city level (e.g., for barrios or individual people) that would be needed in order to determine how grouping data into such cities affects variance in the independent and dependent variables; nevertheless, the impact of national policy on local policy over time can still be assessed. For local policy to be fairly autonomous of national policy, the variance among cities from the national mean for city expenditures in any particular year should be relatively great. If national policy largely determined changes in expenditures, the deviation of yearly national means from the all-year mean should explain most of the variance. A dummy variable regression procedure equivalent to a one-way analysis of variance[45] yields the finding that national-level forces are relatively weak for changes in per capita and percentage expenditures in each category. National level forces explain 3 per cent of the variance for changes in per capita expenditures on economic improvements, 1 per cent for social improvements, 8 per cent for administration, and 3 per cent for changes in per capita total expenditures. The comparable figures for percentage rather than per capita expenditures for the first three categories are 4 per cent, 22 per cent, and 6 per cent, respectively. The relatively strong impact of national policy on changes in *percentage* expenditures on social improvements reflects the transfer of intermediate education from the local to the national government in 1964. Between 1964 and 1965, consequently, the mean percentage of total city expenditures spent on social improvements fell from 28.1 per cent to 19.0 per cent.

The Electoral and Budgetary Cycle

Fluctuations in expenditures were closely tied to the electoral cycle in Philippine chartered cities. Table 1 shows that expenditures tend to increase more rapidly before local or national elections than in off years. Expenditures on salaries and wages were even more sensitive to elections (see Table 2). Casual wage labor on public works projects initiated before elections was a common form of patronage. Since capital could not vote, incumbents tried to employ as many wage laborers as possible.

The electoral cycle had a similar impact on the national fiscal cycle. Data collected by Averch, Koehler, and Denton show unusually large deficits in net government operating receipts in the months preceding elections. Be-

Act 4477 is as follows:

Revenue Class of City (Most to Least Revenue)	Percentage of General Fund
1	55
2	60
3-4	65
5	70
6	75
7	85

Source: Pagtakhan-Sumilong and Silao, eds., Table 2, p. 24.

[44]Between 1955 and 1966 the percentage of local revenues received from the national government rose from 31.4 and 43.3 per cent, according to the Joint Legislative-Executive Tax Commission, *Ninth Annual Report,* Table 2, p. 33. City expenditures constitute a mean of 25 per cent of total public expenditures in Philippine chartered cities (The Joint Legislative-Executive Tax Commission, *Tenth Annual Report,* Table 1, p. 41).

[45]A more complex version of the dummy-variable procedure for time-series data (two-way rather than one-way analysis of variance) is described in some detail by Robert W. Jackman, "Political Parties, Voting, and National Integration: The Canadian Case," *Comparative Politics,* 4 (July, 1972), 511–536.

Table 1. Change in Real Per Capita Expenditures of Philippine Chartered Cities

Fiscal Year	Interyear Change (Percentage)	Election	Real Per Capita Expenditures (Pesos)
1961			1613
1962	−3.7	National	1554
1963	1.0		1539
1964	9.9	Local	1708
1965	1.1		1727
1966	8.9	National	1880
1967	4.9		1972
1968	6.1	Local	2099
1969	−4.1		2013

Source: Chartered city budgets, Philippine General Accounting Office. The unweighted mean for expenditures is computed with an N of 32.

tween 1957 and 1968, net government receipts invariably showed deficits in election years and surpluses in nonelection years.[46]

At the national level, growing deficits during Philippine election years stimulated inflation and increased dependence on foreign creditors. Fiscal retrenchment in nonelection years starved or delayed projects initiated earlier. Both inflation and retrenchment encouraged defections from the ruling political coalition which ultimately defeated incumbents.[47] Since the structural obstacles to achieving solvency and self-sustaining economic growth were so great, regimes could not plan the necessary long-term austerities without losing their support.

As the expenses of Philippine elections grew throughout the 1950s and 1960s, and campaigns became more capital intensive (e.g., greater use of helicopters and trucks), the strain on the balance of payments increased. During the 1960s net foreign exchange reserves declined, and in September of 1969 net government receipts showed an unprecedented deficit.[48] Recurring foreign exchange crises, retrenchment and a fluctuating annual rate of growth frustrated planners and retarded growth in manufacturing. As Golay argues, "Such a 'stop-go' cycle in foreign exchange policy can only serve to perpetuate the structure of discretionary developmental protection which was used to initiate Philippine manufacturing development and thereby preclude, for the

[46]Harvey A. Averch, Frank H. Denton, and John E. Koehler, *The Matrix of Policy in the Philippines* (Princeton: Princeton University Press, 1971), pp. 99–101.

[47]Marcos is the only Filipino president to have been reelected. The poor showing of Marcos-backed senatorial candidates in the 1971 off-year elections indicated that, with high inflation and rising unrest, defections from the ruling coalition were once again occurring.

[48]Averch, Denton, and Koehler, pp. 97, 99, and 107.

Table 2. Change in Real Per Capita Expenditures on Salaries and Wages of Philippine Chartered Cities

Fiscal Year	Interyear Change (Percentage)	Election	Real Per Capita Expenditures on Salaries and Wages (Pesos)
1961			876
1962	.6	National	881
1963	.1		882
1964	12.4	Local	991
1965	−8.8		904
1966	11.5	National	1008
1967	2.9		1037
1968	4.7	Local	1086
1969	−2.4		1060

Source: See Table 1.

foreseeable future, the competitive maturation of Filipino manufacturing entrepreneurs and their enterprises."[49]

Neither the Philippine Budget Commission nor departmental secretaries could block the use of special funds for political purposes. In order to maintain control over funds, legislators earmarked allocations for special purposes so that administrators could not channel money to what they considered priority projects. Between 1955 and 1967 special funds grew faster than the regular budget,[50] further assuring the inflationary impact of elections, and institutionalizing what technocrats often saw as wasteful expenditures (e.g., for mass primary education). Local budgeting, I shall argue, was similarly constrained.

Conditions other than the electoral cycle affected local budgeting, but in less predictable ways. For example, the national government did not always remit nor remit on time, the entirety of a city's internal revenue allotment. This failure, as well as fluctuations in locally collected income and corporate taxes, made the internal revenue allotment more unstable over time than other sources of revenue. Fluctuations in the percentage of excess individual and corporate income taxes collected by a city also undermined predictable budgeting. Republic Acts 781, 2343, and 6110 remitted to cities a percentage of national income taxes collected within city boundaries if income tax revenues exceeded the mean amount of income tax collected during the four preceding years. Unless local politicians could offer corporations and wealthy individuals with multiple branches or residences sufficient inducements (e.g., licenses, land rights, favorable zoning laws) to pay taxes in their city, convenience and counter pressures by Greater Manila Area politicians encouraged payment in the Greater Manila Area, where virtually all large corporations and members of the elite have offices or residences.

To the dismay of businessmen and planners, budgetary expenditures on economic improvements were more unstable over time than other budget categories (see Table 3). What technocrats often viewed as "wasteful" expenditures (social improvements, administration) were also the most institutionalized and difficult to cut. Both the Philippine constitution and the politics of pork barrel committed politicians to education. As mentioned previously, education had certain revenues tied to it. Furthermore, a high proportion of education expenditures were for salaries and wages, which were relatively inelastic. Administrative expenditures were quite stable also, reflecting, no doubt, the persistent effort by mayors to centralize power by placing key personnel in their office.

Table 3. Stability in Expenditures of Philippine Chartered Cities Over Time

	Mean Correlations Between Adjacent Years, 1961–1969
Percentage of Expenditures	
Economic improvements	.608
Social improvements	.868
Administration	.864
Per Capita Expenditures	
Economic improvements	.780
Social improvements	.979
Administration	.933
Total	.938
	Correlations of 1961 Expenditures with 1969 Expenditures
Percentage of Expenditures	
Economic improvements	.462
Social improvements	.753
Administration	.701
Per Capita Expenditures	
Economic improvements	.752
Social improvements	.874
Administration	.810
Total	.796

Source: See Table 1.

Community Structure, Politics and Expenditures

Large, economically diverse Philippine cities with strong tax bases[51] spent more on total mean per capita expenditures than did small cities (Table 4). While the strength of political machines had virtually no influence on total per capita expenditures, political mobilization did. A politically mobilized population increased pressures for more expenditures.

[49]Frank H. Golay, "Forward," in *The Protection and Development of Philippine Manufacturing*, by Vicente B. Valdepeñas, Jr. (Manila: Ateneo University Press, 1970), p. xvi.

[50]Caiden and Wildavsky, *Planning and Budgeting*, p. 83.

[51]The simple correlation between city size and diversity and mean revenues per capita in Philippine cities between 1961 and 1969 is .64. Larger, more economically diverse cities are also less dependent on the national government for funds than are smaller cities. For example, city size and diversity correlates −.52 with the percentage of total revenues which are from the internal revenue allotment and −.33 with the percentage of revenues from national government aids.

Table 4. Regression of Sociodemographic and Political Data against Mean Percentage and Mean Per Capita Expenditures, Philippine Chartered Cities, 1961–1969

Dependent Variable	Independent Variable	Simple R	Beta	R^2
Mean Per Cent Expenditures				
Economic improvements	City size and diversity	−.390	−.251	.28**
	Political mobilization	.286	.123	
	Machine strength	.232	.137	
	Industrialization	−.453	−.281*	
	Size of lower class	.041	−.186	
Social improvements	City size and diversity	.719	.417**	.62**
	Political mobilization	−.158	−.071	
	Machine strength	−.438	−.170*	
	Industrialization	.655	.305**	
	Size of lower class	−.437	−.079	
Administration	City size and diversity	−.450	−.245	.34**
	Political mobilization	−.220	−.200	
	Machine strength	.334	.132	
	Industrialization	−.333	−.118	
	Size of lower class	.506	.205	
Mean Per Capita Expenditures				
Economic improvements	City size and diversity	.072	.069	.25**
	Political mobilization	.417	.274	
	Machine strength	.000	.102	
	Industrialization	−.107	−.154	
	Size of lower class	−.370	−.312*	
Social improvements	City size and diversity	.797	.745**	.66**
	Political mobilization	.031	.136	
	Machine strength	−.327	−.048	
	Industrialization	.530	.064	
	Size of lower class	−.534	−.023	
Administration	City size and diversity	.136	−.015	.11
	Political mobilization	.081	−.092	
	Machine strength	.039	.203	
	Industrialization	.029	−.031	
	Size of lower class	−.274	−.413*	
Total	City size and diversity	.523	.483**	.42**
	Political mobilization	.283	.253*	
	Machine strength	−.169	.070	
	Industrialization	.258	−.037	
	Size of lower class	−.546	−.223	

**$p \leqslant .05$ *$p \leqslant .10$

Sources: Sociodemographic data – Bureau of Census and Statistics, *Census of the Philippines, Population and Housing*, 1960 and 1970; electoral data – Philippine Commission on Elections; economic data – data collected by the Philippine Bureau of Census and Statistics for the *Economic Census of the Philippines: 1967*.

The size of the lower class has no independent influence on the mean percentage of expenditures for social improvements. Lower-class groups must have power and organization to press demands. Generally, the larger the proportion of the population that is lower class, the more easily the population is controlled by patrons and the smaller the percentage of the population registered to vote.[52] Nor were relatively unmobilized, lower-class individuals as likely to desire intermediate and secondary education as were lower-middle class individuals.

If I assume that educational aspirations of the illiterate or semiliterate portions of the lower class focused on primary education, which was provided by the national rather than by local government, I must examine national expenditures on education to clarify the relationship between lower-class wants and public services. Table 5 shows a positive correlation and beta between the size of the lower class and

[52]The percentage of the population registered to vote correlates −.35 with the size of the lower class in chartered cities.

Table 5. Regression of Sociodemographic and Political Data against Mean Per Capita Expenditures on Primary Education, Philippine Chartered Cities, 1961–1968

Dependent Variable	Independent Variable	Simple R	Beta	R^2
Mean Per Capita Expenditures on Primary Education	City size and diversity	−.574	−.174	.54**
	Political mobilization	.375	.466**	
	Machine strength	.374	.158	
	Industrialization	−.429	−.151	
	Size of lower class	.391	.365*	

**$p \leq .05$ *$p \leq .10$

Sources: Expenditures on education – Philippine Department of Education, Bureau of Public Schools, *Annual Budgets;* other variables – see Table 4.

mean per capita expenditures for primary education made by the national government between 1961 and 1968. This finding suggests that the lower class was sufficiently mobilized to press for certain types of demands and/or that elite paternalism and the ideological commitment of politicians to mass primary education made expenditures on education in less developed cities a good political, if not economic, investment.[53] In less developed cities, local political patrons retained more traditional power over voters. Consequently, the payoff per peso expenditure on education might have been higher in such cities since education was scarcer and votes were more easily delivered to national politicians.[54] A second important influence on expenditures for primary education shown in Table 5 is political mobilization.[55] Political mobilization created pressures for public services on both local and national politicians.

Both large, economically diverse cities and industrialized cities spent a larger mean percentage of their budgets on social improvements than did smaller, less industrialized cities (see Table 4). In the larger, diverse cities, apparently, lower and lower-middle class demands for free intermediate and secondary education took precedence over business demands for roads and bridges. Exposure of the lower class and the lower-middle class to the life styles of more affluent classes was most intensive in the large cities. Widespread literacy in such settings intensified the exposure of these classes to the wide variety of consumer and service goods advertised by large corporations and consumed disproportionately by the middle and upper classes. The deep sensitivity of Filipinos to cultural and economic status differences produced an insatiable hunger for education and consumer goods.

Cities with high levels of industrialization, furthermore, needed a skilled labor force that was literate and disciplined. Since "the Philippine economy has a unique demand for secondary graduates not matched in other countries,"[56] there might have been some convergence in the demands for free secondary education by the lower class, the lower-middle class, and business interests.

The other, more minor components of per capita expenditures on social improvements – garbage collection, parks and plazas, and local health services – filled needs most vigorously articulated by groups concentrated in large cities. While plazas are common in all Philippine cities, creating parks is a less pressing concern in rural cities which have relatively low population densities. Additionally, refuse in rural communities such as paper and cans is scarce, valuable, and likely to be quickly recycled by the consumers themselves.[57]

[53]Expenditures on mass primary education in the Philippines may be an irrational use of resources, since the rates of return to Philippine educational capital generally are not impressive. The only exception to this generalization appears at the high school level where the rate of return is impressive. Jeffrey G. Williamson and Don J. De Voretz, "Education as an Asset in the Philippine Economy," in *Philippine Population in the Seventies,* ed., Mercedes B. Concepcion (Manila: Community Publishers, 1969), pp. 133–168.

[54]See Nowak and Snyder, Tables 12 and 13, pp. 1164–1165.

[55]Because there were literacy requirements for voting (albeit very lax), the relationship between educational expenditures and political mobilization or voting turnout is reciprocal. Rising expenditures on education raise literacy, which increases the percentage of the population eligible to vote. In turn, the existence of more voters increases pressures for social services such as education.

[56]Williamson and De Voretz, p. 165.

[57]In the most urbanized cities, a division of labor occurs between affluent consumers who create garbage, scavengers who help recycle it, and garbage

As shown in Table 4, political mobilization is not significantly related to the mean percentage of the budget spent for any of the major fiscal categories. While demands for public services were undoubtedly higher when a greater percentage of the population actually voted, I do not know the class composition of the voting population in Philippine chartered cities. Undoubtedly, politicians faced by diverse voters must provide a variety of public services. Cities with higher levels of political mobilization had more complex class structures than other cities do.[58]

Where intra-elite competition was not intense and political machines were strong, a smaller mean percentage of the cities' budgets was spent on social improvements and a larger mean percentage on economic improvements and on administration (see Table 4). As suggested previously, cohesive local elites and strong political machines could eschew alliances with lower-class groups and thus could better insulate themselves from demands for particular types of public services. Such elites at the same time could be more responsive to business interests and spend relatively more in centralizing the local administration.[59] Additionally, incumbents in cities with budgets containing a small percentage of school expenses (since these are relatively inelastic) had a greater margin to manipulate other portions of the budget to build patronage and maximize electoral support than did incumbents faced with large educational expenses. Since, as noted earlier, strong machines occurred more frequently in small, less diverse cities, expenditures on economic improvements might also reflect efforts by local elites to attract indigenous and foreign business. Economic growth in areas where the traditional basis of local elite power was relatively intact would, in the short run, disproportionately benefit local landowners, skilled workers, and capital.

Sociodemographic and political variables explain relatively little variance in changes in percentage of expenditures for any of the major fiscal categories (Table 6). As mentioned previously, the percentage of expenditures for various budget categories is more sensitive to national policy changes than are the variables comprising "expenditures per capita." Growth in political mobilization, however, increased the percentage of the budget spent for social improvements and decreased the percentage spent for economic improvements. A growing electorate shifted local expenditures from elite to mass services.[60]

An important question to consider is why change in political mobilization correlates positively with change in the percentage of the budget spent on social improvements, whereas mean political mobilization does not correlate positively with mean expenditures on social improvements. Growth in political mobilization is more strongly related to the size of the lower class than is mean political mobilization, and thus better measures literate lower-class voters' demands for social services. As in England, the middle classes in the Philippines were enfranchised before peasants and urban workers. The Philippine franchise grew slowly from the

collectors who help dispose of it. Since garbage expands with affluence, cities with larger middle and upper classes have more garbage than other cities.

[58]The simple correlation between mean level of political mobilization between 1949 and 1969 and class diversity is .50. Class diversity is computed as follows: class diversity = 1 − [percentage of working population estimated as being: (professional)^2 + (administrative)^2 + (in sales)^2 + (in farming)^2 + (in mining)^2 + (in transportation)^2 + (in crafts and factory operatives)^2 + (in service)^2 + (in stevedoring)^2] The estimates are from occupational statistics for urban populations in the provinces within which the chartered cities are located. See advanced reports for the Bureau of Census and Statistics, *Census of the Philippines, 1970, Population and Housing.* The formula for class diversity is adapted from Stanley Lieberson, "Measuring Population Diversity," *American Sociological Review,* 34 (December, 1969), 850–862.

[59]In his comparative study of two Philippine cities, Leichter found Bacolod City's mayoral incumbents (members of a cohesive socioeconomic, sugar-based oligarchy) particularly responsive to millers' and planters' needs for roads. Iloilo City, governed since 1955 by a political professional lacking land and business enterprises, did not show comparable sensitivity to demands for roads. The need to build up a political base through expansion of the city administration took precedence. Howard M. Leichter, *Political Regime and Public Policy: A Study of Two Philippine Cities* (Ph.D. dissertation, University of Wisconsin, 1973), pp. 214–220.

[60]This shift need not imply a redistribution of resources. Expanding public services may simply mean offering functional replacements for services formerly provided through traditional exchange with kin and patrons. Using cross-national data and three different measures of equality, Jackman finds no support for Lenski's argument that the extension of the suffrage in itself leads to greater equality. Robert W. Jackman, "Political Democracy and Social Equality: A Comparative Analysis," *American Sociological Review,* 39 (February, 1974), 29–45. In spite of growth in the percentage of Filipinos voting between 1956 and 1971, the proportion of income received by the bottom 49 per cent of the population has decreased. See Bureau of Census and Statistics, *Survey of Households, Family Income and Expenditures,* 1957 and 1971.

Table 6. Regression of Sociodemographic and Political Data against Changes in Percentage and Per Capita Expenditures, Philippine Chartered Cities, 1961–1969

Dependent Variable	Independent Variable	Simple R	Beta	R^2
Change in Per Cent Expenditures				
Economic improvements	City size and diversity	−.279	−.303	.25
	Changes in political mobilization	−.321	−.461*	
	Machine strength	.031	.012	
	Industrialization	−.115	.121	
	Size of lower class	.155	.222	
Social improvements	City size and diversity	.349	.328	.21
	Changes in political mobilization	.223	.308*	
	Machine strength	−.129	−.094	
	Industrialization	.270	.046	
	Size of lower class	−.106	−.015	
Administration	City size and diversity	−.249	−.210	.18
	Changes in political mobilization	.120	.196	
	Machine strength	.147	.086	
	Industrialization	−.320	−.249	
	Size of lower class	−.032	−.331	
Change in Per Capita Expenditures				
Economic improvements	City size and diversity	−.084	−.058	.13
	Changes in political mobilization	−.044	−.211	
	Machine strength	.235	.249	
	Industrialization	.065	.227	
	Size of lower class	.204	.231	
Social improvements	City size and diversity	.344	.479**	.44**
	Changes in political mobilization	.174	−.008	
	Machine strength	.072	.086	
	Industrialization	.419	.302*	
	Size of lower class	.260	.568**	
Administration	City size and diversity	−.022	.106	.22
	Changes in political mobilization	.292	.190	
	Machine strength	.405	.391*	
	Industrialization	−.002	.056	
	Size of lower class	.186	.024	
Total	City size and diversity	.274	.356*	.31*
	Changes in political mobilization	.083	−.079	
	Machine strength	.245	.334*	
	Industrialization	.324	.279	
	Size of lower class	.143	.314	

**$p \leq .05$ *$p \leq .10$

Sources: Socioeconomic and political data – see Table 4; budgetary data – see Table 1.

first election in 1907 through 1937, and during that period included less than 10 per cent of the population. The percentage of the population voting grew rapidly after women were enfranchised in 1938. By the 1950s the only major restrictions on voting were age and a rather lax literacy requirement.[61] Since literacy in recent years has grown most rapidly among the lower classes, these classes had the most rapid increase in political mobilization. The simple correlation between the growth in literacy in cities and growth in the percentage of the population registered to vote is .51. The size of the lower class correlates positively (r=.33) with growth in voting registration. Because the mean size of the voting population in cities more heavily "weights" the long-literate middle classes, it is not surprising that it correlates more strongly with mean percentage and per capita expenditures on social improvements.

The positive betas between change in per capita expenditures on social improvements and

[61] Carl H. Landé, *Leaders, Factions, and Parties: The Structure of Philippine Politics*, Yale University Southeast Asia Studies Monograph Series No. 6 (New Haven: Yale University, Southeast Asia Studies, 1965), pp. 28–30.

both (a) industrialization and (b) city size and diversity confirm the results using mean expenditures on social improvements as the dependent variable. But the strong positive relationships between the size of the lower class and change in per capita expenditures on social improvements does not confirm these results. Extensive national government expenditures on public primary education in less developed cities may have altered the demands of lower-class groups in such cities. As primary education became available to all, demands for secondary education rose. The more rapid growth in literacy between 1960 and 1970 among less developed cities (25.4 per cent) as compared with more developed cities (6.2 per cent) suggests that the national government has narrowed the literacy gap between these two types of cities. Nine-year means for per capita expenditures on social improvements are less likely to reflect this change in preferences than are measures of change.

A second possible contributor to the growth in per capita expenditures in cities with a large lower class is investment by indigenous and foreign elites in revenue-generating extractive industries and agribusiness. Agribusiness[62] correlates positively (r=.337) with changes in per capita expenditures on economic improvements and (r=.460) on administration, but less strongly (r=.282) with changes in per capita expenditures on social improvements. Political machines having close ties to owners and managers of giant agribusiness complexes that dominate the local economy were particularly receptive to business needs for public works such as roads. In such areas, the monopoly of corporations and landowners over employment and credit[63] kept laborers dependent and allowed political machines to build up the local political apparatus.

For changes in per capita expenditures, both agribusiness (r=.435) and machine strength (r=.245) measure forms of elite dominance over voters which supported the more rapid growth in expenditures on economic improvements and administration than on social improvements. For changes in the percentage of expenditures devoted to economic improvements, agribusiness has the strongest independent effect.[64] Growing total expenditures, made possible by rising revenues, in turn may strengthen political machines.

Employment in the Bureaucracy

As anticipated, the correlation between political mobilization and percentage of budget spent on salaries and wages is positive. Political mobilization, however, has no independent effect on the percentage of the budget spent on salaries and wages (Table 7), although it does have an independent and positive effect on the percentage of personnel expenditures spent on wages alone.[65] Politicians faced with a growing electorate need liquid resources to meet short-run demands for jobs. Rotating temporary wage labor on public works projects allowed politicians to spread jobs and expanded the percentage of personnel expenditures spent on wages alone.

The negative correlation between machine strength and percentage of budget spent on salaries and wages suggests that highly competitive elections made local politicians particularly eager to put their followers on the government payroll. As the size of the economically insecure electorate increased, the local boss was less able to keep rewards flowing at an acceptable rate. Local power centers proliferated and elections became more competitive, leading insecure politicians to employ even more allies and clients in the bureaucracy.

In other nations – i.e., those in which the socioeconomic elite is an administrative rather than a political elite, or those characterized by ideological mass parties – agencies faced by

[62]"Agribusiness" represents a factor score which indexes such measures as mean employment in mining and manufacturing, mean fixed assets in mining and manufacturing, and per capita assets in mining and manufacturing. The factor matrix and rationale for using these measures are discussed in Nowak and Snyder, Table 1, pp. 1155–1156.

[63]See, for example, Nanette Garcia-Dungo, *A Southern Industrial Complex* (Quezon City: Community Development Research Council, University of the Philippines, 1969), and Frank Lynch, *A Bittersweet Taste of Sugar* (Quezon City: Ateneo de Manila University Press, 1970). Unlike the situation in colonial Java where companies owned or leased acreage on which to raise sugar, Philippine sugar centrals contract for sugar produced by local landowners. Areas bordering on sugar centrals thus contain the local landowning elite, tenants, and migrant contract labor used by planters during harvest.

[64]Adding agribusiness to the regression equation summarized in the top part of Table 6 yields betas of .286, –.145, and –.113 between agribusiness and change in percentage expenditures on economic improvements, social improvements, and administration, respectively.

[65]Substituting "percentage of salaries and wages spent on wages alone" for the "percentage of budget spent on salaries and wages" as the independent variable in the stepwise regression equation summarized in Table 7 changes the beta between political mobilization and the independent variable from .053 to .304.

Table 7. Regression of Sociodemographic, Political, and Administrative Data Against Percentage of Budget Spent on Salaries and Wages, Philippine Chartered Cities, 1961–1969

Dependent Variable	Independent Variable	Simple R	Beta	Partial Correlations for Variables with F<1.5 not in the Equation[a]	R^2
Per cent budget spent on salaries and wages	Per cent budget spent on social improvements	.247	.506**		.62**
	City revenue class	−.011	.394*		
	Administrative noncompliance	.204	.356**		
	Per cent civil service employees permanent	.261	.232		
	Machine strength	−.406	−.336**		
	Industrialization	.236		.177	
	City size and diversity	.237		.072	
	Size of lower class	−.228		.042	
	Political mobilization	.187		.053	

[a]Variables insufficiently strong to enter the stepwise regression equation.
**$p \leq .05$ *$p \leq .10$

Sources: Sociodemographic and political data – see Table 4; budgetary data – see Table 1; civil service data–Civil Service Commission.

strong local politicians with a cohesive mass organizational base may be more responsive to pressures for public services and jobs. Communist Italian communities, when not under heavy pressure to win middle-class votes through policies of fiscal moderation, have higher per capita operating expenditures than do non-Communist communities because of the party's strongly interventionist ideology.[66] As mentioned previously, elite participation in Philippine electoral politics (unlike in many other ex-colonies) began before Filipinization of the bureaucracy, producing a very weak bureaucracy. Consequently, administrators could only resist political interference in the appointment of public employees by taking severe risks, such as the possibility of losing appropriations.

Predictably, local governments which were administratively noncompliant – i.e., governments that did not comply with R.A. 4477 limiting personnel expenditures in the General Fund – spent a greater percentage of their budget on salaries and wages (Table 7). Large, more diverse cities were less likely to be administratively noncompliant (r=.33) and had more permanent civil service personnel (r=.40) than did smaller, less diverse cities. Possibly, small, less diverse cities with poorly trained budget personnel that were not part of the permanent civil service were particularly susceptible to pressures expanding personnel expenditures; or, local politicians in such cities had sufficient power to defy the law.

The percentage of the budget spent on social improvements, the city revenue class, and the percentage of civil service employees who are permanent all affect personnel expenditures in the anticipated manner (Table 7). The bulk of expenditures for social improvements was for education, and largely for teachers' salaries. Cities with a high percentage of permanent civil service employees had a high percentage of their budget committed to salaries and wages.

The aforementioned results help explain why larger and more industrialized Philippine cities with larger revenues actually spent a greater percentage of their budgets on salaries and wages than did other cities, in spite of Department of Finance guidelines to the contrary. The percentage of the budget spent on salaries and wages correlates weakly but positively with both industrialization and city size and diversity (Table 7). Large, economically diverse cities had weaker machines (r=−.34), spent more on social improvements (r=.71), and employed a higher percentage of civil service employees who were permanent (r=.40) than did other cities. Additionally, large cities channeled more of their expenditures through spe-

[66]Pietro Giarda, "Un'analisi statistica sui determinanti delle spese degli enti locali," in *Studi sulla finanza locale*, ed. Cesare Cosciani (Milan: Giuffrè, 1967), cited in Robert C. Fried, "Communism, Urban Budgets and the Two Italies: A Case Study in Comparative Urban Government," *Journal of Politics*, 33 (November, 1971), 1047.

cial funds which were exempt from ceilings on salaries and wages. Efforts to keep down personnel expenditures in large, diverse cities were undercut by special funds, high expenditures on education, weak machines, and rather lax enforcement of the regulation setting ceilings on salaries and wages.

Conclusion

As part of a patronage system with competitive elections, the Philippine local administrative and budgetary process prior to martial law was vulnerable to political exigencies. My data indicates that the Philippine political system was at least minimally responsive to certain needs of the masses – as indicated by the stability of expenditures for social improvements over time, the positive correlations between growth in expenditures for social improvements and political mobilization, and the negative correlations between expenditures for social improvements and machine strength.

The conflict between political access and order was apparent in the Philippines long before martial law. Tensions between technocrats and politicians, and differing governing styles among local politicians, reflected this conflict. Mayors who were educated in the United States or were heavily exposed to American administrative ideology (many of whom came from regional or national dynasties) frequently approached government with a zeal for efficiency and decried excessive political pressures.[67] Such mayors could often afford to push for greater planning since they tended to be stronger politically than *nouveaux riches* politicians with a weaker economic power base.[68] Often mildly reformist in their approach to local governance, local politicians from family dynasties emphasized efficiency in administration – which often served primarily middle- and upper-class interests. Insulating the administration was part of a governing style designed to deflate and limit lower-class demands.

At the local level, the exigencies of politics in more factionalized cities often hampered meaningful program planning. Still, local spoils did help lubricate a patronage system somewhat sensitive to local lower-class needs, particularly for voters who supported winning political candidates. Frequent turnover among local politicians and the fluidity of factions assured sporadic distribution of patronage to clients linked to different factions.

The growing influence of technocrats in the Marcos administration undoubtedly helped establish an antipolitical climate. The Marcos administration, using a plebiscite to legitimize the regime, officially closed Congress four months after the declaration of martial law. One of the regime's major rationalizations for continuing martial law presently is the excess of politics under the entrenched oligarchy in Congress, since the nationalist movement has largely been suppressed.[69]

Even prior to martial law, Marcos had made vigorous efforts to centralize and consolidate power. Averch, Koehler and Denton indicate that the Central Bank's cyclical pattern of expanding credit before elections and contracting credit after elections was modified in the late 1960s as the Marcos administration continued to increase expenditures rapidly in off-years.[70] Sustained deficit spending and a "judicious use of direct payoffs to barrio councils instead of relying upon the more traditional *lider* network"[71] assured Marcos's re-election in 1969 but also had its costs: devaluation in 1970, mounting inflation, rising urban and rural unrest, and a growing external debt. An atmosphere conducive to authoritarian rule was further encouraged by massive flooding in July, 1972, declining agricultural output, a growing trade deficit, rising unemployment, a fall in real wages,[72] and growing threats of American

[67] In my open-ended interviews with 22 city mayors between 1969 and 1971, mayors from powerful families with extensive agribusiness and corporate interests seemed more development- and efficiency-oriented than did the upwardly mobile, political professionals. Many "patricians" were widely read, and were more willing to make use of technocrats as consultants for reform in city government or for planning integrated infrastructure projects.

[68] In his study of public policy in Bacolod and Iloilo cities, Leichter concludes that the "oligarchs of Bacolod, whose political support is based upon their economic dominance, have not found it necessary to politicize the bureaucracy in order to maintain their position and power." The middle-class politicians of Iloilo City, often mistrustful of the socioeconomic elite which dominated local politics before 1955, managed budgets in a far less programmatic manner, politicized their police department to a greater extent, and spent a smaller portion of their budget on infrastructure than their Bacolod counterparts. Leichter, Tables 5–1 and 6–4, pp. 158, 209, 217, quotation at p. 224.

[69] Sidney H. Schanberg, "Marcos Says He Must Keep Martial Law," *New York Times*, June 17, 1974, p. 7.

[70] Averch, Denton and Koehler, pp. 102–109.

[71] Jean Grossholtz, "Philippines 1973: Whither Marcos?" *Asian Survey*, 14 (January, 1974), 111.

[72] The Hongkong and Shanghai Banking Corpora-

disinvestment in the face of greater nationalism. Increasingly, these problems were attributed to the excesses of politics. As Stauffer argues: "Any reading of the Philippine media and of the pronouncements of key Filipino administrators during this period attests to the reliability of this shift, as do statements by President Marcos himself. They had come to view the political process as inhibiting development: the solution increasingly proffered was a turn to authoritarianism and technocratic rule.[73]

At the local level, martial law curtailed the power of local officials. They lost some control over their police force to the local Philippine Constabulary detachment. Furthermore, in 1974 the central government took over certain revenues and capital equipment (e.g., for building roads) from local governments[74] and, with cause, could remove local officials. Through controlled referenda beginning in 1973, the regime repeatedly asked voters whether they would like to have local officials elected. A heavy "no" vote helped the regime discredit the legitimacy of local officials elected prior to martial law. Additionally, the regime established a Department of Local Government and Community Development "to police the local ranks and purge undesirables and 'backsliders', to use a New Society Term."[75]

Insulated from electoral and political pressures, the local and national bureaucracy will now undoubtedly serve as a more efficient arm of the executive. Who will benefit from this efficiency is less clear. The heavy emphasis of the new regime on foreign investment and labor discipline, and its reluctance to certify middle-class landholdings and estate agriculture for land reform[76] suggests a posture particularly sensitive to the middle and upper classes.

Furthermore, there is considerable question whether the high-growth high-investment strategy of the new regime will in fact rectify a pattern of economic and social dualism set down during the colonial era. In the absence of economic dynamism outside the "modern" sector, it is unlikely that the "trickle-down" effects of aggregate growth will offset growing maldistribution, particularly without conditions which press or predispose the regime – either through elections or through an "equity emphasizing Third World socialism"[77] – to favor distribution over growth.

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tion, "The Chairman's International Survey for the Year 1972," *Far Eastern Economic Review*, April 30, 1973, pp. 37–38.

[73]Stauffer, "Philippine Martial Law," p. 8, footnote omitted.

[74]"Martial Law Situation in the Provinces," *Pahayag*, September, 1974, p. 13.

[75]M. C. Castro, "All Local Officials Resign," *Pahayag* March, 1975, p. 1.

[76]See Benedict J. Kerkvliet, "Land Reform in the Philippines since the Marcos Coup" (paper presented at the annual meeting of the Association for Asian Studies, Boston, Massachusetts, April 1–3, 1974).

[77]The quotation is from Robert L. Ayres, "Development Policy and the Possibility of a 'Livable' Future for Latin America," *American Political Science Review*, 69 (June, 1975), 507–525, at p. 524. In criticizing assumptions underlying "conventional" development policy applied to Latin America, Ayres questions whether such policy is anything more than a blueprint for unbalanced, nonintegrated growth. His analysis, we feel, is equally applicable to the Philippines. Ayres does not prescribe "an equity-emphasizing Third World socialism," but suggests that it may be compatible with policy emphasizing distribution over growth.