# Silent Politics

## How local chambers of commerce in the Philippines fail to foster democratisation

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*Abstract: Philippine democratic consolidation stagnates despite a vibrant civil society. A comparative exploration of three local chambers of commerce in the Visayas and Mindanao reveals that, contrary to established typologies, it is the decidedly non-confrontational stance towards government that keeps the chambers as civil society actors from contributing to democratic consolidation. Further, it becomes apparent that working within the existing clientelistic political structures is the most efficient strategy for interest groups to achieve political goals, while publicly confrontational strategies, which may be most conducive to democratic consolidation, can result in heavy political and economic costs.*

*Keywords: Philippines, civil society, interest intermediation, democratisation, clientelism*

*[Submitted as Scientific Paper: 09 March 2015, Acceptance of the revised manuscript: 14 July 2015]*

"Democracy in the Philippines is a paradox" (Dressel, 2011). On one hand, the country possesses a complete set of formal institutions, its citizens are enthusiastic about politics, voter turnout is correspondingly high, and civil society is vibrant. On the other, the political system displays weak implementation capacities, a tendency towards elite capture, and entrenched informal political arrangements. However, conventional wisdom in political science invariably holds a strong civil society to facilitate democratisation (Mercer, 2002). Nonetheless, the Philippines' democratisation stalls at a clientelistic "halfway house" democracy (Case, 1996) despite a "strong and vibrant" civil society (Quimpo, 2005).




Source: Thomas Moritz

**Figure 1: Lively business at Blumentritt Market in Manila**

One of civil society's major functions in democratic consolidation is the institutionalisation of informal politics, specifically intermediation of interest, in a democratic way. However, Philippine civil society has so far failed to fulfil this role: "Specifically, one of the most important questions for research on Philippine politics and for the broader literature on civil society and democratization more generally is whether new actors in civil society can effectively challenge traditional actors in political society in ways that lead to democracy's consolidation" (Eaton, 2003).

The objective of this paper is to shed light on the alleged failure of Philippine civil society to catalyse democratic consolidation. To this end, I first contextualise my research with a brief exposition of the economic and political elites and civil society in the Philippines. Secondly, I present a theoretical framework of the role of civil society in democratisation. This is then applied to three case studies of the political behaviour of local chambers of commerce and industry as examples of Philippine civil society. Thus, I attempt to answer my overarching research question: How does civil society contribute to the Philippines' democratic consolidation?

## Context: Elites, democracy, and civil society in the Philippines

The Philippine democratic system is typically described as "deeply flawed" (Putzel, 1999) as it is an instrument dominated by elites. The Philippine elite consists of extended families that control "large, diversified, family-based conglomerates" (Kang, 2002) and constitute an additional layer of politics, whose patterns of loyalty, patronage relations and shifting alliances interweave formal politics as well as civil society. This "national oligarchy" had already emerged under American colonial rule in the early 20th century, and has successfully co-evolved with the development of democratic governance in the Philippines over the last hundred years (Hutchcroft, 2000).

Due to their economic prowess, this elite wields impressive political influence (Pacific Strategies & Assessments, 2013). At the municipal and provincial level, political offices are typically manned by members or affiliates of local important families (Yilmaz, 2013). From campaign donations to the far-reaching political connections of the extended family networks, support from one of the competing camps of the 'oligarchy' is almost indispensable for Philippine politicians. In the Philippine Congress, more than 60 percent of the representatives have relatives within congress or lower levels of government across up to three generations (Mendoza, Beja, Venida, & Yap, 2011). In this regard, the Philippines' democracy is actually a vehicle for dominance of the elite class, as political dynasties compete for power within the formal institutions (Hedman, 2010). However, in comparison to other Southeast Asian nations, the Philippines' dynasties are too numerous and fragmented to capture the state in a structured way (with the exception of the Marcos years). They rather keep each other in check within the existing political system (Kang, 2002). This stabilises the existing system, but also prevents further democratisation (Putzel, 1999).

Over their long history of democratic governance, the Philippines has developed a full landscape of relatively functional democratic institutions and a free society with deeply held democratic convictions (Dressel, 2011). However, as a result of a weak party system, "democratic institutions remain a stronghold and guarantee of oligarchic dominance" (Croissant, 2004). Hopes to break open patronage-based informal institutions in Philippine politics have typically been pinned to civil society, which is among the strongest and most diverse in the region and has enjoyed considerable respect since its crucial role in the People Power Revolution of 1986 (Abella & Dimalanta, 2003; Rodan & Hughes, 2012). Accordingly, the new constitution assigns a strong role to civil society e.g., by requiring its representation in local special bodies like the Local Development Councils (Capuno, 2005). However, after toppling Marcos in 1986, civil society has 'normalised' and intensified its relations with government to access funding and pursue particular interests. Beyond political neutrality, Clarke as well as Loewen argue that most civil society organisations have now embraced clientelistic strategies to the detriment of democratic principles (Clarke, 2012; Loewen, 2005).

In conclusion, the Philippines' formal democratic system is super-imposed on traditional, informal institutions dominated by elites. The historical perseverance of these informal systems of interest intermediation within and outside formal democratic institutions is the main obstacle to deepening democracy. As the key role in democratising these informal institutions falls to civil society, an analysis of the Philippines' stagnating democratic consolidation has to address the question as to why civil society largely fails to live up to this task.

## Theoretical framework: Ambivalent civil society in democratisation

Merkel distinguishes four major functions of how civil society contributes to democratisation (Merkel, 2004):

The *Tocquevillian function* refers to the idea of democratically organised associations as 'schools of democracy' where democratic practices are learned and new politicians emerge. This function highlights the importance of the internal politics of civil society organisations.

The *Lockean function* centres on the idea of civil society as a watchdog that holds government accountable e.g., by following up political promises as well as gathering and publicising information about state activities.

The *Montesquieuian function* focuses on civil society as a balancing intermediary between the state and its citizens. On the one hand, civil society limits the reach of state authority through self-government of certain spheres of society. On the other, it also mediates the rule of law towards the citizens and thus stabilises state authority.

The *Habermasian function* takes up the notion of a pre-parliamentary public sphere where political questions are discussed. Here, civil society organisations first aggregate and articulate group interests and then possibly negotiate balances of interest.

However, civil society can also have a 'dark side', reinforcing non-democratic norms through its external and internal politics. Following this idea, Lauth proposes four ideal types of civil society (Lauth, 1999): *Strategic civil society* which holds few democratic values but represents its interests

strategically. This is especially prevalent during the liberalisation phase of democratisation i.e., the initial breakdown of autocracy. During the institutionalisation phase of a new democracy, there is often the type of *constructive civil society* that may lack internal democracy and representativeness, but plays a constructive part in stabilising society by integrating social conflicts and establishing democratic processes, especially by serving as an intermediary. In the final stage of democratisation i.e., democratic consolidation, civil society can manifest itself in two different ways. As a *reflexive civil society*, it is fully aware of its role in democratisation and democratic governance and heeds those principles in its internal and external politics, thus contributing positively to democratic consolidation. Alternatively, as *ambivalent civil society*, it is neither in its internal nor external politics democratically inclined, and takes a purely obstructive stance towards government, effectively preventing the establishment of democratic informal systems of interest intermediation.

| Indicators | Strategic CS | Constructive CS | Ambivalent CS | Reflexive CS |
|---|---|---|---|---|
| *Phase* | *Liberalisation* | *Institutionalisation of democracy* | *Democratic consolidation* | *Democratic consolidation* |
| **No conflictive structure of civil society** | yes | yes | no | unclear |
| **Organisations span social cleavages** | yes | yes | no | yes |
| **No pronounced hierarchies** | no | unclear | no | yes |
| **Importance of civic virtues** | no | unclear | no | yes |
| **Low relevance of particular interests** | yes | yes | no | yes |
| **Internal democratic structure important** | no | unclear | no | yes |
| **Social representativeness apparent** | yes | unclear | no | yes |
| **Delivers government services** | no | no | unclear | yes |
| **Recruits political personnel** | no | yes | no | yes |
| **Involved in shaping the political order** | no | yes | no | yes |
| **Holds government accountable** | yes | yes | unclear | yes |

**Figure 2: Lauth's ideal types of civil society and their indicators (own translation and adaptation based on Lauth, 1999: 117) - CS = civil society**

## Research design

The study followed an exploratory multiple-case design. Data was collected and triangulated predominantly through semi-structured interviews with trustees, elected officers, and the administrative staff of the chambers of commerce, ordinary chamber members, non-member local businesspeople, and local representatives of the political-administrative system who are regular counterparts to chamber advocacy.

Cases were selected from an initial population of all chambers in the Philippines' Visayas and Caraga region, where access could be facilitated by the Philippine German Chamber Cooperation Program. To ensure comparability and representativeness of my case studies, I homogenised my sample according to the following criteria: a membership base of around one hundred members, a secretariat with no more than five staff, political activity, current or former beneficiary of international capacity building programmes, and roughly similar socioeconomic environments. Based on initial expert interviews, I selected three chambers for phenomenal variation in strategic political behaviour.

Through the case studies, I explored and compared the chambers' internal decision-making processes, their preferred advocacy strategies, and their rationale for choosing specific political strategies. As the case studies touch upon sensitive political issues, they are anonymised.

## Case studies: Chambers of commerce in the Philippines

The chambers of commerce and industry in the Philippines are private voluntary organisations of varying size and professionalism. They provide services such as training, trade fairs, business conferences, trade missions, shared-service facilities, business matching, financing, and political advocacy. The Philippine Chamber of Commerce and Industry (PCCI) is a national apex organisation, but the chamber of commerce landscape is fragmented. Often, several overlapping chambers coexist and business-sector associations may or may not be associational members of the chamber. However, as a result of PCCI guidelines, all chambers have formal democratic procedures. The general assembly elects a board of trustees (usually consisting of approximately 12 members) and a chamber president for terms of generally one to three years. Additionally, many chambers form internal committees for specific sectors or issues to engage more members in their work.

Chambers are especially instructive on the role of civil society in shaping the Philippine system of interest intermediation. On the one hand, the local government reform of 1991 grants them preferred (sometimes even mandatory) access to government and, as the voice of business, the chambers hold political bargaining power. On the other hand, chamber officials typically have personal ties with local politicians and high-ranking civil servants, allowing for clientelistic strategies to pursue the chambers' interests. The chambers' choices of advocacy strategies thus contribute to shaping informal systems of interest intermediation in a more or less democratic way.

## Chamber I: Carefully collaborating with government

After a traumatic experience with less than transparent leadership that almost led to the chamber's bankruptcy, Chamber I has embraced democratic principles and is trying to move towards more inclusive internal processes. This break with its previously president-centred decision-making process is only slowly taking hold among the membership and chamber officers as many structural changes e.g., activating the largely dysfunctional chamber committees, are still pending. While there seems to




Source: Jens Marquardt

**Figure 3: Plaza Miranda in front of Quiapo Church in Manila**

be a bias towards electing individuals from well-known families, there are also rather vocal 'outsiders' on the board. In this respect, the Chamber I is beginning to function in keeping with the Tocquevillian school of democracy.

Chamber I is represented in different local special bodies and, after an electoral change in local government, has a good working relationship with the city government. Despite its rather weak representativeness, the chamber is consulted on all business-related decisions by city government and has assumed an active role in investment promotion. In this Montesquieuian sense of participatory government, Chamber I has begun to bring policy fields under the self-government of the private sector. By mostly staying within the formal political processes of local special bodies, consultations and open resolutions, the chamber also strengthens these institutions. Nonetheless, personal contacts and family affiliations are seen as the most efficient way to speed up and ensure a favourable outcome to these formal processes, therefore reproducing patterns typical of the Philippines' democracy, which is dominated by the elite.

The chamber shies away from public confrontations with politicians to avoid possible retribution e.g., denied business or building permits, or possibly souring relations and losing influence. However, as a consequence, Chamber I loses its capacity to hold government accountable to the public and bring its viewpoints into the public sphere, therefore largely failing its Lockean and Habermasian function.

## Chamber II: Embracing government

In expert interviews, Chamber II is presented as a very 'traditional' chamber with rather transparent internal processes and close relations with the local government based on strong informal ties. In effect, Chamber II acts as an apex organisation for business associations in the province, which significantly increases the chamber's representativeness and its legitimacy as the voice of business, but also entails a strong concentration of power in the president. With this focus on inter-associational negotiations, the chamber only partly fulfils its Tocquevillian function as a school of democracy. While interest aggregation among business associations certainly has its democratic value, democratic decision-making within the chamber appears only to be a low-level priority. This is aggravated by a pronounced internal hierarchy with a strong focus on the chamber president who monopolises all external relations.

Chamber II's extreme inside strategy, which stretches from its non-adversarial stance towards the city government to grooming personal relations with senior officials and even running on the ruling party's ticket, is chosen not only because it seems the most efficient, but also because of the danger of retribution from politicians. Rather than restricting the reach of government in a Montesquieuian sense, the chamber seems to aim for greater integration with the government apparatus. While this maximises the chamber's influence on the government, the Lockean function of holding government accountable and the Habermasian function of creating a public sphere of political discourse cannot be fulfilled.

In conclusion, the chamber's role in democratisation appears highly ambivalent. Its internal as well as external politics reflect a strong orientation towards personalistic strategies, reproducing typical patterns of Philippine hybrid democracy. While the




Source: Jens Marquardt

**Figure 4: Pedestrian overpass in Iloilo City on the island of Panay**

chamber's non-conflictive inside strategy seems to be the rational approach to protect and promote the interests of business, it renders the chamber a part of the ruling establishment that cannot act as a controlling influence on the development of democracy.

## Chamber III: Antagonising government

Chamber III is well known in the regional chamber scene for its long-standing conflict with local government. Internally a professional organisation, the chamber is extremely vocal in its external politics to the degree that any hope of collaboration with the city government is out of the question at the moment.

Although Chamber III is run professionally with decentralised hierarchies, and has several feedback mechanisms between board and general membership, it remains doubtful whether it acts as a Tocquevillian school of democracy. The board is dominated by a core "junta" of relatives and friends that rather seem to reproduce patterns of elite dominance than democratic and inclusive decision-making.

The confrontational relationship with local government, firmly rooted in local family politics, prevents the chamber from acting as a constructive intermediary between government and the business community in the Montesquieuian sense. It can neither successfully present proposals to the government nor is it able to take over sectoral self-government responsibilities, as both require collaboration. However, as obstructing government policies and being very vocal in the media are the only strategic choices left to the chamber, it scores well in the Lockean and Habermasian functions of civil society.

## Results of the cross-case analysis

When comparing the cases, common strategic rationales and environmental factors can be identified.

*Evolving internal democracy*: The case studies show different stages of internal democracy. Chamber II relies on a traditional president-centred system of decision-making. Chamber III has more devolved hierarchies and feedback mechanisms, but is effectively controlled by a small group. Chamber I tries to move from a president-centered system to more inclusive decision-making processes. Nonetheless, in all three cases, the chamber seems to work successfully in the common interest of its members and even the business community at large, dissipating doubts about them being mere vehicles for the particular interests of specific companies and groups.

*Weak representativeness*: All three chambers have weak representativeness based on membership numbers, enfranchising only about 2 percent of registered businesses, and associational membership of business sector associations is still vague. As a result, chambers have to rely on the local government's goodwill to be acknowledged as legitimate political actors. For example, Chamber III is easily denied access by local government by highlighting its low representativeness.

*Vertical orientation towards government*: None of the chambers sustain strong horizontal links with civil society actors outside the business community. Rather, the chambers focus on vertical links with government, typical for clientelistic systems and a logical result of the dominance of inside strategies towards city government over pressure-based external strategies (Brinkerhoff & Goldsmith, 2002).

*Informal institutions and elite politics*: All three chambers reinforce existing

patterns of informal interest intermediation. Chambers I and II use family ties and informal inter-elite contacts as a cost-effective means to further the political agenda. On the other hand, Chamber III is politically incapacitated because of family politics. Therefore, working the framework of elite politics to their advantage seems a more rational strategy for chambers to achieve policy results than trying to disrupt elite politics.

*"Silent politics" and collaboration with government*: In all case studies, the danger of retribution from city government as a result of open confrontation was stressed. Chamber III is not only denied collaboration with government, but the businesses of chamber officials have been actively harassed. Hence, "silent politics" – avoiding public criticism and resolving disagreements privately – is the preferred strategy. While efficient in producing policy results and securing long-term access to political decision-makers, silent politics prevent the development of a public sphere in the Habermasian sense. Accordingly, the incentive is to work as closely with government as possible, maximising an inside strategy for advocacy as is apparent from Chamber II.

## Conclusion

The original puzzle of this thesis is the Philippines' stagnating democratic consolidation despite a vibrant civil society, which fundamentally contradicts the established axiom of democracy-facilitating civil society. From the analysis of the chambers' internal and external politics, the reasons for this failure have become quite apparent: while the degrees of internal democracy – and thus the capacity to act as Tocquevillian schools of democracy – seem to vary individually from chamber to chamber, a clear pattern has emerged for the chambers' external politics. As the chambers understandably shy away from vocal outside strategies and prefer non-confrontational, 'silent' inside strategies, the chambers not only fail to fulfil the Lockean and Habermasian functions of civil society but also reproduce the established pattern of personalistic and clientelistic informal politics.

Thus, my findings back Loewen's and Clarke's suggestion that Philippine civil society has embraced the established political system and is, therefore, unfit to change it. In this regard, the institutionalisation of civil society participation in local government through the 1991 local government code may actually have been detrimental to furthering democratic consolidation.

As a theoretical implication, it has become apparent that it is not just an overly confrontational civil society that can have ambivalent effects on democratisation, as suggested by Lauth. Rather, the case of the Philippines suggests that an overly collaborative civil society can lose its democratising edge, as well.

In conclusion, the case of Philippine local chambers of commerce clearly illustrates that civil society does not axiomatically facilitate democracy. Especially in clientelistic systems similar to the Philippines, strategic rationales based on the logic of influence rather than civic virtues can lead civil society to become part of 'undemocratic' informal systems of interest intermediation rather than breaking them up.

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The presented research project was facilitated by two stays with AFOS Foundation of Cebu City in 2010 and 2012, funded by ASA Program and the German Academic Exchange Service.