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How To Help The Philippine Bureaucracy

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In East Asia, a region where the bureaucracy is generally given high marks for its professionalism, the Philippines falls short. Rather than being free to referee among competing interests, the Philippine bureaucracy is hampered by a system riddled with political patronage.

There are steps that can be taken to reform the system. Unfortunately, the attempts so far to effect change have foundered. Secretary Salvador Enriquez, appointed by President Fidel Ramos to reform the civil service, has already voiced fears that his call for dramatic streamlining will go unheeded because the Philippine Congress wants to be included in the reform process. Leaders of both the Senate and the House have said the civil service reorganization is unlikely to receive attention this year because elected officials prefer to concentrate on the economy.

But the fundamentals of an independent, merit-driven civil service have long ago been established in the Philippine constitution: Government does not have to be reinvented, already existing laws only need to be obeyed. Previous Philippine presidents have all proposed radical transformations of the bureaucracy while ignoring management basics. The political origins of bureaucratic failure, moreover, have been diagnosed by many of the country's specialists in public administration. Although the Philippines boasts one of the most rapid and comprehensive examination systems in the region, recruitment of unqualified personnel through the back door persists.

Patronage politics motivates this erosion of civil service standards, which begins with the opportunistic utilization of project budgets. Bureau directors are lured into offering appointments to proteges of congressmen in exchange for appropriations from the legislature.

The existence of discretionary senatorial budgets for local procurement exacerbates the problem. Funds used for politically visible investments—bus shelters rather than roads—call for administrators who devote their attention to the political credit that accrues to their patron. This means that project managers are chosen because of their political loyalty, and these same deal makers typically make it to the top of the agency. Given this practice, it is ironic when elected officials turn around and complain that the appointees lack technical skills and cannot be counted on to address national problems. How could it be otherwise when loyalty rather than technical ability dictates appointments and the use of funds? When goals are patronage-based rather than technocratic, the vetting process for career executives is ultimately political.

Politicization translates into a reluctance by front-line bureaucrats to make decisions based on their professional judgment. Who can blame them? They have to be more concerned with pleasing political masters than nurturing analytical or technical skills.

Another consequence of a weak bureaucracy is compromised regulators. Nominally independent regulatory boards, with poorly trained personnel, must do what the executive bids. Agency heads who lack fixed tenure are unlikely to protest opportunistic regulations when faced with unilateral dismissal at the president's pleasure. On the expenditure side, independence is further constrained by congressional control of agency budgets, ensuring limited funds for salaries and expenditures. Inadequate equipment, staff and other resources results. A preference among legislators for general regulations, often designed to restrict entry, invites discretionary intervention usually at the executive initiative and leaves the door open to capricious decision making.

Civil service competence and integrity is an important source of contract enforcement capacity in any economy. Consider the Philippine's high performing neighbors. When firms in East Asia find it difficult to defend their interests through the legal system, they turn to a credible economic bureaucracy to act as a referee.

When neither the judiciary nor the bureaucracy offers a reliable check to the arbitrary exercise of political authority, the rights of investors will depend on informal ties and personal relationships with politicians. This invites corruption. Restricting investments to those who are politically protected constrains competition among firms. To protect against weak contract enforcement, industry will charge a risk premium that reduces the social benefits of private enterprise. Companies will demand special privileges, or they will want to recover costs before assets are fully depreciated. In other words, they will expect monopoly power. Consumers will not enjoy the full benefits of economic competition—more products and lower prices.

Fortunately the solution to these problems can be found within the framework of existing legislation and can be carried out within the letter of the constitution. There are three general areas in which steps can be taken:

1) Improve accountability by eliminating senatorial slush funds. Develop a senior management team and an independent implementation unit that reports directly to the president on the performance of projects and that can pull the plug on funding when dubious practices are detected. Then someone is accountable for questionable outcomes. Critical is a forum for the private sector to consult with government agencies to solve problems, cut red tape, and identify bottlenecks and inefficiencies in the provision of government services. Consultation can establish clear criteria by which the private-sector customers can evaluate bureaucratic performance. Independent regulatory agencies with competent staff, adequate resources and enforcement capability will inspire investor confidence.

2) Protect the integrity of the system of promotion and recruitment within the civil service from political opportunism. This can be done without any new legislation. According to the existing rules all appointees must meet standards set by the civil service commission and those who do not have the requisite qualifications need not be retained.