



24 EXPATRIATE GLOBAL INVESTMENT AND SQUATTER DISPLACEMENT IN MANILA

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Introduction

This paper is divided into two sections. In that way it mirrors its subject—the rich and poor of Manila.¹ The abject poverty in Manila is akin to the ghettos of our planet's poorest nations. Concomitantly, the extravagance in Manila rivals any exclusive area in the world. The chasm between Manila's slum dwellers and the opulent continues to grow. Business pundits have recently suggested, however, that the poor in Manila are gaining opportunities to become part of the "growing middle class" through home ownership.² This paper seeks to examine such assertions. Manila's historic roots, growth and the plight of its poor make up the first section of this study. The second half of the paper explores the supposed new privilege of home ownership for the poor in Manila.

Manila in Context

Prior to Spain's arrival, Manila was a small seaport town whose origins date to a twelfth century settlement at the mouth of the Pasig River.³ Spain captured "Maynila" in 1570 and the European colonizers quickly arrested the spread of Islam on the main island of Luzon. Under Spain, Manila became the locus of political power as the highest Spanish official in the Philippines, the governor general, made Manila his headquarters. Manila's population grew from 2,000 to 34,000 during the first three decades of Spanish occupation. Economically, Manila became the focus of international interest due to the annual Manila/Acapulco trek of the Manila galleons.⁴ Chinese-made goods and lucrative opportunities via the Manila galleon trade increased Chinese immigration to Manila. Moreover, ethnically segregated sections in Manila began to emerge.⁵

By the end of Spain's tenure as the Philippines' colonial mother (1898), there were approximately 150,000 residents in Manila. Its population had outgrown the walls of "Manila Proper."⁶ Neighborhoods, sharply defined by economic status, developed outside the walled city. The first modern census of the Philippines, 1903, indicated that the National Capital Region's population had grown to 329,000. One-third of this number lived outside Manila proper.

Under the imperial policies of Spain and then the United States, Manila's economic potential was never realized.⁷ The United States, in particular, sought to integrate the Philippines' economy with their own. The U.S. used Manila and its specialized products to bolster America's economy. To that end, a broader economic base was not developed in Manila. However, following World War II and Philippine

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independence in 1947, there was a new emphasis in Manila on import substitution rather than export promotion. Consequently, "The main beneficiary of the import-substitution policies was the capital region, whose comparative advantage was increasingly strengthened, largely by means of various monetary and fiscal measures—e.g., exchange and import controls, tax incentives for 'new and necessary industries', and tariff restrictions."⁸

Throughout the twentieth century Manila's population has steadily increased. From 1903–1939 Manila's population grew approximately 3% annually and during World War II it grew at an annual 5% rate. Between 1948–1960 Manila experienced a juxtaposition of growth, i.e., Manila proper grew at a 1.2% rate while Quezon City and Pasay City increased 9% annually during the same period. Dramatic growth took place throughout the capital region between 1960–1970, reaching close to four million by 1970. In 1975 the National Capital Region became designated as Metro Manila. This area encompasses four cities (Manila, Caloocan, Pasay, Quezon) and 13 municipalities (Las Piñas, Makati, Malabon, Mandaluyong, Marikina, Muntinlupa, Navotas, Parañaque, Pasig, Pateros, San Juan, Taguig and Valenzuela). Today this area has a population of over nine million or 15% of the nation's population (40% of the nation's urban population) while its land area of 536 square kilometers makes up about 0.5% of the total land area in the Philippines.

Two detriments in Manila's escalated growth are the increased poverty and the city's environmental crisis. Urban poverty in Manila, like most crises, evolved rather than emerged suddenly. Squatters are part of this story. Following World War II squatters came to Manila and settled in the Tondo Foreshoreland area.⁹ The right to live in Tondo was granted in 1956 by Government Act 1597. The Act also provided for affordable housing and the selling of land at five pesos per square meter. But this was a public relations ploy before national elections and it was never implemented. The government also set up the People's Homesite and Housing Corporation (PHHC) in 1947 to try and provide affordable housing for the poorer urban population in Manila. However, by 1969 only 12,000 sites were available for relocated squatter families. The program never worked. As early as 1956 a report on the program identified what the problem was: "...public housing should serve families who cannot afford decent dwellings, and therefore should charge lower rents than private housing. Unfortunately, however, public housing in the Philippines...is financed and treated like private housing and consequently must operate like one."¹⁰ The squatter families could not afford these sites and so they were sold to investors.

The trickle of squatters filing into Manila grew to a steady stream of rural poor looking for relief in the urban setting.¹¹ There were various laws implemented to try and stem the tide of rural migration into Manila. In 1963, the mayor of Manila declared a new policy wherein public education within Manila would only be provided to children whose parents could claim residence. Parents would have to provide documents including a residence certificate, tax receipt, and

affidavits proving they were legally housed in Manila. This ambitious policy was ineffective due to evasion and document forgery.¹²

By the 1970s, when urban poverty in the region could no longer be ignored, new solutions were proposed to alleviate the growing problem. Unfortunately, the resolutions only exacerbated the existing difficult situation. The fundamental problem with proposed solutions was a misunderstanding of urban poverty. Government programs were developed on the assumption that urban poverty was caused by rapid urbanization and modernization. In reality, people left rural provinces because they lacked economic opportunity in that setting. The inability of government policies to deal with rural poverty drove millions to Manila.

Other solutions ignored the historical context of the squatter's presence in Manila. This is expressed in a United Nations' report on population growth in Manila:

With respect to the implementation of sectoral projects in Metro Manila, there has been a tendency to adapt short-term "quick fix" projects (Henward, 1985). Projects have sometimes been implemented merely to improve visual aesthetics of the city or to reduce the possibility of social and political unrest. In a sector such as housing, public resources have been concentrated on relatively few demonstration projects, which are not part of any long-term shelter improvement programme and which are too expensive for most of the squatter population. There has also been a major conflict between the Government's investment priorities and the basic needs of the majority of Metro Manila's residents.¹³

Draconian measures were at times introduced to squash the visibility of poverty in Manila. During 1974 Imelda Marcos decided to clear out approximately 100,000 squatters so the Miss Universe Pageant would focus on the beauty of the Philippines rather than the poverty in Manila. The next year similar actions against squatters led to the formation of the "Alliance of the Urban Poor of Manila and Suburbs against Demolition."

This adversity only strengthened the solidarity among the poor in Manila. In June 1982 the governor of Manila, Imelda Marcos, gave the squatters one month to leave Manila. Immediately following this proclamation more than a half dozen Manila squatter organizations created ALMA, the Alliance of the Poor Against Demolition.

Squatter proliferation in Manila continues to be evident as three quarters of dwellings in the area are unauthorized structures. By 1990 there were 654 squatter areas in Manila. The growing squatter population is, in part, responsible for the fact that 45% of households in Manila live below the poverty line. Most of these live in make-shift shacks where the average household has 5.2 persons occupying one room.¹⁴

The employment situation in Manila also reflects the spiral of poverty in Manila. Unemployment stands above 15% while

underemployment is close to 50%.¹⁵ The consequence of these conditions is a difficult existence for over a million squatters. An example of this situation is Smokey Mountain.¹⁶ Smokey Mountain has been the subject of documentaries and books and is well known to those who know of the urban misery in Manila. The genesis of Smokey Mountain was a 1954 decision by the Philippine Department of Public Service to send trash trucks to a location called Baryo Magdaragat where a dump site was constructed. The surrounding squatter residents gave the area the name *tambakan*, "dump site." For more than three decades, millions of people, including children, survived by scavenging the area and selling reusable trash to middle-men. For these squatters, it was their only means of survival.

A second consequence of Manila's over-population is its toll on the environment.¹⁷ In relation to solid waste disposal, 2,650 tons of solid waste is generated daily in Manila. Seventy percent of this waste is collected leaving the rest to be dumped on the roadside or in watercourses. This uncollected garbage plugs drains, thereby exacerbating the drainage system problem in Manila.

Air pollution in Manila is as serious as the solid waste situation. The four main sources of air pollution in Manila are motor vehicles (4,139 tons daily), diesel burning stationary generating plants (4,112 tons daily), more than one thousand industrial firms (3,355 tons daily), and domestic residences who release incomplete combustion products through cooking fuels (394 tons daily). Effects of this air pollution pose serious environmental and health risks.

Drinking water availability has become a crisis in squatter areas of Manila. Thirty-five percent of Manila's population live outside the water distribution service. They get their water from private water vendors, or from ground waters. This has led to an over-abstraction so that the water table now sits at 200 meters below sea level in various parts of Manila. Moreover, today there are dangerous levels of saline intrusion in Manila's water source. Since the primary sewage system in Manila was constructed during 1904-1911 to serve a population of 500,000, it is not surprising that the sewage and water systems intermix during the monsoon season.¹⁸ All of this has contributed to the pollution of waters throughout Manila. Environmental problems have had an effect on the health of Manila's citizens. Nine of the ten leading causes of death in Manila are preventable diseases.¹⁹ Doctors ascribe this statistic to the environmental situation of Manila.

The problems of Manila are overwhelming. Its bureaucracy is an alphabet soup of agencies. Manila is described by its own politicians as an area that lacks an "effective metropolitan form of government to direct planning and development" and an area that traditionally lacks planning.²⁰ Indeed the above description of Manila rivals apocalyptic imagery of a future world.

The Other Side

The dim social and environmental description of Manila is in stark contrast to the picture presented in the August 10, 1995 *Far Eastern Economic Review* cover story on the rising middle class in Manila.²¹ The focus of the article is that new property tycoons have hit the jackpot by playing the Manila real estate market. Their success is reportedly based on the fact that Manila's lower economic class of citizens are now able to afford homes. Mr. Rigoberto Tiglao, the article's author, contends that "The Philippine economy, after stagnating for more than a decade, has recently come back to life. GDP surged 4.3% last year, up from 2.1% the year earlier, and is forecast to grow at least 5.5% this year. New money in the country has enabled increasing numbers of Filipinos to buy homes."²² However, the increased activity in the housing market does not portend a decline in Manila's poverty class. It is not the poor who are gaining from the real estate market.

Before examining who the new home owners are, some background to housing and land holding in Manila is warranted. The paradox of Manila's real estate is that there is a relative abundance of land for potential residential development. Lack of space is not the main issue for affordable housing in Manila.²³ Unfortunately, land availability has not alleviated the difficulty of housing in Manila. A 1989 Asian Development Bank report concluded: "While there is no overall shortage of land supply in urban areas...the majority of low and medium income families cannot afford to pay for residential land."²⁴ Four years earlier the Metro Manila Commission came to a similar conclusion regarding the lack of housing for Manila's poor. Their analysis of the situation was that "...there had been virtually no governmental programmes which had successfully addressed the housing needs of the poorest households (i.e., those below the 15th percentile in income distribution)."²⁵ If housing is at such a premium and there is so much idle land, who owns this land? Until recently this land was primarily in the hands of a few families including the Ayalas, Ortigas, Aboitizes, Laurels, Yulos, Puyats and LaOs.²⁶ Reportedly, much of these families' enormous land holdings remain undeveloped. In 1964 Charles Abrams noted: "Neither the magnetism of demand for the temptation of profit can persuade the larger landowners to make use of their holdings or to sell to others who will. The situation is most accurate in the environs of Manila, where land poverty exists amid land plenty."²⁷

There are different explanations for this reluctance to sell, but at the top is the laxness of collecting property tax from these land-holding families.²⁸ Ahmad and Stern write that land tax in developing countries has been difficult to collect as "the rich and powerful have been particularly successful" in avoiding it.²⁹ Real-estate taxes are also difficult to collect as many politicians are part of the landed elite.³⁰ Robert Wade is right in claiming that the "unpromising conditions" of the archipelago are a case "where the state elite is fused with the business and land owners."³¹ Politicians who are not part of this clique quickly learn the power of this group. When Mayor Simon of Quezon City attempted to quadruple the value of

idle property (which still made the property less than a fourth of market place value) to generate more revenue, he was challenged in the courts and defeated in the following year's election.³²

Manila real estate moguls also hold on to their land as they realize there is no better investment. The closest rival to real estate returns is the stock market which delivers a real 7.0% return compared to the 12.5% real rates for real estate holdings. Lagging behind real estate and the stock market are returns on the money market and jewelry with returns of 3.6% and 5.0% respectively.³³ Consequently, the tax break that land holders receive has made it difficult to break into the Manila real estate market.

However, a crack in the market did take place in the mid 1980s when political instability caused some of the established land holders to sell their property and invest in overseas markets. Waiting to buy the properties were not the poor or middle class but speculators with money to invest, including Manuel Villar, Andrew Tan, and Robert John Sobrepeña. With the success and the stability of the government under President Ramos they continued to buy land from the older land holding families.³⁴

As established families sold land or ventured into partnerships with developers, the new property tycoons began building "affordable" housing. "Affordable" housing may be a misnomer since the poor in Manila cannot afford to buy these homes. Corruption and catering to particular buyers have made owning a home out of reach for the majority in Manila.³⁵

The new real estate tycoons have also quickly moved into the more lucrative development of commercial building. Commercial space in Makati which was selling for 120,000 pesos per square meter seven years ago now sells at close to 300,000 pesos per square meter. Mega malls, business buildings, and hotels continue to spread throughout the Manila area. But this does not address the squatter problems or the inability for the poor to join in the "new economic boom" of Manila.

The Philippine government, to its credit, has encouraged contractors not to ignore residential building while handsomely profiting from commercial building.³⁶ Contractors have complied by building houses on 40 square meter lots. Some of these houses sell at around \$10,000. Still, the question remains who are buying these houses? Where is this home-owning "middle class" coming from? Certainly not from the squatters living below the poverty level. It is clear that even at these prices, they cannot afford to move from renting or squatting to owning homes.

Three different groups are buying these houses. The first are those who use these houses as investments. There is evidence that those who qualify to buy low income houses are buying them and trying to resell them at a 100% profit. Thus, many who go through the process of being screened and work their way through the political maze of buying government or private low income housing, turn around and sell their homes

to those who are too wealthy to qualify for low income housing. Yet as Project Director William Reyes noted in frustration: "But where are they going to live now? What housing can they get with that money?"³⁷

The second group, and these investors are particularly interested in the high-end condominiums, are overseas Chinese, mainly from Hong Kong. Prior to Hong Kong's July 1997 transition from Britain to China, numerous wary Hong Kong business folk invested in Manila. These investments have declined in 1998 due to the rather smooth transition Hong Kong has experienced, as well as the economic crisis many Southeast Asia countries currently experience.

The majority who are buying these new houses in Manila, however, are Filipino overseas workers. In fact, it was this group that Villar was counting on when he gambled on Manila real estate: "Always in my mind then was that no matter how bad the economy was, there were more than a million Filipinos working overseas and their most cherished dream is to own a house and lot. I bet on the market and won."³⁸ The fact that the Filipinos who have the greatest ability to buy homes do not live in the Philippines speaks volumes about the local economy. This phenomena of overseas Filipinos buying homes extends beyond Manila. Ilocos Norte is an example of the economic power of its overseas citizens.

Ilocanos are the third most populous ethnic group in the Philippines.³⁹ The Ilocano "heartland" is considered the Ilocos provinces of La Union, Ilocos Sur, Ilocos Norte and Abra. Historically, Ilocanos have had to migrate out of their areas due to their large population and sparse land. William Henry Scott notes: "The historic Ilocano reaction to these conditions, however, had been out-migration rather than agrarian revolt."⁴⁰ Ilocanization of adjacent provinces was the Ilocano response to their difficult economic situation. In 1900 Frederick H. Sawyer characterized the Ilocanos in this manner: "Ilocanos—this hard-working and industrious race occupies the northern and western shores of Luzon...the Ilocanos are ever ready to emigrate, and besides the places I have mentioned, there are thousands of them in Manila and other parts of the islands. I have no doubt that there is a great future for this hard, enterprising, and industrious people."⁴¹ It is not surprising that 84% percent of the Filipinos who traveled to Hawaii between 1920 and 1930 were from the Ilocos area.⁴² Beyond Hawaii and adjacent provinces, Ilocanos willingly migrated to places as remote as the Mindoro hinterlands.⁴³

Because of the Ilocano diaspora, Ilocanos in the Ilocos area receive substantial remittances from their overseas relatives. A survey conducted by H. T. Lewis on personal savings in Laoag, the capital of Ilocos Norte, contributes to the theory of Ilocano economic frugality:

Thrift, specifically as evident in savings, is considered one of the more laudable Ilocano virtues; it is certainly thought to be so by the twenty-five banks and savings institutions in Laoag. Though no single bank manager

could disclose the total figures in local savings accounts, several of them stated that of all Philippine centers only Manila, with thirty times the population, has greater amounts of savings than Laoag City. The ratio of savings-to-loan transactions in Laoag banks is 15:1.⁴⁴

The Ilocano experience relates to the Manila situation, in that the Ilocanos who have relatives abroad are the most likely to own homes and property. Again, this illustrates the power of overseas money as opposed to the local economy.

Conclusion

Manila presents a picture of extravagant luxury set against a backdrop of what is for many hopeless poverty. The new home construction throughout the area is irrelevant to these poor. Their only hope is to go overseas in order to generate enough funds to leave their situation. Unfortunately, for the poor, the possibility of working overseas is remote due to the amount of documents and money needed to position one's self for such opportunities.

It would appear that the most effective way of dealing with the population and environmental crises in Manila is for the Philippine Government to focus on rural reforms and investment in rural areas which would lead many squatters back to their provinces where new opportunities await them.⁴⁵ But at present, the rich are getting richer as they develop Manila for the few. Many who have the power to make substantial changes are benefiting from property development and this appears to be their higher priority.

Notes

¹ In this paper "Manila" is used synonymously with Metro Manila unless otherwise specified. The population and geographical area of Metro Manila versus the City of Manila is explained on page 172.

² See "Land Ho!: The business Catchphrase in Manila and Cebu These Days is Reclamation for Expansion." *Asiaweek* 16(1990), 62; "Boom Times: A Manila Realtor Sees Property Prices Soaring like its Highrises." *Asiaweek* 19(1993), 48; Rigoberto Tiglao, "No Guts, No Glory: New Property Tycoons are Riding the Wave of the Philippines' Prosperity," Cover Story, *Far Eastern Economic Review*, August 10, 1995: 54-58.

³ More information on Manila's history and society can be found in the following sources: Manuel A. Caoili, *The Origins of Metropolitan Manila: A Political and Social Analysis* (Quezon City: New Day Publishers, 1988); "Manila: History, People and Culture," *Proceedings of the Manila Studies Conference*, De La Salle University, April 11-12, 1986; Ramon Ma Zaragoza, *Old Manila* (Singapore: Oxford University Press, 1990).

⁴ For more on the Manila galleons see: Eugene Lyon, "Track of the Manila Galleons," *National Geographic* 178(1990): 2-37; J. Smalley, "Life on Board Manila Galleons," *The Bulletin of the Australian Institute for Maritime Archaeology* 19(1995): 29-32; J. Kathirithamby-Wells, "The Age of Transition: The Mid-eighteenth to the Early Nineteenth Centuries" in Nicholas Tarling, ed. *The Cambridge History of Southeast Asia* vol. I (Singapore: Cambridge University Press, 1992), 606-609.

⁵ More information regarding the Chinese in Manila is found in Chinben See, *Chinese in the Philippines: A Bibliography* (Manila: Chinese Studies Program De La Salle University, 1990); Teresita Ang, *The Chinese in the Philippines: Problems and Perspectives* (Manila: Kaisa Para Sa Kaunlaran, 1990).

⁶ For more on the walled city of Manila see: Pedro G. Galende, *San Agustin: Noble Stone Shrine* (Metro Manila: G. A. Formoso Pub., 1989); Hiromu Shimizu, "Construction and Development of Colonial Manila: Intramurus," *Toyo Bunka* 72(1992): 61-94.

⁷ See Cayetano W. Paderanga and Ernesto M. Pernia, "Economic Policies and Spatial and Urban Development: The Philippine Experience," *Regional Development Dialogue* 4(1983): 67-87.

⁸ "Population Growth and Policies in Mega-Cities Metro Manila," *Population Policy Paper No. 5* (New York: United Nations Department of International Economic and Social Affairs, 1986), 11.

⁹ For more information on squatters in Manila see: Orville Solon, "De Facto Tenure and the Allocation of Land Among Squatters," *The Philippine Review of Economics and Business* 27(1990), 208-220; For information on squatters in the Tondo Foreshoreland area see Ignacio Dayrit, "Evaluation of the Philippine Shelter Program with the Tondo Foreshore Project: Slum Upgrading as Case Study" (Ph.D. diss., University of California Berkeley, 1988).

¹⁰ Cited in R. B. Ocampo, "Development of Philippine Housing Policy and Administration," *Journal of Public Administration* 21(1978), 11.

¹¹ An excellent overview of rural life in the Philippines is found in Benedict J. Tria Kerkvliet, *Everyday Politics in the Philippines: Class and Status Relations in a Central Luzon Village* (California: University of California Press, 1990).

¹² For more on this see Alan B. Simmons, "Slowing Metropolitan City Growth in Asia: Policies, Programs, and Results," *Population and Development Review* 5(1979): 87-104.

¹³ "Population Growth," 46.

¹⁴ For more on this see Paul Strassmann and Alistair Blunt,

- "Land, Income, Mobility, and Housing: The Case of Metro Manila," *Journal of Philippine Development* 20(1993), 88.
- ¹⁵ For more on this see Metro Manila Commission, *Technical Paper 5: Employment* (Manila: Office of the Commissioner for Planning, 1985).
- ¹⁶ A less scholarly but visually moving history of Smokey Mountain is *Smokey Mountain: Ravaged Earth and Wasted Lives* (Manila: Divine Word Publications, 1994); Other information on Smokey Mountain can be found in "Child Scavengers of Smokey Mountain," *Philippine Development* 17(1990): 15-18.
- ¹⁷ For more on this see Domingo C. Salita and Reynaldo M. Lesaca, "Integrated Study of Environmental Problems of Metro Manila: Air, Water and Land Pollution," *Philippine Geographical Journal* 33(1989): 199-207; "Controlling Pollution in Metro Manila," *Philippine Development* 17(4)1990 17-24.
- ¹⁸ The situation of the sewage problem in Manila has gotten to the point that "The International Financial Corp., which is the private-sector of the World Bank, agreed to supervise the Philippines' proposed sale of the Metropolitan Manila Water and Sewerage System. The IFC will design an operating and investment plan and oversee competitive bidding. Less than 10% of the six cities and 31 municipalities in Metro Manila have sewerage connections, posing environmental problems and health hazards." Business Briefing, *Far Eastern Economic Review* December 21, 1995, 67.
- ¹⁹ These preventable diseases include: upper respiratory tract infections, bronchitis, diarrhea, skin infections, parasitism, tuberculosis, influenza, malnutrition and pneumonia. See the Metro Manila Commission, *Technical Paper 7: Health* (Manila: Office of the Commissioner for Planning, 1985).
- ²⁰ "Population Growth," 46.
- In 1989, Edial Dekker studied in detail how one private northern subdivision of 725 hectares with 1,390 houses was organized in about two decades. He concluded that,
- The case study of this paper showed that there is little reason for optimism with regard to cooperation by the bureaucracy...Of crucial importance was the large measure of discretion politicians and officials enjoyed with regard to their involvement in the housing project and land distribution. This wide room for manoeuvre results from the fact that a strict and clear vision and policy toward the housing problem by the public authorities is lacking...Personalism results in the concentration of land in the hands of those who use land mainly for investment purposes; in this way, personalism enhances the vacancy of relatively scarce land with that, it undermines the functioning of the conventional land market.
- Edial Dekker, "Conventional Housing in Manila: The Development of a Residential Subdivision and Governmental Involvement," *Urban Research Working Paper 28* (Amsterdam: Vrije Universiteit, Institute of Cultural Anthropology/Sociology of Development, 1992), 90, 93.
- ²¹ Tiglao, "No Glory" *Far Eastern Economic Review*, 54-58.
- ²² Ibid., 54.
- ²³ In a report released in 1985 the Metro Manila Commission reported that only 37% of the total land area in Metro Manila was in residential use. Metro Manila Commission, *Technical Paper 10: Land Use* (Manila: Office of the Commissioner for Planning, 1985).
- ²⁴ Asian Development Bank, *Philippine Urban Sector Profile* (Manila: Asian Development Bank, 1989), 53.
- ²⁵ Cited in "Population Growth," 29.
- ²⁶ The Ortigas and Ayalas families' strength in land holdings are in the Pasig and Makati areas. How a family comes to hold such property is somewhat explained in the Ayalas' case: "The patriarch, Don Jose Ayala, became Secretary of Justice in 1936 in the pre-independence Commonwealth. He was ex-officio chairman of the Philippine National Bank, a major land development leader. In 1951, Don Jose Ayala lost in the national election for Presidency to another land speculator, Carlos Garcia. When Makati emerged as the nation's financial center where banks, corporation, and related institutions, both national and foreign, established their headquarters, the Ayala Land corporation became the prime developer of Makati." Strassmann and Blunt "Land," 83.
- ²⁷ Charles Abrams, *Man's Struggle for Shelter* (Cambridge, Massachusetts: MIT Press, 1964), 56.
- ²⁸ Another explanation for why more idle land is not used for residential housing is given in Howard Henward's study of Manila: "Moreover, because some large parcels of land are inaccessible and others have no access to basic infrastructure or services, private developers and the public sector must now look to the fringe areas to find land at reasonable cost." See Howard B. Henward Jr., "Metro Manila, Philippines: Conflicts and illusions in planning urban development," in John P. Lea and John M. Courtney eds., *Cities in Conflict: Studies in the Planning and Management of Asia Cities* (Washington D.C.: World Bank, 1985), 25.
- ²⁹ Ehtisan Ahmad and Nicholas Stern, "Taxation for Developing Countries," in Hollis Chenery and T. N. Srinivasan eds., *Handbook of Development Economics*, vol. 2 (Amsterdam: North Holland/Elsevier Science Publishers, 1989), 1074-1075.
- ³⁰ The Asian Development Bank consultants have noted that "In the Philippines, as in other countries, a tax on idle land

would be politically sensitive." Asian Development Bank, *Philippine Urban Sector Profile*, (Manila: Asian Development Bank, 1989), 55-56.

Also, Angel Yoinco correctly points out that the general idle land surtax has never been collected in the Philippines because of the inability to agree on a definition of idle. See Angel O. Yoinco, "Property Taxation in the Philippines," Paper presented at the International Seminar on Real Property and Land as a Tax Base for Development (Taoyuan, Taiwan: November 14-17, 1988): 10-11.

³¹ Robert Wade, *The Economist*, April 4, 1992, 81. Edita Tan comes to this same conclusion: "The most important obstacle to effective implementation of the RPT...(Real Property Tax) remains the case-to-case method of valuation, which makes it physically impossible for local governments to achieve a fair and accurate valuation. The method is also prone to corruption, since each property owner is given the opportunity to negotiate with the assessor on the value of property. This problem, combined with power politics at the local level, works against the implementation of RPT." Edita A. Tan, "Real Property Taxation and its Potential as a Major Source of Local Revenue," in Emmanuel S. de Dios, ed. *Poverty, Growth and Fiscal Crisis* (Makati, Philippines: Philippine Institute for Development Studies, 1993), 169.

³² See Strassmann and Blunt, "Land," 86.

³³ Ibid., 105-106.

³⁴ Tiglao notes concerning Sobrepeña's new company Fil-Estate: "Because the partners didn't have vast tracts of real estate, however, they figured the only way they could get a toehold in the market was by taking in as minority partners wealthy landowners such as Chinese-Filipino Jose Yao Campos and the Dy Bun Huat jewellery-family. Fil-Estate developed these old family holdings on a profit-sharing basis." Tiglao, "No Glory," 55.

³⁵ A new Philippine government program entitled the "Filtering Social Housing Program" was established to try and make housing more accessible to the poor:

The concept for this program is based on the fact that the more affluent have access to private renting or mortgage finance to pursue home ownership.

However, access to low-income housing by lower income groups has been a secondary objective. This is a consequence of the policy of relying on the private sector to provide low income housing because of limited financial resources of the government. The private sector, guided by the principle to gain profit, would rather pursue housing projects that cater to the middle and higher income levels. This accounts for the proliferation of many townhouses and condominiums constructed in Metro Manila and other major cities nationwide.

Alex Cabanilla, "Poverty Alleviation in the Urban Setting," *Philippine Development Magazine* 20(1993), 23-24.

Private developers have attempted to build subdivisions that would be affordable to the poorer in Manila. However, those that apply must often pay middle men an additional 20% interest on the home loans. As one observer notes "Only land scarcity and the monopolistic power of developers can explain such behavior." Strassmann and Blunt, "Land," 101.

³⁶ Professor Cabanilla notes concerning this: "Under the Contractors Preferential Scheme, big contractors in the Philippines like F. F. Cruz, Consunji, etc, are obligated to participate in low-income housing projects. The only way to do this is to filter the contractor's participation in government projects. This means contractors can only participate in any government project if they have implemented low-income housing programs." Cabanilla, "Poverty Alleviation," 24.

³⁷ Cited in Strassmann and Blunt, "Land," 100.

³⁸ Tiglao, "No Glory," 58.

³⁹ See Juan A. Foronda and Marcelino A. Foronda, *Two Essays on Iloko History* (Manila: Arnoldus Press, 1972).

⁴⁰ William Henry Scott, *Ilocano Responses to American Aggression, 1900-1901* (Quezon City: New Day Publishers, 1986), 5.

⁴¹ Frederick H. Sawyer, *The Inhabitants of the Philippines* (New York: Scribner, 1900).

⁴² See Bruno Lasker, *Filipino Immigration to the Continental United States and Hawaii* (Chicago: University of Chicago Press, 1931).

⁴³ See Volker Schult, *Mindoro: A Social History of a Philippine Island in the 20th Century* (Manila: Divine Word Publications, 1991).

⁴⁴ Henry T. Lewis, *Ilocano Irrigation: The Corporate Resolution* (Honolulu: University of Hawaii Press, 1991), 28).

⁴⁵ For more on this solution see Arsenio M. Balisacan, "Rural Growth Linkages, Poverty, and Income Distribution," *Philippine Review of Economics and Business* 29(1992), 62-85.