

A THEORETICAL PERSPECTIVE ON POSSIBLE POLITICAL REFORMS FOR THE PHILIPPINES

by Roger Myerson, August 2016

Introduction

This report has been written in response to a request from individuals at the World Bank who asked me to consider questions of basic reforms that could help to improve governance in the Philippines. In my work as an economic theorist, I have written extensively about comparison of different electoral systems and also about the importance of federal decentralization of power to provincial and municipal governments.¹ Since the request from the World Bank this year, I have tried to learn enough about the history and political structures of the Philippines to see how these theoretical ideas might apply to the practical problems of the Philippines today.

In these vital matters, a foreign social scientist cannot hope to offer more than general analytical principles and tentative suggestions, but sometimes an outside perspective can be helpful for broadening or re-focusing the scope of debate. This report summarizes the questions and suggestions that I would raise for advancing discussions of political reform.

I begin with some observations on the electoral systems used in the Philippines, because my perspective here can be summarized in some specific suggestions for electoral reforms that might be worth considering. Then I offer a broader discussion of some general principles for strengthening democratic local government in the Philippines.

A perspective on electoral systems for the Philippines

Three different electoral systems are used in the Philippines for different offices: single-winner plurality voting, multi-winner at-large plurality voting, and a tightly bounded version of party-list proportional representation. The first of these electoral systems is commonly used in many countries around the world, but the other two are less common or even unique to the Philippines.

In single-winner plurality voting, each voter votes for one candidate, and the candidate with the most votes is elected. This system is used to elect mayors and vice mayors in

¹ See, for example, my papers: "Theoretical comparisons of electoral systems," *European Economic Review* 43 (1999), 671-697; and "Local foundations for better governance," World Bank Policy Research Working Paper 7131 (2014).

municipalities, governors in provinces, the President and the Vice President, and the 80% of members of in the House of Representatives who are elected from single-member districts.

The one unusual point here is that the Vice President is elected independently from the President, and vice mayors are elected independently from their respective mayors, so that these closely linked offices can be filled by candidates from different parties. However, these paired offices are elected on the same day by the same voters, and so the election of a President and Vice President who are rivals from different parties would not happen if all people voted to elect their preferred presidential candidate along with his or her designated running-mate. Thus, while there may be some disadvantages from having a President and Vice President from different parties, this result can occur only if many people on election day actually vote to have a President and Vice President from different parties. Indeed people might sometimes see some advantage in forcing their President or mayor to work with a Vice President or vice mayor who is a political rival.

The second electoral system used in the Philippines is at-large plurality voting, which is used to elect multiple members of a legislative body or council. In an at-large plurality election to choose M representatives for a district, every voter is allowed to vote for up to M different candidates, and the M candidates who get the most votes are elected. At-large plurality voting is used to elect members of the Senate, with half of the Senate being elected by the whole nation as one district every three years. At-large plurality voting is also used to elect members of provincial councils and municipal councils. Some cities are subdivided into several districts, each of which elects a group of at-large representatives for the city council.

If voters generally have strong partisan loyalty to factions or parties, then at-large plurality voting allows the faction with the most support to win all contested seats in the district. That is, in a district with M council seats, if each party nominates a slate of M candidates, and if every voter supports the candidates of his or her preferred party, then the party with the largest bloc of supporters will win all M seats. It is important here that a voter cannot give more than one vote to any candidate; if voters had an option to give all their M votes to one candidate, then a minority with $1/M$ of the electorate could guarantee the election of one candidate. Under the rules of at-large plurality voting, however, a voter can vote for many candidates but cannot give more than one vote to any candidate, and so a disciplined majority of 51% of the voters can elect 100% of the council members for the district.

The outcomes of recent Senate elections show, however, that voters in the Philippines have not generally voted as partisans of one party. If they were, then the 12 Senators elected in each election would all be from the largest party, and they would all get approximately the same numbers of votes. Fortunately, voters in the Philippines have tended to show more independent appreciation of individual candidates, regardless of party labels, and so the 12 Senators elected in any given year may actually represent some political diversity.

When the Senate includes some political diversity, we can see some advantage to such at-large voting, as it provides a large group of politicians whose independent ability to gain the confidence of voters throughout the country has been measured in Senate elections. Any elected official who has won a personal vote of confidence from more than a third of the national electorate is someone who should command attention when raising concerns about public policies. Surely political debates in the Philippines are enhanced by having so many such elected officials in the Senate.

But we should worry about the possibility that, if partisan divisions become more important in Philippine politics, then the Senate could become dominated by one faction while a large minority bloc would be totally unrepresented in the Senate. Let me suggest here a possible reform that could retain the above-mentioned advantage of at-large voting, when voters do not follow strict partisan lines, but which would avoid the problem of giving no representation for the opposition when the electorate becomes divided among a few strong parties.

My suggested reform would be to reduce the number of candidates who can get votes in a voter's ballot. I would particularly recommend a system of limited at-large plurality voting in which each voter can approve only enough candidates to constitute a majority of the seats being filled in the district. That is, in a district where M at-large representatives are being elected, the maximal number of candidates that a voter could endorse on his or her ballot would be either $K=(1+M)/2$ if M is odd, or $K=1+(M/2)$ if M is even. For example, in elections to choose $M=12$ at-large senators, this system would allow each voter to vote for up to $K=7$ candidates. If a voter accidentally endorsed some larger number of candidates, say $L>K$, then the voter's endorsement would count only as a K/L -fractional vote for a candidate; but if a voter chose to endorse fewer than K candidates, the voter's endorsement would still count as just 1 vote for a candidate. (We continue to apply the principle that a voter cannot give more than one vote to any candidate.)

This limited at-large plurality system would still allow a majority faction to win a

majority (K) of the at-large seats, by nominating a slate that is just enough to win a majority of the seats in the election; but this system would increase diversity of representation by allowing the second-largest faction also to win some seats (M-K). In fact, data from recent Senate elections shows that the average Philippine voter only voted for 7 or 8 candidates, out of the possible 12, and this under-voting probably helped to increase political diversity among the elected senators. I do not know any other country that uses at-large plurality voting to elect a major legislative body, but a form of limited at-large is used to elect the parliament of Gibraltar, where it regularly yields a strong majority coalition along with clear minority representation.

While the existing system of at-large plurality voting has not eliminated diversity in the Senate, we should worry about the very real possibility of one faction winning 100% domination of a municipal council even when the opposition has support of almost half the voters. It may be good for an electoral system to ensure that the group with the greatest support can win a governing majority in a local council, but local councils should not become monolithic bodies without any representation from those who have opposed the dominant group. Local councils should include at least some representatives from opposing groups who can question the decisions of the governing majority.

The third electoral system in the Philippines is an unusual form of proportional representation (PR) that is used to allocate 20% of the seats in the national House of Representatives. Under this PR system, political groups offer lists of candidates, each voter endorses one group's list, and the seats are allocated to the lists in proportion to their numbers of votes, except that no list can win more than 3 seats. This last provision is quite unusual. In the 2016 election, the total number of seats allocated by this PR system was 59, and so any organization that won more than 5% of the vote would be wasting votes that it could not use. Indeed, the largest number of votes for any list in the 2016 election was just over 5% of the votes (for a group that identified itself with people from a specific region of the Philippines).

Without such a tight bound on the size of any list, proportional representation in other countries encourages a flexible party system, because voters can endorse the party that they like best without worrying that the impact of their votes might be wasted if the party is too big or too small. (Plurality voting typically encourages two-party systems, as voters learn that votes for the third-largest party are unlikely to win any seats.) But the organizations that compete for seats in the Philippines' tightly bounded PR system have no incentive to become serious national parties

competing for support of a national majority, because anything over 5% of the vote is wasted.

National politics gains some coherence when competition is organized by large political parties that offer comprehensive programs that are aimed at winning support from voters throughout the nation. But it is also good to give voters some opportunity to express support for individual politicians who have earned reputations for serving their constituents particularly well. A healthy democratic system should induce both competition among parties, to gain more voters' support, and competition among individuals, within each party, to personally earn more trust from the voters. The fact that candidates compete as individuals both for the Senate and for 80% of the House of Representatives means that Philippine politics has plenty of competition among individual politicians. But many observers have complained that parties in the Philippines tend to be weak incoherent coalitions that do not command broad loyalty from voters or politicians. An electoral reform that removes the upper bound on the number of seats that a list can earn in the 20% PR fraction of the House, thus creating a normal party-list system of proportional representation there, could be the best way to encourage the formation of party organizations that offer broad coherent views of how to better serve voters throughout the Philippines.

A perspective on local government for the Philippines

In the centuries under Spanish and then American rule, the foreign occupying forces of the colonial regime were generally too small to maintain control without the collaboration of indigenous local leaders in communities throughout the Philippine archipelago. Thus, colonial regimes tended to promote a kind of feudal system in local government, in which members of a privileged elite were allowed to hold local power in their communities provided that they remained loyal to the higher national government in the capital.

Local democracy is the antithesis of such feudalism. In democratic local government, local officials' positions depend on popular approval in their communities, not on political favor from the national government. There are several reasons why this difference may have vital importance. First, local governments that depend on broad popular approval have more incentive to make public investments that expand economic opportunities for all residents, and so democratic local government can provide a better basis for sustained equitable economic growth. Second, elected officials who provide better public services in local government can prove their qualifications to compete for national leadership, and so local democracy can strengthen

democratic competition at the national level.

This last point deserves particular emphasis. Successful democracy requires more than just elections. The benefits of democracy depend on voters having a choice among qualified candidates who have developed good reputations for exercising power responsibly in elected office. This essential supply of trusted democratic leadership can develop best in responsible institutions of local government. When many politicians have promised better government without delivering anything, voters may be more inclined to trust a leader who has actually held some public power and has used it well to serve the public. Voters in the Philippines showed their appreciation of this point in the 2016 presidential election.

Thus, when locally elected officials have full responsibility for both the successes and failures of their local administration, those who succeed will enlarge the nation's vital supply of popularly trusted leaders. Barangay, municipal, and provincial offices should form a ladder of democratic advancement on which respected local leaders can rise to become to widely trusted candidates for national office. This competitive effect becomes stronger when the resources and responsibilities of local governments are increased, but a balanced federal distribution of power could still leave the national government with the greatest share of power. In successful federal democracies, municipal and provincial governments often control between one-third and one-half of public spending, but the majority of public spending is still controlled by the national government.

It is vital, however, that the funding for local governments, in local taxes plus revenue shared from the national government, should not be dependent on political favor from the leaders of the national government. Local politics would lose its autonomy if voters believed that they would diminish the resources of their local government if they elected local officials who were not approved by the nation's political leaders. In this regard, the Constitution (in Article X) and the Local Government Code of 1991 appear to provide good fiscal rules under which local governments can collect local taxes and receive transfers from the national government's revenue that are calculated by transparent nonpolitical formulas. The only fiscal reform that I might suggest is to consider increasing the fraction of national revenue that is shared with local government units (currently about 15%), with some proportionate increase in local governments' responsibilities.

Corruption in local government is a problem in every country, and the national

government has a leading role in supporting democratic accountability of local government. National auditors should help to provide clear accounting for local government spending. National law-enforcement agencies should investigate and expose local corruption. The national Commission on Elections must work to protect the freedom and fairness of local elections.

It is important that local government officials are subject to higher supervision under national law. Indeed, one advantage of federal decentralization is that a law-enforcement agency of the national government may be more willing to expose and prosecute corruption by local officials when they have been elected autonomously than when they have been appointed by the national government itself.

But we should be sensitive to the risk that the national government's power to remove local officials could be used as a weapon against political opposition, instead of a deterrent against corruption. We should remember that colonial regimes could maintain national control by allowing local elites to enjoy benefits of local authority as long as they remained loyal to the national government. Effective local democracy is the best way to avoid repeating this history.

The Philippines Constitution provides an office of the Ombudsman to oversee investigations of official corruption, and an independent nonpolitical Ombudsman should help to ensure that prosecution of local corruption is not politically biased. With any reform to increase the autonomous power of local governments, it might be worth considering also some increase in the budget and size of the Ombudsman's office, so that it can appropriately investigate all allegations of local corruption. The work of the national Commission on Audit to verify local governments' fiscal accounts also becomes more important with greater fiscal decentralization.

The Local Government Code of 1991 specifies (Section 60) that an elected local official may be removed from office by order of a proper court. By this provision, the autonomy of the judicial system can also serve as a vital safeguard against politically motivated prosecutions.

The President has power to suspend local officials temporarily, prior to a decision on their removal, but such power should always be subject to review either by a court or by the local voters themselves. In cases of alleged abuse of power where the victims are the local residents who suffer from corruption of their local public services, it is appropriate that the accused officials should be judged by the local voters in a recall election. That is, to best support local democracy, the national government should help to expose evidence of local corruption but then, whenever possible, let the local voters judge whether they have been ill-served.

Under the Local Government Code of 1991, recall elections in any local government unit can be ordered either by petition of enough voters or by a preparatory recall assembly consisting of other local officials (listed in Section 70 of the Code). However there might be serious doubts about the possibility for such a remedy in a case of broad abuse of power in a unit of local government which has become dominated by an entrenched corrupt faction. Such dominance of all local offices by one faction is unfortunately facilitated by the use of at-large plurality voting, which (as we have seen) makes it likely that the largest organized voting bloc can win all seats in a local council. With a monopoly of local power, such a faction might readily intimidate proponents of a recall petition. For such cases, it might be worth considering a reform so that the President (perhaps with the Senate's approval) could also order a special recall election in any unit of local government. When the alleged abuse of power by local officials has included intimidation of local political opposition, the national government should closely supervise the recall vote, to guarantee the voters' right to choose new local leadership.

Conclusions

I have discussed two possible electoral reforms for the Philippines. For the 20% of the House of Representatives that is elected by a list system of proportional representation, I have urged that the bound of 3 members per list should be removed, so that parties would be encouraged to earn the endorsement of any or all voters. For the Senate and councils of local governments, I have suggested that, in the election of at-large representatives, voters should not be allowed to vote for more than the least number that would constitute a majority of the representatives to be elected. This would mean that, in an election to choose 12 members of the Senate, a voter could endorse up to 7 candidates; or in a district that is electing 8 members for a local council, a voter could endorse up to 5 candidates. Limiting votes in this way would still encourage majority blocs, but it would also allow a large minority group to win some seats.

I have emphasized several advantages of devolving more of power and responsibility to local governments at the barangay, municipal, and provincial levels. Decentralization enables greater accountability for the quality of local public goods like roads and schools, and local government can become a source of proven trusted leadership that can strengthen democratic competition at the national level. Thus, I have suggested that a larger share of national revenue should be allocated to local governments, and their autonomous responsibilities should be

proportionately increased. For example, as an archipelago, the Philippines should be able to devolve the greatest share of funding and responsibility for road construction to local governments. But the fiscal basis of each local government should always be transparent and independent of whether its local officials are or are not politically allied with leaders of the national government.

Legal supervision by the national government should help to deter corruption and abuse of power by local officials. But there is always a danger that national government's power to prosecute corruption in local government could instead be used as a tool for suppressing a national leader's potential political rivals. To avoid this risk, it is important that the national executive accepts constitutional constraints with judicial review when it acts against local government officials. To best support democratic local government, the national government should, whenever possible, concentrate on ensuring that local voters have the information and the democratic freedom that they need to hold their local officials fully accountable for the quality of local government.

http://home.uchicago.edu/~rmyerson/research/philippines_rbm.pdf