

TRANSCRIPTION OF CHAIR DAVID'S SPEECH AT THE MAKATI BUSINESS CLUB GENERAL MEMBERSHIP MEETING

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I resigned from my two previous stints in the Executive Branch. This is the only government position I did not resign from so it must say something good about the challenges that confront me. The only reason, perhaps, that I did not resign is because the Civil Service Commission is an independent body. We do not serve at the pleasure of the President. We serve, Constitutional bodies serve, as oversight bodies to check and balance the Executive, the Legislature and the Judiciary. And in the wisdom of our Constitution, the framework of our Constitution, as with other countries, identified certain important aspects of the entire function of governance and set these bodies up as independent bodies. The Commission on Elections, to ensure—which we haven't been able to do in the recent past — that the basic democratic procedures are unbiased. The Commission on Audit, to ensure that money is used properly. The Office of the Ombudsman, to try to fight against corruption without very much success at this point. The Commission on Human Rights. The Supreme Court is a Constitutional body, and the Civil Service Commission, to be able to oversee a bloc of people, about 1.4 million people who basically take charge of the day-to-day affairs of government.

Everybody who looks at governance generally identify the three branches —executive, legislature, judiciary — and then you have all these other stakeholders, the business community, the religious, various institutions, the NGOs, political parties and so on. That's basically what makes government run. What people forget and have made invisible all these years, whichever sector you talk about, are the 1.4 million people who actually are in-charge of what happens in government. All the pressures are brought to bear on leaders, all aspirations are brought to bear on one good leader, without recognizing that one good leader will be unable to change very much unless the entire machinery of government works. I very often tell public servants, "*Kung bukas lahat ng ating mga pulitiko tinamaan ng lintik*, hit by lightning, dead, is government going to stop?" No. Government will go on. The services will go on. They may flounder after a week or two, probably not even, but government will go on. But what happens if the 1.4 million, or even just half of them, are hit by lightning tomorrow? Will all of us, all the leaders, be able to run government? I doubt it. Unfortunately, despite the fact that the bureaucracy is the single biggest expense in the budget—in the present budget, it is 30% of the total. If you take away the debt service payment, it is 42% of the total budget. The single biggest expense, generally, should be your most important asset. But instead of it being an asset, it is viewed largely as a liability, if it is viewed at all. Most of the time, as I said, it is invisible.

There are many reasons why the bureaucracy is invisible and taken for granted, but basically, the reason is that there is little or no appreciation of

the critical linkage between the bureaucracy and good governance. It is as though the perspective of most people is that if you have good leaders, all these idiotic public servants are just going to follow like machines and things will be all right. But that's not the way things happen. No single individual has the capacity to make an entire institution run. When your bureaucracy is timid, when your bureaucracy is afraid, when your bureaucracy does not get the best people, when your bureaucracy looks at patronage as the main form of reward rather than merit and fitness, then you have an unprofessional bureaucracy that can do nothing more than just routine. And routine does not lead to change.

Let me just give you an idea of what this mass of people is all about. We have at this point about 1.4 million people in the bureaucracy. Ten percent of them, only 10% are non-career. What does non-career mean? These are the political appointees, the co-terminus, the elective officials, the casuals, and the contractuels. Of the 1.4 million, about 68% of them are in the Executive branch. The national government agencies comprise 95% of the Executive branch. The Judiciary, the Legislature and the Constitutional bodies are all very, very small parts of the bureaucracy. What is bloated is the Executive branch. We have about seven percent in GOCCs and GFIs, and about 25% of that 1.4 million in local government units. If you look at this mass of people, you have an army of people who can really do something. But I will dare to say that the 1.4 million people, despite the fact that they are not dumb — because most of these people, 90% of them take our exams and only about 15% pass civil service exams. *Maswerte ka kung may makapasang* 25% percent. So we are getting the best people to give eligibilities to. But why is it that intelligent people who join the bureaucracy can't seem to make a dent?

I will dare to say that despite many, many problems in the bureaucracy, there are two main lynchpin issues that keep the bureaucracy unprofessional. The first I can dismiss fairly easily, and that is the irrational, unrealistic and inequitable compensation. Simple. It is inequitable because we have a Constitutional provision that says there should be a uniform standardized pay and yet we have 21 agencies who are exempted, whose drivers get the same salaries as middle-level managers in the bureaucracy. That's inequitable. But more than that, *kasi* it's a small number of people, compared to medium-sized Filipino private firms — medium-sized *lang*, not the sort of firms or majority of firms that are represented here, lower than you — the first level, the clerical, which is less than 30% of the bureaucracy, receives 20% higher. Government pays 20% higher than you do. If you compare the second level of government, the professionals — teachers, nurses, accountants, doctors, lawyers, engineers, etc. which comprises basically about 70-75% of the bureaucracy — government pays 30% lower. And if you compare the third level, which is the highly specialized and the managerial side of government and is only about one and a half percent of government, we get 70% lower.

Now, what does that tell you? First, if you are a bright student, you will not apply to government because you may be competitive at the start but you know that you will never get anywhere. So we lose out on all the people who want a better life. Second, for the good ones who come in, after five years they leave. So recruitment and retention are severely hampered. And what happens is that the 20% higher, the clerical, are the ones who slowly learn the routine and go up because they know the job. But knowing the job doesn't mean to say that you can take on what a professional should be able to do. The quality of people in government suffers. We have managers who are pretty good. They have to pass so many exams. The passing rate is about 10% for managers, Career Executive Officers in government. Not everybody can get into it. And yet it's no joke to work for 25 years or 30 years and get a take-home pay of P23,000. And you're already a Director. So compensation is a major aspect. It's irrational and unrealistic. We have a bill that is in Congress which is based on a comprehensive study funded by a grant from the World Bank. Unfortunately, our Legislature as well as our Executive are lazy. So instead of looking seriously at the proposed Government Compensation and Classification Act, when it was nearing approval last December in Congress, the President declared a 10% across the board increase. The 10% increase is in fact better than the easy resort to the P 1,000 or P 2,000 across-the-board increases of the past that distorted the salary scale and gave some a 50 % increase while others get less than 10%. So that's one.

But the most important reason why the government bureaucracy cannot function professionally, is politics. Plain and simple. It's the way in which people in the bureaucracy are treated by the high and mighty in our country. And if you try to zero in on the issue of not being insulated from politics, the *puno't-dulo* of it all is not just the fact that the bureaucracy is not insulated from politics. The main culprit, directly as well as indirectly, is the abuse of presidential discretion and the discretionary exercise of presidential prerogative. Now, you will say, "How can one person affect 1.4 million people?" *Sobra ka naman. Asawa ka lang siguro nung kaaway ni GMA.* How true?

We have three levels in government. The third level, the highest career level, is supposed to be the repository of institutional memory and expertise. It sets the standards for the rest of bureaucracy. These are your Undersecretaries, Assistant Secretaries and Directors 1, 2, 3, 4. Six levels of managers. But they are the ones who are the most vulnerable to politics. One, due to the nature of their work. They are the ones who are directly in contact with the politicians as well as the political appointees. Second, because the appointment process has meant that the President of this country appoints 10,000 people herself or himself. How can any single individual know, or have the time to assess 10,000 people to put in every single district of the DepEd, or to put in every single town or municipality of the Department of Agriculture? When one person is given the power to appoint without even knowing what kinds of jobs are entailed, it opens up an entire arena for the whispers, for positions and promotions to become a

part of the bartering process of politics. And this is your start towards a position that's supposed to have security of tenure, which is actually the most insecure of all.

There are about 6,000 managerial positions in government. About 3,500 of them are appointed by the President. The Assistant Provincial Director of every agency is a presidential appointee. The President doesn't even know who the hell that person is, doesn't even know the Regional Directors, but it is the President who must appoint. What does that mean basically? It means that when you decide that you are going to make your career in government, you know first that you should not step on anybody's toes. Anybody who is a politician, who is close to a politician, who is related to a politician, who has power in your community. Because the moment you step on somebody's toes, your promotion can be blocked. And these promotions **are** blocked. You cannot imagine, this is a marketplace. You do not see it on a day-to-day basis, but it is, "Ah yes sir, yes ma'am, I would do this but I would like so and so to be taken out. I would like so and so to be appointed." And this is all part of that messy equation of how you create that balance of who is on your side and who is not. You don't step on anybody's toes, you say yes to everybody who wants something because you're going to be hauled into whatever situation to make life difficult for you. And that starts the process for people in the bureaucracy becoming timid, not wanting to assert themselves. And when you don't assert yourself, you stop to think. When you stop to think, your brain calcifies, rusts, and by the time you are given the freedom to think, you've lost it. And this is not a caricature. I'll give you one small example, my first brush with government more than 20 years ago, 1986. Coming to the DSWD, nice people, hearts in the right place, and then I realize, there I was not even 40 years old at that time and thinking, why can't I ever do anything wrong? Everything I said was yes. Everything I said was praise. So one day, I got my senior officials and said, "Here is my proposal for the new program for children". I explained it, went around the room and said, "What do you think?" "This is what we've always wanted. This is a program we're raring to go," a dozen of them saying that. And I said, "Nothing to change?" "Nothing ma'am, just say the word." And so I said, "Before I say the word, let me tell you why this is the **worst** possible program for children." I started to demolish each portion. Then I said, "Okay, what do you think?" Thinking that it would give me the opportunity to say, "You know, its okay to criticize." I went around that table and they said, "Ma'am, that was what we were trying to say." It is fear. It is lack of capacity to think on their own because they are always forever balancing things out, these managers who are definitely intelligent.

What is the state today? Just to show you how much the bureaucracy has been undermined in the recent past, of the more than 3,000 managers in government, career managers, less than half of them are qualified. What do we mean by qualification? We mean you have the seal of eligibility and have passed through a battery of tests to become a Career Executive Officer. More than 50% of the present Career Executive Officers appointed

by the President to positions are not eligible. And yet there are 4,000 eligibles inside government, in non-career executive positions, waiting to be appointed. But who are appointed? People who are children of Mr. Mayor, or *bata ni ganito, bata ni ganyan*. And career officials have been reassigned starting with, well, the most dramatic case was of Mike Luz. But prior to him, there were others. What is unfortunate, however, is that the Administrative Code took away the authority of the Civil Service Commission over presidential appointees. We cannot approve or disapprove presidential appointees, when all other appointees to government have to go through the Commission to make sure whether they are qualified or not. But for presidential appointees, it's just the stroke of a pen. Now, what do we see in the present presidential appointees? One, there is a greater number of people who are not qualified. You know there was a case once, somebody was appointed to an executive position who didn't even graduate from college. And it took me two months to convince Malacañang that they should take him out. *Kung hindi pa nag-threaten mag-strike ang unyon, andun pa siguro ang taong 'yun. Ganun ka-blatant*. Despite the fact that the Commissioners of this particular agency had gone to the President to ask her to appoint somebody else. Number two, we have more than 60 Assistant Secretaries and Undersecretaries in excess of what is provided for by law. The law provides for the exact number of Asecs and Usecs, and that is also what is provided for in the budget. We have 60. How many departments are there? *Konti lang, twenty something lang*. So in departments, *ang* topnotcher *dito*, DAR, DND, DENR at DILG. They're the topnotchers in terms of excess. Why, because they're supposed to have two Usecs, they have eight. I'll give you the numbers. Generally, there are anywhere from two to three Usecs, and about the same number of Asecs. In DAR, you have eight excess Usecs and Asecs. In DENR and DND, you have seven excess. In DILG, you have six in excess which means over and above the number provided by law. And yet nobody is there to check whether these appointments are valid or not. What is worse is that when you are appointed based on political patronage, you lord it over the career. How do you expect the career to squeak? No way, because everybody is over you. In addition to that, of course, are all the excess officials that you find—you know if you can get a copy of the DBM memo book, which is a calendar, you find an amazing list of very inventive titles of presidential assistants, consultants, advisers, etc., most of whom have the rank of Asec, Usec or even Secretary. *Namulaklak lahat ito*. During the time of Erap, he was hauled over the coals for having too many presidential advisers. Today, nobody seems to be complaining.

In addition to that, you have more than 90 ex-military and police who hold key managerial positions. I can understand that there are some positions that deal with security and so on that we would need military and police officials. But when you look at agencies like DOTC, Bureau of Immigration, even the Mindanao State University, every single retired police and military who are not necessarily qualified are appointed. Again, to keep the balance of security or the balance of power somehow. But what is the implication? The implication is, again your career bureaucracy that has spent 20, 30

years of their lives are left waiting for the decision of politicians with regard to who is going to run what. The police is supposed to be a civilian part of the civilian bureaucracy. In the PNP law, every promotion from what is the equivalent of the rank of colonel going up — that's why they don't go to the Commission on Appointments — the law says that after the National Police Commission has deliberated, it goes to the Chair of the Civil Service Commission who then recommends to the President. Nice law. So I insisted in 2001 based on a Resolution, also of the NAPOLCOM, that they must get managerial eligibility. They started to take the exam, and just to set the record straight, the rate of passing of the PNP was comparable to the top bracket of the bureaucracy. It is not as though they could not pass. Their passing rate was slightly lower than the *Bangko Sentral* which was the topnotcher. So they could do it, but there were a handful of people who could not pass who were indispensable to Cabinet Secretaries, to the President and so on. So one fine day, after Secretary Puno had taken over, there was a conference with the President and some of the police who could not pass were complaining that this is a useless burden on them. On the other hand, the younger police officers kept on telling us, "*Huwag po kayong titiklop*". *Kasi* if you want reforms within the police, the younger ones who still have some idealism will rise faster than the old ones who are in place. At any rate, the result of this meeting was that when a police officer is qualified, my recommendation is asked for. When a police officer is not qualified, despite the law, he is promoted by the President. And so where are the rules? Thrown out of the window.

I am tired of writing all these letters saying this is illegal and so on. I'm sure there are a few wastebaskets of my letters. But, you know, the bureaucracy can only become professional if, from the top going down, the rules are followed properly. The disadvantage of the Civil Service Commission and the civil service in general is that these are non-dramatic things. Media does not pick up these stories so when one incident is publicized the reaction is, *isa lang naman yan, isa lang naman yung Mike Luz eh, iisa lang yung ganyan*. Not true. We documented all of these in what is called Resolution 619 which we sent to the President. And on that day that we sent Resolution 619 documenting all the things that were wrong with regard to the Career Executive Service, the entire Board of the Career Executive Service Board was fired and replaced with new acting members of the Board, which is another form of presidential control. Everybody is on an acting capacity and you can be taken out. In addition to all these appointments, just as a sidebar, is the fact that every President has a few people they want to place in particular positions. During the time of Cory, the desires of the President were whispered quietly in the corridors. During the time of Ramos, *makakakita ka ng mga* marginal notes. During the time of Erap, actual desire letters were written but hidden for the eyes only of the one who will take charge of fulfilling that desire. Today, the desire letter is waved around. And there are desire letters for almost every single position—from the Palawan Council for Sustainable Development to every single department.

When politics enters the scene to that extent, when the career bureaucracy no longer has merit and fitness as its basis because it is politics in command, you will never have a professional bureaucracy. There is a bill that, of course, Malacañang does not like, it's been lying there, but there is a bill called the Career Executive System Bill that basically tries to rationalize the entire thing. It simply says the President may continue to assign Usecs and Asecs to their positions, but being part of the Career Executive Service should not be the prerogative of the President. And below Usecs and Asecs, it should be Cabinet Secretaries, which the Civil Service Commission can then approve or disapprove. It is, as I said, non-dramatic but it is a major change such that it may afford the possibility of coming up with a professional bureaucracy.

In the final analysis, you even in business do not only deal with the President or with members of the Cabinet. Sometimes, you have members of the Cabinet who are reasonable. It is the people below who never get things done because if it is something new, the tendency of the bureaucracy is to wait until somebody higher up tells them exactly what to do and to not take the initiative. You need to liberate the bureaucracy. While we were having lunch, *tinatanong sa akin*, "Do you compare with other countries?" *Ang sagot ko*, "When I look at Brunei, Thailand, Singapore, Malaysia, even Vietnam, that I have seen over seven years, *naglalaway ako*, literally, because they have recognized as a nation the importance of a career bureaucracy. And we have treated our career bureaucracy as a simple part of the political machine. I hope that after I'm gone, since the bill is still there, influential sectors like the Makati Business Club can help and see that your future, this country's future, also lies in a professional bureaucracy.

Salamat.