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GLOBALIZATION, HOUSING MARKETS, AND THE TRANSFORMATION OF A SOUTH CITY: THE CASE OF 21ST-CENTURY MANILA

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ABSTRACT

This paper explores the effects of globalization, as manifested in remittances from labor export, competition from liberalized imports of agricultural and manufactured goods, and inflows of foreign direct investment, on the past decade of urbanization in Manila, Philippines. It takes urban and urbanizing land, particularly as utilized by the real estate sector for the development of private gated communities, malls, and recreational facilities as a focal point for analyzing three transformations: the reorganization of Manila for the needs of global capital; the reorientation of local capitalist classes into diversified, services-oriented interests heavily invested in real estate; and the reconfiguration of built and political environments brought about by these two processes. By analyzing recent investment into residential properties, the intensified involvement of local political and economic elites in urban real estate, and the spatial segregation along socioeconomic lines brought about by private sector-led housing development, this paper also seeks to highlight the interplay between global and local factors on the politics of urban housing, as well as to the non-shelter functions and dysfunctions of housing markets, in a globalizing city of the South.

KEYWORDS

Globalization, Manila, housing, remittances

Tertiarization, globalization, and urbanization in the Philippines, 1981-present

As has been the case elsewhere, the integration of the Philippines into the global economy has been an uneven and often wrenching process, with 'winning' and 'losing' sectors, localities, and social groups emerging as the economy conformed to the new logic. This process has either initiated or contributed to a thorough transformation of Philippine society, three aspects of which have had a direct effect on the recent development of Manila.

The first aspect of this transformation has been the reorientation of the economy from a mix of agriculture and import-substitution industries to services. Commitments to liberalize trade entered into by the Philippines under structural adjustment, the World Trade Organization, bilateral and regional free trade agreements, as well as unilateral efforts to reduce tariffs, have had a devastating effect on Philippine agriculture and industry. Trade liberalization took place amidst conditions of stagnation in the 1980s and 1990s under depressed commodity prices, rising input prices, chronic underinvestment, and asset inequality. In the domestic market, products had to compete with cheaper imports, stifling domestic demand even during bumper harvests (Habito & Briones, 2005). Internationally, the Philippines's share in the global trade of its mainstay export crops, such as coconut, sugar, and bananas, have been declining since the mid-1980s (David, 2003:181-184).

The country's industries suffered a similar fate. A narrow domestic market, inefficiency, and political interference to favor cronies under the Marcos dictatorship have meant that industrialization in the country proved to be narrow. Industry never accounted for more than 30% of GDP and 15% of employment. The industries were also uncompetitive: the initial round of trade liberalization, done as a condition of a WB-IMF structural adjustment loan extended in 1981, resulted in bankruptcies and job losses as a wide range of industries struggled to compete with international competition. The textiles industry, for instance, which at its peak comprised almost 300 firms, has now shrunk to less than 10 (Bello, de Guzman, Docena, & Malig, 2004:25). Between 1980 and 1985, the share of manufacturing in employment declined from 11% to 9.7% (Ofreneo, 1995:179).

Overall, trade liberalization has led to the diminished stature of agriculture and industry in the Philippines as accumulation strategies and as employment sources. It has played a crucial role in transforming the country from an agricultural exporter into a net importer starting from the mid-1990s (Borras, 2001). The Philippines is currently running an agricultural trade deficit with eleven out of its sixteen partners in free trade agreements (Bernabe, 2007). Meanwhile, it has also contributed to a process of deindustrialization, which is unusual for a country at a low per-capita income stage of development.

Instead, it is services which now dominates the Philippine economy, which accounted for 49.6% of the country's GDP and 51.8% of employment in 2010 (National Statistical Coordination Board, 2011; National Statistics Office, 2011). This growth may be reflective of a tertiarization and informalization of the economy: value added per worker in the services sector has actually declined by 17% in real terms from 1980 to 2000 (Balisacan & Hill, 2003:13). However, over the past decade, the Philippines has also developed a strong services export sector in the form of business process outsourcing (BPO), which grew at an annual growth rate of 54% between 2004 and 2010, when it generated US$ 9 billion in revenues (Osorio, 2011).

The second aspect of the restructuring of the Philippine economy is an increased dependence on international sources of investment and employment. Successive administrations had made attracting foreign investment a centerpiece of economic policy, in the hope of replicating the FDI-fueled, export-oriented industrialization of other Southeast Asian economies. FDI flows were also hoped to offset the shuttering of domestic industries; however, FDIs into the Philippines were small and erratic in comparison to those attracted by other Southeast Asian economies. Between 1987 to 1991, some US$24 billion worth of Japanese, Taiwanese, and Hong Kong investment flowed into Thailand; in contrast, the Philippines only attracted US$1.6 billion (Yoshihara, 1994:48). Nevertheless, the 200 export processing zones (EPZs) in the country employed 721,588 in 2010 (Cahiles-Magkilat, 2010).

The recent success of the BPO sector is also largely fueled by foreign capital. From 2007 to the first quarter of 2011, foreign capital accounted for PhP122.42 billion (US$2.85 billion) worth of investment pledges in the information and communications sector, equivalent 94.2% of the total investments into this sector. This accounts for 16.59% of the PhP737.8 billion (US$17.16 billion) worth of FDI pledged within this period. With the exception of 2010, when there was an uptick of investment into information and communications techonology (ICT) manufacturing, the bulk of these investments went into ICT services (see table 1). The vast majority of ICT sector jobs in the country were generated in the BPO subsector, which presently employs 525,000 in the country (Osorio, 2011).

Table 1. Investment into the information and communications technology sector, 2007 to Q1 2011.

	2007	2008	2009	2010	Q1 2011	2007-Q1 2011
ICT sector investment, total, billion Philippine pesos	34.6	14.2	14.8	57.5	8.9	130
FDI into ICT sector, billion Philippine pesos) (% of total)	32.2 (93.06%)	12.3 (86.62%)	13.2 (89.4%)	55.91 (97.4%)	8.78 (98.7%)	122.39 (94.2%)
Investment into ICT services subsector, billion Philippine pesos (% of total)	17.29 (50%)	12.3 (86.6%)	14.79 (99.9%)	9.1 (15.8%)	1.8 (20.2%)	55.27 (42.5%)
Total FDI, billion Philippine pesos	215.2	182.7	121.8	196.1	22	737.8
FDI into ICT as % of total FDI	15.0%	6.7%	10.9%	28.5%	39.9%	17.6%

FDI, however, is dwarfed by labor export as a source of investment and employment. The Philippines's weak record of domestic employment generation from the 1970s onwards has spurred a massive emigration of Filipino labor. As of 2010, there are an estimated 8.7 million Filipinos living overseas, out of a population of 91 million (Commission on Filipinos Overseas, 2009). Data from 2009 show that 1.9 million Filipinos are deployed overseas on temporary contracts, out of a labor force of 37.1 million (National Statistics Office, 2009; 2010). In 2010, the Philippines receives US$17.3 billion in remittances, the fourth-largest inflow of remittances in the world, after India, China, and Mexico (The World Bank, 2011:13). Compared to these economies, however, remittances comprise a larger proportion of economic activity in the Philippines, at 18.1% of GDP in 2010 (National Statistical Coordination Board, 2010).

Finally, the transformation of the Philippine economy into one that is services-based and globally-oriented has accelerated the urbanization of the Philippines. The sectors of the economy which have seen rapid growth—i.e. where the Philippines has a comparative advantage within the global economy—are urban in character. Foreign direct investment has tended to concentrate growth and job creation in specific "business-friendly" locales, such as designated export processing and special economic zones, as well as cities that meet infrastructural, workforce, and other locational requirements. While the Philippines did not succeed in attracting the same volume of investment as Indonesia, Malaysia, and Thailand, the liberalization of foreign investment from the Aquino administration onwards did create pockets of export-oriented manufacturing, particularly in textiles and electronics, in the export processing and special economic zones in urbanizing areas to Manila's north and south. These industrial zones create a strong pull factor for rural-urban migration, as well as an impetus for conversion of agricultural land in Southern Tagalog and Central Luzon (regions to the south and north of Manila, respectively) to urban uses (Kelly, 2000, McAndrew, 1994). Remittances are also spurring home construction and urbanization, as the families of migrants invest in new homes and membership in leisure facilities. An estimated 30% of all remittances sent home by OFWs are spent on the real estate sector, translating into $7.1 billion worth of investments for 2010; fully 50% of the sales of some companies are from OFWs (Lucas, 2007).

On the other hand, rural-based economic sectors neither developed a globally-competitive status, nor did they attract significant levels of investment. Agricultural exports only accounted for an average of 2.8% of GDP from 1999 to 2008, far below the average of 10.3% seen in Southeast Asian countries (see table 2). The geographically- and sectorally- uneven integration of the Philippines into the global economy has deepened a preexisting rural-urban economic divide, with the resultant dislocation of labor creating a strong push factor for rural-urban migration acting in tandem with the pull factors created by investments into urban areas.

Table 2. Agricultural exports as a proportion of GDP (%) for selected Southeast Asian countries, 1999-2008 (current prices)[1]

	1999-2001	2003-2005	2006	2007	2008	Average, 1999-2008
Indonesia	7.5	6.1	6.1	5.9	7.3	6.7
Malaysia	10.6	11.5	11.2	12.1	13.4	11.5
Philippines	2.6	3.1	2.7	2.6	2.8	**2.8**
Thailand	10.1	10.5	10.6	10.2	11.8	10.5
Viet Nam	12.1	12.5	13.0	13.6	13.7	12.7
Average excepting the Philippines (unweighed)						**10.3**

Overall, the globalization of the Philippine economy has driven the urbanization of Philippine society, as the restructuring of investment, accumulation, and employment have shifted the country's economic and demographic centers of gravity closer to its cities. The pace and extent of urbanization that has taken place from the 1980s to the present is remarkable: within this period, the urban population grew at an average annual rate of 4.1%, and now comprises 66.4% of the total population. In comparison to other countries in Southeast Asia, the Philippines presently has the second-largest urban population in the region after Indonesia, and is the second-most urbanized after Malaysia (see figures 1 and 2).

[1] Data sourced from Food and Agriculture Organization, 2010.

Figure 1. Urban populations of selected Southeast Asian countries, 1980-2010[2]

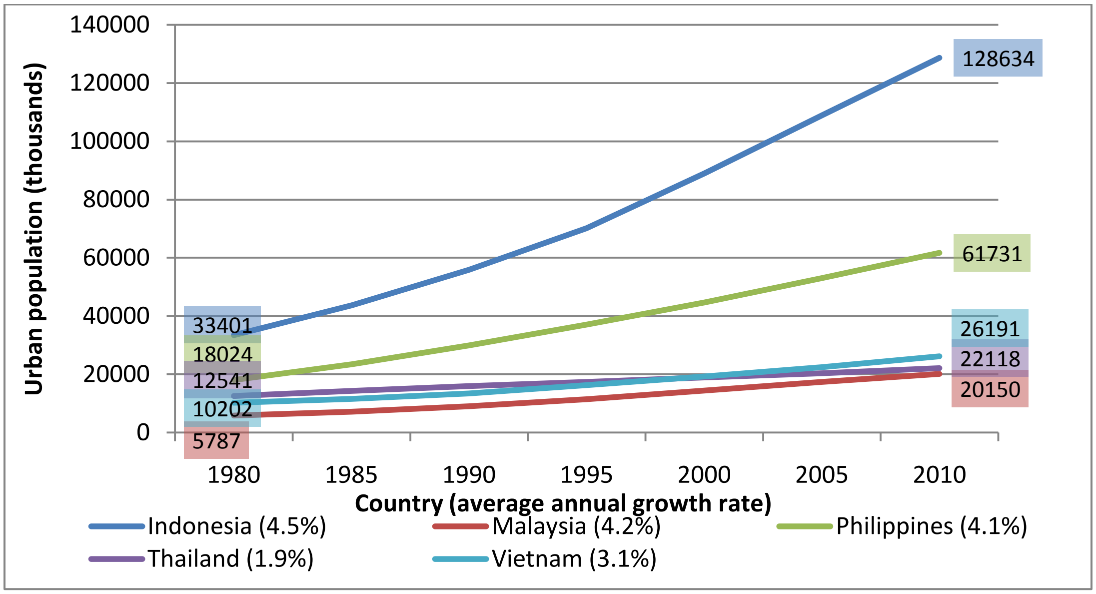
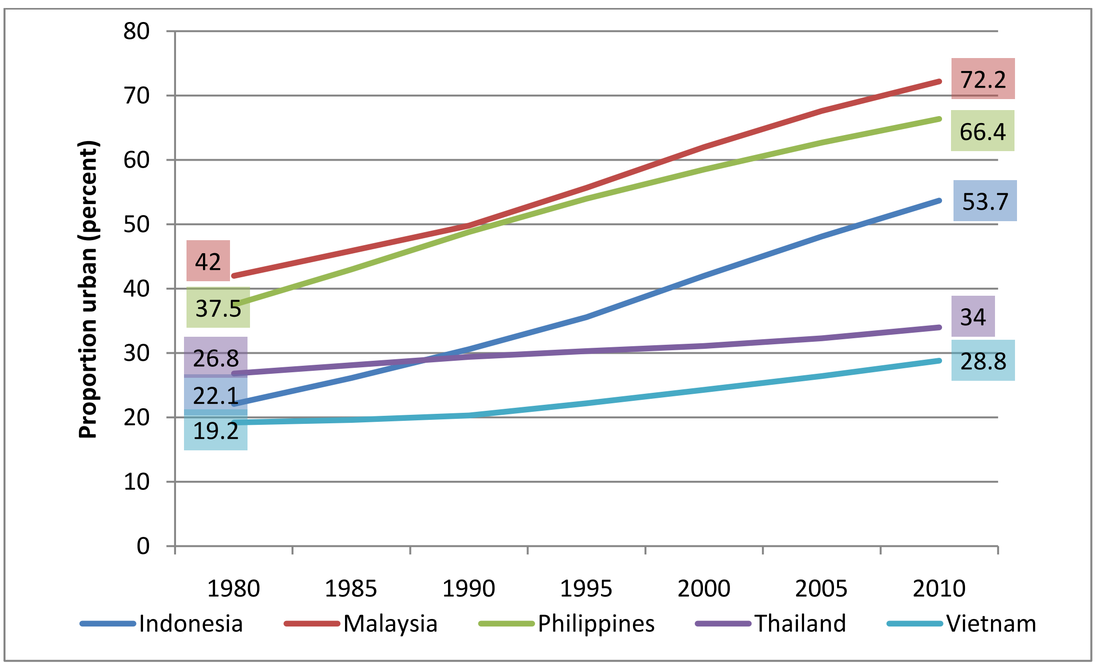


Figure 2. Degree of urbanization of selected Southeast Asian countries, 1980-2010[3]



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[2] Data sourced from Population Divison of the Department of Economic and Social Affairs of the United Nations Secretariat, 2007.

[3] Ibid.

A southern primate city under a new global logic

In turn, the restructuring of the Philippine economy along globalized lines has exerted a defining influence on the pace and form of Manila's recent development. The urbanization of Philippine society has not been evenly distributed across the country's cities. Over the period being described, the share of the National Capital Region in the Philippines's total urban population had declined. This trend has been interpreted as evidence for the dilution of Manila's historical primacy (e.g. Makabenta, 2002). It must be pointed out, however, that the reduced share of the NCR in these indicators stem primarily from urban growth in regions in Manila's periphery which are statistically defined as outside the city, are functionally integrated into it. Using Jones's (2005) definition of the Manila mega-urban region, the demographic and economic primacy of Manila has been maintained, and has even slightly intensified. Demographically, Jones arrives at a figure of 16.245 million for Manila's built-up area, which grew at an average annual rate of 2.95% from 1990 to 2000 (Jones, 2005:11-12). The share of Manila in the total urban population increased from 40.48% to 43.84% within the same period (see table 3).

Table 3. Share of Manila's city region in the total urban population, 1990-2000.

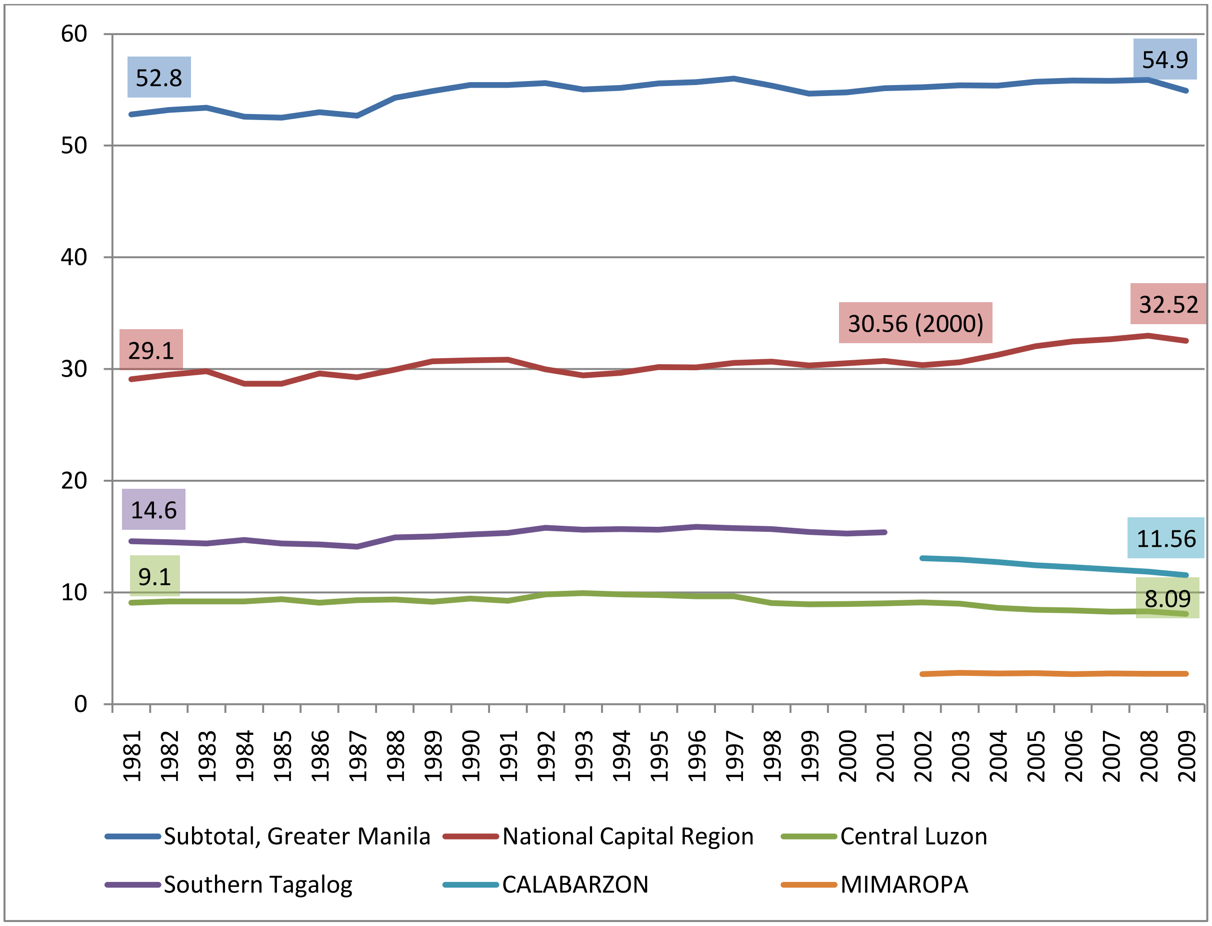
	Manila MUR (core+inner zone)[4]	Total urban population size[5]	Manila MUR as proportion of total urban population, percent
1990	12090	29863	40.48%
2000	16245	37053	43.84%

Economically, Manila's share in the country's GDP has slightly increased from 1980 to the present, and the same trend holds for the greater Manila region. Worth noting is the rising share of NCR from 2000 to the present, which coincides with the growth of the BPO industry (see figure 3).

[4] From Jones, 2005. Jones defines the core as areas having a population density of above 5,000/km^2, and the inner zone as areas having a population density of more than 1,000/km^2 and proportion of the population engaged in agriculture at less than 10%.

[5] From Population Divison of the Department of Economic and Social Affairs of the United Nations Secretariat, 2007.

Figure 3. Share of the Manila city-rgeion in the Philippines's GDP, 1981-2009[6]



This is again a reflection of the uneven integration of the Philippines into the global economy, with globalized economic activity, such as export-oriented industrialization, BPO, and labor export being concentrated in greater Manila. During the 1980s and 1990s, FDI had tended to concentrate in special economic zones that were established in Manila's urbanizing periphery, owing primarily to the presence of infrastructure in this area. The majority of economic zones that were established in this period were in the Southern Tagalog provinces of Cavite and Laguna, directly south of Manila, as well as in two satellite towns to its north the former US military bases of Clark and Subic.

BPO has also tended to concentrate in the core of Manila's city region. A policy implemented by the Philippine Economic Zone Authority (PEZA) in 2000 lifted the minimum of 25 hectares of land for economic zones to attract information technology investments. This policy

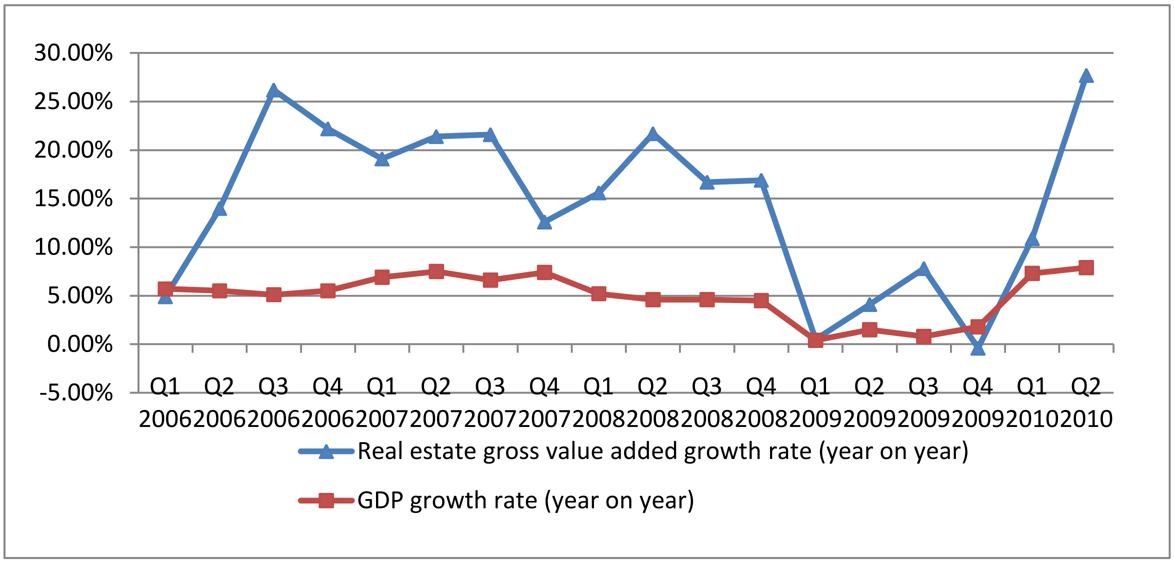
[6] Data from Kelly, 2000; Bureau of Agricultural Statistics, 2011.

enabled single buildings to be declared as IT zones where locators are eligible for the same incentives found in conventional economic zones. Presently, data from PEZA show that 82 out of the 127 information technology parks in the Philippines are in NCR, with a further 7 in Calabarzon. The top three destinations for BPO investments, Makati (274 call centers), Ortigas Center (141), and Quezon City (77), are all in Metro Manila. These developments have spurred demand for office space: demand peaked at 330,000 square meters in 2007, although the Global Financial Crisis has dampened demand and created an oversupply of available office space (Osorio, 2009). The flow of remittances from the Filipino diaspora has also been geographically-uneven, with richer regions receiving more remittances as well as deploying more overseas workers. In 2004, NCR received 26.5% of the total remittances, even though it only accounted for 18.3% of deployed overseas workers. NCR, Central Luzon and Southern Tagalog received 61.3% of the remittances, and deployed 51.3% of the country's overseas workforce during the same period (Pernia, 2006).

These transformations of the Philippine economy also spurred a reconfiguration of the role played by Manila in domestic and global circuits of accumulation. The shifts in economic activity spurred by FDI flows and remittances have changed the opportunities for capital accumulation: control and/or ownership over assets which are able to take advantage of these flows, as opposed to the ownership of land under hacienda agriculture, or capital under industrial capitalism, will be the key element.

One sector that demonstrably lies at the convergence of these transformations is the development of urban and urbanizing land. Demand from industrialization, BPO, and remittance-receiving families has fuelled a sustained boom in the Philippine real estate sector, whose gross value added (GVA) growth rate has consistently outpaced the overall economy, and grew by a record 27.7% in the 2nd quarter of 2010 (see figure 4)

Figure 4. Quarterly GDP and real estate GVA growth rates, 2006-2010[7]



The lucrativeness of real estate development, coupled with the non-viability of both agriculture and industry as means of accumulation, have spurred a transformation of the accumulation strategies of domestic capital. For much of the twentieth century, the Philippine capitalist classes have been divided into two: the rural and landowning *caciques,* which also constituted the country's traditional political class; and the *taipans,* predominantly late-generation immigrant Chinese-Filipino industrialists and merchants who have recently embarked on aggressive diversification. From the 1980s onwards, however, both of these classes have increasingly converged on real estate development as a key component of their accumulation strategies.

Beginning with the industrialization of Manila's southern hinterland, caciques have diversified into either direct involvement in real estate development and/or speculation, exacerbating the non-viability of the agricultural sector as a whole and feeding into the process described above. Caciques have also exercised political power to aid this process along on at least two levels of government. In the landlord-dominated Congress, the law creating an agrarian reform program that was enacted in 1987 was weakened by a loophole that allowed landowners from exempting their holdings from agrarian reform through their reclassification as non-agricultural land (Bello, de Guzman, Docena, & Malig, 2004:37-39). Landowners were then able to

[7] Data from National Statistical Coordination Board, n.d. b

exercise their influence over local government units, which in many cases are headed by members of the local landowning family and staffed by patronage appointments, to facilitate the reclassification of their holdings (Kelly, 2003). Through this process, 67,466 hectares of agricultural land were reclassified for residential, industrial, and recreational uses (Bello, de Guzman, Docena, & Malig, 2004:52). 23,904 hectares were converted in Regions III and IV to the north and south of Manila, respectively (Kelly, 2003:174). The extent to which this has taken place is perhaps best demonstrated by the shift in the dominant material interests of the members of the Philippine Congress, which has historically served to focus the economic power of the landowning class into political ends: the proportion of congressmen with agricultural land dwindled from 58% in the 9th Congress (1992-1995) to 39% in the 12th (2001-2004). The proportion which had interests in property development and real estate was relatively steady, from 53% to 49%. During the 9th Congress, agricultural land was the dominant business interest in the lower house; by the 11th Congress, it had been replaced at the top spot by real estate. The real estate lobby in the lower house was able to show its power with the passage of the Comprehensive and Integrated Shelter Financing Act, which increased the funds for the National Home Mortgage Finance Corporation, a state-owned corporation that grants financial and loan guarantees to housing firms. (Coronel, 2003).

The taipans, who have been the most economically powerful class in the country for much of its history since independence, have also been increasingly involved in real estate. Their wealth had originally been created in manufacturing and retail. The new economic landscape of dwindling returns from manufacturing, competition from liberalized imports, and the new purchasing power of the remittance-receiving middle class have underpinned their diversification, and they now operate as family-headed conglomerates with some similarities to Japan's *zaibatsu* and Korea's *chaebol*. With some notable exceptions, all of the country's top family-owned conglomerates are now invested in real estate: of the top ten richest Filipinos, only one does not have a real estate operation, yet only two (Ayala and Villar) originally derived their wealth from real estate (see table 4). Two features of this data are worth noting. First, the majority of these firms were only recently founded; second, with the exception of Vista Land, annual growth rates of these companies also outperformed the real estate sector as a whole.

Table 4 . 10 richest men in the philippines and their real estate interests as of 2009[8]

	Net worth (million usd)	Wealth from	Conglo-merate	Real estate company	Establish-ment of real estate arm	Revenues of real estate arm (PHP)	% change from prev. year	Profits of real estate arm (PHP)	% change from prev. year
Henry Sy	3,800	Retail	SM	SM Development/SM Residences	1974	6.8bn	66	1.5bn	89
Lucio Tan	1,700	Tobacco, bev, banking	Lucio Tan Group	Eton	1980s in HK, 2007 in Philippines	503.8m	1535	40.6m	127.67
Jaime Zobel de Ayala	1,200	Diversified; originally real estate	Ayala Corp.	Ayala Land, Ayala Land Premier, Alveo Land, Avida Land	1948; spun off 1988	33.7bn	31	4.8bn	11.60
Andrew Tan	850	Food/bev	Alliance Global	Megaworld, Empire East	Megaworld 1989; Empire east spun off 1994	11.46bn (2007)	58.9	3.03bn (2007)	48.50
John Gokongwei	720	Cornstarch (Universal Robina), then retail	JG Summit	Robinson's Land	1980	11.2bn	25.8	3.2bn	28.80
Tony Tan Caktiong	710	Fastfood	Jollibee	-	-	-	-	-	-
Eduardo Cojuangco Jr.	660	Food/bev	San Miguel	San Miguel Properties	1990		20	1.2bn	220
Enrique Razon Jr.	620	Port operations (bought ICTSI from Sorianos)	Razon Group	Sureste Realty	n/a	n/a	n/a	n/a	n/a
Manuel Villar	530	Real estate	Vista Land & Lifescapes	Camella (low-cost), Crown Asia, Brittany Bay (mid- and high-end), Communities Philippines (outside Metro Manila)	1975; VLL incorporated 2006	11.6bn	4.5	4.3bn	-17.3
George Ty	515	Banking	Metrobank	Federal Land	1972	n/a	n/a	n/a	n/a .

Real estate may have been particularly attractive as it is one of the few sectors that are insulated from competition from foreign capital, and that while the sector presents immense upfront costs, large returns on investment are all but guaranteed. Particularly interesting

8 http://www.forbes.com/2009/08/26/philippines-richest-tycoons-philippines-billionaires-09-southeast-asia_land.html

examples of this trend are Lucio Tan (Lucio Tan Group) and Eduardo Cojuangco (San Miguel Corporation). The traditional wealth base of these two have been manufacturing: cigarettes and liquor for Tan, and food, beverages, and liquor for Cojuangco. However the context of trade liberalization has made these industries less lucrative than they had been.

The globalized housing market of Manila: slums, idle land, and luxury development

Despite the boom in real estate and the intensified involvement of private capital in housing development, the Philippines still confronts a chronic urban housing problem. In 2005, 43.7% of the total urban population in the Philippines lived in slums (UN-HABITAT, 2011). Estimates as to the size of Manila's slum population vary: the author's own estimate of the slum population in Manila's city-region based on 2000 census data places the total slum population at 5.62 million, or 44.74% of the population (Cardenas, 2009). Nevertheless, it is clear from a comparison with two other large Southeast Asian cities that Manila has an abnormally high incidence of housing deprivation (see table 5).

Table 5. City wealth and housing deprivation in three Southeast Asian cities[9].

	Proportion of population with housing deprivation			GDP/capita (US$ PPP) (estimate)
	Lacking finished floor materials (2003)	Lacking access to improved water source (2003)	Lacking access to improved sanitation (2003)	
Jakarta	.5%	1%	3.3%	10,082
HCMC	.1%	1.4%	2.4%	10,914
Manila	20.1%	3.1%	.4%	13,423

This situation owes largely to three factors which again reflect the interface of local interests and institutions on one hand, and globalization on the other: the deregulation and privatization of urban development in the Philippines, and the high price of urban land in Manila.

[9] Data on housing deprivation from Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, 2007a:137. City population estimates from Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, 2007b. City GDP estimates from PricewaterhouseCoopers, 2009.

The real estate boom has occurred within a privatized urban development and housing regime. The globalization of the Philippine economy has been accompanied by a neoliberalization of the Philippine state. In the case of housing, the Philippines decisively shifted from a state-led to a market-led form of housing provision with the enactment of the Urban Development and Housing Act (UDHA) of 1992. This legislation abandoned the commitment of the Philippine state as a provider of housing, which never had an impressive track record to begin with (Goss, 1998:93-97). Instead, the new policy sought to enable market actors to address urban housing needs through incentives and penalties. Among these is a requirement for real estate developers to develop 20% of their subdivision developments, in terms of either land area or market value, for socialized housing.

The policy has failed to create a balanced and integrated housing development. While construction costs in the Philippines are low, the high price of land has meant that the cost of housing development is high (Strassman and Blunt, 1994). This has meant that socialised and low-cost housing is deemed by the private sector as either too risky or unprofitable. As will be discussed below, the minimum floor areas and price ceilings defined by law have meant that very few parcels of land in Manila could be profitably developed for socialised housing (see table 6). Consequently, developers employ two responses to the law. The first is outright non-compliance, which carries little in the way of effective sanctions. The second is trading quotas to developers who specialise in these market segments, who then build the units in newly-converted agricultural land in Manila's outskirts, where lower land values have meant that these developments can be sold at a profit even at a lower price point.

Table 6. Housing market segments as defined by law[10].

Housing market segments	Minimum floor area as defined by law	Price ceilings
Batas Pambansa 220		
Socialized housing	18 sq. M.	PhP 400,000.00
Economic (low cost) housing	22 sq. M.	PhP 2,000,000.00
Presidential Decree 957		
Medium cost housing	30 sq. M.	PhP 4,000,000.00
Open market housing	42 sq. M.	Above PhP 4,000,000.00

[10] Housing and Land Use Regulatory Board, n.d.

The high price of land is very much entrenched due to a number of factors. Firstly, the ownership of urban land is highly unequal in Manila, with 44% of urban land owned by a small number of elite families (Berner 1997:21). Secondly, land speculation is a favored accumulation strategy owing to the high and relatively secure returns, leading to idle land being held as speculative assets (Goss, 1998:91-92). Between 1975 and 1991, urban land appreciated at a rate of 2.5 to 3.65 times faster than the GDP growth rate (Banzon-Bautista 1998). Finally, the penetration of the state by elite interests is also a factor: idle land taxes, which could prevent this practice, have not been enacted by the local governments with jurisdiction over Manila. As local political elites are usually engaged in idle land speculation, this is not at all surprising.

Neoliberalisation of other state responsibilities has also compounded the problem of high land prices. On the supply side, the use of state power to open new markets is seen in the policy of privatising state assets as a way of generating revenue. The modernisation of the poorly-equipped armed forces, in particular, is being funded through the conversion and development of former bases and camps. Since 1992, Manila has seen the privatisation of 290 hectares in Fort Bonifacio and 7 hectares in Camp Bago Bantay, with plans for the privatisation of 220 hectares in Camps Aguinaldo and Crame, and an additional 34.5 hectares in Fort Bonifacio being drawn up. The mandate of the Bases Conversion and Development Authority (BCDA) to sell the land at as high a price as possible has meant that these parcels were sold for the highest bids, precluding the use of these lands for anything but the highest ends of the market. The winning bid for the latest parcels to be privatised in Fort Bonifacio, for example, amounted to PhP37,609/m^2 (Bases Conversion and Development Authority, 2010:19). To put this figure in perspective, the price for an 18-m plot of land would amount to PhP676,962, more than 50% more expensive than the PhP400,000/unit price ceiling for a complete socialised housing house-and-lot unit. The privatised Fort Bonifacio is now a master-planned high-end district whose recent locators include the embassies of Singapore and the United Kingdom, the new headquarters of the Philippine Stock Exchange, and the local offices of several multinational corporations.

This situation has two ramifications for housing inequality. The first is that real estate developers do not need to build for underserved income groups to turn remarkable profits, as globalized sources of investment such as foreign investment and remittances-supported households are able to meet high land prices with the requisite demand at a profitable price point, calling into doubt whether balanced housing development can in fact be met through the market. The boom has arguably led to iniquitous land uses, such as sprawling private residential developments in the urbanizing fringe, ultra-luxurious high-rises in the core, and leisure spaces. The resort towns of Manila's peri-urban south, such as Tagaytay and Nasugbu, have recently seen massive leisure developments targeted primarily at retiring Filipino expatriates. In Nasugbu, Henry Sy's SM Prime Development Corporation is presently developing a 5,800-hectare self-contained resort community named Hamilo Coast.

In contrast, between 2007 and 2009, only 12,425 licenses to sell socialized and low-cost units in NCR were granted by the Housing and Land Use Regulatory Board (see table 7). It should also be pointed out that the majority of licenses granted were for condominium developments, for which no socialized and low-cost housing requirement is stipulated by law.

Table7 . Licences to sell issued by the HLURB for Manila (NCR) per market segment, 2007-2009[11].

Year	Open market housing	Condominium	Medium-cost housing	Economic, socialised, and compliance housing	Total
2009	3353	29602	0	6157	39112
2008	1488	45387	149	3031	50055
2007	2314	16854	88	3237	22493
Total	7155	91843	237	12425	111660
% of total	6.41%	82.25%	0.21%	11.13%	100

The second resultant inequality is spatial segregation. While the law specifies that the socialized housing component be built "whenever possible" within the same municipality or city as the higher-end housing projects (Republic Act 7279, § 18), the data above shows that this is not in fact the case, as socialized and low-cost housing only accounted for only 11% of the 111,660 units for this period, below the 20% mandated by law. Instead, what is being seen is the dispersal of the lower-end market segments to the surrounding provinces of regions III and IV-A, where licenses to sell for 207,895 units of economic and socialised housing were issued (see table 8). In these

[11] Housing and Land Use Regulatory Board, n.d.

areas, 66.42% of all licenses to sell were for these market segments. Taken in conjunction with the construction of high-rise developments in Manila's core, privatized urban development within the context of a globalizing city, is leading to a process of social polarization, where access to land and housing markets are predicated to the ability to tap global glows of capital.

Table 8. Licences to sell issued by the HLURB for Regions III and IV-A per market segment, 2007-2009[12].

Year	Open market housing	Condominium	Medium-cost housing	Economic, socialised, and compliance housing	Total
2009	19498	1975	5743	70948	98164
2008	29746	1664	7963	79136	118509
2007	26844	647	11040	57811	96342
Total	76088	4286	24746	207895	313015
% of total	24.31%	1.37%	7.9%	66.42%	100

Conclusion

The involvement of globalized sources of capital in Manila's recent development, as well as the globalization of the Philippine economy as a whole, is exerting a powerful influence in the form of urbanization that is taking place in Manila at the present. Within a context of privatized urban development, the adjustment to the discipline of global flows of labor and capital introduced or exacerbated existing dysfunctions in the city's housing market: iniquitous land uses, spatial segregation, and the unmet need in socialized and low-cost housing.

The inequalities described in this paper demonstrate that the globalization of urban development has bifurcated access to the land and housing in Manila. This is accomplished on the basis of access to opportunities enabled by the privatized policy environment and the new globalized economy. Concretely, this is seen in how access to the privatized land and housing markets in Manila is limited to agents who are able to tap global flows of capital. Those who

[12] Housing and Land Use Regulatory Board, n.d.

cannot take advantage of the new context, on the other hand, are denied access to land and housing in Manila through undersupply of housing for unprofitable market segments, and spatial segregation of socialized and low-cost housing into the outer suburbs. Within a context where access to opportunities made available by globalization is unequal to begin with, this raises the troubling prospect of mutually-reinforcing inequalities involving access to global capital flows, urban land and housing, and overall development.

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