

The Php7.16 trillion total outstanding national government debt as of end-September 2018 is equivalent to 42.3% of GDP, only marginally higher than the 42.1% in both 2016 and 2017, and still well below the last peak of 78.2% in 2004. (See Table 3) The figure rose slightly to Php7.20 trillion as of end-November. While manageable for now, financing can only become more difficult as interest rates rise and as slowing growth causes the government’s debt burden to increase as a share of GDP.

Disguised jobs crisis

The socioeconomic conditions of the masses are not substantially or sustainably improving. A few gained from recent economic growth but not the people who need this the most. Domestic elites and foreign capital continue to profit but the poorest majority still grapple with worsening joblessness, low incomes, high prices, burdensome taxes and decrepit public services.

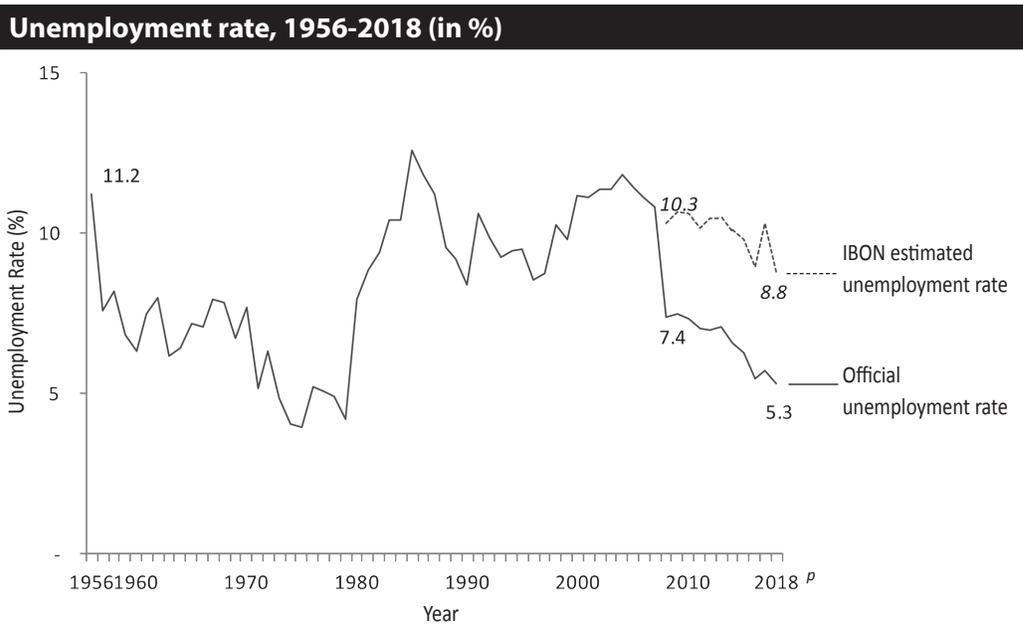
Among the most serious underlying problems of the economy is the severe albeit disguised crisis of joblessness. The situation is alarming – the economy is less and less able to create enough decent work for the growing population. There has even been a marked deterioration in the last two years under the Duterte administration.

This urgently needs to be acknowledged and addressed.

The economy was creating an average of 836,000 new jobs annually in the decade 2007-2016; there were some data breaks in this period but this is still a workable approximation. This however fell to just 81,000 jobs annually under the Duterte watch – with the 41.0 million employed in 2016 only increasing by 162,000 to 41.2 million in 2018. This is less than one-tenth the rate of the previous decade.

Economic managers hailed 825,000 new jobs created in 2018 out of context of the huge 663,000 loss of jobs in 2017 that was the biggest contraction in employment in 20 years or since 1997. In effect, the largest part of job creation in 2018, or some four out of five ‘new’ jobs, merely restored jobs lost the year before.

Chart 5



Note: There have been many changes in the official methodology for estimating the unemployment rate in the country. The most significant was in 2005 when additional criteria to count as unemployed was added that drastically reduced the number of unemployed and the unemployment rate. IBON generates annual unemployment data from the Philippine Statistics Authority’s regional level microdata on the Labor Force Survey based on the pre-2005 definitions to make comparisons with previous periods possible. Other changes in methodology in 2013 and 2016 would, strictly speaking, also prevent comparison but the discrepancy here is much less.

^P - preliminary

Source: Philippine Statistics Authority Labor Force Survey

Table 4

Selected labor force statistics, 2017-2018 (population in thousands; rate in %)		
Indicator	2017	2018^P
Total 15 years old and over	69,891	71,340
Labor Force	42,775	43,461
Employed	40,334	41,160
Underemployed	6,506	6,735
Unemployed	2,441	2,301
Not in the Labor Force	27,116	27,878
Participation Rate	61.2	60.9
Employment Rate	94.3	94.7
Underemployment Rate	16.1	16.4
Unemployment Rate	5.7	5.3

^P - preliminary
Source: Philippine Statistics Authority Labor Force Survey

How is this weak job generation to be reconciled with the number of unemployed reported as going down by 62,000 from 2.4 million in 2016 to just 2.3 million in 2018, and the unemployment rate falling to 5.3% in 2018 which is the lowest in four decades? (See Chart 5)

Before anything, it needs to be stressed that weak employment generation, whatever the reported unemployment figures, is a serious problem in itself. Work is essential for growth to benefit people through higher incomes; less work always means less household income and lower welfare.

Turning to the unemployment figures, the seeming improvement comes from a statistical quirk. Under present official methodology, only Filipinos without work considered as part of the labor force are counted as unemployed. In particular, it is not enough for a jobless Filipino to be of working age (i.e. 15 years old and over) to be considered part of the labor force – they must also have been seeking work and be immediately available for work.

This falsely improves the unemployment situation in two ways. The first is a result of implementation

of the senior high school component of the K-to-12 program since 2016, which added two years to basic education. This has the effect of keeping working age youth in school instead of them entering the labor force and joining the ranks of either the unemployed (thus lessening reported unemployment) or indeed the employed (hence lessening employment). Such working age youth are considered ‘not in the labor force’.

The second is due to a stricter criteria since 2005 to be considered unemployed. The earlier definition was changed so that Filipinos without work who were not immediately available for work and discouraged workers who did not look for work in the last six months will no longer be considered unemployed (thus lessening reported unemployment). Such otherwise jobless Filipinos are considered ‘not in the labor force’.

The combined effect of these two factors has been to drive the official labor force participation rate (LFPR) down to 61.2% in 2017 and even lower to 60.9% in 2018. (See Table 4) The LFPR last year is the lowest in 38 years or since 1980. The reported magnitude and rate of unemployment is also greatly reduced.

The use of stricter criteria under-reports the real number of unemployed in the country to statistically improve the unemployment situation compared to previous decades. The deep unemployment crisis since 2005 is concealed and, in particular, the dramatic increase in unemployment under the Duterte administration is disguised.

Joblessness – the real score

Reverting to the previous official definition, IBON estimates that the real number of unemployed in 2017 is 4.6 million – the most in the country’s history – or almost double the declared estimate of just 2.4 million. The real unemployment rate is estimated at 10.3% compared to just 5.7% as officially reported. To give this some context, the annual average unemployment rate in the crisis-ridden closing years of the Marcos dictatorship in 1981-1985 was also at 10.3% although rising

steeply between the start and end of that period. (See Chart 5)

The 4.6 million unemployed and 6.5 million underemployed taken together totals 11.1 million Filipinos or a sizeable one in four (24.8%) of the 45 million-strong labor force in 2017. Alternative estimates are not yet available for 2018 but the official reports can still be reinterpreted.

The officially reported number of unemployed fell by 62,000 between 2016 and 2018 but this does not necessarily indicate an improving employment situation. To recall, employment grew by just 162,000 between 2016 and 2018. Taking the definitional quirk and the weak job creation into consideration, it is plausible that the 62,000 decline in the number of unemployed over that same period are workers dropping out of the labor force because of tight labor markets rather than finding new work. Wide poverty, low incomes and rising prices make voluntary unemployment implausible.

As it is, quarterly labor force surveys already showed adverse employment generation trends as 2018 progressed. Measured year-on-year, some 2.4 million jobs were reportedly created in January 2018, but this fell to 625,000 in April and further to 488,000 in July; in October about 219,000 jobs were actually lost. (See Table 5) By the end of the year, employment was being boosted mainly by short-term jobs in construction and a conspicuous increase in public sector work.

The first two full years of the Duterte administration registered the lowest level of job creation among post-Marcos administrations, averaging 81,000 for the years 2017 and 2018. This is far below the equivalent pace under Corazon Aquino in 1987-1992 (810,000), Ramos in 1993-1998 (489,000), Estrada in 1999-2001 (842,000), Arroyo in 2002-2010 (764,000), and Benigno Aquino, III in 2011-2016 (827,000).

The current situation is actually the tail end of a dozen years of chronically high but disguised unemployment. Using comparable figures, the unemployment rate increased from 4.2% in 1979 to 11.8% in 2004 and then maintained at a high annual average of 10.5% from 2005 to 2017.

The notable drop in underemployment rates from 20.9% in 2005 to 16.4% in 2018 potentially signifies improved quality of work. This is particularly notable given concerns of how government policy is to make labor markets flexible even at the expense of workers' rights and welfare.

However, it is also possible that at least some employed persons are expressing less interest in additional hours of work or an additional job – the technical definition of underemployment – not because they are content where they are but because they are overworked as they are. Similarly, others may not be seeking a new job with longer hours and higher pay not because their current work is satisfactory but because they are discouraged by poor employment prospects elsewhere.

Table 5

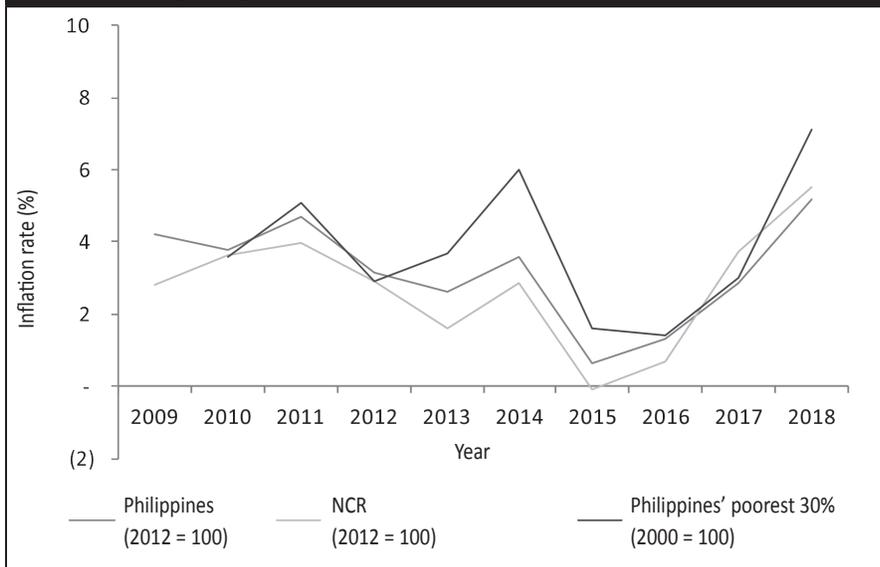
Quarterly change in the number of employed persons by industry, 2017-2018 (in thousands)				
Industry	January	April	July^P	October^P
Total Employed	2,408	625	488	(219)
Agriculture	842	(723)	(737)	(420)
Industry	716	607	172	406
Service	851	742	1,052	(205)
^P - preliminary				
Source: Philippine Statistics Authority Labor Force Survey				

The steadily rising unemployment from 1979 to 2004 followed the implementation of globalization policies by past governments. These policies continue until today. These caused agriculture and industry to decline and transformed the Philippines into a service-oriented more than a producing economy resulting in the chronically weak domestic job creation.

Overseas work has become more and more important as a safety valve for economic

Chart 6

Annual inflation rate for the Philippines, NCR and the poorest 30%, 2009-2018* (in %)



* - 2018 average for the Philippines' poorest 30% as of January-November only
NCR - National Capital Region

Source: Philippine Statistics Authority

Foremost was the soaring cost of living. Inflation was rising through most of 2018 and brought the annual rate to 5.2% from 2.9% in 2017 and 1.3% in 2016. (See Chart 6) This is way beyond the government's original inflation projection of 2-4% for 2018 and the highest in a decade after the 8.2% in 2008.

Rising prices always spell more difficulty for the poor especially amid low or even stagnant incomes. But this was particularly so with the inflation in 2018 because this was driven by rising food prices, especially of rice. Food takes up a larger share of the spending of the poorest 30% of the

discontent. More Filipinos go abroad for work than new jobs are created locally – an average of 5,757 Filipinos were deployed abroad daily in the first semester of 2018, compared to just 2,260 new jobs created on average per day for the year.

Economic burdens and struggles

The poor majority of Filipinos bear the brunt of economic neglect, displacement and exploitation. Last year saw additional burdens on top of the chronic crisis of joblessness.

population compared to higher income groups. While inflation was 5.2% for the year across all income groups, it was a much higher 7.1% for the poorest 30% of the population. (See Chart 6)

Inflation eased in December to 5.1% but the poorest half of the population still saw their real incomes for the year eroded by high inflation – from Php3,300 to as much as Php7,300. Supposedly mitigating measures under TRAIN (Tax Reform for Acceleration and Inclusion) were slow in coming - the majority of targeted recipients of cash

Table 6

Daily wage indicators for the National Capital Region

Period	Daily minimum wage (Php)	Real minimum wage (2012=100; in Php)	Estimated family living wage for six members (Php)	Wage gap	
				(Php)	(%)
Jun 2016	491	468	1,077	(586)	54
Dec 2017	512	460	1,141	(629)	55
Dec 2018	537	461	1,196	(659)	55

Sources: National Wages and Productivity Commission and Philippine Statistics Authority

subsidies and fuel vouchers had yet to receive any by mid-year. Some 1.9 million or one in five (19%) cash subsidy beneficiaries had still not received their cash transfers by November, while just 67,721 or less than half of jeepney drivers received their fuel vouchers.

The government sought to downplay the impact of the regressive TRAIN taxes on inflation. A large portion of the public was able to discern otherwise and there were widespread protests by women’s groups, consumer groups and other sectoral organizations in the second half of 2018 to repeal TRAIN. Expensive rice and shortages in some areas also drew attention to corruption and incompetence in the National Food Authority (NFA).

Neoliberal logic during times of high inflation expectedly resulted in working class Filipinos not getting the meaningful wage hikes they needed more than ever. Economic managers justify keeping wages low by invoking the bogey of cost-push inflation – in effect managing inflation by making Filipino working people make do with less while ensuring that firms maintain their profits.

Real incomes thus remained low and insufficient for decent living. Latest figures on the average daily basic pay (ADBP) of wage and salary workers show this as virtually stagnant over the past 17 years of increasingly fast economic growth. Adjusted for inflation, the reported ADBP of Php364 in January 2018 is a negligible 1.6% increase since 2001. **(See Chart 7)**

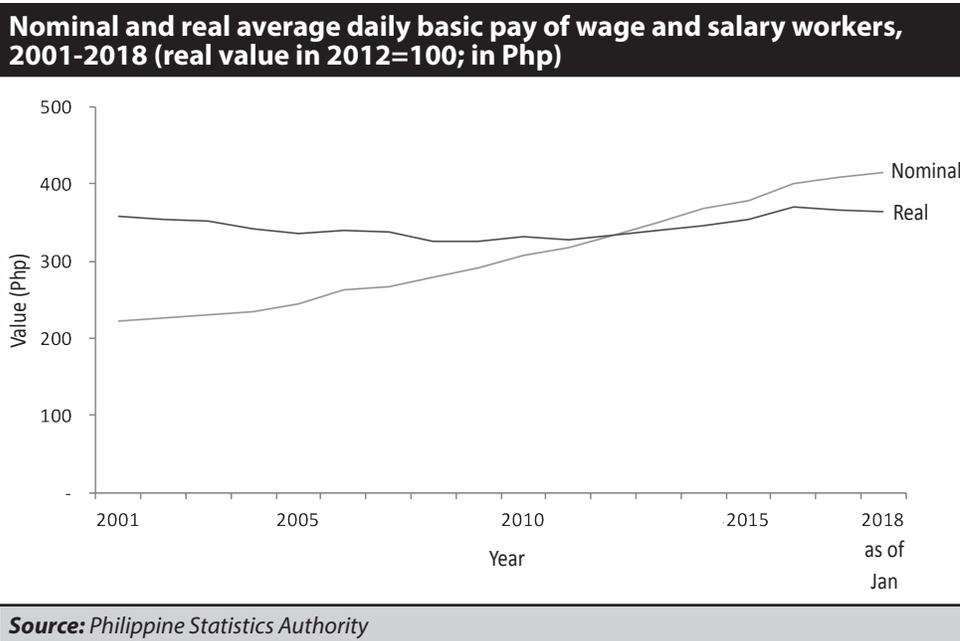
The administration has been typically unresponsive to calls for a

meaningful increase in the mandated minimum wage. For instance, inflation increased the family living wage (FLW) needed for meeting basic needs to Php996 for a family of five and Php1,196 for a family of six in the National Capital Region (NCR) as of December 2018. **(See Table 6)** Despite a Php25 wage hike, the NCR nominal minimum wage of Php537 is still low, which means wage gaps of Php459 (46% shortfall) and Php659 (55%), respectively.

Workers’ struggles continued to grow and expand nationwide through 2018. Tens of thousands of workers in Metro Manila, Bulacan, Zambales, Cavite, Laguna, Cebu, Davao, Compostela Valley and elsewhere launched strikes, pickets and protests for a national minimum wage and against contractualization. These included mass actions in some of the biggest foreign and domestic firms in the country – NutriAsia, Hanjin, PLDT, Pepsi Cola, Monde Nissin, Honda, Magnolia, Coke, Alaska, Sumifru, and Jollibee among others. A few cases won in the courts, but most faced attacks and even violent dispersals.

Urban poor groups and informal settlers struggled with high prices and inadequate social services. Groups in Bulacan, Rizal and Negros Occidental pressed their right to housing, to the point of

Chart 7



occupying thousands of idle government housing units. They also pressed for titles to housing units and electricity and water connections. Others in Metro Manila resisted eviction and demolitions meant to pave the way for commercial and infrastructure projects.

Also prominent last year were public school teachers asking for salary increases and many undelivered benefits as well as addressing perennial shortages of teachers, textbooks, classrooms and desks. Self-organized schools of Lumad (indigenous people) in Mindanao bravely rose up to resist harassment and militarization of their upland communities. Their resistance included opposition to incursions of mining firms. Youth and student groups meanwhile continued to press for improvements in the public higher education system including full implementation of the recently enacted free tuition scheme.

Farmers' struggles spread in the countryside especially with the intensification of the agrarian crisis on top of unresolved landlessness. Tens of thousands of farmers in Cagayan, Isabela, Bulacan, Nueva Ecija, Tarlac, Quirino, Batangas, Laguna, Quezon, Camarines Norte, Bohol, Cebu, Negros Occidental, Negros Oriental, Samar, Bukidnon and other provinces undertook scores of mass actions on a wide range of peasant concerns – failure of land reform, land grabbing, land conversion, lack of government support, undistributed coco levy funds, genetically modified organisms (GMOs), expensive rice, and rights violations.

Mobilizations included not just pickets, marches, caravans and protests to authorities but also mass assemblies and actual land occupation and cultivation that the peasants call *bungkalan*. As with workers' struggles, many of these were met with violent repression. One of the worst was the night-time massacre in a sugar plantation in Sagay, Negros Occidental. Farm workers and their families on a *bungkalan* activity were resting in their makeshift tents one night when armed men shot and killed nine of them.

New beginnings needed

The economy is in a precarious situation of high unemployment, slowing growth, high inflation, rising interest rates, swelling trade deficits, a failing peso, and stagnation of agriculture and Filipino industry. This is amid growing global protectionism, trade wars, and brewing financial turmoil. The protracted global crisis makes domestic reforms difficult. Yet economic strategies are still over-reliant on foreign investment and overseas work and markets.

The situation points to the urgency of a new approach to development that delivers more than headline-friendly economic figures and prosperity for a few. Economic policies need to be reoriented to build the foundation for long-term growth and to provide as much social and economic services to the people as evolving conditions allow.

Being clear of the economy's problems leads to having a broader view of economic development over merely seeking growth, foreign investments and higher corporate profits. The economy has to be restructured so that more of the gains from economic activity go to the larger mass of working people as opposed to being concentrated as profits in the hands of a few.

Distributing land from landlords to the tillers ensures that more of the benefits from farm production go to the peasantry. Increasing wages ensures that more of the earnings from production and commerce go to workers and other employees. Improving publicly-provided social services returns government revenues to the people as education, health and housing. These increase welfare as well as domestic demand.

But increasing domestic demand is not enough. The economy's supply response also has to be developed. Specifically, agricultural and industrial activity has to be aggressively developed to meet that demand. Indigenous technology and aggregate productivity has to be increased to generate a larger economic surplus to be returned

to the working people as higher incomes and also for reinvestment. The most important role of infrastructure is to support domestic agriculture and industry.

The increased domestic demand and corresponding response by domestic supply is the start of a virtuous cycle of growth and development. This will also be a more stable economy that is less vulnerable to external shocks. The goal is to create a stronger base of dynamism in the domestic economy that also puts the country in a better position to interact productively with foreign investors and overseas markets.

Discarding old economics

Understanding the economy's underdevelopment in this way rather than from the narrow lens of neoliberalism, free markets and profits draws attention to the erroneous directions of current economic policymaking that need to be corrected. For all its exhortations of supposed change, the Duterte administration repeats the counterproductive neoliberal economics of previous administrations.

Despite bold pronouncements of free land distribution, it has brought agrarian reform to a standstill. The land redistribution balance as of the start of 2016 was 621,085 hectares of mostly private agricultural lands. Completing land reform by the end of the administration's term in 2022 entails distribution of some 103,514 hectares annually. The actual distribution in the two-and-a-half years from 2016 to June 2018 has been just 71,138 hectares, or an average of only 28,455 hectares annually.

Agrarian reform needs to be implemented more vigorously. This delivers social justice for millions of exploited farmers. Equitable land distribution with the necessary support services is also proven to increase aggregate agricultural productivity. The administration moreover needs to take action on decades of land reconcentration and land conversion where erstwhile beneficiaries have lost control of lands supposedly distributed to them.

The Duterte government also needs to reconsider its plans to expand export crop plantations such as those targeted under the Philippine Palm Oil Industry Road Map 2014-2023. The plan targets 353,000 hectares of oil palm plantations by 2023 while identifying 1.1 million hectares of potential production areas. Hundreds of thousands of agrarian reform beneficiaries are at risk of their land coming under onerous agribusiness venture arrangements.

Domestic agriculture has to be protected and supported. The rice crisis is rooted in insufficient production due to long-standing neglect of rice farmers and liberalization-biased agricultural policy, worsened by clipping the authority of the NFA. Ironically, the administration used this situation to justify even greater liberalization through rice tariffication. Long-term food self-sufficiency and security is better served by reversing decades of agricultural liberalization that keep farm productivity low and reinforces rural poverty. The NFA in turn should be made more effective instead of being dismantled.

National industrialization policy is needed. The government has come up with industrial roadmaps and an Inclusive Innovation Industrial Strategy (i3S). The government's ambition can be much improved though beyond merely seeking to insert the country into foreign transnational corporation-dominated export-oriented global value chains (GVCs). This will merely replicate the poor industrial development experience from decades of foreign manufacturing investments in self-contained SEZ enclaves.

Industrialization is hobbled by the current over-reliance on market forces to identify potential industries and by over-dependence on foreign investor preferences. Industrial policy should instead be keen on whether that insertion is by Filipino or foreign capital in the country, prioritize Filipino firms, and have a strategic view of the domestic economy eventually overcoming its subordinate role in GVCs. As the experience of other countries have shown, industrial development requires market-bending state

intervention to protect and support Filipino firms and to extract lasting gains from foreign investment.

On a larger scale, the government needs to manage foreign trade and investment more aggressively for national development. It has to reform its approach to the Regional Comprehensive Economic Partnership (RCEP) and United States-Philippines Free Trade Agreement (US-PH FTA) accordingly towards greater protection rather than surrender of vital development policy space. The NEDA has already mentioned that the government is in preliminary talks for two additional unspecified free trade agreements (FTA).

The 11th Foreign Investment Negative List (FINL) is also a step backward in further opening up construction for public works, internet businesses, power generation and supply, radio communications networks, insurance firms, and wellness centers to foreign investment. While investment restrictions are not sufficient to develop sectors of the economy, they are in many cases necessary or at least useful for ensuring greater benefits for the local economy if the government is so inclined to extract such.

Like all the previous charter change versions, Resolution of Both Houses (RBH) No. 15 passed in December last year removes or loosens key foreign investment restrictions over land ownership, exploitation of natural resources, education, mass media and advertising, public utilities, and strategic enterprises.

It also removes important Constitutional provisions on developing a self-reliant and independent national economy, regulating international trade, agrarian reform, and industrialization. RBH 15 also takes away preferential use of Filipino labor and inputs, limiting professions to Filipinos, and mention of important labor rights. Removing these is harmful to the country's remaining prospects for development.

The tax system needs to be reformed to redistribute income and wealth from capital and the rich to social services and economic development. But the Duterte administration pressed the implementation of its regressive TRAIN Package 1 that increased the tax burden on the poor majority of Filipinos and reduced taxes on higher income groups including among the country's super-rich. It also pushed for its companion Package 1B giving yet another tax amnesty and Package 2 reducing corporate income taxes and rationalizing fiscal incentives.

National industrialization now

Going beyond correcting specific current policy thrusts, a more fundamental policy reorientation is needed to achieve the structural transformation of the economy. National industrialization needs to be made the strategic center of economic gravity of the country's development policy, unlike the current situation where it is treated just as a sectoral matter.

This is not at the expense of other policy aspects such as rural development or social programs but rather to give socioeconomic policy the coherence, focus and direction needed for long-term national progress. This means that all other key policy areas will be in support of national industrialization: trade and investment, financial, monetary and fiscal policies.

This demands far-reaching reforms. The state's capacity to regulate and intervene has to be continuously developed. This covers its technical and administrative capacity, democracy and accountability, and stopping corruption and rent-seeking. Deep and dynamic links have to be built between and among government, business and civil society.

Immediate steps need to be taken to recover policy given up and lost during the globalization era. The government needs to reconsider objectionable provisions in international trade and investment agreements that prevent regulating foreign capital and supporting Filipino firms for national development.

The country must have the freedom to choose from as wide a menu of nationalist and development-oriented policy tools as possible. Key industries and industrial projects need to be identified and supported. Filipino science and technology has to be aggressively developed. Financing should be raised and directed to

industrial development, particularly in ways sensitive to current inequities and distribution of resources. There must be simultaneous due attention to rural development, social services and protection, physical infrastructure, and the environment.

Shell of a democracy, more elitist and exploitative rule

Democracy is backsliding. Factional infighting gone public last year confirmed how the country's political institutions are still mere vehicles for narrow interests and personal ambition. Yet much more alarming than this politics-as-usual is the Duterte administration's heightened constriction of democratic space in the country to stifle dissent. This is destabilizing in the short-term and will have adverse long-term implications on the country's nascent democracy.

Political ambition

The Duterte clique's redoubled efforts to expand its power and indefinitely extend its rule is at the core of the increasingly turbulent political situation. As with previous such attempts, the strategy is through self-serving charter change. But unlike previous attempts, the current administration's character leads it to take an authoritarian turn approaching the Constitutional authoritarianism of the Marcos dictatorship in the early 1970s.

The specifics of how the president achieves his ambitions varies between different versions of the proposed charter. The common thread however is the transitory provisions giving the presidency excessive powers immediately upon ratification of the new Constitution until new elections are called in 2022 – consisting of undue executive and legislative powers as well as unwarranted influence over the judiciary. After this, the proposals vary in allowing or disallowing re-election.

Exploiting the people's desire for change in the country, this self-serving charter change is sold to the public as a forward-looking reformist shift to a federal system. The support or at least acquiescence of major sections of the domestic oligarchy and foreign capital comes from removing key nationalist economic provisions and restrictions on foreign investment.

The way to get the support of traditional politicians in the Senate, House of Representatives (HOR) and local government units is also straightforward. For a start, the administration is using its control over pork barrel and its leverage by virtue of vast executive powers. But the proposed charters also have different permutations of pandering to most politicians' base interests: term extensions until 2022 (including cancelling the 2019 elections); lifting of term limits; and giving political dynasties greater powers including over local revenue generation.

Charter change may yet be pushed in the waning days of the current Congress. But if not, it will certainly be pushed after mid-term election results have been influenced to deliver a more accommodating Senate. The administration's room for maneuver is also widened to the extent that the Supreme Court is supportive enough to help avert any legal challenges.

If these fail, there is still the possibility of de facto or even overt nationwide Martial Law on presidential impulse. The oppressiveness of any such extreme measure might then be softened

by dangling federalism as one of its supposedly desirable outcomes.

The Duterte administration is however conscious that this will be resisted by the country's long tradition of social movements and civil society from the 1960s through the Marcos dictatorship until today. Numerous and varied groups have already come together to oppose charter change and coalesced into the broad Stop Cha-Cha coalition. The brewing crackdown against them makes sense as a way to make quasi or even formal Martial Law more stable and sustainable.

Reactionary infighting

The president is pushing his agenda through increased authoritarianism but also amid growing infighting. Political and economic elites are united in the repression of democratic struggles that threaten their wealth and power. For now this seems to drown out any concern that the president's ambitions are also served. But even so, the Duterte political clique is conscious that there are aspirants to its rule from among rival political factions including those that may currently be tactical allies.

Without dictatorial powers, the Duterte administration's rule depends on playing the country's conventional transactional politics and balancing competing interests. For now its main source of strength is a core base of public support and established electoral mandate. It tried to bring this to a higher level through the Kilusang Pagbabago movement at the start of its term but failed. Instead, it cultivates its core support through sustained populist demagoguery and by trying to prevent its erosion from accumulating controversies.

The administration's anti-corruption posture is among its populist image-building measures. At least 55 government officials have been accused of corruption, criminality or misconduct and have either been fired or forced to resign from July 2016 through 2018. But only three appear to have been charged or punished while at least seven have been merely reappointed or

reassigned elsewhere. Hence the perception is that corruption is getting worse with, for instance, the Philippines dropping 13 notches in Transparency International's 2017 Corruption Index to 111th of 180 nations.

Beyond spontaneous public support, the administration also uses orthodox political tools to cobble together a ruling coalition around PDP-Laban including world-class plunderers, Arroyo, Marcoses and Estrada, as well as other opportunist politicians and their parties. The Duterte dynasty, through the presidential daughter and Davao City mayor, has also used the regional Hugpong ng Pagbabago party to link up with six other local parties and the Nacionalista Party (NP), Nationalist People's Coalition (NPC), and National Unity Party (NUP).

A leadership coup in Congress and public squabbling over pork barrel in 2018 reminded the people not only that patronage remains but also that shallow political alliances of convenience are never stable. The presidency remains the center of political power but, appearances and bombast notwithstanding, neither its control over the ruling coalition nor the loyalty of its members is absolute.

Former president and now Pampanga Rep. Gloria Macapagal-Arroyo staged a coup in the HOR to seize its speakership as Congress convened for the president's state of the nation address in July 2018, displacing close Duterte ally Davao del Norte Rep. Pantaleon Alvarez.

Later, it was exposed how pork barrel remains under the guise of technical compliance even with the Supreme Court ruling against it. Sen. Panfilo Lacson claimed at least Php51.7 billion in pork barrel funds in the proposed 2019 budget, benefiting hundreds of representatives and senators – it is conventionally understood that each gets an average of Php60 million and Php200 million, respectively.

Representatives Rolando Andaya and Danilo Suarez meanwhile accused budget secretary Benjamin Diokno of Php75 billion in insertions in the public works budget and insinuated that

he used his influence to favor relatives with construction contracts. The Road Users Tax also emerged as among the government's hidden sources of pork barrel funds.

The government's armed forces, by force of the gun, are the final bastion of support of any administration. The Duterte administration has taken extra efforts to get their full support. The president is active in visiting military and police camps around the country and makes a show of generously increasing their salaries, benefits and combat pay and in giving additional weaponry and other war material.

Aside from these vigorous efforts is a militarization of the civilian government that is unseen since the Marcos dictatorship nearly 50 years ago. The number of military and police officials taking civilian positions is conspicuous. To date, there are 68 officials – 50 from the military and 18 from the police – in 46 agencies. They have been appointed heads in 31 of these agencies as Cabinet secretaries, director generals, chairpersons, executive directors, administrators or presidents.

At most only six of these 46 agencies can be justified as particularly military-related concerns, namely National Security Council (NSC), National Intelligence Coordination Agency (NICA), Cabinet Security Cluster, Department of National Defense (DND), National Defense College (NDC), and Presidential Adviser on Military Affairs.

On the other hand, ten deal with information and communications technology, transport and energy infrastructure; eight in social welfare and protection; seven in local government and the justice system; five in the environment and agriculture; five in government finance and development corporations; two in customs and immigration; one on peace; one in the office of the executive secretary; and one diplomatic post. From a certain perspective, most of these positions can be seen as either lucrative in various ways or relevant for the government's counterinsurgency approach.

Closing democratic space

The Duterte administration weaponized the legal system and processes and has wielded these against perceived political opponents ever since the start of its term. These were used to harass and intimidate sitting members of the Senate and HOR, Supreme Court justices, the Ombudsman, human rights agencies, and mass media outfits. This was astride the violent attacks in the course of the so-called war on drugs and, as with previous administrations, against activists and organized communities.

It however stepped up attacks on opposition to its neoliberal agenda and political ambitions last year and is now more aggressively targeting perceived opponents within government and in civil society.

Leftist groups have historically been the most organized and important opposition to despotism in the country. This has made them a particular target to pre-empt a coalescence of political forces. The government is however striking even wider and rationalizing this as a determined campaign against so-called enemies of the state.

The administration resuscitated the Cold War bogey of 'Communist fronts' to demonize a broad swathe of civil society groups and to justify the curtailment of rights to association and freedom of assembly. This was signalled when the Armed Forces of the Philippines (AFP) declared that a "Red October" plot was afoot to oust the president through a people's uprising in October.

Said to be a conspiracy of different anti-Duterte forces, the plot was used by government to brand an expansive and motley range of individuals and organizations as destabilizers – labor unions especially those planning strikes, peasant groups in land struggles, transport groups, youth and student organizations, artists and filmmakers, Lumad organizations, groups such as the Movement Against Tyranny, Tindig Pilipinas and Coalition for Justice, the former chief justice, senators, the Liberal Party, former military mutineers, rebel soldiers, and armed Communist fighters. A list of 18 Metro Manila

schools including the country's most prominent universities was also released.

Although the ouster plot did not materialize the government has developed this into a narrative of wide infiltration of schools and universities, mainstream and alternative mass media, religious organizations, local government, line agencies, and Congress. The Duterte administration is publicly vilifying civil society groups in a manner unseen since Martial Law during the Marcos dictatorship.

And there is not just public vilification. At the start of the year, an internal Philippine National Police (PNP) memorandum surfaced ordering police to "conduct an inventory" of teachers and other members of the Alliance of Concerned Teachers (ACT) in public and private schools. This follows how in 2018 youth and student groups had already exposed instances of surveillance of their forums and activities.

The threat that the surveillance and demonization are a prelude to violent attacks and repression is growing. It is conspicuous that the civilians and civil society organizations being targeted are always linked to 'Communists' or 'terrorists'. On one hand, red-tagging is likely calculated to be able to get the support or at least acquiescence to repression of domestic elites who perceive their economic interests as threatened by radical demands for social and economic reforms.

At the same time, invoking links with armed groups has become a standard tack to justify the arbitrary use of state violence. The groups being targeted include the largest and most important organizations in Philippine civil society. This neutralizes among the country's most important principled opposition and also creates a chilling effect even among those not targeted.

Human rights violations are expanding in number and scope in the cities and the countryside. The independent rights group Karapatan has already monitored 216 extrajudicial killings and 378 frustrated killings since the start of the Duterte administration, from July 2016 to December 2018. There have also already been 71,520

Table 7

Number of victims of violation of civil and political rights, July 2016-December 2018

Violations	Number of victims
Extrajudicial killing	216
Enforced disappearance	7
Torture	100
Frustrated extrajudicial killing	378
Illegal arrest without detention	2,147
Illegal arrest and detention	440
Illegal search and seizure	319
Physical assault and injury	245
Demolition	6,114
Violation of domicile	659
Destruction of property	6,046
Divestment of property	809
Forced evacuation	447,963
Threat / Harassment / Intimidation	71,520
Indiscriminate firing	8,340
Bombing	368,391
Forced / Fake surrender	1,646
Forced labor / Involuntary servitude	25
Use of civilians in police and/or military operations as guides and/or shield	102
Use of schools, medical, religious and other public places for military purpose	42,320
Restriction or violent dispersal of mass actions, public assemblies and gatherings	3,194

Source: KARAPATAN Alliance for the Advancement for People's Rights

victims of various threats and harassment. **(See Table 7)** Community organizations, activists, socioeconomic and political rights advocates, lawyers, human rights defenders, and supporters are being attacked.

The brazen assault on civilians and civil society reverses democratic gains painstakingly built over the decades since the defeat of the Marcos dictatorship. The loss of these vital institutions portends greater political instability and further political reversals for years to come.

Militarism and war

Rounding off the authoritarian character of the administration is its increasing militarism against armed challenges to the Philippine state. Military operations have already escalated in the countryside after the abrupt end of peace talks with the National Democratic Front of the Philippines (NDFP) and against the resurgence of Islamic armed groups.

Martial Law remains declared over Mindanao or a third of the country. The government justifies this as necessary to suppress dissent. Critics however worry that it is being used to condition the public to a possible nationwide implementation of Martial Law. Piercing the haze on critical information from the island, human rights groups have raised numerous accounts of rights violations especially against Muslim communities. The military denied these during Congressional deliberations on the extension of Martial Law.

With the mid-term elections coming up there is also the fear that Martial Law makes it easier to influence electoral results. Many Mindanao provinces are notorious for manipulated election results such as in the 2004 scandal involving then president and now House Speaker Arroyo.

The Duterte administration's trajectory is of an increasing war effort. The Marawi incident and a supposedly expanding threat of Islamic terrorism was used to justify the declaration of Mindanao-wide Martial Law in May 2017 (Proclamation No. 216). The National Security Strategy (NSS) drawn up in 2017 and made public in 2018 identified the Communist Party of the Philippines/New People's Army/National Democratic Front (CPP/NPA/NDF) as "most enduring and challenging among the local revolutionary forces" and said that "virtually all provinces in the country are affected by CPP/NPA/NDF".

In November 2018, the government issued Memorandum Order (MO) No. 32 increasing troop deployments in Samar, Negros Occidental, Negros Oriental and Bicol to "suppress lawless

violence and acts of terror". In December, the president issued Executive Order (EO) No. 70 "institutionalizing the whole-of-nation approach... to end local Communist armed conflict", which, among others, increases militarization of government functions by making civilian line agencies and local government units coordinate with the AFP.

EO 70's approach is complemented by how anti-poverty and social development bodies have been reorganized under line agencies, the Department of Social Welfare and Development (DSWD) and the Department of Interior and Local Government (DILG), now headed by military generals. The DSWD now supervises the work of the National Anti-Poverty Commission (NAPC), National Commission on Indigenous Peoples (NCIP), and Presidential Commission on the Urban Poor (PCUP). The DILG meanwhile supervises the National Commission on Muslim Filipino (NCMF), Philippine Commission on Women (PCW), and National Youth Commission (NYC). This diminishes and instrumentalizes important social programs under the government's increasingly expansive counterinsurgency program.

Enduring US ascendancy

The Philippines has yet to shake off the unwarranted influence of the United States on its internal affairs, including the standing of its government and elected officials. After much anti-US posturing at the start of its term, the Duterte government has deepened its relations with the US especially on military and security matters despite the administration's flirtation with China.

The government's foreign policy is still neocolonial foreign policy – not independent and certainly not anti-US. The Philippines remains fundamentally US-dominated and -controlled despite increased Chinese aid and investment. Although these have increased in the last 2-3 years they are still well below those from the US, Japan and Europe.

The US is wary of the Duterte administration's efforts to reach out and accommodate China.

Among the setbacks is the government’s rolling back on the country’s legal assertion over contested areas in the West Philippine Sea (WPS) and allowing China to assert its claims further including through the construction of military bases within the country’s exclusive economic zone (EEZ).

Yet it is likely still assured that the country remains far from rebalancing away from the US whose main mechanisms and levers for keeping the country in its neocolonial grip remain.

The country’s recently released NSS hails the US security presence as “a stabilizing force” in the region while calling out China for its “military aggressiveness” and “more active and aggressive presence in the WPS”. It also says that the Philippines “will work closely with US... including [on] shared security and economic concerns” while conspicuously silent vis-à-vis China.

The US has restored economic and military aid, which is a sign of full support for the Duterte administration’s authoritarianism. The US\$177.0 million the US was providing in 2015 noticeably dipped to US\$140.0 million in 2017 and further to US\$70.3 million in 2018. The commitment for 2019 however is higher at US\$118.3 million on the back of a three-fold increase in military aid to US\$43.3 million. **(See Table 8)** This is even likely to increase further with recent reports of US\$26.5 million in counterterrorism support for the AFP in 2019 and 2020.

The US easily reasserted its influence over the AFP as early as during the Marawi siege in 2017 when US special forces and logistical support played a key role during joint operations. The US has a new anti-terrorism mission in the Philippines

Table 8

Selected US assistance programs to the Philippines By funding account, FY 2016-2019 (in million US\$)				
Funding Account	FY 2016	FY 2017	FY 2018 ^P	FY 2019 ^P
Global Health Programs	32.0	33.0	11.0	20.0
Development Assistance	62.1	51.9		
Economic Support Development Fund			46.0	55.0
Foreign Military Financing Program	50.0	40.0		30.0
International Military Education and Training	1.9	2.0	2.0	2.0
International Narcotics Control and Law Enforcement	9.0	7.0	5.3	5.3
Non-Proliferation, Anti-Terrorism and Demining Related	3.6	6.1	6.1	6.1
Total	158.6	140.0	70.3	118.3
^P - preliminary				
Source: United States Department of State				

through Operation Pacific Eagle since the start of 2018. As it is, the number of scheduled military exercises with the US is set to increase from 261 in 2018 to 281 in 2019. Construction of at least one of five targeted US facilities in AFP camps has already started – in Basa Air Base, Pampanga – although it is possible that work in the others is just unreported.

Brewing storm

The economy is facing increasing stress notwithstanding the surface calm projected by systematic government propaganda. Growing poverty and inequality will drive discontent. The political situation is also volatile as assorted self-serving ambitions are pursued amid growing despotism. The backlash against the administration’s authoritarianism is also likely to grow and give momentum to opposition to its rule.

This situation can be ignited by a single or set of events – flashpoints include a sudden economic downturn, or as in the past, high level corruption- or election-related issues reaching up to the presidency. By any measure, the coming year looks increasingly unstable and vulnerable.