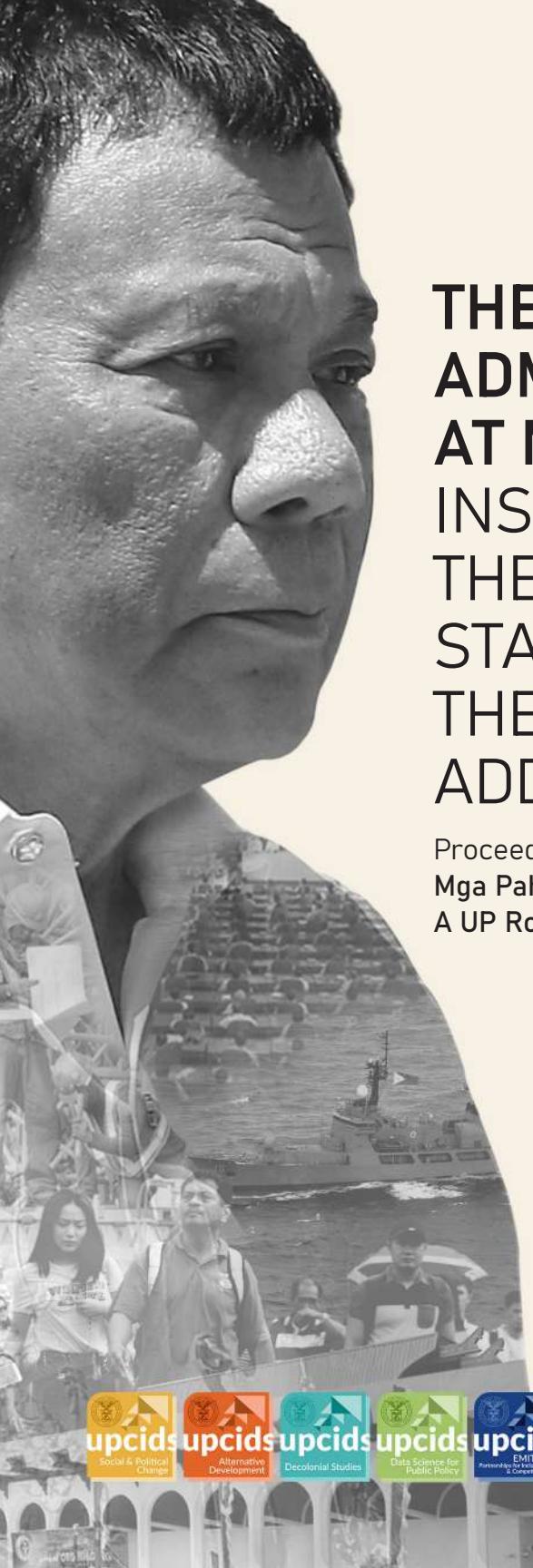




UNIVERSITY OF THE PHILIPPINES  
CENTER FOR  
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DEVELOPMENT  
STUDIES

# THE DUTERTE ADMINISTRATION AT MIDTERM INSIGHTS FROM THE PRESIDENT'S STATE OF THE NATION ADDRESSES

Proceedings of  
Mga Pahayag at Sabi-sabi sa SONA 2019:  
A UP Roundtable Discussion



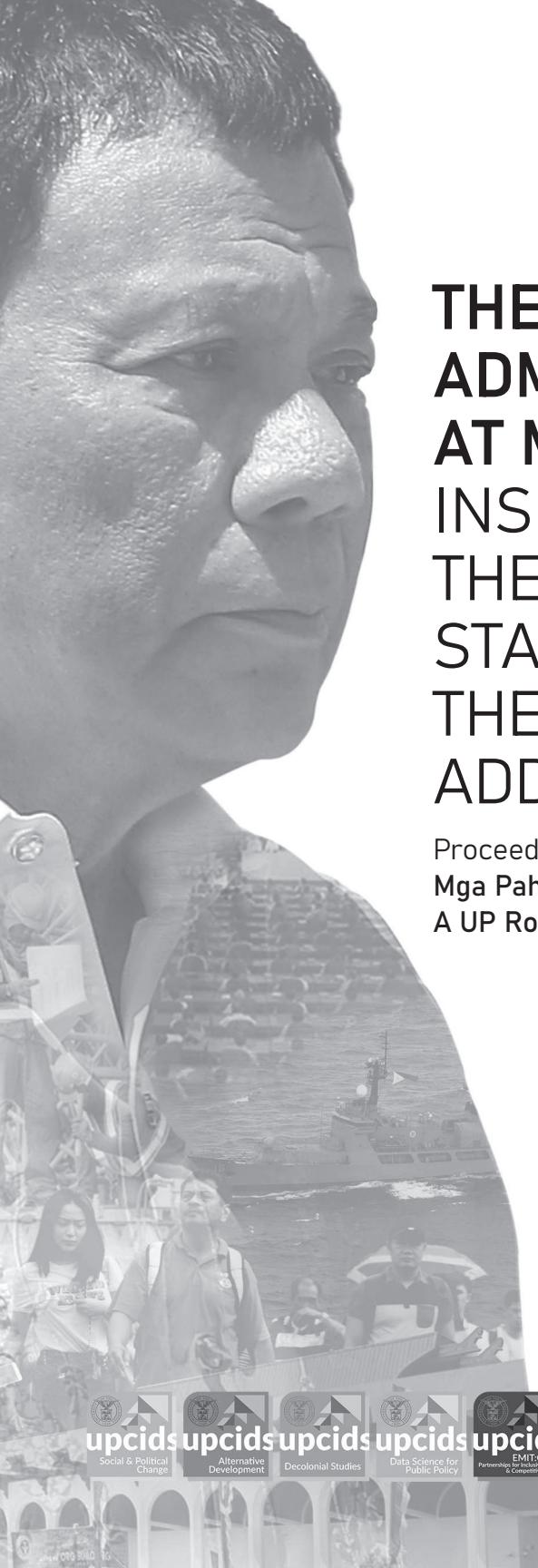




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# RATIONALE

The research programs of the University of the Philippines Center for Integrative and Development Studies (UP CIDS) were formed to examine and evaluate current national policies along multidisciplinary themes, with the end goal of producing policy recommendations. In July 2019, the UP CIDS Program on Social and Political Change (PSPC), together with the Decolonial Studies Program (DSP), Islamic Studies Program (ISP), Program on Data Science for Public Policy (DSPP), Program on Escaping the Middle-Income Trap: Chains for Change (EMIT C4C), and Strategic Studies Program (SSP), convened to discuss pertinent issues and policy recommendations in the context of the policy thrust of President Rodrigo Duterte's administration as it approached its midterm.

The UP CIDS Programs held a roundtable discussion five days prior to the fourth State of the Nation Address (SONA) of President Duterte in 2019. In this roundtable, a panel of scholars and policy experts reviewed selected aspects of the Duterte administration's performance from 2016 to 2019. The panelists of the roundtable were tasked to tackle the following questions:

- What have been the pronouncements of the Duterte administration over the first three years of its term in the selected areas or initiatives?
- What are the likely pronouncements to be made by the president regarding these areas in the 2019 SONA?

## 2 THE DUTERTE ADMINISTRATION AT MIDTERM



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# Mga Pahayag at Sabi-Sabi sa SONA 2019

A UP Roundtable Discussion

17 JULY 2019 // 1:00 - 5:00 PM

UP CIDS Conference Hall

Lower ground floor, Ang Bahay ng Alumni  
Magsaysay Ave., UP Diliman, Quezon City

### SPEAKERS:



#### Themes in the Presidential Policy Rhetoric

JALTON G. TAGUIBAO, Ph.D.  
Co-Convenor, Data Science for  
Public Policy Program, UP CIDS  
Assistant Professor, UP Department of  
Political Science



#### Local Governance & Decentralization in the SONAs

MARIA ELA L. ATIENZA, Ph.D.  
Co-Convenor, Program on Social and  
Political Change, UP CIDS  
Chair & Professor, UP Department of  
Political Science



#### Labor and Social Justice Initiatives

ROGELIO ALICOR L. PANAO, Ph.D.  
Assistant Professor, UP Department of  
Political Science



#### National Defense and Security

HERMAN JOSEPH S. KRAFT  
Convenor, Strategic Studies Program,  
UP CIDS  
Associate Professor, UP Department of  
Political Science



#### Constitutional Change

DANTE B. GATMAYTAN, LLM  
Project Leader, Decolonial Studies  
Program, UP CIDS  
Professor, UP College of Law



#### Threats & Challenges on the Duterte Administration in Mindanao and Sulu Archipelago

JULKIPLI M. WADI  
Project Leader, Islamic Studies Program,  
UP CIDS  
Professor, UP Institute of Islamic Studies



#### Foreign Policy/Relations Issues

AILEEN S.P. BAVIARA, Ph.D.  
President and CEO  
Asia Pacific Pathways to  
Progress Foundation, Inc.



#### Midway Under Duterte

EMMANUEL S. DE DIOS, Ph.D.  
Fellow, Program on Escaping the  
Middle Income Trap: Chains for Change,  
UP CIDS  
Professor, UP School of Economics



For more information contact us at [pspc.cids@up.edu.ph](mailto:pspc.cids@up.edu.ph)

- What are the likely administrative and political challenges that lay ahead in the remaining three years of the Duterte presidency?
- How do the first three years of the Duterte administration compare with the first three years of the previous administration under Benigno Aquino III?



# THE STATE OF THE NATION ADDRESS

Article VII, Section 23 of the 1987 Constitution mandates the president of the Philippines to address a joint session of Congress at the opening of its first regular session. This is called the State of the Nation Address or SONA. Through the SONA, the president highlights what the administration has achieved in the past year and outlines a legislative agenda for the consideration of Congress. The SONA then serves as a crucial link between the executive and legislative branches of government. Beyond this, however, the SONA has become the president's platform to reach out to a larger audience beyond the legislature. The SONA is a sounding board for the prospective plans and intentions of the executive branch.

In addition to the above, there are several things worth noting about the fourth SONA of President Duterte. It came in the wake of the May 2019 midterm elections that saw the defeat (or unequivocal rout) of the more liberally- and democratically-minded opposition in both chambers of Congress. The Duterte administration continues to enjoy record high levels of public satisfaction despite (or in spite of) the shocks of its campaign against illegal drugs, the handling of the conflict in Marawi, as well as the country's territorial dispute with China, among many others. The third SONA was marred by a leadership contest in the House of Representatives with former Representative Gloria Macapagal Arroyo wresting the speakership from then-House Speaker Pantaleon Alvarez. Foreshadowing the 2019 SONA is also another contest for the House speakership.





L-R Dr. Jalton G. Taguibao, Dr. Rogelio Alicor L. Panao, Prof. Dante B. Gatmaytan, and Dr. Aileen S.P. Baviera

## PANEL ONE

### What of His Words?: Exploring the Themes and Topics in the Policy Rhetoric of President Rodrigo Roa Duterte

JALTON GARCES TAGUIBAO, Ph.D.

Convenor, UP CIDS Program on Data Science for Public Policy and  
Associate Professor, UP Department of Political Science

The presentation that I will be giving is mainly about the policy rhetoric of the president, but I did not only limit it to the president's speeches. I also incorporated some comparisons with what the president has been saying in public compared to past presidents. This particular presentation is also based on a research panel from some of my colleagues from the UP Department of Political Science which was presented in the recent international conference of the Philippine Political Science Association. A text corpus was collected by the UP CIDS Program on Data Science for Public Policy (DSPP), and Asst. Prof. Raisa Lumampao, Prof. Herman Kraft, Dr. Alicor Panao, and myself analyzed and looked at the corpus or the collection of public statements from the president.

## 8 THE DUTERTE ADMINISTRATION AT MIDTERM

What I hope to present are three things: (1) the elements and components that constitute the topics and themes of the president's policy rhetoric, (2) some of the more pronounced topics and their qualitative characteristics, and finally, (3) issues concerning the relationship between the rhetoric of the president and other courses of action. Ultimately, the question I will be raising is how can or should we make sense of the words of the president, or any president for that matter.

To be able to come up with an analysis there has to be some sort of collection of what presidents should say. They could come in the form of official speeches, occasional speeches (such as during visits to see OFWs (overseas Filipino workers) abroad or opening a power plant), general public addresses, statements released by the Office of the President, and also media occasions, such as interviews and press conferences. For this presentation, I included the SONAs from 1987 to 2018 and a corpus of 493 public statements released by the president from June 2016 to February 2018 as collected by the DSPP and these will include his inaugural speech, the past three SONAs of the president, occasional speeches, interviews, and press conferences.

There is a lot of contestation because there are different ways of understanding what people say and what texts are, and I'd like to highlight this. "Texts" would be simply analyzed at the surface level, meaning literally what has been said, what words have been used, and what words have been printed. The other way, which I feel is the more contested way, is to actually talk about what the speaker means, or in this case, what the president means.

We have different perspectives of what the SONA is for. Just to remind everyone, first and foremost, it is a constitutional event and the Constitution really outlines what it is for: it is an articulation of the legislative agenda of the president. It could also be seen as a way for the president to express decisions, policy objectives, and courses of actions. It is a procedural must, in short.

At the same time, the SONA is also an address to different publics. The audience of the SONA is varying, whether you are an analyst or a businessman or a member of society in general. The SONA is actually used as a platform to send these messages, opinions, and persuasions to different audiences.

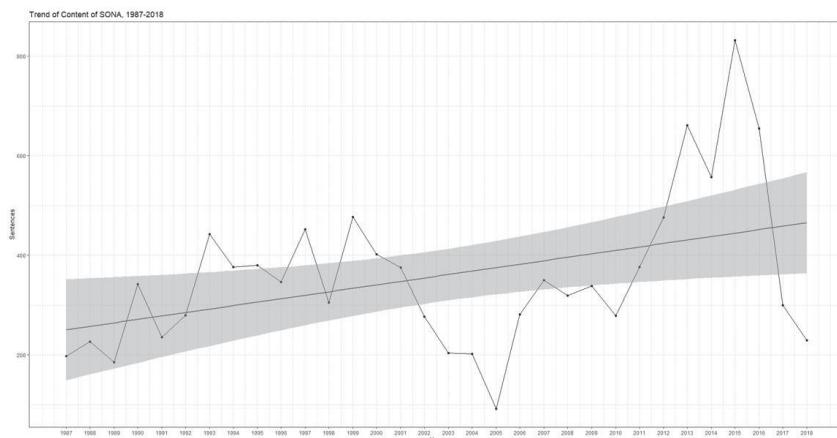
Another perspective is that the SONA is actually theater. In the past SONAs, we have noticed how theatrical they are—from the red carpet, to the welcome, to how our cameramen and directors have used film-oriented videography to capture the occasion. Finally, the SONA could just simply be seen as text.

Questions that linger, and probably for some, if not all, of the speakers later will be talking about, are: What is the SONA? Is it really something from the office, or is it something from a person? Are we talking about the SONA being a product of the presidency? Or on the other hand, is it from the president? We distinguish those.

Figure 1 (below) shows you how talkative presidents have been. From 1987 to 2018, by number of sentences, there has been a noticeable increase of the content of the SONA up to 2015, then it plummets down to Rodrigo Duterte's 2018 speech. The shortest SONA in terms of number of sentences was delivered in 2005.

Figures 2 to 8 shows a lexical dispersion plot. In these plots, for each SONA, the white space represents the length of the speech and you will notice therefore that the 2014 speech of President Aquino would be the longest. The dark shades would be the number of times and the intensity when a particular word or set of words are mentioned in the SONA. For instance, when the term “peace and order” was explicitly mentioned in the speech, you will see it marked and located in the plot. You will see if

**FIGURE 1** Trend of content of SONA (by number of sentences), 1987–2018



it is at the beginning, the middle, or the end, and if it is intensely talked about or mentioned.

In this case, we see for instance that in 1990, President Corazon Aquino mentioned “peace and order” several times, thus heavily shaded nearing the end of her speech (see Figure 2 below). On the other hand, in the 2017 speech of Rodrigo Duterte, “peace and order” was mentioned more at the beginning. In fact, in terms of locations compared to the rest of the speeches, his is mostly at the beginning. So, he starts with it, in that sense. That’s how we read this figure.

What about “rule of law?” We’ve heard this term several times and we could see that in terms of invoking rule of law, Gloria Macapagal Arroyo (GMA) in 2001 talks about it at the beginning of the speech (see Figure 3 on opposite page). Rodrigo Duterte in 2016 also mentions it at the beginning. This becomes a bit more interesting later on. For instance, in terms of “corruption,” just by eyeballing the plot you will notice that the president who talked most intensely and discussed corruption would be Joseph Estrada. I was wondering because when I tried to look at “corruption,” (see Figure 4 on opposite page) it turned out that the time when it was mostly invoked was the time of Benigno Aquino III, as exemplified by his campaign slogan, “Kung walang

FIGURE 2 Lexical dispersion plot for “peace and order,” 1988–2017

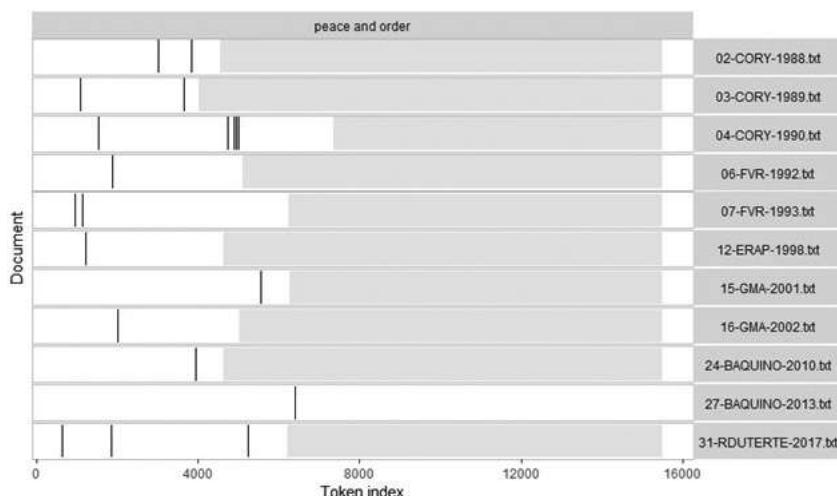


FIGURE 3 Lexical dispersion plot for "rule of law," 1992–2016

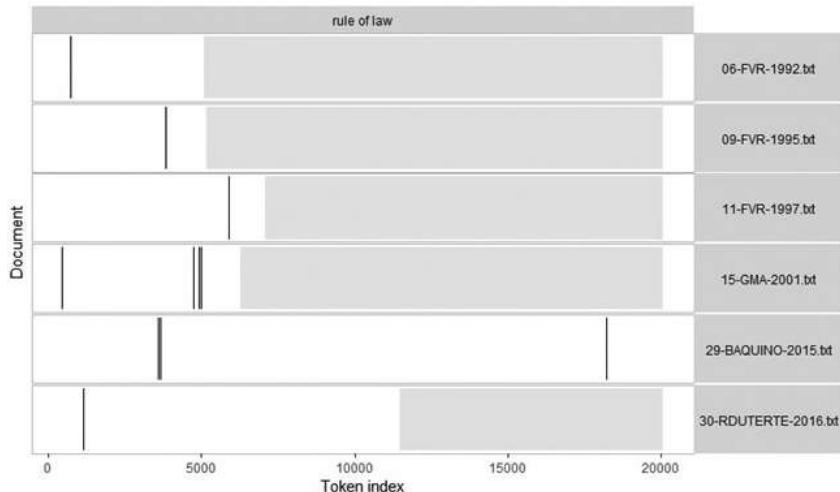
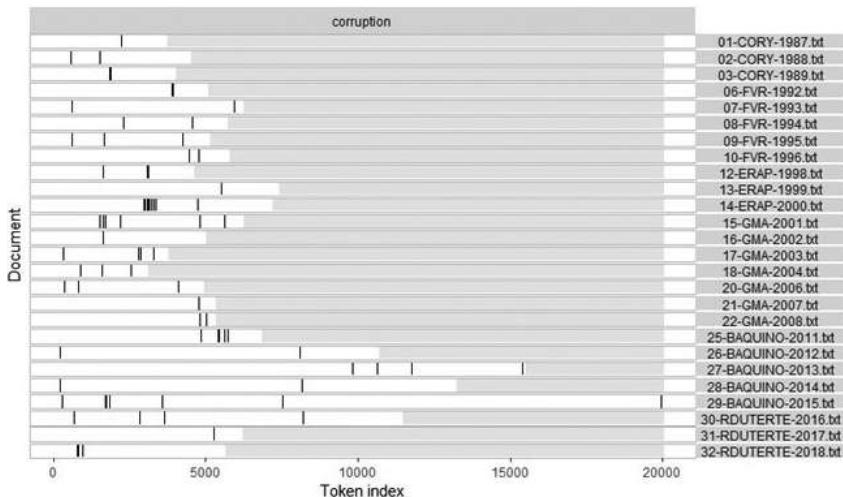


FIGURE 4 Lexical dispersion plot for "corruption," 1987–2018



## 12 THE DUTERTE ADMINISTRATION AT MIDTERM

FIGURE 5 Lexical dispersion plot for "China," 1988–2018

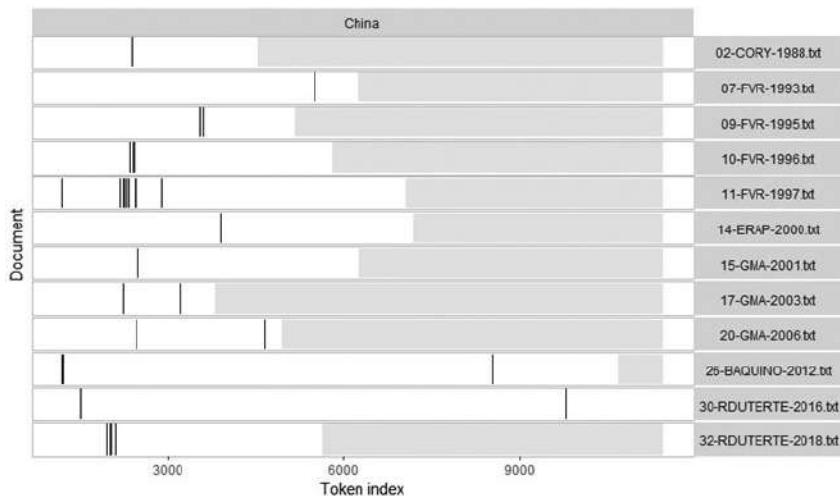
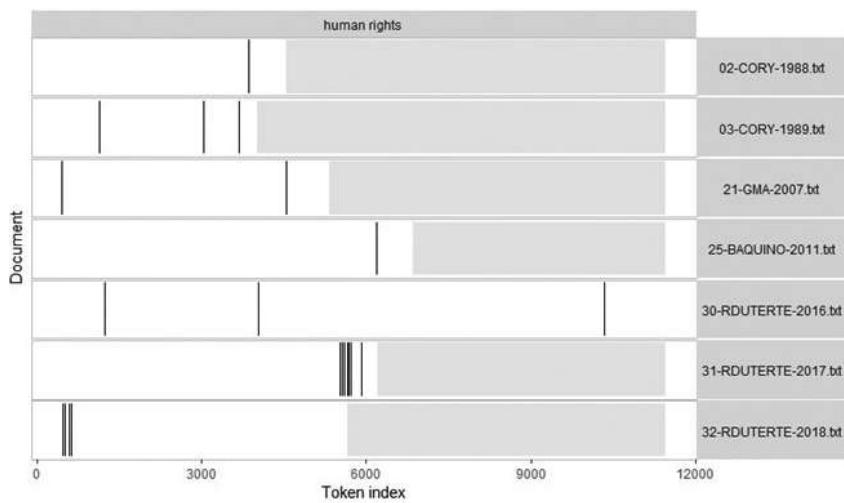


FIGURE 6 Lexical dispersion plot for "human rights," 1988–2018



corrupt, *walang mahirap*” (“When there is no corruption, there is no poverty”). But if you look at the plots, “corruption” was more heavily invoked in Estrada’s speeches. It’s also a different issue where they mentioned it during their SONAs.

“China” (see Figure 5 on opposite page) is of interest lately. President Fidel Ramos talked about it heavily, but in 2018, President Duterte also talked about it intensely. Aquino placed it at the beginning. Even just by looking at these pictures, it already generates a lot of questions. *Ano kaya ‘yung sinasabi doon sa mga talumpati na ‘yun?* (What does this say about their speeches?)

“Human rights” has been a popular issue again more recently. We see that it has been discussed as early as Corazon Aquino’s speech in 1988 (see Figure 6 on opposite page). In 2017, the current president talked about it intensely toward the closing of his speech. This becomes even more interesting. Notice how from top to bottom, mentions of the word “democracy” in the SONA seemed to dissipate (see Figure 7 below). It has been intensely discussed during the time of Corazon Aquino and it ends in 2017 with just one mention towards the end of the speech of the current president. This might say a lot of things.

FIGURE 7 Lexical dispersion plot for “democracy,” 1987–2018

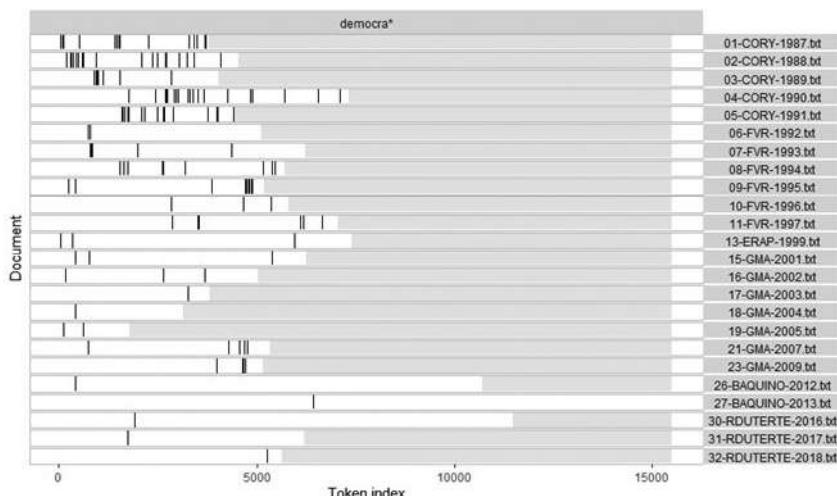
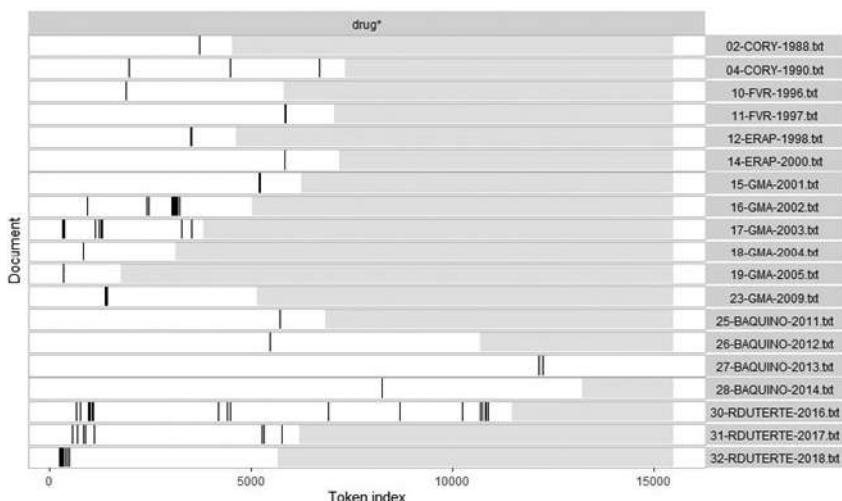


FIGURE 8 Lexical dispersion plot for “drugs,” 1988–2018

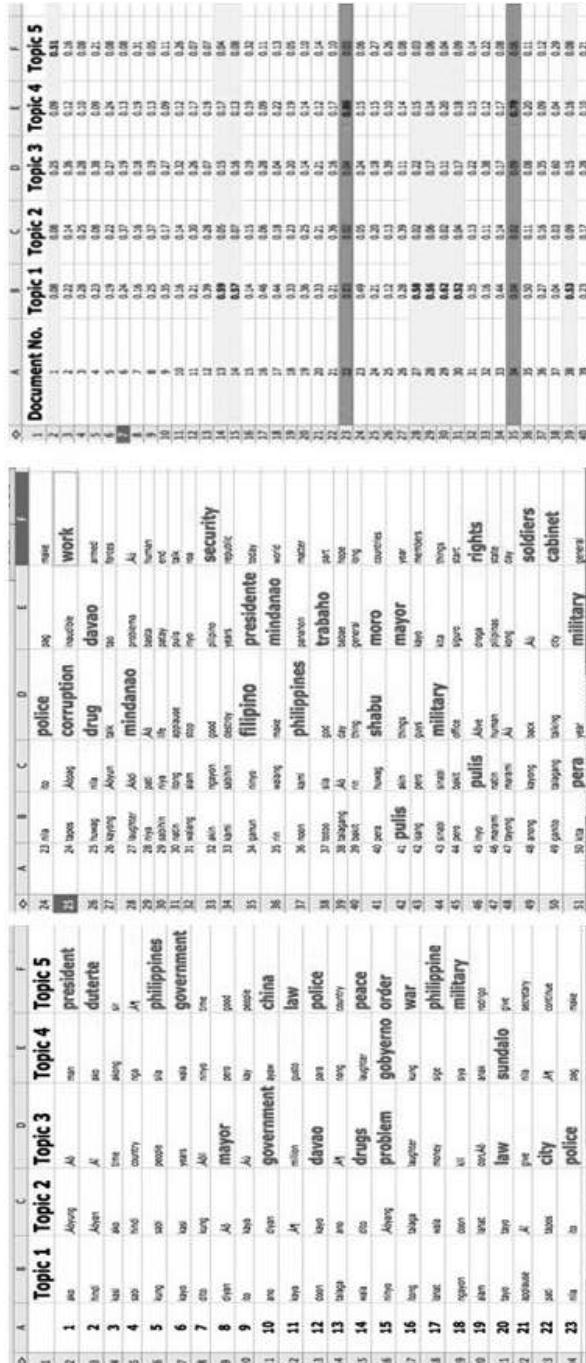


Regarding “drugs,” just by eyeballing the speeches, *sino ‘yung kamukha ni Presidente* (Duterte) in terms of intensity (whose speech looks most similar to the President’s in terms of intensity)? There is an affinity with GMA’s, and if you dive into it, you would be surprised. The phrases “war on drugs” and “drugs is a menace” is not originally a Duterte phrase. It’s actually a GMA term. You can infer now why the former speaker of the house was supporting it. *May makikita tayong pagkakapare-pareho din* (We can see similarities as well).

We also looked into the president’s public statements, which comprise 493 documents. One way to look at the topics mentioned in the speeches is through what is called “topic modelling” (see Figure 9 on opposite page). The topics, however, were not pre-selected. The texts were subjected to an algorithm and every time a word or a set of words are mentioned, it coughs up topics. In this case, all those in the red are the more pronounced words and when you put them together, they actually form part of a topic. By identifying the topics, we were also able to find out which were the key documents that would be representative of each topic.

Dr. Alicor Panao generated a word cloud for the 493-document corpus (see Figure 10 on page 16). In the word cloud, “drugs” seem to

FIGURE 9 Topic modelling of 493 public statements of President Duterte



**FIGURE 10** Word cloud generated from 493 public statements of President Duterte



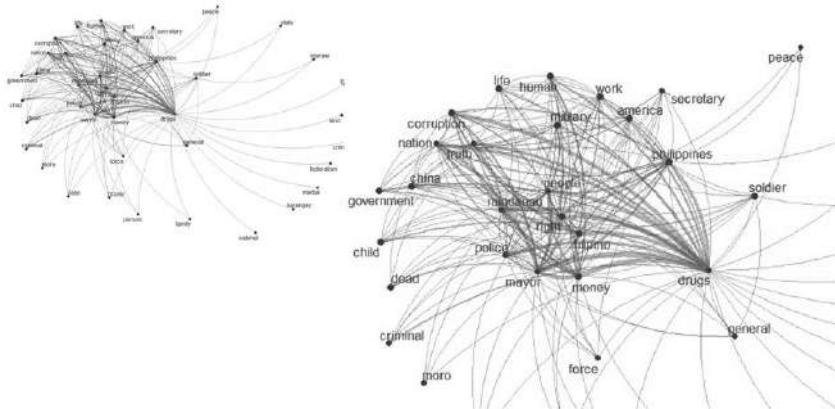
Source: Panao 2019

appear in the middle. You can also see the other stuff. What Dr. Panao also did was to look at the network of words so you will notice “drugs” being heavily discussed, but it actually branches out and it gets to be concentrated in this area (see Figure 11 on opposite page).

In the past years, we have characterized the president's policies as drug-centered or drug-related, but if we try to look at the rhetoric of the president, you will see in Figure 12 (on opposite page) that the "police" seems to be the more pronounced one. We observed that the police or discussions about the police were heavily talked about and emphasized, rather than drugs. In fact, that was the framing. This is only one finding.

What is it about the police? This allowed me to dive into the qualitative and this is basically how the president would discuss the police. As an area of specialization, he claims that he is an expert on the police. He considers the police loyal and reliable and they are soldiers in his war on drugs. Discussing the police in relation to drugs, we found that if we look at drugs and the police, in the 2016 SONA of the president he starts with drugs and then he discusses the police

**FIGURE 11** Network of words from 493 public statements of President Duterte



Source: Panao 2019

**FIGURE 12** Emphasis of several topics in President Duterte's public statements

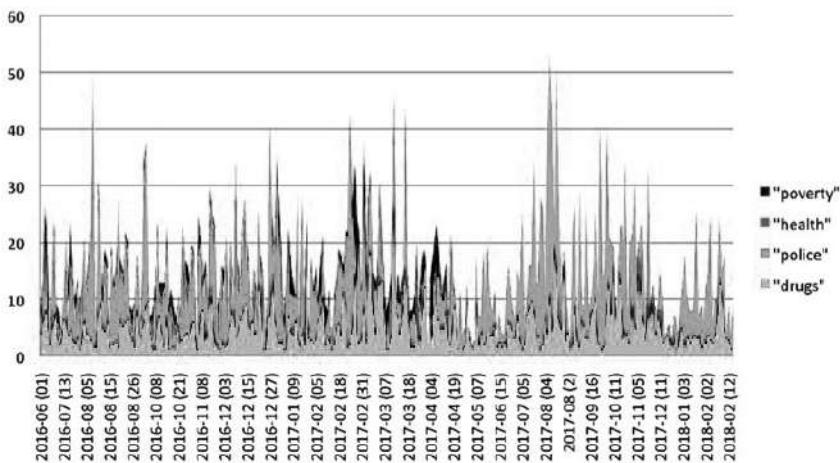
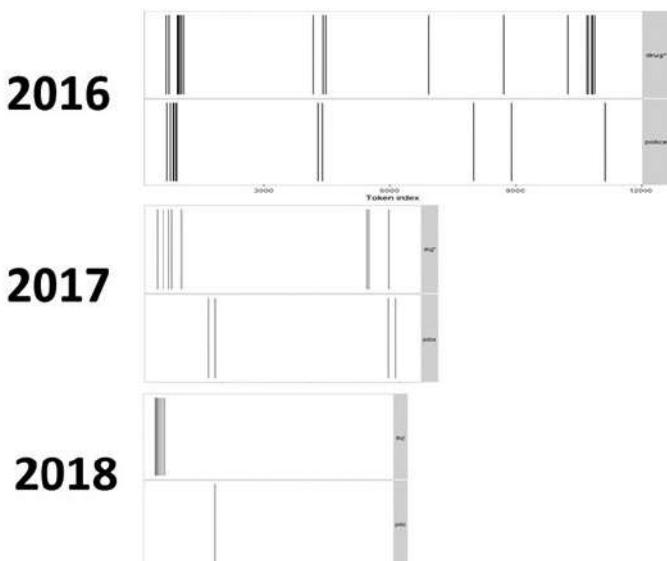


FIGURE 13 Lexical dispersion plot for “drugs” and “police” in President Duterte’s SONAs, 2016–2018



afterwards, and they appear to be in tandem. Figure 13 (above) shows that as the years move forward, the mention of the police dissipates. It was discussed intensely in 2016 and less intensely in 2017.

Ultimately, I would like to raise this issue: we have talked about the SONA, we have talked about the public statements of the president; are these good indicators of the areas of intentional action of the president? Or could we use the rhetoric in addition to other courses of action to be able to pinpoint and analyze what the president tries to say or what he really tries to mean? I leave you with that question.

# Balancing of Interest?: Assessing Labor Policies Under the Duterte Administration (2016–2019)

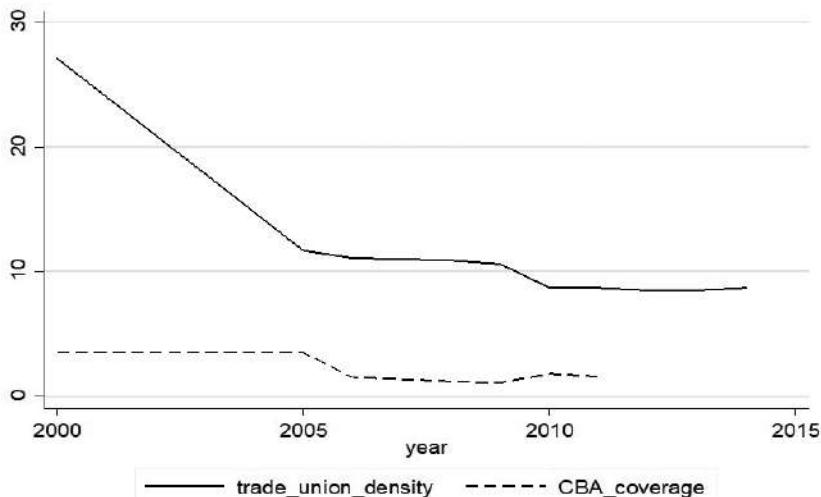
ROGELIO ALICOR L. PANAO, Ph.D.

Associate Professor, UP Department of Political Science

In assessing labor policies under the current administration, allow me to start with the state of industrial relations in the Philippines as context. The graph below shows us trade union density and collective bargaining agreement (CBA) coverage from 2000 to 2015 (see Figure 14 below). These two variables are good indicators of the state of industrial relations. We see that the number of trade unions and the percentage of trade union membership among employees is dropping down, while CBA coverage has remained constant. In a way, this tells us that the number of firms with CBA coverage has seen little change across time.

What about labor policies? Has legislative policymaking, for example, been responsive to the plight of workers? We can check

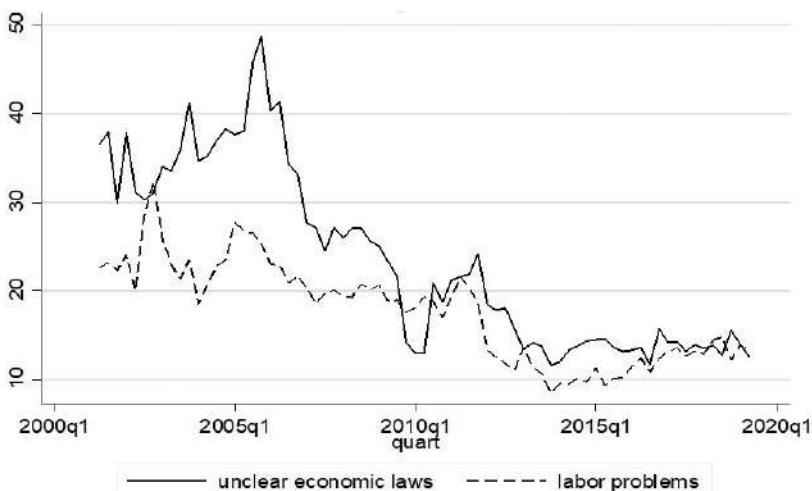
FIGURE 14 Collective bargaining and unionism in the Philippines



Source: ILO

## 20 THE DUTERTE ADMINISTRATION AT MIDTERM

FIGURE 15 Trend among firms identifying labor as a major business constraint (in percent), 2001–2019



Source: BSP Business Outlook Survey, 2001–2019

legislative policymaking across time. If we look at ten of the most common policy areas of national legislation, the highest in number are bills pertaining to corporations and grants of franchises. Labor is actually still in the top ten most frequent areas of legislation. We can say that legislative policymaking is still responsive to labor to such an extent.

Are firms bothered by the laws or regulations passed to protect labor? Actually, they are not. According to the World Bank Enterprise Survey for the Philippines in 2015, only 3.5 percent of firms identify labor regulations as a major business constraint. This figure is lower than the average for East Asia and the Pacific at 6.2 percent. For the rest of the world, firms' worry of labor policies constraining business runs at 10.1 percent. In other words, compliance with labor standards is not an issue among firms operating in the Philippines.

What is the trend among firms identifying labor as a major business constraint? The Bangko Sentral of the Philippines regularly conducts outlook surveys. Above is a time series that was run quarterly from 2001 to the second quarter of 2019 (see Figure 15 above). What we see here is the number of firms that consider labor as a business constraint, which

is dropping down, although we see some slight uptrend sometime in the late part of 2017, probably due to the Tax Reform for Acceleration and Inclusion (TRAIN) Law. We can also see the solid line which pertains to firms' perception on whether economic laws are unclear and therefore constraining business operations. We also see this going down indicating that there is actually confidence in existing economic policies.

How do workers fare in the courts? We conducted a study analyzing the odds of workers to actually win suits brought before labor tribunals and all the way to the Supreme Court. The summary below tells us that whether as petitioners or respondents, the odds of individual workers winning an action is actually higher, compared to corporations or government (see Figure 16 below). Is that not good news for workers?

With the above as context, let us now take a brief look at the current administration's legislative agenda. The current president is known for his populist stand. Populism is essentially pandering to the preferences of the people. It is a political approach where an individual, a political leader, would appear as if he feels the concerns of the citizens who are disregarded by the elite (Spruyt, Keppens, and Van Droogenbroeck 2016). It is also a form of "redemptive politics" based on the democratic promise of a better world through the actions of the sovereign (Canovan 1999). In the presence of two homogenous groups or interests, a leader would tend to present a narrative that there is an antagonistic vibe between these groups or between these interests. One group—say, the

**FIGURE 16** Odds of workers to win suits in labor courts as petitioners and respondents

#### As petitioner

action	coeff	P-value	95% C.I.
(individuals v. corporations) compensation claims	0.160	0.035*	0.092 0.228
(individuals v. corporations) unfair labor practice	0.256	0.044*	0.170 0.341
(individuals v. corporations) illegal dismissal	0.391	0.049*	0.294 0.488

#### As respondent

action	coeff	P-value	95% C.I.
(individuals v. corporations) compensation claims	0.097	0.036*	0.027 0.168
(individuals v. corporations) unfair labor practice	0.176	0.041*	0.096 0.257
(individuals v. corporations) illegal dismissal	0.417	0.049*	0.321 0.512

Source: Panao and De Leon 2018

people—are portrayed as virtuous, while the other—say, the elites—are denigrated. The leader takes action and claims that such actions are legitimate for these embody the will of the people.

Political populism is dangerous because it abhors restraints on the political executive. We have seen instances of this during the Duterte administration. Democracy can easily degenerate into a tyranny by those who are currently holding power. There is also a tendency for populist leaders to undermine the courts and the media. We saw some instances of this as well.

Economic populism, on the other hand, emphasizes growth and we need to emphasize the redistributive component of this kind of populism. A leader who is an economic populist will emphasize growth and income redistribution, at the risk of inflation, deficit, and the like.

Is the president a political populist or an economic populist? A number of Duterte's recent legislative policies are actually labor-oriented. Does this mean he is an economic populist? I leave it to your own personal judgment.

What are these laws? Consider the Universal Access to Quality Tertiary Education Law. It allows tuition exemption for those enrolled in state universities and colleges. There is also the Anti-Hospital Deposit Law. This law actually merely augments existing laws but an important provision is that it explicitly made the Philippine Health Insurance Corporation (PhilHealth) responsible for reimbursing the medical expenses of poor and indigent patients. It also made it explicit for the Philippine Charity Sweepstakes Office (PCSO) to act as the main agency for providing medical assistance to the poor and the marginalized. There is also a law allowing for the National Feeding Program, which is a school-based feeding program to be implemented by local government units.

The government also passed the Filipino Sign Language (FSL) Act. Why is this supportive of labor? Among other things, it mandates the adoption of FSL in civil society and government workplaces. The government also passed the Telecommuting Act. Telecommuting is a work arrangement allowing an employee in the private sector to work from an alternative workplace. One can do office work while being in a coffee shop, for example. However, an employer may offer this arrangement only on a voluntary basis.

The 105-Day Expanded Maternity Leave Law was also signed a few months ago. From 60 days, maternity leave has been expanded to 105 days, which can be extended to another 30 days without pay. The Social Security Act now allows for unemployment insurance or an involuntary separation benefit. This is a monthly cash payment given to workers whose employment were severed due to authorized causes. It also covers involuntary separation due to illness or disease. There is also the Tulong Trabaho Fund which provides qualified recipients access to technical-vocational education. The government, however, has yet to draft the implementing rules and regulations (IRR) of this law.

We also have the First Time Jobseekers Assistance Act, which allows first-time job applicants and fresh graduates to avail certain government documents for free. The 4Ps is also institutionalized via the Magna Carta for the Poor, although it still requires implementing rules. Finally, there is the Sagip Saka Law which targets fisherfolks and farmers, helping them promote farming and fisherfolk enterprises. The law, among others, provides real property tax exemption for structures used in farming input and output. It also allows income tax exemptions for enterprises registered as micro-business and enterprises. Like most in the list, the law still lacks an IRR.

With all these, it is as if the president is trying to offset the adverse effects of laws such as the TRAIN law with what are seemingly redistributive legislative policies.

I end with some caveats, however. Even if we assume that these are actually redistributive economic policies, populist economic policies have their share of danger. The experience of countries in Latin America, for example, show that it can be disastrous for beneficiaries of welfare policies when legislative economic policies are not sustained. Unfortunately, in our case, the problem of how these policies will be sustained is real. How will the programs be continued in the next administration? Where will the government get the money? There is a coordination problem because agencies responsible for implementing these social policies have yet to tie their efforts. There is also an enforcement problem, as many of these laws still require their respective IRRs.

# **Constitutional Change: A Half-Hearted Campaign**

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There are two main points we can take away from my presentation. First, I don't think the president is at all convinced of the need for constitutional change. I get that from—well, I don't have the software—but I hardly ever hear him mention the Constitution in the SONAs. Every once in a while, it's as if someone reminds him that he should be talking about the Constitution. I'll tell you in a minute why that is my conclusion. The second one is that it can still happen, but it will not be because of the president's initiative. I think there are other critical actors who might be able to exploit the political situation for their own gain.

Why is the president not excited? Well, because nobody is. Most people are in fact against amending the Constitution. Most of us are not in favor of shifting to a federal system and they know that. There's no base that helps push his agenda. He barely mentions it. As a student of law, I have to listen to the SONA. He mentions it for a second and without passion. In Associate Professor Taguibao's presentation, you will find "constitution" with half a stripe.

What about the efforts he did take? There's the consultative committee, which he created in December 2016, but he never bothered to appoint the members of that committee for over a year. When he initially did, he had 19 people out of the 25. He took a year to pick out the 19 people. Eventually, he would add other people to the committee he created.

Another thing is what happened to the output of that body. They submitted it to Congress, but the Congress then promptly ignored it. I still remember former Chief Justice Reynato Puno's reaction to the version that the House of Representatives came up with and he was really not happy about it. That is because there's nothing which resembles the draft that was submitted to Congress. What did Duterte say? He didn't say anything about the version that the House created.

The other thing he has to deal with is the members of his own Cabinet who think that it is just too expensive and that the government doesn't have the money to shift to a federal system. I think that if this is the context that you're dealing with, you really can't push the constitutional change agenda.

There is another reason why I don't think he is really into the project. I don't think he feels constrained by the Constitution. Not like I am, for example, or those of us who study law who are careful not to violate the Constitution because we took an oath. Oh wait, he did too. But I take that oath seriously. I can't violate the Constitution. In fact, the oath that we took is to protect it. But I don't think he is bothered by that. He doesn't really see the need to change it. An example is the constitutional provision on the exclusive economic zone (EEZ), which is supposedly for the exclusive enjoyment of Filipino citizens. When that was brought to his attention his response was, "Well, that's senseless and thoughtless." I think any other chief executive would have said, "Well, okay, I'm sorry, I think we have to protect our interests in the West Philippine Sea." That's what a Constitution is supposed to do: Tell the president that this is your job and you should do it; this is our right and you should protect it. But he doesn't say that. He says, "If I talk about the Constitution, then I'm going to treat it like toilet paper." I cannot believe we have to listen to the President talk about the Constitution like that.

President Duterte was quoted saying: "We in government are admonished to follow the rule of law and that is what makes it hard, because you follow the rule of law, sometimes it could lead to perdition for people" (Ranada 2016). He added, "I would like to follow the rule of law. It is rules which make up the law. But when *shabu* was coming in, strong and fast, we had to make a choice. We innovate the law, the rule of law or we let our people suffer. That's the choice" (*ibid.*).

This is the other time that demonstrated how he looks at the Constitution: he said that the Constitution gets in the way of killing people (*ibid.*). So, you have to adjust the rule of law. His frame isn't like everybody else who feels constrained to follow what the Constitution says. He says, "That darn document is a hassle. Now I can't appease China because of this thing called the rule of law which is like the biggest hurdle." Both of these things are examples why he doesn't take the subject matter as seriously as other presidents have.

Recently, he said, “I gave up on federalism;” and then he said, “You should amend the Constitution anyway.” Following this, he said, “Amend the Constitution while I’m here.” But what do you want to change? I don’t know, I don’t know what he wants to change. The only other thing, unfortunately, that I heard him mention is the fact that he cannot deal with corruption even with all the rules found in the Constitution. Analysts have said that he wants a pre-EDSA Constitution that doesn’t constrain the president as much as the 1987 Constitution does. We don’t have to like EDSA; we don’t have to like Corazon Aquino or the liberal order, but that’s probably the only time I agree with the president. It’s like I want to hug him and say, “Oh you get it! We put all these constraints in the 1987 Constitution so you can’t be a bully, so you can’t do whatever you want to do. That’s the whole point. We should celebrate.” He gets it, but he doesn’t like it and that’s the problem. When I look for concrete suggestions on how he wants the Constitution to be amended, it’s no longer federalism. It’s just giving him more powers as if he has let the Constitution get in the way to begin with. Besides, he has the Supreme Court expanding his powers all the time.

If he feels that it’s constraining him, then that’s proof that the Constitution works. If that’s the only thing he wants changed, then we’re in trouble because he is a president who isn’t shackled by anything.

It has been said that the SONA will be shorter than last year. Is the president going to talk about the Constitution? Remember after Duterte’s committee submitted a draft to Congress, it was Arroyo who kept it in the president’s agenda. The other point that I was trying to make in the beginning is that this project may stay alive, but it’s not going to be because of the president—maybe it is because of other political actors.

## How Will Foreign Policy Figure in the 2019 SONA?

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To talk about foreign policy, I would like to address what Atty. Gatmaytan raised on whether the president has promised to talk about the Constitution in the context of explaining why his verbal agreement with Xi Jinping, the Chinese president, to allow the Chinese to fish in the EEZ of the Philippines is not unconstitutional. He has threatened to explain it in his SONA and this is why Justice Antonio Carpio and a few others have said, "Please don't."

It's a bit difficult to try to read the SONA for inklings or hints on what foreign policy is. Normally, there's very little in the SONA that covers foreign policy. But for that matter, just in the national discourse that covers foreign policy, it was only really quite recently under the Duterte administration—and also during the last years of the Aquino administration—where suddenly, foreign policy is a matter to be discussed over the dining table. Suddenly, everyone has an opinion about China, about the United States (US), about the West Philippine Sea issue, which is good—meaning we're learning or we're educating ourselves on what these issues mean for us individually.

Nonetheless, looking at the SONAs of the previous presidents, primarily that of Aquino III and Duterte, you can imagine how different they are. For Duterte's past SONAs in the last three years, he did mention issues like terrorism and the role of the ISIS, especially the post-Marawi crisis context, and these are issues that connect to foreign policy. He was also expressing some pushback against critics of the drug war and the human rights record of his administration. He has also mentioned the climate change negotiations in the past with respect to the US, for instance. Last year, it was the demand for the return of the Balangiga bells. Apart from that is how to manage the disputes on the West Philippine Sea. This is what we can pick up from the statements. His attitude towards China and the US are also articulated in connection largely in the frame of the West Philippine Sea issue.

One question we were asked to address is how the first three years of the Duterte administration compare to the first three years of the previous administration. Not so much on the first three years of Aquino, but on the overall policy of Aquino, Duterte couldn't be more different than Aquino on his foreign policy stance in the sense that the Aquino government, because of the milestones in our foreign policy on the China issue which began with the standoff at the Scarborough Shoal in 2012 and the filing of the arbitration case in 2013. From then on, the Philippines was subjected to a barrage of insults, litigations, provocations, and so on coming from China. China was trying to isolate the Philippines diplomatically after the filing of the arbitration. On the other hand, Philippine foreign policy became largely built on campaigning in the international community, explaining the Philippines' position, and trying to get everyone to understand what was behind the arbitration. Both countries are very much engaged in foreign policy towards isolating the other.

That's what Duterte came into when he assumed office. Aquino's SONA will talk about the West Philippine Sea issue in these terms: "we have high moral ground, we're just trying to assert our legal rights, we're relying on the International Tribunal for the Law of the Sea." The ruling came a month after he was no longer the president, so he couldn't even claim that legal victory. He couldn't even have any gratification from the foreign policy campaign to win in the arbitration case. Another message of Aquino is "we need to be united"—"*sa pagkakaisa lamang*." That was the only way he could overcome his foreign policy challenges. That was a clear message: moral high ground, relying on the rule of law, and being united on these issues. You might say that this was a principled foreign policy—they have described it as such. But it was also under Aquino when they had this single-minded focus on this issue. It is as if nothing else mattered in a foreign policy.

In the case of Duterte, he started out with very strong statements on independent foreign policy. Up to now, that is still being reiterated. It has led to a lot of confusion, because in the Philippine context, the understanding of many is that to have an independent foreign policy means distancing away from the United States because of the dominant role that it has played in our foreign policy. I think that was what the president intended, except that you have to give it a spin, because

in practical terms, it's not just the bureaucracy in the Philippines and that many members of our government are political elite, but the general public don't see any reason why we should distance from the United States, particularly given the challenges in the West Philippine Sea.

So what is an independent foreign policy? The spin that was given, or maybe the efforts to clarify it, was that it was really more about diversification. It's being friends with everyone. It's expanding and deepening our linkages with countries that traditionally have not been our friends including Russia, for instance, and that has been pursued as part of an independent foreign policy. In the 2018 SONA, the president said, "We should continue to reach out to all nations regardless of their prevailing political persuasions or proximity or distance from our shores, so long as these nations wish us well." So that was how independent foreign policy was finally defined.

But the president himself clearly took a very pro-China position. Observers felt earlier on that the Aquino III government took an extremely confrontational position towards China and tried to bide the US to fight our wars, to help us in our problems with China. Some felt that what Duterte was doing is more of a corrective measure just to pull it somewhat away from the extreme. But if that's the case, because of the perception of many based on the rhetoric of the president, he was largely moving over to the other extreme and selling out to China, basically.

Now, I'd like to address the previous presentation because it emphasized rhetoric. It's very important to distinguish the rhetoric of one man from the actions and policies that have unfolded under the Duterte administration. On the one hand, you could say that the rhetoric is very friendly to China not only on the territorial issues, but also on Chinese labor coming in and allowing all these online gambling operations, among many other issues. The strong tilt towards China is very friendly. On the other hand, we have our continuing defense relations with the US. Defense Secretary (Delfin) Lorenzana called for a review of the Mutual Defense Treaty (MDT) for a number of reasons. It is an old treaty, what makes up the agreements is a different context but essentially the expected outcome of any review is to strengthen the security relationship with the US rather than anything else.

The president says one thing and the other agencies of government move in a different direction, which, for many, is confusing. *Ano ba talagang gusto natin* (What do we really want)? But the outcome, you might say as a matter of fact, is positive—accidentally or otherwise—because now you have in the current geopolitical context the increasing competition between China and the US, and both countries do not push Duterte to the other side. That's the outcome because you're seeing both—you have the rhetorical signaling of friendliness to China and then you have the actual things happening on the ground. Of course, the implementers of policy always have to be conscious that they don't really go beyond what the President is saying. This is where you see a lot of the contradictions between words and actions.

The question that was raised for this roundtable also was, “What are the likely pronouncements to be made by the president in his midterm SONA?” We were asked to address this. How do I know? The reason why we have a pre-SONA forum is because nobody knows what the President is going to say in the SONA. Nobody has control over that, so I think it's not a fair question to ask even if the SONA is studied. But there are two things that one might reasonably expect. The first one, which I already mentioned earlier, is that the president promised to give an explanation on why his verbal agreement with Xi Jinping is not unconstitutional. Then that will be a challenge because people will wait for that explanation, but others have appealed to not explain it because a verbal agreement still has some deniability. If you put it in your SONA, then it becomes an official pronouncement. Even more, everybody will witness it and that can make it more binding. That's an issue to watch out for.

The other is the human rights investigation, because it is very fresh and a very recent issue—that might be addressed in the SONA. He's done it before, his calls for non-interference, etcetera. But again, if you look at the text of the SONA, and we know how SONAs are made: all of the agencies put their two cents and someone tries to clean up the inconsistencies. But you can still see the inconsistencies between statements on ASEAN—referring to shared values, sovereignty and other parts on what are the values of Filipinos—you don't really know what is being referred to, right? Human rights is still part of our identity, but it's something that we are totally rejecting. There is possibly some

statement on this move of the (United Nations) Human Rights Council to investigate the killings in the drug war.

What are the likely challenges that lay ahead in the remaining years of the Duterte presidency on the foreign policy issue? My sense is that it's still largely this question of independent foreign policy. There's much that needs to be reconciled. This country is so divided on foreign policy and the President himself has contributed very much on the polarization of this question. Why do we say we are divided? The nation is divided of course—the Duterte supporters versus the so called *dilawan*.<sup>1</sup> If you look at the Social Weather Stations (SWS) surveys, on the one hand, the President is immensely popular. On the other hand, the surveys are saying that people are not happy with his West Philippine Sea policy and that there is very high distrust of China.

How do you make sense of that? My interpretation is that the China issue and the West Philippine Sea issue are still not important enough in the eyes of the public to make a dent on his popularity, and that says something. That may also explain why the opposition campaigned so strongly during the midterm elections and yet did not gain ground even on this issue.

What are the other ways that we are divided? The president's men are divided. Unfortunately, they're mostly men. Foreign Affairs Secretary Teodoro Locsin, Jr., on the one hand, is saying we don't need to review the MDT. On the other hand, Lorenzana is saying that we need to review the MDT. They cannot even agree among themselves. In the issue of the ramming and abandonment by China of a Filipino fishing vessel, everybody had their conclusions even before the facts were clear and people in government were speaking left and right without knowing the facts, later having to eat their words. The calisthenics that they have to do is unimaginable, but they had to take back what they said earlier on this issue.

There is another major question also in relation to China. On the one hand, they have our "Build, Build, Build" as a broad framework to

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<sup>1</sup> *Dilawan* refers to the supporters of previous President Benigno Aquino III. *Dilaw*, which translates to "yellow," is the color associated with President Aquino's mother, former President Corazon Aquino.

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allow the entry of Chinese investment on infrastructure—that's non-controversial. On the other hand, in the geopolitical context, and I must say this, Duterte seems instinctively more guided by geopolitics than previous governments. Perhaps it's because of the sharper contradictions that we see now, but it also gets into his reasoning on what to do about China and when he talks about war—although these are all scare tactics.

How do we handle the economic situation with China? What is likely to be renewed in our military and security cooperation with the United States and with other parties and countries as we move forward? It is so difficult because we are so divided and the president himself, as well as his secretary of foreign affairs, are both strongly personalistic in their approach. And in foreign policy, that can't do—that won't do—because they are supposed to represent the interests of a unitary state. Both are personalistic and both are highly polarizing figures in the national discourse of foreign policy.

Thank you.

## Open Forum

The open forum began with a question for Dr. Baviera about the possibility of a shift in the president's rhetoric in terms of China. The question asked if China is going to be more present in our security and defense ecosystem. This question was asked in the context of Dr. Baviera's presentation where she mentioned that the President's policies do not necessarily mirror his rhetoric.

**Dr. Baviera** responded by clarifying if the question pertains to the seriousness of China's threat to our national security and the need to prepare for it in the long run. According to Dr. Baviera, these arguments support long-term security issues coming from China, as seen in the Philippines' drive to modernize its armed forces and to increase its military presence in the South China Sea in the last four or five years. She argued that the competition between China and the US may be a trigger for what China decides to do in the West Philippine Sea. She further stated that it is not about China and the Philippines; it is about China and the US, and the Philippines happens to be part of the ecosystem. Dr. Baviera claimed that the likelihood of this being a long-term problem unfortunately depends on China-US relations. China has the Belt and Road Initiative (BRI), which relies entirely on the cooperation of its neighbors and of other countries. She argued that since China's economy is going down, it needs the BRI to increase economic engagement with other countries, expand markets, and try to go around the trade war with the US. For Dr. Baviera, the important thing is what the Philippines can do about it. She argued that war is not an option for the Philippines and even for the US, unless the latter wants to decouple its economy from China. She claimed that economic relations between the US and China took generations to build, thus it is an unlikely scenario. With respect to the possibility of clashes with China in disputed areas, Dr. Baviera stated that this is not unlikely. In such cases, Dr. Baviera believed that this will put into question the Philippines' capability when China quickly opens negotiations. She stated that the Philippines is not capable to engage in a major military conflict. In her view, the idea of modernization serves as a deterrence, not to the Philippines per se, but in cooperating with other countries

and in leveraging in political negotiations. Lastly, Dr. Baviera argued that the arbitral ruling should similarly be used as a leverage in the negotiations, but the Philippine government does not use it that way.

The second comment was on Dr. Panao's presentation. The comment highlighted the tendency for the business community to sidestep laws and regulations pertaining to labor. Moreover, companies are able to sidestep such regulations through contractualization. The commenter remarked that out of the 30 million Filipinos who are employed, 90 percent are contractual and only two percent are unionized or have CBAs.

**Dr. Panao** clarified that the comment was referring to the World Bank enterprise surveys that he cited in his presentation. The graph pertains to the World Bank's assessment of labor regulations. Dr. Panao pointed out that the data shows that companies do not find labor regulations constricting. He further emphasized that the data presents the percentage of firms that find labor regulations constricting. Dr. Panao also said that the comment was correct in saying that a number of organized firms in the Philippines is quite strong. He referred to the first slide in his presentation which validated the observation.

The next question for Dr. Taguibao was about the trends that emerged in the SONAs, since he studied the previous SONAs of other presidents. Some of the trends that were cited included the mention of police and illegal drugs. Dr. Taguibao was also asked if he expects a significant deviation from these specific trends.

**Dr. Taguibao** responded by citing some of his observations and his analysis of the problems. He stated that for the past SONAs, whatever the president says on the podium is the SONA. This meant that whatever has been prepared by the Office of the President is the SONA. However, he emphasized that they have encountered difficulties with President Duterte's SONAs because he usually goes off script. This begs a question on which should be analyzed. Options for analysis include the official institutional prepared speech (wherein all the data from the different agencies were processed to construct the speech), the technical report, and the delivered speech itself. Dr. Taguibao explained that as a matter of analysis, they had to make a decision because if the president goes off script and turns this constitutional occasion into a personal rant—which he has been doing—then that is a deviation. Dr.

Taguibao stated that the deviations will typically be about the president's experiences as mayor, his experiences at the local level, and other things that most people will celebrate because they appear to be more candid and more personal.

On the other hand, Dr. Taguibao argued that if we were to look at the official address and the topics therein, we would see consistencies in the past three speeches. This include peace and order and rule of law as centerpieces of his programs. He argued that after these three addresses, there was greater emphasis on drugs, the police, and the military. Dr. Taguibao observed that in terms of rhetoric, the president cannot seem to distinguish between the function of the military and the function of the police. He pointed out that the president sees both and uses both interchangeably, and this might have certain implications on matters of national security and foreign relations.

Dr. Taguibao also cited some observations from an exercise by the UP CIDS DSPP where he and his colleagues looked at the number of asterisks to track down how many times the president would use inappropriate language. In addition, they counted the number of times the president would receive an applause from the audience, which indicates that the President's level of humor was at its peak. According to Dr. Taguibao, the president's audience at this point would be the OFWs. He added that the lowest amount of applause that the president received was when he talked about the signing of the General Appropriations Act (GAA), where there was only one applause. Dr. Taguibao reinforced Dr. Baviera's claim that we are unsure if the president would go personal in his upcoming SONA or if he would stick with the institutional script from his office. He added that we would not know if there would be a lot of insight that could be gathered from the historical linguistic patterns of the president and if these would be carried over to the next SONA. He argued that what we know is that more recent issues such as human rights, the UNHRC, and China might appear in his upcoming address. Dr. Taguibao argued that this might serve as an invitation for everyone to look at other de-emphasized topics. He pointed out that in this manner, we might get a sense of what the President's stable message(s) is because his messages have been fluctuating across speeches.

A political science graduate asked the fourth question to Prof. Gatmaytan and Dr. Baviera. The question was about the constitutionality

of the president's foreign policy. The audience member was finding it difficult to understand why people always interpret the legal side of the president's rhetoric and not the political side. An example of this was when the President said in an interview that China's head of state had pronouncements that he cannot divulge, which justified his political behavior as there are things that only the head of state knows.

**Dr. Baviera** focused on the political side as she stated that she did not have legal expertise. For Dr. Baviera, the head of state should try to give assurance to the public that issues are being resolved. She similarly argued that much of what is done in diplomacy is kept as a secret, and that is understandable. Dr. Baviera cited the bilateral consultation mechanism (BCM) that the Philippines has with China which has been conducted for three years already. During this consultation, nobody knows what is being discussed or any of the agreements that have been concluded because it is a continuing process. However, she highlighted that the head of state remains accountable to the public, especially since the public has certain expectations. She argued that if there is a communication problem, the government would handle it better if they are of one mind.

**Prof. Gatmaytan** answered the legal aspect by saying that there are certain principles in the question that are correct. He stated that the president is the chief architect of our foreign policy, which means that however the president decides to deal with China is our foreign policy, whether we like it or not. But Prof. Gatmaytan pointed out that there are specific provisions in the Constitution that constrain the president's power. Some of these limits are the creation of treaties and the role of the Senate in the process.

The fifth question was related to Dr. Panao's discussion on economic populism and its impact on the sustainability of the free college education program.

**Dr. Panao** stated that he does not have the answer to the question. He pointed out that when the law was passed, economists were arguing that it is not going to be sustainable for many reasons. He argued that this law is one of the dangers of economic populism that economists talk about. Dr. Panao emphasized that if we work within our institutional context, the immediate question will be a law's sustainability once the president's term ends and beyond. This is the reason why he posed the

question if the president is simply being a populist or an economic populist.

The next question directed to Dr. Baviera was whether China has a conscious agenda to consider Philippine interests (or the president's interests) in the West Philippine Sea vis-à-vis its objective in obtaining the islands in the area. This was asked in the context of the Reed Bank incident where it seems that China was pushing back against the Philippines. This meant that the Philippines is not getting the best of both worlds from the president's rhetoric and actual foreign policy. This was followed by a question about the role of the Philippines' non-traditional partners, such as Russia and India, in terms of foreign policy.

According to **Dr. Baviera**, we do not have the best of both worlds in connection to the US' and China's concern to not push the president towards the other side. She stated that we may be in a comfortable position given the circumstances, but it does not mean that it is sustainable. She emphasized that in her presentation, she was saying that it is not sustainable because the pressure was coming from both the US and China. In terms of Xi Jinping's conscious agenda to accommodate the president's interests, Dr. Baviera argued that the president is doing China a big favor. If he wants an independent foreign policy, the biggest challenge towards achieving such is that China's policies can drive the country towards reverting to a pro-US foreign policy. She emphasized that relations with the US are not about China alone; there are issues such as terrorism and non-traditional security, among other things. However, if we focus on China, its behavior might force the Philippines to go back to a more dependent position. Dr. Baviera believed that China can accommodate on their own terms. She cited the BRI and allowing Filipino fishermen to fish in the Scarborough Shoal as China's interpretation of accommodation. She argued, however, that it is up to the Philippines to demand what we want to be accommodated, but the government has not put forward that agenda strongly. Thus, it is doubtful that China will make offers or compromises.

As for the question on non-traditional partners, Dr. Baviera believed that there is no need to mention them during the SONA. She stated that some Navy officers were in Russia at the time of the forum. Furthermore, she argued that the country was considering buying a submarine from Russia, France, and possibly from another country. The



government is not buying from the US and this might be considered important, especially if we do it right. She further stated that we should not buy a submarine from Russia just to spite the US.

For the last question, Dr. Taguibao was asked if there is a siege mentality among the president's followers. A follow-up question was asked on the role the president himself has played in cultivating this mentality into his rhetoric and/or policies.

**Dr. Taguibao** responded by saying that the very nature of rhetoric is to be able to persuade. The siege mentality allows for a relationship through an articulation or expression that is operating in a condition of partisanship. However, he emphasized that the president's followers are not monolithic. He argued that some of the president's followers can either be humans or machines, and this has to be clarified. Dr. Taguibao argued that readers of the online articulations of Duterte supporters are not passive and they have the capacity to be able to distinguish between the two. He stated that fake news is an issue of literacy, therefore persuasion and rhetoric are critical for readers.

## Final Comments

**Dr. Baviera** remarked that the Philippines has a more independent foreign policy now more than any time since its independence. This is partly because the environment is so fluid that there are so many challenges and directions which are not only internal to the country. Other examples of such independence, according to Dr. Baviera, are the closure of the US bases and the focus of the Ramos administration on relations with China and ASEAN. For Dr. Baviera, these instances require the right moment and the right opportunity and are not simply a matter of subjective desire or nationalism.

**Prof. Gatmaytan** reacted to the discussion about distinguishing rhetoric. He claimed that some of the president's remarks cannot be dismissed as a joke. He argued that it is legally unacceptable whenever the president's staff face the media and explain what he meant. Prof. Gatmaytan also referred to one of the president's remarks about imprisoning individuals who filed an impeachment complaint against him. He emphasized that this is not merely rhetoric and the president actually believed his statement. Prof. Gatmaytan highlighted his earlier point that it is difficult to have a chief executive who does not completely understand his role as the president of the Philippines.

**Dr. Panao** argued that when we look at the policies that the president signed into law, particularly the welfare-oriented ones, it will be difficult for citizens to react against his rhetoric on foreign policy. People are satisfied and would not care about foreign policy. Dr. Panao stated that in theory and based on the literature, foreign policy is secondary to economic needs. This follows Maslow's hierarchy of needs—if people are satisfied, they will not care about what the president is saying. However, he claimed that if citizens are aggrieved, hungry, unemployed, and have unmet expectations, they will be angry. This is the time when the president's rhetoric changes. He will divert to foreign policy because he needs an enemy to blame for the country's economic woes. Dr. Panao stated that there is no need for diversion at the moment. He argued that the president offsets whatever he does in relation to foreign policy with his welfare policies. Dr. Panao referred to the previous questions earlier on funding for the government's welfare

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policies. He believed that the TRAIN Law will fund the seemingly unsustainable socio-economic policies of the current administration.

**Dr. Taguibao** closed with the idea that words matter, especially the president's words. He pointed out that we also assign meanings to the words that the president would say. However, he said that it is important to keep in mind that the president is not just a person and that there is an office and an authority that come with his words. Dr. Taguibao highlighted that his presentation was simply a broad stroke of the things that the president has been saying. However, there is a lot that should arise with being able to critically analyze and judge the utterances and the speeches of the president.



L-R Dr. Maria Ela L. Atienza, Prof. Herman Joseph S. Kraft, Prof. Julkipli M. Wadi, and Dr. Emmanuel S. De Dios

## PANEL TWO

### Local Governance and Decentralization in the SONAs

**MARIA ELA L. ATIENZA, Ph.D.**

Co-convenor, UP CIDS Program on Social and Political Change and  
Professor, UP Department of Political Science

Good afternoon, everyone. I have been requested to discuss local governance and decentralization in the SONAs, looking in particular at the first three SONAs delivered by President Rodrigo Duterte and comparing them with the first three SONAs of President Benigno Aquino III (PNoy). If you listen to the first presentation by Dr. Taguibao, you will see that the keywords or concepts of “local governance,” “local governments,” “decentralization,” and “autonomy” have not really been prominent in the three SONAs of President Duterte. But I want to look at the context in which local governance, local governments, and local government units (LGUs) have been discussed at least in the policy pronouncements of President Duterte in the three SONAs. At the same time, I want to see how they jive with important legal documents in the Philippines: first, the 1987 Constitution, and second, the 1991 Local Government Code or Republic Act (RA) No. 7160.

I used the official transcripts of the SONAs. These were sourced by the research associate of the UP CIDS Program on Social and Political Change, Ms. Jesam Jimenez, from the official website of the Office of the President. What I read are actually not just the prepared speeches of the president, but also the more interesting adlibs. These are also considered official because these have been transcribed by the Office of the President and these were delivered in front of the two Houses of Congress as well as other invited guests and delivered by the President of the Philippines himself in his official capacity.

The 1987 Constitution, particularly Article II, Section 25, recognizes as state policy the autonomy of local governments. Article X, which focuses on local governments, mandates the creation not just of autonomous regions in Muslim Mindanao and the Cordilleras, but also the enactment of a Local Government Code.

This is the reason why in 1991, RA 7160 or the Local Government Code was enacted, giving local governments substantial powers and responsibilities in the promotion of local autonomy and devolution, democratization and citizens' participation, local development, and administrative effectiveness, especially in the delivery of basic services. The Code also called on the participation of the private sector, civil society organizations, and marginalized sectors in local governance.

Twenty-five years after the enactment of the 1991 Local Government Code, a politician who spent most of 30 years after the EDSA People Power as city mayor, vice mayor, and one-term congressman became the country's President. It is interesting to look at how he appreciates local governance, LGUs, and decentralization in the context of the policy direction of his administration as being someone with direct experience with local governance, particularly being the first president to come from Mindanao and the first president to enthusiastically campaign for a shift to a federal form of government, albeit without clear direction or without explaining the details of the type of federalism he was pushing. While President Gloria Macapagal Arroyo in 2004 also included the shift to federalism as one of her programs during her campaign, it did not prosper during her administration. How does President Duterte look at local governments, local governance, devolution, and local autonomy in his policy rhetoric as seen through his first three SONAs?

In particular, how are local governments and issues of local governance, devolution, and local autonomy placed in the context of his policy agenda? Actually, there was no mention in the SONAs of words like “governance,” “devolution,” and “local autonomy” in the general sense. There were more mentions of Mindanao and autonomy in the context of the Bangsamoro. But in a more generic sense, in the three SONAs of President Duterte, he only mentioned local governments and LGUs at specific levels and specific localities.

During President Duterte’s first SONA in 2016, he mentioned local governments or LGUs in the following contexts. First, he asked them to help in fighting against drugs and corruption, and he warned them of the consequences for not helping. Then he asked for their cooperation in addressing the traffic congestion in Metro Manila. He also mentioned specific local areas that will become recipients of new roads and infrastructures such as new airports and railway systems. He called on LGUs to be more efficient in procedures in issuing business permits and licenses and other transactions. He also called them out on environmental problems like the cost of mining and the decline of the fisheries sector, as well as the need to address the garbage problem and the promotion of ecotourism. He also mentioned the national government’s plans to develop more broadcasting infrastructures and channels that would benefit a lot of far-flung barangays. He asked LGUs to cooperate with the Department of the Interior and Local Government’s (DILG) campaign for federalism. And surprisingly (given his misogynistic remarks in other speeches), he called on all levels of LGUs—down to the barangay level—to implement the Magna Carta of Women (RA 9710).

In his second SONA in July 2017, President Duterte called on LGUs to monitor mining operations in their areas, their possible negative impacts, and the need to tax them properly. He also mentioned the need for resilience and disaster preparedness among LGUs, especially in Metro Manila and surrounding provinces, resting on the context of the planned creation of a Department of Resilience. He linked the fight against drugs and criminality with local economic growth by citing the example of Davao City where, according to him, he was able to fight against drugs and lower crime rate during his time as mayor, which then led to local economic growth. He called on LGUs to be more efficient

and, again, to lessen red tape and stop corruption with government transactions like bidding, procurement, and processing. He cited the anti-corruption hotline 8888 as a way for the public to call out erring local government officials. He called on the Metro Manila Development Authority (MMDA) and LGUs in Metro Manila and Cebu to address traffic-related and transportation issues. He mentioned specific LGUs again as recipients of new road and bridge projects and he again called for the implementation of the Magna Carta of Women down at the barangay level.

In his third SONA in 2018, which was actually the shortest of the three because of different circumstances that year, the President was made to wait for more than an hour because of the changes in House leadership. President Duterte called on LGUs to implement the Ease of Doing Business Act (RA 11032), which was just passed by Congress and signed by him into law. He again defended the war on drugs and he said that without the current war on drugs, he feared that many LGUs will be under drug addiction and the proliferation of criminals. He called on LGUs to enforce national laws affecting the environment. He cited the example of the rehabilitation of Boracay, as well as the proper utilization of natural resources for the next generation. He mentioned that the national government will supplement human resource gaps in LGUs and will provide more resources for health and set up more satellite televisions in far-flung areas.

To sum up, it seems that the president has several common themes when discussing local governments and local governance, although he mentioned them relatively less than ten times compared to other topics and concepts. These themes include the need for the cooperation of LGUs in peace and order, particularly in the fight against drugs; the need for LGUs to simplify procedures and transactions; putting an end to corruption; implementation of environmental policies, especially in the context of mining and ecotourism; calls to solve traffic and transportation problems in Metro Manila and other urban areas; and the implementation of the Magna Carta of Women. LGUs were also mentioned as recipients of the government's infrastructure projects, especially new roads and airports. He also mentioned the provision of additional budget for health and additional human resources for health and of more broadcasting infrastructures.

Of course, we know that a number of these items have not really been actualized or supported by any action. In the case of the need for LGUs to implement more environmental policies and to police mining corporations, he did not lift a finger when the Commission on Appointments rejected Gina Lopez's appointment as Environment and Natural Resources secretary. The country is still grappling with traffic and transportation problems, Boracay now gets flooded after being opened after six months of closure, and of course, while we appreciate the need to implement the Magna Carta of Women, his language in many of his speeches and his actions also do not support actual or substantial respect for women.

How do the first three years of the Duterte administration compare with the first three years under President Aquino III, especially in their first three SONAs? When looking at President PNoy's first three SONAs, he mentioned in his first SONA in 2010 a number of anomalies in the provision of rehabilitation funds for disaster-stricken LGUs during the previous administration. He also urged LGUs to be more efficient in processing government transactions, especially business permits, and to be active partners in financing the PhilHealth. He specifically called on the League of Provinces of the Philippines and the League of Cities of the Philippines to help, and mentioned public-private partnerships (PPP) proposals that can possibly benefit many LGUs in terms of infrastructure.

In his second SONA in 2011, President PNoy mentioned the fight against corruption and the promotion of good governance in LGUs, particularly in the Autonomous Region in Muslim Mindanao (ARMM). He mentioned a number of infrastructure and electrification projects that will benefit a number of LGUs in different parts of the country. He also recognized the need for LGUs to exercise greater autonomy and capacities as they are in the best position to address local problems. However, he also cited the need for good governance and priority for the welfare not only of local constituents, but also of the entire country. He also emphasized that while there is local autonomy, there should also be coordination and complementarity of national and local programs for national development.

During his third SONA in 2012, he focused on the deployment of health professionals in areas covered by the 4Ps (the government's

conditional cash transfer program) and the poorest LGUs so that they can provide citizens with quality healthcare. He also mentioned the need to address the traffic problem, the promotion of agriculture in the countryside, and electrification for many far-flung barangays.

Except for the push for federalism and the war on drugs, it appears that there is not much difference in how the two presidents' first three SONAs looked at local governments and their roles, even if there was an expectation that President Duterte would have more emphasis on local governance and autonomy given his political background. Both appear to recognize the LGUs' role in the provision of health services and the protection of the environment. Of course, President Duterte emphasized the role of the LGUs in the aspect of peace and order. However, in his first three SONAs, PNoy had expressed more articulately the partnership between the national and the local governments and he was not only looking at LGUs as simple implementers of national policies and recipients or beneficiaries of national projects and assistance. However, both Presidents did not mention reviewing or amending the 1991 Local Government Code.

This 2019, what are the likely pronouncements to be made by President Duterte in areas of local governments, local governance, autonomy, and devolution? For his fourth SONA, again, these will not be as prominent as other topics, especially the war on drugs. We can expect that he will cite the need for LGUs to cooperate in the war against drugs, corruption, and red tape. He will call on them to implement laws that have just been passed, particularly those that are aimed at improving local governance like the institutionalization of the Seal of Good Local Governance, the establishment of Community-Based Monitoring System (CBMS) in all cities and municipalities for the government's poverty reduction program, and other programs where the LGUs play an important role, such as the Universal Healthcare Law, the elevation of 4Ps as a national law (instead of just a government program), and even the Safe Streets and Public Spaces Act or the "Bawal ang Bastos" Law. He may also discuss the LGUs' role in disaster risk reduction and management (DRRM) and environmental protection.

What are the likely administrative and political challenges in the areas of local governance and devolution as the administration passes its midterm? Since devolution was implemented in 1992, there have

been a number of exemplary local governments. But there is still a problem in terms of the quality of basic services being delivered at the LGU level. At the same time, in the last 2019 elections, nine out of ten of the poorest provinces re-elected members of political families as local officials. However, we also saw several dynasties that have been defeated and some new faces that have joined local governments. Since President Duterte—and this is my last point—recently said that a shift to a federal form is no longer urgent, we are yet to see if he will mention possible amendments in the 1991 Local Government Code and the implications of the recent Supreme Court decision (the Mandanas Ruling) that defines the shares or allotment of LGUs as not only from internal revenues, but from all national taxes and other collections. This ruling will have implications on the financing of national programs of this administration and after 2022, when Duterte is no longer President. Based on the Supreme Court ruling, Fiscal Year (FY) 2022 will be the start of the implementation of the expanded shares of LGUs from all national income.

## National Defense and Security

HERMAN JOSEPH S. KRAFT

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The topic that I'm going to talk about was partially covered by Dr. Baviera in the previous panel. In fact, if I were sitting one chair to the left, everything that I'll be talking about will be covered by somebody else. Prof. Wadi will actually be talking about Mindanao and a large part of national security will cover what's going on in Mindanao. I think it was said earlier that the president promised that this SONA will be short. The government already conducted some pre-SONA forums as a strategy to ensure that it would be short, and I thought that I would get one step ahead in this discussion by looking at what the pre-SONA forum on security would say. Unfortunately, the forum is taking place today, which basically means I can't give you an advance notice of what was going to be discussed there. The fact that there is a pre-SONA forum on security indicates to us that this is one of the key points that President Duterte is not surprisingly interested in pushing forward.

I'm going to invite you to revisit the slides shown to you by Dr. Taguibao earlier. National security is placed in the early part of the speech. The idea of placing it at the start emphasizes that in the previous SONAs, the president focused on peace and order. If you extend that a little bit forward and take a look at that part in the previous three SONAs, the first part of every SONA talks about security to a large extent. This is where it becomes interesting because most of the discussion on security focuses primarily on internal security. If you remember what Dr. Taguibao was saying, a large part of the security discourse revolved around the police and is focused primarily on issues that have something to do with criminality.

The Aquino administration started the practice of publishing a document that talks about what its national security focus would be. This document is called the National Security Policy. The interesting thing about the document is that it defines security very broadly. If you want to know where that came from, you should talk to Dr. Alan Ortiz.

He used to be with the National Security Council and used to be my boss over there. It was during that time that the concept of security, broadly defined, was adopted at least by the National Security Council as a way of looking at what national security is. But I'm not going to discuss how the Duterte administration or even past administrations talked about national security in a broad context because so much of what those other themes are have been discussed under other broader themes, not just security. In other words, what I will be talking about is national security in a narrow sense—what it is that tends to be discussed within, not only by the SONA, but how we, as a public, understand national security.

In this context, the first thing that comes up if you look at the SONAs of President Duterte is the emphasis on internal security. This is not really unusual. Past administrations have also emphasized internal security. In fact, the reason why this seems to be unusual is precisely—and I'm going to borrow from Dr. Atienza's presentation—is that the previous administration and the last SONAs tended to emphasize the external security aspect. In other words, I think Dr. Taguibao was saying that under the Aquino administration, there were significant mentions of China and the West Philippine Sea. These kinds of mentions, as far as the SONA is concerned, tend to be de-emphasized under the Duterte administration.

The first SONA of President Duterte was quite fascinating in the way that it seemed to be reconciliatory to everyone. One of the points here in terms of internal security was the way that President Duterte emphasized the importance of the peace process. This involved inviting all the “enemies of the state” to engage in peace talks with the government. There was an emphasis on what eventually became the Bangsamoro Organic Law (BOL). For the Communist Party of the Philippines–New People’s Army–National Democratic Front (CPP–NPA–NDF), there was an implied intention to engage in peace talks. We all know that during the first year of the Duterte administration, there was some sort of honeymoon period between the CPP–NPA–NDF and the government. The other thing about the first SONA was that it was the time when the arbitral decision came out. Inevitably, one of the things that President Duterte had to do was to mention the arbitral decision. If you’re talking about security, one of the things that you’d be thinking

about would be a discussion on—or at least some reference to—national sovereignty, national territory, and so on. The West Philippine Sea gets mentioned in the context of the arbitral decision and looking at it as a good mechanism for advancing peace and stability in the region. The tone basically dampened the impact of the arbitral decision. It also put emphasis on the way internal security was given premium on matters of national security. This fits in with the point that Dr. Taguibao was saying about the police—not the military—as the instrument whereby security could actually be achieved.

The second SONA was interesting because this is when the Marawi siege happened. This SONA reiterated the importance of internal security. In the first SONA, terrorism was already mentioned. However, this is the first time when ISIS is now pointed to as an affiliate of local groups. Therefore, the danger that comes out of this link between ISIS-affiliated groups and ISIS itself was enhanced. The other interesting thing was the complete change of rhetoric between the first and second SONA regarding relations with the CPP–NPA–NDF. The first SONA was more welcoming (“Let’s talk”) compared to the second SONA (“I can’t talk to the left anymore”). The implication was “we’re going to fight them because they’re not interested in really cooperating with the government.” There was a complete change in how the left-wing insurgency was emphasized as far as national security is concerned. In other words, the message shifted from a sense that things were looking up to one where it is back to usual.

The other thing that he emphasized in the second SONA was the idea that people from Manila ignore what’s going on in Mindanao as far as the importance of counterterrorism is concerned. According to the president, people from Manila criticize the imposition of martial law in Mindanao, while ignoring the fact that bombings were taking place there. Just because there weren’t any bombings in Metro Manila doesn’t mean that those kinds of issues could be ignored. That’s probably going to have an impact in the coming SONA.

The third SONA was where President Duterte starts emphasizing the idea that the issue of terrorism was shifting—Marawi showed that there is a continuing importance given to counterterrorism in relation to ISIS-affiliated groups. The connection with the international now becomes part of the way counterterrorism is viewed. Before, especially

in the first SONA, terrorism was seen as a local thing. With ISIS now in the picture, the whole tone—as far as the issue of national security is concerned—changes; even with the focus on internal security, the international is now included. And yet, even if we start to talk about terrorism in that sense, we still don't see many mentions as far as the West Philippine Sea is concerned. It was mentioned in one line in the third SONA. There seems to be a tendency to dampen the idea of external security in relation to how the Aquino administration represented external security—that is to say the issue of China.

This takes us to the question, “what do we expect now?” We’re talking about the SONA on Monday. Is there going to be any change? Honestly speaking—what did Dr. Baviera say? “What the hell do I know?” The point here is this: you do have the pre-SONA fora and I think that’s where many of these issues are going to be discussed. This means that we really don’t know what the president is going to say in the SONA on Monday since these issues are going to be discussed prior.

There are a number of things that I have been taking into consideration. Number one is that what is going to be said in this SONA will have implications for the next year or the next three years. There is going to be a shift in the way that our security issues in Mindanao is going to be seen from an insurgency perspective to one that emphasizes the idea of counterterrorism. You might ask how different is that going to be, because you’re talking about groups that are still armed groups. They’re smaller than the Moro Islamic Liberation Front (MILF), but at the same time, is there going to be any change in the way that they operate? One of the recent developments which could create some concern—as far as the administration is concerned—are the suicide bombings that took place (in Mindanao). Those are the first suicide bombings that occurred in the Philippines involving Filipinos. Remember what I said earlier? There is reason to take seriously Duterte’s rant about the idea of how Manileños saw things that are going on in Mindanao as “just happening in Mindanao, therefore they’re not of national concern.” The issue here is that suicide bombings can happen outside of Mindanao. Should we be concerned about that? Is this something that the administration should be looking at? What does this actually imply? Martial law is probably not going to go anytime soon, as far as Mindanao is concerned.

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The second thing that we can see is that the peace process with the CPP-NPA-NDF is going to be driven locally. That is what has been discussed before, and this is where I think the direction that this administration is going. The third point—and this is where I'll end my talk—is of course on the question of external defense. During the Aquino III administration, external defense was emphasized in terms of the modernization of the military and the upgrade of the external defense capability of the Armed Forces of the Philippines (AFP). You are not going to see any mention of the AFP in the SONAs of the Duterte administration. And yet, this goes back to a point that was being discussed by Dr. Panao earlier: just because it's not being talked about doesn't mean there's nothing that's going on there. The modernization of the AFP, especially its external defense capability, will go on whether or not the Duterte administration will be talking about it.

# **Threats and Challenges in Mindanao and the Sulu Archipelago During the Duterte Administration**

**JULKIPLI M. WADI**

Project Leader, UP CIDS Islamic Studies Program and  
Professor, UP Institute of Islamic Studies

I would just like to highlight the sources of threats and challenges on the Duterte administration in Mindanao and the Sulu archipelago. I will start off with the recent remarks of President Duterte, who expressed his alarm with the suicide bombing in Indanan, Sulu, the emergence of which was referred to as a critical stage in the Moro struggle. It was a relatively similar statement that President Duterte expressed with the Jolo Cathedral bombing a few months ago that resonated with various skirmishes with elements of so-called violent extremism in Maguindanao and Basilan. Not to mention the war in Marawi—it's unfortunate that the forging of the Bangsamoro and the ratification of the Bangsamoro Organic Law came at a time when the void—a big void—was created, and that was the war in Marawi. As the government would have to fund the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM), it has to also fund the rehabilitation of Marawi. All of this will come from the nation's coffers, including those that will come in the form of loans from other countries.

Whereas these threats would have to be addressed by the government over a long haul; it is every Filipino citizen who would shoulder the challenge by using their taxes, sustaining the Bangsamoro—including the need to address the rehabilitation of Marawi City, which until now has yet to start two years since the war. The war in Marawi is clouded with mysteries. It happened almost spontaneously with the declaration of martial law while the President is in Russia. All the top brass of the Armed Forces of the Philippines (AFP) and the Philippine National Police (PNP) joined that state visit of President Duterte according to intelligence reports, even when there were already sightings of ISIS-affiliated radicals roaming around in Marawi days before the siege. The declaration was done just a few hours after the shooting started between the armed forces and the ISIS radical groups.

The Marawi crisis was an effect of a gap between policy and the strategy of the AFP during the latter phase of the Aquino administration and the early period of the Duterte government. The AFP denied the presence of radical groups like ISIS and its influence on the Maute group during the Aquino administration. They changed gear, however, in the early days of President Duterte. Despite supposed attempts to contain the crisis, the war pushed through, leading into the destruction of Marawi. That is a big void in the Bangsamoro. If the meeting between President Duterte and BARMM Chief Minister Al-Haj Murad Ebrahim would reveal something, it is clear that it would be the BARMM that would have to address the rehabilitation of Marawi. This is a double whammy on the BARMM.

The so-called liberation of Marawi did not necessarily end radicalism. The precondition of violence and ideology that spawned the war in Marawi has simply morphed into new forms as other precipitations of violence spread elsewhere. We have seen this in Maguindanao and Basilan. Moreover, the entanglement of domestic and regional Salafism with global politics remains in Mindanao and the Sulu archipelago, while also being linked to various modes of linkages, including proliferations of firearms and narcopolitics, to use President Duterte's word. It would now appear that the declaration of martial law while President Duterte was in Russia is an attempt to court President Putin's military assistance in the government's war in Mindanao, even as President Duterte tries to woo China and the United States (US) during the Marawi War. Not to mention, Israel came in and provided arms to the government during the peak of the war. In other words, the war in Marawi was precisely the trigger that led into the coming of big powers into Mindanao, thereby giving them license in perpetuating their geopolitical interests in the name of fighting ISIS radicals. The big powers were successful in making the Philippines similar to other countries like Syria, Yemen, Libya, and so on. This to me is the most crucial dimension of Duterte's handling of the war in Marawi: the attraction of big powers and their impositions of geopolitical interests in Mindanao and the Sulu archipelago.

Undoubtedly, violent extremism is a threat and continues to be a threat in the BARMM. How to transform that threat is a challenge for Philippine government and the BARMM. However, while the BARMM

would supposedly provide new relations between the Philippine state and the Bangsamoro, old political dynamics are expected to persist and usher new challenges. The mainstreaming of MILF forces into Philippine body politic puts into question how normalization and transitional justice fill the void left by the MILF as former rebels. It is a question too of whether the BARMM could sustain parliamentary politics without experiencing pressures and make new demands.

Finally, the question remains whether President Duterte would still pursue federalism. If he pursues federalism, the implications of the Philippine Constitution on the BARMM would be tremendous. If he rescinds from his promise of federalism, many of his supporters would be crestfallen. The Moro National Liberation Front (MNLF) in particular would certainly ask him why. Without shifting the country's unitary system to federalism, many people would ask what concrete legacy he would leave after this term. Is it the war on drugs? The anti-corruption drive? The imbroglio in the West Philippine Sea? Is President Duterte still able to formulate, let alone execute, paradigmatic policy now that he is in midstream of his term? These questions demand answers. The trajectory of current politics will have cascading effects on Mindanao and the Sulu archipelago.

I will not read the short piece I have prepared about my reading of the Marawi crisis and its aftermath and why there was a gap of military strategy in the Armed Forces between the Aquino administration and the early days of the Duterte administration. But if I may highlight a dilemma or a conundrum, let me share with you this. That time during Aquino's term, the AFP would have to deny the presence of ISIS because if the Armed Forces would give respectability to the Maute group and recognize that it is ISIS-affiliated, it would create an impression that the ISIS has already gained foothold in Mindanao. Such recognition is akin to giving a badge of honor to the Maute. This situation would not only complicate the AFP's war against Moro rebels and radicals, but it would also expedite the desire of the Maute group to be considered, not only as an ally, but a potential beneficiary of funds and other assistance from ISIS and its affiliates in the Middle East and other parts of the world. On the contrary, if the Armed Forces continues to deny recognition of Maute and its alliance with ISIS, as this position would have to be changed by AFP's higher command to justify the declaration of martial

law, the Maute and its affiliates like the Abu Sayyaf, BIFF, and others will become even more emboldened to intensify their alliance. They will also take strategic position on other areas in Mindanao so they could get their most coveted goal of recognition from ISIS and be declared as their respectable and worthy ally in Southeast Asia. That was the dilemma. It would take President Duterte to break the conundrum to become what was the war in Marawi. However, the consequence was a mess: the destruction of Marawi and the immense requirement for its rehabilitation.

Let me end with some notes about the BARMM. The ratification of the Bangsamoro Organic Law and the formation of the Bangsamoro Transition Authority are no doubt a major achievement of the Duterte administration. It vitalizes the politics of exchange between the government and Moro rebels. On one side, the government concedes much in terms of power, authority, and autonomy. On the other hand, the MILF transformed its struggle from being revolutionary to taking its stance in parliamentary politics, even allowing the decommissioning of its forces and its eventual mainstreaming. Yet, the MILF is not already operating with its old BBL framework as it was already watered down to become the Bangsamoro Organic Law. Viewed from MILF's traditional perspective, the BBL's strategic relevance has already been weeded out, if at all reduced substantially. In the Bangsamoro Organic Law, the government has imposed strong control and supervision, even making the president so powerful that he could suspend the Chief Minister for six months. Indeed, the BARMM is actually under tight control of the president through the Chief Minister. This situation did not glaringly happen in the previous autonomous setup.

# Midstream: The Economy Three Years into the Duterte Administration

**EMMANUEL S. DE DIOS, Ph.D.**

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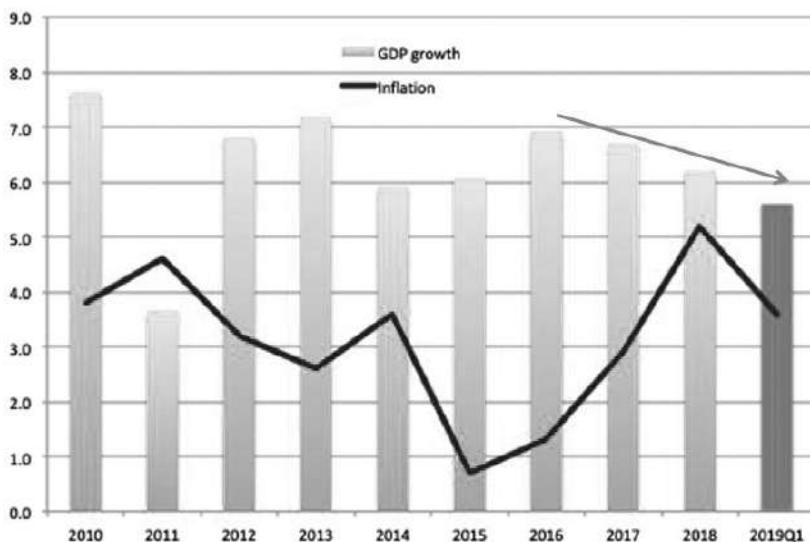
I'm not going to talk directly about the SONA, but rather about the progress of the economy in the last three years and other prospects in the midterm. In terms of the assessment of the Duterte administration's performance in the economic realm, you'll find a deficit not in relation to the previous administration, but in relation to potential—what could have been.

In practice, the president doesn't concern himself much with the economic sphere. He leaves that up to his so-called economic team, which is the Department of Finance, National Economic and Development Authority (NEDA), the Budget secretary, and to a lesser extent, the Department of Trade and Industry (DTI). In a sense, there's less of a personal mark or expression of preference in terms of policy that the president leaves. The result is that there is a continuity in the policy, which is the pronounced preference of the economic team. If you remember the so-called ten-point plan of the economic team, the first one is the continuity of the programs that the previous administration started. If you will, there's a kind of technocratic continuity in policy. It's no surprise that the past pattern has persisted. What you find is that there has not been any structural change in relation to previous administrations. It may be difficult to institute structural change, especially if that's not the priority. What has happened instead is a continuation of past patterns.

This is just a snapshot of two variables: one is gross domestic product (GDP) growth rate and the other one is inflation (see Figure 17 on the next page). As you can see, in terms of the growth rate, there has been a disintegration since the beginning of the Duterte administration. In 2019, quarter one, there was a big surprise because for the first time, it was below six percent. The stories behind that are complex ones. The other variable is inflation rate. There is a surprise in 2018 when the

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FIGURE 17 Philippine GDP growth and inflation, 2010–2019 (Q1)



inflation rate suddenly broke five percent, and that is also a long story. Since then, however, it has started to normalize.

In relation to target performance, as stated in the Philippine Development Plan (PDP) (NEDA 2017), the growth target is not being achieved (see Figure 18 below). They have a very ambitious target of seven to eight percent GDP growth by now, but in 2018, it was only 6.24 percent. My best guess is that it will be below 6.5 percent for the current year as well. What's definite is that the growth rate target will not be

FIGURE 18 GDP growth and inflation targets and actual performance, 2016–2018

	2016	2017	2018	Average
Food inflation	1.6	3.0	<b>6.8</b>	3.8
Target	2.0-4.0	2.0-4.0	2.0-4.0	2.0-4.0
GDP growth	6.88	6.68	<b>6.24</b>	6.6
Target	6.5-7.5	6.5-7.5	7.0-8.0	<b>7.0-8.0</b>

Note: Both inflation and GDP growth targets were missed in 2018. Average inflation is still on target for the half-term, but original growth targets are almost certain to be missed.

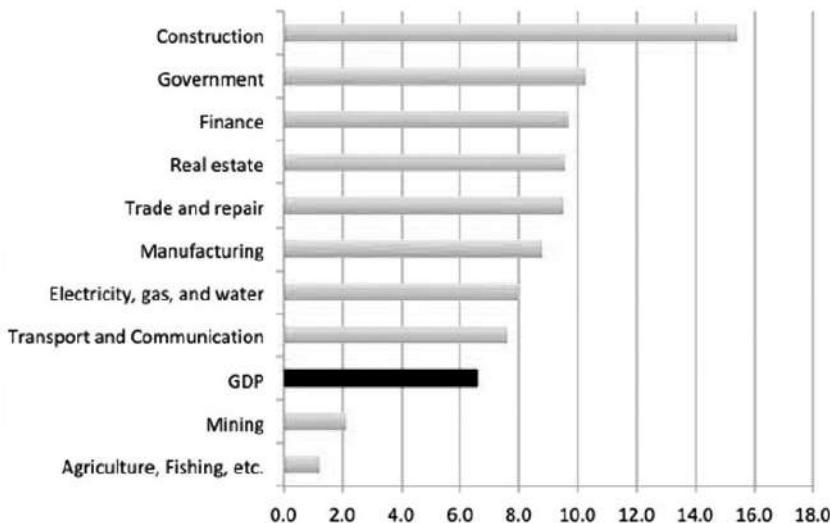
reached. On the other hand, the target in the PDP is not the consumer price index (CPI) itself, but food inflation. Obviously, we've reached that in 2018. Food inflation is almost seven percent.

That was breached in 2018. It will probably normalize because of the stupidity of the National Food Authority (NFA). The biggest reason for inflation in the past year was the failure to anticipate rice shortages and the proper importation at the right time. The second reason, of course, was the high oil prices that prevailed during that time which they compounded with the TRAIN I. The law-imposed fuel taxes were also compounded by the central bank's policy of suddenly lowering interest rates prematurely. This caused the peso to depreciate. Since then, they've repaired some of that by importing a lot of rice. Even before the Rice Tarification Law came in, they have made up by importing a lot of rice, which brought down a lot of the market price. The central bank raised interest rates to stave off peso weakness. Of course, favorably, the oil prices came down ultimately. That will probably be coming back to target within this year, and possibly the next year. In the meantime, the inflation has been in place and the prices have come up.

In relation to the labor sector, it's not clear that wages will keep up with past inflations. That is already a given. On the other hand, if you take a look at this failure below target—and this is the part about assessing it—it's failure in terms of what they intended and what they thought was the potential of the economy. Actually, there is a potential for the economy to probably do seven percent. Nonetheless, six percent, if viewed from a global angle, is not a bad rate. In assessing the success and failure of the administration, it depends on the scale you're using. They have failed in relation to their own target, but in relation to an absolute standard, it's still a decent growth rate. These days, anything above six percent is a decent growth rate globally.

The main critique that one might make regarding our current growth is that it is concentrated on what is known as "non-tradeables." If you notice, growth rate-wise, the growing sectors on average have been these: construction, government, services—you hire more soldiers, you hire more teachers (see Figure 19 on the next page). Then, finance, real estate, and manufacturing comes in. Those are tradeables, but these are not the first that have been growing. And then, agriculture, fishing. That's the general picture.

FIGURE 19 Average growth rates as a proportion of GDP, 2016–2018



The following is a graph that tells you the export of goods, which is the blue line, as a proportion of GDP (see Figure 20 on opposite page). The red line is the goods and services, which includes BPOs (business process outsourcing), as a percentage of GDP. You can see that relative to the past, it's not just a Duterte problem, it has been going on for some time. The economy has become less and less competitive and less and less export-oriented. This is standardized with respect to GDP, therefore, it's not just the absolute level of export. For example, goods, which is now only about 15 percent of GDP, that's like 70 percent for Vietnam. It's a completely different ballgame. It was as high as about 35 percent, now it's down to 15 percent.

Here's another thing. This is agriculture and manufacturing as a share of GDP (see Figure 21 on opposite page). Agriculture is the blue one. It's now less than 10 percent of the GDP, yet it still employs about 20 percent of the labor force. We're supposed to be in a manufacturing renaissance, but it stagnated and even declined as a proportion of GDP. What's going on is the services sector has been growing.

Here's a good graph. I computed job gains and losses—actual jobs in thousands (see Figure 22 on page 62). What jobs are growing? Number

FIGURE 20 Goods exports and goods and services exports as % of GDP, 2005–2019 (Q1)

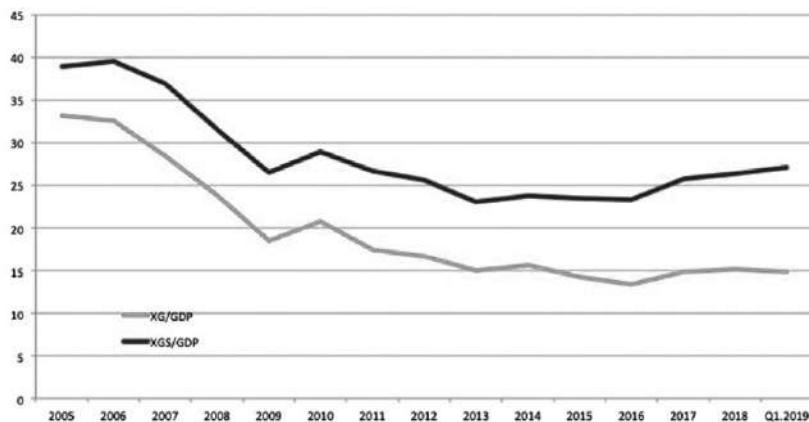
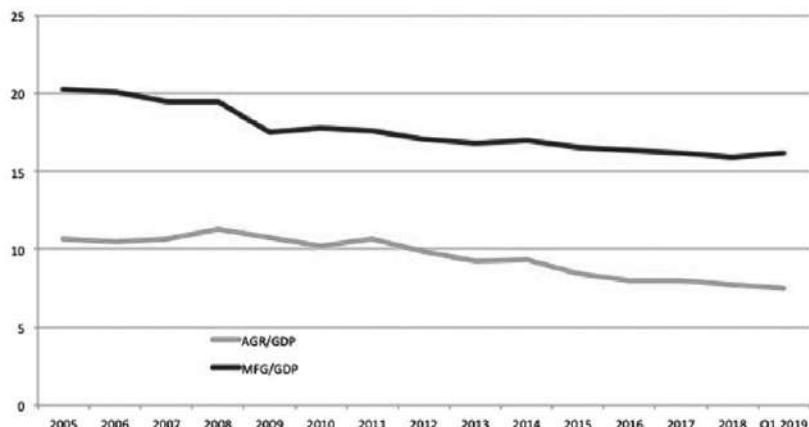


FIGURE 21 Declining importance of tradeables, 2005–2019 (Q1)



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one is construction. That's obviously the "Build, Build, Build," as well as the private sector's incentive to put up more residential and city constructions. That's about 250,000 new jobs from one year to the next. But look at the loss of about 250,000 jobs in agriculture. Anecdotally, you will find that if you have relatives in the provinces, a lot of people who used to do farming are now in construction. Is that a good thing or a bad thing? I think it's ambiguous. It's a good thing in the sense that maybe agriculture is not as income-producing for a lot of people. This is the reason why they go to construction, which is a growing sector. From the viewpoint of the economy, is it good that agriculture is such a poor performer? In the course of industrialization, what really moves is agriculture. The point here is that, have we made agriculture artificially unproductive that it does not absorb a lot of labor? In any case, that's the picture. Look at public administration, we are included here—non-tradeable services. Essentially, what we find is that there are signs of declining competitiveness. The economy is growing, but it's growing on that basis. What we lack is strategy.

Here's a nice picture from the World Bank (see Figure 23 on opposite page). This graph is only up to 2015, so this is not only a Duterte problem. Real GDP has been rising, productivity has been

FIGURE 22 Job gains in losses (in thousands), 2017 and 2018

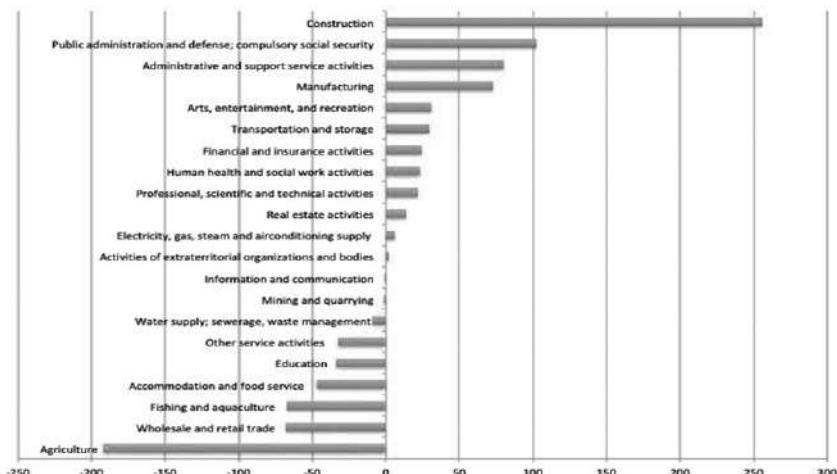
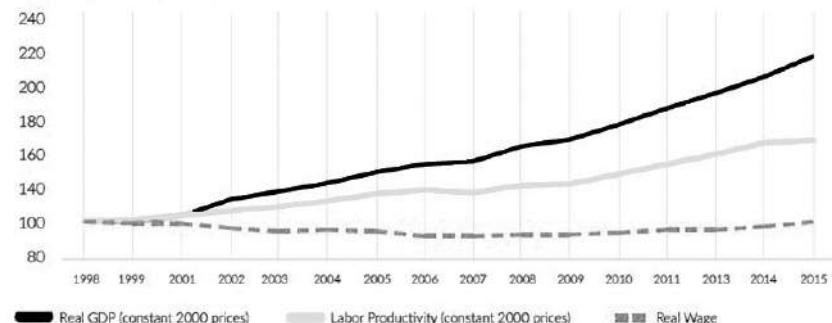


FIGURE 23 Inflation, growth, and real wages, 1998–2015



Sources: World Bank 2018, 21; PSA data

growing, but real wages have remained down. Inflation, even though it has gone down, is already built in, unless you adjust wages. It's still not going to happen.

Let's ask: is the current pattern sustainable? In terms of current account over GDP—meaning the current payments versus current receipts of the country—you will notice all throughout that it was positive (see Figure 24 on page 64). Then it became negative from the time of Duterte; the reason for that is obvious. There is this secular lack of competitiveness that has been going on, and then you have “Build, Build, Build.” The import side became much larger than it used to be, so you will have a deficit. Is this sustainable? The fact that on a yearly basis, you are paying up more than you are paying in terms of goods and services, including OFW remittances, there will be a deficit. Ultimately, this is supposed to be made up for by debt. One other form is direct borrowing, and the other is foreign investments.

What's going on in foreign investments as a proportion of GDP? This graph is up to the first quarter of 2019 (see Figure 25 on page 64). Beginning in 2017, it declined. Why? Well, it's hard to say. I assume the reason is TRAIN II. TRAIN II turned off some foreign investors who were going to manufacturing. The reason is that they don't know the tax regime under which they will be operating. On the other hand, one cannot also discount the fact that the bad foreign policy noise that the Duterte administration has made, especially

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FIGURE 24 Current account as percentage of GDP, 2010–2019 (Q1)

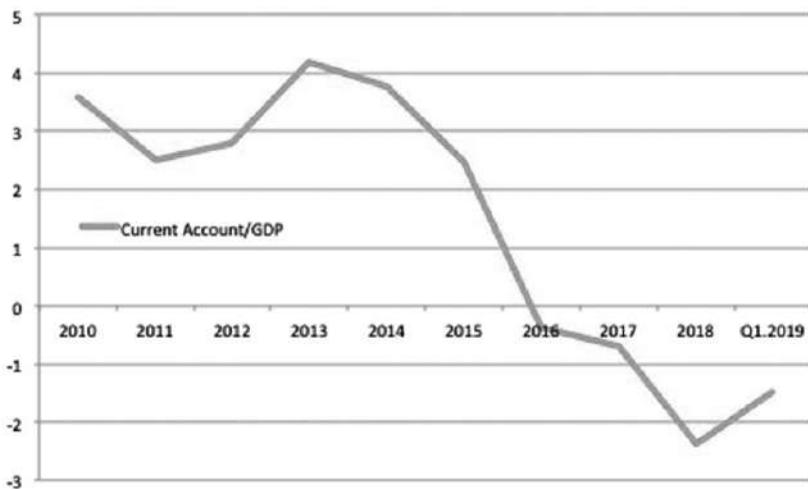
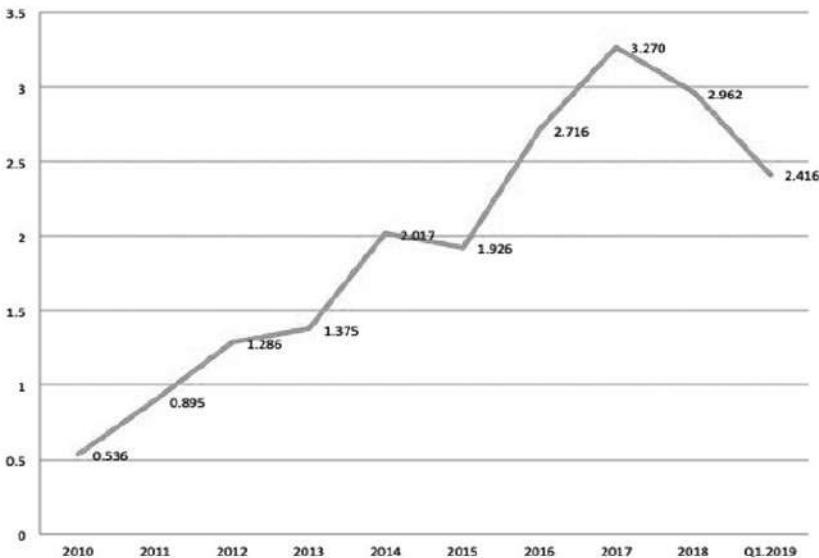


FIGURE 25 Foreign direct investments as percentage of GDP, 2010–2019 (Q1)



with respect to Western countries, has also turned off a lot of foreign investors.

The last point I want to make is this is unsustainable. Is it in danger of getting a crisis? No. The reason is that there's a cushion that the past has already provided. Right now, foreign debt is only about 20 percent of the GDP. It doesn't become dangerous until it's about 70 percent. There's a lot of leeway from the past. How about the deficit in the fiscal accounts? Right now, the government is plugging that hole through TRAIN. The big question is, will Duterte push for TRAIN in the SONA and the next Congress? I think they need to because you cannot sustain a lot of the social entitlements presented a while ago without new tax measures. Secondly, it probably needs to get into a lot of increasing debt and possibly attract foreign investments, which is the reason that the thing about constitutional restrictions, and more immediately, the revision of the Public Services Act might be a priority for Duterte. I have a bit more to say about middle-class legislation, but we can reserve that for the question and answer.

Thank you.

## Open Forum

The first question was whether it would be beneficial for the president to talk about the specific topics that were discussed in the presentations.

**Dr. Atienza** said that she does not expect the president to mention everything in the SONAs. She argued that since the president came from a local government background, he might not talk much about the national economy but she expected that he would speak lengthily about local governments and the importance of local governance in the first three SONAs. However, that was not the case, but at least in terms of sending general marching orders for the two Houses of Congress, she stated that she was hoping that the President will push for some amendments to the Local Government Code. Dr. Atienza was also hoping that the president will discuss possible changes in Article X of the 1987 Constitution—which is about local governments—including the creation of more regional governments beyond Muslim Mindanao and the Cordillera. Lastly, she stated that the president should talk about a more proactive role for local governments as stated in the Code, instead of being just implementers of national government policies.

**Prof. Kraft** emphasized how this goes back to the point about the purpose of rhetoric—why we use certain words and why we put forward certain ideas. He stated that these are the things that were embedded in the points made by Dr. Taguibao and Dr. Panao earlier. They both explained the point behind rhetoric, one of which had to do with sending messages and diverting attention. Prof. Kraft made a distinction between whether the president should talk about these issues or whether the president should be honest about all of these things. He argued that since the president is a political animal, he will only talk about issues or frame messages that will be politically advantageous for him. Whether the question is prescriptive or normative, however, Prof. Kraft stated that the president should be talking about such issues. Furthermore, he highlighted that we should understand the choices that the president is making—which kinds of ideas he is putting forward and for what purposes.

**Prof. Wadi** highlighted the intent of the president in discussing violent extremism and the perspective of foreign governments. He stated that foreign governments might ask how they can help the country as the government showed a poor performance in the rehabilitation of Marawi City. This view must be understood in the context of recent suicide bombings and the assertion of power by the government in the fight against terrorism. Prof. Wadi argued that emboldening violent extremism in the SONA would probably not bode well with other countries. Prof. Wadi pointed out that the president has presently expressed dismay over the rather slow progress in the Bangsamoro, which the former partly shares. He said that there is a lack of urgency in raising the momentum in the Bangsamoro and for the MILF to reach out, especially in other parts of Mindanao. However, Prof. Wadi also emphasized that the BOL has been substantially reduced in terms of its strategic significance, especially from the MILF's perspective. For Prof. Wadi, the cure for this is to advance another vision of political restructuring, but that would come in the form of federalism and the president has seemed to abandon his program on federalism. Prof. Wadi said that violent extremism will probably not sell much in the coming SONA, but it is up to Malacañang and how they understand it with other pressing issues.

**Dr. de Dios** reiterated that economics is not the president's preferred realm of discussion. However, he might mention some favorable economic numbers, such as the decline in poverty. A survey showed that there is a significant decline in poverty during the first semester of 2018. This is part of a long-term trend that will probably be highlighted in the SONA. Dr. de Dios then discussed the president's middle-class agenda in connection with the decline in poverty. He referred to SWS president Mahar Mangahas' column, which stated that we have become a minority poor country and that the measure of poverty was about 38 percent. Dr. de Dios stated that they detected the same result in their studies in the Human Development Network. There is now a class of the economically insecure who are now part of a substantial majority. He argued that in a sense, free education, discounts for students, healthcare, and raising the salaries of policemen and soldiers, are all middle-class measures. These measures satisfy. Similarly, peace and order is a middle-class demand. He argued that the fact that extrajudicial killings

are tolerated is a sign of the apathy of the middle class. This apathy can be seen even with how the government handled Marawi and how there was no urgency in handling the crisis. According to Dr. de Dios, when the government legislates for the middle class, there is certainly a part of society that would be left behind. This includes people who are not in the mainstream, such as religious and ethnic minorities like the Lumad. Dr. de Dios stated that these groups constitute about 20 percent of the population. Another example he cited is rice tariffication, which helped the middle class by lowering the price of rice. On the other hand, this has an impact on agriculture, especially small farmers. There is a kind of social conflict in the economic agenda of the government. Dr. de Dios said that he does not know if the president is aware of this and that this is a source of his continuing popularity. He concluded that the president will not bring up these issues in the SONA.

Dr. de Dios was then asked how would the bills that aim to amend the Foreign Investment Act complement the government's economic plans, including the TRAIN Law.

**Dr. de Dios** stated that there are amendments to the Public Service Act, which redefines public services. However, he pointed out that this is a minimal list. Dr. de Dios explained that there is a constitutional requirement on foreign ownership that pertains to public utilities and public services. What the bill does is to remove the long list of sectors that are regarded as public services. Dr. de Dios said that he favors the bill. The bill has not yet been passed in Congress, and what is holding this down is the national security argument. Dr. de Dios believed that this is a valid concern. The bill opens up several sectors which are actually public utilities. In other cases, it has to be determined what is actually restricted: media, education, and natural resources. Foreign ownership should be considered for the rest. However, Dr. de Dios claimed that foreign ownership should be allowed to a certain extent, but this would not lead to a solution. In his view, it is an overrated means for attracting foreign investment. In the past, this has not restricted people from taking in foreign ownership. There are many ways for law firms to do so. He cited Rappler's case through the Philippine Depository Receipts (PDR). Dr. de Dios explained that the PDR is a lawyer's way of getting around restrictions, and it is not just

Rappler that is doing this. He further stated that this is a mild silver bullet for attracting foreign investors.

The next set of questions were about the rude awakening for the middle class in relation to public utilities. The question was asked by a consultant for public utilities such as power, water, and internet. The audience member said that people did not know that there will be water shortage for the next five years, and power has become critical because the government did not plan for higher demand. Beyond local government issues, the government needs to establish the basic requirements for growth in the next two years, especially power, water, internet, housing, and education. Any foreign investor who is interested to come to the Philippines will be looking at these five basic requirements. Moreover, the consultant stated that water security should be a top priority. During one of the pre-SONA forums, the Water Security Act was identified as a legislative requirement towards this. Moreover, the question brought back the topic on agriculture. The Philippine Council for Foreign Relations had three years of Track II dialogues with their Chinese counterparts where they have been told that China will buy all the food that the Philippines can produce for them, yet Philippine agriculture is performing badly.

**Dr. de Dios** said that these concerns explain that there are more important considerations for foreign investors beyond the ownership issue.

**Dr. Atienza** added that in the case of the capacity of local governments, they are responsible for local provision of water and electricity as well as licensing of satellites, internet, and cellphone providers in their respective areas. Therefore, it is important to discuss in the SONA the need to improve the capacities of local governments to perform these responsibilities in order to become effective partners for national development.

The fourth question directed to Prof. Wadi was on why violent extremism in the Bangsamoro had to be traced to ISIS or foreign entities, when it could also be a series of attacks between Malaysia and the Philippines stemming from the territorial dispute over Sabah. Some of the incidents cited were the kidnapping of three Malaysians by their fellow Malaysians in Sulu. Another incident was the SAF 44 tragedy in the hands of Marwan and Malaysian terrorists.

**Prof. Wadi** partly agreed with the view on the conflict over Sabah between Malaysia and the Philippines. Prof. Wadi highlighted that the role of Malaysia in the Mindanao peace process had immensely defined the character of the peace talks and the signing of the peace agreement that came out as the Comprehensive Agreement on the Bangsamoro and its fruit, the Bangsamoro Organic Law. Referring to the relationship between Malaysia and the Philippines, Prof. Wadi stated that it takes a shade of conspiracy if one follows the line of Nur Misuari. More aptly, Philippine-Malaysia relations relative to the Sabah claim, according to Prof. Wadi, is more defined by an unwritten rule, the bottom line of which is that both countries do not want the Bangsamoro to succeed with their quest for independence.

He commented that a separate Mindanao would mean the disintegration of the republic and this has been avoided since the time of President Marcos. It is a similar case for Malaysia because an independent Mindanao would mean the possible reopening of the Sabah claim. He argued that both countries would have to resort to creative ways in maintaining the status quo. This is a reason why Malaysia facilitated the Philippine government's peace talks with the MILF, so that the latter would remain under the control of the Philippine Republic. Prof. Wadi pointed out that if the Bangsamoro is managed with some degree of stability, the situation would be fine for both Malaysia and the Philippines. On the contrary, Prof. Wadi commented that the proliferation of violent extremism in Mindanao and the Sulu archipelago disturbs local and regional stability, given the influence of ISIS in Southeast Asia. Prof. Wadi also noted that such disturbance has to be factored in as additional pressure at a time when the national treasury would have to meet the budgetary needs of the Bangsamoro.

The fifth question was addressed to Dr. de Dios and was about the purpose of the “Build, Build, Build” program. The question begins with the premise that ordinary citizens think that when the government builds infrastructure, these will be used for farm-to-market purposes, especially roads and bridges. However, Dr. de Dios’ presentation has shown that both manufacturing and agriculture are not performing well. Dr. de Dios was then asked about his opinion about how these issues should be included in the president’s legislative agenda. Lastly,



he was asked about his appreciation of the program especially when the president will most probably boast about it in his upcoming SONA.

**Dr. de Dios** responded that the rationale for “Build, Build, Build” is that certain large and critical infrastructure has benefits for agriculture. He also stated that the project might also be beneficial for large products that are going to be built mostly in urban areas. Dr. de Dios stated that the program is trying to solve traffic and to relieve congestion in airports, as in the projects in Sangley and Clark and the subway from Makati to Bonifacio Global City. He highlighted that the main complaint about these projects is that they are moving slow. In addition, he clarified that these projects are far from farm-to-market roads, and that the country has changed as majority of people are in the urban areas is now a matter of fact. There is a pressure—especially from the middle class—that such infrastructure be built.

Dr. de Dios also mentioned that they study agriculture in EMIT C4C. He said that farm-to-market roads are not the only problem. Other concerns include the relationship of farmers to the markets. Infrastructure is not the only thing that is holding agriculture back, but the fact that there are no ready markers for their products. It is hard to negotiate a steady market even with farm-to-market roads in place. Furthermore, he stated that it is hard for investments to come into agriculture when there is a huge deal of fragmentation in land ownership. Dr. de Dios stated that the ideal solution would have been

to retain the gains from agrarian reform, but he also noted that it is challenging to establish cooperatives.

There are a number of problems even after the implementation of agrarian reform, according to Dr. de Dios. An example he cited is that ownership is no longer present after succession has taken place. He argued that there are tenurial problems in agriculture and not just infrastructure. For instance, big corporations aiming to organize farmers in order to increase productivity in agricultural lands that are being rented by families typically do not know who they should talk to. Dr. de Dios argued that these issues are complicated. Even if people owned land, the value of that land to them has diminished through time. He emphasized that these people cannot be blamed for not wanting to go into agriculture and for shifting to construction. Dr. de Dios emphasized that these problems are worsened by rice imports. He stated that the proper response should have been to shift from rice to other varieties, but this requires a monumental change in the agriculture sector.

The sixth question, which was directed to Prof. Kraft and Prof. Wadi, was on the prospects for President Duterte to advocate reforms to the Human Security Act in the upcoming SONA. This was in the context of the martial law in Mindanao. Furthermore, the two panelists were asked on the implications of such reforms to Mindanao and the whole country.

**Prof. Wadi** asked why martial law should be a requirement for reforming the Human Security Act. He said that when it was legislated, it received a high rate of approval from Congress with the precondition of martial law in 1972. Prof. Wadi highlighted that the Human Security Act should be separated from martial law. In fact, he argued that if he were an advocate for martial law, he would criticize it based on the fact that in order for an imposition of martial law to be effective, it has to be anchored on a comprehensive social reform agenda. Unfortunately, such comprehensive agenda does not exist. According to Prof. Wadi, the last time he heard of a social reform agenda was during President Ramos' time. This has not been reflected or replicated in subsequent administrations, including Duterte's. He further stated that he is not sure if there will be a substantive accomplishment of martial law at the end of President Duterte's term in 2022. Prof. Wadi's impression is that

martial law in Mindanao is intended to serve as “the sword of Damocles” over Visayas and Luzon. He argued that if the government feels there is a need to extend martial law in Mindanao, then it can be made to square off when the whole country requires it. Prof. Wadi claimed that a martial law devoid of comprehensive reform does not serve anything; it can just be interpreted as an instrument to quell dissent.

**Prof. Kraft** highlighted what President Duterte says about martial law and what the police say about the Human Security Act. The latter has not been utilized due to the legal threat perceived by the policemen who might use it—they have to pay a bond if they make a wrong arrest. According to Prof. Kraft, one of the interesting things about the Human Security Act is that it is a counter-terrorist law. He stated that while he did not have the data, we can find out how many people were arrested on the basis of the law. Prof. Kraft stated that based on his understanding, police authorities do not want to use it, especially in the context of counter-terrorism. On the other hand, President Duterte said that with martial law, the government has successfully limited the movement of personalities within Mindanao. Prof. Kraft claimed that the arrests of the parents of the Maute brothers at the time was attributed to the imposition of martial law. In addition, he argued that the logic is that since the Human Security Act is not working, martial law is needed for counter-terrorism to be effective. With regard to the law being mentioned in the SONA, Prof. Kraft said that the President might lean on justifying the continuation of martial law in Mindanao. Martial law might not do anything, but from the administration’s perspective, it simplifies the work that they are doing and it allows them to achieve certain outcomes that the government can consider as its success.

## Final Comments

**Dr. Atienza** commented that it is too much to expect that the president will emphasize the participatory aspect of local government. This is precisely because as mayor, that was not his style. Dr. Atienza stated that the president was a top-down, non-participatory mayor. She argued that now that he is the top official of the country, his leadership style remains the same. However, he is also expected to emphasize the importance of local governments as partners of the national government, and not just implementers of its policies and programs at the local level.

**Prof. Kraft** went back to the question on whether the topics presented in the panel will be discussed in the SONA. He pointed out that the SONA is supposed to be an institutional mechanism in the Constitution whereby the president is supposed to propose a legislative agenda to Congress. He stated that the SONA has changed over time and has become a form of theater where the government shows some form of unity between the legislature and the executive. Nonetheless, Prof. Kraft said that the SONA is a signaling mechanism where the president cannot only talk to the legislature—because this was the original purpose of the SONA—but also talk to the people. The president can talk about what his administration has achieved and what it aims to do. According to Prof. Kraft, it is important to understand the president's perspective and approach to the notion of national security. Prof. Kraft referred to his and Prof. Wadi's discussion that the president's emphasis is more on internal security and that there is a lack of attention given to the external side. Whether or not this is something that has to be emphasized, Prof. Kraft stated that this is part of the political theater that is being performed by the president.

**Dr. de Dios** talked about the sustainability of current economic trends. He highlighted that the expansion of the economy is resulting to a current account deficit, which has to be financed or gradually reduced. Borrowing is one way to address this, foreign investments is another. However, Dr. de Dios stated that there have been a few saviors of the economy, much of which are accidental. Some of these are the unplanned OFW phenomenon, BPOs, and Chinese-backed online gaming operations. Dr. de Dios commented that online gaming operations is a

curious situation. What we are after are capital investments from other countries, but what we got from online gaming operations is an influx of labor. He supposed that the competitive advantage of the Philippines in this particular sector is institutional laxness. He pointed to the fact that immigration laws, taxation, and registration do not work. Philippine offshore gaming operators (POGOs) are sources of inflows (to a much lesser extent than BPOs), but it has kept the real estate market afloat. Dr. de Dios stated that we are gradually seeing a growing connection—with POGOs as entry points—of the local business sector and businesses in China.

In his view, Dr. de Dios claimed that the rise of China is inevitable in a way. He stated that in terms of technology and economy, China is bound to be present regardless of whether US President Donald Trump is there or not. China is a rising power in the same way that the US and Germany were rising powers at the turn of the century and the US was able to take over Britain. He stated that he does not know if that will happen in China's case, but the country has a growing influence on the economy. Dr. de Dios said that his worry is in relation to independent foreign policy, as we are engaged in online gaming operations. A huge part of our real estate sector depends on the growth of online gaming and keeping it buoyant, although it is an illegal activity in China. Dr. de Dios posed questions about how vulnerable we are to a policy change in China and to what extent does that vulnerability translate into the dependence or independence of our foreign policy.

Dr. de Dios explained that the economic side of things feeds into and is fed into by the political and strategic side of the equation. He ended by pointing to the proper way of dealing with China—whether it could have been done in a better or more balanced way by the administration or in a more formal manner.

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