

# Philippines: Duterte, Federalism and trade wars in a global context

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The basic selling point of the Duterte administration's planned shift to a federal system is that it would equalize development opportunities across the various regions of the country, check the traditional political dominance of a few favored centers, and thereby end mass poverty in the periphery.

There is no basis for this expectation either in theory or in history.

Federal systems of government are, historically, attempts to establish a unified political authority over territory that is already segmented into existing regional states. They are designed to preserve the benefits of a fiercely fought local autonomy, while reaping the fruits of integration at a higher level. The modern nation-state is the emblem of this integration. Throughout much of the 20<sup>th</sup> century, it was the engine of rapid development in the so-called "new nations" or newly emancipated colonies.

Globalization, or the emergence of societal function systems that transcend national boundaries, has changed all this. Notably, in specific areas such as the economy, science and technology, the mass media, and, increasingly, education, global society has embraced a vast swath of humanity, following no directives or rules, and oblivious to national goals or objectives. It dissolves local systems it comes into contact with, and selectively incorporates elements it can use. It exacerbates inequality within countries and across the world, while it enforces new regimes of inclusion and exclusion, subject to no overarching rationality or wisdom.

People everywhere react to the effects of these global forces in various ways. Migration has been, by far, the most common response. Individuals, and sometimes entire families, flee from areas of exclusion and dissipation, and follow the route to stability and opportunity. The ones who stay, whether by choice or by necessity, exert new demands on their leaders. Often in desperation, they reach out to unorthodox figures who personify the promise of something bold and different, blindly offering to them, in the process, a carte blanche to govern and to reorganize society.

What we are seeing today all over the world is a flurry of such attempts at self-reorganization at the level of the nation-state. Its most visible manifestation has been in politics. We see this, as I noted above, in the quest for strong, willful leaders who claim to directly speak to the people and represent their sentiments, unhampered by established legal institutions, cultural and ethical norms, and political conventions.

We also see it in the polarization of social and political life, in the demonization and scapegoating of the "other." But, most of all, we see it in the gross simplification of complex social problems by the naming of "enemies"—whose elimination is then proposed as a prerequisite for cathartic change.

Federalism is to Rodrigo Duterte as economic nationalism is to Donald Trump — an all-purpose cure

for their respective countries' economic woes in a time of global uncertainty and fluctuation. The bloody campaign against drug users and idlers is to the Duterte administration as the "zero-tolerance" policy against illegal migrant families is to Trump's America — a necessary cleansing of potential criminals and parasites.

Bout, at a different level, we might also view Mr. Duterte's pragmatic vassalage to China as the equivalent of Trump's trade war. Both are attempts to deal with a rising world hegemon with a view to extracting concessions from it. In Mr. Duterte's eyes, from a position of imagined Filipino helplessness—by voluntarily submitting to the bully. In Trump's eyes, from a position of imagined American invincibility — by challenging the world's new bully to an economic war of attrition.

Both are myopic. Mr. Duterte is leading the country back to a dependent relationship with a powerful country. It is a relationship that fosters other forms of subordination, while unnecessarily shutting access to other productive and diverse relationships in the world system. Trump's trade war is bound to generate unpredictable outcomes, not just for the US or the Chinese economy, but for the world economy as a whole.

Conceived in total disregard of the global links that already exist in the major industries of almost every country, Trump's war is unsettling supply chains all over the world. Already, it is forcing iconic American companies like Harley-Davidson Motorcycles to relocate more of their production facilities to places outside the United States, in anticipation of higher prices for imported steel and aluminum. Clearly, reorganization is already being undertaken at the level of business organizations.

Trump might have expected China to blink first, unable to match product by product the tariff increases imposed by the United States on China-made goods. But China won't be the power it is today if it did not have a plan of action that is better conceived, and with a longer time frame, than Trump's. Furthermore, China has the advantage of being able to override or coordinate decisions made by its companies—at least for now.

A federal system of government might make it easier for regional units to strike out on their own and link up with global centers of growth. But there is no assurance this will lead to development, and not to an even more rapid plunder of their resources.

There is no substitute to the tried and tested strategy of investing in continuous human development. But, the literature on types of government does not show that this is better done by a federal rather than by a unitary state.

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\* "Federalism and trade wars in a global context". Philippine Daily Inquirer / 05:14 AM July 08, 2018:

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