OPINION

Covid-19 (Philippines): In this pandemic, Duterte has his priorities all wrong

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The Philippines' government has to change course on the pandemic and focus on helping the poor stay afloat.

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In the past couple of weeks, community pantries have mushroomed all over the Philippines. The poor, left with no other options, formed long lines in the summer heat, under threat of COVID-19, just to get what the government of President Rodrigo Duterte has so far failed to give: economic aid.

The sudden growth of community pantries mirrors not just the extent of the Philippines' economic crisis but also the extent of the government's neglect. Total output, as measured by gross domestic product (GDP), plunged by 9.5 percent in 2020, the Philippines' worst economic slump since World War II. Gross per capita income plummeted to 2015 levels. Countless businesses, especially small ones, were forced to shut down and cut their workers' wages. Joblessness skyrocketed, and more than three million Filipinos remained unemployed by March this year.

The poor were hit especially hard. A whopping six in 10 Filipino households went hungry by the end of 2020, and as many as 5.5 million Filipinos could be pushed into poverty if the government fails to provide them with enough aid.

The Philippines was also hit the hardest among members of the Association of Southeast Asian Nations, suffering the region's worst economic contraction and the highest unemployment rate. The Philippines is also recovering the slowest.

Duterte's economic managers liked to tout the Philippines' strong macroeconomic fundamentals before the pandemic. But with all the economic indicators going haywire, that is all but a distant memory now.

A botched pandemic response

The current recession, the first in about three decades, stems from the fact that the Duterte government has miserably failed to contain COVID-19 and mitigate its effects.

Unlike countries like Vietnam, in the Philippines, there was no prompt government action to stem the spread of the virus. The government imposed strict lockdowns last year but in the meantime, failed to boost the capacity of the health system to cope with an epidemic. This partly led to the steep rise of COVID-19 cases in April, which forced Duterte to put the capital region and nearby provinces under strict lockdown. This hurt the economy even more.

The Philippines was also the last country in Southeast Asia to start its vaccination programme. To begin with, Duterte's pandemic task force was woefully ill-prepared. While Congress authorised ₱82.5bn ($1.7bn) to buy the vaccines, only ₱2.5 billion ($50m) of that is readily available for use. The bulk of it, ₱70 billion ($1.45bn), is like an unfunded cheque parked separately under "unprogrammed appropriations", while the rest (₱10 billion, $200m) is a standby fund which the finance department is still scrambling to bankroll.

The ball was again dropped when the vaccine indemnification law was belatedly enacted. Vaccine manufacturers demanded extra protection from possible lawsuits – likely because of the highly politicised vaccine campaign against dengue fever a few years back. Despite being aware of this indemnity condition, Duterte's task force informed Congress too late. In doing so, the vaccine rollout was needlessly delayed and the Philippines lost out to other countries in securing vaccine supplies from manufacturers besides Sinovac.

As of May, some 7.7 million vaccine doses have arrived from donations and purchases, but vaccination is still moving at a snail's pace. Unable to solve bottlenecks in procurement, logistics and administration, the Duterte government keeps missing its own targets. Not even Duterte's czars know precisely when the next doses will arrive. And to make matters worse, about a third of Filipinos still refuse to be vaccinated.

Scrimping on aid

More and more countries are realising that, besides the need to beef up health systems, economic recovery should be driven by fiscal stimulus. Governments ought to actively, strategically spend to make sure that their economies do not collapse while responding to the pandemic.

But it is painfully clear that the Philippine government's fiscal response is not just wanting in size but also focused on the wrong things.

The Philippines has spent too conservatively relative to the extent of its economic crisis. According to the International Monetary Fund, last year Singapore dedicated about 18 percent of its GDP to its fiscal response, followed by Thailand (9.6 percent), Malaysia (4.9 percent), Indonesia (3.8 percent) and Vietnam (3.6 percent). The Philippines, by contrast, budgeted a measly 3.1 percent.

Duterte's scrimping is also painfully evident in the misguided priorities in the 2021 budget: there is no substantial funding for aid and economic relief, like the cash transfers granted last year. Instead, the government set aside nearly a quarter of its ₱4.5 trillion ($93bn) budget for infrastructure, particularly patronage-driven projects, like local roads and multipurpose buildings, that will likely figure in next year's general elections. In short, it is a business-as-usual budget, and poor Filipinos continue to be the least of the government's worries.

In the pre-State of the Nation Address (pre-SONA) forum in April, government officials also emphasised the continuation of their infrastructure project called "Build, Build, Build", and highlighted measures that will mainly help corporations and big business. In particular, they trumpeted a trio of trickle-down economic policies which will lower corporate income tax rates, help banks offload bad loans, and address the liquidity and solvency problems of firms.

Some lawmakers are pushing for a new stimulus package, called “Bayanihan 3”, that will give massive economic relief to low-income households, disadvantaged workers, farmers and fisherfolk, among others. But the economic managers have thumbed it down for months, claiming that the government ought instead to spend the 2021 budget and leftover funds from the two stimulus packages passed last year. They also argue that massive aid could not be paid for since additional borrowings may hurt the country’s credit ratings.

Such unreasonable scrimping has not just produced watered-down and ineffective quarantine measures – leading to infection spikes that overwhelm the country’s health system – but also a dearth of economic relief, pushing more and more Filipinos into poverty. The Duterte government also failed to address another pandemic (African swine fever) which has recently stoked food inflation and worsened economic misery.

No wonder private-sector volunteers all over the nation have banded together to organise community pantries, and taken food and aid distribution into their own hands. Although celebrated as a modern-day incarnation of the revered “bayanihan” or Filipino community spirit, these community pantries are also a damning indictment of the president and his cabinet’s failure to lead in this time of crisis.

Give more aid

There is an urgent need to pass Bayanihan 3 that will authorise massive economic aid, specifically cash transfers to the most vulnerable sectors of society, jobs assistance for the unemployed and wage subsidies for small businesses. This package must also make sure that beneficiary families are able to pay for expenses and debts they incurred over the past year or so.

Vaccine procurement and administration also need to be fast-tracked, with a focus on effective diplomacy to secure adequate vaccine supply.

The Philippines is desperate for an economic rebound, but considerable uncertainty still hangs in the air. Absent a significantly ramped-up health system, the economy will continue to stumble. For millions of Filipinos – especially living hand to mouth daily – the future looks as bleak as ever.

In the coming months, the nation’s attention will inevitably shift toward the 2022 elections and government officials will increasingly be preoccupied with politics. But there is still time to reprioritise spending to address Filipinos’ urgent needs – food, cash aid and vaccines, rather than wasteful roads and multipurpose buildings.

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P.S.

• Al Jazeera. 6 June 2021:
https://www.aljazeera.com/opinions/2021/6/6/dutertes-many-pandemic-failures

The views expressed in this article are the authors' own and do not necessarily reflect Al Jazeera's editorial stance.

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