

THE MANILA STANDARD

Winning the other ‘war’

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LOWDOWN

The numbers don't lie. The new president, despite all the dire warnings, has actually turned out to be good for the economy, so far.

One of the least known facts about President Rodrigo Duterte's success as longtime mayor of Davao City was brought up in a recent Reuters report: In 2014, while the national economy grew a respectable 6.1 percent, Davao's growth was tracked at a world-beating 9.3 percent.

And Duterte's economic policy has always been simple —provide business and the general population with a peaceful, drug- and corruption-free environment while letting experts do the actual heavy lifting of finding ways to grow the economy. Now that Duterte is president, he seems hell-bent on implementing the same stripped-down formula on the national stage.

The early numbers, six months into Duterte's term, seem to indicate that his Davao template is working. In the last quarter of 2016, the Philippines' gross domestic product grew by a robust 7.1 percent, the second-highest in all of Asia and the fastest in three years.

Of course, there will always be naysayers and gloom-and-doomers who worry, not always with the best of intentions, that Duterte may be focusing too much on drugs, crime and corruption (apart from indulging his new passion, irritating foreign leaders and international agencies he doesn't like) and not enough on the economy. The latest in the long line of dire warnings comes from the European Chamber of Commerce of the Philippines, which said earlier this week that the killing of drug suspects and the President's verbal tirades could dampen investor confidence.

But as Duterte himself has repeatedly said, it's not his mouth or the alleged extra-judicial killings that will bring down this country, but drugs and corruption. Recently, Duterte also dared his critics to shut up if they can't back up their allegations that he is "bad for business" using irrefutable numbers.

And the numbers, so far, are in Duterte's favor, overall. Despite jitters in the stock market and a 5-percent drop in value of the peso against the US dollar (both events caused more by external, not local, developments), consumer spending remains strong, inflation is nearly flat, unemployment is down, agriculture and manufacturing are both experiencing rare upticks and remittances from Filipinos overseas have reached new highs.

With the passage of Duterte's first full-year budget by Congress, a fourth of which is earmarked for new infrastructure, many businessmen are also looking forward to better times ahead. While some analysts warn of deficit spending and stimulus-driven growth as a result of supposed unsustainable populist policies, others also say that this is the only strategy that will make the Philippines close its critical infrastructure gap with its neighbors—one of the major reasons for the dearth of all-important foreign direct investments.

Of course, if you go by what's reported in the politically charged and often still Yellow-leaning Philippine mainstream media, the economic gains posted in Duterte's first six months don't seem newsworthy enough. As for the foreign press, it's they who have focused so much on the drug killings—and not nearly enough on the economic gains of a president whom they have written off, this early, as a loss.

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A lot of the credit for keeping the national economic policy on track goes to the wise men on whom the President has entrusted the job of keeping the ship of state sailing smoothly—with the help of (and sometimes despite of) Duterte's mouth and his war on drugs. And the Three Kings in the Duterte Cabinet whose main task is growing the national economy are Finance Secretary Carlos Dominguez, Budget Secretary Benjamin Diokno and Economic Planning Secretary Ernesto Pernia.

Unlike the previous administration, which gambled on an economic team composed of close personal associates and political hangers-on that was short of experience and collective wisdom, Duterte cast a much wider net in his search for economic managers. Of the three, only Dominguez was personally close to Duterte before his election as president—and the finance secretary's business and government bona fides are as illustrious as those of Diokno the longtime budget technocrat and Pernia the distinguished academic.

I covered Dominguez as a reporter when he was agriculture secretary of Cory Aquino and I'm convinced that he's an excellent choice to hold the finance portfolio. Dominguez himself doesn't think they've done such a good job, however, compared to what the president has done.

“[Duterte] should deserve credit,” he told Reuters. “People are always looking at the controversial statements. But he has done an excellent job... the important thing is the trust and confidence of business in him is very high.”

It's easy to see why some media outlets here and abroad would rather resurrect a perjured and discredited character like Edgar Matobato instead of focusing on the great strides being made by Duterte's administration on the economic front. Unlike Matobato, the supposed Davao Death Squad member who swears that two cement blocks can actually fit in a man's abdomen, the economic numbers can't be made to lie so easily.