

Global Financial and Economic Crisis: The People's Response

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The challenges we face and opportunities for broadening and strengthening the people's movement for meaningful reforms

The deep-seated neocolonial linkage of the Philippine economy to that of the US and its deepening ties with the global economy in the era of "neoliberal globalization" have undermined and compromised the country's growth and development. With the US and global economy facing what some analysts describe as a "supercrisis" and a looming "Greater Depression", the country's purported major drivers of growth and employment, the export of commodities and labor, are further exposed as extremely hollow, unreliable and unsustainable. Unable and unwilling to undertake a radical shift in economic model that will promote internal and sustainable sources of growth, the Arroyo administration is poised to further intensify sellout of the national patrimony and sovereignty; give more incentives and openings for foreign goods and capital amid the greater destruction of local agriculture and marginal industries, small businesses, jobs and livelihoods; impose more taxes and incur more onerous debts; and allow prices to go higher amid even more depressed wages and incomes.

Mrs. Gloria Arroyo at first tried to downplay the impact of the global financial and economic crises on the domestic economy and the people, claiming that her administration has built a "firewall" of reforms as protection. Alas, GMA is not referring to fundamental reforms that will make the economy strong, self-reliant and less vulnerable to the US and global recession but rather of fiscal measures such as the hiked value added tax (VAT) that today represents an even heavier burden for the people. But even the most optimistic bureaucrats of the administration could not belie the gravity of the situation. Arroyo's own chief economist, for instance, is projecting job losses this year to reach 800,000 and is ridiculously encouraging the expected 900,000 new entrants to the labor force to "return to school" so as not to aggravate job scarcity.

The worst crisis of global monopoly capitalism and the intensifying permanent crisis of the semi-feudal, semi-colonial Philippine economy present favorable objective conditions for exposing the decaying economic system and propose genuine alternatives. The raging crisis only serves to affirm the legitimacy and correctness of the Filipino people's struggle to build a progressive and self-reliant economy through national industrialization and genuine land reform. But these crucial reforms will not happen without a people's movement clamoring for fundamental change. The raging crisis confronting the country and the world is providing unparalleled openings for progressive social movements and people's organizations to struggle for alternative policy frameworks and programs, rally the people, especially the exploited and oppressed, around these, and seriously challenge the current failed models of economic development.

This broad, grassroots-based, people's movement for meaningful socio-economic reforms, and the political changes that necessarily go with it, must continue to enlighten the biggest possible number of people on the roots and nature of the crisis. The displaced workers and farmers, government employees, office workers, small- and medium-scale Filipino businesses, the youth, women, the urban poor and other sectors most affected by the crisis will only pour out in hundreds of thousands and even millions clamoring for meaningful

reform if they can comprehend the historical and current roots of the crisis and not be swayed by deceptive explanations by the government and vested interests.

We need to dispute the presumption, for instance, that the crisis can be corrected by bailing out the giant banks and industrial corporations in the US and other industrialized countries. Or that the crisis the Philippines has been facing is just a temporary, albeit violent, storm that can be weathered by a supposedly resilient domestic economy and so-called sound macroeconomic fundamentals. Or that the worsening job scarcity can be addressed through the same flawed policies of labor export, cheap and flexible labor, neocolonial trade, unbridled foreign investment, etc.

Uncritical acceptance of these erroneous ideas passed off as conventional wisdom will trap us into accepting the extremely short-sighted and palliative government response. One such major plank is the P330-billion "stimulus package" that is intended to create highly temporary jobs through infrastructure pump-priming. Furthermore, we will be trapped into accepting that the people must shoulder even further burdens through more massive jobs loss, labor flexibilization and job insecurity, more depressed wages and incomes, more onerous taxes, etc. in order to save a floundering economic system. Thus we are challenged to put forward our own views and analyses on the crisis, learned not just from books and as discussed by economic experts, but more important from our accumulated concrete experiences as a people struggling for national liberation, democracy, peace and all-round progress.

In this spirit, Bayan, together with our partners IBON and Resist and in cooperation with friends from the La Salle community, organized this public forum. The forum launches a nationwide lecture series on the global financial and economic crisis and alternative solutions. Through this initiative, we hope to reach the widest possible audience from among the universities, urban and rural poor communities, factories, the business community, policy and opinion makers, and the rest of our people all over the country. We wish to spark discussion on our current socio-economic situation and its exploitative and oppressive roots. We aim to generate substantial collective discussions on what we can do as a people and what we can demand of government in terms of immediate relief and more substantial socio-economic reforms.

We are not starting from scratch in terms of alternative, pro-people, pro-Filipino proposals and campaigns to address the crisis. Bayan, as a multisectoral alliance of progressive people's organizations, for instance, has campaigned hard to press the government to scrap the burdensome 12% VAT on oil and power during these hard times. Together with patriotic individuals and people's organizations under the alliance NO DEAL! Movement, we have exerted efforts to stop the Senate ratification of the Japan-Philippines Economic Partnership Agreement (JPEPA) for being a patently one-sided agreement that will further destroy jobs and local industries. Bayan, together with a broad array of political forces, has also vigorously and consistently pressed the campaign to have Mrs. Gloria Arroyo step down from power. The point is not just to call for her accountability for wanton graft and corruption, systematic electoral fraud, and grave human rights violations perpetrated by state forces, but also for imposing even greater poverty and misery on our long-suffering people.

We are inspired by the efforts of our allied sectoral organizations like COURAGE, a nationwide confederation of unions in the public sector that recently launched a campaign called "Tanggol Trabaho" opposing the massive displacement of government employees such as those in the National Food Authority. MIGRANTE, an organization of OFWs, has been actively campaigning for genuinely pro-OFW emergency relief measures and for decent jobs

at home as a long-term reform. The Kilusang Mayo Uno (KMU) continues to campaign for a decent wage hike and against labor contractualization while the Kilusang Magbubukid ng Pilipinas (KMP) has engaged Congress to pass the Genuine Agrarian Reform Bill (G ARB). PISTON, an alliance of public transport drivers and operators, has been active in the campaign to repeal the Oil Deregulation Law (ODL) and GABRIELA, which advocates women's rights and welfare, for price control on basic consumer goods especially food. Our allied youth organizations like the League of Filipino Students (LFS) and Anakbayan have also been active in the campaign for economic reforms, particularly greater state support for public education.

However, the intensity of the crisis and its still-unfolding destructive effects on our people's well-being, challenges us to face the situation with even greater resolve to struggle, not just to mitigate the crisis, but to work for a resetting of the policy framework and actual direction of the economy for the benefit of our people. We must build upon our ongoing campaigns to help bring about an even bigger and broader people's movement that will resolutely struggle for this kind of change. In addition to rallying greater numbers among the masses, we need to encourage the greater participation of the academe - students, faculty and enlightened administration officials; the experts, the opinion makers and policy makers; nationalist Filipino businesspersons, and other segments of the Philippine society that are marginalized or yearning for reforms. All their contributions should input into a common people's agenda.

This process can take different forms, through public fora such as this, through direct consultations at the basic level, through discussion groups in homes and workplaces, etc. What is crucial is that these discussions should translate into concrete actions and campaigns, whether they are a mass signature drive or coordinated activities, or an actual alliance or coalition of like-minded groups and personages. Furthermore, these efforts must be able to link up with the efforts of people's movements in other countries, whether in underdeveloped countries like Philippines or in advanced capitalist countries like the US, that are campaigning for a similar platform of pro-people economic reforms and a total overhaul of an existing abusive and exploitative economic system.

Our fighting demands for economic relief, survival and long-term reforms: Ensuring a pro-people and nationalist response to the crisis

Allow us now to share with you the urgent reform measures that we vow to fight for in this time of hardship and crisis. These demands range from the short-term or immediate relief measures to the medium to long-term pro-people, pro-Filipino and nationalist economic reforms that need to be supported by the people and undertaken by government.

1. On jobs and benefits

- a. Ensure easy access to social security benefits and expand unemployment benefits for displaced workers
- b. Provide immediate and easy availment of cash assistance for displaced OFWs
- c. Stop the retrenchment of government workers; Scrap the so-called "rationalization plans" under Executive Order 366
- d. Stop the erosion of wages and protect jobs against flexible labor policies and unjust retrenchment

2. On taxes and debt

- a. Full-implementation of tax breaks for minimum wage earners and their equivalent in the public sector. This includes tax rebates for the year 2008

under RA9504 or the Act Amending the Internal Revenue Code (only partially implemented last year)

- b. Removal of VAT on oil, power, food items and other basic goods and services as an urgent measure to lower prices and ease the tax burden on consumers
- c. Moratorium on debt payments (to include cancellation of onerous debt), and prioritize instead support for displaced workers and farmers, social services and job creation
- d. Tax breaks and financial assistance package for small and medium-size Filipino-owned enterprises
- e. Crack down on government corruption, bureaucratic wastage, and smuggling and re-impose tariffs on imported goods

3. On prices

- a. Imposition of price control mechanisms on basic commodities especially food. Repeal deregulation policies on oil and power
- b. No new increases in utilities such as water, power and transportation
- c. Freeze in tuition increases in both public and private schools; repeal deregulation policy for tuition fees
- d. Ensure availability of affordable food, especially rice; bring back to the markets and make accessible the P18.25 NFA rice; increase domestic rice purchased by the NFA and ensure that palay will be bought from farmers at P17/kilo

4. On liberalization

- a. Put the brakes on free-trade agreements (FTAs) that severely undermine and weaken the domestic economy; stop the impending implementation of the JPEPA; stop negotiations of new FTAs; no new commitments in the WTO and stop the implementation of WTO agreements
- b. Oppose moves for more investment liberalization such as House Resolution 737 that proposes 100% foreign ownership of land and resources in the Philippines
- c. Reverse the neoliberal policy of trade liberalization; support local production by restoring tariffs

5. On the domestic economy

- a. Orient the economy towards production for domestic self-sufficiency, self-reliance and consumption
- b. Government should provide incentives and support domestic industries to allow them to expand and create jobs at home; uphold the policy of national industrialization and the establishment of national industries should be a priority
- c. Implement genuine land reform and undertake rural industrialization to spur development and deal decisively with rural unemployment and poverty

The global financial and economic crisis, as projected even by mainstream economists, will be long and deep. Meanwhile, the further economic dislocation and impoverishment of countless of Filipinos as the crisis drags on and intensifies will fuel even greater political turmoil and social unrest. The powers-that-be, as represented today by the Arroyo administration, is clearly incapable of providing lasting, pro-people solution to the crisis. On the contrary, it will further aggravate the crisis on the ground experienced daily by the ordinary people even as it incessantly schemes to cling on to power. The people must collectively fight back. It is where our greatest and only hope to get out of the raging crisis lies.