

VIEWPOINTS

The Filipino will survive the global economic storm

MANILA—One of the songs of David Foster that have endeared Oprah Winfrey's young Filipina protégée—singing sensation Charice Pem-pengco—to millions of music lovers in America and all over the world is "I Will Survive."

With the Filipino's indomitable spirit and battle-tested resiliency to weather the worst of times, "We Will Survive" seems to be the theme song that our *kababayans* throughout the archipelago are singing in welcoming the New Year.

Maybe it was the spirit of the Christmas season in a country that is known for its very long celebration of Christmas (Dec. 1 to Jan. 6) or maybe it was the Filipinos' hopelessly fatalistic way of looking at life ("*May awa ang Diyos!*"). As regular visitors, we cannot but notice that Filipinos seem content with their lives and impervious to the dark global economic clouds that are hovering in the horizon.

When we talk to the locals, from government leaders, CEOs and top economists to the hotel bell boys and cab drivers, their response sound the same. While their counterparts in the U.S. and other countries express "doom and gloom" thoughts about the global economic crisis, Filipinos speak of no such fears or apprehensions. Life goes on in the Philippines as usual, just as it always has.

But what is it about the Philippines that seems to make them either oblivious to the gravity of the situation, if not immune to the threats and problems everyone else is facing? Are Filipinos simply too clueless or too complacent to worry, or are they too preoccupied with politics to see the threats coming on the economic front? Or is it because the vast majority of Filipinos are already so poor that they think things just can't get any worse? Or, do they just feel confident that come what may, they will survive and many of these things are beyond their control anyway?

To be sure, through the power of mass media, Filipinos are well aware of the problems that will adversely affect the United States and most of the world as 2009 unfolds: the predicted global recession that reportedly will be the worst since WW II; record unemployment; housing meltdown; banks closing or being gobbled up by others; members of Forbes' top billionaires so depressed by the stock market collapse they commit suicide; a lackadaisical U.S. president who according to world opinion is one of the worst presidents in history and about to leave the White House with enormous problems; and a President-elect who now predicts that the economic situation in 2009 could be worse than in 2008. America sneezes and the rest of the world catches pneumonia!

Are the Filipinos the least bit perturbed by all these? Not from their outward demeanor. Filipinos, like their favorite farm animal the *kalabaw*, are long-suffering and known to smile through adversity and hardship. One meets these ubiquitous happy faces everywhere — whether inside the mushrooming malls in the suburbs that seem always full of shoppers or in the nipa huts in the provinces.

10 reasons the Filipino will survive

Half seriously and half in jest, business leaders led by Joey Concepcion, CEO of RFM Group of Companies offer 10 reasons for Filipinos to be optimistic in 2009 (I have paraphrased the arguments and added my own to suit the Fil-Am readers):

1) The OFWs (overseas Filipino workers) will continue to prop up the economy. The work done by OFWs, especially in the health sector, will be largely unaffected by the global crisis. Those who are being repatriated are returning from export-oriented manufacturing companies like Taiwan, China, South Korea and Hong Kong, which account for less than 2% of our total OFW population abroad. There are no signs of large-scale layoffs of Filipinos in the Middle East, U.S., Europe or Middle East. The number of returning OFWs is more than offset by the increase in numbers going to other regions. Therefore, it is a fallacy to assume that the amount of dollar remittances to the country—which has been its economy's savior over the years—will dwindle with the global economic downturn. Even the OFWs who may be hurt by the recession and might be working less hours (unlikely in most industries), would prefer to skimp and sacrifice themselves than to reduce their monthly remittances to their loved ones.



GUS
MERCADO
*With Fervor
Burning*

2) Stabilizing oil prices will help many sectors of the Philippine economy. The recent drops in the price of oil has already helped the Filipino consumer immeasurably. With reduced demand in the industrialized countries, there is no reason to expect the price of oil to surge again in 2009. Stabilized oil prices will help the Philippine tourism industry, as air and land travel will be cheaper. Our logistics cost of transporting products, being a country of seven thousand islands, will also go down. The cost of power will go down, helping not only the consumers but also the plant owners with lower energy costs.

3) The year 2009 will see inflation in the Philippines coming down. Commodities have already come down from the price of steel to raw materials and food like skimmed milk, wheat, oil, soybean, corn and others. By the beginning of the second quarter, when most of the companies that hedged would have been consumed, prices are expected to come down. There is also the possibility of no price increase for most commodities in the coming year, which will bode well for the country.

4) In the area of interest rates, other industrialized nations as well as third-world countries tend to follow the U.S. With the Americans taking interest rates to almost zero, this will force other countries to lower their interest rates as well. If Japan has had low interest rates for nearly 15 years and if America's economy will remain sluggish, we could see low rates in 2009 which will be good for entrepreneurs and business. The peso may slide to the levels of P50 to \$1, but this will also be good for the Filipino exporters, OFWs, call centers and BPOs.

5) The Call Centers and BPO industry is still growing at a rapid clip. Industry leaders are bullish about the prospects for 2009 for double-digit growth of their revenues. The highly-paid employees of call centers and BPOs will be joining the OFWs in creating higher demand for housing in the Philippines, further propping up the economy. Low cost and medium cost housing units are already selling briskly in the Metro Manila area, as well as in other urbanizing regions in Central and Northern Luzon, in Central Visayas, Western Visayas and parts of Mindanao. Further, one man's misfortune is another's gain. The temporary political instability in India caused by recent bombings in Mumbai has resulted in the Philippines capturing a larger share of the outsourcing business.

6) Philippine election spending will start early as usual. This will happen sometime midyear, as we will definitely have presidential elections in 2010. The excitement of the 2010 elections will be felt very early. This spending should filter through the economy as early as the third quarter of 2009 and help boost the national economy, as all national elections do.

7) Manny Pacquiao who has already overpowered the best boxers that Mexico and the rest of the world could offer, will beat the European champion Ricky Hatton. This will give the Filipinos greater pride. We will see a proliferation of proud Filipino shirts with the Philippine flag emblazoned on them, reminiscent of Ninoy's army and the People Power Revolution of 1986. Also, the diminutive teenaged Filipina phenom Charice will be singing at the Barrack Obama inaugural gala, bringing pride and joy to all Filipino hearts everywhere. All these lead to building the nationalistic spirit, which is vital to a surviving economy.

8) The year 2009 will be the last full year of President Gloria Macapagal Arroyo. This is not to imply that she has done a bad job. In fact, many business leaders believe that she has prepared the country well for the global financial crisis. This last year of her term, many of those running would want her to already finish her term, rather than be ousted before her term is over. This year, we should see her stay in office, with less distraction from impeachment noises. If we are able to weather this global crisis and Arroyo is able to deliver economic growth, this will vindicate her as she finishes her term.

9) The political drama in the Philippines will unfold. Filipinos look forward to this. Who will Arroyo endorse as administration candidate? Who will Manny Villar pick as his running mate? Will Mar Roxas marry Korina? Will it be Loren Legarda or Chiz Escudero for president? Will Vilma Santos run for vice-president? *Abangan!*

The excitement over politics alone makes the Filipinos forget about their economic problems. The longer the campaign, the better!

10) GOD STILL LOVES THE PHILIPPINES!

(Reactions to this article may be sent to: gmercado@datao.gixtexas.com)