

Q&A for the 17th Development Policy Research Month

1) What is the Development Policy Research Month about?

Pursuant to Presidential Proclamation 247 signed in September 2002, the Development Policy Research Month (DPRM) is celebrated every September to encourage Filipino leaders and the public at large to appreciate the role and importance of evidence-based research in planning and policymaking. The DPRM seeks to encourage proper, systematic, and quality policy research in crafting social and economic policies.

2) What role does the Philippine Institute for Development Studies (PIDS) play in the celebration of the DPRM?

As the country's leading state think tank, the Proclamation designated the PIDS as the overall coordinator of the DPRM. It organizes various activities to demonstrate the importance of policy research and multisectoral collaboration in crafting policies and programs to address development issues. During the month-long celebration, the PIDS, together with the members of the DPRM steering committee, organizes policy fora, press conferences and media interviews, and the Annual Public Policy Conference in partnership with other institutions. These events demonstrate an exercise in interagency cooperation to emphasize the importance of evidence-based planning and policymaking.

3) Why is there a need to declare a DPRM?

The DPRM emphasizes the importance of policy research for effective planning and policymaking. Policies and programs should be well studied before they are implemented, as well as during and after their implementation to determine their effectiveness. The DPRM also aims to make people become more aware of the importance of research evidence in crafting programs and policies and to remind our policymakers that we have policy studies and other similar resources that are within their reach for their decisionmaking processes.

4) What is this year's DPRM theme?

This year's DPRM theme is “**Navigating the New Globalization: Local Actions for Global Challenges**” or in Filipino, “*Paglalayag sa Bagong Globalisasyon: Lokal na Pagkilos sa mga Pandaigdigang Hamon*”. We deem this topic timely considering that we are facing a new kind of globalization—one that is characterized by volatility, uncertainty, complexity, and ambiguity, hence, the term “New Globalization”. These characteristics can be attributed to the many challenges that come along with the New Globalization, notably the issues arising from global trade restructuring, trade wars, worsening poverty and inequality, underprovision of global public goods, erosion of trust and social cohesion, and proliferation of disinformation.

5) Why is it important to focus on this theme?

The challenges of the New Globalization, if not managed well, can result in the slowdown of the global economy. They can also have detrimental impacts on the Philippines by weakening the country's ability to sustain its rapid economic growth and attain its long-term development vision of a *Matatag, Maginhawa at Panatag na Buhay Para Sa Lahat (AmBisyon Natin 2040)* and its targets under the Sustainable Development Goals. Thus, we need to understand this New Globalization and how to navigate it.

The theme also emphasizes the importance of local actions. It underscores that everyone has a role to play in addressing the challenges of the New Globalization. Through our collective and proactive efforts, we can mitigate the risks and harness the opportunities of the New Globalization.

6a) What happens to global trade under the New Globalization?

The past waves of globalization saw the acceleration of global trade due to cheaper transport and trade costs as well as the development of new infrastructures and technologies that enabled both rich and emerging economies to participate in the production and trade of goods and services. Under the New Globalization, there are major transformations in the way countries do global trade because of new innovations, such as artificial intelligence, automation, blockchain, 3D printing, and Internet of Things, brought by the Fourth Industrial Revolution (FIRe). These will further reduce the cost and increase the efficiency in doing business. However, these also pose uncertainties for both businesses and workers. For instance, the scope of global value chains (GVCs) may become narrower as the parts of a product can already be produced closer to home or within a country's borders, hence, there will be a shift from complex GVCs to simple GVCs.

6b) Can trade wars affect the Philippines and in what way?

The ongoing trade war between the United States and China could affect the Philippines and other countries in the ASEAN in a positive way. According to Mahinthan Joseph Mariasingham and Paul Neilmer Feliciano of the Asian Development Bank, it could benefit the Philippine manufacturing sector as electronics is one of the sectors that is highly integrated into the global value chain. However, this is only possible if the Philippines could attract foreign investments and businesses from tariff-affected countries. They added that countries not affected by the imposition of tariffs could absorb imports and exports both from China and the US.

6c) What local actions can be done in the Philippines to address these trade-related challenges?

With new opportunities in the international trade arena (e.g., trade war between the US and China), the government should improve the country's attractiveness to foreign investments by making regulations investor-friendly and by enhancing government transparency through the application of emerging technologies such as blockchain. In the area of policy, the

government should work on reducing restrictions on foreign direct investments. There are pending legislations that could help attract businesses to locate in the Philippines. Examples include the Corporate Income Tax and Incentives Reform Act or CITIRA (formerly called TRABAHO bill) which aims to reduce corporate income tax and rationalize tax incentives. Another is the amendment to the decades-old Public Service Act which, if passed, will lift foreign ownership restriction in certain sectors such as telecommunications and transportation service providers.

Another crucial local action is to help our local businesses become competitive, especially the micro, small, and medium enterprises. They should be assisted to participate in evolving global value chains as well as in moving up the value chain. These can be done by beefing up their innovation capacity (e.g., FabLabs) and entrepreneurial skills (e.g., Department of Trade and Industry's *Negosyo Centers* and *Kapatid Mentor Me Program*). Both government and the business sector should also intensify business matching between local companies/exporters and foreign buyers and encourage firms to invest in reskilling and retooling of their employees. More importantly, both sectors should collaborate to ensure that small businesses are protected from the anticompetitive practices of big firms.

Furthermore, now that we are in a digitally-driven era, the government and the private sector should think of reforms to help the country fully adapt to new and emerging technologies. There is a need to strengthen the digital services trade by improving both the hard (internet connectivity, roads, etc.) and soft infrastructure (regulations, human resources), increasing consumer trust in internet economy services by enhancing customer data protection, and developing an efficient logistics network that can handle the increasing needs of e-commerce. However, it is also necessary to revisit government processes and procedures that make it difficult for workers, firms, and entrepreneurs to adopt new technologies.

7a) How will income inequality worsen under the New Globalization?

While new technologies especially in ICT have enhanced connectivity, increased productivity, and benefited trade, they have also exacerbated income inequality within and among countries, with the rich ones getting more. Within a country, the educated and the skilled, and those who can access technology, stand to gain.

According to Dabla-Norris et al. (2015), the rising income inequality over the last 30 years can also be explained by the deregulation of labor markets, financial deepening, and globalization in trade, capital, and finance.

Inequality will be most evident in the labor sector because as the FIRE progresses, only countries that have the means to adapt to the demands of rapid technological changes (e.g., low-skilled labor being replaced by automation) will be able to move forward.

7b) What local actions can be done in the Philippines to address this challenge?

Investing in human capital is essential to the country's development. With the coordination of the government, academe, and the private sector, this can be achieved by implementing policies that promote quality basic and higher education that will equip the current and future workforce with skills needed/required in the 21st century.

The government should also implement reforms to make financial services accessible to the lower income groups, the marginalized, and those in the informal economy. The government must strengthen progressivity and targeting of social protection systems, such as the *Pantawid Pamilyang Pilipino Program*.

The government and the private sector should also work hand in hand to promote decent work based on the four pillars of social dialogue, social protection, rights at work, and employment.

Labor regulations should also be made more flexible to accommodate evolving work arrangements.

8a) What are “global public goods” or GPGs and how are they affected by the New Globalization?

GPGs are goods whose reach transcend national boundaries, extend across generations, and go beyond any one socioeconomic group. Examples of these are peace and security, global health, sustainable development, and environmental management. Because these goods are global in nature, the collective participation of countries, regardless of their economic status, is necessary for these goods to be effectively and efficiently provided.

With the New Globalization, issues related to GPGs, also known as “global public bads” may arise and existing ones may worsen. Examples of these are pollution and other environmental problems as international trade becomes easier and less costly, spread of communicable diseases as international travel becomes more accessible, terrorism and human trafficking as borders become more open, and proliferation of fake news and disinformation as the Internet and social media make information-sharing faster and easier.

All of these global public bads may expose a society to unnecessary risks and endanger a country's economic progress, biological and cultural integrity, and even the personal safety of its citizens.

8b) What local actions can be done in the Philippines to address this challenge?

Environmental problems

Climate change is an example of a global public bad that needs to be addressed as it affects both developed and developing countries. For the

Philippines, all stakeholders, including the academe, civil society, and the private sector, should enhance their awareness-raising campaigns on climate change and other environmental problems and educate ordinary citizens on what they can do to prevent these from worsening.

Moreover, the government can come up with incentives to firms and businesses that promote green economic development. One example of this is the plan of the Board of Investments to provide financial incentives to companies that promote energy efficiency and conservation in their projects. The private sector should also be encouraged to invest in eco-friendly business practices and strategies.

Health

One area that needs immediate attention is the significant decline in immunization rates. The government, with the help of civil society and international organizations, should enhance its information and education campaigns and social mobilization on the importance of immunization. The government should also closely monitor the compliance of the beneficiaries of the conditional cash transfer program (*Pantawid Pamilyang Pilipino Program*) to the health conditionality on immunization which states that “Children 0-5 must receive regular preventive checkup and vaccines.” The government should strictly enforce said conditionality.

Moreover, as diseases can spread quickly, the government should intensify cross-border disease surveillance and control (e.g., monitoring of SARS coronavirus). It has to enhance existing measures to prevent the transmission of infectious transborder diseases.

Human rights

There is a dearth of data in this area. Hence, the government, in collaboration with the academe and civil society, should intensify research and monitoring of human rights issues (e.g., women’s, children, and indigenous people’s rights) to build evidence-based cases for accurate and timely interventions.

9a) How are trust in institutions and social cohesion threatened under the New Globalization?

The lack of transparency and accountability in government erodes the trust and confidence of the public. It will be hard to implement reforms to address challenges under the New Globalization if people do not trust their governments. In a macroeconomic viewpoint, many countries have developed pessimism about globalization because of its negative impacts. This is aggravated by social media, which has now become a source of alternative information as well as misinformation, disinformation, and malinformation—in short, fake news.

9b) What local actions can be done in the Philippines to address this challenge?

Disinformation/Fake news

All stakeholders (government, academe, civil society, and private sector) must work hand in hand to promote multisectoral collaboration in crafting inclusive strategies for raising information literacy among the different sectors of society. But more importantly, education should start in the home as well as in the school considering that educational institutions are the second home of children. These are places where the importance of critical thinking and fact checking should be first taught.

Trust and transparency

To encourage trust-building in organizations, the government and private sector should practice merit-based recruitment, promotion, selection, and performance evaluation. They should also take a stance on issues such as gender discrimination, sexual harassment, and unfair labor practices.

Transparency in the government is essential to gain the trust of businesses, investors, and ordinary citizens. The government can adopt the blockchain technology to increase efficiency and transparency within the bureaucracy.

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