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## Marcos' Domestic Challenges

*By Charmaine Misalucha-Willoughby*

### SYNOPSIS

*The Marcos administration faces a host of challenges at home even as it scores well in foreign relations since taking over the government of the Philippines in mid-2022. To reinforce the viability and credibility of the country as a responsible member of the international community, and to reengage with the world successfully, it must also seriously address these domestic issues, especially inflationary burdens.*

### COMMENTARY

President Ferdinand Marcos, Jr. recently concluded his trip to Davos to attend the World Economic Forum (WEF). Upon his return to Manila on 21 January, Marcos proudly announced the “[beneficial outcomes](#)” of the trip in the form of the promise of new investments in sectors like mining and processing, digital solutions, logistics, telecommunications, and renewable energy. Likewise, he noted in his arrival statement that the Philippines is seen as leading the economic recovery of the region and the world. He also said that the Philippines is labeled as a member of the so-called [VIP Club of Asia](#), supposedly composed of Vietnam, Indonesia, and the Philippines.

Similar to his other state visits and international engagements since he became president in mid-2022, Davos is perceived as a launch pad for reintroducing the Philippines to the international community after the more inward-looking inclination of the previous administration of President Rodrigo Duterte. However, the Marcos administration faces a host of domestic issues that cast doubt on the viability and credibility of the country as a responsible member of the international community. If the Marcos administration does not take them seriously, then it defeats the very purpose of reengaging with the world.

### Achievements Since Becoming President

Marcos was inaugurated into the presidency in June 2022. His first [State of the Nation Address](#) clearly indicated his foreign policy direction by announcing that he would not give up an inch of Philippine territory. This was in contrast to Duterte whose pursuit of a so-called independent foreign policy amounted to, as seen by his critics, a willingness to make the Philippines [a province of China](#). Marcos' strong statement in defence of the West Philippine Sea is a welcome stance, considering China's continued occupation of features in the Philippines' exclusive economic zone, not to mention numerous [grey zone incidents](#) in the area involving the Chinese maritime militia.

Another feather in Marcos' cap is his intention of making the country "[a friend to all and an enemy to none](#)." This is the context of his international engagements, to present the country as open for business and investments. In his eight months in office, Marcos has concluded state visits to Indonesia, Singapore, and China, and working visits to attend multilateral meetings in the United States (UN General Assembly), Cambodia (ASEAN and ASEAN Plus Summits), Thailand (APEC Summit), Belgium (ASEAN-EU Commemorative Summit), and Switzerland (WEF).

While Marcos has so far managed to project a better image of the Philippines abroad, it continues to be mired by challenges at home.

### **Inflationary Burdens**

One concern is in the economic sphere. The Philippines ended 2022 in high spirits with an [annual growth of 7.2 per cent](#). The impressive number is understandable – and expected – in the context of reversing the sharp contractions brought by strict and prolonged lockdowns during the COVID-19 pandemic. However, the country cannot afford to throw caution to the winds, considering that global trends betray underlying weaknesses in the Philippine economy. [Inflation hit a 14-year high at 8.1 per cent](#), which would bring purchasing power down and hence impact overall growth in the long run.

Nowhere is inflation more tangible than in rising food prices in the country. A case in point is that it is now considered a luxury to eat onions because they are worth more than meat. During the Christmas holidays, the price of locally grown [onions skyrocketed to PhP700](#) (US\$13) per kilo, a price no ordinary Filipino would be willing to pay with the daily minimum wage of PhP500 (US\$10). The government's stopgap solution was to import onions from China and other Asian neighbours, the first batch of which arrived in the Philippines in late January. That Marcos is the concurrent chief of the Department of Agriculture raises questions about the soundness of his administration's policies.

### **The Controversial Maharlika Investment Fund**

Even more questions were raised when the Philippine Congress passed the bill establishing the Maharlika Investment Fund. The bill's authors are members of the Marcos family: presidential cousin and House Speaker Martin Romualdez, Representative Yedda Romualdez (the Speaker's wife), and presidential son Senior Deputy Majority Leader Sandro Marcos.

While patterned after the sovereign wealth funds of Singapore and Hong Kong, Maharlika's start-up capital would be drawn from government financial institutions. A previous version of the bill mandated the Government Service Insurance System and the Social Security System to contribute mandatory amounts to the fund. The [backlash](#) was immediate and widespread as various groups opposed the idea of allowing the government's hands in people's pension funds. Envisioned to finance big projects like electricity grids, dams, and telecommunications infrastructure, as well as social projects in the form of poverty and subsistence subsidies, Maharlika would be managed [by a government corporation chaired by the president himself](#).

Maharlika's passage through Congress took only a little over two weeks, and while there is yet no law creating the fund, the administration decided to do a soft launch at the Davos WEF. It is quite ironic that to project the Philippines as a trustworthy and credible investment partner, what was on offer had been a perceived flawed proposal standing on controversial economic foundations.

### **Musical Chairs in the Defence Establishment**

Another area of concern is the country's defence establishment. Shortly after his inauguration as president, Marcos appointed General Bartolome Bacarro in August 2022 as the Armed Forces of the Philippines' (AFP) Chief of Staff. Bacarro replaced General Andres Centino, who led the AFP from November 2021 to August 2022. By January 2023, hardly five months later, Centino was reappointed as AFP Chief. The move prompted the Department of National Defense Secretary Jose Faustino, Jr. to resign from his post after being caught unaware of this significant reorganization in the AFP.

Faustino was replaced by presidential peace adviser [Carlito Galvez, Jr. on 9 January 2023](#). Two weeks later, Galvez seemed to have been downgraded to a temporary post as [officer-in-charge and senior undersecretary](#). Alongside these shufflings was the new appointment of former Interior Secretary Eduardo Año as the National Security Adviser.

Such sudden changes are extraordinary because they bypassed the military's usual vetting process. Under this process, the Board of Generals would consider nominees for the post of AFP chief, and the defence secretary then sends a short list for the president's consideration.

This game of musical chairs takes time and effort away from policy management and distracts from the armed forces' modernization process, which is urgently needed in light of rising geopolitical tensions in the region.

### **Conclusion**

President Marcos' efforts to showcase the Philippines in the international arena are certainly a welcome move for a country that is still struggling with recovery from the COVID-19 pandemic. The recently concluded WEF in Davos was an excellent platform to reintroduce the Philippines as an investment destination and a credible partner. However, the Marcos administration must not neglect fundamental issues at home and convey an undesired impression of business as usual.

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