The 1990s were a period of recovery for the Philippines. The 1980s had seen a severe economic crisis beginning in 1983, followed by political turmoil that led to the ouster of Ferdinand Marcos senior in 1986. The restoration of electoral democracy by Corazon Aquino’s administration was marred by attempted coups by military adventurists and by economic troubles headlined by foreign debts and severe electric power shortages. Under a new Constitution ratified in 1987, 1992 was the first regular general election, and Fidel Ramos became president. He embarked on an extensive program of reform – economic, political, and social – that inaugurated a 24-year period that can be characterized as the liberal reform arc from 1992 to 2016. By the time of the Copenhagen summit in 1995, Ramos had improved the power situation, dismantled the telecommunications monopoly, liberalized the financial system (thereby eliminating recurrent foreign-exchange crises), was engaged in peace negotiations with Muslim insurgents, and launched a social reform agenda that included a national antipoverty program.

This paper begins by looking at the economic and fiscal situation facing the Philippines, which constrain or facilitate social policies. It then examines three policy arenas: gender, education, and health. It ends by looking at three broader issues: climate change, trust and inequality, and the rise of the internet and social media.

The Economic Backdrop

One striking thing about economic policies in the Philippines is how consistent they have been through five subsequent presidential administrations after Ramos despite all the other differences among presidencies. One illustrative detail is that President Duterte (2016 – 2022) had as his senior economic manager Carlos Dominguez who had served in the cabinet of Corazon Aquino (1986 – 1992). Many details of economic policy changed over the three decades, but the basic market-oriented, liberalized, and privatized economic system prevailed. One result of this consistent policy was that the Philippines experienced only one recession in the three decades, a very mild one during the Asian financial crisis caused solely by agricultural damage in the 1998 El Niño event. (This run of continuous positive economic growth was interrupted by the Covid-19 pandemic and its associated lockdowns – some of the longest in the world.)

This economic growth, however, was for a long time not accompanied by a commensurate reduction in poverty, whether defined by the international poverty line or by the national poverty line. In the decade from 2003 to 2012, poverty was essentially static. It finally resumed a sustained downward trend in the early years of the second Aquino administration (2010 – 2016), which continued through the Duterte
administration (2016 – 2022) with an upsurge during the pandemic (Chart 1, next page). The Philippine Development Plan 2023-2028 (on Table 1, page 23) has a target that by the end of the presidency of Ferdinand Marcos, Jr. the percentage under national poverty lines to be in the single digits – which would fulfil SDG 1.2.

Chart 1

We can see the effects of this pattern of delayed poverty reduction in data from quarterly national probability surveys conducted by Social Weather Stations (Chart 2, next page). Hunger was stable at high levels from 2006 to 2014 but declined rapidly due to sustained economic growth. The tragic upsurge during the covert pandemic lockdown in 2020 has subsided somewhat (and averaged 10.1 percent of families in the first half of 2023).\(^\text{11}\)
One of the most recent economic reforms was the abolition of quantitative restrictions on the import of rice with the imposition of a tariff, the proceeds of which would be devoted to agriculture (the Rice Tarrification Act). Such a reform to bring down the domestic price of rice had been advocated by economists and development agencies for decades but had been politically impossible. A spike in rice prices in 2018, which had a discernible effect on the popularity of the Duterte administration, provided the political opening for the reform.\textsuperscript{iii} Rice comprises up to one-third of the food budget of poor Filipinos, so a price reduction benefits them. In 2018, a day's labor at the minimum wage in Metro Manila could buy 10.8 kg of rice; by 2023, a day's labor could buy 13.4 kg of rice.

While the Philippines is making progress towards its not-yet-reached target for SDG1, it has reached its target under SDG2 on the prevalence of undernourishment. Unfortunately, a related indicator, the prevalence of stunting in children under five years of age (currently at 28.8 percent), faces significant challenges, and progress is stagnating.\textsuperscript{iv} There is more to social development than poverty alleviation.

**The Government's Fiscal Situation**

As noted above, beginning in the early 1990s, there have been several initiatives in the social development sphere. Still, before discussing these, we need to look at the fiscal context in which government activity was taking place. The fiscal space for government social development initiatives has only opened up in the last decade or so. Chart 3 (next page) shows that tax revenue as a percentage of
GDP in the Philippines peaked in 1997. The subsequent decline was the direct result of a package of tax changes labelled the Comprehensive Tax Reform Package of 1997. This legislative change occurred just prior to the 1998 general election, and the changes were politically driven. A continued decline in the tax effort over the years bottomed out in 2004. (Chart 3)

**Chart 3**

![Tax revenue (% of GDP) - Philippines](https://data.worldbank.org/indicator/GC.TAX.TOTL.GD.ZS?end=2021&locations=PH&start=1995&view=chart)


By 2005 the Philippines was facing a fiscal crisis. In the run-up to the 2004 general election, electricity prices were kept artificially low to minimize citizen discontent, which led to the National Power Corporation taking on higher levels of debt. Faced with a downward spiraling economic situation of increasing debt causing more debt servicing, the Philippine legislature passed an Expanded Value-Added Tax (EVAT) law in 2005. Passage halted the downward slide but was connected to the failure of the senator who authored the law, Ralph Recto, to win in the next election. This backlash explains why decision-makers continued to be reluctant to raise taxes.
Finally, in 2010, national leaders made a concerted effort to increase the revenues available for government programs.\(^vi\) For instance, in 2012, the tax regime for alcohol and tobacco products was changed to correct some of the deficiencies in the 1997 changes. Not only did this raise considerable revenue, it also led to a reduction in the prevalence of smoking from 29.7% of the population to 19.5%.\(^vii\) The Duterte administration (2016-2022) continued with its own Comprehensive Tax Reform Package (which included a tax on sugary beverages), and the tax percentage of GDP continued to rise.

Chart 4

![Figure 8.b Social Sector, percent of GDP, 1983-2022](https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pidsdps2124.pdf)


We can see the beneficial effect of the focus on raising revenues as the social sector spending bottomed out in 2004 but has continually risen since 2012. Education, social protection, and health spending all increased as a proportion of the GDP, with a spike in 2022 in response to the COVID-19 pandemic. ¹

Of particular note in this expansion is the Philippines' conditional cash transfer (known in the Philippines as the Pantawid Pamilyang Pilipino Program (4Ps) – Bridging Program for Filipino Families). Initiated in 2008 with some 300,000 families, by 2020, it supported over 4 million families. This program provides up to 40% of the poverty line as cash grants conditional on fulfilling education requirements for up to three children and health behavior. The 4Ps is designed more to encourage human capital formation than a direct antipoverty program. It assists families in education and health-seeking behavior,

¹The recent rise in "subsidy to local government units" is due to a Supreme Court decision changing the previous computation of what was called the Internal Revenue Allotment (IRA) into what is called now the National Revenue Allotment.
particularly in areas where the facilities are rare or substandard since recipient families live in areas further from education and health facilities than the general population.\textsuperscript{viii}

This review of the government's fiscal situation serves to illustrate two things. First, this is often the result (intended or unintended) of decisions made by the government. Secondly, well-designed government fiscal efforts can have ancillary benefits, such as improving public health due to the reduction in smoking prevalence. This must, however, take into account that indirect specific taxation, while easier to collect, often weighs more heavily on the poor.\textsuperscript{2}

\textbf{Gender}

One aspect of social development of which Filipinos are justly proud is the status of women.\textsuperscript{ix} A specific commission for women was established in 1975 by Pres. Ferdinand E Marcos. Females are better educated than males at all levels; there are more female doctors than male, there are more female lawyers and judges than male, and almost half of those in senior management positions in business are women. On such indices as the World Economic Forum Global Gender Gap Report or the UNDP's Gender Inequality Index, the Philippines ranks in the top 20 countries globally. Since 1995 there has been a surge of policies that reflect this reality and help sustain it. The general appropriations act of the national government annually mandates and provides funds for 5% of the budget of all government departments and agencies. In in 2004, an "Anti-Violence Against Women and Their Children Act" was passed. In 2009 a "Magna Carta for Women" was passed, institutionalizing the gender and development budgeting process. In 2012 the "Responsible Parenthood and Reproductive Health Act" was finally passed over the objection of the Roman Catholic Church, among others. In 2022 was passed both "An Act Prohibiting the Practice of Child Marriage" and the "Anti-Online Sexual Abuse or Exploitation of children act."

It is worth noting that on the Global Gender Gap Index, the dimension on which the Philippines performs least well is political empowerment, despite having had two female presidents since 1986. For instance, from 17 to 35% of elected officials are female, depending on the offices involved. There are few prospects for advancement on this measure, since Philippine politics, from the national to the local level, is organized around personalities and clans. The Philippines has no programmatic political parties; "parties" are convenient labels to simplify election campaigns, and the labels are very changeable depending on which grouping is most dominant at the national level. This trend has been strengthening for decades, and it means that females tend to be inserted in positions vacated by male members of the family.\textsuperscript{x} Rodrigo Roa Duterte was the long-time Mayor of Davao City in the southern Philippines. His daughter Sara was mayor for one term while he was a member of the national House of Representatives, and then again for two terms while he was president until 2022. For the 2022 election,

\textsuperscript{2} The Philippines in 2021 collected 33% of its taxes from income, profits and capital gains tax and 40% from taxes on goods and services. OECD, "Revenue Statistics in Asia and the Pacific 2023 – The Philippines" \url{https://www.oecd.org/tax/tax-policy/revenue-statistics-asia-and-pacific-philippines.pdf} (accessed August 11, 2023)
she considered running for president but instead agreed to run as the vice presidential candidate of Ferdinand Marcos Junior, and the tandem won.³

There has been progress on reproductive health and family planning issues, long a matter of controversy in the country. Legislative initiatives began in the early 1990s under the rubric of population and development and continued in this century as a debate about reproductive health.⁴ As reported by the Philippine Commission on Women, since the 2012 passage of the "Responsible Parenthood and Reproductive Health Act", the unmet demand for family planning and contraceptives among married women of childbearing age has decreased to 12%.

However, among unmarried women, the unmet need remains high at 42%, which is particularly problematic for teenage women. Until 2022 the age of consent for sexual activity was 12 before it was raised to 16. Under the reproductive health act, however, those under 18 can only access reproductive health materials with the written consent of their parents.⁵ For some years, there has been concern over the continued high adolescent fertility rate, which has not been declining as is the norm for lower-middle-income countries. (Chart 5, next page)

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³ In the Philippines voting for president and vice president is separate, and so both candidates on a campaign team do not necessarily win. In 2004 and 2022 both members of a campaign team won while in 1992, 1998, 2010, and 2016 the victors were from different campaign teams.
Education has continued to be the subject of considerable discussion about policy reform. The American colonial authorities instituted the public education system at the beginning of the 20th century, and average Filipinos have long seen education as the key to improvement of their situation in life. Education is constitutionally mandated to have the largest share of the government’s budget.

In the mid-1990s, there were several institutional reforms following an Education Commission (EDCOM) that submitted its report in 1991. In 1994, just before the 1995 Copenhagen summit, there were established a Commission on Higher Education and a Technical Education and Skills Development Authority. The Department of Education was tasked with focusing on basic education. Education results were mixed, with cohort survival rates going up, but scores on the national achievement test declined.

accessed August 11. 2023
Concern over access and cost led to a 1988 act that abolished school fees for public secondary education, and a 2017 act similarly made state-run colleges, universities, and technical-vocational institutions tuition free. There are also mechanisms for some state funding support to private institutions.

By 2012 a major structural and curricular change was instituted. Previously, Philippine public secondary education ended at grade 10; now, a "senior high school" of two years was devised, and the entire package was called "K-12." One justification was that students needed more time in education before going into the workforce or on to tertiary education.

Another long-running issue in education is the language of instruction, which beginning with the American colonial system was English. In 1974 bilingual education was mandated in English and the Tagalog-derived Filipino. Many were dubious about this shift, having long felt that the Philippines was one of the largest English-speaking nations in the world. Still, as the decades wore on, the prominence of Filipino in the broadcast media became dominant. In 2009, "Mother Tongue-Based Multilingual Education (MTB-MLE)" was mandated by the Department of Education; based on education research, children learn best when taught in the language spoken at home. The 2012 structural change gave force to this policy that the first three grades are taught in the mother tongue, and beyond that, English and Filipino would be the languages of instruction. Thus the Department of Education needed to produce materials and train teachers in 19 mutually unintelligible languages. However, only 72,000 educators of the target 305,000 were trained in implementing the MTB-MLE after ten years.

During the Covid-19 pandemic, the Philippines had one of the longest classroom lockouts of any country worldwide, and concern grew about learning deficits. There was established in 2022 by Congress the Second Congressional Commission on Education, to follow up the 1991 EDCOM report (EDCOM II https://edcom2.gov.ph/). The Department of Education also restudied the curriculum requirements for K-10 education. This latter revision is aimed to simplify the number of different topics and learning areas, including eliminating teaching the "mother tongue" as a subject while the mother tongue was used as a language of instruction.

One of the peculiarities of assessing education in the Philippines is that students in the Philippines take the standardized international examinations (e.g., TIMSS, PISA) in English rather than in Filipino or their mother tongue. Thus, the results reported in the media and policy discussions that the Philippines ranks last in reading comprehension and second lowest globally in math and science need to be taken with a grain of salt. It is true, however, that Department of Education test results are reported to be disappointing.

In the face of this, Vice President Sara Duterte, concurrently Secretary of the Department of Education Avers, said that the Philippines is on track to meet SDG 4. This is despite the rating on the 2023 SDG Dashboard of "Significant Challenges Remain" with stagnating indicators.

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4 "Some 94% of 15-year-old students in the Philippines speak a language other than the test language (i.e. English) at home most of the time. This was the second highest percentage amongst all PISA-participating countries/economies. The highest was observed in Lebanon, where 98% of students do not speak the language of instruction at home." OECD "program for International Student Assessment (PISA) results from PISA 2018: Philippine Country Note" https://www.oecd.org/pisa/publications/PISA2018_CN_PHL.pdf (accessed August 14, 2023).
Health

The Covid-19 experience in the Philippines is not within the scope of this paper. The securitized response, the extended lockdowns, and the government’s messaging were all very controversial. As was the case in so many places around the globe, the pandemic revealed weaknesses and deficiencies in the healthcare system. However, despite crises, tragedies, and response lags, the healthcare system never collapsed, and the Philippines eventually emerged.

Long-standing issues of the accessibility and affordability of healthcare, particularly for the poor and those in informal employment, remain on the public agenda. Efforts to improve affordability and access include the 1995 establishment of a national healthcare agency, PhilHealth, the increased funding produced by the 2012 sin tax reform, and the 2019 passage of a Universal Healthcare Law. Reflecting this effort, the Universal Healthcare (UHC) index has increased from 37 in 2005 to 55 by 2019. This indicator is rated IN 2023 as "challenges remain" but "on track to SDG achievement."xviii

Of particular concern in the health sector is the drain of healthcare workers going abroad in the face of low salaries and challenging working conditions in the country. The Philippines is one of the leading exporters of nurses. Estimates are that one-third to one-half of all licensed Filipino nurses work abroad. The current outflow (after a brief pandemic-related ban on out-migration) is 15,000 to 20,000 nurses per year, roughly equivalent to the number who passed the nursing licensure exam each year.xix

Still, the World Health Organization does not include the Philippines on its most vulnerable watchlist for the healthcare workforce -- countries with a health workforce density of less than 49 per 10,000 population and a UHC service coverage index of less than 55.x The Philippines is just on the borderline of this group of concern, with (as noted) a UCH just at 55 and a health workforce density of 45.4.xi Anecdotal evidence is that tertiary institutions are beginning, post-pandemic, to increase their offering of nursing education programs.

Climate Change

The Philippines is one of three countries most vulnerable to natural disasters, being on the Pacific Rim of Fire and the storm track of some 20 to 25 typhoons yearly. Similarly, studies place the Philippines as one of the top three or five countries that climate change could badly affect. Some of the connections between these two assertions can be hard to tease out. Many commentators concluded that the devastation Typhoon Haiyan (local name, Yolanda) caused in Tacloban City in 2013 was due to increased strength caused by global warming. Yet, similar devastation had been caused by storms in 1898 and 1912. The bathymetry of Leyte Gulf (the contours and depths of the seabed in various places) seems to amplify the magnitude of storm surges.xii

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Still, it is undeniable that climate change has emerged as an issue over the decades since the 1995 Copenhagen World Summit on Social Development. In fact, international attempts at action on the climate issue map closely to the social development policy space. 1995, besides the Copenhagen Summit, also saw the first UN Climate Change Conference, while 2015 saw both the Paris Agreement on Climate and the adoption of the UN’s Sustainable Development Goals. As seen in Chart 6, these agreements were accompanied by steady temperature rises.

**Chart 6**

*Trends in atmospheric CO₂ vs. global temperature change*

![Graph showing trends in atmospheric CO₂ and global temperature change](https://showyourstripes.info/)


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6 The figure was produced using the interactive website, [https://showyourstripes.info/](https://showyourstripes.info/) (accessed August 10, 2023). I am indebted to Mark Maslin for the link.
As in so many countries, there is considerable controversy about what the Philippines should do in response to the challenge of climate change. For instance, while its accumulation of greenhouse gases is only about 0.4% of the global total, climate campaigners focus on reducing this amount further to considerable controversy. The Philippines faces an energy trilemma regarding security, sustainability, and equity. The Philippines has high energy costs, and coal-fired power plants afford lower costs than solar or wind power. The Philippines is, however, one of the world leaders in geothermal power.

Given this situation, considerable policy attention has been given to climate and disaster resilience. However, as noted by the Philippine development plan 2023 – 2028, the national budget allocation for climate change adaptation and mitigation has gone down as a percentage of the total budget (page 338). The decentralized governance system of the Philippines means that it is hard to monitor local government expenditures on adaptation and mitigation from their increased budgetary resources (see above, footnote 1 on page 6). Funds from both the national and local governments are "mainly used for post-disaster activities such as cash assistance resettlement and quick response funds of agencies." In short, disaster response, recovery, and rehabilitation rather than planning for the long run.

Inequality and Trust

Two topics frequently emerge in social development discussions: inequality and trust. Inequality has become considerably more prominent in policy discourse in the last decade as the dominance of the so-called "Washington consensus" about the virtues of free markets has begun waning. A little consideration of the facts reported in the first section of this paper, that in a decade of real economic growth, there was essentially no poverty reduction, will make it logical that inequality is a definite problem. Among the Philippine political decision-makers, reducing inequality is generally glossed as poverty reduction, and redistribution as effective delivery of social services (including the 4Ps conditional cash transfer program). Analysts have long known that the Philippines is an unequal society, and the data show that it was only beginning in 2012 that inequality began to decline significantly.

It is asserted that there is an association between higher levels of inequality and lower levels of trust. This line of analysis is contained in the ESCAP report "The Workforce We Need: Social Outlook for Asia and the Pacific" (2022), Figure 1.7 "Rising Inequalities can Erode Trust," used its measure of income inequality the income share of the top 10%. (Later in the report, Figures 5.2 and 5.3 pursue this, showing that greater health and social protection coverage are both correlated with increased generalized trust.) A more global analysis using the Gini coefficient to measure inequality is in the following figure (Chart 7, next page).
The Philippines data point, unfortunately, is below and to the right of the circle labelled Indonesia – it has a higher Gini coefficient and a lower degree of trust.

Governments might wish to increase the degree of generalized trust, but reducing inequality or increasing health and social protection coverage can be long and difficult. Unfortunately, it is possible to disrupt generalized trust through government action. During President Duterte’s 2016-2019 violent War on Drugs, quarterly surveys by Social Weather Stations found that those believing the police explanation that fatalities were the result of drug users and pushers fighting back never outnumbered those who disbelieved it (and generally half of the respondents were undecided). During the same period, between 73% and 78% of respondents worried that they or someone they know might become a victim of extrajudicial killings (EJKs).xxv There was distrust of the official government campaign against drugs and how it was carried out. (It is worth noting, however, that the expressed public satisfaction with the War on Drugs and President Duterte's performance remained very high throughout his 2016-2022 term).xxvi
Internet and Social Media

The telecommunications liberalization in the mid-1990s under President Ramos began an explosive growth in the internet in the Philippines, beginning with the first interconnection in 1994. This has been intertwined with social media (originally Friendster until the late 1990s), particularly Facebook. Facebook arranged with the mobile carriers to provide free access, and so in the Philippines, where there are more mobile phones than people, Filipinos access the internet through social media. YouTube and TikTok are burgeoning, but overall, Facebook remains dominant.

The increased availability of telecommunications connections and regulatory reform that allows for tax incentives have made the Philippines one of the world leaders in outsourcing business processes. BPO revenues rival, but have not quite matched, remittances from overseas Filipino workers. BPO work is attractive because it allows skilled workers to make higher salaries than are generally available in domestic employment — all without having to leave family and country behind. The economic benefits spill over in terms of consumer behavior by these employees. The BPO industry has turned many urban areas into 24-hour centers of activity, including many cities outside the national capital region and the center of Luzon.

Beginning in the 2016 general election, which saw the victory of Rodrigo Roa Duterte, concern about fake news and orchestrated campaigns began to surge. There was considerable activity on social media, which falls outside most normal media and campaign expenditure limits. Anecdotes circulated about coordinated teams, mainly supporting Duterte. There is other evidence that genuine individual voter enthusiasm for the candidate drove the observed social media content. Similarly, the 2022 election of Ferdinand Marcos, Jr. was attributed to a concerted campaign to rewrite the history of the 1972-1986 authoritarian interlude. However, the major shift in survey responses favoring the Marcos legacy was by 1995, well before any influence operations via the internet.

Perhaps the most distressing concomitant of increased access to the internet is online sexual exploitation of children. The Philippines has come to be known as one of the centers of this urgent problem. Child abuse in the Philippines has drawn increasing attention in recent years, with alarming levels among both male and female children. Then, as the internet became more widespread and available in the middle of the last decade, alarm grew over the online exploitation of children, driven by demand from foreign countries.

One of the striking things about the phenomenon is how often it is facilitated by acquaintances, friends, or relatives, including close family. The Philippines is particularly a center due to higher levels of English proficiency and widespread Internet connection through cellular phones. Some cultural beliefs, such as that children are not being harmed if they are not being touched or that children can be expected to help with family finances, make this social phenomenon very difficult. This crime is of concern to law enforcement all over the world, and there are several efforts to assist Philippine authorities in combating online sexual abuse of children. Unfortunately, evidence of serious progress is lacking.


5 Benjamin E. Diokno. “Philippine Fiscal Behavior in Recent History” The Philippine Review of Economics, Vol, XLVII No, 1 (June 2010) pages 39-87,


Rood, op. cit., note 1 (page 217),


