

OPINION & FEATURES

Slowdown

THOUGH world leaders are reacting with speed and unity to stop the financial crisis, the global economic slowdown is expected to last several months, with the most positive forecast seeing recovery only near the end of the third quarter of 2009.

Among the likely casualties are migrant workers, who could be sent home as businesses shut down or local workers are given preference over foreigners. If Barack Obama becomes the next American president and fulfills his campaign promises, the tax credit he has offered to investors for every job brought back to the United States spells trouble for business process outsourcing in developing countries including the Philippines.

GUEST EDITORIAL

Any country facing a recession will give priority to ensuring the job security of its own workers. If the global job market contracts, it is not just the outsourcing industry that will be affected but also many other sectors. Trade union groups and the Department of Labor and Employment have separately

voiced warnings about possible mass layoffs as the global economic slowdown forces companies to downsize or shut down.

A slowdown in the deployment of overseas Filipino workers combined with the return of OFWs who have been laid off can slow down consumer spending that has helped push Philippine economic growth. A drop in OFW remittances can also weaken the peso. Exporters can take advantage of this weakening – if they can sell more to a world in recession.

Even as governments brace for the slowdown, they are also hard at work preparing for the inevitable revival of the global economy and the ever-present need to be competitive. The Philippines should do the same, making sure the country will not be left behind in the next phase of the competition for job-generating investments. After the 1997 Asian financial crisis, Thailand, which was the hardest hit, surged ahead of the Philippines, which was one of the least affected. This must not be the case in the current financial crisis. (Philstar.com)

‘Back to the future’

LOREN Legarda invited us to a reception at her home for the lawmakers, academicians and scientists from Asia, Europe and South America who took part in the first “UN International Strategy for Disaster Reduction Consultative Meeting with Parliamentarians” on disaster risk reduction and climate change. The UNISDR invited Loren to the two-day closed-door meeting because they wanted her to speak on the Philippine situation and how vulnerable the country is to disasters.

I sat with UNISDR director Salvano Briceño, a Venezuelan national, and we had a good conversation on pollution and other issues affecting the environment. It turns out that the Harvard educated Briceño (who also has a Doctorate in Administrative Law from the University of Paris and speaks three languages) has the same problem as mine—allergic rhinitis—which is related to air pollution.

Almost all experts agree that the extreme weather patterns that the world has been witnessing can be attributed to climate change. And these disasters could get worse if nothing is done to lessen carbon emissions which have been causing rising sea and land temperatures, triggering freak storms, floods,

landslides and droughts. The UNISDR head has been warning governments about the serious effects of climate disasters especially on the poorest countries—and this problem is being exacerbated by rising urban populations since it has led to the uncontrolled occupation even of disaster-prone and vulnerable areas like riverbanks and creek sides.

Last year, around 950 natural disasters occurred all over the world, much higher than the 850 recorded in 2006. This year, more than 230,000 people have been killed by natural disasters, the most devastating of which is Cyclone Nargis that left over 130,000 people dead in Myanmar. Early this year, China also suffered a devastating freak snow storm that cost \$7.5 billion in damages, as well as a deadly earthquake in Sichuan province.

Briceño told us that after the Olympics, the Chinese government has come to realize the devastating effect of pollution in their country, and that they are intensifying efforts to produce electric cars—which is really good news since the Chinese now have the dubious honor of overtaking the United States as the world’s biggest carbon polluter. It is expected that by 2010, annual registration of light vehicles in China will reach 7.9 million. Just imagine if all of those vehicles ran on regular fuel and diesel—the effect on the environment could be devastating.

Over the last couple of years though, a Chinese car manufacturer has been building a multi-million dollar facility that can produce up to 20,000 electric cars that can be run on battery, hybrid power and

fuel cells. And just recently, the Chinese government is planning to build a nationwide network of recharging stations in anticipation of the growing demand for electric powered vehicles that can serve as patrol cars, used for delivery of goods or for going around tourist spots. In 2005, a Tianjin-based car manufacturer reportedly delivered more than a hundred battery-powered minibuses to the US, with projections that their electric powered car exports to the US will reach 5,000 by 2010. It wouldn’t really be surprising if China would one day become even more advanced than the US considering that the Chinese government is beginning to get more attuned to the changing times.

Japanese car companies are also spearheading efforts to develop “green cars,” like Honda with its FCX Clarity, a hydrogen-fueled car. The only exhaust produced by this high-tech vehicle is a small trickle of water, and this has been certified by the US Environmental Protection Agency. Honda has anticipated the demand for such cars because it has already built a state-of-the-art facility that could produce thousands of this next-generation vehicle. Being an “oil poor” country, Japan really has to resort to energy saving technology and churn out energy-efficient products.

In Europe, there is a growing consciousness for the concept of “walkable communities” where people can live and work in an area that is accessible simply by walking or biking. This can be done through “mixed land use” where places of work,

commercial areas, restaurants, schools and homes can be built close to each other, instead of the single land use designs typical in many towns and cities all over the world.

As a matter of fact, a study conducted by the University of Washington with a health group revealed that walkable communities can reduce obesity and help older people become healthier. Advocates say the concept of walkable communities has been around for thousands of years—even in the Philippines—as seen in the design of rural towns and communities where homes were built around key institutions like the church and town hall. However, things took a sudden turn when cars became available and people became more and more dependent on them. With the resurgence of walkable communities, it looks like it’s “back to the future” – with the past about to catch up with the future.

At any rate, there is good news on the horizon despite the devastation that has been happening all over the world due to deadly disasters, with more and more people becoming aware about the serious effects of global warming and climate change, thanks to people like Salvano Briceño and legislators like Loren Legarda. Whatever people may say against Loren, that she’s “too ambitious,” there is one thing for sure that she is doing right – and that is her advocacy for protecting the environment. While she has obviously set her eye on the presidency, for her, it all boils down to one thing: It is a matter of destiny. “If it’s meant to be, then it will be.” (Philstar.com)

TAKIN’ CARE OF BUSINESS

Babe Romualdez

‘My beginning in my end’

HAVE you ever seen and toyed with a Mobius strip? If yes, you know the tactile pleasure that comes with its captivating idea: a twisted loop with only one surface, traveling from end to end without crossing the edge.

Here’s a picture worth a thousand words. There’s more, one a famous drawing by MC Escher. And this is how long the idea has been on humanity’s mind, crowning many myths as a symbol of infinity. “In my beginning is my end...in my end is my

MIXED MEDIA

Sylvia L. Mayuga

beginning,” the poet TS Eliot book-ended his masterpiece, *Four Quartets*.

“Are we at the beginning of the end or the end of the beginning?” is precisely how Wall Street and the financial media have been putting it as stock markets go up and down with no apparent pattern, and analysts puzzle a way out of crisis in a global tailspin continuing unabated despite major moves by the US and UK to reverse it.

In his first *New York Times* column the day his Nobel Prize for economics was announced, Princeton professor Paul Krugman praised British Prime Minister Gordon Brown as the first world leader to strike a bold new direction—no faint praise.

Ahead of America, the world’s most powerful economy before crisis, Brown and Britannia saw and acted on the most important dynamic in the pyramiding facts of crisis: the need to address it structurally and globally, as fast as humanly possible, in full realization of entering uncharted waters.

(About bloody time, next muttered Brown’s Conservative Party rival to his seat. This boldness is a catch-up for “ten years of bad economic management” that led to UK’s financial woes, he added. Another story.)

But even a rival admits: like the US bailout, Brown did the urgent and necessary to pull their economy from falling off a cliff with the world economy. Rescue was the immediate goal, with an equally urgent twin goal emerging in the next breath—restructuring troubled economies in as wide a swath as possible, beginning in Europe.

A beat or two after the world caught on to these historic moves by two brother economies across the Atlantic, stock markets a.k.a. investor confidence in a future showed the tips of a bull’s horns from behind veils of language, culture and time zones—only for the bear to come scowling back. This happened for two successive weeks in hypertension. What’s going on?

Rallying to an ideal of unity in crisis is not quite the way the world or the human psyche works under survival pressure in their individual niches of a global economy. Writ as large as economic reality is psychological reality—“What’s in it for me?” shading into a finer awareness demanding with equal urgency in crisis, “But where is ecological reality in this whole rescue equation?”

In a Darwinian world where the small and weak are food for the big and strong, experience has molded psychological reality to defend hard-won ground, stopping short of the visionary and encompassing in the unknown. It’s asking for a miracle to wish for easy consensus on how this crisis has opened to a rare chance: for everyone, every country, every region to start over for the good of the whole, beginning with a mother planet.

Instead, chaos is the matrix of this rare moment—an erupting volcano spewing huge killer boulders with lava and its traces of copper, silver and gold, all of it molten—too hot to handle until they cool to states rare and precious enough for the world to trade in, as is its wont (if not necessarily its need). Cool it and wait on nature, in short, is what volatile markets are compelling Wall Street and all world capitals to remember: she’s the ultimate source of

all that you call wealth.

But history, like the Mobius strip, is made of both reality as it is and human instinct as it needs (and wants) reality to be. There is no separating them. Thereby hangs the nature of this crisis, with each part pressuring the whole—in some cases tugging for things to stay as they are, like banks freezing credit; in others pulling to the molten flow opening new channels for future profit with primal heat, like Mitsubishi staking \$9 billion in the troubled investment giant Morgan Stanley, and Warren Buffett leading investment speculators in sweeping up blue chips devalued by panic.

The price of gold over cash is also soaring as the largest question looms: Where is this chaos taking us all? If only someone/something could say, or direct, where it’s all going. “If only we had a crystal ball,” Kabayan in NYC says wistfully, an investment analyst sharing Wall Street’s mind-boggling guessing game from behind a pseudonym.

“Today may live in infamy,” he wrote on Thursday, Oct. 15. “The market seems to have passed its final judgment, losing all confidence in the financial system and the economy. They’ve taken to heart the new buzzword and proverbial ‘Cash is King’ mantra, setting the market to another plummet, which will no doubt be exacerbated by Asia’s likely capitulation to Wall Street’s retreat. In its early hours, it’s already capitulating. The trend is fear and hope is fleeting.”

This, despite the fact that “The US, UK, and Europe jointly pledged more than \$3 trillion dollars on top of other ‘unlimited’ guarantees of debt for some of the largest banks in the world, all for immediate disbursement in less than a month. To put this into perspective, the \$3 Trillion alone is 11% of US, UK and Europe’s combined GDP and 5% of global GDP! ‘Massive’ doesn’t capture it.”

Terror is twinned with beauty in uncertainty. Those who need to understand this unfolding are monitoring the temperature of many countries and

regions, trying to glean the inevitable with the possible – when the lava cools. (That, at least, is certain—not ‘if,’ but ‘when.’)

It’s no easy task where extremes rule. Frozen or heated to meltdown with their psyches, individuals, markets, financial institutions and enterprises of all sizes twist in dilemma. The world economy finds itself, for seemingly the first time, weighing consequences that nearly defy measure—survival on one end, collapse on the other in the unbroken loop of a planetary Mobius strip.

Kabayan ventures: “For now here’s what I fear we’ll see soon: US, UK, Europe will fall into a fairly severe recession. Consumer spending—3/4 of GDP for these regions—will drop considerably. Consumer industries and manufacturing will take a huge hit, especially in the manufacturing centers of the globe like China, Taiwan, Korea, etc.”

“The emerging regions/countries with outsized debt will be in turmoil (watch Vietnam, Argentina, even Korea etc.). Countries inordinately dependent on USD investment (either direct or through repatriation) will be hit hard. Unfortunately, Pinas is knee-deep in that, to the tune of \$14 billion USD a year from repatriation alone. While only 5% of GDP, its actual effect on GDP is a lot larger due to its direct effect in domestic consumer spending rates.”

Contemplating North, Central and South America, Russia, the OPEC countries, the Asia-Pacific, China and India, Kabayan travels the twisted loop and does not fall off: “On the other side is the paradigm shift that will provide distinct opportunities for all. Nations looking far enough in the horizon to see the opportunities clearly will use this time to retool themselves, take advantage of their core strengths and rebound strongly,” he concludes. “In my beginning is my end...in my end, my beginning.”

More on all this soon. Meanwhile, here’s to vision and fortitude. (Inquirer.net)



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