



Philequity Corner (November 20, 2017)

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The effect of long holidays on the economy

One economic policy remembered from a previous administration involved moving weekday holidays around so that they would result in long weekends. Thus a national holiday that would naturally fall on a Tuesday would be nudged back to Monday. This sleight of hand with the calendar was meant to tempt families, or other social coalitions like gang mates, shower sharers, and alumni glee clubs, to pack their bags and go on vacation. Of course, Holy Week and Christmas did not need any alterations.

What came to be dubbed as "vacationomics" was meant to spur domestic tourism by providing more blocks of days to make a beach trip worthwhile, with packing and travel time. This was intended to boost GDP growth by spurring consumption and spending. It also encouraged the discovery of new destinations that could be enjoyed without needing a passport, even before the slogan "more fun" replaced Wow as the proper tag for the Philippines. This macroeconomic meddling with calendared holidays however was of course discontinued by the successor of that economist-in-chief.

This vacationomics formula has been revived and even enhanced by the current administration more sympathetic to that particular predecessor, with the addition of surprise holidays (the non-working kind) with weather forecast blips of possible floods, as well as the hosting of a three-day international conference.

An unintended consequence of the mobile holidays was the decongestion of traffic in the metropolis as car owners headed off to the toll booths and the airports. Even then, the snarls and gridlocks were not fatal. And referring to them as such could invite a viral lynching. Okay, sometimes the snarls still happen when certain lanes are blocked off. But that's another story.

And so, long holidays are once more randomly celebrated although not always announced early enough for planning vacations. In the last two months alone, one felt to be more on an extended vacation or garden leave, between office meetings.

A new twist in holiday economics has been introduced. What if the stock market and banks as well as BSP clearing are open during a three-day vacation? Okay, this one was a stumper. Anyway, the traffic was light, relatively.

Now and then, business groups bemoan the declaration of too many vacations from typhoons and floods as well as an excessive obsession with historic defeats and deaths. This leads naturally to entitlements to premium pay and social coercion applied to those already dressed for the beach needing to report to their call centers. This form of vacationomics justified the introduction of "working" holidays, which is an oxymoron, like deafening silence and tough love.

In the sixties, holiday celebrations too were deemed an economic issue. A revered senator, who ran for president and lost, noted that fiestas, which could occur in different places in the country each day of the year, were dysfunctional for the economy. They drained family savings, requiring the sale (or butchering) of carabaos used for plowing, to meet the costs of lavish meals offered to all and sundry once a year.

The annual commemorations of local saints in provincial fiestas that combine religion observance and excessive alcohol consumption have since been transformed into tourist attractions. Festivals featuring dancing in the streets and parades with contests for bands and floats are multiplying. They parade roasted pigs, eggplant harvests, bird costumes, and flowers. All contribute to clogged traffic in the locales and fully booked hotels and restaurants. Only imagination and marketing can limit the minting of new fiestas.

Still, long weekends, whether artificially induced or occurring naturally, no longer necessarily result in the exodus to distant parts to spend money. City hotels have come up with their own marketing campaigns with yet another neologism under the category of vacationomics. It has morphed into "staycation"--why go for a tiring long drive or flight when you can check in at a hotel near you with free parking.

This use of nearby hotels for rest and recreation is not exactly a new idea. There are already those who have discovered the convenience of city hotels for a relaxation during lunch break to freshen up and shower after a dine-in meal, during non-working non-holidays. Short respites are part of vacationomics too.

Long weekends tend to bump up domestic consumption. Still, some consumers simply opt to stay home and re-charge, or engage in retail therapy. Shopping is a different branch of vacation economics altogether. After all, malls are always open through even unplanned vacations.

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