

**Column for Business Mirror**  
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**The Entrepreneur**

### **Exploring alternatives to Charter Change**

Recent calls to amend the economic provisions of the 1987 Constitution, particularly those that restrict foreign ownership of land and public utilities as well as media, highlighted a long-standing gridlock on the Charter change issue.

In the past 15 years, three presidents attempted to amend the Charter's economic provisions as a means to attract foreign capital to finance the establishment and development of industries that will grow the economy, generate jobs and raise family incomes.

Congressional leaders are again proposing to put the subject on the table for debate, focusing only on the economic provisions.

On the other hand, Malacañang has again shot the proposal down. Presidential spokesman Edwin Lacierda has been quoted in news reports as saying the existing economic provisions of the Constitution can still pave the way for further economic development.

News reports have also cited Executive Secretary Paquito Ochoa Jr. as saying that President Aquino was not considering any amendment to the Constitution as it has always been his belief even when he was still a senator that we can live with the Constitution."

I see two primary reasons behind the failure of Charter change attempts: one is historical and the other political. After more than 400 years of foreign domination, from the Spanish, the Americans and the Japanese, framers of the Constitution – from 1935 to 1987 – made sure that the right to own land and establish industries that exploit the country's natural resources is reserved to Filipino citizens.

Executive Secretary Ochoa highlighted the political reason when he said that opening up the Constitution for amendment would be like opening a Pandora's box, meaning it would be difficult to limit the amendments to the economic provisions.

We all remember that previous debates on constitutional amendments started with the economic provisions but ended up with proposed changes on the form of government such as a shift to a parliamentary system.

With our experience in the past 15 years, however, the only way Charter change will happen is if President Aquino pushes it. With the recent statements from his spokesman, however, I don't see Charter change going further than an academic debate.

In addition, I am aware that there are several vested interest groups that do not want to change the status quo because the entry of foreign capital might dilute their control over their industries and hence, their bottom line. In other words, we will remain in a gridlock.

I keep an open mind with respect to amending the Constitution if it will spur capital inflow and economic development. I agree with the business community's suggestion that attracting foreign capital should be given high priority in a country with high unemployment and underemployment rates, and a nagging poverty problem that affects half of the population.

At the same time, the gridlock on the issue of Charter change should not discourage us from exploring other options to generate capital and achieve our goals of growing the economy and improving the lives of our people.

For example, legal experts point out that some government agencies have been restricting foreign ownership of businesses beyond the scope of the Constitution. These include the Philippine Contractors Accreditation Board, the Technical Education and Skills Development Authority, Maritime Development Authority and the Department of Environment and Natural Resources.

This revelation should prompt a review of the policies and rules adopted by all government agencies to make sure that they follow but not exceed the constitutional provisions by imposing more restrictions than those provided by fundamental law.

The word "restriction" brings another issue to mind: the business climate or environment in the Philippines. Not many foreign investors are demanding they be allowed to own land. Among the Southeast Asian Nations, Vietnam, Indonesia and Thailand also impose land ownership limits, but they are able to attract much more foreign capital than the Philippines.

The basic factor is the ease of doing business. Foreign investors find it easy to put up businesses in our neighbors because it takes fewer procedures and less time to obtain permits and licenses in these countries.

There are no secrets as far as making it easy for investors – foreign and domestic alike – to pursue their ventures. It is as simple as reducing paper work, eliminating unnecessary procedures and cutting the permit processing time, beginning with local governments.

Some local government units are already doing this on their own initiative. The challenge is how to make it a national policy.

This is something we can do without risking a gridlock.

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