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### **A New Year Message**

WITH three days left in the year, we'll just have to wait for the official report on how the economy fared in 2011. Now, it's time to look ahead and try to discern what 2012 will bring, whether we can recover from the slow growth in 2011 and put our economy back on the 7-percent to 8-percent growth track.

We really need a continuing six years of high growth, like 7- 8 percent, to have meaningful change that will improve the lives of our people and sustain economic development.

I don't want to cite a definite figure regarding growth for 2012—too many people are already doing that, and we know that the economy's performance in the first nine months of 2011 was way below all forecasts.

The Asian Development Bank has lowered its growth projection for the Philippines to 4.7 percent for 2012 from the earlier forecast of 5.1 percent. The International Monetary Fund also lowered its 2012 growth forecast for the Philippines, to 4.2 percent, from 4.9 percent previously. Investment bank UBS sees the Philippine economy growing by 3.3 percent in 2012.

Understandably, the most optimistic forecast comes from the government. Under the national budget for 2012, the government assumes a GDP growth of 5 percent to 6 percent next year.

Even then, the 7-percent to 8-percent target, which was the original forecast for 2011, is gone.

In my view, we can do better than most forecasts, probably one or two percentage points higher, if we do things right.

In last week's column I pointed out that we have many pluses that can help us negate the impact of global challenges—the financial crisis in Europe, the slow US recovery, the conflicts in the Middle East and North Africa, volatile oil prices and the disasters in Japan.

We cannot do anything about the global problems—these are beyond our control—but we can do something about domestic factors.

One, with an estimated population of 93 million, the Philippines is the 12th-largest in the world. This means a big domestic market that can be tapped to grow the economy amid the weakness of the global markets.

Two, we're starting from a lower base: the full-year GDP figure for 2011 will very likely be substantially lower than the 7.3 percent posted in 2010, so it will be easier to breach the 2011 mark.

Third, the government is taking steps to increase spending in 2012, beginning with the P72-billion quick-disbursing program, which was started in the latter part of 2011 but would likely be felt in 2012.

The government has also pledged to speed up the implementation of infrastructure projects, as well as projects under the Public-Private Partnership Program.

A word of caution about spending as a shift from the underspending in 2011: We suddenly realized that we have underspent so the tendency is to spend quickly.

That, I think, is dangerous—if we're late (in spending), then we're late. Spending for the sake of spending could be worse, like committing another mistake to cover a mistake.

Having said that, I am optimistic that with a well-managed economy, we should be able to weather the storm next year and come up with a decent growth.

And that brings us to another point. In my view, the reason many are predicting our GDP growth in the mid-threes to the low-fours is that they assume that the management of the economy in 2012 will be the same as in 2011.

In effect, they are already assuming a poor handling of the economy. Therefore, if the economy is managed better than in 2011, the performance will be better in 2012.

As I said earlier, the problems in Europe, the US and other parts of the world are beyond our control. But managing our economy is within our control.

It is time for our economic team to prove that it can improve on its handling of the economy, just as shareholders of private companies expect their managers to improve on their performance after a poor year.

The bottom line: the ball is in our park.

Happy and safe New Year to all!

**LINK:**

<http://www.businessmirror.com.ph/home/opinion/21184-a-new-year-message>