

Column for Manila Bulletin
MANNY VILLAR
February 7, 2012

Of Trees and Forest

Keep Focus on the Economy

MANILA, Philippines — The ongoing Senate impeachment trial is doubtlessly a very important event in our country, but it should not divert focus away from the present state of the national economy.

I wish to emphasize this need to keep our focus on the economy, given its slow growth in 2011 to only 3.7 percent in terms of Gross Domestic Product (GDP). This is way below the 7 to 8 percent needed to alleviate poverty.

For 2012, the World Bank expects the Philippine economy to grow by 4.2 percent, lower than the Asian Development Bank's forecast of 4.8 percent, and within the 4 to 5 percent projection of Standard & Poor's.

The government is targeting 5 to 6 percent, which in my view is a reasonable goal although still lower than the ideal 7 to 8 percent growth rate.

The performance of the economy in 2011 was affected by both external and internal factors. Natural calamities like the tsunami in Japan and the flooding in Thailand, as well as the financial crisis in Europe and the weak recovery of the United States contributed to the decline in Philippine exports.

Here in the Philippines, economists agree that underspending on infrastructure also dampened growth last year. And the crisis in Europe and the weakness of the US economy will continue to affect our economy this year.

The good news is that we have a lot of strengths that will help us offset the impact of external challenges.

First is the continuing increase in remittances from overseas Filipino workers from an estimated \$20 billion in 2011.

Second is the continuing growth of the business process outsourcing industry despite attempts by US officials to discourage American companies from outsourcing parts of their operations.

Third is the strength of Philippine banks and the liquidity of the domestic financial market.

Fourth is the high popularity ratings that the Aquino administration continues to enjoy, which could be used to rally support for projects that will generate more employment and stimulate businesses.

I welcome President Aquino's statement that he would focus on the economy this year, which I believe should receive support from all Filipinos, be they in government, in the private sector or ordinary citizens, because all of us have a stake in ensuring growth.

Based on government pronouncements, spending on infrastructure will be revitalized this year.

Actually, Socio-economic Planning Secretary Cayetano Paderanga said that as of January 12, 2012, the government had already released 72.1 percent or P150.2 billion of the P208.3-billion allocation for capital outlays for various infrastructure projects of different agencies.

The Department of Budget and Management said that of the 2,187 line-item infrastructure projects nationwide funded in the 2012 budget, 2,025 projects or 93 percent were bid out and would be given notice to proceed in the first quarter of 2012.

The P141.8 billion is part of the P182.2-billion total budget for government infrastructure under the 2012 national budget.

Infrastructure projects have a multiplier effect: They generate a lot of jobs and stimulate private businesses, which also generate employment. Together, these activities yield more tax and other revenues for the government.

My point is, let the Senate, which has convened itself into an impeachment court, to handle the trial. We have to give it time because we have to be fair to all parties.

Still, even while the impeachment proceedings are going on, it should be noted that both houses of Congress continue to perform their lawmaking functions even while the impeachment trial is going on. So, other branches of the government, particularly the Executive Branch, should continue to pursue their respective mandates.

The whole world is facing uncertainties as a result of the persistent crisis in Europe; conflicts are erupting in other regions; and even climate change is affecting prospects for growth.

True, we have fundamental strengths that will help us offset the impact of external adversities. But, more than these, we must keep focus on the continued growth of the national economy, for the sake not only of millions of Filipinos, who are still suffering from hunger and unemployment, but as our future generations as well.

(Please send comments or feedback to: mbv_secretariat@yahoo.com)

LINK:

<http://www.mb.com.ph/articles/350644/keep-focus-economy>