

GMA approves P75-B economic stimulus program

President Arroyo approved yesterday the one-shot emergency economic package aimed at shielding the Philippines from the fallout from the slowdown of the US economy,

officials said.

However, Mrs. Arroyo's economic managers are divided as to how the package would be implemented and how much would be needed

to fund the program.

Albay Gov. Joey Salceda, an economic adviser of Mrs. Arroyo, has proposed putting more money in people's pockets through subsidies and discounts.

"We expect the US recession to be short and sharp and this (P75-billion package) is a proportional response," he said.

His P75-billion "economic

stimulus" was met with skepticism by other economic managers, who pointed out that it would derail the administration's goal of balancing the budget this year.

At a press conference after the Cabinet meeting, Salceda said Mrs. Arroyo ordered Finance Secretary Margarito Teves to find funds for the one-shot package and to minimize

its impact on the deficit.

The P75 billion is equivalent to one percent of the country's nominal Gross Domestic Product last year, and that it would be the third time the country would move to protect itself from an external economic slowdown, he added.

Salceda said a similar economic stimulus package was undertaken during the Estrada administration owing to the 1997 Asian currency crisis.

The package also yielded favorable results when the administration undertook it in 2000, he added.

Salceda plans to extend discounts on electricity and water as well as education vouchers and tax refund to individual taxpayers earning below P500,000 a year.

The spending authority for the economic package should come from a supplemental budget from Congress for transparency, he added.

Salceda said funding could be sourced from privatization of government assets, including shares from corporations as well as proceeds from Malampaya gas fields.

The package is necessary for the economy not to lose its growth momentum, he added.

Speaking at a separate briefing, Budget Secretary Roldando Andaya Jr. said Mrs.

Arroyo approved a stimulus package in principle and there was no blanket approval of Salceda's proposal.

"That (Salceda proposal) only looks good on paper, but it will not achieve the desired results," he said.

Andaya said Salceda's proposal would still have to be studied by the economic managers.

"We are already doing this stimulus package in the 2008 budget by adding P45 billion for spending on key growth areas such as health, agriculture and infrastructure," he said.

"We are maintaining the position of balanced budget and the economic team is careful about protecting the gains."

Andaya said when the same move was made during the Estrada administration, the projected deficit of P17 billion swelled to P114 billion.

The same thing happened early in the Arroyo administration with the targeted budget shortfall of P40 billion reaching P150 billion, he added.

Salceda, Teves, and Andaya are set to meet with officials of the National Economic and Development Authority, Department of Energy, Department of Trade and Industry, and Bangko Sentral ng Pilipinas, at the Manila Golf Club on Thursday. — Paolo Romero