

Economy at 'tipping point' - GMA

The country's economy is at a "tipping point," President Arroyo said yesterday as she expressed confidence it would strengthen further this year.

Speaking at an economic briefing at the Shangri-La Hotel in Makati City, the President described 2007 as the best year for the Philippine economy in over 30 years, with the country posting a 7.3 percent average growth rate and the peso the best performing currency in the region.

"The foundation of our economic renaissance on a vision for our nation includes strong global engagement, tough economic reforms, and huge investments in people and infrastructure," she said.

Mrs. Arroyo noted that big investors continue to come to the country, while one million new jobs were again created last year, contributing to the decline in unemployment and poverty rates.

"We're continuing the pace of progress that has made our economy so strong. This maturity in our economy has brought a new confidence that forms the foundation of sustained economic growth moving forward. We are at a tipping point and I'm confident that the Philippines will tip forward.

"Our day in the sun will come if we redouble our efforts to achieve a moral transformation, social justice and economic equality," she added.

The President said the Philippines is on a path of sustained economic growth and that in 20 years, the country would be among First World countries.

But she said that in the short-term, external pressures continue to hound the country, particularly the expected short but sharp slowdown of the United States economy.

In response to the slowdown, the President has ordered a surge in investments in infrastructure, for which P200 billion was allocated.

"We are frontloading our budget so that during this period of short though sharp slowdown of the economy, we would be having a surge in our own infrastructure and social services spending," she said.

"P200-billion budget for infrastructure covering the national government, government corporations and financial institutions and the local government units, and so we are frontloading as much of that as we can to pump prime the economy," she added.

Among the items in the spending surge program of the President are the P4 billion additional funding for low-cost housing and a 10-fold increase in the conditional cash transfer program of the government for poor families.

The decision to focus on infrastructure spending as a firewall against the US slowdown was made in response to the rejection by the President's economic managers of the P75-billion economic stimulus package proposed by Albay Gov. Joey Salceda, an economic adviser of Mrs. Arroyo.

Unlike the stimulus package, which would require the passage of a supplemental budget as proposed, the funds needed for the infrastructure surge are already covered by the 2008 budget.

- Marvin Sy