

GMA to revise economic policies, says adviser

President Arroyo will revise her economic policies and ask Congress for a supplemental budget to support a P316-billion subsidy program for the poor and middle class, Albay Gov. Joey Salceda said yesterday.

Salceda, who is also a presidential economic adviser, said Mrs. Arroyo will likely make her pitch for a fresh budget when she makes her State of the Nation Address on July 28 when Congress opens session.

"Keeping the status quo is grossly insensitive, worse negligent, nay imprudent matched only by the captain of the *M/V Princess of the Stars*," Salceda said, referring to the ferry that capsized and drowned hundreds at the height of typhoon "Frank."

"There is a storm and we cannot allow the ship of state to sail. We must strengthen it first," he said.

He said the current national budget is no longer responsive to the worsening economic situation. He said despite the growth, there are

more poor households.

"First, it is clear we need more state intervention on behalf of the marginalized. Markets have miserably failed to lift the 5.3 percent Gross Domestic Product vs. jobs loss of 178,000 in the first quarter," Salceda said in a statement.

"Second, while we spend the P156 billion for capital outlay for the growth, we hardly spend for direct subsidies to poor," he said.

He stressed that while supports calls for a review of the administration's economic policies, he is firmly against proposals to scrap the value-added tax (VAT). He said the subsidy program or the "Noah's Ark Framework," which he proposed to the President last month, was already a "strategic response to the fuel and food crisis."

The subsidy program, he said, could reach as high as P441 billion and pales in comparison to the P18 billion earlier allocated by the government for electricity and education sub-

sidies funded by VAT proceeds on oil.

He said Mrs. Arroyo approved the "Noah's Ark" but did not say when. Even Press Secretary Jesus Dureza said he could not yet confirm if Mrs. Arroyo had indeed approved Salceda's formula.

Dureza said economic managers welcome all suggestions, including those coming from the Catholic Bishops' Conference of the Philippines, on revising economic policies. He however stressed the economic policies are under review "on a daily basis."

Salceda said funding new programs, such as the Noah's Ark, without compromising the Medium Term Philippine Development Program would "require review of balanced budget doctrine" of the Arroyo administration.

The Albay governor also blamed overpopulation for the economic woes.

"Current population policy is simply indefensible in the face of resource depletion. (The

interplay of climate change, food security and energy independence will require new formulations of strategic mix," Salceda said.

"A review of economic policy must inevitably result in new solutions and new approaches," he pointed out.

Earlier, Salceda said his Noah's Ark program would translate to a deficit of only one percent of GDP sustained over three years.

He said conditional cash transfer to 4.7 million households living below poverty threshold is central to the social protection plan.

With P28 billion annually or P84 billion for three years, the cash transfers to poor households would represent "the biggest net resource transfer to the poor in our recent history," he said.

Foolishness

Sen. Mar Roxas, chairman of the Senate committee on trade and commerce, said it would be foolish for the government to stick to its economic policies in the face of the skyrocketing prices of fuel and food.

"Only a fool doesn't change tack when circumstances change," Roxas said.

"By saying that it won't change or even review its policies, the government seems to be throwing its arms up in surrender and telling us na magitis na lang tayong isahat (let's just bear with it), which is a mockery of what public service and good governance are all about," he added.

"Forget Kilos-Asenso and other pork barrel projects - let's focus on giving our people food to eat at affordable prices and jobs that would make them productive, self-sufficient and hopeful amid this crisis," Roxas said.

Roxas suggested that government embark on an "Agrarian Renaissance Program" by prioritizing agriculture and food security.

"Let's help out our own farmers instead of those from Thailand, Vietnam or the US benefiting from our importations of rice; this way, our money circulates within the economy," Roxas said.

Roxas' comments drew flak from Secretary to the Cabinet Ricardo Saludo who said that the senator was issuing conflicting statements.

"How can one show fiscal discipline and, at the same time, scrap a major source of revenues which has kept the deficit down and boosted business confidence. And what would Senator Roxas' investment banking friends say to his call for VAT lifting and no interest rate increases?" Saludo argued.

BCBP also wants policy review

"We are in favor of having a review on economic policies that affect the rising cost of commodities because the poor are the ones suffering. Therefore, out of sympathy for them, we have to really review our laws on prices, especially on gasoline," CBCP president and Jaro, Iloilo Archbishop Angel Lagdameo said at a press briefing at San Carlos Seminary yesterday.

"In some way, the rise in the prices is advantageous to the government because it has a bigger collection. But if we would closely look at it, does it really help the people?" Manila Auxiliary Bishop Broderick Pabillo asked.

No to VAT lifting

Speaker Prospero Nograles opposed yesterday proposals in both House and the senate to temporarily lift the 12-percent expanded value added tax (EVAT) in the wake of soaring fuel and food prices.

"The proceeds from the EVAT are the only thing that keeps us afloat. Without the EVAT, which is the government's most constant and surefire revenue source, the economy will collapse," he said.

"It is very easy and popular for us to say we should remove EVAT, but I don't think that it is good for the country," he said.

Roxas has reiterated his proposal for Congress to suspend VAT while fuel and food prices are high.

He estimated that suspending the levy could reduce fuel prices by P7 since gasoline now costs more than P60 per liter.

In the House, there are several bills seeking to scrap VAT on oil and electricity.

Nograles said instead of abolishing or suspending the tax, the government should use EVAT collections "to re-energize the economy."

For instance, he said part of the revenues could be used for a P15-billion, three-year food production program.

"Food production is the most practical shield against the runaway global prices," he said.

Over the weekend, Nograles reiterated his call for Malacañang to immediately subsidize the price of diesel by at least P1 per liter.

He made the call in the wake of the announcement of oil companies that they might increase the price of diesel by at least P2 per liter in the next few weeks.

"This is too much. This might cripple the operation of our public transport sector as most public utility vehicles use diesel. If the government cannot prevent the unabated increase in fuel prices, it must at least find ways to shield the public transport sector and the riding public from this global curse," he said. - With Aurea Calica, Jess Diaz, Rainier Allan Ronda, Evelyn Macacian