

SENATE
P.S. Res. No. 183

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RECEIVED BY: 

Introduced by Senator Grace Poe

RESOLUTION

URGING THE SENATE COMMITTEE AFFAIRS TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE RAPID AND SUSTAINED INCREASE IN THE INFLATION RATE IN THE PAST SIX MONTHS, AND THE ERODING PURCHASING POWER OF THE PESO, AND TO STUDY THE FEASIBILITY OF PROVIDING A TARGETED CASH SUBSIDY TO THE BOTTOM THIRTY PERCENT (30%) OF FILIPINO FAMILIES

1 WHEREAS, Section 1, Article 12 of the 1987 Philippine Constitution states
2 that the goals of the national economy are a more equitable distribution of
3 opportunities, income, and wealth; a sustained increase in the amount of goods
4 and services produced by the nation for the benefit of the people; and an
5 expanding productivity as the key to raising the quality of life for all, especially
6 the underprivileged;

7 WHEREAS, rapid and sustained increases in the prices of goods and
8 services are inimical to the economic wellbeing of Filipinos;

9 WHEREAS, the inflation rate has rapidly and steadily increased in the past
10 six months, as seen below:

| Month | Inflation Rate |
|----------|----------------|
| February | 3.0% |
| March | 4.0% |
| April | 4.9% |
| May | 5.4% |
| June | 6.1% |
| July | 6.4% |

1 WHEREAS, as of July 2022, the purchasing power of the peso was
2 estimated to be 0.86, which is the lowest it has reached in the past three years;

3 WHEREAS, a study¹ by the Philippine Institute for Development Studies
4 (PIDS) notes that poverty alleviation in the Philippines has been accelerated due
5 to the relatively stable prices of goods and services in the country;

6 WHEREAS, poor families are particularly vulnerable to increases food
7 prices, as according the 2018 Family Income and Expenditure Survey (FIES), the
8 bottom thirty percent (30%) of Filipino families allocated 58.2% of the annual
9 expenditures for food;

10 WHEREAS, however, previous studies² have also estimated that a 10%
11 increase in the price of food prices could lead to a 4.2% decline in the average
12 standard of living;

13 WHEREAS, the same study also noted that a 10% increase in non-food
14 prices could lead to 5.8% decline in the average standard of living in the
15 Philippines;

16 WHEREAS, rapid and sustained increases in the prices of goods and
17 services can also slow down economic growth;

18 WHEREAS, time-series data from the Philippine Statistics Authority (PSA)
19 shows that Household Final Consumption Expenditure (HFCE) accounts for
20 around 70% of Gross Domestic Product (GDP) on the demand side;

21 WHEREAS, it is notable that HFCE grew only by 8.6% in the second
22 quarter of 2022, compared to 8.6% in the previous quarter;

23 WHEREAS, according the Consumer Expectations Survey of the Bangko
24 Sentral ng Pilipinas, a moderation in spending among consumers is expected for
25 the 3rd Quarter of 2022, which may reflect adjustments in their spending pattern
26 related to their expectations of higher inflation outlook;

¹ Reyes, C. "Eradicating Poverty in the Philippines by 2030: An Elusive Goal?" *PIDS Discussion Paper Series No. 2021-042*.

² Son, H. 2008. *Has Inflation Hurt the Poor? Regional Analysis in the Philippines*. Asian Development Bank: Philippines.

1 NOW THEREFORE BE IT RESOLVED, as it is hereby resolved by the Senate
2 of the Philippines, to urge the Senate Committee Affairs to conduct an inquiry, in
3 aid of legislation, on the rapid and sustained increase in the inflation rate in the
4 past six months, and the eroding purchasing power of the peso, and to study the
5 feasibility of providing a targeted cash subsidy to the bottom thirty percent
6 (30%) of Filipino families.

Adopted,



GRACE POE