SEVENTEENTH CONGRESS OF THE	
REPUBLIC OF THE PHILIPPINES	
Third Regular Session	

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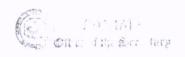
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SENATE P.S. Res 937

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REC.



Introduced by Senator Poe

RESOLUTION

DIRECTING THE APPROPRIATE SENATE COMMITTEES TO CONDUCT A COMPREHENSIVE STUDY ON THE NEED TO CUT GOVERNMENT SPENDING TO EASE PRICE PRESSURES AND TEMPER INFLATION, WITH THE END IN VIEW OF RECOMMENDING MEASURES TO MANAGE ECONOMIC RISKS AND BOOST CONSUMER CONFIDENCE

WHEREAS, it is a declared policy of the State to "promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all" (Article II, Section 9 of the 1987 Philippine Constitution);

WHEREAS, Article XII, Section 1 states: :"The goals of the national economy are a more equitable distribution of opportunities, income, and wealth; a sustained increase in the amount of goods and services produced by the nation for the benefit of the people; and an expanding productivity as the key to raising the quality of life for all, especially the underprivileged";

WHEREAS, a robust economy is evidenced by the sound decisions and effective fiscal policies of the government which tends to benefit all citizens and businesses;

WHEREAS, economic gains are being wiped out in part by inflation figures, with consumer prices rising to nine-year high of 6.7% in October;

WHEREAS, the October clip—the same as previously recorded in September—brought the average inflation rate in the first 10 months to 5.13%, above the government's target range of 2-4% for 2018;

WHEREAS, the rise in domestic consumer goods and services was blamed on imported which the Philippines is heavily reliant to, while observers opined that the rise in consumer prices was also partly brought by the implementation of the first tranche of the administration's tax reform package, which imposed additional or higher taxes on fuel and sugar-sweetened beverages;

WHEREAS, the government is eyeing the suspension of the of the second wave of increases of fuel excise taxes for 2019 to somewhat control the spiralling up of oil prices;

WHEREAS, economic think tank ANZ Research said in a report published last week that apart from addressing supply concerns for food and fuel, the government should consider reducing its planned spending as another route to temper inflation¹;

WHEREAS, the government's plan to defer fuel tax increases next year and implement the proposed rice tariffication law are unclear whether these developments will be sufficient to durably lower inflation;

WHEREAS, the International Monetary Fund has said in September that the Philippines should target a more modest budget deficit by cutting allocation for non-priority items²;

WHEREAS, the Paris-based Organization for Economic Cooperation and Development said earlier this year that government spending is crucial to sustain its economic growth³;

WHEREAS, it is imperative for the Senate to conduct an assessment and careful analysis as to whether or not the government needs to shave spending to ease inflation, and recommend to the Executive what measures must be undertaken to control price spikes;

WHEREAS, it is also the Senate's duty to review policies set forth by the Executive as it deliberates the government's spending plan on a yearly basis, and budget assumptions are reliant on inflation forecasts and other macroeconomic fundamentals;

¹ Lopez, M. 2018, November 5. 'Gov't may need to cut spending to tame inflation—ANZ' Business World. https://www.bworldonline.com/govt-may-need-to-cut-spending-to-tame-inflation-anz/
² Ibid.

³ Tubayan, E. 2018, July 16. 'State spending to sustain GDP growth.' Business World. https://www.bworldonline.com/state-spending-to-sustain-gdp-growth/

BE IT RESOLVED, AS IT IS HEREBY RESOLVED, BY THE SENATE OF THE PHILIPPINES, to direct the appropriate Senate committees to conduct a comprehensive study on the need to cut government spending to ease price pressures and temper inflation, with the end in view of recommending measures to manage economic risks and boost consumer confidence.

Adopted,