



'18 NOV 12 P 4:26

SENATE
P.S. Res 937

REC'D

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

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

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

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

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

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

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

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

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

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

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

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

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

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

29

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/>

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

6

7 Adopted,


GRACE POE