

Written by Gov. Ben Sanchez
Saturday, 29 May 2010 14:31 -

The incoming administration of Noyoy Aquino will inherit a budget mess. But that's nothing new. The more-advanced countries of Western Europe are burdened with a more-serious budget crisis.

I have observed that governments in Europe are desperately cutting down humongous fiscal deficits by various means: increasing work hours, raising legal retirement ages, reducing benefits and pensions and cutting salaries, especially the remunerations of senior public officials and politicians.

These drastic measures were undertaken not only to fix the countries' welfare system but will have two beneficial effects. In time, the EU countries will have a sustainable fiscal system possibly with the imposition of additional taxes. Secondly, the stabilization plan will increase productivity and make European goods more competitive in the world markets.

Currently, the EU provides the single largest market for products made in China

As a result, China's trade surplus with EU countries is even larger than the U.S.'s trade deficit with that country.

President-elect Aquino Must Undertake Belt-tightening Moves - MabuhayRadio

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After the incoming President delivers his State of the Nation address in Congress, he is due to present his first Fiscal Budget. Let me make a few initial suggestions:

- If Noynoy Aquino is really serious about balancing the budget, the belt-tightening should start at home, that is, the Executive Department. First, take a look at the huge bureaucracy that mushroomed in Malacañang during the last administration.

The Palace has become a Little Government!

If I am not mistaken, there are more than two-dozen 'public servants' there who hold the position of Undersecretaries. Also investigate how many so-called 'consultants' are employed there. I believe the budget of the Executive Office can be cut in half. Mr. Aquino should set an example and demonstrate to the general public and particularly to Congressmen and Senators that he practices austerity.

- In previous eras, I remember that there were only two Undersecretaries per Cabinet-level department. Now, I understand that some departments have more than a dozen undersecretaries. Aquino's Finance and Budget secretaries should take steps to cut the numbers down.

- The Cabinet salaries appear low. However, the other benefits they receive are hidden from public view. These should be thoroughly reviewed. The candidates for Cabinet posts should be prepared to make sacrifices for the common good. They should not be pampered to do their work. All vehicles assigned to high public officials should be sold. They can afford to buy their own cars.

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· The bloated pork-barrel fund – euphemistically called ‘Community Development Fund’ – is the major source of the leakage of taxpayers’ money. No study has yet been made of how pork-barrel funds have grown during the last decade. Initially, I suggest that the CDF should be cut down to 75 per cent of last year’s level.

I hope this economist will be permitted to suggest other budget cuts.

{xtypo_quote} **Editor’s Note:** The author, Conrado Sanchez, Jr., is a United States-educated economist and a former governor of the Board of Investments. He resides presently in the City of Makati. Readers may contact him by e-mail at altez91@gmail.com
{/xtypo_quote}