

Written by Bobby Reyes

Thursday, 12 February 2009 06:51 - Last Updated Friday, 13 February 2009 14:32

Rx refers to a medical prescription, as many patients know. This article will now summarize the Rx that some Overseas-Filipino community leaders and this writer have said about how to combat the coming of a pandemic "great economic depression (GED)" in the Philippines. Yes, the "coming" GED is actually happening – if it has not yet started in the last quarter of 2008. It is given that the Philippine economy is at the mercy of the so-called "Global Economy." It has been said that when New York's Wall Street sneezes, the Philippine economy suffers a cold. If the American economy catches a cold, the Philippine economy develops a fever, if not influenza. And yes, the Filipino leaders's "irrational exuberance" over the Philippine economy should become a rational get-up-and-go national concern to combat the GED's effects on the people, especially on the lowly Filipino workers in the rural areas, many of whom earn less than a lousy American dollar a day.

This writer said on Jan. 15, 2008, "Many Filipino consumers, including Overseas Filipinos, cannot really understand the exuberance of the top economists, financial experts and whiz kids of the Philippine government over the appreciation of the Philippine peso vis à vi the US dollar. Is this the Filipino version of Alan Greenspan's 'irrational exuberance'?" Readers may browse the entire article in this hyperlink, [The Filipino Version of the "Irrational Exuberance"?](#)

All the rah-rah boys (and girls) of the Arroyo Dispensation have trumpeted the progress of the Philippine economy. Yes, the progress is on paper. The reality is that the Philippine economy was (and continues to be) a paper tiger.

I have written (and warned) that the supposed economic miracles that happened during the reign of Czarina Gloria Arroyo and her "Czarzuela" of an Administration were but mirages. What appeared to be economic gains was the result of borrowings and more borrowings, propped up by the ever-increasing remittances from the Overseas-Filipino communities. Here are some of the articles:

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[The Arroyo Dispensation Continues with Its "Irrational Exuberance," as It Keeps Borrowing More](#)

[Jobs Cannot Be Created by Press Releases Alone](#)

Even in the matter of property values in the Philippines, I have talked with executives of the leading Filipino real-estate developers and even the head honcho of the Government Service Insurance System (GSIS) and told them of my predicted fall of real-estate prices in the homeland. You can read more of my forecast in this article,

[Global-warming Articles Not Meant to Destroy RP Property Values If Metro Manila Will Be Under Water](#)

The GED signs are ominous. Reprinted at the end of this article is *The China Post's* Feb. 11, 2009, report that said, "Philippine exports plunge 40 percent in December 2008." Foreign and American firms are shutting down their factories and even their cargo hubs in the Philippines. And things will turn worse before matters get better not only in the Philippines but even also in capitalist bastions such as the United States.

Right now, there are many Overseas-Filipinos (OF) groups that are organizing the beginnings

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of real pro-people and progressive political parties in the Philippines. If our Southern California-based coalition has a say in the economic platform of an OF-led political alliance that will contest the 2010 national elections, here is the Rx for fighting the GED:

1.0 **The first step** is to eliminate the "Value-added Tax" (VAT). It is the worst legacy of the Arroyo Dispensation. In fact I have made fun of it, as found in [Humor Is Now the Opium of the Filipino People](#) and doing away with the VAT will also eliminate the monikers "VATman" and "VATwoman" that humorists and wags use in belittling (pun intended) the Philippine President and her First Gentleman.

1.1 Instead of an economic stimulus of using billions of pesos from the reserves of the Social Security System (SSS) and the GSIS and more borrowings, all the Arroyo Dispensation has to do is to eliminate the VAT. If the Filipino citizens, especially the voters, do not realize it yet, "a government cannot give anything to anyone that it does not first take from someone else," to borrow a quote from Dr. Adrian Rogers.

1.2 Right now, Filipino taxi, jeepney and tricycle drivers spend thousands of pesos in VAT. Many taxi drivers in Metro Manila say that they spend like four-thousand pesos or more per month in VAT. Can any economic stimulus match the elimination of the VAT to and for the taxi drivers and other entrepreneurs who buy gasoline and oil products every day in their trade or profession?

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2.0 **Eliminate the pork-barrel** allocations for Filipino congressmen and senators and give them as immediate salary increases to all government employees. Putting the tens of billions of pork money in the hands of the government employees – instead of the pockets of senators and congressmen – should immediately boost consumer spending – without the need of more government bureaucracy needed in dispensing the dole outs.

3.0 **Eliminate the income tax** (as done in the State of Nevada) and replace it with a national sales tax or a variation of then American presidential candidate [Steve Forbes' Flat Tax Plan](#) (as first discussed in 1995). This will be the subject of another article (as Part II of this series) – as it is quite a messy topic.

3.1 Readers will ask immediately as to where will the Philippine government get the funds to run the bureaucracy and provide basic government functions and social services – if the income tax and VAT are eliminated? Right now, more than 50% to 80% of all government expenditures – with the exception of the basic salaries paid to government employees (excluding ghost employees) – are lost due to corruption, mismanagement and duplication of jobs, functions, etceteras, etc.

3.2 All that a well-meaning and honest government will do is to cut out the fat and the pork in the budget AND implement honest-to-goodness cost-efficient ways and means of running the day-to-day affairs of governance. This is easier said than done but it can be accomplished, as being performed by governments in Singapore, the Scandinavian countries, Australia, New Zealand and other progressive countries.

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4.0 **Reinvent the “Emergency Employment Administration”** of then President Diosdado Macapagal but turn it (EEA) into the so-called, "Emergency-Employment and Ecological-Evolution (E4)" Program, as described in this article, [Funding Reforestation as a Solution to Global Warming \(Part6\)](#)

4.1 The government can require the government employees to use their respective shares of the pork barrel (AKA "Countryside Development Funds")—as stated in paragraph 2.0—in operating “tree-farm cooperatives (TFC), as proposed in the E4. Or government employees -- as turned into cooperatives -- can operate vacant or abandoned fishponds and other agricultural ventures as stated in this article [Reinventing the Philippine Military \(Part Two\)](#) and help “turn military camps into enterprise zones.”

4.2 We submitted again to President Arroyo the E4 Proposal, as described in this article, [The I2D2 and New EEA Proposals Sent Again to PGMA](#)
We submitted the same E4 Proposal to President Arroyo in September 2003 in New York. But the President and her Rasputins are either deaf or dumb. Or both; and they refuse even to acknowledge receipt of our proposals.

5.0 **Combat the GED** (Great Economic Depression) by doing the G.O.D. (Good Outstanding Development), as will be explained in Part III of this series.

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5.1 To form part of this series is an updated G.O.D. plan for the Bicol Region, a partial description of which is found in [Reinventing the "Ramon Magsaysay Line" in Solving Philippine Political Problems](#) where I submitted "a 25-year 52-page, single-space, typewritten draft of platforms of government and socioeconomics to the so-called 'Convenors's Group (Opposition Party)' in Province Sorsogon in the election of 1987." We have chosen the Bicolandia because it is the home region of this writer and he has tapped the services of well-meaning Bicolnon planners and visionaries such as Mrs. Minh Apil, some executives of the now-defunct Bicol River Basin Development Program and friends like Nat John Duenas of Northern California and Iloilo.

(To be continued . . .)

* Here is *The China Post* article:

MANILA, Feb. 11, 2009 -- Philippine exports saw their biggest fall on record in December plunging 40.4 percent year on year on the back of the global economic slowdown, the government said Tuesday.

It was the sharpest monthly fall since the government started recording export data in 1987.

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The drop was largely anticipated given the global slowdown, Ricardo Puig, analyst at ATR-Kim Eng Securities told Dow Jones Newswires.

The National Statistics Office said December exports were dragged down by a sharp contraction in electronics shipments and substantially weaker sales to major markets in China, Japan and the United States.

“Preliminary exports data showed that shipments in December dropped 40.4 percent to US\$2.67 billion from the year-earlier period's 4.48 billion,” the government said.

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