DOWNLOAD PDF A FRESH LOOK AT PHILIPPINE ECONOMICS

Chapter 1 : Philippine economy to grow fastest in ASEAN-5 in - First Metro

Malacanang added that the Philippine economy grew by an average of percent in the first three quarters of and that the government aims to reach annual GDP growth of 7 to 8 percent from to

Reaping the Benefits of Globalization: Let me begin by thanking Mr. Del Rosario for his welcoming remarks and Mr. Sy for that very generous introduction. It is a pleasure to be here in the Philippines and see firsthand the progress that you have made. Things have changed a great deal since Michel Camdessus visited the Philippines as Managing Director of the Fund in Our relationship with your government is now that of a "friendly advisor," and we also look to the Philippines as a source of advice and inspiration for other emerging economies. I will also discuss some risks to the global economy, some challenges posed by globalization, and some policy responses that can help governments to contain these risks and meet these challenges. We are now in the fifth year of a strong global economic expansion. Last week, the Fund updated its World Economic Outlook, and we now project that growth in will exceed 5 percent, which is higher than we thought just a few months ago. One striking development this year is a shift in the sources of growth. In , the United States was the main engine of growth, accounting for almost a quarter of global growth. We do not expect this to be the case this year. Growth in the United States will fall to about 2 percent. Even at this lower growth rate, because of the size of its economy, the United States remains very important: But for the first time, the largest contribution to global growth will now be made by China. Also, the euro area countries, which have been benefiting from structural reforms, will make a contribution about equal to that of the United States. Looking ahead, we expect to see this pattern of growth to continue. We expect the U. Prospects in Europe and in Japan remain good. And we expect China and-increasingly-India to continue to grow in importance as engines of global growth. We believe that growth in China is likely to be over 11 percent and growth in India around 9 percent in , and we project that growth in both countries will be almost as high again next year. Other economies in emerging Asia are showing similar strength. We expect the Philippines to grow at rates close to 6 percent in and , and growth in the ASEAN-5 together-Indonesia, Malaysia, the Philippines, Thailand, and Vietnam-to average about the same in each year. Inflation is projected to remain low in most Asian countries, including the Philippines. External current account positions are likely to remain in substantial surplus. Net capital inflows are expected to continue. To sum up, the outlook for the global economy is generally good, and the economic prospects of most countries in emerging Asia are also good, notwithstanding some adverse effects on the region from low growth in the United States. The questions then are, what are the risks to this good outlook, and what are the policies needed to contain these risks? I want to bring to your attention three aspects of the current situation where I think there are important risks. The first is the situation in the global oil market. The second is risks in financial markets, especially those affecting emerging markets. The third is the potential for a backlash against globalization. Let me take each in turn. The market for oil is exceptionally tight. So far, the global economy has shrugged off high oil prices in part because the high prices are themselves largely the product of economic growth which has led to rising demand for oil. But there are also considerable vulnerabilities on the supply side, with respect to both production and refining, and a supply shock could be much more damaging to global growth. With regard to oil production, geopolitical concerns call into question the reliability of supply in some countries. In others, underinvestment has constrained capacity. In refining, uncertainties about long-term demand for gasoline in an industry where investments have only long-term payoffs have also led to persistent underinvestment, which is only gradually being reversed. In the light of this market tightness, policies to curtail demand and improve energy efficiency become very important. There is consensus that governments should encourage energy efficiency. Last week, the U. National Petroleum Council joined calls for a rapid increase in vehicle fuel economy standards in the United States. And around the world, private companies are already adopting policies designed to conserve energy in the face of rising costs. Governments can also reduce subsidies and tax exemptions for energy, and replace them with targeted assistance to citizens most affected by high energy prices. This was done with considerable success by Indonesia last year. There is also an important example of a similar policy initiative in the

Philippines, which I will return to in a few minutes. More generally, the danger posed by climate change underlines the importance of curtailing demand for energy products over the long term, either through higher carbon taxes or the introduction of a broad system of tradable emissions permits. Let me now turn to the risks stemming from financial globalization. The growth and dynamism of capital markets have contributed greatly to the prosperity of recent years. The combination of new technology and the development of new financial instruments has led to an upsurge in productivity in the financial sectors of many countries. The global economy has also become substantially more integrated, through financial globalization. This had many good effects. It has given global savers a wider pool of investments to choose from. It has given borrowers access to a much broader market for savings and so lowered their cost of capital. In some cases, it has encouraged development of local capital markets and financial sectors. And especially when flows have taken the form of foreign direct investment, it has accelerated technology transfer, improved productivity, and provided employment opportunities. However, there are also risks associated with financial globalization, and I am concerned that these are still not fully appreciated. We have already seen this phenomenon play out in the sub-prime mortgage market in the United States. Both mortgage borrowers and investors in these markets appear to have been so confident that housing prices would continue rising that they ignored the consequences of a downturn and the attendant credit risks. I also see grounds for concern in the recent dramatic growth in large private equity buyouts, which are being financed by a rising proportion of debt. If some of these deals were to turn sour, it could trigger a reappraisal of risk which would curtail market access more broadly. This in turn could adversely affect investment and growth prospects, not just in the countries where the problems occur but worldwide. I would urge regulators to remain vigilant about these deals, and pay especially close attention to deals whose failure could have systemic implications. Another concern is potential instability from capital inflows. Capital inflows are in many ways a good thing. Asian emerging economies, including the Philippines, have been among the major beneficiaries from the lower capital costs, increased investment, and rapid technological transfer that I listed earlier among the benefits of financial globalization. But very substantial flows also complicate macroeconomic management and expose the countries that receive them to an abrupt reversal of flows when sudden shocks occur. Emerging economies can best respond to such capital flows with a twofold response: The best macroeconomic policy response is to pursue exchange rate flexibility with limited intervention aimed at smoothing volatility in the exchange markets. In some cases, fiscal tightening is also appropriate. In addition to reducing inflationary pressures, this can reduce vulnerabilities by limiting debt accumulation. Improving the domestic financial sector framework is important because countries receiving capital inflows are least likely to experience instability if their financial infrastructures are strong. The Philippines authorities have already taken some useful steps. For example, they have been quite successful in encouraging banks to strengthen their balance sheets. Further development of the financial sector should be an important priority in the next few years. The third area that I want to focus on today is the danger of a backlash against globalization in countries in many different positions. To some extent this may be attributable to the fact that the gains from economic growth, and more generally from changes associated with globalization, have been distributed quite unequally. Over the last decade, inequality has increased in 13 out of 18 Asian countries for which data is available, including the Philippines. The National Statistical Coordination Board estimated that 30 percent of people stilled lived in poverty in the Philippines in These developments are leading people around the world to question the benefits of globalization. Some are tempted to yield to protectionist pressures and to give up on orthodox economic policies and structural reforms. I think it is important to resist both of these temptations. Trade has brought many more benefits than costs all around the world. And growth continues to hold out the greatest promise for lifting the poor out of poverty and providing better opportunities to the disadvantaged. But we also need to make sure that the fruits of growth are widely shared and that the poorest people are protected from the costs of adjustment. Let me conclude by suggesting a few policies which can promote these good outcomes, some of which are already being put into practice here in the Philippines. The first is an increase in investment in education and technology. Research from all around the world suggests that the main reason why inequality has increased in recent years is that the benefits of improved technology have accrued disproportionately to the richest countries and to the richest and best-educated people in all countries. The way to address this source of inequality is not to turn our backs on new technology but to widen access to it, and to education in technology. In the Philippines, building up telecommunications infrastructure and reducing the cost of international calls has stimulated growth in information and communications technology. As a result, employment in the sector-and access to its benefits-has increased massively over the last six years. Development of other aspects of infrastructure can also be helpful. The lack of access of many poor people-especially in rural areas-to roads and electricity contributes to their isolation. I am pleased that President Arroyo emphasized development of physical infrastructure as well as human capital in her State of the Nation Address last week. Financial sector development can help. Market failures and the absence of banking in rural areas adds to inequality. Addressing market failures and promoting microcredit would give the poor more opportunity to invest in themselves.

Chapter 2 : Financial Market Definition | Investopedia

At the 44 th Philippine Business Conference organized by the Philippine Chamber of Commerce and Industry (PCCI), I suggested that we tackle that challenge through the perspective of "economic complexity," described by Professor Ricardo Hausmann of the Kennedy School of Government and Professor Cesar A. Hidalgo of MIT.

Sample of Goods brought via Manila Galleon in Acapulco. The natives already had a great economy and were considered one of the economic centers in Asia when the Spanish colonized and unified the islands. Their economy grew even further when the Spanish government inaugurated the Manila Galleon trade system. Trading ships, settlers [37] and military reinforcements [38] made voyages once or twice per year across the Pacific Ocean from the port of Acapulco in Mexico to Manila in the Philippines. Both cities were part of the then Province of New Spain. This trade made the city of Manila one of the major global cities in the world, improving the growth of the Philippine economy in the succeeding years. Trade also introduced foodstuffs such as maize , tomatoes , potatoes , chili peppers , chocolate and pineapples from Mexico and Peru. Tobacco , first domesticated in Latin-America, and then introduced to the Philippines, became an important cash crop for Filipinos. The Philippines also became the distribution center of silver mined in the Americas, which was in high demand in Asia, during the period. The Basque-based company was granted a monopoly on the importation of Chinese and Indian goods into the Philippines, as well as the shipping of the goods directly to Spain via the Cape of Good Hope. Please help improve this section by adding citations to reliable sources. Unsourced material may be challenged and removed. December Learn how and when to remove this template message Calle Escolta, the economic center of 19th century Manila. This resulted in the Philippines being governed directly by the King of Spain and the Captaincy General of the Philippines while the Pacific islands of Northern Mariana Islands , Guam , Micronesia and Palau was governed by the Real Audiencia of Manila and was part of the Philippine territorial governance. It made the economy of the Philippines grow further as people saw the rise of opportunities. Agriculture remained the largest contributor to economy, being the largest producer of coffee in Asia as well as a large produce of tobacco. The industrialization of Europe created great demands for raw materials from the colonies, bringing with it investment and wealth, although this was very unevenly distributed. Governor-General Basco had opened the Philippines to this trade. Previously, the Philippines was seen as a trading post for international trade but in the nineteenth century it was developed both as a source of raw materials and as a market for manufactured goods. The economy of the Philippines rose rapidly and its local industries developed to satisfy the rising demands of an industrializing Europe. A small flow of European immigrants came with the opening of the Suez Canal, which cut the travel time between Europe and the Philippines by half. New ideas about government and society, which the friars and colonial authorities found dangerous, quickly found their way into the Philippines, notably through the Freemasons, who along with others, spread the ideals of the American, French and other revolutions, including Spanish liberalism. In the Royal Company of the Philippines was abolished, and free trade was formally recognized. With its excellent harbor, Manila became an open port for Asian, European, and North American traders. European merchants alongside the Chinese immigrants opened stores selling goods from all parts of the world. In additional ports were opened to foreign commerce, and by the late nineteenth century three cropsâ€”tobacco, abaca, and sugarâ€”dominated Philippine exports. First Philippine Republic â€" [edit] The economy of the Philippines during the insurgency of the First Philippine Republic remained the same throughout its early years but was halted due to the break out of the Philippineâ€"American War. December Learn how and when to remove this template message Manila in the s When the Americans defeated the first Philippine Republic and made the Philippines a showcase territory of the United States , the country saw a redevelopment under the American system. Economy as well was re-developed. The Philippines saw the growth of the economy once again after the war as the Americans built new public schools, transportation, reform system, boutiques, offices and civic buildings. Instead, the US relied on the Philippine economy throughout the depression era. Commonwealth Era â€"45 [edit] This section does not cite any sources. December Learn how and when to remove this template message s Manila overlooking the Pasig River and

Manila Central Post Office When the United States granted the Philippines commonwealth status, the country enjoyed a rapid growth of prosperity. Tourism, industry, and agriculture were among the largest contributors to the economy. Products included abaca a species of banana Janssen , coconuts and coconut oil, sugar, and timber. Numerous other crops and livestock were grown for local consumption by the Filipino people. Manila became one of the most visited cities in Asia alongside Hong Kong. Manila was considered to be the most beautiful city in Asia. This sentiment drew tourists from around the world, helping to boost the Philippine economy. The performance of the economy was good despite challenges from various agrarian uprisings. Taxes collected from a robust coconut industry helped boost the economy by funding infrastructure and other development projects. The people enjoyed a first world economy until the time when the Philippines was dragged into World War II. This led to a recession in the economy. World War II â€”45 [edit] Due to the Japanese invasion establishing the unofficial Second Philippine Republic , the economic growth receded and food shortages occurred. Prioritizing the shortages of food, Jose Laurel, the appointed President, organized an agency to distribute rice, even though most of the rice was confiscated by Japanese soldiers. Manila was one of the many places in the country that suffered from severe shortages, due mainly to a typhoon that struck the country in November The people were forced to cultivate private plots which produced root crops like kangkong. The Japanese, in order to raise rice production in the country, brought a quick-maturing horai rice, which was first used in Taiwan. Horai rice was expected to make the Philippines self-sufficient in rice by , but rains during prevented this. Japanese Invasion Money â€" Philippines Pesos Also during World War II in the Philippines, the occupying Japanese government issued fiat currency in several denominations; this is known as the Japanese government-issued Philippine fiat peso. The first issue in consisted of denominations of 1, 5, 10 and 50 centavos and 1, 5, and 10 Pesos. The next year brought "replacement notes" of the 1, 5 and 10 Pesos while ushered in a Peso note and soon after an inflationary Pesos note. In , the Japanese issued a 1, Pesos note. This set of new money, which was printed even before the war, became known in the Philippines as Mickey Mouse money due to its very low value caused by severe inflation. Anti-Japanese newspapers portrayed stories of going to the market laden with suitcases or "bayong" native bags made of woven coconut or buri leaf strips overflowing with the Japanese-issued bills. A year later in , the Philippines got its independence in America, creating the Third Philippine Republic. In an effort to solve the massive socio-economic problems of the period, newly elected President Manuel Roxas reorganized the government, and proposed a wide-sweeping legislative program. The establishment of the Rehabilitation Finance Corporation which would be reorganized in as the Development Bank of the Philippines ; [47] the creation of the Department of Foreign Affairs and the organization of the foreign service through Executive Order No. In leading a "cash-starved [50] government" that needed to attend a battered nation, President Roxas campaigned for the parity amendment to the Constitution. The President, with the approval of Congress, proposed this move to the nation through a plebiscite. The Roxas administration also pioneered the foreign policy of the Republic. When President Carlos P. Garcia won the elections, his administration promoted the "Filipino First" policy, whose focal point was to regain economic independence; a national effort by Filipinos to "obtain major and dominant participation in their economy. Another achievement of the Garcia administration was the Bohlenâ€"Serrano Agreement of , which shortened the term of lease of the US military bases in the country from the previous 99 to 25 years. He reiterated his resolve to eradicate corruption, and assured the public that honesty would prevail in his presidency. Among the laws passed during the Macapagal administration were: The administration lifted foreign exchange controls as part of the decontrol program in an attempt to promote national economic stability and growth. Marcos Era â€"86 [edit] President Ferdinand E. Marcos declared martial law in the midst of rising student movements and an increasing number communist and socialist groups lobbying for reforms in their respective sectors. There was further unrest, and in the middle of the disorder on 21 September , Marcos issued Proclamation No. Much of the money was spent on pump-priming to improve infrastructure and promote tourism. However, despite the aggressive borrowing and spending policies, the Philippines lagged behind its Southeast Asia counterparts in GDP growth rate per capita. The country, in â€", only registered an average 5. This lag, which became very apparent at the end of the Marcos Regime, can be attributed to the failures of economic management that was brought upon by State-run monopolies, mismanaged exchange rates, imprudent monetary policy and debt management, all underpinned by rampant corruption and cronyism. Income inequality grew during the era of martial law, as the poorest 60 percent of the nation were able to contribute only The richest 10 percent, meanwhile, took a larger share of the income at This can be attributed to lower real agricultural wages and lesser real wages for unskilled and skilled laborers. Real agricultural wages fell about 25 percent from their level, while real wages for unskilled and skilled laborers decreased by about one-third of their level. It was observed that higher labor force participation and higher incomes of the rich helped cushion the blow of the mentioned problems. Most of the immediate efforts of the Aquino administration was directed in reforming the image of the country and paying off all debts, including those that some governments were ready to write-off, as possible. This resulted in budget cuts and further aggravated the plight of the lower class because the jobs offered to them by the government was now gone. Infrastructure projects, including repairs, were halted in secluded provinces turning concrete roads into asphalt. Privatization of many government corporations, most catering utilities, was the priority of the Aquino administration which led to massive lay-offs and inflation. The Aquino administration was persistent in its belief that the problems that arose from the removal of the previous administration can be solved by the decentralization of power. Growth gradually began in the next few years of the administration. Somehow, there was still a short-lived, patchy, and erratic recovery from to as the political situation stabilized a bit. With this, the peso became more competitive, confidence of investors was gradually regained, positive movements in terms of trade were realized, and regional growth gradually strengthened. Ramos Administration â€”98 [edit] The Ramos administration basically served its role as the carrier of the momentum of reform and as an important vehicle in "hastening the pace of liberalization and openness in the country". It was during the term of the administration when the Bangko Sentral ng Pilipinas was established, and the Philippines joined the World Trade Organization and other free trade associations such as the APEC. Also, debt reduction was considered and as such, the issuance of certain government bonds called Brady Bonds also came to fruition in Key negotiations with conflicting forces in Mindanao actually became more successful during the administration, with Jose Almonte as one of the key adviser of the administration. By the time Ramos succeeded Corazon Aquino in , the Philippine economy was already burdened with a heavy budget deficit. This was largely the result of austerity measures imposed by a standard credit arrangement with the International Monetary Fund and the destruction caused by natural disasters such as the eruption of Mt. Hence, according to Canlas, pump priming through government spending was immediately ruled out due to the deficit. Ramos therefore resorted to institutional changes through structural policy reforms, of which included privatization and deregulation. He sanctioned the formation of the Legislative-Executive Development Advisory Council LEDAC , which served as a forum for consensus building, on the part of the Executive and the Legislative branches, on important bills on economic policy reform measures 4. The daily brownouts that plagued the economy were also addressed through the enactment of policies that placed guaranteed rates. The economy during the first year of Ramos administration suffered from severe power shortage, with frequent brownouts, each lasting from 8 to 12 hours. Twenty power plants were built because of these, and in effect, the administration was able to eliminate the power shortage problems in December and sustained economic growth for some time.

Chapter 3 : Sustainable Development Framework for Local Governance

The Philippines economy continues to grow at a fast pace, matching China's, as President Rodrigo Duterte is debating the existence of God. In the March quarter of , the Philippines economy.

Chapter 4 : Growth Matters - SAP | The Economist Intelligence Unit

The Philippines' economic freedom score is , making its economy the 61st freest in the Index. Its overall score has decreased by point, with lower scores for the government.

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Chapter 5 : Economy of the Philippines - Wikipedia

obtain a fresh look at the Philippine economy by adopting the comparative approach and long-term lens of the relatively new discipline of growth economics, using its models and tools of analysis.

Chapter 6 : Reaping the Benefits of Globalization: Economic Prospects and Challenges for Asia

MANILA, Philippines â€" In an attempt to fire back at Vice President Leni Robredo, who advised President Rodrigo Duterte to pay attention to the economy instead of hurling tirades against her or.

Chapter 7 : PH, China to remain worldâ€™s fastest growing economies - Northbound Philippines News Or

Philippine economy to grow fastest in ASEAN-5 in - First Metro. The Philippine economic growth is seen to be driven by the revival in manufacturing, consumption spending, stable remittances.

Chapter 8 : Philippine Institute for Development Studies

Philippines' Richest Hong Kong's Richest Sharing Economy Smartsheet BrandVoice Social Media Belonging: A Fresh Look At Engagement.