

**MANILA TO PUSH AHEAD WITH FISCAL REFORMS.**By **Chaitanya Kalbag**

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English

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MANILA, Dec 11 - The Philippine government intends to boost tax collection, reorder its expenditures, and rationalise state-owned corporations to remedy its dismal fiscal situation, Finance Secretary Vicente Jayme said.

He told a meeting of the Philippine Economic Society that the country's tax revenues as a ratio of gross national product (GNP) had declined from a high of 11.9 pct in 1979 to 9.4 pct in 1984 before recovering to 10.7 pct in 1986.

He said an improvement in the tax situation would have to come mainly from better enforcement of existing tax laws.

Jayme said the problem of inadequate tax revenues needs to be addressed quickly because the country would be resorting to borrowing to finance its budgetary deficit.

"In spite of a tax system which claims sophistication and is one of the oldest in a developing world, our tax structure continues to be favourably skewed towards indirect taxation, thus exhibiting regressivity," he said. He added that the system penalised the poor and exacerbated social inequality.

He also said the national budget had haemorrhaged badly over the past four years because of transfers to government financial institutions and non-financial corporations.

Jayme said in 1983 total government transfers to both sectors amounted to 8.1 billion pesos. The transfers rose to 14 billion in 1984, 16 billion in 1985 and 27.7 billion in 1986, he said, adding that last year's figure represented 26 pct of total government expenditures.

Listing steps the government proposed to take, he said: "In the administration of our tax system, we shall see to it that internal checks and balances are in place to safeguard collection and to promote efficiency and enhance (the) effectiveness of our collecting agencies."

State firms will be rationalised with some being privatised and others restructured. Those the government intends to retain will have their performance evaluated.

Jayme said another factor continuing to undermine economic growth is the country's weak financial infrastructure.

"Our banking system is just emerging from a spate of failures and bank runs. The major government banks which used to be the biggest in the industry are still in the process of rehabilitation ... Private banks taken over by the government during the height of the (1983/85) financial crisis are still in the process of being privatised," he said.

"Most rural banks, the main conduits of our rural credit programs, are still being resuscitated," Jayme said, adding that because of bad loans extended in the past, many private banks were still overcautious in lending.

"Meanwhile, our financial markets are still small and are clearly inadequate for our development needs," he said.

Most savings were short-term and did not help capital build-up, while the capital market was thin and shares traded were mostly speculative issues, he said.

To add to these weaknesses, the country's savings rate dropped to a historic low of 13.5 pct in 1985.

Jayme said the country's stock markets would grow only if closely held companies were encouraged to list their shares.

"As events after the February (1986) revolution show, our institutions are inflexible, resistant to change ... (they) seem to have lost the ability to strike compromises, the very foundation of social stability," he said.





"We cannot afford to wait for manna from heaven to fall on our laps. Development is not a product of the action of leaders, it comes from the collective action of a society."

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MANILA, Dec 7, Reuter - Former Philippine finance minister Jaime Ongpin was found with a bullet wound in the head in his Manila office on Monday in what his son and police said looked like suicide.

Jaime's son Rafael Urbane said a guard at the building housing Ongpin's office found the former minister over his desk with a .38 calibre revolver in his right hand.

A bullet wound in the right temple and nothing in the office had been disturbed. "It looks like suicide," Urbane said.

Rafael's son Rafael told reporters his 47-year-old father had been depressed since September when he was dropped in a cabinet reshuffle by President Corason Aquino after months of disagreement with the president over the debt-strapped nation's economic direction.

"He probably took his own life because of deep-seated depression," Rafael said, adding his father had been very unhappy for the last weeks of his life.

He had warned Ongpin left the government two months after concluding an agreement with 483 creditors to reorganizing the country's 11.2-billion-dollar foreign debt.

The agreement won high praise in some sectors but bitter criticism in others that he had sold out to international creditors.

Aquino said in a statement on Monday: "The sudden death of Jimmy Ongpin shocked the people and all our hearts. Jimmy was an outstanding Filipino who had the courage of his conviction."

"He was one of my top advisers, a model of integrity, honesty and industry. The tragedy of Jimmy's death touches us all," she added.

Former cabinet colleagues of Ongpin who expressed deep shock at the death.

"Jimmy Ongpin was a fighter, he knew how to fight. It's very difficult for me to understand that possibility for anyone," said Trade and Industry Secretary Jose Concepcion.

Ongpin was one of Aquino's closest aides in the first months after she took power in February 1986 but drifted apart from her because of disagreements with her cabinet secretary Jose Alvarez.

Alvarez was Ongpin's close aide until Ongpin's death in the late morning of Monday.

"There was no fight or being better, engaged in a war of attrition. The approvals and recommendations were not moving through the administrative system with any kind of responsiveness," Ongpin told Reuters the day he was dropped.

Afterwards he turned the company into a private sector job for at least a year after leaving government and he had wanted to be involved in when a consultancy with the president's cabinet.

He had founded earlier the year he had founded the first bank when he founded San Miguel Corporation, the country's largest sugar and food company for decades.

"All of a sudden, you are thrown into the world of government and politics. I tell you it's a very tough transition. I have never been involved in the world of politics in my life," he said.

Ongpin's father Jaime Urbane told reporters after his death that he had given Ongpin a letter on Monday of a letter to him in which he had said that he had been involved in the business during the last few years.

But Rafael's resignation was delayed, the Philippine Commission on Good Government (PCGG), said.