

AQUINO FACES UPHILL TASK IN ECONOMIC RECOVERY.By **Chaitanya Kalbag**

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MANILA, Oct 19, Reuter - Philippine President Corazon Aquino can expect a volley of anxious questions about her government's economic direction when she faces members of 13 major business groups on Tuesday, analysts said.

It will be her first economic speech since she came close to being toppled in an August 28 coup attempt.

"It looks like all the odds are against us," Aquino said in televised remarks on Sunday. "Troubles from the right, the threat of a coup every day, troubles from the left, the threat of violence from the hills."

Aquino's Press Secretary Teodoro Benigno told reporters at the weekend that her speech would "largely be economic, and to a certain extent, political" and address the Communist insurgency, labour unrest, law and order and debt repudiation.

Since the coup attempt, the peso's exchange rate has see-sawed as nervous Filipinos salt dollars, the once-booming stock market has slowed down, and the country's foreign exchange reserves have been depleted.

Inflation averaged 0.75 per cent in 1986 but touched 6.88 per cent in September. The 1987 gross national product (GNP) growth target has been scaled down to between 5.2 and 5.7 per cent from 6.5 per cent.

The latest government figures show that the trade deficit widened to 542 million dollars in the January/August period from 159 million dollars in the same 1986 period.

The country's major trade unions staged a series of general strikes last week to press demands for wage increases.

A senior foreign banker said the biggest casualty of the unrest had been business confidence in Aquino.

To add to the appearance of flux, he said, a much-touted cabinet shake-up in September ended with only three ministers replaced, while Congress stepped up a chorus of threats over the country's foreign debt.

The debt totalled 28.95 billion dollars at end-April -- which meant that each of the Philippines' 56 million people owed a foreign creditor more than 500 dollars.

Aurelio Periquet, President of the Philippine Chamber of Commerce and Industry, said he was not worried about the government being able to meet its growth targets this year.

"Notwithstanding several serious incidents, business continued as usual," Periquet said. Noting that consumer-led recovery had pushed GNP growth to 5.1 per cent in the first half of 1987, he said the economy might sustain the pace.

"The Christmas season is unfalteringly a period of booming consumer sales," he said. "But the situation has to improve to sustain the economy beyond 1987."

Bernardo Villegas, an economist at Manila's independent Center for Research and Communication, said in a recent paper that the August coup attempt had prodded Aquino "to hunker down to serious business".

"Those who are looking for a totally risk-free investment spot should not even consider the Philippines," Villegas said.

He said investors would have to be prepared to cope with inefficient government, graft and corruption, and the possibility that events like coup attempts would recur.

Villegas, who calls himself "the prophet of boom", said even if the Philippines became an economic power in the early 1990s, "It will be progressive, yes. But it will also be characterised by the all-too-human features of fallibility, disorder, and accommodation."

