

WORLD

Philippines foresees economic comeback

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MANILA — The Philippines, once South-east Asia's second-richest nation but now its second-poorest, claims it is poised for an economic boom in 1987 after three years of precipitous decline that has mired millions in poverty.

Government officials, buoyed by rising foreign exchange reserves and single-digit inflation, have begun the new year on a confident note, predicting a spectacular turnaround after the downhill slide under former strongman Ferdinand Marcos, whose administration was riddled with corruption.

"The forecast is bullish and the mood upbeat. Unless unforeseen things happen, the

economy will continue to grow and the momentum will be established," presidential spokesman Teodoro Benigno told reporters last week.

Economic Planning Minister Solita Monsod said in a recent government report the country's gross national product grew 0.13 percent in 1986 after shrinking more than 10 percent in 1984 and 1985.

However, bankers, economists, businessmen and diplomats polled by Reuters said a major revival depends on whether President Corazon Aquino can get her political problems out of the way and buckle down to the task of steering the economy out of its rut.

Aquino, who took power 11 months ago in a civilian-backed military revolt that drove Marcos into exile in Hawaii, was preoccupied through much of last year with her own

political survival.

She had little time for the economy, which now leaves the Philippines heading only Indonesia in regional wealth, compared with the early 1960s, when it was No. 2 after Japan.

Aquino has emerged stronger politically after firing her rebellious Defense Minister Juan Ponce Enrile, reorganizing her Cabinet and achieving a breakthrough cease-fire in the 17-year communist insurgency at year's end.

But the 54-year-old former homemaker still has to contend with a Feb. 2 plebiscite on a new draft constitution that would confirm her in office for six years, as well as set up congressional and local government elections this summer.

As Aquino stumps the provinces, urging

the country's 23 million voters to give the new constitution a big "yes," the signs of economic recovery are abundant.

The Central Bank announced last weekend that foreign exchange reserves had more than doubled in 1986 to \$2.4 billion.

Monsod said inflation, helped by a steady exchange rate of 20.50 pesos to the dollar, had been contained to 0.85 percent.

However, the Center for Research and Communication, a respected private economic institute, says Monsod's projection of 6.5 percent growth in 1987 is too optimistic and instead predicts a rise of between 3 and 4 percent.

"The political situation is still unstable and the government will be distracted by political restructuring," said CRC forecaster Jun Trinidad.

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