

# Preface

Steady economic growth is important in stimulating overall investment and employment in the economy, as called for in the Philippine Development Plan (PDP) 2011-2016. The platform of sustainable and inclusive growth through fighting corruption restored confidence in the economy in 2012 after it went bust in 2011. Economic growth rose from 3.91 percent in 2011 to 6.59 percent in 2012 after budgetary reforms had been put in place. The stellar performance continued in the first quarter of 2013, with a surprising GDP growth of 7.8 percent overtaking China by a hair's breadth at 7.7 percent. By 2016, the economy grew by 6.8 percent, the fastest in the last three years, and outpacing China (6.7 percent) again and Vietnam (6.2 percent). While the recent economic growth was welcome news, much work remains to be done to make a complete break from the "boom and bust" pattern that characterized the Philippine economy in the past.

In this light and with the aim of helping realize the goals of the then PDP 2011-2016, the **UPEcon Foundation, Inc.**, in partnership with the **Ayala Foundation, Inc.** continued to publicly disseminate applied economic research to help identify stimuli for sustained economic growth in the Philippines.

This volume is the fruit of these research studies that showcase "what it is the School does best"—that is to ask questions that stimulate debate and hopefully to ultimately shape policy.

Looking back, the Ayala Corporation-UP School of Economics (AC-UPSE) Forums had its beginnings in 2005 when Mr. Jaime Augusto Zobel de Ayala (JAZA), chair of the Ayala Corporation, was handed a paper to read by UPSE alumnus, Mr. Romeo Bernardo. The paper, jointly authored by some faculty members of the UP School of Economics, outlined the dire consequences of inaction over the country's deepening fiscal crisis and proposed measures. The wide coverage accorded in the media was key to a public debate that finally moved the government to action.

JAZA considered such paper coming from UP a pleasant surprise that helped dispel some misconceptions regarding the University, especially among the business sector. This favorable appreciation triggered the support to the School in "what it does best." Thus, the first phase of the AC-UPSE Economic Forums was born. From 2008 to 2011, twelve applied economic policy studies on pressing issues affecting the Philippine economy were undertaken by some of the country's most noted economists and presented in well-attended public forums under the program.

Building on the accomplishments of the first phase, a second phase was conducted from 2014 to 2016, which expanded the pool of experts by inviting researchers outside of but still associated with the UP School of Economics. The second phase has included topics on agrarian reform, fiscal stability, Philippine trade options, income taxation, state of the Philippine economy, competition law, governance in the power sector,

relationship of local and national government, health care reforms, government underspending, federalism and tax reforms.

As in the first phase, this volume gathers the papers presented in forums of the second phase of Ayala-UPSE cooperation. Each of these illustrates the use of economic analysis and evidence as guide to redirecting public policy to its original purposes of efficiency, growth, and equity.

It is our hope that through these papers readers will gain an insight into the enormity of a reform agenda required for the Philippines to achieve inclusive economic success manifesting itself in social development.

We present this collection to the Filipino people.

**Orville Jose C. Solon**  
Dean  
UP School of Economics