

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila



THIRTEENTH CONGRESS
First Regular Session

HOUSE OF REPRESENTATIVES

H. B. No. 1592

Introduced by **Honorable Eulogio "Amang" R. Magsaysay**

EXPLANATORY NOTE

For the past 27 years, the national government has been providing automatic appropriation of expenditures in the national budget for payment of principal and interests on public debts and guarantee of obligation mandated under Section 31 of Presidential Decree No. 1177.

This policy of automatic appropriation of debt and debt guarantee items on the national budget is one of the conditions set by our foreign creditors. Through this arrangement, they are virtually taking collateral on their loan exposures from the national budget. A big slice of the country's meager budget pie has already been compromised even before Filipinos can decide on how to allocate it. We are forced to pay loans, which may have been incurred against the interest of the people like the Bataan Nuclear Power Plant.

At least 40% of our country's annual appropriations go to debt payment. Providing automatic appropriation for debt and debt guarantee items in the budget means less available resources for basic social services, as well as funding for other priority programs of the national government. This practice of automatic annual appropriations robs the Filipinos of the scarce financial resource that should instead support the implementation of vital projects such as education, health, food security and infrastructure, to name a few.

Our Constitution has vested Congress the power to review, assess and approve the annual budget. However, the policy of automatic appropriation circumvents this provision. Decision-making on where the Philippines' scarce financial resources should

go has, therefore, been virtually taken away from Filipinos. We surrender our right to self-determination if we allow this practice to continue.

This bill, when approved, will reclaim the Congress' power of the purse. It will allow Congress to review, assess and approve *all* budget items proposed by the Executive, including payment of foreign loans and end the vicious cycle of borrowing just to pay existing/ maturing debts.

In view of the foregoing, support for the early passage of this bill is earnestly requested.

A handwritten signature in black ink, consisting of stylized initials 'Em' followed by a long, sweeping diagonal stroke.

Eulogio "Amang" R. Magsaysay

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AN ACT
REQUIRING THAT ALL EXPENDITURES FOR THE PAYMENT OF FOREIGN
DEBTS BE INCLUDED IN THE ANNUAL GENERAL APPROPRIATIONS ACT

Be it enacted by the Senate and House of the Representatives of the Philippines in Congress assembled:

SECTION. 1. Automatic Appropriations - All expenditures for (a) personnel retirement premiums, government service insurance, and other similar fixed expenditures, (b) principal and interest on domestic public debt, and c) national government guarantees of domestic obligations that are drawn upon are hereby automatically appropriated:

Provided, that the President of the Republic, shall include in her/his annual budget proposal to Congress the amount of Appropriations recommended to service all foreign loans:

Provided, further, that no obligation shall be incurred and payment made from funds thus automatically appropriated except as issued in the form of regular budgetary allotments.

SECTION 2. Repealing Clause - All acts, laws, executive orders, presidential decrees, including Section 31 of Presidential Decree No. 1177, rules and regulations contrary to or in violation of this Act are hereby repealed.

SECTION 3. Effectivity Clause - This Act shall take effect upon its publication in at least two (2) newspapers of general circulation.

Approved,