

Republic of the Philippines
House of Representatives
Quezon City

Thirteenth Congress

First Regular Session

HOUSE BILL NO. 128



Introduced by **Representative JOEY SARTE SALCEDA**

EXPLANATORY NOTE

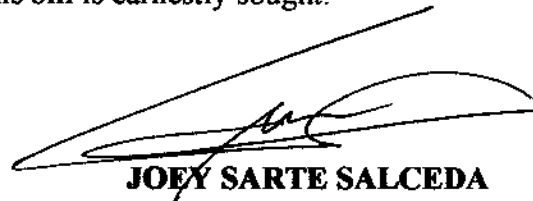
This bill seeks to establish an effective mechanism for coordination among various policymaking agencies of the government in the development of explicit economic goals and policies on important national requirements for increased growth and a more equitable sharing of the benefits of economic growth through a balanced national budget, higher productivity, an improved trade balance through improvement in the international competitiveness and reasonable price stability.

This bill is anchored on the dictum that economic goal setting should properly involve the Congress, the Governor and Monetary Board of the Bangko Sentral ng Pilipinas (BSP) as well as the National Economic Development Authority (NEDA) headed by the President. In the process, we may achieve better synchronization of monetary and fiscal policy or at least minimize the negative implications of their divergence. Moreover, it should similarly provide flesh to the mandate of accountability and transparency of the BSP.

The bill specifically sets a feedback loop mechanism on the state of the economy as well as the status of our economic strategy through a timely and periodic reporting by the BSP on monetary policy and NEDA on the general state of the economy before congressional economic committees. The BSP Governor and the NEDA Director-General shall make individual quarterly reports and testimonies to these committees convened in a joint meeting. This is scheduled at least one week after the release of such reports.

This mechanism, patterned after the Humphrey-Hawkins testimony of the US Federal Reserve Governor, is a small yet important step towards a coordinated goal-setting process while giving flesh to the constitutional primacy of Congress in economic policymaking.

From the foregoing reasons, approval of this bill is earnestly sought.



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AN ACT
ENHANCING ECONOMIC COORDINATION, ADOPTING THE APPROPRIATE
MECHANISM THEREFOR AND FOR OTHER PURPOSES

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

SECTION 1. Title. - This Act shall be known as the "Economic Coordination Act of 2004"

SEC.2. Declaration of Policy. - The State finds that an effective strategy to promote sustainable economic benefits for the greater majority through real productivity growth, balanced budget, improved trade balance and prudent monetary policy should be based on the development of explicit economic goals and policies involving the President as head of the National Economic Development Authority, the BSP Governor as the head of the Monetary Board of the Bangko Sentral ng Pilipinas as well as Congress through its various economic committees.

SEC.3. Compliance Mechanism. - In furtherance of the purposes of this Act, the Governor and the Monetary Board of the Bangko Sentral ng Pilipinas (BSP) and the Director-General of the National Economic Development Authority (NEDA) shall submit and present to Congress, quarterly of each year, written reports, which shall mean the BSP's Report on Economic and Financial Developments and the NEDA/National Statistics Coordination Board (NSCB) Report on the National Income Accounts, setting forth (1) a review and analysis of recent developments affecting economic trends in the economy, specifically actual and growth targets of the Gross National Product (GNP) and the Gross Domestic Product (GDP); (2) the objectives and plans of the BSP Governor and Monetary Board; and the Director-General of NEDA with respect to the ranges of changes in the monetary and credit aggregates during quarter, taking account of past and prospective developments in employment,

unemployment, production, investment, real income, productivity, international trade and payments, and prices; and (3) the relationship of the aforesaid objectives and plans to the goals set forth in the current General Appropriations Act or the proposed budget, the most recent BSP's Report on Economic and Financial Developments and NEDA/NSCB Report on the National Income Accounts. As part of its quarterly report of each year, the BSP shall include among others a statement of its objectives and plans with respect to the ranges of growth or diminution of the monetary and credit aggregates while NEDA shall include a report on the fiscal position of the public sector including the national government, real and nominal aggregate output, employment as well as the consumer price index for the current calendar year or the following the year in the case of the report for the fourth quarter of each year.

SEC. 4. Reportorial Requirements. - The reports required under Sections 3 of this Act shall be transmitted to Congress within three (3) calendar days after their release or publication and shall be jointly referred in the Senate to the Committees on Economic Affairs, Trade and Industry, and Banks, Financial Institutions and Currencies; and in the House of Representatives to the Committees on Economic Affairs, Banks and Financial Intermediaries, Ways and Means and Trade and Industry; *Provided*, That the National Income Accounts quarterly report shall be accomplished by the NSCB headed by the NEDA Director General within one month after the end of the quarter and in the case of the BSP, the BSP Report on Economic and Financial Developments within two weeks after the release of the National Income Accounts;

SEC. 5. Congressional Testimony. - After the receipt of such reports as provided for in Section 4 of this Act, the Congressional Committees shall hear the testimony and presentation of the Director-General of the NEDA and the Governor together with the entire Monetary Board of the BSP on the merits of their individual and separate quarterly reports. *Provided*, That the joint hearing of the economic committees of the House of Representatives shall be scheduled on the Monday immediately following the submission of the report on the first and third quarters and on the Tuesday for the second and fourth quarters of each calendar year and in the case of the Senate, on the Tuesday for the first and third quarters and on a Monday on the second and fourth quarters of each calendar year. *Provided*, That in the event Congress is in recess or has adjourned upon the release and submission of the reports, the schedule of the Congressional Testimony for such reports shall be made on the First Monday immediately upon the resumption of session.

SEC. 6. Qualified Revisions.- Nothing in this Act shall be interpreted to require that the objectives and plans with respect to the ranges of growth of diminution of the monetary and credit aggregates disclosed in the reports submitted under this Act be achieved if the BSP and NEDA

determines that it cannot or should not be achieved because of changing conditions: *Provided*, That in the subsequent consultations with, and reports to, the aforesaid Committees of Congress pursuant to this section, the BSP and NEDA shall include an explanation of the reasons for any revisions to or deviations from such objectives and plans.

SEC. 7. *Separability Clause*. - If any of the provisions of this Act is declared invalid by a competent court, the remainder of this act or any provisions not affected by such declaration of invalidity shall remain in full force and effect.

SEC. 8. *Repealing Clause*. - All laws, decrees, ordinances, rules, and regulations, executive or administrative orders, and such other presidential issuances inconsistent with any of the provisions of this Act are hereby repealed, amended or otherwise modified accordingly.

SEC. 9. *Effectivity Clause*. - This Act shall take effect after fifteen (15) days following its publication in at least two (2) newspapers of national or general circulation.

Approved,