

R.P. drops to 115th in economic freedom

Written by Jose Katigbak

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Ex-President and current Pampanga Rep. Gloria Macapagal-Arroyo.

WASHINGTON — The Philippines slipped six places to 115 in the latest index of economic rankings of 179 countries around the world.

The 2011 Index of Economic Freedom report said despite a challenging global economic environment, the Philippines made a notable recovery since mid-2009 driven mainly by strong export performance, but it warned the country's long-term economic development remained a difficult task.

The report by the Heritage Foundation, an influential conservative think tank in Washington, and *The Wall Street Journal*, gave the Philippines an overall economic freedom score of 56.2 points, fractionally lower than last year, with small reductions in business and labor freedom offsetting modest gains in monetary freedom and freedom from corruption.

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The report released on Wednesday rated countries in 10 specific categories — labor freedom, business freedom, trade freedom, fiscal freedom, government spending, monetary freedom, investment freedom, financial freedom, property rights and freedom from corruption — and the results were averaged to create an overall score.

Hong Kong with 89.7 points and Singapore with 87.2 ranked first and second in the overall standings for the 17th straight year, followed in order by Australia, New Zealand, Switzerland, Canada, Ireland, Denmark, United States and Bahrain.

Following are the scores of the Philippines in the 10 different categories (scores the previous year are in brackets): business freedom 43.4 (48.1), labor freedom 50.7 (51.9), monetary freedom 76.3 (72.7), freedom from corruption 24 (23) and government spending 91 (91.2).

There were no changes in scores for trade freedom (77.8), investment freedom (40), financial freedom (50), fiscal freedom (78.8) and property rights (30).

Among 41 countries in the Asia-Pacific region the Philippines ranked in 21st place.

The report noted the Philippines has pursued a series of legislative reforms to enhance the entrepreneurial environment and develop a stronger private sector to generate broader-based job growth.

It said progress has been mixed, although some fiscal reforms have been accomplished.

The failure of the previous government of Gloria Macapagal-Arroyo to do anything substantial to liberalize the economy set back efforts to attract much-needed foreign investment in basic industries and infrastructure and the Philippines has continued its long slide from being one of Asia's richest economies to being one of its poorest, the report added.

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Under GMA regime

Malacañang, meantime, distanced itself from the latest report of the Washington-based think tank, noting that it only covered the previous administration.

“This applies to the past administration. Again, this is a report that evaluated the Philippines...under the previous administration,” presidential spokesman Edwin Lacierda stressed, referring to the Arroyo government.

To prove his point, the lawyer highlighted the fact that based on the study of the whole report and the methodology used, the data have been gathered in the second half of 2009 and the first half of 2010.

President Aquino assumed office only on June 30, following his victory in May 2010.

The administration nevertheless expects the country to fare better in the next economic freedom report.

“That’s our challenge. We hope to see the country improve in its ranking,” Lacierda said.

He stressed that even before they took over the reins of government, they were fully aware of the tasks ahead of them, which is why they have adopted the two-fold platform — poverty reduction and eradication of graft and corruption.

“We have already introduced reforms,” he said, citing as example the shorter period in which one registers his business, providing a level playing field for both local and foreign investors, and refusing to change policies in midstream.

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“That is what we can assure our investors, our commitment to a freer business atmosphere,” Lacierda said.