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## SMORGASBORD

# TODAY'S GDP DROP WORSE THAN MARCOS DAYS

By: ELIAS O. BAQUERO

THE country's negative 16.5 percent rate of the Gross Domestic Product (GDP) is an all-time high since the time of the late President of Ferdinand E. Marcos.

Businessman Rey E. Calooy, president of the Filipino-Cebuano Business Club (FilCeb), said that in 1981 during the Marcos regime, there was a negative 10.5 GDP because of the trouble in the Oil Petroleum Exporting Countries (OPEC).

At that time, the global oil crisis was caused by the Iran-Iraq war that affected even the most powerful and developed country like the United States of America.

Also at that time, the low confidence of the people in the government has contributed to the negative economic rate.

“This is part of the economic history of the Philippines,” Calooy said.

He said that the computation of GDP lies on several factors. You should compute the consumer spending. There must also be a computation of Philippine export against the country's import. If the import is high and the export is low the result is negative or an imbalanced trade. If the import figure is almost the same as

the export figure, there is a balance of trade.

“We are technically into economic recession,” Calooy said.

Earlier Atty. Garry Maningo of Banko Sentral ng Pilipinas (BSP) said “inflation” us much better than “recession” although any government must control inflation.

For his part, Calooy said that in inflation there is what we call “demand” and “post inflation.” We can call it inflation if the demand is high and the number one basis is fuel which is also the number one basis of Consumer Price Index (CPI).

“If we bought gasoline before at P30 per liter and the price increased to P50 per liter in the succeeding year, that's what we call inflation,” Calooy said.

If the people's income has not been adjusted, the Department of Labor and Employment (DOLE) through

the Regional Tripartite Wages and Productivity Board (RTWPB) shall approve salary increase to sustain the buying power of the peso.

On the other hand, if a country's economy has high economic growth but did not trickle down to the poorest among the poor, it is because the economy is controlled by super rich people called oligarchs.

Calooy also

explained that if there is huge money circulating in the country, and many people can buy but the products are limited, the prices should be increased to control inflation.

In the recession, Calooy said the economy receded and the people have inadequate money.

He said that what he can see now is “stagflation”, a combination of a stagnant economy and the inflation. This is dangerous because while the economy is down, the products are decreasing, and the prices are increasing.

One best example is the “face-shield” which nobody wanted to buy in the past months. However, when the Inter Agency Task Force (IATF) ordered that everybody must wear face shields the price suddenly soared. That is called stagflation.

Another example is that before the Covid-19 pandemic, mobile phones and lap-

tops used to be affordable due to competition. However, after the Department of Education (DepEd) and the Commission on Higher Education (CHED) ordered online classes the prices of mobile phones and laptops skyrocketed.

Calooy said it is dangerous because if this will last long, the Philippines will suffer economic depression. If that happens, the banks will close, and even big businesses will go bankrupt. The United States even experienced recession and depression in 1929 where banks closed, and some investors committed suicide.

Calooy said if economic depression will hit the Philippines, the rich and the poor alike will be of the same level because there will be no more money circulating and the buying and selling of products may go back to barter trade.

Calooy said the problem now is that even President Rodrigo Duterte in his recent State of the Nation Address (SONA) address did not mention the balancing of the fight against Covid 19 and sustaining the economy or presenting a roadmap to solve this health crisis and economic recession.



REY E. CALO OY