



February 3, 2009

Sec. Ralph G. Recto

Director-General

National Economic Development Authority

Pasig City, Philippines

Dear Sec. Recto,

Late last month, NEDA issued a Press Release, "In light of the global economic crisis, Recto urges government to reconsider rationalization plan." May we urge you to proceed with the rationalization plan for the following reasons.

One, proceed with the plan, abolish certain positions in government that have been identified as redundant and outdated, keep the savings, "give back" to the people in the form of tax cut, allow the people in the private sector to employ themselves or expand modest expansion through micro- and small-scale entrepreneurship, because this will help perk up the economy.

Two, related to the above, when the economy is bad, people cut their spending, they save more, but this also reduces the sales of other people and enterprises selling various goods and services, and this causes more job cuts and higher unemployment. Government can help the people by cutting taxes as taxes make prices of various commodities and prices higher, and taxes reduce the retained earnings of companies and take-home pay of salaried employees. Any reduction in tax revenues can be compensated by reduction in government expenditures.

Three, the plan contained in Executive Order (EO) 366, has been approved and signed 4 ½ years ago, in October 2004. The other implementing agencies and Departments have taken several years to do their work as mandated. It will be unfair to tell them that their work will be set aside. Besides, there seems to be nothing in that Order that said that when macroeconomic conditions would deteriorate, the plan to rationalize and abolish redundant and duplicating positions will be shelved.

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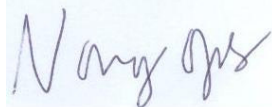
Fourth, among the main problems of the Philippine economy is the lack of production of useful commodities and services, resulting in high prices of those commodities and services. Keeping government positions and personnel that are deemed irrelevant, if not obstructive, in the production of essential commodities, plus the fact that these positions have been identified by other government agencies as redundant and outdated, is insulting for us taxpayers, especially those in the private sector.

Finally, since there are more than 3 million government personnel, from local to national government agencies, removing less than 10,000 jobs will not affect government regular operations. On the other hand, government will gain some taxpayers' sympathy because it is sharing with them its own sacrifice. At this time of economic downturn, taxpayers drastically need some relief from too many taxes and fees being imposed by both local and national government agencies. The World Bank – Price Waterhouse Coopers' "Paying Taxes" 2009 Report show for instance that there are a lot more taxes in capitalist Philippines than socialist China and Vietnam.

Since NEDA itself is another agency that lives off on taxpayers' money, may we urge you to proceed with implementing the recommendations of the rationalization plan, and abolish those positions and personnel that are rendered to be irrelevant.

Thank you very much.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Nang Oplas".

Bienvenido Oplas, Jr.
President