

Rites of passage

Top News

Written by Leonor Magtolis Briones / Special to the BusinessMirror

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Why following the 2010 budget is like a journey through a labyrinth

(University of the Philippines Prof. Liling Briones is former national treasurer and lead convener of the Alternative Budget Initiative).

In many societies, a person goes through complex and elaborate rituals before final acceptance by a community. These are called rites of passage. The process is fraught with danger and challenges. As he or she moves from one stage to another, a person undergoes trials as well as elaborate rituals. The risk of failure, even death, is always there.



Institutions and laws also undergo rites of passage. The passage of the budget law involves different stages, each with its own rituals and risks. These take place in a political environment characterized by intense bargaining and negotiation, compromise and standoffs. As in other complex rites of passage, the budget process can result in a flawed, or worse, failed budget.

Why don't we have a 2010 budget?

Hopes were raised in December 2009 when the Senate and the House of Representatives ratified the Bicameral Report on the 2010 budget. The public expected that by the start of the year 2010, a new budget would have been in place. Social Watch

Philippines, convener of the Alternative Budget Initiative, warned that it will take at least two months before the 2010 budget will be operative. This is because more procedures have to be undertaken before and after the President signs it into law.

It is important to understand that the budget process is not limited only to the hearings and debates which are reported by media. Crucial decisions by the Bicameral Committee hearings are not subject to public scrutiny.

Rites of passage in the budget process

Does the budget process start with the hearings in both houses of Congress and end with the ratification of the Bicameral Committee report? Definitely not.

The first step in the budget rite of passage is the budget preparation stage. It can start as early as February with the Development Budget Coordination Committee (DBCC) debating over the objectives of the proposed budget, the macroeconomic assumptions and the allocations for economic development, social development, defense, general administration and the debt service. Calculations are made about the size of the budget, projected expenditures, sources of revenue and the size of the deficit.

The DBCC, headed by the Department of Budget and Management (DBM), is composed of the Department of Finance (with the Bureau of Internal Revenue, Bureau of Customs and the Bureau of the Treasury), the National Economic and Development Authority and the Bangko Sentral ng Pilipinas.

In April or May, the Budget Call is issued by the DBM. It is addressed to all departments, offices and agencies who are enjoined to submit proposed budgets in accordance with lengthy guidelines. The DBM conducts internal hearings, reduces or increases budget proposals, and consolidates them with the Special-Purpose Funds to come out with the National Expenditure Program and other related documents.

The budget preparation phase culminates in the lavish State of the Nation Address ritual which traditionally contains the highlights of the proposed budget.

Budget preparation and people participation

At first blush, the process appears to be highly technical. However, macro decisions are necessarily political. Decisions about budget objectives for the year, the balance between economic and social-development expenditures, the size of the Special-Purpose Funds, sources of revenue, and the level of the deficit, involve political choices.

People participation is not part of the budget-preparation ritual. People are not consulted on what the budget priorities should be. They don't have the opportunity to give inputs and feedback on what services



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they expect from the government.

A budget can be passed on time, but if the objectives are not responsive to the people's needs, macroeconomic assumptions are off the mark, and the broad allocations are biased, it can inflict political, economic and social damage instead of bringing about development.

Problems with the budget can be traced to the budget-preparation phase which is considered the turf of the Executive. A flawed budget remains defective whether passed on time or not. This is true of the 2010 budget.

Rites of passage in budget legislation

The passage of the proposed budget into law is considered the most public phase in the budget process. Hearings are conducted in full view of the public, under the harsh glare of television cameras, the radio microphones rudely thrust into the faces of legislators, and the sibilant sound of pens scratching notepads. Celebrity legislators of all genders come to hearings fully made up—in case a television camera passes by or a news photographer barges into the session room.

The public can watch legislators insult, flatter, scream, shout or purr at hapless “resource persons” during hearings. They can observe the raised eyebrows, the glares, smiles and contemptuous smirks of legislators. They can also watch in disgust as government officials calmly utter bare-faced lies and swear on the heads of their mothers, daughters, grandchildren and mistresses.

Insomniacs can stay up to the wee hours of the morning as legislators hold “sine die” sessions, stop the clock during the final plenaries, and talk themselves to exhaustion and stupor.

All the public hysteria and histrionics do not change the fact that at the end of the day, the total amount of the budget proposed by the President cannot be increased, the Special-Purpose Funds are off limits, reducing automatic appropriations like the debt service is taboo, and the President still has the last word on the budget.

Rites of passage in the ‘Third House’

The Bicameral Committee has the task of reconciling the Senate and House versions of the budget. There are no records of the proceedings of this committee. Minutes of meetings are not taken. Members used to meet formally.

During the past two budget seasons, all that the Bicam Committee members did was bargain with their respective chairmen. The two chairmen then met to hammer out the final version of the Appropriations Law. The Bicam Committee is called the Third House because the outcome of the proposed Appropriation Law is shaped only by the 30 or so members, with two people making the final choices.

The state of the 2010 budget: Where is it now?

Last week a furor ensued between Congress and the Executive. When the public demanded to know where the budget was, accusing fingers were pointed to the President, who has not signed the budget as yet. The Office of the Executive replied that the printing was not yet finished and the President has not received it yet.

The other day, the executive secretary was quoted as assuring the public that by February 15, we will finally have a budget.

Flaws in the budget rite of passage

If and when the budget rite of passage is finally completed, does it mean the abuses associated with it will be stopped?

One thing sure is that the abuses associated with a reenacted budget will be stopped with the announcement of the effectivity date of the 2010 budget. By then, however, at least two months of harm will already have been done.

However, the flaws inherent in the present budget process will remain. The huge Special-Purpose Funds directly managed by the President and the DBM is bigger than the combined budgets of the various departments. It constitutes more than one-half of the total budget and confirms the claim that “while the congressmen have their pork barrel, the President has her beef barrel.”

The Special-Purpose Funds’ total 57.23 percent of the P1.54-trillion budget for 2010 is equivalent to over P881 billion.

The President will continue her practice of transferring funds from different agency budgets to a “savings pool” and transferring these to agencies of her choice. In 2008 alone she accumulated P140 billion in “savings”! This was dutifully reported by the DBM in the 2010 National Expenditure Program.

The practice of impoundment will also be continued. More and more legislators, especially those from the opposition, are complaining about pork barrel and other funds being impounded by the President.

The fear that the 2010 budget will be utilized for election purposes is not without basis.

From rites of passage to budget implementation and accountability

The public cannot heave a sigh of relief once the budget rites of passage climax with the signature of the President. After budget legislation comes budget implementation, which is fraught with abuse and danger. Then comes budget accountability, wherein people demand accountability for the use of public funds. The Commission on Audit has reported that in 2008 total expenditures exceeded the amounts appropriated by law.

United States, dollar	46.0250
Japan, yen	8.5092
United Kingdom, pound	74.5303
Hong Kong, dollar	5.9242
Switzerland, franc	44.1402
Canada, dollar	43.7566
Singapore, dollar	32.7720
Australia, dollar	41.6290
Bahrain, dinar	122.8919
Saudi Arabia, riyal	12.2737
Brunei, dollar	32.6358
Indonesia, rupiah	0.0050
Thailand, baht	1.3047
United Arab Emirates, dirham	12.5494
European Monetary Union, euro	64.8492
India, rupee	0.9904
Malaysia, ringgit	12.6654
Korea, won	0.0405
Taiwan, dollar	1.4426



Whether passed on time or not, genuine budget reforms need to be initiated. Which presidential candidate will put a stop to budget abuse?

The silence of presidential candidates on public-finance issues is deafening. What are their respective positions on the SPFs, impoundment and transfers of funds? The present budget laws are based on a law crafted by a dictator. As the most "promising" Filipinos in the country, will they promise to support budget reform above and beyond passing flawed budgets on time?

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