

PREFACE

The October 2018 Oxfam report said it all: ***“Oxfam’s research has shown that, since the turn of the century, the poorest half of the world’s population have received just 1% of the total increase in global wealth, while the top 1% have received 50% of the increase.”*** (Chapter 6, p. 92).

Certainly, this economic inequality is unacceptable. It cannot be allowed to go on. How it happened is an anomaly in itself. It is a bad reflection on the kind of political leaders and economic managers affected nations have. The aggrieved 99%, the sovereign people, must compel their responsible elected political leaders and appointed officials to address this governance and economic abomination. There are ways of doing it and, in the Philippines, the highest government officials who can have it done are the Head of State and the Chairman of the Commission on Audit (COA).

This book is written to fill a need or do what is not done—recommending solutions to the **causes** of economic inequality that the government has not addressed. For example, our major problem of recurring power supply disruptions with second highest rates in the region. It has been known as a major disincentive and obstacle to our fast industrialization and economic growth. EPIRA (RA 9136) was enacted 20 years ago to solve it but, to this day, government economic managers have not initiated the imperative solutions. As APEC Party List Representative Sergio Dagooc lamented in a past Facebook post: *“I am disturbed, I am alarmed with the heads up from (the government economic planning body) NEDA that one of the ‘Potential Risk to Growth’ is the ‘Power Disruptions and Energy Sector Challenges’ to which I fully agree. Based on the proposed 2020 expenditures, I did not see any program or project that will address this. Nakita na ito ni NEDA, ang hindi ko lang maintindihan bakit walang program to address the situation?”* (NEDA already saw this... why is there no program to address the situation?) (Chapter 2, p. 51).

Thus, to address not only our overpriced electricity rates and recurring power outages but also economic inequality caused by poor governance, this book recommends doable solutions to inequality, which include the following:

1. Issuance by the Head of State of a mission order to government economic managers to pursue the role of economics as tool of governance: to satisfy the needs and wants of society, composed of the minority rich and the majority poor (including non-rich middle class). At present, the minority rich are satisfied but not the majority poor. This situation must be corrected.

2. To satisfy society's needs and wants, instead of the pro-rich neoliberal capitalism with regressive taxation that satisfies the rich but not the poor, adoption by government of pro-people **democratic capitalism that has the good but not the bad features of socialism** (Chapter 1).
3. Government enforcement of the constitutionally mandated progressive taxation. It will generate more taxes from the rich for financing the upliftment of the majority poor through social welfare programs, like food aid, health care, education, housing, and unemployment insurance.
4. There is a seeming lack of education on when to regulate and not regulate businesses, and how to properly regulate public service monopolies. The results are unduly high service rates of basic necessities affected with public interest, like power, water, telecommunication, and tollway services. Implementation of doable solutions to the high rates is needed under the recommended model price regulation with safety-net rate-of-return limit. **Very Important:** The book advises the use of return on equity (ROE) as profit-rate limit, not return on rate-base assets (RORB) under the MWSS Charter, otherwise, the rate limit is unduly high and useless (Chapter 9).
5. No matter how sound the national economic programs are, if bulk of the huge public funds generated from progressive taxation is lost to rampant corruption instead of being judiciously used in vital public services and poverty eradication, economic equality will remain elusive. Hence, the book recommends surefire ways of minimizing corruption. Lastly, it also presents best management practices and political will in addressing inequality.

In sum, this book presents our problems and struggles under the pro-minority-rich bias of globalization. It tackles issues that our nation has to grapple with in its pursuit of economic equality, good governance, and economic progress. It does not stop at citing problems. It also presents doable solutions or reforms based on the author's insights from his past relevant work in the private and public sectors, where he was an insider in the past oil industry regulation. With the available doable solutions, it is now up to our Executive, Legislative, Commission on Audit, and other government officials, as public servants, to serve with honor, understand our problems, and act on the proposed solutions—to address, once and for all, the economic inequality in our midst.

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