



Republic of the Philippines  
**Department of Education**  
CORDILLERA ADMINISTRATIVE REGION  
SCHOOLS DIVISION OFFICE OF BAGUIO CITY

**1<sup>st</sup> Endorsement**

May 25, 2023

Respectfully referred to the Public School Heads through the Public Schools District Supervisors (PSDSs) the herein attached letter of University of the Philippines Baguio Economic Society (UPB EconSoc), re: Academic Convention in Economics (ACE) on June 24, 2023 for information and guidance with the following suggestions:

- a) Senior high school learners who will attend said convention are enrolled in ABM;
- b) learners shall be accompanied by their Social Studies/Social Sciences teacher per school during the convention; and
- c) parent waivers shall be secured.

**CHRISTOPHER C. BENIGNO EdD, PhD, CESO VI**  
Assistant Schools Division Superintendent  
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# UNIVERSITY OF THE PHILIPPINES BAGUIO ECONOMICS SOCIETY

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19 MAY 2023

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Greetings, Madame Faculo!

The **University of the Philippines Baguio Economics Society** (UPB EconSoc) is a duly recognized academic organization that empowers the exchange of economic-related ideas through stimulating discussions and camaraderie with the vision to be an efficient organization with the primary goal of helping students appreciate the importance of economics in everyday life.

For 35 years, the organization has proven to be one of the leading academic and student organizations within and outside the campus. It has a trailblazing success in organizing students' activities that bridge economic awareness and societal transformation in youth. In this context, it further seeks to promote the young generation's potential to be aware and to partake in various societal issues. As such, our organization subscribes to the youth's role in promoting the relevance of the real-world economy and how this advocacy will bring a difference in understanding the meaningful importance of economic interaction.

In light with this, UPB EconSoc annually conducts its annual flagship event, the **Academic Convention in Economics (ACE)** on **24 June 2023** at Baguio City with the venue to be announced. This year, the convention will revolve around the theme: **"BILL PLEASE!: Examining Proposed Philippine House Bills on Public Finance in the 19th Congress"**. UP EconSoc envisions that ACE 2023 will be a platform for economists and economics students to showcase their knowledge and expertise in their respective fields.

UPB EconSoc forwards ACE 2023 as a platform to probe into the contemporary issues in the area of public finance in the Philippines, unpack the underlying economic concepts in the implementation of progressive taxation systems, minimum wages, and sovereign investment funds, and aid the Filipino youth, particularly senior high school, and college students, in understanding the socioeconomic impact of the aforementioned House Bills on the Philippine society.

As the organization envision the event to become a successful venue and discourse for students to appreciate the importance of economics despite the turbulences that the CoVID-19 pandemic has brought, the UPB EconSoc humbly invites you to share our goal and help us to the success of our convention by giving us **the seal of endorsement of the Department of Education (DepEd) Baguio City**. We are also



humbly asking for your permission to use the **DepEd Baguio City SDO logo** in our publicity materials.

We extend our deepest appreciation for your assistance as it will be of great help in the empowerment of the youth in emphasizing the importance of economics in our daily lives. Rest assured your full support and participation will be acknowledged throughout the event.

For any points of concern and clarifications, you may contact us through our email at [upbeconomicsociety@gmail.com](mailto:upbeconomicsociety@gmail.com) or [externals.upbeconsoc@gmail.com](mailto:externals.upbeconsoc@gmail.com).

Attached is the concept paper for the Academic Convention in Economics 2023 for your reference. We look forward to working with you in this undertaking.

Thank you!

*To creation of more utilities,*



**RAIZEN SAIMON P. AGULTO**

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Vice President for Externals, UP Baguio Economics Society

Noted:



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## ACADEMIC CONVENTION IN ECONOMICS (ACE) 2023

### **THEME: “BILL PLEASE!: EXAMINING PROPOSED PHILIPPINE HOUSE BILLS ON PUBLIC FINANCE IN THE 19TH CONGRESS”**

The area of public finance is of particular interest to policymakers due to its linkages with fiscal policy, macroeconomic development, social security, and the improvement of collective welfare. In the Philippines, the process of public finance is involved in five public cycles, including the formulation of fiscal and monetary policies that promote stabilization and economic development, revenue generation from taxation and other sources, systematic expenditure of funds through the national budget, public borrowing from domestic and foreign financial institutions to finance government projects and programs, and adherence to the accountability principle (Philippine Statistics Authority, 2011).

Among the contemporary issues that the country faces in the field of public finance is the implementation of wealth and luxury taxes following the recommendation of Oxfam International (Christensen et al., 2023) through the recently held World Economic Forum of imposing permanent wealth taxes on the richest one percent of each nation's population. According to Christensen et al. (2023), the richest 1% of the world earns nearly twice as much money as the rest of the world, comprising two-thirds of the worldwide wealth. Levying wealth taxes on the richest 1% to 3% of the population has long been subjected to contemporary debates since the filing of House Bill No. 10253, commonly known as the “Super Rich Tax Act of 2021”, by the Makabayan bloc in the House of Representatives. Philippine think tank IBON Foundation favors the approval of this bill as it may serve as a social justice measure that redistributes public wealth in favor of the poor (De Guzman, 2023). Moreover, the government may also expect to earn a minimum of Php 400 billion from this progressive tax design as suggested by Castro (De Guzman, 2023). However, Ways and Means Committee Chairman Joey Salceda opposes the approval of this bill for two reasons: it may drive higher-income classes to apply for foreign citizenship, and it demands reform in the present taxation system. Finance Secretary Carlos Dominguez III also gave similar insights as he believed approving House Bill No. 10253 may drive potential capital out of the country. As an alternative to wealth tax, increasing taxes on luxury items such as jewelry, perfume, and other vessels for pleasure was proposed instead, but this defeats the purpose of redistributing public wealth as while the rich can opt to purchase luxury items overseas, it may negatively impact workers in the tourism sector as tourists may avoid traveling to the Philippines if luxury goods in other destinations are cheaper.

Another issue in the area of Philippine public finance is the plight of minimum wage hikes. In a report by the International Labor Organization (ILO, 2022 as cited in Villanueva, 2022), global monthly wages in the first half of 2022 fell to a negative 0.9 percent—which marks the first time the century has faced a negative real global wage growth. This decline in real global wages imposes threats to the social



security of millions of wage earners in the face of uncertainty, especially in the post-COVID-19 era. Moreover, this condition of minimum wage earners in the Philippines is exacerbated by recent hikes in the country's inflation rates.

The Trade Union Congress of the Philippines (TUCP) President and Deputy Speaker Raymond Democrito Mendoza filed House Resolution 635 that calls on the National Wages and Productivity Commission (NWPC) to define the concept of a "family living wage" and use it as a basis in determining minimum wages (Depasupil, 2023). However, in February 2023, minimum wages remained unchanged amid improvements in the inflation rate, and its gap with the family living wage continues to widen across regions (IBON Foundation, 2023). In the National Capital Region where the minimum wage is highest in the Philippines, the real value of the minimum wage stood at Php 570 per day which is only 49.1% of the family living wage in January 2023, and yet, this amount diminished by Php 88 by the succeeding month (IBON Foundation, 2023; Mendoza, 2023 as cited in Depasupil, 2023). These figures show that the current level of our minimum wages fails to suffice the basic needs of low-income Filipino earners and their families amid skyrocketing prices; hence, an urgent response must be provided to address the woes of our minimum wage earners to aid them in coping up with the soaring prices of goods and services. One development in heeding the call for a minimum wage hike is the filing of House Bill No. 7568 which mandates all employers in private institutions to pay workers an additional P750 in daily wages.

In addition to these issues, the present administration also seeks to impose a sovereign wealth fund in the country. On November 28, 2022, house representatives Ferdinand Martin Romualdez, Manuel Jose Dalipe, Ferdinand Alexander Marcos, Stella Luz Quimbo, Yedda Marie Romualdez, and Jude Acidre proposed the establishment of a state-owned investment fund named *Maharlika Wealth Fund* (MWF) through House Bill No. 6398. Further amendments were made to the bill on December 12, 2022 as the Committee on Banks and Financial Intermediaries, Committee on Ways and Means, and the Committee on Appropriations approved House Bill No. 6608, commonly known as the *Maharlika Investment Fund Act* on December 12, 2022. Through the new bill, the State shall establish an autonomous investment fund, which shall be called henceforth the Maharlike Wealth Fund, through the investment of national funds, and enhancement of the investing activities conducted by the nation's best-performing Government Financial Institutions (GFIs) (Maharlika Investment Fund Act, 2022, pg. 2) The Maharlika Wealth Fund (MWF) is envisioned to be used by the government in its wide range of investment outlets such as in foreign and domestic corporate bonds, foreign currencies, fixed-income instruments, commercial real estate, and infrastructure projects. The capital to be used in establishing MWF, which the State expects to reach Php 250 billion, shall be seeded by different GFIs such as social insurance institutions GSIS and SSS, the Landbank of the Philippines, and the Development Bank of the Philippines. Additional investments are also expected annually from Banko Sentral ng Pilipinas (BSP) and the Department of Finance (DBM, n.d.).

However, as state-owned investments like MWF are used to address issues of surplus (Sta. Ana, 2022), the approval of MWF sparked controversy among economists, jurists, and academic professionals as some found its establishment and proposed structure ill-conceived, hasty, and vulnerable to corruption (Bondoc, 2022). They also questioned the readiness of the Philippines in executing such a program. Given the country's debt-to-GDP ratio of 60.3% by the end of 2022 and the attachment of uncertainty to any investment program, the implementation of MWF pushes us to ask: is it worth it to put the insurance of the public at risk? Is MWF's "agenda for prosperity" feasible in the Philippines given its current economic status? What are the implications of MWF on the Philippine economy at the macroeconomic and microeconomic scales?



Changes in the lives of Filipinos are inevitable as these proposed House Bills become enacted. Public policies serve as key players in leading society to a better life, in ensuring the delivery and fair allocation of public goods and services, and in attaining inclusive development for all constituents in diverse socioeconomic classes; hence, a firm grasp and a better understanding of the issues in public finance is imperative for any aspiring policymaker. With this year's theme of **"BILL PLEASE!: Examining Proposed Philippine House Bills on Public Finance in the 19th Congress"**, the UP Baguio Economics Society forwards its annual flagship project, the **Academic Convention in Economics (ACE)**, as a platform to probe into the contemporary issues in the area of public finance in the Philippines, unpack the underlying economic concepts in the implementation of progressive taxation systems, minimum wages, and sovereign investment funds, and aid the Filipino youth, particularly senior high school, and college students, in understanding the socioeconomic impact of the aforementioned House Bills on the Philippine society. This year's ACE will be held on June 24-25, 2023, with the venue *to be announced*.

UPB EconSoc believes that the theme bears relevance and timeliness with the current status of the Philippine economy. In line with this, below is the suggested scope of discussion for ACE 2023. The said topics are not limited to, and may still vary, what the resource speaker(s) would like to offer or suggest as long as it is relevant and related to the mentioned theme.

**I. Tax the Rich or the Riches: Comparing Wealth Tax versus Luxury Tax**

- A. General overview of the Philippine taxation system
- B. What are wealth and luxury taxes
- C. Implications for the Philippine economy

**II. Woes on Working Wages: Why Raise Minimum Wages?**

- A. Present status of minimum wage earners in the Philippines
- B. Family living wages in the Philippines
- C. The rationale for the minimum wage hike

**III. The Maharlika Wealth Fund and the Philippine Economy**

- A. What is the Maharlika Wealth Fund
- B. Advantages and disadvantages for the economy

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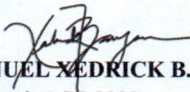
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