

Philequity Corner (February 1, 2010)

By Valentino Sy

A Tale of Two Senates

Last week's showdown between pro-Villar and anti-Villar senators probably marked one of the lowest points in the history of the Philippine Senate. Senators were deliberating the ethics case of Senator Manny Villar when, in the heat of argument, they started calling each other nasty names and dishing out personal insults. This affair was witnessed in full by the Filipino people over *ANC* cable TV and in radio stations.

In the US, a similar showdown happened in their Senate in the wake of a stinging Democrat defeat in Massachusetts. The Democrats no longer have a 60-vote majority after Republican Scott Brown took over Ted Kennedy's position. Their hearings were also televised nationwide as senators deliberated last week issues with far reaching implications, such as health care and banking reforms, Bernanke's reappointment as Federal Reserve chairman, and the increase in the US national debt ceiling.

Insertions

On Monday, legislators here deliberated on a report by the Senate Committee of the Whole regarding Senator Manny Villar's misconduct for allegedly using his position to benefit from the C-5 road extension project. The already-heated session turned for the worse when Senator Aquilino Pimentel, Jr. cracked a joke on Senator Manuel Roxas.

Roxas had just finished saying that unlike Villar, he himself never had any "insertions" on the national budget. Pimentel countered with a green joke, "Well I'm sure that after your marriage, you had some insertions... but that may be different."

This infuriated Roxas who said the comment was "affront" to his wife and demanded that it be stricken off the official transcript.

Pimentel readily conceded and agreed to have his remarks deleted from Senate records.

Choo-choo train, abused-child, "saling pusa"

Earlier, Pimentel may have been irked after being described by Senator Jamby Madrigal the he is part of Villar's "choo-choo train of lawyers." In retaliation, Pimentel made fun of Jamby saying that at least he is not an "abused child."

Meanwhile, when it was Senator Alan Peter Cayetano turn to speak, the Nacionalista spokesperson ridiculed Jamby saying that she's just "saling pusa," referring to her extremely low rating in the presidential election.

Walkouts

Tuesday's session started with an impassioned speech from Senator Miriam Defensor-Santiago. She reminded fellow Senators against the use of improper language during debates in the plenary, especially against each other.

“Our behaviour did not serve the nation... If this is the kind of hostile, belligerent attitude we bring to our debate, then all of us should resign immediately,” Santiago said.

After her speech, Santiago walked out of the plenary, saying that she’s very tired of politics and dismayed at how her some of her colleagues conducted themselves the previous day.

A comic relief

Sad to say but most people we talked to about the incident, found it to be entertaining. Maybe it’s because of the Filipino’s cheerful character or our ability to make light of depressing times that most found this grave moment to be hilarious. For sure, investors who had a tragic week (after a 4.2 percent drop in the PSE Index) welcomed this as a *comic relief*.

Sharp contrast

In sharp contrast to the circus-like atmosphere in the Philippine Senate, the US Senate proceedings last week had global implications. The populist measures being proposed by Obama have unnerved investors. As we mentioned the previous weeks, Obama’s populist rhetoric, together with China’s monetary tightening, concerns on Bernanke’s reappointment and the credit problems of Greece have caused global stock indices to pullback 5 percent to 10 percent from their highs registered last month.

Bernanke’s reappointment

In the US, people were also glued on their TV sets watching a different Senate showdown. Just last week, the US Senate confirmed Ben Bernanke’s second term as chairman of the Federal Reserve. The vote eventually tallied 70-30 in favour of Bernanke but was the second closest vote ever in the wake of rising public anger over government bailouts. With Bernanke’s tenure secured, investors can rest assured that interest rates will stay low at least for another six months.

US healthcare

With regard to the US healthcare bill, the Senate and the House have already passed separate versions, both of which would extend insurance coverage to more than 30 million uninsured Americans, create insurance exchanges where individuals can shop for plans and bar insurance practices such as refusing coverage to people with pre-existing conditions. Both chambers, however, have failed to reconcile the differences between their versions and there is a strong possibility that they will not be able to agree before this year’s elections.

Banking reform bill

Meanwhile, the Senate have yet to pass a banking reform bill which President Obama so ardently pushed for in his speech addressed to Congress two weeks ago. Among the measures being studied are the proposals to ban banks from owning hedge funds and private equity funds, limit proprietary trading, and new taxes on banks and bank bonuses.

Investor ramifications

Fund managers, stockbrokers and individual investors should keep a close watch on the US Senate hearings and Obama’s speeches. Obama’s rhetoric and populist-driven

legislative proposals have completely changed the direction of the market. Meanwhile, if you want to be entertained, or if you want comic relief, or if you wish to relax from a hard day, they can watch the Philippine Senate hearing. It is close to watching Jon Santos' show, a political parody, which I just watched over the weekend.

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