

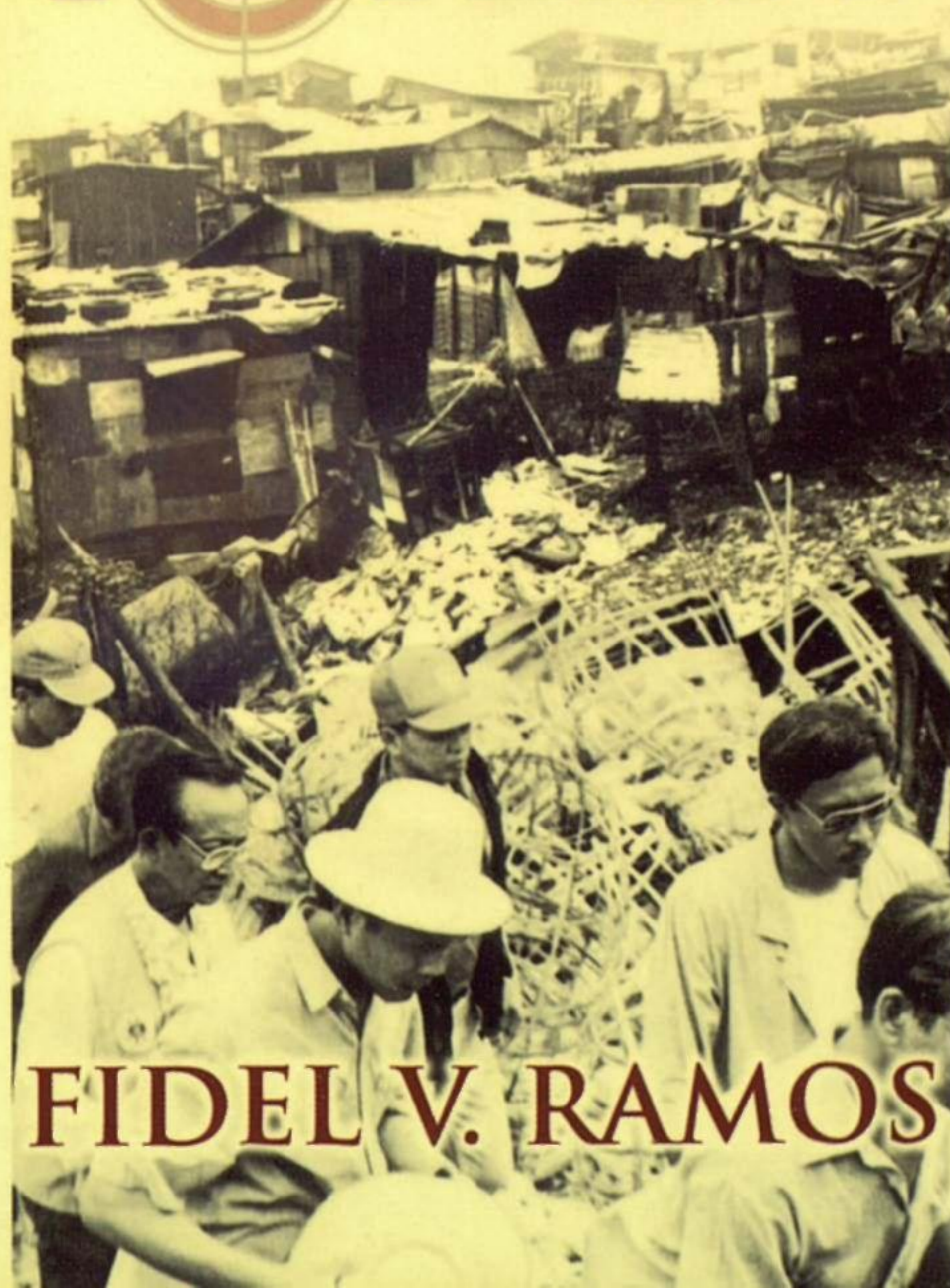
FIGHTING TERRORISM BY FIGHTING POVERTY



FIGHTING
TERRORISM

BY


FIGHTING
POVERTY



FIDEL V. RAMOS

TUN DR. MAHATHIR BIN MOHAMAD

*Mabuhay/Beñ Niche for stronger Philippines/Malays
partnership and a better world!!! - To H. E. PM Mahathir bin*

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Fighting Terrorism by Fighting Poverty

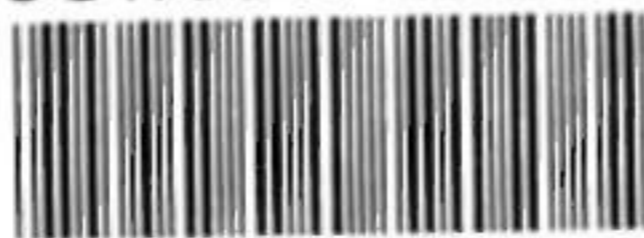

FIDEL V. RAMOS

*Volume 10
of the collection of speeches
of Fidel V. Ramos,
former President of the
Republic of the Philippines*



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Top photo of bus bombing on EDSA, Makati City.
Photo courtesy of the *Philippine Daily Inquirer*.
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Fighting Terrorism by Fighting Poverty

The need for closer collaboration between the rich and poor countries in dealing with political, economic and social challenges is underscored by the truism that globalization is binding all our countries into ever-closer interdependence. No longer can any nation—however self-sufficient—afford to stay complacent and heedless of whether others sink or swim.

The interfaith and intercultural dialogue already started in the U.N., as initially proposed by the Philippines, Pakistan and Indonesia, would create a powerful mechanism for bridging the gaps. The global community must look beyond the war on terrorism—to deal once and for all with the inequities that remain in the global order. The G-8 nations and the global alliance America leads must aim not merely to defeat terrorism. They must also see to the other side of the coin of human security—which is people's well-being and safety in their homes, neighborhoods and workplaces. And they must win people's allegiance by the power of their values and their ideals. Not only must they isolate terrorists and extremists; they must also help, in meaningful ways, poor countries to prosper; and they must aim for a world order that offers full participation to all of Earth's peoples.

From the Preface

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Foreword

Four years after the publication of *The Continuing Revolution* or Volume 9 of the series of books by former President Fidel V. Ramos, the SGV Foundation, Inc. once again takes pride in co-publishing with the Ramos Peace and Development Foundation, Inc. (RPDEV), Volume 10 entitled ***Fighting Terrorism by Fighting Poverty***. We also welcome the participation of the Print Town Group of Companies in producing this volume.

As with the preceding publications, this edition features a collection of speeches delivered by President Ramos in various forums. It also contains a special chapter with contributions from former colleagues on their thoughts and reminiscences of working with him, giving readers a glimpse of the former President's "lighter side."

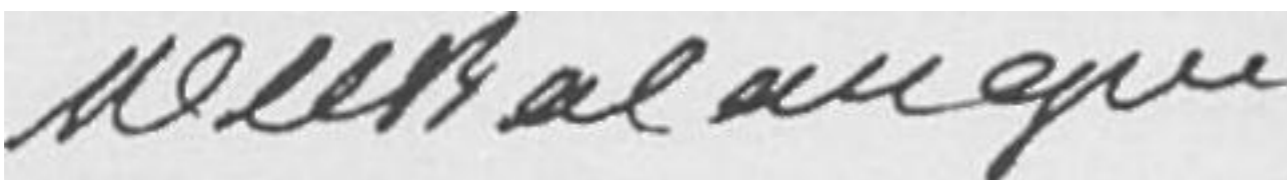
Since becoming a private citizen in 1998, President Ramos has not stopped working for the country and for his fellow Filipinos through the RPDEV. He remains an influential voice as he continues to inspire us to meet head-on our challenges as a nation. Still tireless in his pursuit of improving the welfare of the Philippines and its people, he is relentless in advising and getting people involved, encouraging them to care, share, and dare. As one of the anecdotes in this volume says, he is "always with the troops, always with the people."

In *Fighting Terrorism by Fighting Poverty*, he turns his focus on terrorism, a dark specter that has loomed over the world since September 11, 2001. He writes on

issues of national security and development, and the Philippines' role in the Asia-Pacific region and international security. President Ramos also delves into the social, political and economic dimensions of the reality that is poverty.

The title for this volume sums up succinctly his conviction - if the huge chasm between the haves and the have-nots is somehow bridged or even filled in completely, there would be no dissatisfied and desperate people seeking to destroy the institutions they perceive as oppressing them. The road to security and stability runs parallel with development and the eradication of poverty.

It is a message that is both timely and timeless.

A handwritten signature in cursive script, reading "David L. Balangue". The signature is written in dark ink on a light-colored background.

David L. Balangue
President and Chairman
Board of Trustees
The SGV Foundation, Inc.

Preface

Technology has turned out to be not only the driver of prosperity. Technology has become a powerful doom's-day machine as well — in the hands of terrorists carrying out mindless violence, bloody religious fanaticism, and separatist rebellions — collectively called "asymmetric warfare" by the Pentagon. The conjunction of jihadism with cutting-edge technology now enables small groups of extremists to threaten even the greatest powers with weapons of mass-destruction of the biological-chemical kind — including tactical/portable nuclear types that can be infiltrated across borders. On the other hand, developing and less developed countries have continued to grapple with socio-economic challenges particularly the persistence of mass-poverty, endemic disease, malnutrition, environmental degradation, and gross inequity between the rich and the poor. On record, the deaths (and suffering) coming from the latter causes which have grown to pandemic proportions in the "have-not" countries have exceeded more than a thousand-fold those from terrorist and nuclear attacks.

What are the global challenges to the leaders of our time? These most of us know — but let us revisit them from a Third World perspective.

Westerners during the past decade have generally considered international terrorism as the most urgent threat to human security. Accordingly, forces and resources have been mobilized and expanded to counter its many forms. America's immediate response to 9-11

was swift and powerful. The cleaning out of the Al-Qa-eda and Taliban in Afghanistan under the mandate of the U.N. Security Council, and then the U.S. invasion of Iraq even in the absence of U.N. authority underline the primacy of military solutions in think-tanks of the affluent nations.

The "have-not" countries, furthermore, are realizing that development does not happen automatically, but lies only at the end of a long and arduous road which not all of them are capable of reaching. Many Third World countries have learned the sad lesson that development does not rain down, like manna, from Heaven. These economic and social anxieties are being aggravated by the basic instability of international relations — mainly because of terrorist strikes, guerrilla warfare, and the preemptive wars that America threatens on her enemies.

Suddenly doubts are increasing even about the "benefits" from globalization. Now more and more people tend to believe the spread of the market system is merely worsening the income gap between the rich and the poor countries. Certainly, all our countries are beginning to realize how precarious the process of globalization is — how easily market mechanisms can be rolled back by cultural resentments, real or imagined, over economic exploitation, political oppression, and social injustice.

The Gaps To Be Bridged

Obviously, there must be an intensification of efforts to reduce global poverty, which has become a breeding place of resentment, envy and despair — hence, a ready producer of violence and suicide-bombers.

The debt write-off for the 18 poorest states — 16 in Africa and 2 in Latin America — that the G-8 countries have just agreed on is a splendid beginning. But it is not sufficient, since anti-poverty measures must encourage poor countries to carry out their own emancipation. A complementary mechanism, based on self-help and self-reliance, is the debt-reduction and debt-conversion initiative that the Philippines has proposed to the United Nations and to the rich countries and the international lenders. In 2000, the United Nations spelled out its well-publicized Millennium Development Goals (MDG) of halving global poverty by 2015. But the poor countries will be hard-put to finance their national MDG programs. Already the 100 debt-ridden countries find the burden of servicing their collective \$2.3 trillion in official debt-stock more and more difficult to bear.

Specifically, the Philippine Government submits that half of all scheduled debt-payments be retained, over a specified period, by the debtor-countries — to be invested in reforestation, clean water, mass-housing, food production, primary health-care, sanitation, basic education, farm-to-market roads, ecologically-sound tourism, livelihood programs, micro-finance and related MDG projects. Technically, the lenders would not sacrifice too much under this proposal — since payments due them could be converted — wherever possible — into equities in MDG projects with earnings potential. Yes — the rich countries must help the poor; but the poor countries must also help themselves — by putting their own houses in order, thereby building up their self-reliance capacity through self-help. This concept is based on the expectation that, if we are to create a better world — one that shall have closed the gap in personal security and economic well-being enjoyed by the world's richest inhabitants on one hand and, not

enjoyed by the poor vast majority on the other — the community of nations, together, will need to cultivate a new global culture of mutual responsibility.

Among the most pressing of the problems our political leaders must deal with is in the field of international trade — opening rich-country markets wider to agricultural exports from the poor countries, and reforming the market system so that it begins to have a care for those whom development leaves behind. Until now, the United States and the European Union have yet to substantially deliver on their promises of market-access. Yet another WTO roadshow — the Doha Round of 2001 — is about to end (in 2006) with little to show. The poor countries argue that broader farm trade liberalization alone in the European Union, the United States and Japan would yield them benefits up to \$ 142 billion by 2015. Bimal Ghosh, a former director of the United Nations Development Programme, has famously calculated that the daily subsidy to every cow in the European Union — currently amounting to 2.50 euros — exceeds the daily take-home income of millions of poor people around the world.

Global Poverty

People in the industrialized countries are already 74 times richer per capita than those in the poorest countries, according to recent estimates. What is worse is that the rich countries seem to favor free markets and free trade only when it suits them. Even U.N. Secretary-General Kofi Annan has warned that unrestrained globalization might not raise all boats but only the yachts and even wind up overturning a lot of canoes.

Today, one-quarter of all the people in the world still lives on less than the equivalent of one American dollar a day. A World Bank study says 1.2 billion people still

have a daily spending power equal to about the price of a hamburger, or two soft drinks, or three candy bars in the West. And, according to the U.N.'s Food and Agriculture Organization, about 815 million people go to bed hungry (among them 200 million children under the age of five). But, beyond trade, our world needs to evolve a more compassionate kind of capitalism — one that reconciles open market forces with a measure of social justice. Capitalism's natural drive is to maximize returns: it has no internal governor to check its social behavior. Left to itself, the market remains indifferent to the ethical dimensions of what it does to vulnerable people and vulnerable states.

Preventing state failure or collapse, therefore, must be a primary concern of the global community. The basic lesson from terrorist attacks and insurgencies is that the global community cannot allow conflict in any one part of the world to fester — because it will, sooner or later, generate dangerous complications and resentments elsewhere. Another source of instability in our time is the doctrine of pre-emptive strikes against terrorist groupings and their state patrons. America's political leaders accept new terrorist attacks on the U.S. homeland as "clear and present dangers" which the American people must live with from now on. Obviously, the Cold War strategy of deterrence or "massive retaliation" cannot work against suicidal groups without homelands and citizens to protect. Nor can the United States wait until it has absolute proof of an imminent threat to justify a pre-emptive strike against terrorists aggressively seeking biological, chemical, and nuclear weapons. Thus, America must always have at hand a hair-trigger response to any terrorist threat — and, therefore, therein lie the seeds of further instability.

How then our leaders to master these challenges?

Choosing what is "safe" does not adequately equip the political leader to deal with the speed and force with which change is taking place today. Leadership that takes one cautious step after another will not solve present-day problems. Great leadership often arises at times of political or economic crisis. Indeed, true leadership shows itself in its capacity to convert latent crises into dramatic opportunities. Electing capable leaders is not easy — not even for mature democracies. But choosing good rulers is particularly difficult in poor countries, where mass electorates all too often count media popularity as the primary attribute for national leaders.

Collaboration Towards Human Security

The need for closer collaboration between the rich and poor countries in dealing with political, economic and social challenges is underscored by the truism that globalization is binding all our countries into ever-closer interdependence. No longer can any nation — however self-sufficient — afford to stay complacent and heedless of whether others sink or swim.

The interfaith and intercultural dialogue already started in the U.N., as initially proposed by the Philippines, Pakistan and Indonesia, would create a powerful mechanism for bridging the gaps. The global community must look beyond the war on terrorism — to deal once and for all with the inequities that remain in the global order. The G-8 nations and the global alliance America leads must aim not merely to defeat terrorism. They must also see to the other side of the coin of human security — which is people's well-being and safety in their homes, neighborhoods and workplaces. And they must win people's allegiance by the power of

their values and their ideals. Not only must they isolate terrorists and extremists; they must also help, in meaningful ways, poor countries to prosper; and they must aim for a world order that offers full participation to all of Earth's peoples.

Those who lead us today must create a genuinely new global order in which all peoples could take part — with dignity and an assurance of fairness and a significant measure of equity. I do believe this is what the United Nations is all about today — 60 years after the U.N. Charter was signed on 26 June 1945 by 50 founding countries, including the Philippines.

A handwritten signature in black ink, appearing to read "A. Ramos". The signature is written in a cursive style with a long horizontal stroke at the end.

I.
Philippine Security
and Development:
Collective Strategies in our Inte

Philippine security and development: Prospects over the next 10 years

As political maneuverings intensify with less than one year remaining before the next national and local elections, it is timely and wise to look into the future prospects of the Philippines on the basis of the events of the recent past and current developments. Our country's security over these next 10 years will depend on how things turn out at home and in the region. Our internal security, political stability and national development will depend on how the problems of mass poverty are resolved, how our economic growth — now relatively low in terms of existing and emerging opportunities — is expanded, and how weak Philippine competitiveness in global markets is improved. Our external security will depend basically on how big-power relationships play out in Southeast Asia, in the larger East Asian region and in the world — and on the outcome of various initiatives toward regional integration, and the future status of the United Nations.

The twin goals of **peace and development** probably describe best our nation's immediate as well as long-term aspirations. On the other hand, a new dimension of development — **human security** — has emerged in the international community as advocated jointly by Sadako Ogata, former U.N. High Commissioner for Refugees, and Amartya Sen, Nobel Prize awardee for development economics.

Human security is concerned with safeguarding and expanding people's vital freedoms. It partakes both of protecting people from critical and pervasive threats, and of empowering people to take charge of their own lives. Protection refers to the norms, policies and institutions essential to shield people and requires Government's "top-down" vigilance, especially in insuring the rule of law and democratic governance. People empowerment underscores the role of individuals as stakeholders and participants, and necessitates a "bottom-up" contribution through self-help and self-reliance.

If our current crop of political and business leaders can effectively deal with our internal problems, they will soothe our people's anxieties about our country's future and satisfy their brighter hopes for themselves and their children. Among ordinary Filipinos, the climb from the depths of deprivation is sharp and steep: the richest 10% of all our people are 24 times richer than the poorest 10%. If those who lead us are to make an impact on generational poverty, they must nurture growth that promotes enterprise and productivity, generates decent jobs for ordinary people, enables small businesses to grow, and allows innovators to flourish. Development — if it is to mean anything — must increase the participation of everyday Filipinos in

an economy that could become structurally and technologically stronger in the next decade.

The operative principle remains unchanged. It is still "**people empowerment**," and it is a cherished part of the Filipino value system that has been eroded by recent fiascos of cronyism, nepotism, and elitism.

If our leaders cannot deal with such fundamental situations, then the whole of national life will be destabilized. Civil order will deteriorate even more. Insurgency, secession and crime will continue unabated; Mindanao will be further inflamed; terrorism will spread to many other parts of the archipelago; and our educated young people will fly away to more hospitable countries to find their fortune.

In the larger East Asian region, potential flashpoints remain — among them North Korea, Taiwan, and the South China Sea. Myanmar still is in hermetic isolation, and Islamist pressures are increasing in Indonesia, which is Southeast Asia's lynchpin state. Because virtually every East Asian state is intent on growth and regional stability has become a collective concern, it is easier to be optimistic about our external security problems than our internal ones. The interdependence being generated by the market system — and induced by various initiatives to unify the region — bolsters the military and diplomatic underpinnings of our regional stability. An East Asian economic community encompassing the 10 ASEAN states, China, South Korea, and Japan is likely to be in place within the next ten years.

Terrorism has privatized war

To those forces transforming national societies, we must now add the power of terrorism. The "democratization" of technology has been diffusing power away from governments, and enabling fanatic individuals and conspirational groups to play powerful roles in world politics — including that of inflicting massive destruction — once the reserve of government and their armed forces. The specter of asymmetric warfare, of which terrorism is its most visible aspect, has been upon us for the past two years.

Terrorism has privatized even war — as we can see from Osama bin Laden's jihad against the whole of western Christendom. It no longer takes another super-power to pose a grave threat even to the American giant. Accordingly, Washington's world-view has been transformed by September 11, 2001. The neo-conservative administration of President George W. Bush is intent on imposing a new kind of Roman peace — a Pax Americana — on the whole world.

We Filipinos have long been acquainted with terrorism. Our citizenry, in fact, have been among its first victims in the post-Cold War era. Islamist extremists have struck in many places in Mindanao and even in Metro Manila. Filipino terrorists apparently have linked up with an extremist movement active in all the Muslim communities of Southeast Asia — which has a grandiose program to unite much of Southeast Asia into one Islamic state.

Islamic terrorists regard themselves as fighting to establish a global community of believers that — as

in the days of Arab glory, more than a thousand years ago — would be governed by the Koran and ruled by a "successor" to the prophet Mohammed, or caliph, who would possess both temporal and spiritual powers. But this myth of a return to Islamic purity is as propagandistic and as illusory as Hitler's dream of a thousand-year Reich or Stalin's vision of a classless society.

Islamic fundamentalism remains defensive and reactive. It finally will exhaust itself, since it lacks the intellectual resources capable of giving the Muslim peoples the civilizational vigor they need to compete on equal terms with the modern and secular West. To avert the "clash of civilizations" that some thinkers see as impending, world leaders are promoting a "dialogue of civilizations" being encouraged by the United Nations and promoted by the ecumenism of Pope John Paul II.

By now, such a dialogue has gained wide acceptance among national leaders — including President Syed Mohammed Khatami of Iran. But Washington is the best-placed to open a dialogue between religions and cultures — to restore the social order shattered by the September 11th terrorist attacks; outflank the extremists on both sides; and achieve the multicultural understanding which is the only basis for the long-term security of the global community.

Obviously, the dialogue of civilizations will be drawn-out and complicated. But I think it is tremendously important as a parallel mechanism to conventional diplomacy at a time religious, cultural, and civilizational affiliations have all become

potential and even active sources of global tensions and conflicts.

Ironically, on the broad canvas of East Asia, the terrorist threat has already resulted in closer inter-state cooperation. By seeing how easily terrorism could leap over political boundaries, governments throughout the region have realized how much national security nowadays depends on cooperation among sovereign states.

This is why almost all the East Asian states — China included — have signified their support of the anti-terrorist coalition. Not only has the anti-terrorist war brought Beijing and Washington together; Tokyo has also been able to show the flag in the Indian Ocean — thus establishing a useful precedent acceptable to the Japanese people for involvement in future conflicts away from its home-waters. Even Russia has manifested a surprising degree of support for the U.S. - led anti-terrorist coalition.

No alternative to peace and development

In Mindanao — as elsewhere — the bottom-line truth is that there is no alternative to peace and development. Many grim scenarios could easily be imagined as arising from an intensification of the conflict there. And the worst-case scenario would be if paramilitary groups, local militias, and warlord armies enter the melee once again — as Muslim 'Barracudas' and 'Blackshirts' and Ilongo 'Ilagas' were engaged in the heartland of Mindanao in the early 1970s.

Unless the peace process with the Moro Islamic Liberation Front (MILF) continues and succeeds,

we might be seeing local history repeating itself — in atrocities, massacres, family vendettas, religious strife, and even 'ethnic cleansing' — such as the world saw most recently in Kosovo. Those who work and live in Luzon are not generally aware of it, but from 1969 — when the separatist rebellion began — until the GRP-MNLF peace agreement of September 1996, the Mindanao conflict cost more than P73 billion and took more than 120,000 human lives, most of them civilians, nearly all of them Filipinos.

While the direct effect on the economy might be relatively small — Mindanao contributes only 18% to GDP and the strife-affected areas only 2% — the conflict has caused much human suffering. Its economic effects include the loss of business confidence causing capital flight; the decline of the peso; higher inflation and interest rates; investment being put off; defense spending increased at the expense of social services; trade and tourism reduced — all of which contribute to a huge, almost unmanageable national budget deficit.

What worked: The C-H-C-D Strategy

Military action against the Abu Sayyaf and the MILF — as well as against the Communist Party of the Philippines/New People's Army (CPP/NPA), who are apparently rebuilding their guerrilla forces in portions of Luzon and in the Visayas — is clearly justified, but combat operations obviously form just one component of a larger strategy for peace and development.

As a professional soldier for 45 years, a holistic approach was the strategy I served — beginning

as a lieutenant during the Huk campaign in Central Luzon, and then as a general officer during the height of the anti-NPA campaign. Our proven formula we always referred to by the shorthand C-H-C-D initials — which stand for "Clear, Hold, Consolidate, and Develop."

To "clear" a geographic area in which dissident forces have infiltrated themselves, you use military action — as sparingly as possible — and then you "hold" the liberated area with a combined garrison of suitable strength consisting of both military and law enforcement units. Concurrently, a well-coordinated intelligence network is organized — starting from the pook or neighborhood level, to the barangay or community level, and upwards.

With the garrison providing stability to the area — and security for the local people — government then stimulates local development by delivering basic social services, building local infrastructure (such as farm-to-market roads), and encouraging family businesses, cooperatives and small- and medium-scale enterprises (SMEs) to start up.

Needless to say, a major part of the effort at "consolidation" and "development" is the installation of good local political leadership and governance. And for this to happen, government must ensure elections are clean, honest, and orderly — so that new leaders who can deliver people's needs would rise from among the local people.

Once development takes hold, the garrison becomes superfluous. Local security and stability can then be gradually turned over to the civilian police and the military elements withdrawn. At this point,

local government units start to function in an accountable, predictable and responsive manner.

The C-H-C-D strategy is the refinement of Ramon Magsaysay's policy of "all-out force and all-out friendship," and has worked unfailingly wherever dissidence rears its ugly head. Right now, it is clearly needed in some parts of Central Luzon; the Cagayan Valley; on Mindoro island; in the Quezon-Laguna border areas; in parts of Samar-Leyte; and in the interior of Mindanao, where NPA bands — in an unlikely alliance with Islamic "Lost Commands" — have been fomenting disorder to ease the military pressure on the MILF. In any given situation, the mix of military, police, civil government and private sector effort necessarily varies — but the elements of speed, vigilance and teamwork are essential to success.

The essential link: A social reform agenda

The organic link between peace and development is a Social Reform Agenda (SRA). This goal I clearly articulated when I took my oath as President in June 1992, and pursued as a priority government program to empower the least among our people and emancipate them from poverty and injustice.

This commitment was based on my belief that, because the poorest among our people have neither the economic nor the political power to lift up their lives, government must become a liberating force on their behalf.

My frequent reference to the symbol of the *bibingka* — the favorite Filipino pastry, which must be cooked with fire both from the bottom and from

the top — was intended to encourage ordinary people to help themselves and to focus officialdom on the need to provide good governance, equitable resource allocation, and effective linkages within national society and with the international community.

Under the SRA, I ensured that my administration reached out to all our marginalized and most vulnerable sectors not only to give them access to welfare services, livelihood and job opportunities, but especially to give them a political voice, so that local and national leaders could listen to their wants, needs, and hopes.

In our effort to pull out the root causes of rural dissidence, we speeded up land reform. In poverty alleviation, we moved away from the old trickle-down policies toward affirmative action in our poorest provinces and in the pockets of poverty that are to be found even in our urban centers.

Here, our object was to help the poorest of the poor help themselves — by expanding their access to primary health care, basic education, housing, livelihood training, credit and jobs; and by raising productivity in their traditional occupations. We were firm in our belief that empowering one individual would give that person the capacity to help or empower other people.

Without the decent minimum amenities of life, the Filipino poor cannot be expected to raise themselves up to grasp the "equality of opportunity" and "equality of treatment under the law" that the Philippine State guarantees them in theory.

While we did not and could not accomplish during the period 1992-1998 all we set out to do — much less do all that needed doing — the reasonable expectation was that there would be continuity and teamwork in the building of the nation, which is the work of one generation, if not more. There is no sense in re-inventing the wheel or going back to square one everytime there is a change in government administration. Over these last 35 years, our economy and politics had performed like a roller-coaster — plunging from peaks of growth and vigor into valleys of decline and crisis. In fact, the better part of the 26 months of President Arroyo's administration we Filipinos have have spent in picking up the pieces of the civil disaster wrought by the 30-month rule of deposed President Joseph Estrada on our country.

Transforming the economy

The transformation of our economy into an outward-looking, high-growth, and competitive economy has become a matter of national survival. Over these past ten years, in spite of boom-to-bust-back-to-boom cycles, we have really been able to change the economy qualitatively — to shift its center of gravity from import-substitution and protectionism to openness and participation in the global division of labor and capital. After several decades during which exports as a proportion of the gross domestic product had barely risen above 15%, they now yield over 45% of GDP.

Two years into Mrs. Arroyo's caretaker Presidency, the basic indicators suggest that the macro-economy is picking up again. Agriculture has been the

main driver of growth. Government's heavy investments in agriculture — including water conservation and downstream irrigation systems — have paid off in bumper crops of all kinds — from rice and corn to poultry and fruits and other farm products. And although export demand from the United States and Japan — our largest markets — have slowed down, foreign direct investments (FDI) has been steadily rising — with much of it going into electronics, automotives, mining, fruits, information technology services, and garments. Nevertheless, on the FDI aspect, we still suffer by comparison with some of our Southeast Asian neighbors because of their having a more "level playing field" than ours.

The economy needs a second wave of reform

What can government do to stimulate economic growth?

In my view, the economy needs a "second wave" of reform to follow through on those carried out by the Aquino and Ramos governments between 1986 and 1998. Key industries and services have been deregulated; public corporations privatized; and capital markets strengthened. To complete these business-friendly reforms, government must now open up still-restricted sectors such as banking and financial services, air-sea transport, and natural resources development.

Thanks to a cooperative legislature (the 9th and 10th Congresses enacted 229 structural reform laws in 6 years), my administration was able to use to the maximum such landmark laws like the Expanded Build-Operate-and-Transfer (E-B-O-T) law

— which enables private enterprise to take active part in the building of public infrastructures and utilities in various economic sectors. The Expanded B-O-T law has become a model for developing countries. In its many variations, the law has enabled the Philippine government, in partnership with the private sector, to build electric power plants, light rail transport systems, air- and sea-ports, highways, multi-purpose dams, and industrial estates with affordable costs to government and without raising new taxes.

Experts estimate that the Expanded B-O-T law has made possible private investments in public infrastructure valued in excess of US\$30 billion during the 1992-1998 period. Where would we be today without such infrastructure and utilities in the face of unrelenting population pressure growing at 2.3-2.4% annually? Clearly, the development of these basic services must keep pace with our high population growth — and this would be possible only with a substantial inflow of FDI.

One of these vital services is adequate water supply — for health, hygiene, irrigation, energy and industrial purposes. Already, water more than oil is the single most important commodity in the new millennium. Water will be as basic to economic development in the 21st Century as oil was for most of the late 20th century. And in our fight for better water resource management, Filipinos — especially residents of Central and Northern Luzon — cannot but appreciate the newly-completed San Roque Multipurpose Project (SRMP) — the largest of its kind in Southeast Asia — straddling the provincial boundary of Pangasinan and Benguet. In addition to irrigating some 87,000 hectares of

farmland in Tarlac and Pangasinan, and generating 345 megawatts of electric power, the dam will also control floodwaters that annually inundates 125,000 hectares of populated communities and agricultural production areas — thus preventing loss of life, livelihood opportunities, and the further destruction of public infrastructure as well as private properties.

For the present and immediate future, the government should shift its strategic focus to key sectors where micro-economic reforms can enhance both productivity and efficiency, and thereby significantly increase our national wealth. The national experience has shown the effectiveness of industry-specific reform to remove regulatory barriers and market distortions. Those sectors of the economy where growth and investment have been strongest these last two years — in telecommunications and the retail trade — have both been recently liberalized. Increased agricultural productivity, now being pushed by the government, must be made to reach every farmer, farm and farming community.

Meeting foreign investors' main concerns

Government must also deal urgently with foreign investors' concerns about public safety in our work places and homes; labor unrest; and infrastructure bottlenecks.

Labor unrest I believe to be associated with the increasing number of unions controlled by radical political groups — whose bottom-line objective is not to win collective bargaining agreements but to supplant our democratic-capitalist system with a

communist-socialist welfare regime. Government should not allow these radical groupings to use our democratic institutions to subvert Philippine democracy.

As for local peace-and-order problems, part of the answer — I believe — lies in imposing greater accountability and responsibility upon local governments while at the same time allowing them greater supervision and operational control of police forces within their jurisdictions. The other is in the appointment of the finest officers to lead the National Police and other investigative and security bodies. No Chief Executive or Commander-in-Chief should allow partisan political considerations to intervene in the making of these choices within the AFP and the PNP.

Raising our country's competitiveness must be placed at the top of the agenda of succeeding presidents or prime ministers. Government must do all it can to reduce the costs of doing business — by reducing factor costs; decreasing tariffs on essential inputs; encouraging the clustering of industries — particularly of SMEs — and providing easier credit-access to the poor (as already mandated under our 1997 Social Reform and Poverty Alleviation Law). The fact is that competing through price is becoming less and less viable a strategy for our industries. Many Philippine companies are now mature enough to begin competing on the basis of product development. Product design — value added — product differentiation — product quality — market niches — these must now be the new ambitions of Philippine industry for the future.

The political reforms we need to do

Looking forward, President Arroyo has made building a "Strong Republic" her proximate goal. This is a goal I myself have long advocated. However, I have consistently used the term "Effective State" — because the words "Strong Republic" carry connotations of a 'strongman regime,' which our people abhor.

What does building a "strong state" mean? Building state capacity means creating political structures strong enough to move the country toward economic, political, and social modernization in spite of powerful partisan, vested interest and elitist pressures from within. And these structures include the civil service and our political parties — both of which we must infuse with a stronger sense of national purpose.

We all know the cynicism and mistrust with which ordinary people everywhere in the world regard every aspect of 'politics'. And we also know that for transitional democracies like the Philippines, political reform is painstaking, protracted, and complex. But political reform is an undertaking we can no longer put off.

Corruption, red tape, and the poor enforcement of laws are corrosive disincentives to investors that our country's strategic location and our high-quality workers are hard-put to offset. Our basic goal should be to make both government and markets work more efficiently. And if we are to 're-connect' ordinary people to the political system, we must reform it.

Foremost among these reforms must be the effort to accelerate the modernization of our electoral system. Right now, our leaders continue to agonize over the processes of computerization of the vote and its tally, cleaning up of voters' lists, and effectively giving overseas Filipinos the right of absentee voting. To limit the influence of 'big money' on national politics, Congress must prioritize the proposed policy of public financing for electoral campaigns — in the context of reforms to strengthen our flawed party systems. These reforms I support wholeheartedly.

Constitutional reforms regarding the protectionist provisions of the 1987 Charter

A clear national consensus for amending the 1987 Constitution has now formed. The amendments I most want to see are those that would purge the Charter of its protectionist provisions, which reflect an inward-looking nationalism incompatible with our age of globalization and economic interdependence. Constitutional provisions that restrict foreign participation in key sectors such as mining, agriculture, and public utilities have choked the flow of foreign capital, technology, and production skills into our economy.

Even during my administration — which was a period of relatively high growth — our country received less than 6% of the total FDI that went into Southeast Asia because of such constitutional barriers.

I would also encourage and support constitutional provisions that would insure the sharing of political

power among a broader base of leaders and stakeholders. The evils of "dynastism" and "turncoatism" should be frontally addressed in the amended Constitution. With both chambers of Congress unable or unwilling, since 1987, to define in the law these unwanted practices which must be corrected, it is necessary to articulate the prohibitions and the penalties for non-compliance in the language of the Constitution itself. On the other hand, I have great hopes for our local governments as laboratories for political innovation — for developing more efficient, more accountable, and more decentralized forms of government.

The prospects for East Asian integration

Now that all of Southeast Asia has been gathered under the ASEAN umbrella — and an ASEAN Free Trade Area (AFTA) has started functioning — East Asian statesmen are discussing the concept of an East Asian Economic Grouping (EAEG) that would bring together the 10 Southeast Asian states plus the 3 Northeast Asian states of China, Japan, and South Korea. Initially, an ASEAN plus China Free Trade Area (CAFTA) has launched a strong momentum for the establishment of a potential market of 1.8 billion people in our region.

Even the trends in the global economy are driving our countries toward such unification. The Bush Administration has proposed expanding the North American Free Trade Area (NAFTA) to encompass the two American continents in a grand alliance called the "Free Trade Area of the Americas." The European Union — where regionalism is most advanced — now encompasses 25 member-states and

is adding a unified armed force separate from the North Atlantic Treaty Organization (NATO) to its security system.

For today's East Asia, the alternative to economic unification is marginalization. Without closer Asian integration, smaller economies such as ours are destined to be reduced to economic insignificance, as Europe and North America consolidate powerful trading and negotiating blocs that can — and do — bulldoze their way in the negotiations within the World Trade Organization (WTO) and other international bodies.

Regionalism will strengthen ASEAN's continuing effort to help keep in balance the three legs of the stool of global interdependence — Europe, East Asia, and North America. An East Asian economic grouping will have the additional virtue of keeping China's vigorous economy engaged in a larger regional setting.

This is why ASEAN — even while it is completing the first phase of AFTA — is reaching out to the Northeast Asian powers — China, Japan, and Korea — with its proposal for an East Asian economic and political grouping. This initiative of the Southeast Asian heads of government promises to be as epochal as Jean Monnet's 1949 proposal that France place its coal-and-steel industries — which represented its essential war-making capacities at that time — under a common authority with those of Germany. Accepted by West Germany, Italy, and the Benelux countries, Monnet's modest proposal gave birth to today's European Union.

The East Asian region a decade from now

Over the foreseeable future, we must all figure on living with a more intrusive America. And this will be particularly true in Southeast Asia — where Islamist pressures are building up among the world's largest Muslim populations. Nevertheless, we in this part of the world should avail of and gain from the *Pax Americana* President George W. Bush is intent on imposing on the world, just as the European Union had utilized the long period of peace guaranteed by U. S. arms after World War II for its economic and political unification.

Under the shield of American power, Western Europe has been moving — at a measured pace — from beyond its fragmented condition characterized by an epidemic of violent conflict to a single, peaceful community where common economic, security and political interests generally converge. Asians, too, should use the period of *Pax Americana* to speed up the economic and political integration of East Asia and the Asia-Pacific region. Eventually, we Asians must look beyond the peace brought about by a "balance of power," to the peace of virtuous equals resulting from a "balance of mutual benefit. "

The ground has been laid for this effort. Already the 10 ASEAN states plus China, Japan, and South Korea are contemplating a free trade area likely to lead to the EAEG within 10 years — one market that would eventually form the nucleus of an East Asian Community modeled after the European Union.

The modalities of this East Asian grouping are already being discussed by diplomatic and trade

representatives in the region. China by 2004 is to start cutting tariffs — unilaterally — on selected imports from ASEAN under a free trade agreement with the 10 Southeast Asian states that is to be completed by 2010. Meanwhile, Japan — naturally concerned it might lose out to China in the competition for markets and political influence in Southeast Asia — intends to actualize its own "closer economic partnership" with Southeast Asia even earlier.

Meanwhile, the Asia-Pacific Economic Cooperation (APEC) Forum has set 2020 as its final deadline date for unifying, under a regime of "free and open trade and investment," the western and eastern shores of the Pacific — including the United States, Canada, Russia, Australia and New Zealand. Thus, the instruments of an East Asian — and a larger Asia-Pacific — community are already being laid.

Of course, many Southeast Asians also worry that China's entry into the WTO would sharpen even more the competition it offers East Asia's emerging economies. And it is true that China is attracting nearly four-fifths of all the FDI coming to East Asia. But I for one welcome China's engagement with the region and the world.

Not only will an outward-oriented China contribute to East Asian stability. Beijing's "open door" policy should also generate new markets for Southeast Asian exports and increase the flow of investments in both directions. ASEAN's and China's economies could become complementary.

China's imports — particularly of consumer goods, raw materials, and services — should increase as Chinese living standards rise. Southeast Asians

should explore gaps in China's agricultural and mineral resource requirements and fill in the shortages. China's role as an investor in Southeast Asia must not be underestimated, and this could bring not only new capital but also technology more appropriate to our stage of development than technology from the advanced Western countries.

Economic integration will have beneficial consequences for East Asian security

Economic integration, of course, will have significant security consequences. The mutual confidence and goodwill that economic partnership generates can ease tensions over the territorial and geopolitical disputes still prevailing in East Asia.

On most foreign policy issues, Beijing now chooses engagement with the outside world. Consider how it has taken the American side in the controversy over Pyongyang's nuclear weapons; and how easily it went along with the United Nations Security Council resolution on weapons inspections in Iraq. President Hu Jintao's current sorties to Russia and other key European countries manifest China's desire for acceptance as a good neighbor.

As for Beijing's basic foreign policy concern — its relations with Taipei — that, too, is easing. Taiwan's economic crisis has impressed on her leadership elites their need for China's markets and work-people — and the unique advantage to be gained over competitors in having access to these assets on the Mainland. Growing trade and investment and increasing people-to-people exchanges are enhancing the likelihood of future peaceful unification.

Consider also the political succession that has been going on in Beijing. Could anyone have imagined such a sweeping generational transition taking place quietly — almost routinely — say, 25 years ago?

Beijing today no longer espouses a revolutionary ideology. Beijing today no longer runs a command economy. Beijing no longer seeks to control every aspect of people's lives. China's leaders today embrace the diversity and plurality of their vast country. They are concerned above all with social stability and with staying in power. They are reasonable people, with whom we can talk and with whom we can hope to reach "win-win" agreements on the issues that separate us.

The shape of the Philippine future

The problems besetting our country are well known. What has been less obvious is the strength of its economic fundamentals — foremost among them being its talented and adaptable workers and people. Despite our political troubles over these past few years, our common folk and civil society have continued to build on these fundamentals. The disruptive nature of the Philippine presidential system, however, has prevented a predictable, harmonious, and continuous building up of the Filipino nation which is home to 80 million people. This could number 95 million within a decade unless a rational population policy is implemented on the basis of responsible parenthood for married (and unmarried) couples.

Once again, we must make our fundamentals begin to work for the country's benefit. Once again, the

advantages our country offers the investor — national or foreign — must come to the fore.

What are some of these advantages? They include the country's being ranked "Number one" in the category of "knowledge jobs," according to a recent survey of 47 developing and developed countries by the Connecticut-based *American META Group*. We have earned the first rank in that sector because of the easy availability among us of competent engineers, educators, information technologists, and senior managers, as well as skilled and highly-trainable blue-collar workers. We are the third-largest English-speaking nation in the world — with a literacy rate of 95%, which is well above the U. N. average. Our universities and colleges produce 380,000 graduates a year who can fill the world's labor markets, and our labor costs are only a fraction of what they are in North America and in the European Union. This is why our service industries are growing the fastest. Already, we run extensive back-office operations — in accounting, software development, call centers, and technical support — for some of the great service-industry multinationals.

Located at the gateway of the Asia-Pacific, our country is the natural hub of international shipping and airlines — being well within hours by air of every East Asian capital city. The Philippines is already an entry point to the ASEAN Free Trade Area. Since January 2001, tariffs on at least 85% of all the goods traded among the six oldest ASEAN members have been cut to between zero and 5%.

We must learn to look at the world in a new way

The shape of the Philippine future would be one of vigor and dynamism if we Filipinos learn to look at the world in a new way — if we take full advantage of our geographical and human qualities. Like all other peoples in the Third World, we must redefine our sense of nationality — to make it responsive to the new technologies and new relationships reshaping our world.

"Globalization" is a reality; it is not new; and it is not going away. None of our countries can stop the world because some of us want to get off. We must learn to co-exist with other peoples. We must learn to compete to win. And if we are to compete capably with other peoples on a level playing field, we Filipinos must cultivate the virtues of unity, solidarity and teamwork (U-S-T). We must think of ourselves, of all our people, as making up a "Philippine Team" competing peaceably and winningly with other peoples in the global community. And, we must stop behaving like crabs in a basket.

Nationhood is said to be the acceptance of responsibility for our own fate. For close to 500 years, we Filipinos were no more than spectators to the rise and fall of foreign empires in our archipelago and in the East Asian region. But now that we have regained command of our own fortunes, we Filipinos should begin — together — to forge our own destiny.

United we stand: Collective strategies for an interdependent, geopolitical world

Our world has become truly interconnected — but in a way few of us had foreseen before the events of September 11th.

Like multinational industry, Osama Bin Laden's *Al-Qaeda* organization has spread its network to most every continent. It counts on experts of various nationalities for their loyalty, audacity and inventiveness, and on the mass media to magnify its efforts to transform the artifacts of Western technology into weapons of mass-destruction.

The September 11th terrorist attacks on New York and Washington, D. C. killed citizens from 83 countries and (according to United Nations estimates) cost the global economy at least US\$350 billion.

Global terrorism is proving to be the dark side of globalization, and because of it, new challenges to all our countries have emerged.

To counteract these dangers is a determined and multi-pronged campaign against terrorism by a coalition of allies. We are in a new struggle that portends to involve our nations along a full range of commitments in the area of unconventional warfare — from military intervention, to intelligence cooperation, to support operations, to humanitarian peacekeeping missions.

The Philippines has had much experience and deep involvements in international cooperation to defend freedom and democracy when needed. Filipino soldiers, police personnel and humanitarian workers have been called to duty to help keep freedom and justice alive — as during the Korean War, in Vietnam, in the former Belgian Congo, in Cambodia, in Haiti, in Kosovo, and in East Timor.

That kind of task is not new to us, for the Filipino has always been a soldier and worker for the world, defending the shared values of freedom, democracy and the collective security of mankind.

Filipinos during the Vietnam war were exposed to a broad range of missions — from being unconventional warriors, on the one hand and, on the other, to being builders and healers among the Vietnamese people. For these roles, our soldiers, medical workers and engineers, under the umbrella of the Philippine Civic Action Group, have been held in high respect by the Vietnamese people, and remain a source of pride for Filipinos.

Our Armed Forces and National Police have achieved a creditable record versus international

terrorists. Our most successful first-hand experience was in the operations against a cell of three terrorists associated with Osama bin Laden, as we tracked their entry into the Philippines in August 1994, arrested one of them in January 1995, and shared the intelligence information that led to the capture within four months of two others in two other countries. This was the group led by Ramzi Yousef, which planned to assassinate President Bill Clinton in November 1994 while on a state visit to the Philippines; Pope John Paul II during his January 1995 visit to Manila; and also to hijack eleven airliners to be blown up in the air or to be used as flying bombs.

Yousef's group, together with the "blind" sheik of New Jersey, were the original planners and perpetrators of the bombing of the World Trade Center in February 1993 who have since been tried, convicted and sentenced to life imprisonment in the U.S.

Collective action versus terrorism

In February 1996, the Philippine government, on my instructions, took the initiative of gathering in Baguio City the senior officials of 20 countries under terrorist threat — ministers of interior and security, chiefs of National Police and national intelligence, ambassadors, and experts — to plan for and implement collective action against extremists and radicals who would use violence to disrupt peace and development in our part of the world.

We had long been aware of the dangers lurking within their plans and strategies. True, the terror-

ist network that gestated in the Philippines in the mid-1990s was eventually uncovered, interdicted and immobilized. But the determination of other cells and affiliates to try again must never be underestimated.

Now the international community is in a massive struggle with an enemy that is largely little known and unseen, whose range spans almost the entire globe. No one can predict the exact dimensions of this new kind of violent challenge, because it operates not only in the frontlines of tactical combat, but also in the political, economic, ethnic, and scientific battlefields.

Strangely enough, it is the export-oriented East Asian economies that have suffered the worst collateral damage in the wake of September 11th and its aftermath. For instance, several national stock exchanges in East Asia, the Philippine Stock Exchange among them, dropped to their lowest levels in ten years.

Like it or not, new business models must include collective strategies for dealing with this new powerful, yet essentially faceless, threat to the tranquility and the prosperity of our fragile, interconnected world.

And beyond bringing the terrorists to justice and preventing their further proliferation, we must deal with the continuing crisis of globalization that their attacks have aggravated.

Put most simply, 'globalization' is shorthand for the way trade, investment, industry and technology are spreading around the world — overleaping

political frontiers, national cultures and traditional alliances.

Until September 11th, we had taken the spread of globalization for granted. Now we are beginning to realize how precarious the progress of globalization really is.

We are beginning to realize how easily the mechanisms of the market system can be rolled back — by cultural resentments and grievances — real or imagined, but mostly real — over economic exploitation, political oppression, and social injustice.

Beyond terrorism: The inequities of the global economic order

Like much of the global community, the Philippines supports — unequivocally — the diplomatic, political, and operational actions the United States and its closest allies are taking, by virtue of Resolution 1368 of the UN Security Council, to fight international terrorism.

The Philippines — though militarily weak and far from the actual theater of conflict — has offered its air space and its sea and air base facilities for the servicing and transit of coalition personnel, materiel and logistical services to the battlefronts.

But, like many other developing countries committed to the cause of the U.S.-led coalition, the Philippines — and the entire global community — must look beyond the on-going war on terrorism, and deal concurrently — once and for all — with the remaining inequities in the global order.

The APEC Leaders in their Summit meeting in Shanghai convened just last month (October 2001) were unanimous in their condemnation of *Al-Qaeda's* terrorism, but fell short of moving the process of trade and investment liberalization and facilitation one step higher.

What are these inequities that the global community has yet to resolve — despite long years of negotiations and summits on tariffs, investment and trade — for the benefit of the greater number among us?

Basically, we have yet to level the field of global trade.

Rich-country rules — particularly on farming and textiles, and even on intellectual property rights — still discriminate against poor countries. Ironically, rising income inequalities coincide with falling Official Development Assistance (ODA) and budget funding for social reform and human development.

Then also, the global community has yet to act in concert in a serious effort to reduce global poverty — which is an increasing source of violent conflict.

And we certainly need to lessen the intensity and frequency of capitalist crises, arising out of speculative excesses — the manias and panic attacks — the alternating waves of greed and fear — inherent in the way capitalism works.

We need to provide relief for the casualties produced by ca

destruction, the 1997 financial crisis in East Asia being the most recent example and from which many countries continue to suffer.

As September 11th showed us, it is the cultural problems and divisions exacerbated by globalization that may be the most difficult to resolve. In this effort, unilateral action will not work. The global community must act together.

Fortunately, Republican Washington has realized — in the wake of the devastation of September 11th — that a "one-man show" is not possible, neither productive — even for the world's only superpower.

If it stands united, the global community can deal effectively with the new, multi-faceted challenges — in an inclusive strategy that cuts across ethnic, religious, cultural, and economic divides — in order to ensure the long-term stability of international relations.

Is there a global level playing-field?

Let me elaborate on some of these negative aspects of globalization — and how the global community must deal with them.

First, consider the problems of organizing a reasonably-level playing field in the global economy.

Take the subsidies developed countries pay their farmers which add up to over US\$360 billion a year or some US\$30 billion more than the entire GDP of the African continent.

And while income gaps between the rich and poor countries are increasing, the flow of ODA is definitely decreasing and may even be drying up.

People in the industrialized nations are now 74 times richer than those in the poorest countries on a per capita basis.

According to the World Bank, the average Swiss earns in a day what the average Ethiopian earns in a year.

And the wealth of the world's three richest individuals is apparently greater than the combined GNP of all the Least-Developed Countries (LDCS) — and their population of 600 million people.

Harvard professor Jeffrey Sachs also reports that U.S. foreign aid nowadays is barely 0.1% of its GDP, compared to nearly 1.0% in the early 1960s. This reduction has occurred despite a "peace dividend" of more than 2% of GDP representing cuts in U. S. defense spending— after the implosion of the Soviet Union in 1990.

The level of U. S. ODA is now only a third of the European level, which has also shrunk.

In the poor countries, both uneven growth and corruption inevitably create social stresses and internal strife — and enduring hardship for the masses. Even scientific and technological advances — in spite of their glowing promise for a better future — have created a severe downside for the Third World. For instance: the information and communications revolution — by promoting individualism — is making it harder, not easier, for the weak and

struggling transitional democracies to organize coherent societies and govern effectively.

But it is the cultural problems of globalization — deepened by religious, ethnic and historical animosities — that may yet prove to be the most intractable.

In many Muslim countries, the alienation of various social groups — some of them generally known to be moderate in orientation — has intensified their resentments against the United States, which is seen as the leader and symbol of the affluent but "intrusive" West.

Why terrorism has focused on America

Terrorism is the classic weapon of the weak. Its object is not to defeat a government or its military or police, but to gain political and psychological advantage to effect socio-economic change — regardless of its cost in human life.

In the rich countries, the terrorists' reason for being is often simply to satisfy a destructive urge arising from group alienation and isolation from mainstream society.

Terrorism is the extremist expression of the despair of peoples (in the words of the Harvard scholar Samuel Huntington) "convinced of the superiority of their culture and obsessed with the inferiority of their power." The manifestation of this destructive reality we see much of in today's Muslim societies.

Aside from their "hate America" obsession, fanatical Islamists like Osama Bin Laden seek — in their own perverse way — to purge Muslim societies of the "corruption" they have imbibed by adopting Western values.

The fanatics are turned not toward the future but toward the past — recalling the vanished glories of a time when Islamic civilization led the world in learning and sophistication.

Why has the United States now become the target of terrorist attacks?

America today is the symbol of the modernizing and secular force that the West has been to the Muslim world these last five hundred years — the author of liberal, democratizing ideas which are regarded as harmful by puritanical movements such as the *Taliban*.

As the exemplar of secularism and extravagant consumption, America is for these reactionary movements the "Great Satan" — the supreme tempter and corrupter of the Muslim peoples.

This although, as *The Economist* points out, of all the great powers in history, America is probably the most idealistic and the least inclined to territorial expansion.

How should the world community deal with terrorism?

How should the world community deal with terrorism? What is the world community to do?

The first lesson from the terrorist attacks of September 11th is that the global community cannot

allow conflict in one part of the world to fester — because it will, sooner or later, generate dangerous complications elsewhere.

In our time, it is its protracted conflict with Israel that has imprinted on the Islamic world the extent of its material weakness. And it is America's support of the Jewish State — consistently manifested over the last five decades — and perceived toughening of Israel's policies towards Gaza and the West Bank — that seems the proximate motive for *Al-Qaeda's* attacks.

President G. W. Bush was well-advised to compel the hard-line Israeli leadership to seek an accommodation with the Palestinian authority. Obviously, Washington must re-engage itself in the Middle-East peace process. The United States must help the two sides break the cycle of violence.

The unavoidable strikes the anti-terrorist coalition must launch against *Al-Qaeda* and the *Taliban* are best kept both swift and surgical.

Even before the terrorist networks are neutralized, the global coalition should confront the economic, political and cultural problems in the international arena that cry out for collective action.

What are the most urgent — and most significant — of the corrective measures that must be taken?

In my opinion, they should focus on leveling the field in international trade; opening rich-country markets wider to agricultural exports from the poor countries; reforming the market system, so that it begins to address the needs of those whom

development has left behind; and to carry out a global effort to ease mass poverty, which has become a breeding ground of desperation, fatalism, envy, drug-trafficking and crime, and therefore a source of continuing and increasing conflict.

Until now, the United States and the European Union have yet to deliver the market-access promises they made to the poor countries in the Uruguay Round, which ended all of seven years ago.

Although world trade has risen faster than world GDP since then, the poor countries' proportionate share has actually declined — partly because of protectionist subsidies and price-supports still existing in the richer regional blocs.

The global coalition will have the chance to set things right at the World Trade Organization (WTO) meeting starting on November 9th in Qatar — at which venue the poor countries are expected to call for a new round of global trade negotiations to counter the global economic slowdown further depressed by the threat of international terrorism.

Reducing poverty as a source of conflict

Often enough, conflicts expressed in religious discourse are really about ethnic, tribal or communal divisions — or even about the more mundane issues like land, water, medicines, jobs and livelihood and, of course, food.

In the southern Philippine provinces of Basilan and Sulu — as in many parts of Indonesia — Islamism is very much a rebellion of the excluded, feeding on the frustrations inherent in impoverished

peoples living on the margins of an unattainable, consumerist world.

The global coalition must do all it can to remove poverty as a source of conflict — by helping the world's poorest peoples take part in humankind's adventure of development.

The World Bank calls for the scaling up of foreign aid from the rich countries. Its President, John Wolfensohn, argues that official and private aid programs should focus more on development assistance.

The point of foreign aid, Wolfensohn argues, should be to help countries help themselves. Once poor peoples break through to sufficient levels of income, health, and literacy, they could — on their own — sustain the gains of development.

Building self-reliance and micro-entrepreneurship should be given top priority.

Let me now say a few words about other reforms in the free market system.

As a founding member of the Policy Advisory Commission of the World Intellectual Property Organization (WIPO-PAC), I have strongly advocated that the rich and developed nations help reduce and eventually neutralize global terrorism by sharing their intellectual property consisting of inventions, innovations, creations, and Research and Development (R&D) products with the poor countries whose backward conditions provide the breeding grounds for extremism, fanaticism, fatalism and criminal violence.

At the third meeting of the WIPO-PAC in Geneva last October 11th, I reiterated the importance of **caring, sharing** and **daring** among nations in pushing forward the frontiers of universal peace and development. **Caring** and **sharing** are probably easy enough to do — but **daring** to forego profits and royalties, to give more to the environment than to take from it, and daring to sacrifice for the common good may be much more difficult to do.

For instance, those discoveries and technologies which would be beneficial to the improvement of health, prolongation of life expectancy, facilitation of education, enhancement of the environment, maximization of agricultural production, and reduction of poverty should be transferred expeditiously and affordably to the "have-not" peoples, even as WIPO recognizes the need to protect and reward the innovations and inventions of creative people and institutions (which largely come from affluent countries).

In my view, bridging the deepening gaps in family income, health, security, environmental conditions, social mobility, job opportunities, and material comforts among people around the world would significantly remove the root causes of insurgency, separatism, civil war, and armed conflict.

The state and the market

The fact of the matter is that the rules that had governed the global environment for the past 150 years are no longer applicable. We need new premises for organizing the relationships among the developed and developing economies.

Capitalism's natural drive is to maximize returns: it has no internal governor to check its social behavior. Left to itself, the market remains indifferent to the ethical and social devastation of what unbridled profit-taking is bringing upon vulnerable people.

The role of the WIPO, like the WTO, in the context of the global anti-terrorism campaign, has become more powerful and relevant. Of special relevance to the current and long-term anxieties of most countries is the acquisition by the poorest nations of the new technologies that would prevent endemic diseases, improve agricultural production, fast-track literacy programs, and multiply livelihood opportunities.

The recent WIPO report on the profiles of 49 LDCs (out of 189 nations) which, coincidentally, starts with Afghanistan, provides the coalition of allies with the starting point for bridging the deepening social and economic gaps around the world, and significantly alleviating the root causes of insurgency, separatism, civil war, and armed conflict. It will be noted that the LDCs of the Middle East, Africa and South Asia are the main sources today of fanatical, suicidal terrorist types recruited by Osama Bin Laden and his Al Qaeda organization.

Within national societies, as in the Philippines, armed conflict and violent crime has arisen in those communities where the utter lack of equal opportunity jobs, livelihood, education, medical care, technical support, connectivity and social mobility exist — i.e., where mass poverty still persists.

This is why, in the age of globalization, we need effective states more than ever before to reconcile the priorities of global markets with society's need to care for those whom development leaves behind. Only an effective state can organize the competitive market economy that mitigates capitalism's drive for profit.

America's entrepreneurial capitalism is proving the best able to cope with the demands of the global economy which begins with the open market and equal opportunity. It is a fact that the U.S. has adapted to globalization more successfully — and well ahead of — Europe and Asia.

Asia is still dragged down by crony capitalism which generates corruption, by the slow pace of political reform, and by the lack of social safety nets.

Europe's social democrats are trying to find the middle ground between pure market economies and the elaborate safety nets of the welfare state. They are turning away from runaway entitlements which have invited abuse — and trying to bring people from welfare back to work.

The challenge Western Europe's new-type socialists see for themselves is how to modernize their economies — adapting to market forces — introducing deregulation and labor market flexibility — while combining capitalism and the market with a clear government role in the economy.

Here in Asia, countries are grouping into successively larger blocs to enlarge their internal markets — through the AFTA for Southeast Asia — through a wider East Asian economic grouping for Asean

plus China, Japan and Korea — and through the APEC Forum, encompassing the major Asia Pacific-rim economies.

All these regional blocs — from AFTA to APEC — subscribe to the doctrine of free and open trade and investment.

Democracy, too, must be part of the spirit of the coming age

Today the challenge before our countries is for them to grasp — together — the opportunities globalization presents — while working together to minimize our shared vulnerabilities to its risks.

Ultimately, the countries best able to take full advantage of globalization will be those that cultivate open societies and free economies.

Authoritarianism might have been appropriate for the forced-draft, labor-intensive industrialization of the 20th century. But today, industry is less and less susceptible to central organization — as production grows more complicated, more varied, and more flexible.

In the future world, I expect the interplay between the market system and the state to take place even more intensely and more intimately than it has done so far.

Every state will need increasingly to work within the framework of a global market. To attain the kinder world to which humankind aspires, the response mechanisms of the free market are probably better-suited than the formal, deliberative, treaty-bound decisions of governments.

Functionally distinct components of each nation-state will link up more and more with their foreign counterparts — forming an increasingly dense web of networks that will eventually make up a veritable transnational order. Likewise, the partnership between Government Organizations with Non-Government Organizations (GO-NGO) and civil society will most likely deepen and broaden.

Democracy, too, will become part of the spirit of the coming age, and the structural reforms that states must undertake — to keep their economies competitive — will unavoidably result in stronger democratic institutions.

Globalization, therefore, opens up tremendous possibilities for genuine Asia-Pacific democratic progress — as the forces of modernization compel even once-isolated states like China and Vietnam to conform more closely to international norms and practices in civil liberties and human rights.

Like the open market, true democracy and good governance may become the most compelling qualities of the new age — as powerless people claim their right to take part in the economic and political life of the new global society. The empowerment of ordinary people should therefore be our common vision and highest priority.

Indeed, it is our unity as a community of nations that **care**, **share** and **dare** for each other that would bring us within reach of humankind's noblest achievements.

The world enters a new age of war

Our world has become truly one — but in a way few of us had foreseen before September 11th. The poor and weak have found a way of getting at the rich and powerful in their own homelands. The premises of global security have changed. Terrorism has become the darker side of globalization. The world has lived through many episodes of terrorism — but never before on the scale and with the sophistication Osama bin Laden's *Al-Qaeda* network has managed. Extremist groups have always inhabited the fringes of every society. But only now have extremist goals been united with a frightening command of science and technology carried out by dedicated, capable people who are willing to die.

What sets *Al-Qaeda* apart from other terrorist organizations is its vaulting ambition and organizational reach. Where other Islamist groupings have only local or national goals, *Al-Qaeda* has declared war on the whole of Western civilization.

And it has "weaponized" the very artifacts of Western culture such as airliners converted into flying bombs. In addition, it aspires to "purify" the whole of the Islamic world — ridding it of all its collective secularism, consumerism, and corruption.

Nowadays, Americans in particular must feel a physical and psychic vulnerability they have never felt before. For the global anti-terrorist coalition that the Americans lead, dismantling the terrorist networks and invading their sanctuaries has been hard enough - as we saw in Afghanistan. Pulling out the roots of terrorism will be even more difficult. Unavoidably, it will involve a long twilight struggle — encompassing diplomatic, political, economic and social efforts no less than military, police and intelligence operations.

Already, Americans have opened up a second anti-terrorist front here in Southeast Asia: even now their Special Forces units are in Basilan and Zamboanga City — helping our troops with training and sophisticated equipment assistance so that the AFP and the PNP can hunt down the Abu Sayyaf bandits more effectively. And pursuant to the "axis of evil" decision he enunciated in February, President Bush has threatened preemptive military action against Iraq, Iran, and North Korea — if they should continue to accumulate nuclear, chemical and biological weapons of mass destruction.

A new sense of shared security

Over the short-term, the global security picture appears bleak - although, at least for the time being, the sense of shared dangers brought about by the terrorist attacks has, ironically, improved East

Asia's security environment. By showing how easily terrorism can overleap frontiers, Osama Bin Laden has taught governments how much national and regional security nowadays depends on cooperation among sovereign states, regardless of their ideological orientations. This is why most of the East Asian states — China included — have quickly signified their support for the anti-terrorist coalition as called for by U.N. Security Council resolution 1368. Equally significant was Russia's support of the American military alert called in the wake of the September 11th attacks. Presidents Putin and Bush have, in fact, made substantial progress towards drawing up a new strategic framework for U.S. -Russian bilateral relations.

Another welcome by-product of September 11th is Japan's low-profile emergence into the global security picture. The Japanese parliament's liberal interpretation of the 1949 'no-war' constitution has enabled Tokyo to provide naval and logistical support for the anti-terrorist coalition in the war against the Taliban and *Al-Qaeda* in Afghanistan. With brisk efficiency, Prime Minister Junichiro Koizumi put together a package of measures that enabled the Japanese Self-Defense Forces to show the flag in the Indian ocean. Japan's historic enemies — China and South Korea — could offer only the softest objection, since neither wanted to be seen as hindering the American-led war against terrorism.

As for China and the United States, their informal alliance in the anti-terrorism campaign and China's coincident accession to the World Trade Organization in November 2001 — offer them a

fresh opportunity to seek a new strategic basis for security cooperation in the Asia-Pacific region to replace their cold-war "partnership" against the Soviet Union. Most experts see that China has benefited from the American venture in Afghanistan. Encouraged by the Taliban, Islamists had been trying to foment separatism in China's Muslim province of Xinjiang, but now that threat has largely been neutralized, and China would likely react favorably to an American strike in the future against, say, North Korea's nuclear facilities.

Certainly, Beijing has been restrained in its reaction to the American military build-up close to China's inner Asian frontiers even if the U.S., in preparation for its assault on the Taliban and *Al-Qaeda*, had occupied the strategic space in the junction areas of the Middle East and Central Asia, thus filling in the strategic vacuum left by the Soviet Union and constricting China's room to expand its own influence in West and South Asia. Taking advantage of the situation, the Pentagon has set up air bases in Kyrgystan and is negotiating similar arrangements with Uzbekistan, Tajikistan and Kazakhstan. Apart from its increasingly controversial command centers in Saudi Arabia, established during the 1991 Gulf War, the U.S. has already established bases in Pakistan, Oman and Kuwait.

And to prevent harm from coming to his home-country, George W. Bush has clearly indicated that he is prepared to go it alone — without the help of even America's closest allies — against the rogue states he describes as partners in an "axis of evil." In accordance with this view, the world

is a bad place with a lot of bad people who can do humankind much harm. Thus, the most important moral commitment for America is to preserve its military and economic ascendancy.

Asymmetric warfare: A new age of war

However the anti-terrorist coalition's Afghanistan venture ends, it is likely to remain open-ended. Indeed, the threat of terrorism is something we must live with over the foreseeable future. As US Secretary of Defense Donald Rumsfeld warns, we cannot stamp out the terrorist networks so completely that they can no longer threaten our peoples. Remnants, splinter groups and new organizations will grow over time — for as long as their reason for flourishing is that terrorists do not need popular support; it is the democratic states which must fight them that do. The editor of *Jane's Defence Weekly*, Clifford Beal, has likewise pointed out that it is the West's conventional might — derived from its commanding lead in military technology — which ironically, is driving its enemies "to tactics like those of *Al-Qaeda*, striking at the soft underbellies of our societies." Coincidentally, this same super-empowering technology now permits relatively small terrorist groups to inflict damage that, earlier, only national armies could do.

With this analysis, Secretary Rumsfeld apparently agrees. He himself says that, "rather than planning primarily for large conventional wars in precisely defined theaters, we must plan for a world of new and different adversaries who will rely on surprise, deception and asymmetric weapons (such as civilian airliners turned into missiles) to

achieve their objectives. "Clifford Beal also asserts that asymmetric warfare will not be fought on the conventional battlespace. Adversaries are likely to hit the U.S. and its allies where they are weakest — to achieve disproportionate effects for relatively small investments in lives and funding. And this could mean more 9-11 type attacks on strategic infrastructure and population centers — surprise attacks against which governments must now plan.

Given events and trends since September 11th, it is easy to agree with those who say that the world has entered a new, frightening age of war. Certainly, the new security doctrine our countries are being forced to formulate will set back globalization in everyday terms. At the very least, stricter security measures will generate frictions in commodity trade, business travel, and investment. There will be tighter border checks; tougher airport security measures; closer monitoring of financial transactions — all of which will raise the costs of doing business. There will also be tighter controls on migration, whether for study or for work.

Investors may become more timid and less likely to take risks, particularly in poor-country markets. The costs of insurance have already risen. Increased security precautions are estimated to cost the U.S. economy alone some US\$110 billion initially. But, ironically, mega-terrorism may also speed up globalization. Consider how it is forcing nations to close ranks in a "we're-all-in-this-together" spirit. And this sense of shared security concerns is not only correct but also vital, since every state is threatened by the presence of anarchic forces in the world system.

I think September 11th has also made the rich countries finally realize how poverty - together with perceived injustice and the deepening gaps in the socio-economic order - can breed global instabilities arising out of national or regional zones of disorder. The global community has come to realize, belatedly, that every state in the world system is threatened by violent, unpredictable forces; and that poverty, oppression, isolation and despair anywhere in the world must become the concern of all. The terrorist attacks, certainly, helped the WTO meeting held in Doha, Qatar last November to agree at last on the new round of global trade talks the poor countries have long been asking for.

In Southeast Asia: A second front vs terrorism

In the largest expansion of America's war on terrorism, President Bush has just opened a second front - by dispatching American troops to backstop Filipino soldiers hunting the Abu Sayyaf terrorists in Basilan. The discovery of terrorist cells in Singapore, Malaysia, Indonesia and the Philippines has betrayed the existence of a regional terrorist network operating in the Muslim communities of Southeast Asia, led apparently by Indonesian veterans of the Afghan war.

Already, American intelligence agencies suggest that future terrorist attacks against the U.S. homeland and its deployments overseas may be launched not by Middle Eastern but by Southeast Asian terrorists. These Southeast Asian cells have apparently been associated with *Al-Qaeda* since the early 1990s. Indeed, terrorist activity in Southeast Asia might be a diversion launched to ease American pressure on the *Al-Qaeda* networks

in the Middle East, Africa and within the U.S. itself. In mid-January, the Singapore government exposed a plot to blow up Western embassies and U.S. naval vessels on port calls in that city-state. Terrorists involved in the 9-11 attacks are known to have visited Malaysia in 2000. Malaysian Islamists are fighting alongside Indonesian militants against Christians in the Moluccas and have been associated with bombings in Indonesia - including the attack on the Philippine Embassy in Jakarta last August 2000.

Shortly after the arrests in Singapore, an Indonesian national, Fathur Al Ghozi, believed to be an explosives expert of the Southeast Asia network, was arrested in Manila. His interrogation enabled Filipino authorities to seize a cache of weapons and one ton of high explosives in General Santos City in Southern Mindanao, apparently intended for terrorist attacks in our region. Al-Ghozi has also admitted to taking part in bombings in the Philippines - including the explosion in a Manila commuter train and in other places which killed 22 people on December 30, 2000.

Unfortunately, we cannot underestimate the popular support these terrorist networks can draw upon. A recent opinion poll in Jakarta shows rising support for Islamist policies and increasing resentment against the American attack on Afghanistan. Fifty-eight percent of respondents to a survey by the Jakarta Magazine *Tempo* also indicate that they support an Islamic state for Indonesia. No wonder, the government of President Megawati Sukarnoputri is reluctant to forcefully clamp down on its Islamists — for fear a crackdown might inflame religious feelings in the world's largest Muslim

country. Jakarta has agreed, however, to share intelligence on terrorist activities with Manila and Kuala Lumpur.

A full decade after the Philippines-U.S. military bases agreement was terminated in 1991, the return of the American military to the Philippines for training purposes — under the framework of the Visiting Forces Agreement (VFA) and the Balikatan joint exercises — has raised loud objections from the tiny but vocal Filipino left-wing and the middle-class nationalists who are sensitive about America's interventionism in its former colony. On the other hand, the Manila stockmarket has reacted positively to the American return, after the Abu Sayyaf depredations had scared away foreign tourists and investors.

The AFP's modernization program, too, should be a prime beneficiary of the renewed American interest in our country's security. Recently, President Gloria Macapagal-Arroyo brought home from a working visit to Washington some US\$100 million in fresh American military assistance. The Philippine National Police, however, as the lead agency in our fight against kidnapping, drug-trafficking and other forms of organized crime, deserves equal support from the Philippine government and foreign institutions if our national anti-terrorist team is to become truly effective. Opinion surveys, too, reflect widespread popular approval of American help to our armed forces in dealing with the Abu Sayyaf. Whether it deserves the label or not, Abu Sayyaf (the Arabic name for "sword-bearer") is the only Southeast Asian Islamist group among 28 that the U.S. State Department lists as a foreign terrorist organization. Founded by a Filipino Islamist

who fought against the Russians in Afghanistan, Abu Sayyaf sought to foment Muslim-Christian animosities in Mindanao by bombing churches and killing civilians in Christian communities. In recent years, it has degenerated into a kidnap-for-ransom gang. At the moment, Abu Sayyaf is holding an American missionary couple and a Filipino nurse in the mountainous and heavily-forested terrain of Basilan province.

The new global security challenge

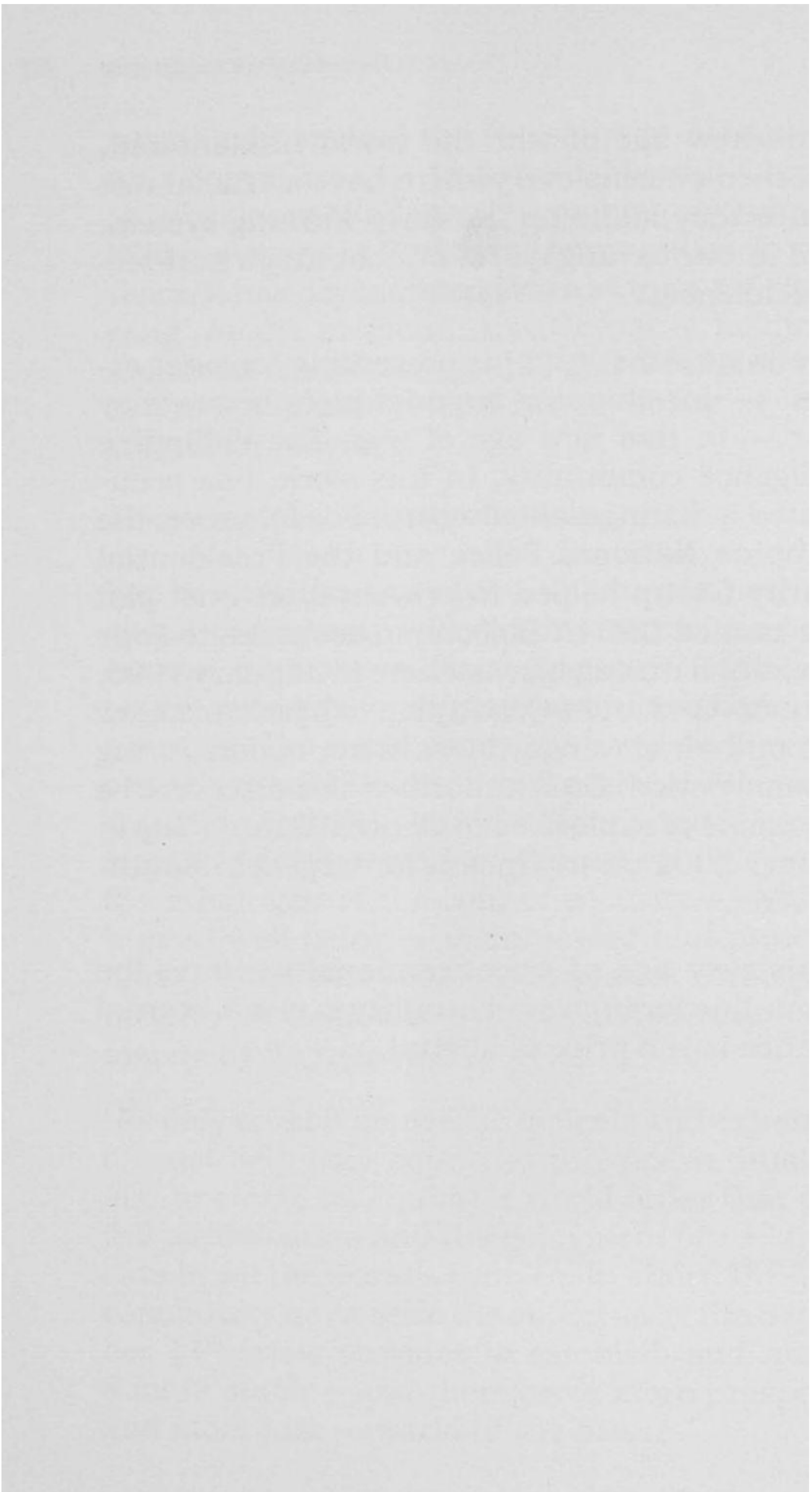
Far beyond the end of its Afghan campaign, the global community will require unremitting cooperation from its military, security, intelligence, police, customs, immigration, financial and other agencies. The world community will need not just a new security doctrine but a global alliance for security. And this grand alliance must aim not merely to defeat terrorism. It must also insure that the other side of the coin of security — which is human well-being — is enhanced and protected. And it must win people's allegiance through the power of its democratic values and ideals, and not merely by its firepower.

Not only must it neutralize radicals and extremists: it must help poor countries prosper; it must also aim to create an equitable world order that offers full participation and the enjoyment of social benefits by all the world's peoples. In short, the global community must seize the opportunity the September 11th crisis provides to establish and nurture a more stable - and therefore a more prosperous and more just — world of the future.

In this new age of war the world has entered, concerned citizens everywhere have a crucial role — since they make up the early-warning system, based in our barangays, of our country's anti-terrorist defenses.

There is no substitute for preventing terrorist attacks — for stopping terrorist plots before they occur — in this new age of war. The Philippine intelligence community, in this work, has accumulated a distinguished record. For instance, the Philippine National Police and the Presidential Security Group helped to prevent a terrorist plot (code-named *OPLAN Bojinka*) to assassinate Pope John Paul II during his visit here in January 1995, and uncovered an *Al-Qaeda* plan to hijack and blow up in mid-air eleven airliners in our region during the same period. Our authorities also discovered a huge cache of explosives in General Santos City in January 2002 clearly meant for targets in Southeast Asia.

In this new age of unconventional warfare, the bottom-line for improved security is clear: eternal vigilance is the price of liberty!



The imperatives of globalization for developing countries

First of all, let me say how happy my associates in the Ramos Peace and Development Foundation (RPDEV) and I are to be asked to take part in this "Conference of Social Development and Poverty Reduction through Vocational Training and Technical Education in the Asean region."

I am especially honored that this conference is being held with the blessings of the State Peace and Development Council (SPDC) chaired by Senior General Than Shwe, here in Yangon.

During my state visit to this beautiful country in October 1997, we were able to organize a package of assistance on human resources development from the Philippines for 60 of Myanmar's select young men and women in cooperation with several Philippine universities and technological foundations.

Keynote Address at the Regional Conference on "Social Development and Poverty Reduction Through Vocational Training and Technical Education in the ASEAN Region" jointly organized by the Union of Myanmar Federation of Chambers of Commerce and Industry, the Myanmar Institute of Strategic and International Studies, the Hanns Seidel Foundation, and the Ramos Peace and Development Foundation (RPDEV) Yangon, Myanmar, February 5, 2002

I recall attending exactly one year later and a few months after my term had expired — in October 1998 — the graduation of the first batch of your young professionals, who finished a course on building construction productivity development in the Philippines together with your General Abel and former Secretary Cielito Habito of our National Economic Development Authority (NEDA).

Not only did your construction supervisors and engineers learn new skills; they apparently absorbed some of the free-and-easy Filipino virtue of friendliness and our Filipino spirit of **caring, sharing** and **daring**. These three little words - **caring, sharing** and **daring** — are, in fact, the motto of the Ramos Peace and Development Foundation (RPDEV) chosen to underline our people's cherished values. **Caring** and **sharing** are probably easy enough to do for most of us from Southeast Asia because our peoples are naturally hospitable, peace-loving and compassionate. But **daring** to give more than one takes is a little more difficult to accomplish.

There are intangible as well as practical benefits for ASEAN — as our Southeast Asian engine — for achieving sustainable development and political stability derived by getting the young people of Southeast Asia together.

This is why I am delighted to see a similar program of Vocational Training and Technical Education being carried out throughout the ASEAN region — thanks to the bilateral arrangements and multilateral programs in which the public and private sectors are cooperating.

Rise of the new economy

At the beginning of a new century — and a new millenium — scientific, technological and cultural revolutions are challenging our old assumptions and parameters in economics, politics and business.

The revolution in Information and Communications Technologies (ICT) is overcoming the age-old limits of time and space and is creating a "networked society" characterized by the widespread use of information and knowledge in the economy and in people-to-people relationships.

With ICT, a "new economy" has emerged — founded on technology and innovation: an economy without frontiers; and an economy that is generating unprecedented interdependence among our countries, through the phenomenon now widely known as 'globalization.'

Increasingly, all our countries will need to work within the framework of such a global market.

Increasingly, our peoples must cultivate the technologies, skills and openness that will enable them to compete effectively in the new economy.

The only alternative to taking part in this global division of opportunity is to become a cultural 'backwater' isolated from every modern idea or influence.

And this is why even North Korea is beginning to stir from its self-imposed isolation, which has now lasted over half a century.

Social development and poverty reduction

Not just Kim Jong Il's hermit kingdom but all our countries must awaken to the dangers — and the opportunities — the global economy holds for us.

Particularly, we in the developing countries must ensure that no sectors in the national community are left behind by the knowledge revolution.

And in this effort, our policy-makers must look primarily to the quality — and reach — of our educational systems.

Even among Filipinos — whose faith in the uplifting power of education is legendary — there is a huge education backlog.

For instance, fully 10% of our poorest households are headed by individuals who have had no formal education at all; and 80% of these poor households are headed by individuals who have had no more than an elementary education.

And, as you know, families stranded in low-wage occupations cannot educate their children with the higher skills our economies now demand.

Almost all uneducated parents beget uneducated children; in turn, uneducated children beget uneducated grandchildren.

Even in rich countries, the families of the uneducated do not benefit from the rising tide of glo-

balization. In fact, it is in the rich countries that education subdivides the less-educated groups most ruthlessly.

Consider how America's long boom during the 1990s widened American inequality significantly. From 1995 to 1998, the average American family grew 26% wealthier, but the poorest of the American poor were getting poorer. Thus, from 1995 to 1998, the wealth of the average American worker with some college education — but no degree — increased by 18% and the worker with a high school diploma gained 12%. But the income of the average worker who did not finish high school declined by 12%.

Surely, education and skills development are among our most powerful tools to reduce poverty.

The new and long-standing forms of terrorism

We meet at a perilous time for our world.

Even now, a global coalition is engaged in a twilight struggle against international terrorism. Even now, there are voices that warn that unfolding events in the Middle East signal the start of a "clash of civilizations."

We in the Philippines do not subscribe to such alarmist speculations. While we agree that this is a critical time for our world, we believe it need not lead to the apocalyptic violence that terrorists are trying to provoke. This is why, like many other

developing countries sympathetic to the coalition's cause, we in the Philippines believe the global community must look beyond the war on terrorism and confront, once and for all, the inequities that remain in the global order.

Such inequities or 'divides' - in per capita income, health conditions, life expectancy, literacy and education, job opportunities, productivity and efficiency, connectivity, digital proficiency, etc - are the long-standing kinds of terrorism which, to me, are more dangerous than the terrorism of the *Al-Qaeda* kind.

That is why we must deal with the roots of poverty and the lack of equal opportunity.

We must find ways to make global markets work for everyone — to enable the world's poorest peoples to take part in humankind's development adventure. Technological and cultural revolutions are creating a virtually borderless world. And — to suit this emerging new world — we need to restructure the relationships between the rich and poor economies. We need to level the playing field in international trade by opening still-protected rich-country markets. And we need, above all, a concerted effort to ease global poverty — which has become the breeding ground of envy, alienation, resentment, and violence.

A key ingredient to national success

In the new economy, the traditional factors of production — land, capital and labor — are rapidly becoming subordinated to the store of knowledge,

creativity, connectivity and skills a national economy can draw upon. For all our countries, intelligence for productivity has become the primary resource — and the nurturing of knowledge has become a key ingredient to national success. Indeed, "knowledge workers" have become the most precious assets — the human capital — of any country that strives for a more secure and prosperous future. And every state will need increasingly to work within the framework of the global market. Globalization favors the open economy. For such an interdependent world, the response mechanisms of the free market are better suited than the decisions of central governments. Today, industry is less and less susceptible to central organization — as production grows more complicated, more varied and more flexible. And the structural reforms that states must undertake — to keep their economies competitive — will unavoidably result in more democratic governments. In short, globalization has strict political imperatives. Not only must states open up their economies; they must also liberalize their politics.

What then is government's duty — given the interdependence that globalization imposes? Government's basic function must be to create the social conditions that will enable people's creativity and inventiveness to flourish. And freedom is part of those social conditions. The sense of self-worth that being responsible for themselves nurtures in ordinary people liberates the entrepreneurial spirit — which lifts development to peaks of innovation and creativity.

Beneficial changes in Myanmar

This is why I am delighted by recent developments here in Myanmar. I have been informed of the great strides taken by the leaders and citizens of Myanmar, such as the continuing expansion of the infrastructure badly needed for the development of the whole country: the building of bridges, roads and dams; the importance given to the education of the Myanmar youth, with the opening of universities and other institutions of higher learning; the introduction of information and communication technology into school curricula, a development that had been given national and regional prominence with the recent opening of the Myanmar Information and Communication Technology (MICT) park on 21 January 2002; and the attention given to primary health care and health education programs, especially with regard to HIV/AIDS education.

However, the most significant event, in my view, has been the dialogue that has opened between the State Peace and Development Council (SPDC) and the opposition.

ASEAN and the whole of Asia cannot ignore what happens in Myanmar — this strategic and historic part of Southeast Asia. Outsiders usually have very limited perspectives - outsiders have only the vaguest sense of the domestic situation - outsiders can only guess at the significance of events in a country's internal life. But it is this particular outsider's feeling - and I speak only as a private citizen — that here in this great country, the leaders are laying the foundations for Myanmar's

national community to move forward to re-enter the economic and political mainstream — and for this beautiful country and its lovely people to be active members of the new world being shaped by the convergent revolutions in information and computer technologies, and the dramatic expansion of global trade and investment.

Global competitiveness

How can we developing countries in Southeast Asia be more competitive in a globalized world? I believe that we have to be more receptive to liberalizing influences from within and from the outside world. And, thinking loudly, I would say that among the ingredients of such progress (call it compromise) is the existence of "political space."

What do I mean by "political space"? By "political space", I mean a situation where the legitimacy of an opposition, the importance of its opinions and its need for room to reach out to the people, are acknowledged. I believe that "political space" will accelerate the education of citizens in civic responsibility and it will lead to a more competitive society in an increasingly globalized world.

In countries where a peaceful transition to a more representative system has occurred, power-sharing, where one party must by necessity start out as the weaker and more vulnerable partner, is inevitable. In my personal opinion, any opposition cannot escape conceding a significant political role for the military in the foreseeable future. There

are many models before us: Chile, Taiwan, South Korea, Thailand, Indonesia and Cambodia.

Opening up the economy is the best assurance that a country in political transition will overcome the transition pains. In East Asia, as elsewhere, the market system generates its own liberating effects. It encourages citizens to participate more in generating changes in the social fabric and in the political culture.

All of these changes will take time. For some countries, a slower pace, rather than a rapid transition, may well result in longer-term democratic stability and security.

Conclusion

Let me now conclude: I read somewhere that, since regaining her independence, Myanmar has followed a strict policy of neutrality, that Myanmar is "everybody's friend but nobody's ally. "

A relationship between friends is basically a relationship between two separate individuals. There will always come a time when the differences between two close friends will surface. And while friends may have differing points of view, it does not mean the end of the friendship. Rather, the friendship will allow respect for the other's opinion and his right to it, while the other respects the first one's right to disagree with him.

I come today, like during my first visit to this golden land in 1997, as a friend of Myanmar.

I also come as a fellow ASEAN citizen. And like all the other ASEAN citizens, I believe in Myanmar's commitment to create the conditions necessary for a peaceful, stable and prosperous region - our Southeast Asia region. I trust in the wisdom and good sense of the Myanmar people and their leaders.

Finally, I offer to you all a rousing *Mabuhay* from the Philippines — *Mabuhay* which means good health, long life, continued success and a happy future for all!!

II.
**Human and Internal
Security**

The September 11th attacks and the environment of inequity: Implications for Asia and the world

The world has lived through many episodes of terrorism — but never before on the scale and with the sophistication Osama bin Laden's *Al-Qaeda* network has achieved. The stability of the entire post-Cold War environment has been disturbed by the ferocity and suddenness of the September 11th attacks.

It is *Al-Qaeda's* vaulting ambition and organizational reach that sets it apart from other terrorist organizations. Where other Islamist groupings have only local or national goals, *Al-Qaeda* has declared war on the whole of Western civilization. And it is transforming into weapons of mass destruction some of the finest products of western culture such as airliners and biotech discoveries.

Our world has become truly interconnected — but in a way few of us had foreseen before the events of

9-11. Global terrorism is proving to be the darker side of globalization — and it has raised unprecedented threats for all our countries.

Against international terrorism, the state-of-the-art armaments the major powers have accumulated are proving to be largely irrelevant. Nor are terrorists restrained by the international conventions governing the conduct of war.

And even counter-strikes — which terrorists often provoke — can serve the terrorist cause — by creating "martyrs", radicalizing moderates, and killing innocent non-combatants.

Americans, in particular, must nowadays feel a physical and psychic vulnerability. Never before has their continental homeland been attacked Century.

Why has America become the focus of terrorist attacks?

In the eyes of fundamentalists like Osama bin Laden, America is seen to be the surrogate of all the colonial powers and crusaders whose impact on the Muslim world has been so severe over these last 500 years.

For reactionary movements like the *Taliban* and *Al-Qaeda*, America — as the bearer of today's secular culture — is the "Great Satan," the supreme tempter and corrupter of the Muslim peoples.

Welcome shifts in Asia's security relationships

September 11th may not have signaled a return to the multilateral world. But I believe it has taught

Washington that unilateral action is not always possible, neither productive — even for the world's only superpower. Nor will the isolationist alternative ever work for the United States again.

In this sense, we are seeing a major turning point in U.S. directions in its greater willingness to consult, form consensus, negotiate, and re-align — instead of merely dominating as in the Gulf War. Against international terrorism, brute force is much less effective than good intelligence and the cooperation - freely given — of friendly governments.

The unavoidable strikes the global coalition has launched are best kept both swift and surgical — but the U. S. alone will not have the essential capability to effect the capture of bin Laden or the destruction of *Al-Qaeda* and the *Taliban* unless it can recruit, mobilize and motivate indigenous Afghan and/or Arab assets to wage the war from within enemy lines.

Heavy bombardment and long-distance strikes will not fully do the job. But special forces, guided by native intelligence assets on the ground to pinpoint targets within their tunnel hideouts, may succeed. Remember how effectively the Viet Cong conducted guerrilla warfare with hit-and-hide tactics versus Gen. Westmoreland's battalions and brigades? In short, a patient buildup of intelligence and socio-economic political reconstruction in the areas of operations must be undertaken alongside current diplomatic and media maneuvering — all of which must eventually lead to the establishment of an enduring democratic system in Afghanistan and, perhaps, in three or four other 'rogue' states.

The United Nations, too, is likely to have a larger role in global affairs from now on. In East Asia's security politics, also, 9-11 has set off welcome shifts.

By showing how easily terrorism can overleap frontiers and the sovereign control of any single country, *Al Qaeda* has taught governments how much national security and regional stability nowadays depend on intensive and extensive cooperation among states.

This is why all of East Asia — China included — has declared its support for the anti-terrorist coalition the U. S. has organized. Russia, too, has been in an unusually cooperative mood. Apparently, Presidents Jiang, Putin and Bush have made good progress since the Shanghai APEC Leaders' Summit last October toward drawing up a new strategic framework for their relationships.

Germany, likewise, has manifested — through significant military commitments and a tougher internal security mode — its firm resolve versus terrorism. Another welcome by-product of 9-11 is Japan's low-profile emergence into the global security picture. The Diet's liberal interpretation of the 1949 "no-war" constitution has enabled Tokyo to provide logistical and naval support for the anti-terrorist coalition.

How Southeast Asian societies are dealing with internal tensions

Let me now turn to how Southeast Asian societies are dealing with internal tensions raised by 9-11.

While the new terrorism threatens the rich countries most directly, it has inflicted the worst collateral damage on the export-oriented developing countries. In the aftermath of September 11th, several East Asian stock exchanges — the Philippines among them — dropped to their lowest levels in ten years.

By further damaging consumer and investor confidence which were already deteriorating before 9-11, the attacks have hurt East Asia's outward-looking economies most of all.

In recent times, even Southeast Asian Muslims — belonging mostly to the moderate *sufi* schools — have been caught up in radical Islamism.

Our religious-school networks increasingly propagate conservative Islamic practices. Significant numbers of Southeast Asians fought in the Afghan war — some of them through the courtesy and support of the Central Intelligence Agency. These veterans stiffen Islamist rebellions in Indonesia, Southwestern Philippines, Malaysia, and Thailand.

In Southeast Asia, governments are conciliating these dissidents with generous grants of autonomy and infrastructure development. For instance, the "special autonomy" Jakarta is offering Aceh province will redistribute in Aceh's favor revenues from its oil-and-natural-gas resources — four-fifths of which the central government used to appropriate.

In the Philippines, a peace agreement the Ramos administration forged in September 1996 with

the mainstream Moro National Liberation Front (MNLF), ending 27 years of bloody conflict, still holds and is being implemented; and the incumbent Arroyo government is about to conclude one with the more fundamentalist, separatist Moro Islamic Liberation Front (MILF).

A break-away Islamist faction called Abu Sayyaf has become an outright kidnap-for-ransom gang. Even now, some of our elite troops from the Armed Forces and the National Police - supported by local governments and civil society — are hunting Abu Sayyaf bandits in southwestern Mindanao. Unfortunately for him and his diminishing flock of followers, Prof. Nur Misuari, former chairman of the MNLF, has allied with the Abu Sayyaf and thus has exposed himself to national condemnation and criminal prosecution as well as to sanctions under U.N. Security Council Resolution 1368. In effect, Misuari's turning his back on the Mindanao peace and development process and espousing the Abu Sayyaf cause has made him the Filipino Osama bin Laden.

Meanwhile, the Philippines, Malaysia, and Indonesia, — which contain the world's largest Muslim populations — are negotiating a pact that would commit them to sharing intelligence on terrorist activities; keeping tighter control of their frontiers to stop the flow of weapons; and undertaking joint law enforcement and peace-keeping operations. We are seeing, eventually, all of ASEAN joining in this intra-regional, cooperative security arrangement.

Like Muslim communities everywhere, Muslim populations in Southeast Asia view the attacks on Afghanistan with some anxiety and concern,

even as they agree unanimously with the need to eliminate terrorism of the *Al-Qaeda* type. And, they have largely shunned Islamist calls for a South-east Asian *Jihad*. Even in Indonesia, anti-American demonstrations have been relatively subdued, sparsely attended and kept under manageable limits.

It is clear Southeast Asian Muslims do not regard their direct political interests as engaged in the Afghan conflict. In our region, ostensibly religious quarrels are often really about land rights or the political control of territory — and consequent access to resources. This is as true of Aceh and the Muslim-Christian conflict in the Moluccas as it is of the separatist movement in the Southern Philippines.

The Philippine experience

The Philippines, since it became independent in July 1946, has had much experience and deep involvements in international cooperation to defend freedom and democracy when needed. Filipino soldiers, police personnel and medical workers have been called to duty to help keep freedom and justice alive — as during the Korean war, in Vietnam, in the former Belgian Congo, Cambodia, Haiti, Kosovo, and East Timor.

That kind of task is not new to us, for the Filipino has always been a soldier and worker for the world, defending the shared values of freedom, democracy and the collective security of humankind.

Filipinos during the Vietnam war were committed to a broad range of missions — from being unconventional warriors, on the one hand, and to being builders and healers among the Vietnamese people, on the other. For these roles, our soldiers, doctors/nurses and engineers, under the umbrella of the Philippine Civic Action Group, have been held in respect by the Vietnamese people, and have become a considerable source of pride for Filipinos.

Our Armed Forces and National Police have had some recent first-hand experience in the operations against terrorism, specifically, a cell of three terrorists associated with Osama bin Laden, as we tracked their entry into the Philippines in August 1994, arrested one of them in January 1995, and developed the intelligence information that led to the capture of the two others within four months.

This was the group led by Ramzi Yousef, which planned to assassinate President Bill Clinton while on a state visit to the Philippines in November 1994; Pope John Paul II in Manila during the Holy Father's January 1995 visit; and to hijack eleven airliners to be blown up or used as flying bombs in accordance with their *Oplan Bojinka* ("explosion" in the Croatian language).

Yousef's group, together with the "blind" sheik of New Jersey Omar Abdel-Rahman, the original planners and perpetrators of the bombing of the World Trade Center in February 1993, have since been tried, convicted and sentenced to life imprisonment in the U.S.

No room for complacency

How this unprecedented threat to the global order Al Qaeda poses is resolved depends on what the global community does in the military, socio-cultural, economic and political spheres.

All our countries are beginning to realize how precarious the process of globalization is — how easily market mechanisms can be rolled back by cultural resentments and grievances — real or imagined — over economic exploitation, political oppression, and social injustice.

Certainly there is no room for complacency — particularly on the part of Western countries and the affluent peoples around the world.

Since it is its protracted conflict with Israel which has imprinted on the Islamic world the extent of its material weaknesses and 'inferior' global position, President Bush was well-advised to influence Israel to seek an accommodation with the Palestinian Authority. Obviously, Washington must re-engage in the Middle East peace process. It must help the two sides break the long-standing cycle of violence in which they are caught.

The basic lesson from the terrorist attacks is that the global community cannot allow conflict in any one part of the world to fester — because it will, sooner or later, generate dangerous complications elsewhere.

But beyond terrorism, the capable nations must now confront global inequities and the "divides" that create resentments, frustrations and violence.

Beyond international terrorism: Confronting the inequities of the global order

Like many other developing countries supportive of the global coalition's cause, we in the Philippines believe the global community must look beyond the war on terrorism — and deal once and for all with the deepening inequities in the global order.

The fact is that the basic premises and operating rules that have governed the global environment for the past 150 years no longer apply. We need new approaches and paradigms for the relationships among the 'haves' and the 'have nots', — the rich and poor economies — as well as the rich and poor sectors within each country.

What are the most pressing of these problems?

In my view, these include leveling the field in international trade — to open rich-country markets wider to agricultural exports from developing countries; to reform the market system so that it begins to those whom development leaves behind; and to intensify the global effort to ease mass poverty. Poorer countries have become the breeding grounds for injustice, envy and fanaticism, and therefore the likely sources of terrorism and suicide bombers.

While the recent W.T.O. Ministerial Meeting in Doha, Qatar should be credited for taking some positive steps, the United States and the European Union have yet to deliver the market-access promises they made in the Uruguay Round of GATT — which ended all of seven years ago when the WTO was established.

Although world trade has risen faster than GDP since then, the proportionate share of poor countries' has deteriorated — partly because of continuing protectionism — actual or perceived — in the richer economies.

In many parts of the world, Islamism is a rebellion of the excluded — feeding on the frustrations of impoverished peoples living on the margins of an unattainable, consumerist world.

The global coalition must do all it can to help remove poverty as a source of conflict — by insuring that the world's poorest peoples take part in humankind's adventure of development. This, to me, is its concurrent and equally important mission in addition to uprooting international terrorism.

Dealing with the cultural problems

But it is the cultural problems of globalization which are proving to be the most intractable.

The Arab countries, in particular, seem to be "convinced of the superiority of their culture and obsessed with the inferiority of their power" (to quote Professor Samuel Huntington's memorable phrase).

Combined with the Muslim world's historical memory of humiliation at the hands of the Western powers over the past 500 years, this grievance is a powerful motive for the Islamist campaign of violence — which has now raised the specter of a "clash of civilizations. "

The challenge to the dominant global culture is couched as a religious revolt — a worldwide *jihad*

— against the secularism and corruption of modern society.

While it is in America where the separation of the temporal and spiritual spheres is most advanced, and where the loosening of the bonds of moral community has stimulated individual risk-taking, inventiveness, and creativity, it is also in America where secularism has often degenerated into the worship of worldly things — into what Pope John Paul II calls the "idolatry of the market. "

The anti-modern religious rebellion is most pronounced in the Muslim world — where the concept of loyalty to a community of believers is often stronger than the concept of loyalty to any specific state. The stated objective of *Al-Qaeda* is to "unite all Muslims and establish a government which follows the rule of the Caliphate. "

But the revolt against secularism is not confined to the Muslim world. Large portions of the world's religious sects - among them Pentecostal born-again Christians no less than Buddhists and Hindus — are in rebellion against the secular ideology they regard as bereft of moral or spiritual values.

Fighting poverty: Caring, sharing and daring

Unless mitigated by a huge dose of patience and generosity towards its innocent, accidental victims, the global community's campaign against terrorism is likely to become a protracted war. Instead of being swift and decisive, it could be long, complex, and messy in its economic, social and political fallout.

Reducing poverty as a source of conflict should be the global community's long-range mission — beyond eliminating international terrorism.

The World Bank calls for the scaling up of foreign aid from the rich countries. Its president, John Wolfensohn, argues that political and private aid programs should focus more on development assistance.

The point of foreign aid — Wolfensohn argues — should be to help countries help themselves. Once poor peoples break through to sufficient levels of income, health and literacy, they could — on their own — sustain the gains of development. Indeed, building self-reliance and micro-entrepreneurship should be given top priority.

Let me now say a few words about other crucial reforms in the free market system.

As a founding member of the Policy Advisory Commission of the World Intellectual Property Organization (WIPO-PAC), I have strongly advocated that the rich and developed nations help reduce and eventually neutralize global terrorism by sharing their intellectual property consisting of inventions, innovations, creations and research and development (R&D) products with the poor countries whose backward conditions provide the breeding grounds for extremism, fanaticism, fatalism and criminal violence.

The secular state — as we know — did not develop overnight. It was born in reaction to the competing political ambitions of church and state during the age of absolutism. And it is the most suited to our time, because of its ability to tolerate dissent

— the freedom of expression it allows — and its respect for human rights.

But we should also recognize that the secular state has not lived up entirely to its own promises of political freedom, economic prosperity, and social justice.

And we must concede how empty public life can be without a moral purpose — how disconnected society can become without some transcendent ethical foundation.

We also know that terrorism — even on the global scale Osama bin Laden envisions — is a dead-end response to the challenges globalization presents to all our countries.

If we are to discover the correct response, I believe we must first recognize how much we ourselves, as individuals and as nations, have contributed to the deconsecration of human life.

I think Prime Minister Tony Blair has correctly indicated what the global coalition must do — if it is to win a lasting victory for humankind in Afghanistan and elsewhere. In conclusion, let us learn from his address at the Labour Party conference after the September 11th attacks. Prime Minister Blair signalled to all of us thus: "If globalization works only for the benefit of the few, then it will fail and will deserve to fail. But if we use the power of community to combine globalization with justice — so that it will work for the many — then globalization will be a force for good and an international movement the democracies should take pride in leading. "

This is what I call our **caring, sharing** and **daring** for each other - as peoples and as nations.

America's unilateralism and muscular foreign policy

The Americans may have won the shooting war in Iraq — but they seem to be losing the peace that should be its desired outcome. Popular anxieties about the conduct of the post-war reconstruction period are generating anti-American sentiments in Asia.

As in other regions, there is rising disapproval of the Bush administration's "muscular" foreign policy. In Europe, anti-American feeling might indeed arise from the "melancholy envy" of the old center of the world for the new one.

But in Southeast Asia — home to the world's largest Muslim populations — American policy has provoked an upsurge of religious nationalism. In Indonesia, Washington's aggressiveness in the Middle East has strengthened support for the radicals and weakened moderate Islamic organizations that favor restraint and democracy.

*Speech at the Foreign Correspondents Club of Japan
Tokyo, April 09, 2003
(Published in the Philippine Graphic, June 2, 2003)*

What is worrisome to America's friends in the world — including the Philippines which has a significant Muslim minority who are generally peace-loving, law-abiding and democratic — is that Washington's policies may unwittingly be giving the impression that the U.S. is hostile that towards Islam both as a religion and as a culture.

Specialists in the Islamic and Arab worlds say this worsening perception has helped secure the victories of religiously-oriented parties in recent elections in Pakistan, Bahrain, Morocco and Turkey.

Poor countries fear cultural globalization

There are deep cultural reasons for anti-American sentiments that are rising in some parts of the globe. Obviously, for much of the Third World, America has come to personify all the Western powers that established empires during the period of colonization whose influence on developing societies has been so profound, pervasive and so disruptive over past 500 years.

But anti-Americanism is also being driven by the "fear that the world is being Americanized." 'Cultural globalization' has hit some poor countries harder than economic globalization.

Consider the situation of the Arab countries and of nearby states like Pakistan. Compared to Asia, they have yet to experience the rapid growth in trade and technology transfer that globalization has brought about.

But even in these countries, American customs and values — which are the dominant strains in

an all-too-intrusive internationalist culture — are fast spreading, especially among young people, through the mass media and the internet.

Traditionalist peoples see these alien values and customs as threatening the conservative culture and life-styles they want to preserve. This perception is stimulating a defensive kind of anti-foreignism, which is awakening a religious revival throughout the Muslim world.

In other places — as in China and India — anti-Americanism stimulates rising middle-class nationalism. Even Lee Kuan Yew suggests that there are racial undertones in the American attitude toward a resurgent China, which is the most likely to challenge U.S. hegemony in the foreseeable future.

And — let's face it — anti-Americanism is also being facilitated by what the *New Yorker* calls "a national appetite for global swaggering."

Cultural fears raised by *McDonald's* ubiquitous outlets, pop music and *C.N.N.*, dominating the air waves, plus recycled Hollywood movies — which are the global icons advertising America's presence — do exaggerate America's global influence.

While it is true that every dominant civilization — from the Roman Empire onwards — has imposed its own version of modernity in its own time, every country has also borne the burden of its own history.

Indeed, cultural diversity has always been the hallmark of humankind. Every nation is marked — and made unique — by its own historical experience.

America's 'muscular' foreign policy

These days, Washington seems to view its relations with East Asia through the prism of its global war on international terrorism which is being waged by Islamic fundamentalists. This explains its renewed interest in Southeast Asia.

As soon as the Afghan campaign had progressed sufficiently, the Bush administration opened a second anti-terrorist front against the Abu Sayyaf gang in the Southern Philippines, under the Visiting Forces Agreement. In Jakarta, the Pentagon is busy trying to restore bilateral military relations suspended since the Indonesian military's alleged "rape of East Timor."

Washington has also devised a new format for the U.S. military reentry into Southeast Asia. The goal is no longer to have permanent bases but to have occasional access to facilities and the chance to work with local troops to ensure their inter-operability with U.S. forces — meaning their ability to work in tandem. Inter-operability is the goal of bilateral pacts such as the V.F.A. with the Philippines. U.S. troops now also hold joint exercises more frequently with Australian, Thai, and Singaporean troops.

Not just in Southeast Asia but throughout the world over, President Bush has committed his country to a muscular foreign policy. He has pronounced Iraq, Iran and North Korea as the nodes in an "axis of evil." These could be the potential targets of preemptive strikes the U. S. is prepared to take — unilaterally, if need be — being hostile

nations which develop nuclear, chemical and biological weapons of mass destruction and who allegedly support global terrorism.

But it also seems, that the Bush administration is seizing the opportunity of its war on terrorism to consolidate America's global hegemony. Some American opinion-leaders do claim that their country's dominance in the world — cultural, economic, technological, and military — has not been equaled since the Roman Empire.

The historian Paul Kennedy, for instance, points out that no state has attained the disparity of power America enjoys over all its potential rivals. With bases or basing rights in 40 countries, the United States is the only *universal* power. Those who now argue for an American quasi-imperial role in the creation of a new global order regard September 11th as the result of insufficient American involvement and ambition in the global order.

The writer Robert Kaplan argues that Empire is "in some ways, the most benign form of order." And Max Boot, the *Wall Street Journal's* feature editor, says "enlightened foreign administration" can stabilize Afghanistan, Iraq, and other troubled lands.

President Bush (43) apparently sees the world as more evil, more dangerous and more threatening than did either his predecessor, President Bill Clinton, or his own father (41) — who had faced down Saddam Hussein but stopped short of unseating the Iraqi strongman.

The younger Bush and his closest advisers apparently see the human landscape as littered with ancient feuds and the hatred of "evildoers" — whose twisted ambitions the one super power must confront without delay.

What is worse, the "democratization" of technology has put tremendous destructive power in the hands of groups and individuals. Terrorism has privatized war. And the moral restraints of international law count for little in wars that are becoming increasingly unconventional, undeclared and asymmetric.

In facing adversaries unconcerned with civilian casualties, America's moral values ironically represent its worst vulnerabilities. Even democratic consultation could become impractical in situations that call for quick responses to terrorist outrages. In such a black-or-white world, the war on terrorism becomes a war of morality.

Its harsh consequences — civilian casualties, breakdown of public safety and services, unholy alliances with separatist movements, prisoners held without legal rights, etc — all these are unavoidable by-products of the end-goal of driving the barbarians away from the gates of the civilized world.

Is the U.S. building a "fortress America"?

President Bush apparently sees America's hegemony as *tenuous* — and he therefore would spare no effort to preserve it. As summed up in a policy paper it submitted to Congress, the Bush administration has decided, first of all, to replace the Cold

War strategic doctrine of deterrence and containment with a first-strike policy.

U.S. leadership is committed to a policy of preemptive attacks against potentially hostile nations which develop weapons of mass destruction and abet global terrorism. The U.S. Government has also decided to spend so much on armaments so that no other state — or even groups of states — can ever catch up. President Bush apparently is determined that never again should a rival-power be allowed to challenge U.S. military supremacy the way the Soviet Union did during the Cold War.

This year, U.S. defense spending will total US\$378 billion — equivalent to some 40% of what all other nations combined will spend on their own militaries. Projections of Bush bureaucrats call for more than US\$2 trillion in military spending over the next five years, with annual defense budgets rising to US\$451 billion by 2007. To soften the impact on the global community of such a muscular foreign policy, Mr. Bush offers the hope that "once you cut off the challenge of military competition, you open up the possibility of cooperation in a number of other areas." And he insists that America will use its military and economic power not to seek "unilateral advantage", but to build democracies and free-market economies worldwide.

It should be pointed out that, even at home, the Bush doctrine has become controversial. The *New York Times*, for instance, warns that "when pugnacious strategies become the dominant theme in American conduct, overcoming more cooperative

instincts, the nation risks alienating its friends and undermining the very interests that Bush seeks to protect. In securing America's safety, Bush must be careful not to create a fortress America that inspires the enmity rather than the envy of the world."

Other critics point out that pre-emption alone would require a much higher degree of intelligence accuracy than the passive policy of "massive retaliation." Pre-emption would also encourage the middle powers to apply the same doctrine against their local enemies. Widely adopted as a military doctrine, it could result in a series of brush-fire wars — with nuclear weapons.

Already, Israel is "pre-empting" Palestinian suicide attacks; the Russians have threatened to attack Georgia for harboring Chechen terrorists; and India and Pakistan may act pre-emptively over Kashmir.

Still other critics accuse the Bush administration of cutting the ground from under the United Nations — which is groping its way toward a common understanding of the use of force in international relations; the place of the rule of law in maintaining the world order; and the possibility of the global community exercising sovereignty together.

In practice, however, the new strategy has already won some side-benefits. For instance, the U.S. has already been able to occupy the strategic space in the junction areas of the Middle East and Central Asia — filling in the strategic vacuum left by the Soviet Union and constricting China's space to expand its own influence in West and South Asia.

By helping out the Philippines against its *Abu Sayyaf* terrorists, the Pentagon has regained *de facto* access to staging facilities in its former colony. In Singapore, it has the use of naval facilities commanding the Malacca Straits. Washington is also apparently feeling out Hanoi about the possibility of the Seventh Fleet's returning to Cam Ranh Bay.

Meanwhile, Japan has also been able to show the flag in the Indian Ocean — close enough to the anti-terrorist coalition's frontlines to create a precedent for any future Asia-Pacific conflict.

Asia as the area of greatest risk

Looking forward to the world of 2015, the Central Intelligence Agency (C.I.A.) sees Asia as the region with the greatest risk of major armed conflict — between China-Taiwan; India-Pakistan; North and South in the Korean Peninsula; and the competition for influence in Southeast Asia between the U.S. and China.

The third leg of the tripod of global stability — the European Union — is likely to be inward-looking over the foreseeable future. The global economy's center of gravity has already shifted from the Atlantic to the Pacific — and Washington sees Asia's economic potential as enormous. Already U.S. trade with East Asia alone far exceeds its trade with Western Europe.

Increasingly, Pentagon war games now deal with Asian scenarios — from Iran-Iraq to Pakistan-India, Indonesia and China. Planning exercises now apparently factor in counter-measures against the

use of characteristic Asian tactics such as "deception" and "indirection." And, increasingly, Pentagon strategic preparations are being geared to future U.S. military operations in the Asia-Pacific theater.

The current Pentagon phrase appears to be "long-range power projection" — airlift capacity, seaborne logistics platforms and the like — that would enable the U.S. military to sustain itself while operating in remote battlefronts from supply bases in Hawaii, Guam and Midway, which are the closest to the potential war theater.

Pentagon strategists are also shifting the weight of the U.S. military posture from Northeast Asia broadly southward — toward the Philippines for its strategic location; Vietnam for the access it provides in Southeast Asia beyond that which Singapore and Thailand offer; and Oman on the Gulf for access to the Indian subcontinent. It is no secret that Guam is being built up as a major hub for power projection throughout Asia, and that forward operating locations are being set up in the southern Ryukyus as support bases for Taiwan.

America is riding the crest of a revolution in military operations based on new technologies. Integrated battle space systems will give military leaders unprecedented access to information from any place around the globe. Command and control centers will bring together disparate information sources — satellites, live feed from the ground, data from sensors — to provide a complete, real-time picture of the battlefield for commanders, support elements and even frontline forces.

U.S. goals in East Asia

Among America's present-day goals in Asia, the key ones involve keeping the U.S. forward presence in the Korean Peninsula and in Japan. On Taiwan, the challenge for Washington is two-fold: first, it is to keep Beijing from painting itself into a corner — from losing face before its people — and forcing it to take the aggressive action it desperately wants to avoid. The other is to prevent its Taipei-tail from wagging the dog of its policy towards Beijing. Over the foreseeable future, we can count on living with a more interventionist America — particularly in Indonesia, where Islamist pressures are building up.

China — which has stood up to 150 years of humiliation at the hands of the imperialists powers — is likely to see itself as the object of President Bush's vow never again to allow a rival-power to challenge U.S. supremacy. While Beijing will obviously not just passively accept being second-best, there is little it can do until its economy gives it more elbow room. (The P.L.A. has, for sometime now, focused its strategic studies on asymmetric warfare).

For the moment, though, the anti-terrorist war has brought Beijing and Washington closer together. Beijing's tacit consent has enabled the United States to keep warplanes and troops on China's western doorstep — in Kyrgyzstan and other Central Asian countries. The Chinese leadership has also quietly accepted Washington's pre-emptive Iraq war.

In the Korean Peninsula, in recent weeks, Pyongyang has stirred up a crisis over its efforts to build

nuclear weapons. But there, fortunately, the interests of all the great powers — especially those of the U. S. , China, Russia and Japan — coincide in wanting to prevent the eccentric North Korean dictator from disrupting Northeast Asia's stability. North Korea is a problem they — and South Korea — must solve together, but it is likely that the North Korean question will be resolved through diplomacy and compromise.

The immediate reality — as I see it — is that a *de facto* "American peace" is being imposed on East Asia and other troubled portions of the world. And our countries must work together — using this *pax Americana* just as the European Union did — to speed up East Asian and Asia-Pacific economic integration and security cooperation.

The longer-term possibilities

To conclude, let me point out some longer-term possibilities.

The unification of a nuclear-free Korean Peninsula and the resumption of "normal state" status for Japan will make maintaining a large scale American military presence in Northeast Asia difficult to justify for Washington policy-makers — either at home or in East Asia. Thus, America's forward military presence in East Asia will likely decline — particularly since the new military technologies will enable the Pentagon to cut down its foreign deployment levels. What base-access arrangements remain will be more sustainable — both politically and financially.

And as the international environment changes, the U.S. will seek new ways of asserting its influence. American security involvement will have to be transformed both in form and substance. Washington will have to emphasize increasingly the political and economic dimensions rather than the military function of its alliance structure. It will have to cultivate closer diplomatic consultation and coordination with its allies.

With the American forward military presence becoming smaller and security alliances less relevant as an instrument of U.S. policy, a pluralistic security community is likely to emerge in East Asia and in the larger Asia-Pacific region. This is not as far-fetched as it sounds — since countries in the region have shared interests in a peaceful and stable security environment and because they will benefit increasingly from growing — and mutually beneficial — economic interaction and integration.

Chinese security intellectuals acknowledge China's share of responsibility for regional stability. They accept that Beijing should give the U.S. credit for resisting Soviet expansionism in Asia in the 1970s and 1980s. And they concede that Beijing needs to assure Washington and the other Asia-Pacific powers that China does not intend to upset the existing regional order; and that for as long as its legitimate security interests are accommodated, it can live with a regional security structure in which the United States plays the leading role.

Finally, a pluralistic security community can ultimately lead to the genuine Asia-Pacific commu-

nity visionaries - and ordinary people — dream of. Events in the world make clear we have no alternative to economic integration and political solidarity. Our object should be to replace the "balance of power" as the organizer of state relationships in East Asia and the Asia-Pacific with the "balance of mutual benefit. "

Now that the world's center of gravity is shifting back to the vast Pacific Ocean our peoples share, it is time for our statesmen to start conceptualizing the components of a *Pax Pacifica*. And this "pacific peace" must be the security and stability not of any single power's hegemony but the peace of virtual equals — the product of security cooperation that comes — in the words of the Prophet Isaiah — from sitting down and reasoning together.

The USAFFE: Defender of freedom in the Pacific

To take part in the celebrations marking the 60th Anniversary of the founding of the United States Armed Forces in the Far East (USAFFE) is the experience of a lifetime. The Filipino-American community in the Los Angeles area deserves our highest commendations for making this effort to observe this by now obscure historical event, which means so much to the long-term relations between the Philippines and the United States, and to the Filipino-American veterans personally, who were young participants in the defense of freedom in the Pacific as soldiers of the USAFFE.

This is fitting and proper — since California has played a leading role in the historical relations between our two countries over these past four decades.

*Keynote Speech at the Commemoration of the 60th Anniversary of the Founding of the United States Armed Forces in the Far East (USAFFE)
Carson City, California, U. S.A.
July 26, 2001*

Early Filipino-American relations, the U.S. in the Pacific

The nourishing of Philippine contacts with America date back to the days of the galleon trade. From 1565 until 1815 — a span of 250 years — the Manila galleons on their way to Acapulco, Mexico regularly made their eastern landfall on the California coast after a risky voyage of three or four months. Their need for way-stations after the arduous crossing compelled the Spaniards to settle on the California coast — where they founded missions from Los Angeles, Santa Barbara, Santa Monica and San Diego to as far north as San Francisco and Monterey.

Indeed, a Filipino seaman who jumped ship is reputed to have been among the founders of the city of Los Angeles. And it was from the presidio of San Francisco that the soldiers, administrators and teachers sailed and who, together, conquered the Philippines for the United States.

It was the same expansionist spirit which won the West that leaped across the Pacific to the Philippines in mid-1898, and brought the U. S. Pacific fleet of Admiral George Dewey — followed soon after by an expeditionary force under General Wesley Merritt.

Strategic necessity, the attraction of foreign markets and raw-material sources, and the notion that American world leadership was somehow politically inevitable — all these factors prodded Americans to look beyond their western frontier at the turn of the 19th century.

The exuberant disciples of "manifest destiny" regarded the projection of American military and naval power onto the Far East as a strategy of "forward defense" — and as an assertion of their country's emergence as a key player in the international balance of power.

Military strategists of that period realized that, to project its naval power in the Western Pacific, the United States would need a string of coaling stations and bases of operations. These Pacific stations — Honolulu, Midway, Pago-Pago, Guam — were all duly acquired; and Manila (with its large and sheltered bay) was chosen as the major base for America's naval and commercial activities in the Western Pacific — the American equivalent of the Hongkong of that period.

We must remember that, despite all the rhetoric about the "limitless" China trade — and Washington's insistence on an "open door" to the Manchu Empire, China took no more than 3.5% of U.S. exports and 1.4% of American foreign investments during the late 19th century.

The bulk of U.S. trade remained with Europe. Over the 25 years between 1890 and 1915, that cross-Atlantic trade involved 60-70% of U.S. exports and 40-50% of its imports. And it remained close to that level until the Philippine war of independence against Spain started in 1896.

Meanwhile, threats to America's "exposed" position in the Western Pacific became apparent during the early 1900s.

Japan — invigorated by its Meiji-era reforms — was beginning to pursue its own expansionist ambitions. Already, it had humbled Tsarist Russia and, from dynastic China, seized the island of Formosa — only 200 miles north of Luzon. And after the First World War (which it joined on the side of the allies), Japan had been awarded Germany's Pacific islands — which straddled American sea lanes to the Philippines.

Washington's realization that its Philippine colony was too far away — and too isolated — to defend compelled it to think of alternatives, among them that of withdrawing into continental isolationism behind the moat of the Pacific.

Reflected in annual U.S. congressional appropriations over a period of three decades, this isolationist mood — together with a diplomatic desire to placate the Japanese — worked to reduce American preparedness in East Asia.

The birth of the USAFFE: Its sacrificial role

Given this background, President Franklin D. Roosevelt's decision — on 26 July, 1941 — to create the United States Armed Forces in the Far East and recall General Douglas MacArthur from retirement to command it, symbolized America's decision to confront aggression in the Pacific.

The pitifully inadequate preparations of the U.S. and the Philippines against the anticipated military expansion of Japan is reflected in this extract from the official history of World War II in the Philip-

papers compiled by the Veterans Federation of the Philippines in 1993, entitled *Defense, Defeat and Defiance*, and I quote:

"The envisioned Philippine defense force—General Douglas MacArthur, Military Adviser to the Commonwealth of the Philippines, recommended to the President of the Philippines, Manuel L. Quezon, a defense force anchored on neutrality, just like Switzerland. Basically, it called for:

- A. The activation of an initial Filipino Navy of fifty hard-hitting patrol torpedo boats, which he termed 'Q-boats';*
- B. An Air Force of 250 aircraft of various classes; and*
- C. A semi-guerrilla army of 400,000 Filipinos to be generated over a period of ten years by conscripting all males between the ages 21 and 50, and providing five-and-a-half months' training each year for 40,000 conscripts. This semi-guerrilla army would be organized into 40 divisions built around a small cadre of 930 officers and 10,000 enlisted men led by graduates of the Philippine Military Academy.*

MacArthur's staff headed by Lieutenant Colonels Dwight Eisenhower and James Ord drew up a \$24 million defense budget, which was trimmed down to \$8 million by Quezon and MacArthur, and further

reduced until in 1940, it was down to \$1 million annually,

Eisenhower later commented: "Ours was a hopeless venture. The country simply could not afford the build-up,"

At the outbreak of the war, midway through the defense force build-up, there were only three of the planned fifty Q-boats."

Thus, from the beginning, it was clear the USAFFE'S role would be sacrificial: there was simply no way the islands could be defended in the teeth of Imperial Japan's dominance of the Western Pacific — particularly since the Western allies had agreed to designate Europe as their principal theater of operations against the Axis Powers.

The most the USAFFE could do would be to try and hold Manila Bay and the Bataan highlands above it — until the American naval fleet could arrive to defeat the Japanese and recover the archipelago.

And this the USAFFE did with outstanding courage and utmost tenacity.

The *samurai* ethic recognizes — and celebrates — "the nobility of failure." And nowhere has failure been as noble as it proved to be among the Filipino-American defenders of Bataan and Corregidor and the rest of the archipelago. Although ill-prepared in both training and materiel, ravaged by malaria and starvation, they held off the enemy for three full months before they were overwhelmed — long

after the rest of Southeast Asia (including the supposedly impregnable British bastion of Singapore) — had fallen to the Japanese.

In a significant and strategic way, the USAFFE prevented the Japanese invasion of Australia.

In our time, the geopolitics of the Pacific rim has greatly changed. Not only has Japan been reborn as a democracy under a constitution almost totally influenced by a visionary warrior-statesman in the person of Douglas MacArthur. Today, because of the pressures of globalization, the countries on both the Western and Eastern shores of the Pacific are slowly but steadily being united in an Asia-Pacific community.

Once regarded as an American liability, the Philippines became a highly-valued strategic naval and air force base for the United States during the protracted cold war against the Soviet Union and Communist China

Until now, the Philippines benefits from its favorable location at the heart of what has become the global economy's fastest-growing region. It is slowly but surely developing into a regional hub for American investments in East Asia — a hub whose importance should grow even more as the AFTA comes on stream in 2002 and as the APEC Forum continues to promote economic liberalization and integration.

Already the two major American bases of the Cold War — Clark Air Base and Subic Naval Base on Luzon — bustle with industrial and commercial activity as civilian Special Economic Zones.

And beyond the ties of commerce and investment — of shared security interests and people-to-people friendships that are beginning to span the countries of the Asia-Pacific — it is the immutable bonds of blood, courage and democratic values that bind the Philippines and the United States, as reinforced by the sacrifices of the USAFFE during the early months of World War II, that are the strongest.

They transcend even the painful inequities and injustices in that relationship.

The challenge of Asia-Pacific security

Today, the greatest challenge to the Asia-Pacific states is regional security.

All our countries need peace and stability if their economies are to grow and their political institutions are to work

In recent months, it has seemed as though we were entering a tense and perilous period of "strategic" competition between the two great Asia-Pacific powers, China and the United States. But now the countervailing forces for 'strategic engagement' are reasserting themselves.

The Bush administration, having successfully completed its shakedown cruise, is steering the U.S. toward the vital center — away from risky ideological explorations.

Beijing, too, has chosen engagement with the world over vain national pride. As a result, it has won endorsement of its entry to the World Trade Organization — which should enable its economy to preserve its US\$40 billion in FDI yearly and keep up its growth rate of 7%-9% annually.

China's economic — and military — power is growing inexorably. And, recently, China's growing presence in the world was recognized by the Olympic Committee's selection of Beijing as host city of the 2008 Olympic Games.

New instabilities in Asia

In Southeast Asia, ASEAN is entering a spell of instability.

Indonesia's internal troubles could prevent it from acting as the linchpin of ASEAN security. And instability in that great archipelago — which straddles the sealanes between the Indian Ocean and the Western Pacific — could become endemic if Indonesia's transitional democracy produces only a succession of weak civilian governments.

In both secular Indonesia and Malaysia, political Islamism is emerging as a strong movement — not only against economic frustrations but also against the inroads of the consumerist Western culture — that is manifested in terrorism and violence in the Indonesian archipelago.

For Thailand and the Philippines, the basic problem is how to make democracy work for ordinary people — especially the poor who constitute their mass electorates. In Myanmar, a United Nations envoy recently found grounds for hope that the ruling generals may be serious about loosening their stranglehold on the country.

In Northeast Asia, Japan's failure to emerge from recession is prolonging East Asia's economic recovery — and frustrating Washington's hopes that Tokyo would bear a larger share of the Asia-Pacific's defense burden

Leaders of the ruling Liberal Democratic Party may have finally found a reformist champion in Prime Minister Junichiro Koizumi — but they still seem unable to raise the political will to reform the financial system and deregulate the economy. Meanwhile, disagreements have broken out between Seoul and Washington on President Kim Dae Jung's "sunshine policy" toward Pyongyang.

Ultimately, East Asia's future will depend on how China, the United States and Japan structure their relationships. These three powers have been the principal props of the regional balance of power since the end of the Cold War. In strategic terms, no stable counterweight to China's growing military power is possible without the American presence. Ultimately, it is the U.S.-Japanese alliance that underpins Asia-Pacific security. As a side-benefit, the alliance also provides China and East Asia the assurance and comfort that Japan will not rearm, and that any Russian ambitions in East Asia will be contained

The ASEAN powers generally welcome the forward deployment of American "tripwire" forces as an earnest expression of Washington's guarantees for regional security. As part of this security network, Americans want Japan to transform its "Self-Defense Forces" into a more effective regional security partner.

The ties that bind

The aging veterans of the Bataan-Corregidor campaign still remember the days of courage, heroism, and bitter defeat that the Fil-American forces

shared — and revel in their participation in this grand adventure of their youth.

The simple rites we are observing today celebrate, affirm and renew those historic ties between America and the Philippines, which have now lasted a hundred years.

Beginning in a terrible conflict called the Philippine-American war that started in 1899, highlighted by the valiant defense of the Philippines by the USAFFE during the Second World War, and now mellowing into a firm friendship between sovereign equals, the relationship between the Philippines and the United States is historically unique. This friendship is certainly worth preserving — and I know it will endure.

A brotherhood forged in conflict: Why were we in Vietnam?

Historical Background

Our generation of soldiers — young comrades-in-arms of three decades ago — look back to the time of our youth — when we banded as volunteers and stood up together in an effort to help the Vietnamese people survive their ordeal of conflict. We must tell younger Filipinos that the Philippine Civic Action Group (PHILCAG) went to Vietnam as a manifestation of Philippine solidarity with the embattled Vietnamese people, and with our Free World allies.

But we were there for a purpose nobler than war. We were there to build, not to destroy. And I can say that, as the Filipino soldiers stood tall in the eyes of the Free World, the accomplishment of our humanitarian mission was a shining moment for the Armed Forces of the Philippines, which then

Keynote Speech at the 35th Anniversary of the Deployment of the 1st Philippine Civic Action Group to Vietnam (1ST PHILCAGV and General Assembly of Vietnam Veterans (VIVE), Camp General Emilio Aguinaldo, Quezon City, September 28, 2001

included the Philippine Constabulary as our fourth major service.

As the head of the advance planning group of 100 that arrived in Saigon and Tay Ninh in mid-August of 1966, then as G3, and later on as PHILCAG Chief of Staff I can report that we succeeded in our mission to build and to heal with flying colors, even as we made our valuable contributions felt at the Free World Headquarters in Saigon with our counterparts from many other countries.

Our contingent was mandated not to undertake any offensive combat — except to defend itself when attacked. Instead, PHILCAG was tasked to do all it could to alleviate the suffering of people at war. That is why our Civic Action Group was built around an engineering battalion and a medical battalion — with the support of a security battalion to protect our projects and our personnel exposed to the hazards of both conventional and guerrilla warfare.

Our commitment was to construct, maintain and repair, and to succor the wounded and the sick. And this was what we did in our areas of responsibility — principally in Tay Ninh province which was then the southern terminus of the Ho Chi Minh trail that ran down the mountainous spine of Indochina, through the common border of Vietnam, Laos and Cambodia.

When South Vietnam first solicited help from neighboring countries in 1964, the Philippines was one among the first that responded by the passage of Republic Act (R.A.) 4162 on 21 July 1964. It was

a difficult role our first batch of civic action and medical personnel had to perform. They were sent there to be of service to the hapless Vietnamese people who were ravaged by war. But, first, our volunteers trained with the First Special Forces Group (Airborne) which I then commanded. Thus upon their arrival, the 28 military personnel and six civilians who composed the first batch of Philippine Contingent to Vietnam (PHILCONV) were well-prepared to do what they were expected to do.

Not only were they to heal the wounds and scars brought by war but also to uplift the weary spirits and brighten whatever hopes were left in the hearts of the sick and injured. Their first priority task was to serve the patients confined at Tay Ninh provincial hospital. The medical expertise of the PHILCONV teams were put to a severe test as they laboriously attended to the healing requirements of suffering civilians who were the innocent victims of war.

To build, not to destroy

The Philippines did not turn a deaf ear on a second call by South Vietnam for a greater effort. Congress, by virtue of R.A. 4664 signed by President Diosdado Macapagal, authorized the deployment of the 1st Philippine Civic Action Group to Vietnam, under the command of Brigadier General Gaudencio Tobias.

In September 1966, when the main body of the Philippine contingent arrived in Vietnam, the Americans had been fighting there for 18 months,

the first U. S. combat troops, two marine battalions — having been deployed to secure the American airbase at Danang in March 1965.

But the fiercest fighting was still to take place the next year, 1967, as the Americans began search-and-destroy operations in earnest. And that fighting was to climax in the bloody Tet offensive that started January, 1968 which, although it cost North Vietnam heavily in men and materiel, almost broke the Army of Vietnam (ARVN), and the South Vietnamese leadership. The morale in the American home-front suffered as a consequence. PHILCAG was in the middle of that giant pincer movement which included Tay Ninh and Saigon as its main targets.

In our effort to deliver engineering, medical, dental and other civic services, PHILCAG personnel ranged far and wide throughout several provinces attending to an average of 2,000 patients and distributing 1,300 tons of health or maternity kits and relief goods — every week. As our doctors, dentists and nurses worked among the war-refugees, our engineers built for them base camps, resettlement areas, community centers and school-houses. Starting with the earlier 34-man teams from the initial PHILCONV contingent, the number of Filipino troops who served in Vietnam swelled to some 182 officers and 1,882 enlisted personnel during the period 1966-1968 under the PHILCAG organizational concept.

PHILCAG teams were engaged in the construction, rehabilitation and development of public works, utilities and structures. They were also proficient

in giving technical advice on community development and socio-economic activities. The construction of the Thanh Dien forest resettlement project was quickly undertaken to house the displaced families regardless of their political loyalties.

Members of PHILCONV and PHILCAG put aside homesickness and personal comforts. Day after day, from morning till night, under hazardous conditions, our courageous civic action teams worked from one hamlet to another, always motivated by the thought that they were on a mission of peace. Pooling all skills and talents available, the Filipino troops collaboratively worked together with other good Samaritans from other nations. The tasks of the PHILCAG engineers, on the other hand, were also multifarious. They erected protective bunkers, defense and administrative installations, schoolhouses, refugee housing, roads, bridges, and other infrastructures that had to be built to make the living conditions of the local people and dislocated refugees less miserable.

As the tour of duty of the 1st PHILCAG came to an end in mid-1968, the equipment, the base camp and the projects were turned over smoothly and efficiently to the PHILCAG replacement units which later composed the 2nd PHILCAG under Brigadier General Ceferino Carreon.

The newly-arrived Filipino contingent wasted no time in continuing to win the hearts and minds of the Vietnamese villagers. The changing of personnel to handle the projects did not hamper the effective flow of humanitarian assistance.

The 2nd PHILCAG, which was a replica of the 1st PHILCAG in terms of members, organization and capabilities, continued with what their predecessors had begun, which was a four-part civic action plan, code-named PAG-ASA, as follows:

- A) The Engineer Civic Action Program (ECAP)
- B) Medical and Dental Civic Action Program (MEDCAP)
- C) Miscellaneous Environmental Improvement Program (MEIP)
- D) PHILCAGV-to-People Program (PPP)

To alleviate the Vietnamese people's complete dependency on the generosity of others, our PHILCAG specialists effected what we now call 'transfer of technology'.

After establishing demonstration farms, Filipino troops planted them with Philippine miracle rice to sustain their increasing need for food production. They also taught the local population whatever there was to teach in terms of the livelihood enhancement to make them more self-reliant.

Filipino troops relentlessly pursued ways and means to help the Vietnamese in selected villages to have better lives. This program revolved around the concept of "*pakikisama*."

The 2nd PHILCAGV was best remembered for the reconstruction and rehabilitation of Highway 13 — the all-weather road that connected Tay Ninh province to Saigon.

The dominoes did not fall

By 1970, as peace talks begun to appear on the agenda of the main powers involved, of the Philippine Congress effected the recall of the PHILCAGV troops by limiting the appropriations for them.

PHILCON/PHILCAG's period of duty in Vietnam totalled seven years or a little longer than most of the other allied contingents, except for the Americans.

Most of us Vietnam veterans were back home well before the war came to an end for the Allies through the Paris agreement of January 1973 — although, for the Vietnamese people, the agony continued until the summer of 1975 and even beyond, in the aftermath of the fall of Saigon.

History has its way of making up its own mind about the outcome of wars and the future of nations.

Yet I do not for a moment feel that PHILCAG's work — or even the larger Allied effort — was ever in vain. Certainly, the Allied resolve to stand up to Communist wars of expansion stiffened the spine of other Southeast Asian societies, and gave them the breathing spell to put their own houses in order.

In the end, the resilience of the Southeast Asian nations asserted itself. Despite all the alarmist predictions by the so-called experts, the Southeast Asian dominoes did not fall. Even the unified Democratic Republic of Vietnam proved to be more nationalist and free market-oriented than communist in its basic motivations.

Indeed, a generation after PHILCAG, even Communist Vietnam has peacefully joined the ASEAN.

The ideological issues and divisions of the Vietnam war period have all but dissipated, and we in Southeast Asia can look forward to a horizon of free trade, political cooperation, and the formation of an East Asian community that will also encompass the Northeast Asian States of China, Japan and Korea.

Fighting terrorism: a new global campaign

Now, new challenges to all our countries have emerged.

At the core of these challenges lies a determined, unrelenting and decisive campaign against terrorism. It is a new struggle that portends to involve our nations along a full range of commitments — from intelligence cooperation, to support operations, to humanitarian peacekeeping missions — in areas of unconventional warfare.

As in the past, the Filipino soldier could again be called to duty to help keep freedom and justice alive — as during the Korean War, in the former Belgian Congo, Cambodia, Kosovo, and East Timor.

The task will not be new to us, for the Filipino has always been a soldier for the world, defending the shared values of freedom, democracy and the collective security of mankind.

In the Filipino veterans of the Vietnam war, we witnessed a broad range of capabilities from being unconventional warriors, on the one hand, to being builders and healers on the other. Because of

these skills and experience, we were a group that was deeply respected by the Vietnamese people, and a source of pride for Filipinos.

Our Armed Forces and National Police have had some first-hand experience in the war against international terrorists, as we tracked their entry into the Philippines in 1994 and effected capture in 1995 of many of them, including the original bombers of the World Trade Center of February, 1993. In later years, we took the initiative of gathering the key players in the community of nations to take collective action.

We have long been aware of the dangers lurking in their plans and strategies. The *Al-Qaeda* terrorist cell that gestated in the Philippines was eventually interdicted and immobilized. But the destructive potential of other cells that may still exist must never be underestimated.

Now the international community is in a massive struggle with an enemy that is largely faceless and unseen, whose range spans almost the entire globe. No one can predict the exact dimensions of this new kind of violence, because it operates not only in the frontlines of tactical combat, but also in political, economic, ethnic, and scientific battlefields.

What is important is that, beginning at home, we must be prepared for any eventuality. Preparedness means that we must be ready, within available resources, to respond comprehensively to the military, political and social challenges of the struggle. Prudence requires that, in the midst of

preparing ourselves we must remain calm, methodical, deliberate and calibrated in our policies and actions.

Support for the national leadership

We place our complete faith in the government's capacity to plan, strategize and meet this crisis. During the meeting of the National Security Council (NSC) in Malacanang last week, we were assured by President Gloria Macapagal-Arroyo that all vital actions of the government shall be subject to a full leadership consensus traversing all key institutions, starting with Congress, and also with the private sector. And we must do our share in the overall effort.

Even as we face this latest threat to global peace and stability, we must continue to devote our attention to the urgent priorities set forth by the national leadership. These are: our internal security, the fight against poverty, and the reconstruction of the peace process.

Our people continue to look up to soldiers, law enforcers, and veterans to lead the way in these efforts. Indeed, our veterans have always been in the front-line not only as exemplars of vigilance, but as agents of change and transformation, and active participants in community and national development.

We must always keep in mind that the fight against poverty is ultimately a security concern, because poverty is the main root of dissidence and rebellion.

We saw this in Vietnam, we continue to witness this reality in our own country.

The peace process is also a function of defense and security, especially as it proactively seeks to transform conflict into dialogue and consensus and, eventually, into enduring peace and development. We know that the bravest warriors, as they mellow in wisdom and seniority, inevitably become the most avid peacemakers. Indeed, we are called upon to stand shoulder-to-shoulder once more in facing the formidable challenges of the future.

I must candidly state that the short-term landscape is fraught with difficulties. The war against terrorism will continue to take its toll on trade, commerce, tourism and the overall prospects for our economic recovery. Many of our overseas workers could be dislocated. External factors could weaken our fiscal position, investment flows and employment rates could decline. We may have to bite the bullet bravely to maintain our macroeconomic stability.

The resiliency of Filipinos

But if there is one quality working for us, it is our resiliency as a people. Many times in the past, we had shown our capacity to bounce back from crisis. We shall bounce back from this one.

Yet even in the midst of cautious confidence, we must be prepared for the remaining pitfalls in the landscape. It will take time before the economy could take off with steady force and momentum.

There is a need for greater sacrifice and forbearance, discipline and responsibility.

Even as the peace process is being reconstructed, we must still cope with pockets of dissidence and rebellion, primarily resulting from the lack of jobs, scarce livelihood opportunities, and the incompetence of some public servants.

Meeting these problems and difficulties will continue to demand our unrelenting dedication, commitment and hard work. Each and every citizen must share in the monumental task of nation-building and development — through our vigilance, participation, commitment and leadership.

We must recapture the glory of the Philippines in the eyes of the world, to put her back within the circle of respect, prestige and admiration. Twice, in 1986 and in 2001, we showed the world the power of the people to remove abusive and corrupt regimes. Today, we must transform people power into effective institutions of democratic governance, of poverty reduction, of peace and national security.

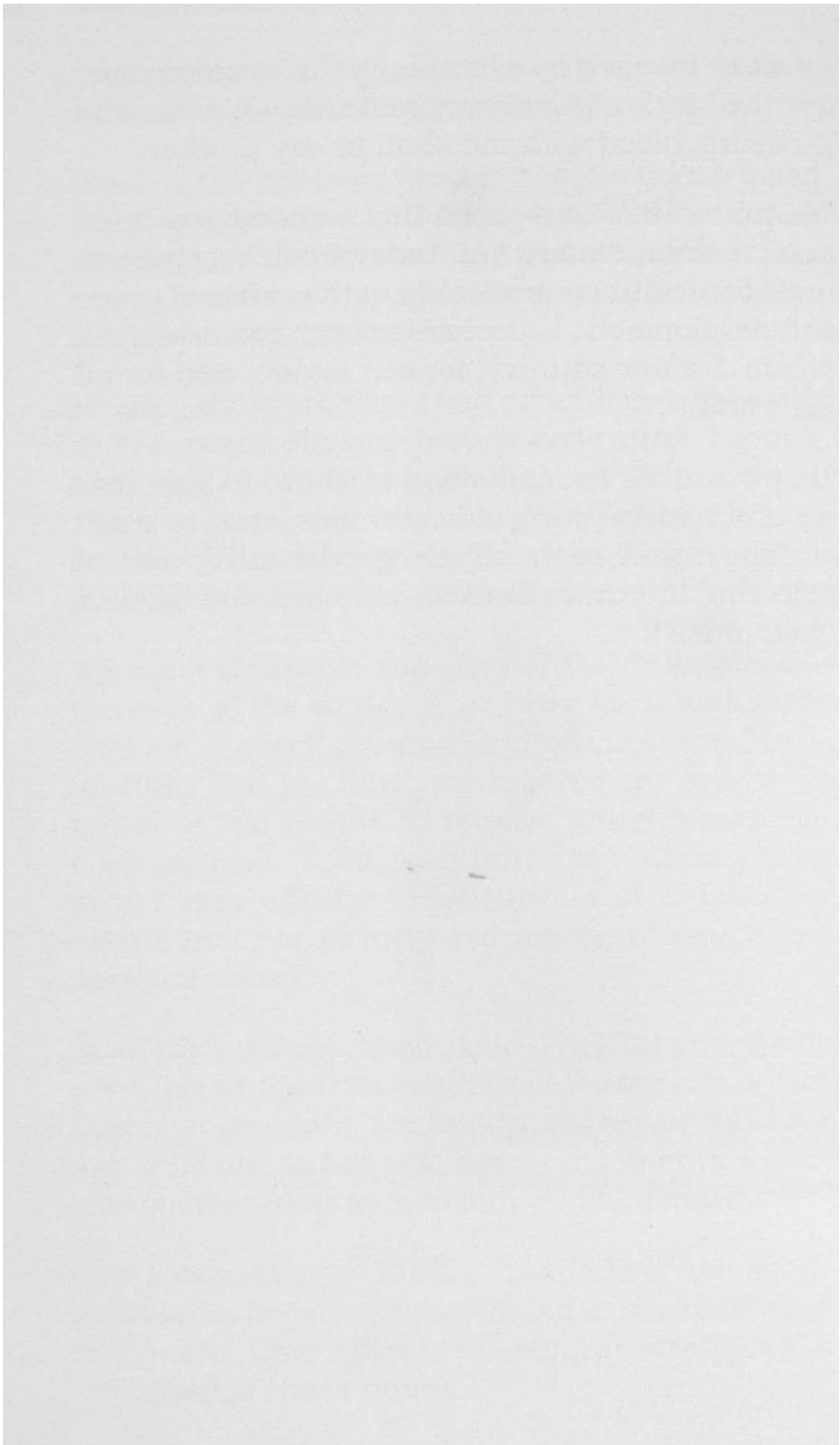
In all these efforts, once again, I ask for your indispensable support as concerned citizens. It is high time that we again join hands, share our concerns and weld our minds and hearts together in a decisive combination to face today's challenges.

Our association — VIVE — is made of the strongest metal, because it was forged in the crucible of war — and time will not weaken the strength and resilience of those bonds.

Let us be inspired by what Henry the V said just before the battle of Agincourt centuries ago: "He who sheds his blood with me shall be my brother."

We, too — all of us — are a brotherhood dedicated to a common cause. And today I call everyone to re-dedicate our comradeship to the cause of peace and development — which is every good soldier's dream for our country, for our region, and for all the world.

Thank you all for gathering to share in this moment of remembering old comrades who are gone; of rejoicing in each other's good health; and of reflecting into how blessed has been our beloved Philippines!!!



West Point and the Asia-Pacific: What will the future bring?

The world enters a new age of war

In 1946 — 56 years ago — soon after the Proclamation of Philippine Independence from the United States, I came to West Point as the First Filipino to win, through competitive examinations, the one slot authorized for the new Republic of the Philippines.

As an 18 year-old from a country just liberated from three hard years of Japanese occupation, it was with a feeling of great awe — and pride — that I entered this famous institution.

Today, I am equally proud and equally awed to have been chosen to be the Keynote Speaker at this International Week of U.S.M.A.'s Bicentennial Anniversary Celebration. And I thank General Alexander Haig, the organizing Chairman; the Association of Graduates; and the Superintendent Lt. Gen. William Lennox, Jr. for all of these.

*Address at the Corps of Cadets, United States Military Academy
(U. S. M. A.), International Week of the Celebration of U. S. M. A. 's 200th
Anniversary, West Point, New York, U. S. A.
April 25, 2002*

A great deal of change and progress has taken place in our Alma Mater since my time as a cadet, but its two basic components — I am happy to note — have not changed; these are:

1. The Corps - it is not true that the Corps "has," and
2. The devotion to Duty, Honor, Country which has guided all of us.

As a foreign graduate, I am deeply grateful to West Point because it was from here that I drew the values of Duty, Honor, Country, and also much of my life-long commitment to democracy and freedom for the Philippines. These sentiments, I am certain, all other foreign alumni share with me, wherever they are.

Today, at the dawn of a new century, our world has become truly one — but in a way few of us had foreseen before September 11th.

While the knowledge society has come within our reach, and a globalized economy is upon us, the dark side of globalization — international terrorism — has clouded the horizon — in much the same way that the Korean War obscured the future of the Class of 1950 to which I belong.

Extremist groups have always inhabited the fringes of every society. But only now have extremists' goals been united with their frightening command of science and technology.

Thus, the world view of those whose duty it is to defend this country and its security interests has been forcibly transformed.

For now, it no longer takes a superpower to pose a deadly threat to Americans in their homeland. And while the U.S. nuclear arsenal may deter other powers from attacking America, it cannot deter with conventional means the fanatics of the *Al-Qaeda* variety.

A long twilight struggle

For the anti-terrorist coalition America leads, dismantling the terrorist networks and capturing their sanctuaries have been hard enough — as we continue to see in Afghanistan.

Pulling out the roots of global terrorism will be even more difficult.

Unavoidably, it will involve a long twilight struggle — with diplomatic, political, economic, social and cultural undertakings no less important than military operations.

Already a second anti-terrorist front has been opened in Southeast Asia.

Even now, my country's elite troops are being assisted by American Special Forces in a small corner of the island Mindanao in southern Philippines — to hunt down the Abu Sayyaf bandits who have been identified as part of the *Al-Qaeda* network.

The Abu Sayyaf — the Arabic name for "sword-bearer" — is the only Southeast Asian Islamist group among 28 that the State Department lists as foreign terrorist organizations.

Given the events and trends since September 11th,

it is easy to agree with those who say the world has entered a new age of war. The global community has come to realize that every nation is threatened by extremist forces; and that poverty, oppression, resentment and despair anywhere must become the concern of us all.

The Rise of Asymmetric Warfare

Ironically — as the editor of *Jane's Defence Weekly*, Clifford Beal, has pointed out that "it is the West's conventional might — derived from its commanding lead in military technology — which is driving its enemies to tactics like those of *Al-Qaeda*, striking at the soft underbellies of our societies. "

Coincidentally, this same super-empowering technology now permits small terrorist groups to inflict massive damage that once only national armies could do.

Beal believes asymmetric warfare will not be fought in the conventional battle space. Adversaries are liable to hit the U.S. and its allies where they are weakest — to achieve disproportionate effects for relatively small investments in lives and treasure. And this could mean more September 11th-type strikes on strategic infrastructure targets and population centers — surprise attacks against which our governments must now plan to prevent or pre-empt.

The threat of terrorism is something we must live with over the foreseeable future.

Unavoidably, remnants and new organizations will grow over time — for as long as their will to fight is

there. Terrorists do not need popular support: it is the democratic states which must oppose them that do.

The discovery of terrorist cells in Singapore, Malaysia, Indonesia, and the Philippines has betrayed the existence of a regional terrorist network operating in the Muslim communities of Southeast Asia.

These Southeast Asian cells have apparently been associated with *Al-Qaeda* since the early 1990s. Terrorist activity in Southeast Asia, some say, might be a diversion launched to ease American pressure on the *Al-Qaeda* centers in the Middle East.

In mid-January, this year, the Singapore government exposed a plot to blow up Western embassies and U.S. warships on port calls in that city-state. Terrorists involved in the September 11th attacks are known to have visited Malaysia in 2000. Indonesian militants fighting against Christians in the Moluccas have been associated with bombings in Jakarta, including an attack in August 2000 on the Philippine Embassy which nearly killed the Philippine Ambassador to Indonesia.

And we cannot underestimate the popular support these terrorist networks can draw upon. A recent Jakarta opinion poll shows rising support for Islamist policies and increasing resentment against the American-led campaign in Afghanistan. No wonder the government of President Megawati is reluctant to clamp down on Indonesian Islamists — for fear a crackdown might inflame religious feelings in the world's largest Muslim country.

Collective action against terrorism

Turning back to our shared dangers raised by international terrorism, let me record that the Philippines has had much experience in international cooperation to defend freedom wherever it is threatened. Our troops took part in both the Korean and the Vietnam wars. And we contributed peacekeeping forces to the former Belgian Congo, Cambodia, Haiti, Kosovo, and East Timor.

In recent years, our Armed Forces and our National Police have scored operational successes in uncovering a cell of terrorists associated with *Al-Qaeda* — which had planned to assassinate President Bill Clinton in November 1994 while on a state visit to the Philippines, to kill Pope John Paul II while on a pastoral mission in Manila in January 1995, and to hijack eleven airliners over Asia to be used as flying bombs. You may recall that its leader, Ramzi Yousef, bin Laden protege, also carried out the World Trade Center bombing of February, 1993.

In early 1996, while President, I called a gathering in the Philippines of 120 senior officials and experts from 20 countries under terrorist threat — to plan collective action against extremists who would use violence to disrupt peace and development in our part of the world.

In that sense, we anticipated the struggle the global community is now being forced to wage — against an enemy who is largely faceless and unseen, and who ranges across national frontiers to attack vulnerable targets.

No one can measure the limits of this violent challenge — since it operates not only on the frontlines of tactical combat, but also on the political, economic, ethnic, media and scientific battlefields.

Believe it or not — it is the export-oriented developing economies that have suffered the worst collateral damage from the September 11th attacks. In East Asia, several national stock exchanges — that of the Philippines among them — dropped to their lowest levels in ten years, delaying our economic recovery from the 1997 East Asian financial turmoil.

A new sense of shared security

Over the foreseeable future, therefore, the global security picture appears bleak — although, at least for the time being, the sense of shared danger triggered by the terrorist attacks has ironically improved Asia's security relationships.

By showing how easily terrorism can overlap frontiers, bin Laden has taught governments how much national security nowadays depends on extensive cooperation among sovereign states. This is why most of the East Asian states — China and Russia included — have manifested their support for the anti-terrorist coalition.

Another welcome by-product of 9-11 is Japan's low-profile emergence into the global security picture by way of its liberal interpretation of the 1949 "no-war" constitution, thus justifying and enabling its maritime self-defense forces to show the flag in the Indian Ocean.

As for China and the United States, their informal alliance in the anti-terrorism campaign — and China's coincident accession to the WTO — offer both powers an opportunity to seek a new strategic basis for cooperation.

For one, Beijing has been remarkably restrained in its reaction to the American military buildup close to China's inner Asian frontiers. In the course of its campaign against the Taliban, the U.S. has quietly occupied the strategic space in the junction areas of the Middle East and Central Asia — filling in the military vacuum left by the Soviet Union — and constricting China's room to expand its own influence in West and South Asia.

China is rising as a military and economic power. Does this represent an emerging challenge to America's dominance in global politics and the economy? Of course it does. But America must also understand China's need for space and respect in international relations. Taiwan is the only issue that could ignite a major military conflict between Beijing and Washington. But that island's increasing integration with the mainland economy suggests reunification could come about peacefully over time.

The United States as the Asian "balancer"

There will always be competition between China and the U.S. — given the differences in their political systems. But I think there is scope for optimism in Chinese-American relations. I believe in the accuracy of Secretary Colin Powell's assertion that "a strategic partner China is not. But neither is China our inevitable and implacable foe. China

is a competitor and a potential regional rival, but also a trading partner willing to cooperate in the areas, such as Korea, where our strategic interests overlap. China is all of these things, but China is not an enemy and our challenge is to keep it that way. "

Since no combination of the East Asian economies could balance that of China, the United States must continue to play a crucial regional role as "balancer" — if Asian countries are to have some elbow room.

Over the longer term, reunification of the Korean Peninsula and the resumption of "normal state" status for Japan should enable the United States to reduce to symbolic levels its forward military presence — particularly since the advances in military deployability will enable it to react swiftly and decisively to any call to arms.

As the international environment changes, Washington should seek new ways of asserting its influence, but America's security involvement will have to be transformed both in form and substance. Washington should begin to emphasize the political and the economic rather than the military function of its alliance structure — by cultivating closer diplomatic ties, security cooperation and economic integration with its allies.

Already U.S. trade with East Asia far exceeds its trade with Western Europe. As the world's economic center of gravity shifts from the Atlantic to the Pacific, the regional states benefit increasingly from economic interaction and puts within reach an Asia-Pacific security community.

Organizing a global alliance for security

Now to sum up and conclude.

Instead of being swift and surgical, the global community's campaign against terrorism is likely to be protracted, complex and messy.

Yet, the global alliance America leads must aim not merely to defeat terrorism. It must also see the other side of the coin of security — which is people's well-being. And it must win people's allegiance by the power of its values and its ideals.

Not only must America isolate radicals and extremists: it must help poor countries to prosper so that a new world order can emerge that offers full participation for the poor at the table of development.

For it is the lack of sustained involvement by the rich Western powers in seemingly isolated regional problems which has led to most of the international crises of recent years, including that of Afghanistan.

The global community must seize opportunity that the September 11th crisis provides — to establish a more stable and, therefore, more equitable world.

Because not even America can deal with all the world's problems, Americans should be convinced that the U. S. must engage itself with the world's failing states.

America should do more to bridge the fault lines of globalization which are poverty, disease, access to education and bad government.

America must take to heart this truism: it cannot remain an oasis of the affluent in a desert of the poor.

It is in America's interest that there be economic growth abroad, to raise the living standards of the poorest, and to mitigate social and political conflict.

The world still needs American idealism.

America still is the "indispensable nation. "

The world still needs an America true to its founding spirit.

For in being true to its values and ideals, America also serves its own highest self-interest — and of all those in the world who wish it well.

In all of these, the U.S. Military Academy will play a leading role.



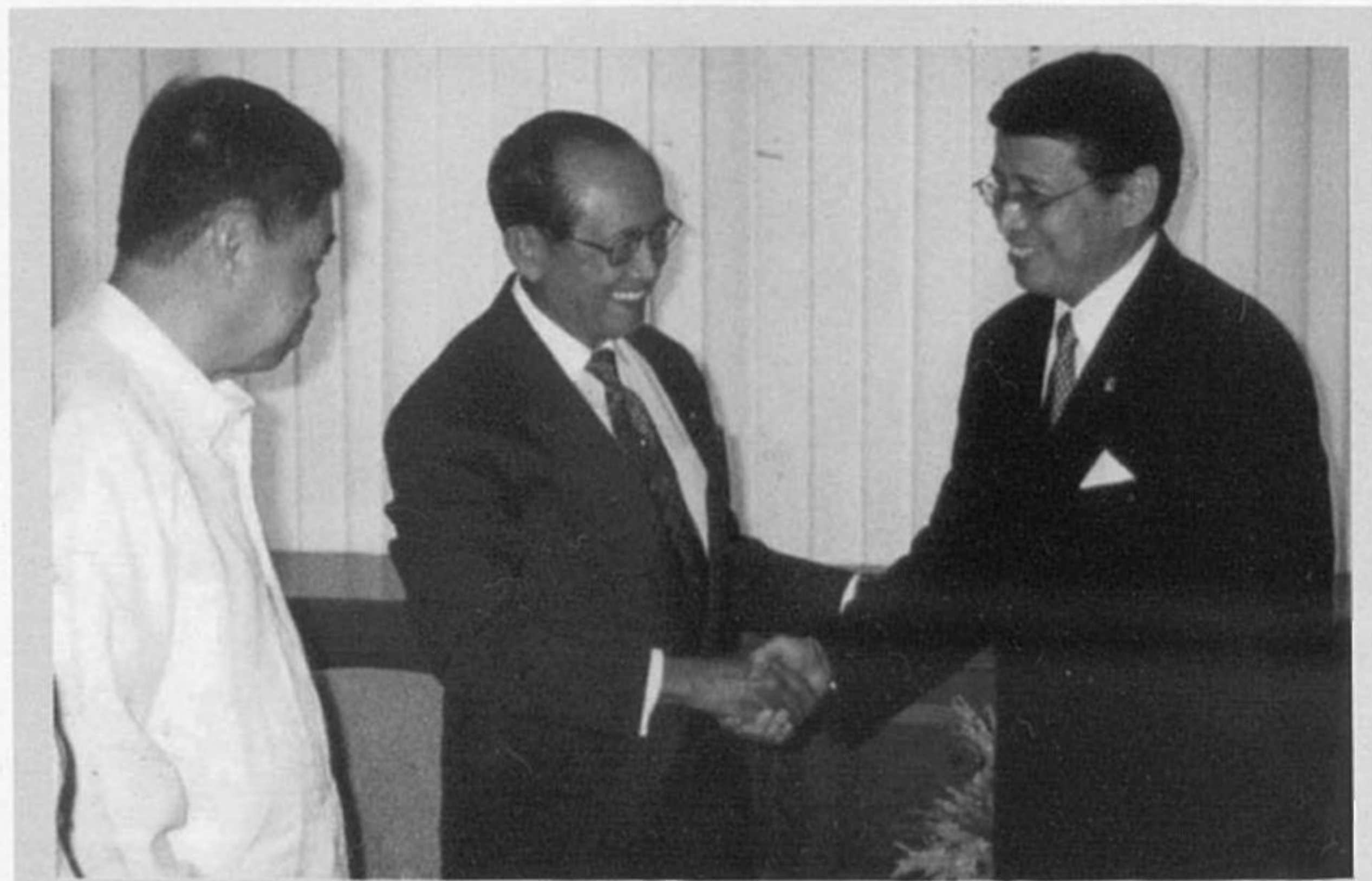
Filipino and Filipino-American Cadets at U . S . M A join former President Fidel V. Ramos (Class of 1950) and Mrs. Amelita Ramos at the Bataan-Corregidor-WWII Memorial at West Point, 23 May 2000.



Dialogue on security issues with NATO Secretary General Lord George Robertson, NATO Headquarters Brussels, Belgium, 10 September 2001



SAVE the PASIG!
Test Run • 23 September 2001
Fort Bonifacio, Taguig City



FVR courtesy call on Foreign Minister Hassan Wirayuda of Indonesia, with Philippine Ambassador to Indonesia Leonides Caday, 31 January 2002 (after the latter had recovered from the severe injuries in the August 2000 bombing of the Philippine Embassy residence).



Golf cum dialogue with the Myanmar State Peace and Development Council (from L-R): Lt. General Khin Nyunt (SI); Army Commander-in-Chief General Maung Aye; Chairman Senior General Than Shwe, FVR and Maj. Gen. Jose Magno (AFP, ret) at the Yadanar Thiri Golf Course, Yangon, Myanmar, 5 February 2002.

Handwritten signature



Birdie!!!!!!



At the Istana Negara, Kuala Lumpur, FVR courtesy call on the newly-installed Yang di Pertuan Agong XII (King) of Malaysia His Majesty Tuanku Syed Sirayuddin, 8 March 2002.



FVR at PNR Blood Bank (donation #45 - nearing 3rd gallon) with PNR Governor Rosa Rosal, Blood Services Committee staff and PNR Chairman General (Ret) Romeo Espino, 20 March 2002.



H.E. Premier Zhu Rongji and FVR (center) meeting with the Members of the Boao Forum for Asia from the 26 founding Asian countries at the First General Meeting of Members, Boao, Hainan, China, 11 April 2002..



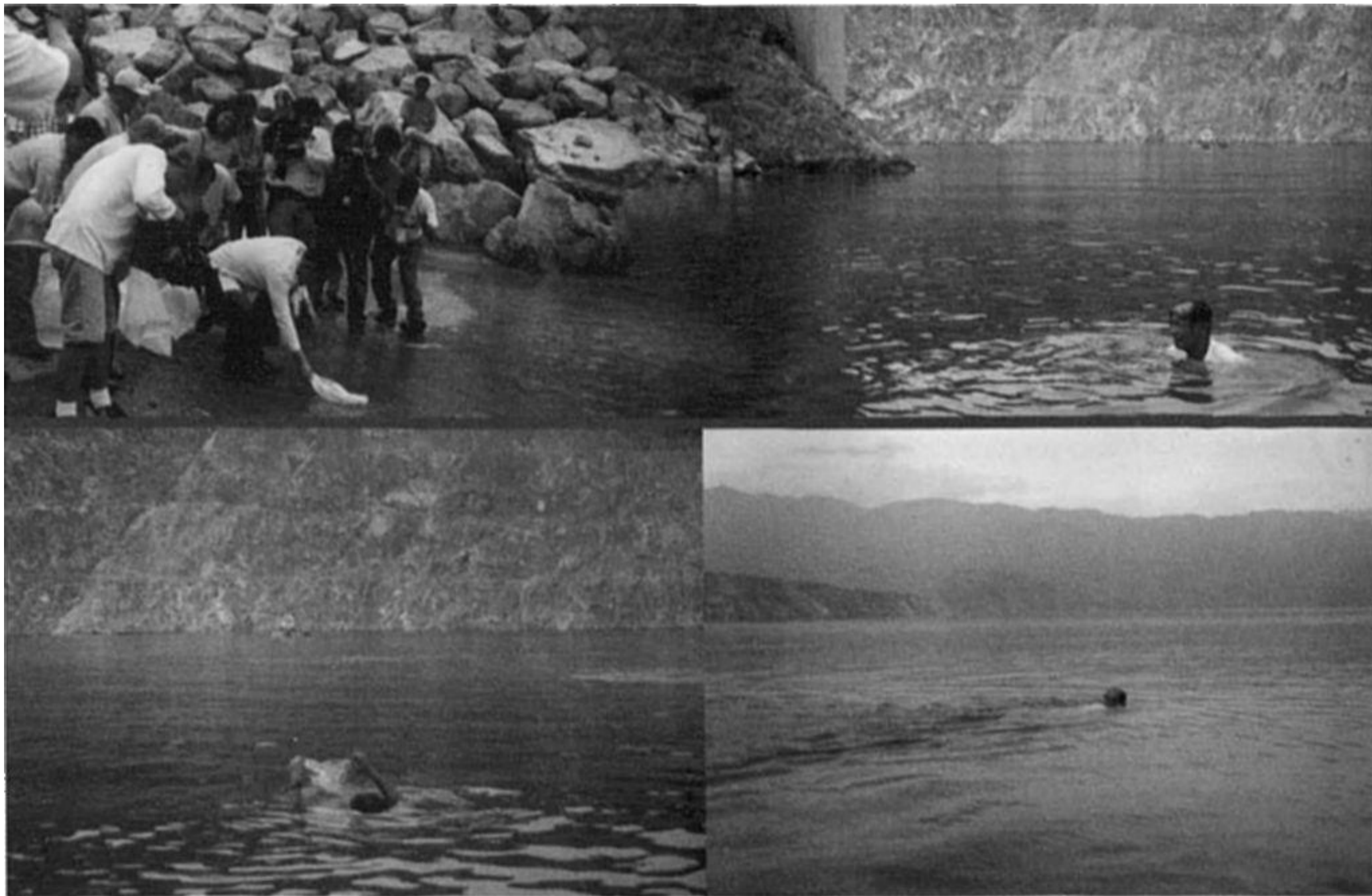
Vice President Dominador Kaiser Bazan of Panama (Class of 1961) and Ambassador Al Yuchengco on USMA's Bicentennial (200th) Anniversary, West Point, New York, 25 April 2002, with FVR (Class of 1950) as International Week Keynote Speaker.



Chinese Premier Zhu Rongji greets former President Fidel V. Ramos on October 22, 2002 at the Great Hall of the People. The two leaders discussed China's economic progress as a major WTO player, the current threats to regional and global security, and the integration of East Asia under the ASEAN plus China Free Trade agreement.

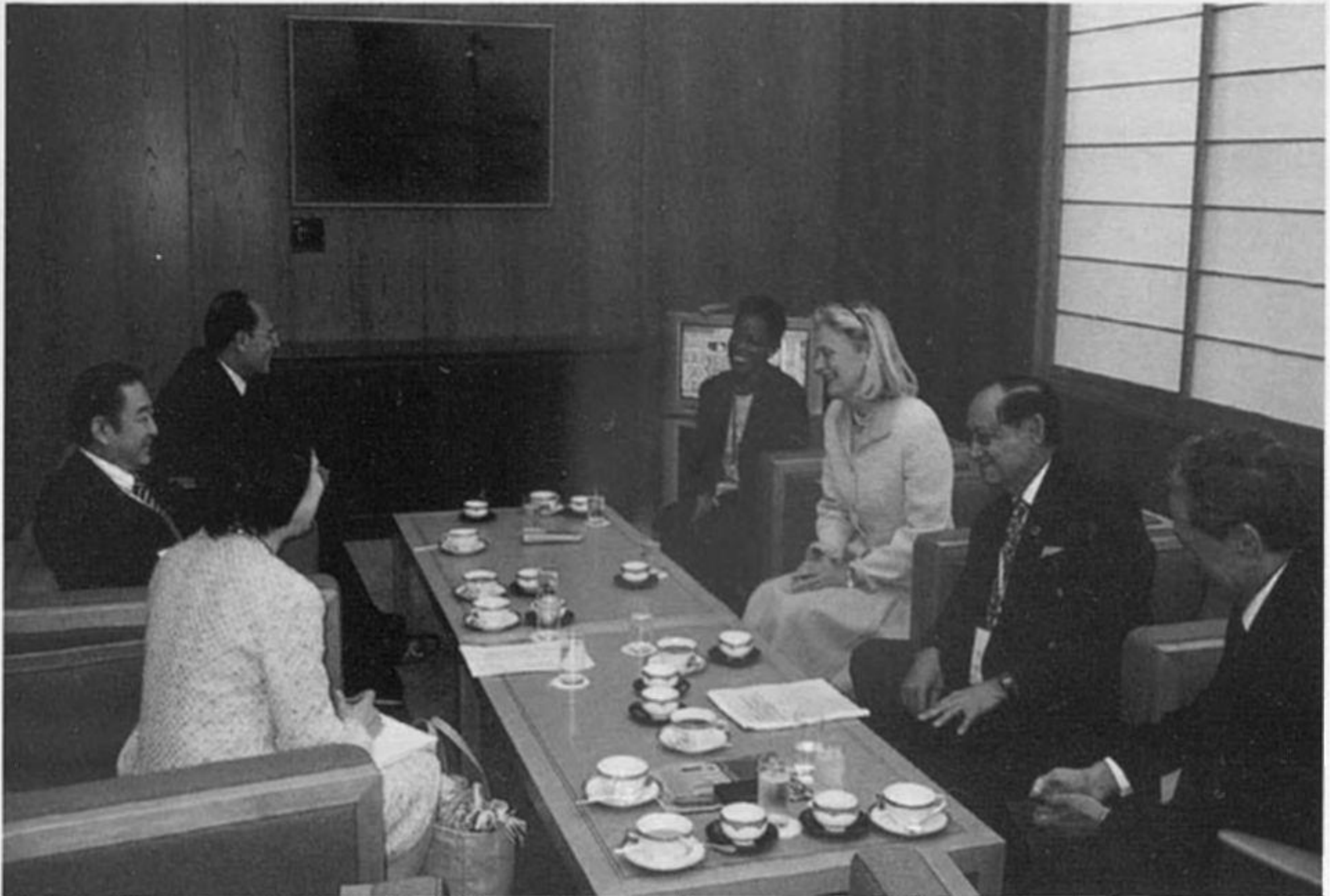


The San Roque Multipurpose Project, San Manuel, Pangasinan, that harnesses the Agno River system encompassing Benguet, Pangasinan and Tarlac provinces for water supply, power generation, irrigation, flood control, eco-tourism, fish farming, transportation and forestry.
(Began 1995 - Completed 2003)



Seeding the San Roque Multipurpose Dam with fish fingerlings,
San Manuel, Pangasinan, 11 November 2002.
FVR with Speaker Jose de Venecia, DPWH Sec. Simeon Datumanong,
CEO Pat McAllister and Japanese Ambassador Kojiro Takano.

At the reception hosted by Morocco for the Prizewinners of the King Hassan II Great World Water Prize at Kyoto, Japan, 17 March 2003, FVR stresses a point to H.R.H. Prince Moulay Raschid of the Kingdom of Morocco.



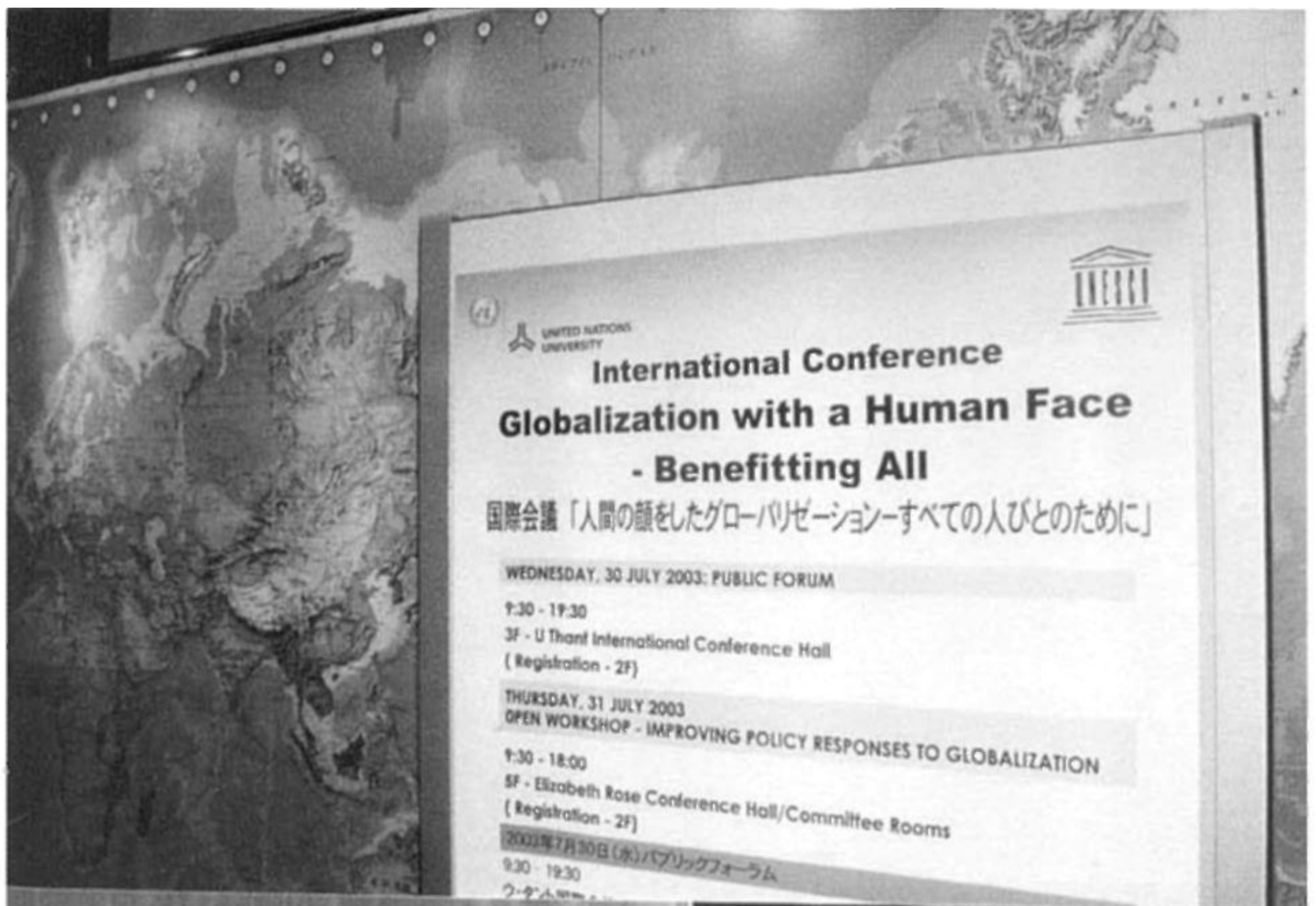
FVR with former PM Ryutaro Hashimoto, Chairman of the National Steering Committee of the 3rd World Water Forum; Dr. Muhammad Abu-Zeid, President of the World Water Council; Mrs. Tibai Juka, UN Habitat Secretary General; and Mrs. Nane Annan, wife of the UN Secretary General at lunch jointly hosted by Osaka Governor Mrs. Fusae Ohta, Mayor Takafumi Isomura and Osaka Chamber of Commerce and Industry Chairman Wa Tashiro at the 3rd World Water Summit on March 18, 2003 in Osaka, Japan.



At the General Douglas MacArthur Foundation (GDMF), Norfolk, Virginia, FVR as GDMF Honorary Director is briefed by Col. William Davis (Re.), Executive director and Lt. Col. Manuel Bautista, AFP, 12 July 2003.



Opening Bell at the New York Stock Exchange. FVR with Sybase Chair John Chen, former PM Bob Hawke, Ms. Blanche d'Alpuget, LPGA Commissioner Ty Votaw, and top lady pro Meg Mallon, 15 July 2003.



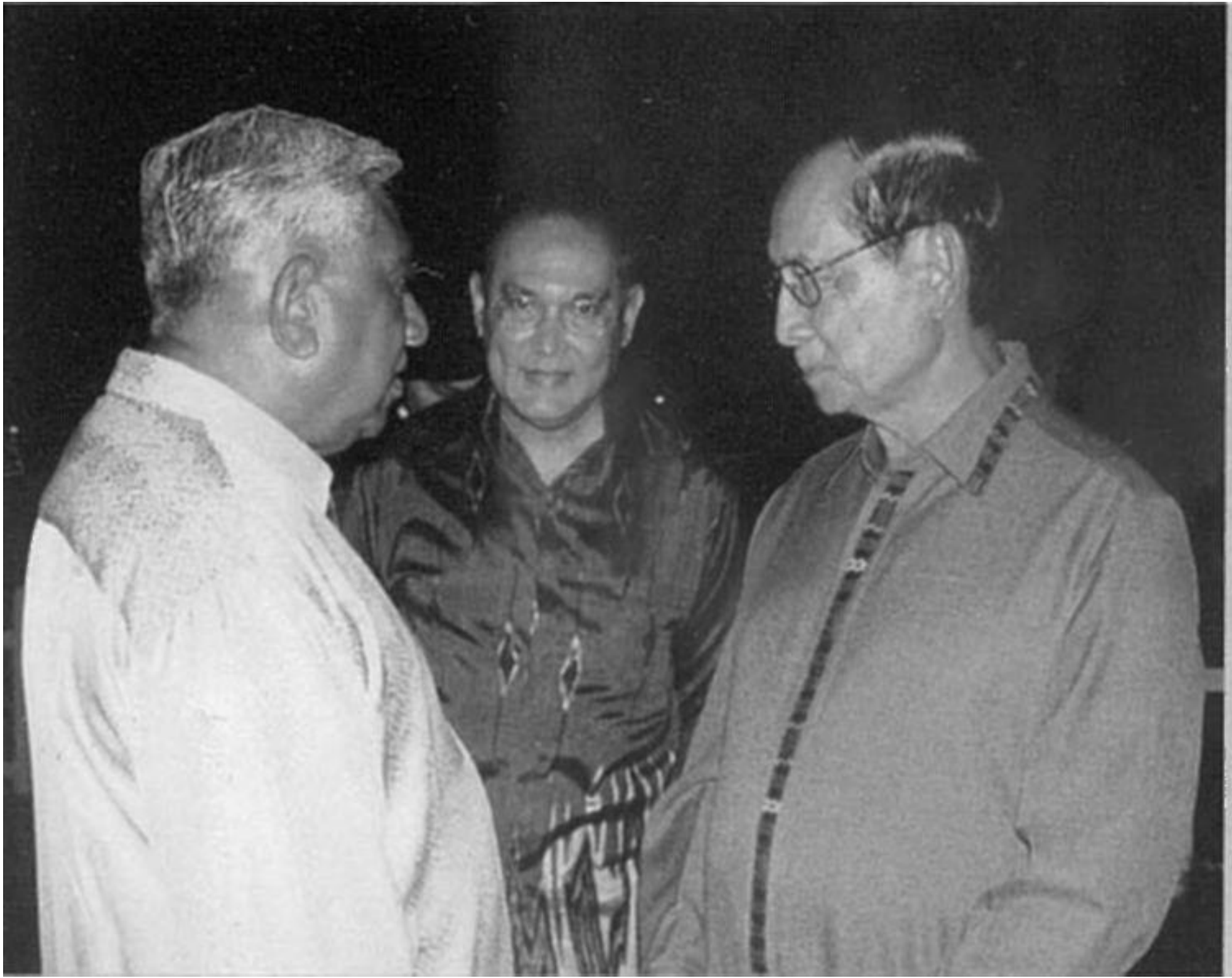
FVR addressing the UN University/UNESCO Plenary Session (Keynote Speech "GLOBALIZATION AND THE FORGOTTEN DIMENSIONS"), 30 July 2004, Tokyo. At his left is former Pakistan Prime Minister Moeen Qureshi.



FVR breakfast-meeting with Ministry of Finance Senior Vice-Minister Koki Kobayashi (far left), and Philippine Ambassador to Japan Domingo Siazon regarding Agno River Irrigation (ARI) projects, 31 July 2003, Tokyo.



Courtesy call on Prime Minister Go Chok Tong, Singapore, 6 August 2003.



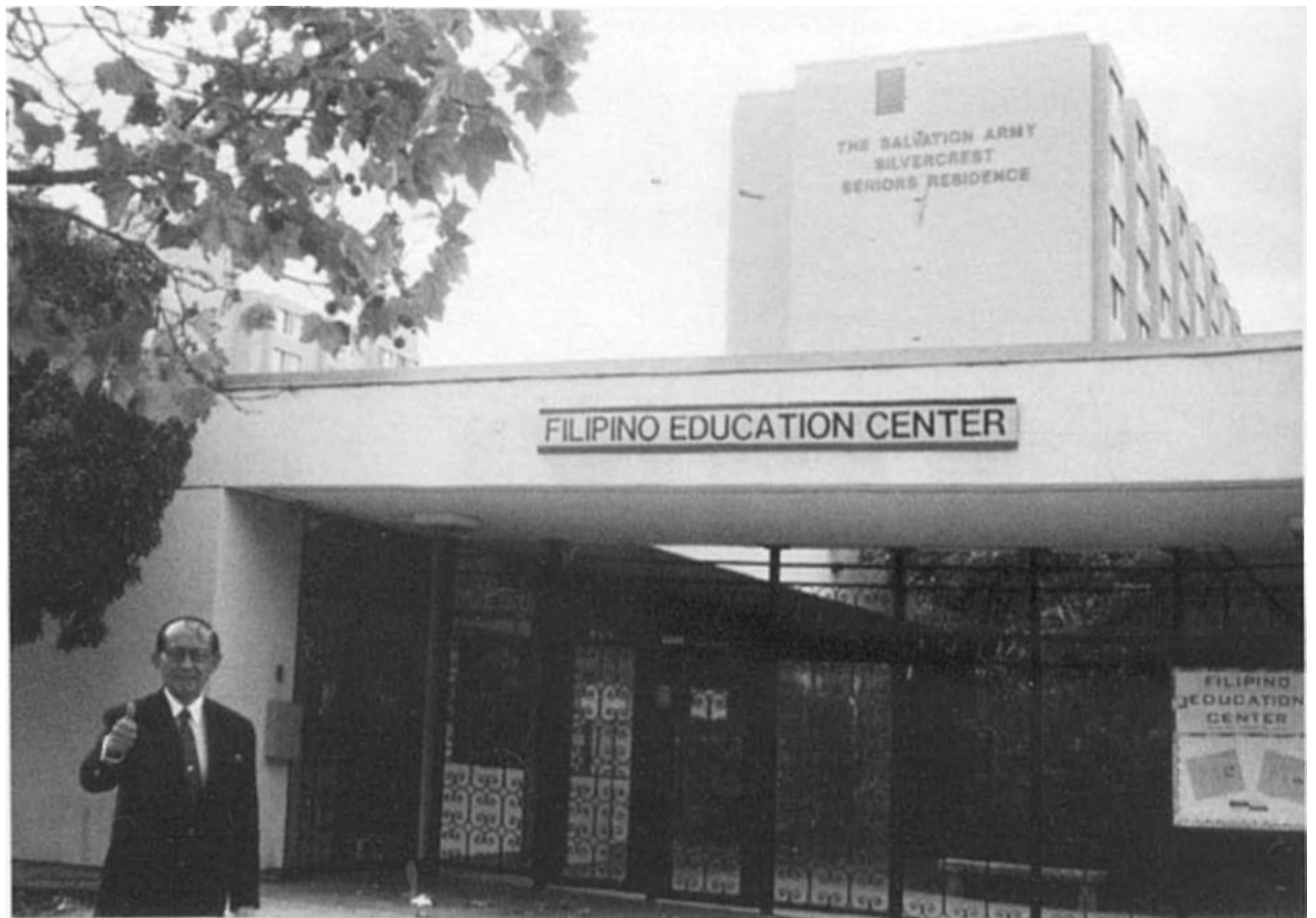
Meeting with Singapore President S.R. Nathan and Director Barry Desker of the Institute for Defense and Securities Studies (IDSS) at the 5th Asia-Pacific Programme for Senior Military Officers, Singapore, 4 August 2003.



The 5th Asia-Pacific Programme for Senior Military Officers (Focus: Fighting Terrorism) organized by the Institute for Defense and Strategic Studies (IDSS) Singapore, 4 August 2003.



FVR with Board Members, San Francisco Bayanihan Center, headed by Chair Bernadette Sy and Consul Ed Malaya, 18 October 2003.



Special Project of the San Francisco Filipino-American Community.



FVR with former U.S. President William J. Clinton and the Rt. Hon. Bob Hawke, former Prime Minister of Australia, as Keynote Speakers at the Businessweek CEO Forum in Hong Kong, 6 November 2003.



FVR Presiding at 4th World Intellectual Property Organization-Policy Advisory Commission (WIPO-PAC) Sinaia, Romania, 14 November 2003.



Key participants (from L-R): Malta President Guido DeMarco, former Bulgarian President Peter Stoyanov, FVR, WIPO DirGen. Dr. Kamil Idris, and then Romania President Ion Iliescu, at 4th Meeting of the WIPO-PAC in Sinaia, Romania, 14 November 2003.



FVR joins Shanghai Mayor Han Zeng at the 12th Annual Asia Leadership Forum organized by BUSINESSweek/dnm Strategies in Shanghai, China, 4 December 2003



FVR with Beijing Mayor Wang Qishan at the Welcome Banquet hosted by the Beijing Municipal Government, in honor of the Initiators of the Education Forum for Asia, 5 December 2003.

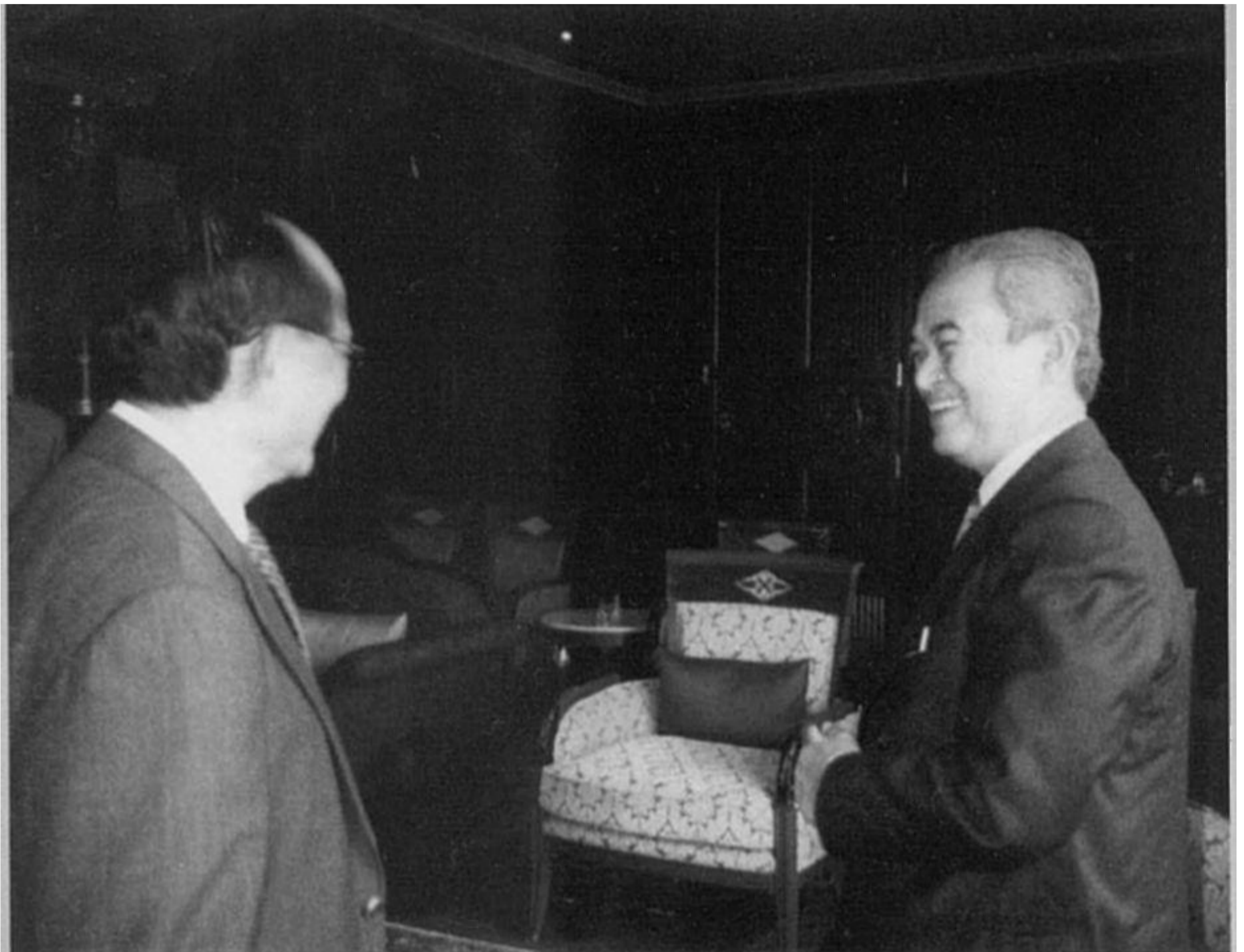
中国国务委员陈至立会见亚洲教育北京论坛发起者代表
2003年12月5日 - 6日 中国·北京



EFA Initiators from UNESCO, Nepal, the Philippines, New Zealand,
Kazakhstan and Macau



FVR presiding with Co-Chair Rt. Hon. Jenny Shipley,
former New Zealand Prime Minister



Malaysian Prime Minister Datuk Seri Abdullah Ahmad Badawi receives FVR at the Putrajaya Government Center where the former Philippine President keynoted the East Asian Seas Congress, 8 December 2003.



Former first Lady Ming Martinez-Ramos, President of the Philippine Badminton Association, in a senior mixed-doubles tournament, 29 December 2003.



Ming Ramos and badminton partner.



Underwater classroom. While at El Nido, Palawan, FVR went scuba-diving with the Young Presidents' Organization numbering 40 delegates and spouses from 15 countries, during their "YPO Philippines Meeting", 4 March 2004.



Boao Forum for Asia (BFA) 1st Golf Invitational tournament with BFA Directors Jiro Nemoto (Japan), Bob Hawke (Australia) and Wei Jia-fu (China), at the BFA International Convention Center, 23 April 2004.



Boao Forum for Asia (BFA) Chair FVR and Secretary General Long Yong Tu meet Chinese President Hu Jintao as Guest of Honor and Main Speaker at the Boao Forum for Asia Annual Conference in Hainan, China on 23 April 2004.



FVR exchanges views/briefings with Lieutenant General Robert Dierker, Deputy Commander-in-Chief of the Pacific (DepCINCPAC), Pacific Command Headquarters, 25 May 2004, Honolulu, Hawaii.

III.

The Asia-Pacific Region: Prospects

Challenges and prospects for Asia-Pacific integration

Our portion of the globe — despite its many scarcities — has no shortage of challenges.

And in the face of these tests, we may gain comfort from Arnold J. Toynbee's thesis that the "creativity of its response to challenge is what determines the character of a civilization."

By now, it is evident that the impact of globalization has become more pronounced and is being felt around the world and more strongly so in the Asia-Pacific region.

Regardless of the opinions of countless experts, it appears that they agree on one thing : that in the context of the realities and relationships of the 21st Century, globalization is here to stay. From the beginning, almost everyone accepted the simple definition of globalization as being merely the elimination of barriers to free trade and the

*Speech at the Luncheon Forum, The East-West Center,
Honolulu, Hawaii, U. S. A., May 25, 2004
(Published in the Maritime Review, June 2004)*

removal of restrictions to movement of capital in order to promote the deeper integration of national economies into the global system. By that simple definition, everyone thought that globalization could only pose benefits, not perils, for all. However, as practised and experienced, globalization is far from being universally fair and beneficial. Many developing countries face dislocation of local industries, products and services as these are generally small or medium-sized and, therefore, cannot compete with larger foreign entities due to economies of scale.

Developed countries and the special interests within them have campaigned for the globalization agenda over the years. The 'have' countries have pushed for open markets for their industrial goods in poor countries, while maintaining, just the same, their own protectionist systems, especially on agricultural products.

On the other hand, in their desire to accelerate domestic sufficiency and economic growth, many developing countries have embraced liberalization — unsuspecting of its pitfalls and certain rules of the game which are not in their favor. Their insufficient institutional capacities have been compounded by incompetent governance, a sheer lack of resources, or a combination of both. From the point of view of the "have-nots," the current levels of protectionism in developed countries are unwarranted, if not scandalous.

The challenges to developing countries

Foremost among the challenges for the developing countries — China, India, ASEAN and the small

Pacific nations included... is to deliver higher economic growth that translates into greater welfare and prosperity for our societies. In our day, however, sustained economic development can only be achieved through the essential and ever-evolving structural reforms and integration that globalization demands.

Why structural reform? Because the ultimate benchmark for an economy is efficiency, and efficiency is generally best achieved by market forces, regulated by the judicious and restrained hand of democratic and accountable government.

Why integration? Because being efficient and competitive feeds on openness and interdependence and, in turn, openness and interdependence fuel the drive for yet further efficiency and competitiveness.

Throughout the world, neighbors and trading partners are gathering into larger regional groupings for fear of becoming isolated and marginalized in global competition.

Even now, Washington is pursuing the idea of expanding the North American Free Trade Area (N.A.F.T.A.), to encompass the whole of the Latin American continent into a grand "Free Trade Area of the Americas."

Meanwhile, the European Union — having issued a common currency — is building up its own armed forces. As much as 80% of Western Europe's total trade is now carried on within the Euro zone of its original 12 countries — and which will be expanded, over time, to encompass 25 countries.

Poverty: The widening gap

Although successive Philippine administrations, including mine, helped reduce poverty incidence from the high mark of 1985 at 41+% to 30% by 1998, the numbers today are still troubling. While the Philippine economy was considered the best performing in Southeast Asia in 2002 — except for Vietnam — and the third best performing in all of Asia, the country still has more than 5 million people out of work. These figures notwithstanding, the Philippines' economic fundamentals remain sound, and the country enjoys predictable stability to ensure steady prices, comparatively low inflation, adequate liquidity, and funding for development initiatives. The Philippines is committed to good governance and to long-term structural reforms leading to continued strength in domestic demand, diversification of trade, and a hospitable environment for investment.

The widening poverty gap is a continuing challenge for our region. In stark terms, the poor have become poorer and the rich have become richer. A famous comparison recently made is that the Western European nations continue to subsidize their cows at US\$2.50 per head daily — which is more than 2.5 times what 1.2 billion people live on at less than a dollar a day. The UNDP in its Human Development Report (HDR) in 2002 draws a similar picture of increasing poverty for a vast number of people in the face of economic growth for a few. The simple truth is that a great majority of humankind is being deprived of their rights to human security — bereft of the benefits of primary health services, decent housing, basic education, and gainful livelihood. Poverty is inextricably

bound together with the other key issues of the environment, population, peace and development, and globalization.

The inequity and the unfairness of it all have led to civil wars, insurgency, ethnic cleansing, violent crimes, strong-man regimes, international terrorism — a virtual explosion of threats to human security — whose dimensions may have been neglected or overlooked in the quest for globalization, and whose inescapable result is increasing poverty.

At the beginning of the 20th Century, people seemed to believe that the growth of economic interdependence, technological progress and social connectivity would bring about future decades of peace and security. Tragically, the 20th Century turned out to be one of the bloodiest centuries in human experience.

Human security and international terrorism

UNDP's Human Development Report for 1993 states that "human security reflects a condition that recognizes the centrality of basic human rights, human capabilities, human development and their links to world peace and stability." Human security means protecting people from critical and pervasive threats and situations. It involves creating political, social, environmental, economic, cultural and public safety systems that together give people the building blocks for survival, livelihood and dignity in their hopes for a better quality of life.

The twin goals of "**peace and development**" probably describe best humankind's immediate as well as long-term aspirations. On the other hand, a new dimension of development — which is human security — has emerged, as advocated by Sadako Ogata, former U.N. High Commissioner for Refugees, and Amartya Sen, Nobel Prize Awardee for development economics. According to them, human security is concerned with safeguarding and expanding people's vital freedoms. It partakes both of protecting people from critical and pervasive threats and of empowering people to take charge of their own lives. Protection refers to the norms, policies and institutions essential to shield people and requires governments to exercise "top-down" vigilance, especially in insuring the rule of law, democratic governance and public safety.

The "democratization of technology" is equipping the terrorist with a frighteningly sophisticated and powerful array of skills and weapons unimaginable a decade ago, and is enabling fanatic individuals and conspiratorial groups to play powerful roles in world politics — including that of inflicting massive destruction — a capability once the reserve of governments and their armed forces. It no longer takes another super-power to pose a grave threat even to the American giant. The specter of asymmetric warfare, of which terrorism is its most visible aspect, will be with us for the next several years.

We Filipinos have long been acquainted with terrorism. Our citizenry, in fact, have been among its first victims in the post-Cold War era. Islamist extremists have struck in many places in Mindanao and other parts of the Philippines. The fundamentalists regard themselves as fighting a

jihad to establish a global community of believers that — as in the days of Arab glory more than a thousand years ago — would be governed by the Koran and ruled by a "successor" to the prophet Mohammed, or "Caliph," who would possess both temporal and spiritual powers. But this myth of a return to Islamic purity is as propagandists and illusory as Hitler's dream of a thousand-year Reich or Lenin's vision of a classless society.

Islamic fundamentalism, however, may finally exhaust itself, since it lacks the intellectual resources capable of giving the Muslim peoples the civilizational vigor they need to compete on equal terms with the modern and secular West.

Globalization and culture

The globalization of culture is also fanning the flames of discontent and anti-American resentment across the world. Globalization is associated with the spread of the less savory aspects of Western pop culture — commercialism, consumerism, hedonism, etc— a catalog of ills and drug abuse are perceived in many quarters of the developing world as an assault on their traditional customs and values. There are deep cultural reasons for anti-American sentiments that are rising in some parts of the globe. Obviously, for much of the Third World, America has come to personify all the Western powers that created empires during the period of colonization — whose influence on their developing societies has been so profoundly disruptive over these last 500 years.

Cultural globalization has hit some poor countries harder than economic globalization has done. In

such countries, American customs and values — which are the dominant strains in an intrusive internationalist culture — are fast spreading, especially among young people, through the mass media and the internet. Traditionalist peoples see these alien values and customs as threatening the conservative culture and lifestyles they want to preserve. Indeed, the unrelenting dominance of the Western media and commercialism has widened, instead of reduced, the gaps between the rich and the poor.

Needed reforms

Let me now say a few words about some needed reforms in the free market system.

As a founding member of the Policy Advisory Commission of the World Intellectual Property Organization, I have strongly advocated that the rich and developed nations help reduce and eventually neutralize global terrorism by sharing their intellectual property consisting of inventions, innovations, creations, and research and development products with the poor countries whose backward conditions provide the breeding grounds for extremism, fanaticism, criminal violence, and suicidal behavior.

At the third meeting of the WIPO-PAC in Geneva last October 11, 2001, I reiterated the importance of **caring**, **sharing** and **daring** among nations in pushing forward the frontiers of universal peace and development. **Caring** and **sharing** are probably easy enough to do — but **daring** to forego profits and royalties, **daring** to give more to the environ-

merit than take from it, and daring to sacrifice for the common good may be more difficult to do.

For instance, those discoveries and technologies, which would be beneficial to the improvement of health, prolongation of life, facilitation of education, enhancement of the environment, and reduction of poverty should be transferred expeditiously and affordably to the 'have-not' peoples — even as WIPO recognizes the need to protect and reward the innovations and inventions of creative people and institutions.

Bridging the deepening gaps in family income, health, security, environmental conditions, social mobility, job opportunities, and material comforts among people around the world would significantly remove the root causes of insurgency, separatism, civil war, and armed conflict. The poor may not be the masterminds, but they could very well be the suicide bombers.

Integration provides opportunities for all

For East Asia, closer cooperation and deeper integration are first of all, a hedge against the domination of the World Trade Organization by the U.S. and the E.U. Only by combining into one larger Asian grouping can a future "ASEAN 10-plus-three" (or Southeast Asia plus Northeast Asia) generate enough leverage to compel reciprocity and mutuality on their trading partners in the NAFTA and the EU.

While the ASEAN states are trying to cultivate their respective niches in the global economy, they also

need to develop economies of scale. ASEAN leaders are acutely aware that the alternative to regional unity is to become marginalized in global competition. Joining together would make China a partner rather than a competitor.

ASEAN-plus-China could become the world's largest free trade area for it would bring together a potential market of some US\$1.7 billion people, a combined GNP of roughly US\$2 trillion, and total external trade valued at US\$1.3 trillion.

"ASEAN-plus-one" also offers the possibility of increased investment from China's new multinationals — the outward corporate policy which is being encouraged by the Chinese government. Given ASEAN's ethnic and cultural linkages with overseas Chinese networks spread worldwide, we may expect Southeast Asia to become a prime destination of growing Chinese foreign investment.

The January, 2004 Summit of the South Asia Association for Regional-Cooperation (SAARC) brings good news, particularly the warming up of Indian—Pakistan; relations, and the steady growth of the Indian economy.

On the issue of terrorism, our long-term problem is how to reconcile the conflicting forces represented, on the one hand, by fundamentalist religion and, on the other, by Westernized, secular states. I do not think religious nationalism will succeed in reversing East Asia's drive towards integration and modernization. Not only are Western values and institutions appealing to so many of Asia's peoples, especially the young ones. Science and technology — by their ability to create material

wealth and consumer products — are also forcing a long-term convergence of common interests — first in economics, then in politics and security and, ultimately, in culture.

But the religious rebellion points out our need to focus on the moral dimensions of governance, as now highlighted in developments in Iraq and Afghanistan.

The balance of material benefit

The Rand Corporation sees Washington's priorities in Asia as two-fold. The first is to prevent the growth of rivalries and insecurities that could lead to war. The second is to prevent the rise of a regional superpower that could undermine the U.S. role in the Asia-Pacific and subsequently pose a global challenge to U.S. predominance.

The first thing that must be said is that China's sheer size and potential entitle it to become East Asia's paramount power. And this was what it had been over much of our region's history. Of course, there was a time when the empire was as expansionist as any other. But, for the most part, dynastic China was content with exercising a nominal suzerainty.

One of China's strategic goals seems to be to project power beyond mainland East Asia — where its strategic authority is already conceded — into East Asia's maritime regions. But, for the moment, continuing rapid growth seems to be Beijing's highest priority — both to finance China's future greatness and to ease its political transition to "softer" authoritarian rule.

In time, only a cooperative Asian security system can replace the present US security umbrella. Already Washington itself emphasizes the political rather than the military aspects of its alliance structure. And, through the APEC Forum, the US has enhanced its charter membership in an Asia-Pacific economic community.

Once their present-day concerns with terrorism case, the two great powers must still find a long-term accommodation. As in the time of its 19th-century geopolitician, Captain Alfred Mahan, America's strategic interest in the Asia-Pacific still lies in preventing a military competitor with a substantial resource base from emerging in the region.

Pax Asia-Pacifica: Building an Asia-Pacific community

Over the foreseeable future, all our countries must figure on living with a larger Chinese presence. How, then, can long-term stability in the Asia-Pacific be ensured? A shift from "Pax Americana" to "Pax Asia-Pacifica" could well be the answer.

We should exploit the conjunction of interests the United States, Japan, China, India, ASEAN, a unified nuclear-free Korea, Russia, Australia, New Zealand, etc have in a stable Asia-Pacific — just as the Western Europeans exploited the Cold War stalemate between the US and the USSR to consolidate the European Union.

Under the "balance of terror" of the Cold War, Western Europe organized the economic, politi-

cal, and cultural community that has now brought its peoples from their once-endless civil wars into a modern era of "perpetual peace." Asians, too, should use the existing Pax Americana umbrella to speed up the economic and political integration of the Asia-Pacific community.

Already the instruments have been laid for this effort. We have the ASEAN and its Regional Forum (ARF), the beginnings of a larger Asian economic grouping with a future "ASEAN-plus-3," and we have the APEC Forum, linking 21 countries on both shores of the Pacific.

Meanwhile, Asia-Pacific governments must continue cooperating to prevent and pre-empt terrorist outbreaks in the region. And the key is how to devise strategies that would defeat terrorism without alienating the majority of Muslims who are generally peace-loving, law-abiding, and responsible citizens.

Somehow, too, we must restrain the pace of globalization. Just as Southeast Asia's peasant rebellions of the 1930s were a response to an earlier episode of globalization, so is Islamism today a response to secularist and consumerist societies being created by the current momentum of interdependence.

And interdependence would be unsustainable for as long as it lacks an "overarching system" to make the positive elements of interdependence outweigh its negative effects. Such a system can be provided only by a genuine Asia-Pacific community of shared responsibilities, shared benefits, and shared values.

It is true that if the poor countries are to overcome their problems of economic development and political modernization, they must first put their houses in order and integrate themselves into the global environment of trade, investment and knowledge.

On the other hand, it is the rich countries that must shoulder the greater obligation to mitigate the impact of globalization — by ensuring that the development that interdependence brings does not leave behind any of the poorer peoples of the world.

The Boao Forum: Toward one Asia

As one of the three "midwives" at the birth of this forum — together with former Prime Minister Bob Hawke of Australia and Morihiro Hosakawa of Japan — I do have a justifiable interest in its continued good health and future growth.

In Bob Hawke's felicitous phrase, the Boao Forum for Asia (BFA) is intended to be an association for Asia and friends of Asia — established for Asia and focused on Asia — to promote Asia's interests in the region and in the world.

This forum has been organized not to rival, much less supplant, the work of other international groups with a similar purpose.

And we have tried to ensure the high quality of the intellectual power and the political, economic, social and cultural experience we gather here.

If in those goals we have not yet succeeded fully, we still have much to thank for because BFA has

*Welcome Speech at the Board of Directors, Boao Forum for Asia
2002 Annual Conference and General Meeting of Members,
Boao, Hainan Province, China
April 12, 2002*

certainly been blessed with the most congenial and attractive sub-tropical environment within which to mobilize human brainpower and talent — in this largest special economic zone of the People's Republic of China, which is Hainan Province.

The purposes of the Boao Forum for Asia

Here — in this beautiful and congenial setting of Boao, we bring together the economic, political, and intellectual leaders of Asia — both to unite Asia in prosperity, brotherhood and freedom, and to promote its interests as a regional family and as an effective partner for the rest of the world.

Our purposes are plain and straightforward.

BFA will motivate Asian countries to act in concert — to agree on the development of our human, economic, social, and environmental resource development — and to speak with one voice in global fora.

BFA will encourage our countries to close the 'development gap' between those states that have matured or are growing rapidly and those set back by poverty and lack of economic opportunity.

Equally important, BFA will also do all it can to promote our caring, sharing and daring for each other — as individuals, as families, as and partners, as national communities.

In her message to the Boao Forum, President Gloria Macapagal-Arroyo urge us to do "more work that needs to be done to have the various improvements and developments in Asia benefit the lives of millions more in the region."

Of course, Boao's usefulness — its importance for our region — and its impact on the future of our peoples — will depend on the quality of the ideas it is able to generate and put into action.

And this we will try to assure by striving — whatever the problem — to tap the finest in Asia's immense talent pool of wisdom, experience and creativity.

China's central role

To my mind, China's central role in the Boao Forum signifies its wholehearted engagement in our search for a stable and equitable regional order.

As convenors, organizers and participants, we all realize that regional interests will be served best if China, the potentially largest economy in our region, becomes intimately involved in our Boao-Forum undertakings.

China is emerging as the new engine of growth for Southeast Asia and other parts of the world. No country has expanded its foreign trade as fast as China has done over these past 20 years. And its accession to the WTO should make it a huge and, in many cases, a new export market for all our countries.

Already, as we know, the ten member states of ASEAN (or ASEAN-10) and China have agreed to form the world's largest free-trade area — a potential market of some 1.7 billion people — in 5 to 10 years' time.

And this drive toward closer economic integration has made urgent the search for answers to key

questions about the viability and sustainability of the larger 'one-Asia' community, for it is obvious that a free trade area of ASEAN-10 plus China would ultimately compel Japan, South Korea and other major economies to join.

What other countries should it include?

How would it relate to the APEC Forum?

Can it become the building block of an eventually larger and more inclusive Asia-Pacific community?

All these are questions our BOAO Forum for Asia should start organizing itself to answer.

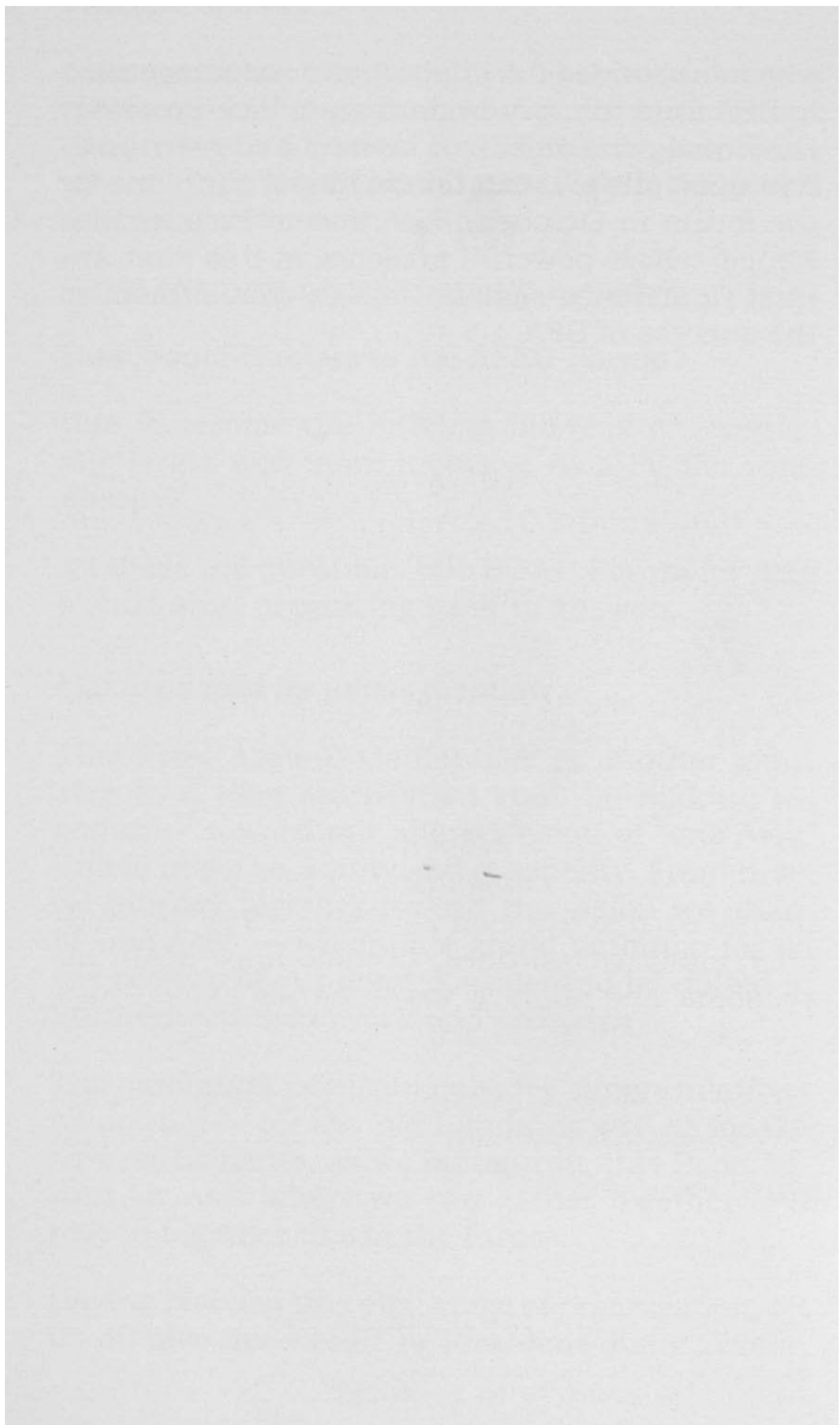
Making a road for others to follow

This First Annual Conference is another giant step in a long journey we shall be making together — toward our shared vision of "one Asia" united in peace, equity and prosperity. From here, we journey together toward the vision we share of 'one Asia' — which is a grand ambition for all the peoples of our great continent to be united in brotherhood, teamwork and prosperity.

This landmark occasion calls for congratulations all around — for the 'old hands' as well as for the new participants, as we inaugurate this Boao Forum for Asia where we can gather together and reason together to win the future.

Having reached this vital stage of organization, let us all give due credit to President Jiang Zemin,

who has provided full support and encouragement to BFA from the very beginning; to Vice-President Hu Jintao, who mobilized interest and gave direction upon our presentation to him of our plans for the forum in October 1999; and to Premier Zhu Rongji, whose powerful presence at this First Annual Conference signals China's commitment to the success of BFA.



Engaging the dragon: What's in it for the Philippines?

The big question before Asian countries "why and how should the Asian countries engage China?" — is both compelling and urgent.

Over these last 50 years, China has loomed larger and larger in our view: a continent-sized country dominating the Asian mainland, with the world's largest population, and the world's oldest continuous civilization.

After 150 years of dynastic weakness — during which predatory foreign powers had sliced up its territories like a melon — China stood up and, after many vicissitudes, became once again an economic and military power, daring to challenge even American superiority.

For our country and for the rest of Southeast Asia, China today poses both a security and economic challenge.

*Speech at the Polistrat International's Public Affairs Forum
on the theme: Engaging the Dragon: What is There for the Philippines':
Mandaluyong City, May 28, 2002
(Published in the Philippine Graphic, June 24, 2002)*

The economic challenge is immediate. China's entry into the WTO sharpens its competitiveness against ASEAN's own labor-intensive exports and in the tunneling of FDI. China now sucks in nearly four-fifths of all FDI coming to East Asia.

Already, China is the world's seventh-largest trading economy. From now on, its exports to the rich economies should rise significantly — displacing exports that used to come from other Asian countries.

Outside of Indonesia's, China's labor costs are the lowest in East Asia. Already it has become the pre-eminent producer of labor-intensive, manufactured goods in the world. Cheap Chinese exports like garments and motorcycles are strangling domestic manufacturing in Indonesia and Vietnam.

East Asian economies complementary with China's — such as those of Hongkong, Taiwan and, to lesser degrees, South Korea and Japan — should benefit from China's increasing openness. But the Southeast Asian and South Asian countries face a huge competitive challenge in third-country markets — because their export structures, like China's, focus on consumer electric appliances and electronics; and China is a more efficient and lower-cost producer.

Thus, the only long-term salvation for China's neighbors in Southeast and South Asia is to move up the technology ladder for the production of higher-value goods and services.

China's security challenge is long-range.

Right now, Beijing is preoccupied with its effort to keep up its high growth rates and effect economic reforms — which are crucial to China's emergence as a major power. China's economic modernization would assure the communist party's ability to preserve domestic stability and its hold on state power.

But Beijing has never hidden its strategic imperatives — which are to recover its last irredentist claim — Taiwan — and to ensure the defense in depth of its coastal heartland by dominating the South China Sea.

Toward this latter goal, Beijing has laid a sweeping claim to the bulk of the South China Sea — which has always been Southeast Asia's own maritime heartland.

And, in pursuit of this claim, the Chinese Navy even now squats on "Mischief Reef (officially *Panganiban Reef* in the Philippines) in the Spratlys — which is less than 135 nautical miles from Western Palawan and therefore well within our country's exclusive economic zone.

The benefits of engaging China

These, in a nutshell, are the reasons why we in Southeast Asia should positively engage China — now a formidable economic competitor and an increasingly significant military and political player in our part of the world.

And there are definite benefits to be gained from our positive engagement with China.

Given the downturn in ASEAN's traditional markets — Japan and the United States — one major benefit is that China is emerging as an engine of growth for Southeast Asia. Trade between China and the six older ASEAN states has multiplied from less than US\$9 billion in 1993 to more than US\$32 billion in mid-2001. And China's accession to the WTO should make it a large and, in many cases, a new export market for ASEAN.

The mutual economic benefits China and ASEAN can generate from their cooperation are such that the two sides are already negotiating a free trade area "in five to ten years time."

On the other hand, while the bonuses that are to be derived from economic cooperation are easy enough to appreciate, geopolitical differences are much harder to accommodate and resolve.

Historically, territorial disputes have most often been decided by a resort to arms: and the Philippines — indeed even the whole of ASEAN — is obviously undermatched in any conflict with China.

But we have ample reason to believe engaging China can dampen political tensions, build mutual confidence, and produce reciprocal benefits — because China has been radically changed these past two decades.

Not only is China's stake in a stable Asia-Pacific increasing. Right now, Beijing is preoccupied with a political leadership succession and with social and economic tensions impacting upon its internal cohesion.

Beijing's successful bid to host the Olympic Games in 2008 and its accession to the WTO are substan-

rial reasons for its growing moderation. This year, China is expected to displace Japan as the biggest exporter to the United States.

What is more, Beijing's basic foreign policy concern — its relations with Taipei — is easing. Their continuing economic slowdown has impressed on the Taiwanese their need for China's markets and workpeople — and their unique advantage over other competitors in gaining access to the mainland. Growing trade and investment and increasing people-to-people exchanges are enhancing the likelihood of China's peaceful unification at some far-off future.

On most foreign policy issues, Beijing has been choosing engagement with the outside world over national pride. Consider how the Chinese leaders have been quietly taking their lumps from the Bush administration to preserve regional stability and to at least maintain the US\$40 billion in FDI inflow that their economy attracts yearly.

China's steady transition to a market economy

Already China's transition from a centrally-planned, state sector-dominated economy to one that relies more on market dynamics seems irreversible.

Beijing's basic problem is that the easy reforms have mostly been done — but the harder reforms will take a greater deal of political will to achieve. The most difficult is that of dismantling the corrupt and inefficient state-owned enterprises and rehabilitating the debt-burdened state banks.

Not only that: ironically for a communist state, income inequality is growing as a result of the rapid economic growth of the last 20 years. The Southeastern seaboard, which holds only 20% of China's population, accounted for 50% of China's GDP and 75% of its exports in mid-2001.

Popular protests over local-level corruption is forcing the regime to crack down on dissent. Lately, it tried, but failed, to censor the internet. Over the long-term, such continued repression might bottle up the channels for letting off steam and creating more democratic space. This could be disruptive, since economic growth is raising a middle class — what Chinese leaders call the "non-public sector" — which is already demanding more accountable government.

Meanwhile, fast-multiplying channels of information — newspapers, mobile phones, television and the internet — are subverting the state's monopoly on information on which authoritarian political control typically depends.

These new means of communication are necessary, if China is to modernize its economy. But they are also weakening the state's grip on information flows. The result is that government can no longer hide or gloss over negative developments from the public; nor can it control people's interpretation of such events.

Consider also how the institutionalization of the political succession in China seems to have progressed since the protracted, and occasionally bloody, struggles to succeed Chairman Mao Zedong in the 1970s.

At the party Congress this October, President Jiang Zemin is due to step down as General Secretary. In March 2003, he is expected to give up the presidency of the People's Republic. Prime Minister Zhu Rongji and former Premier Li Peng, (present Speaker of the National People's Congress) are expected to retire with President Jiang. Going out with them will be some 50-60% of the 200-member Central Committee; the majority of the 22-member Politburo; and five of the politburo's seven-member standing committee — all in obedience to the new policy that senior party cadres are to retire as soon as they reach the age of 70.

In a word, China today is no longer a totalitarian state in the mold of the defunct Soviet Union or Nazi Germany.

Today's China has refrained from espousing a revolutionary approach or a cold-war ideology in its foreign relations. China today no longer runs a command economy, no longer can control every aspect of people's lives. China today is closer to the familiar East Asian model of the authoritarian regime of the 1970s and 1980s than it is to the failed Soviet system.

China's leaders today embrace the historical diversity of the regime; they are concerned, above all, with social stability and with staying in power. They are reasonable men and women, with whom neighbors can talk and with whom neighbors can hope to reach "win-win" agreements on the issues that separate us.

What is there for the Philippines and ASEAN?

Now let me turn the question: "What is there for the Philippines — and for ASEAN — in engaging China?"

Economic cooperation has obvious security consequences. Apart from its trade and investment benefits, the mutual confidence and goodwill that economic partnership generates can ease tensions over territorial and geopolitical disputes.

Why does ASEAN need to join with China and vice-versa?

The short answer is that while ASEAN states are trying hard to cultivate their niches in the highly competitive regional arena and in the global economy, they also need to develop economies of scale. All of ASEAN's leaders are acutely aware that the alternative to regional integration — and beyond that unity as a one-Asia family — is to become marginalized in global competition.

ASEAN-plus-China would become the world's largest free-trade area. It would bring together a potential market of some 1.7 billion people; a combined GNP of US\$1.7 trillion; and total external trade valued at more than US\$1.3 trillion.

For the ASEAN states, such a free-trade area could mitigate or soften China's competitive impact on Southeast Asia's already-frail, labor-intensive economies — an economic threat bound to intensify now that China has been accepted to membership in the WTO.

No country has expanded its foreign trade as fast as China has done over these last 20 years. Between the years 1980 and 2000, while Japan doubled its foreign trade, China's foreign trade multiplied five times.

Over January-February 2002, reports indicate that Chinese exports — buoyed up by global economic recovery from the shock of September 11th — accelerated by 14% to some US\$41 billion. Foreign direct investment surged 28% to \$6 billion. And foreign investment already contracted — a good gauge of future growth — by climbing 24% to US\$11 billion.

Toward an East Asian economic grouping

I have cited China's increasing importance as an engine of growth for East Asia. ASEAN + China also offers the possibility of increased investments from China's new and highly capable multinationals. Already China's biggest corporations are beginning to locate their plants in Southeast Asia, intended as export platforms eligible for AFTA preferential tariffs. Given ASEAN's strong connections with overseas Chinese networks already spread worldwide, we may expect Southeast Asia to be a prime destination of growing Chinese foreign investments.

Beyond all these benefits, the ASEAN-plus-China grouping has an even more significant aim. For the Southeast Asian states, "ASEAN-plus-one" is also a stepping-stone on the way to "ASEAN-plus-three" — because such a huge market at their doorstep is likely to prove irresistible as an opportunity to both Japan and Korea.

The ASEAN-plus-three grouping that the Southeast Asian statesmen envision will enable the ASEAN economies to complement the North Asian economies — instead of competing with them.

And only by combining into a larger East Asian grouping can "ASEAN-10-plus-three" generate enough leverage to enforce reciprocity in negotiations with their trading partners in the NAFTA and EU.

Settling the competing claims on the South China Sea

Turning now to the conflicting claims over the Spratly islets in the South China Sea, if a resurgent China is reclaiming 'dynastic' territories as it says the littoral states have usurped during its period of weakness prior to China's emergence as a global player, Southeast Asia's collective claim is even stronger — since the South China Sea has been our region's maritime heartland since the submersion of the Sunda Shelf 6,000 years ago.

On the South China Sea issues, we in ASEAN need to speak to China with one voice. Because China's sweeping claim to the Spratlys is not just about barren islets, some of which disappear at high tide. It is not just about fishing rights, marine resources, or even the hydrocarbon reserves widely believed to lie under the shallow waters of the South China Sea. It is even beyond the universally-accepted principle of innocent passage and freedom of navigation for the world's commerce.

It is about Southeast Asian security and survival.

The great power that controls the South China Sea will ultimately control both archipelagic and peninsular Southeast Asia and play a decisive role in the future of the Western Pacific and the Indian Ocean — together with their strategic sea-lanes to and from the oil fields of the Middle East.

For the Southeast Asian countries, therefore, the bottom-line question is this: can ASEAN live with a South China Sea controlled by one foreign power?

Fortunately, we have a framework for a peaceful and legal settlement of competing claims of this type in UNCLOS — the "United Nations Convention on the Law of the Sea" — which legitimizes and regulates claims based on the 200 nautical-mile Exclusive Economic Zones (EEZs).

UNCLOS sets up a comprehensive framework for governing the use of all ocean space and its resources. It came into force in November 1994, after it had been ratified by 60 states, with the Philippines and Indonesia among the strongest advocates for its adoption. As of August 1997, there were 122 state parties to the convention. China itself has acceded to UNCLOS.

UNCLOS creates a new global legal order for the use and management of the world's oceans. And it is this legal order which we must use and depend upon as the framework for damping down the potential for conflict that the Spratlys disputes represent.

Philippine proposals on the South China Sea

The conflicting claims fall under two categories. First, most claims are based on the 200-nautical mile EEZs recognized by UNCLOS. On these claims, ASEAN should take a collective — and non-negotiable — stand. And second, unilateral claims to islets outside EEZs. These, however, should be treated differently.

Such a collective position — a position that should be based on an international treaty — would best serve all the claimants — because it would then be standing for a principle the world community can support.

In March 1994, I proposed the demilitarization of the South China Sea and the joint development of its islands and shores, after gaining the support of Vietnamese President Le Duc Anh during my state visit to that country. I also proposed that, until an agreement is reached, each disputed island should be placed under the stewardship of the claimant-country closest to it geographically — on the understanding that the steward-country accommodates the other claimants' needs for shelter, anchorage and other peaceful purposes.

The Philippines has also proposed multilateral undertakings in resources development, marine research, fishing enterprises, joint policing, environment protection, and the like in the South China Sea, enlarging upon Indonesia's earlier initiatives. We believe, however, that before such cooperative economic and scientific ventures can begin, the situation in the Spratlys should be restored to

what it was before July 1992, when ASEAN and its dialogue partners, including China, adhered to the ASEAN Manila Declaration during its annual Ministerial Meeting hosted by the Philippines.

The 1992 Manila Declaration committed its adherents to the peaceful negotiation of disputes in the South China Sea islands through diplomatic means and the joint exploration, development and exploitation of the resources within them.

For only after we have scaled back the number of troops and military facilities, and only after we have stopped new deployments on occupied islets and reefs, can we begin to think of the non-military, peaceful and developmental solutions to the problems in the Spratlys.

Given that all our countries are trying to build up their economies, regional instability and conflict are the last things we need, since instability forces us to divert our meager resources away from the works of peace.

The Boao Forum: New non-government mechanism for Asian integration

Finally, let me deal with the recently-organized Boao Forum for Asia (BFA) — and what does it mean for the region and the world?"

BFA is a new non-government organization based in China and formally organized in April 2002 as an intellectual resource center for Asians and friends of Asia.

In the felicitous phrase of former Prime Minister Robert Hawke of Australia — one of the three "mid-

wives" at the birth of the forum (the other two being former Prime Minister Morihiro Hosakawa of Japan and myself) — the BFA is intended to be an Association of Asia and friends for Asia — established for Asia — and focused on Asia — to promote Asia's interests in the region and in the world.

In the simplest terms — and in the official view of China — the Boao Forum for Asia — is a non-government forum for regional dialogue and cooperation, and a platform for high-level interaction among government officials, business leaders and intellectuals who share a deep interest in Asia, including those from outside Asia.

The forum was organized not to rival — much less to supplant — other international groupings with a similar purpose.

The forum is meant to be a "beneficial complement" to already established government mechanisms for Asia-Pacific cooperation — such as APEC (the Asia-Pacific Economic Cooperation Forum); ASEM (Asia-Europe Meetings); ARF (ASEAN Regional Forum); and the yearly ASEAN Leaders' Summits with the leaders of China, Japan and Korea.

Certainly — among all the global forums — the BFA has the most congenial sub-tropical environment within which to mobilize brainpower, human talent and economic potential — being located in Hainan Province, which is the People's Republic's largest, greenest, and loveliest special economic zone, and the province nearest the Philippines, being only 600 miles almost directly west across the South China Sea from our very own province of Ilocos Norte.

I find it highly significant that both President Jiang Zemin and Vice President Hu Jintao (who will reportedly to succeed President Jiang Zemin next March as Party General Secretary) actively supported the original concept — and the organizational phase — of the Boao Forum; and that Premier Zhu Rongji was a charismatic presence at its first international conference last April.

The purposes of BFA are plain and straightforward.

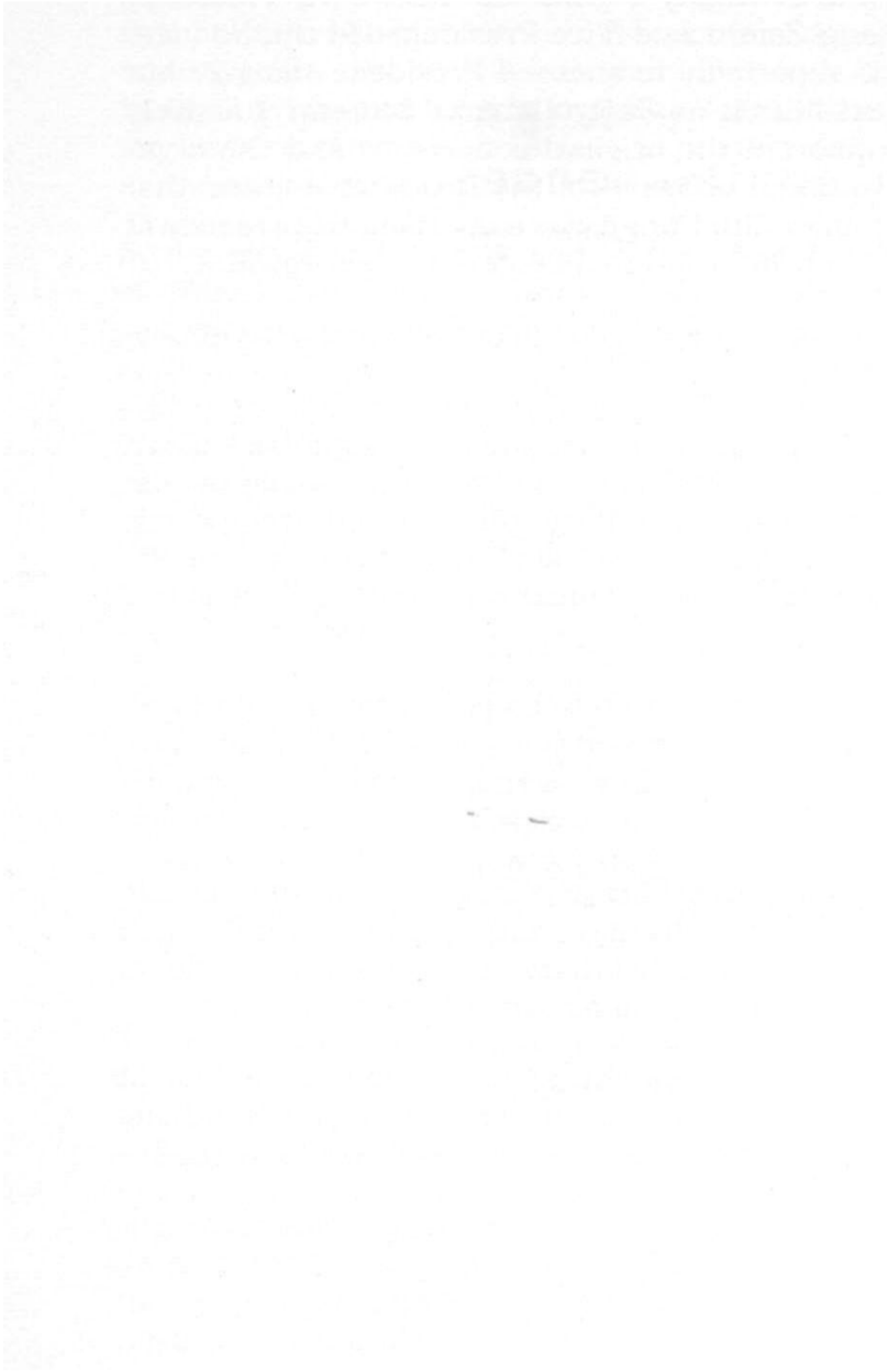
BFA will strive to motivate Asian countries to act in concert with one another — to agree on the development of our continental and archipelagic human, economic, social and environmental resources — and to speak with one voice in global forums.

BFA will encourage our countries to close the development gap between those Asian states that have matured or are growing rapidly and those set back by poverty and the lack of economic opportunity.

Equally important, the BFA will do all it can to promote our caring, sharing and daring for each other — as individuals, as families, as national communities, and as regional partners.

This is certainly where the Philippines can benefit most — in the crucial people-to-people relations that must be optimized for Asia's overall benefit.

Ultimately — like all other Asian cooperative endeavors — the BFA will work toward the vision we all share of "one Asia" — where all our peoples can gather to reason together on winning the future.



The China-ASEAN Free Trade Area: Challenges, opportunities, potentials

Integration is an ancient dream of Asian statesmen that is at last taking concrete form. By this I mean the China-ASEAN Free Trade Area (CAFTA) that gained momentum on Premier Zhu Rongji's initiative in last year's ASEAN Summit hosted in Brunei.

In the 1950s, the leaders of the Philippines, Indonesia and Malaysia started exploring the idea of a union between these three states. We now all know how this early vision evolved into ASEAN in August 1967.

In our time, the idea of Asian integration has certainly become much more than any statesman's pipe-dream: it is rapidly becoming a reality — and its impetus comes from many sources.

For three decades now since ASEAN'S founding, dense networks of cooperation have transcended Asian borders to bring together lawmakers, jurists, and senior civil servants; central bankers,

*Speech at the International Workshop on "China's Entry into the WTO: China-ASEAN Challenges and Areas of Cooperation"
Bangkok, Thailand, November 14, 2002
(Published in the Philippine Graphic, December 9, 2002)*

cabinet ministers, and heads of state — as well as the chiefs of our military, police, security and intelligence forces. Indeed, when an idea's time has come, many contemporary events seem to converge that contribute to its fulfillment.

The biggest impetus for Asian integration came from an unexpected source: the agreement arrived as is last November 2001 between China represented by Premier Zhu Rongji, and the 10 ASEAN Leaders for the purpose of completing and implementing a free-trade agreement "within five-to-ten years. "

ASEAN-plus-China would become the world's largest free-trade area. It would bring together a potential market of some 1.8 billion people, a combined GNP of more than US\$1.7 trillion, and total external trade valued at about US\$1.4 trillion. For the ASEAN states, a free-trade area could mitigate China's competitive impact on Southeast Asia's already-frail, labor-intensive economies — a long-standing challenge that has intensified after China's accession to the WTO.

China, as a CAFTA partner and largest member-economy, should be welcomed because no country has expanded its foreign trade as fast as it has done over these past 20 years. Between the years 1980 and 2000, while Japan doubled its foreign trade, China's foreign trade multiplied five times as a result of its opening up. Already China is the world's 5th largest trading economy.

The CAFTA framework agreement

Last November 4th at the eighth ASEAN summit in Phnom Penh, China and the ten ASEAN members

signed the CAFTA framework agreement on comprehensive economic cooperation between China and ASEAN. With the intent to be forward-looking and to establish closer economic links responsive to the challenges of this first decade of the twenty-first century, the agreement expressed the desire to "minimize barriers and deepen economic linkages; lower costs; increase intra-regional trade and investment; increase economic efficiency; create a larger market with greater opportunities and larger economies of scale for businesses; and enhance attractiveness to capital and talent."

The CAFTA framework also recognized "the important role and contribution of the business sector in enhancing trade and investment between the parties and the need to further promote and facilitate their co-operation and utilization of greater business opportunities." Its main objectives include the strengthening and enhancement of trade and investment through progressive liberalization and the creation of a transparent, liberal and facilitative investment regime. CAFTA, which comes into force on 1 July 2003, is to be established within ten years, during which time "expeditious" negotiations are to take place.

The agreement also provides for special and differential treatment and flexibility to the newer ASEAN member states — that is, to Cambodia, Laos, Myanmar and Vietnam — in the negotiations to address their sensitive areas in the goods, services and investment sectors, on the basis of the principle of reciprocity and mutual benefit.

The challenges

Foremost among the challenges for China and ASEAN as partners is the delivery of the economic growth that translates into greater welfare and prosperity for our societies. Sustained economic growth, however, can only be achieved through the essential structural reforms and integration that globalization demands.

Why structural reform? Because the ultimate benchmark for an economy is efficiency, and efficiency is generally best achieved by market forces, regulated by the judicious and restrained hand of transparent and accountable government.

Why integration? Because being efficient and competitive feeds on openness and interdependence and, in turn, openness and interdependence fuel the drive for yet further efficiency and competitiveness.

Almost unnoticed because of the drama of the original ASEAN-China accord in 2001 was the inaugural — on New Year's day of 2002 — of the first phase of AFTA, ASEAN's own free-trade area under which were unified the internal tariff rates for Indonesia, Malaysia, Singapore, the Philippines, and Thailand to not more than 5% for almost all the trade among them. Brunei, Cambodia, Laos, Myanmar and Vietnam will have between 2006 and 2010 to accede.

For those skeptical about the fulfillment of the "One Asia" vision, the integration of Southeast Asia over these past 35 years is a model of how political will and steadfast cooperation could overcome economic, security and cultural barriers to lead to eventual Asian integration. In Southeast Asia's

case, ASEAN's founding fathers simply took the plunge.

Indeed, at the time the five original Foreign Ministers of ASEAN agreed to get together in Bangkok, Indonesia was in a virtual state of war with both Singapore and Malaysia as a result of *konfrontasi*, while Manila and Kuala Lumpur were estranged over the Sabah issue. Jakarta and Kuala Lumpur, in fact, did not even have formal diplomatic relations with each other when they signed the ASEAN Charter as founding members on August 8, 1967.

In hindsight, it can be said that, for its founders, ASEAN was an arranged marriage in the best Asian tradition. Mutual love developed afterwards, and new members of the family followed.

European unification started in much the same commonsensical way. The genius of Jean Monnet—the French economist regarded as the founding father of the EEC — was to pursue political objectives through economic cooperation, utilizing practical steps of self-evident utility and mutual benefit.

Monnet's view of Europe was not that it should be made according to an overall design, but by beginning at the beginning — through cooperation on tangible and useful projects of common advantage, starting in 1952 as an innocuous coal and steel community made up of France and Germany plus Italy and the Benelux countries.

Future historians will probably mark the founding of ASEAN in 1967 — and the ASEAN 10-plus-China

agreement as similar milestones in Asia's journey towards integration.

The opportunities

ASEAN-plus-China today represents the virtual circle that is the best case for global economic liberalization. And with each turn of this circle, higher welfare is attained, greater prosperity is brought about, more well-being is purchased — or so the economists assure us.

Backing up this vision of a better future for Asia is a set of clear, incontrovertible facts, which must be borne in mind.

Fact one: Intra-ASEAN trade and investment are growing increasingly important.

This was not always so, as Southeast Asian economies focused on exporting their manufactures and commercial agriculture to developed country markets. However; and this was noted in the mid-nineties, trading and investing more in each other's economies have become key factors in the economic growth of ASEAN economies. Because of the expansion of intra-ASEAN exports and imports amounting to US\$84 billion and US\$67 billion respectively in 2001 — an actual doubling over a period of eight years — opinions have changed.

Together with the desire to minimize dependence on developed country markets, the prospects for extending the size of trade with each other have animated ASEAN governments, business people and the general publics.

Fact two: trade between China and ASEAN has increased robustly.

The startling reality is that, over the last decade, ASEAN exports to China have grown vigorously. These stood at US\$31.5 billion in 2001, while ASEAN imports from China likewise have expanded, amounting in 2001 to US\$23.8 billion. Moreover, given the downturn in ASEAN's traditional markets, China is emerging as an engine of growth for Southeast Asia.

Fact three: ASEAN-plus-China also offers the possibility of increased investment from China's well-performing multinationals.

Already, China's biggest corporations are beginning to locate their plants in Southeast Asia, providing export platforms eligible for AFTA preferences. With ASEAN's strong connections with overseas Chinese networks already spread worldwide, we may expect Southeast Asia to be a prime destination for growing Chinese foreign investments.

The uncertainties and market risks that investors from ASEAN and China previously have had to confront should be reduced with an integrated market. Furthermore, investors from elsewhere should find the prospect of a common market covering much of East Asia highly attractive. And perhaps as a result, China and ASEAN together may succeed in attracting more investments than either would be able to do separately.

In the end, clearly, a CAFTA could be better than an AFTA because it touches more people, has more synergy and can deliver more benefits.

Beyond **CAFTA**

Many leaders are looking even further ahead by regarding CAFTA as a solid foundation for the larger ASEAN-plus-three grouping which will include Japan and South Korea. Assuming that CAFTA will live up to its high objectives, we can also assume that it could set off the movement towards the deeper integration of the East Asian economies.

A free-trade area of ASEAN 10-plus-China, certainly, would be irresistible to both Japan and South Korea. Neither of these two industrial heavyweights can likely afford to stay away from such a large potential market at their doorstep. If ASEAN 10-plus-China takes off, an integrated East Asian economy (call it the East Asia Economic Group or EAEG) cannot be too far behind.

And can such a free-trade area keep out the United States — which is not merely the biggest economy by far but also-the only military-political superpower — and the fulcrum of the Asia-Pacific region's balance of power?

Just as interesting a question is: how would the EAEG relate to the larger APEC Forum?

Will EAEG be the building block of a larger and more inclusive Asia-Pacific economic cooperation community?

The short answer is that, while the ASEAN states are cultivating their niches in the global economy, they also need economies of scale. Not only must the smaller economies of East Asia cultivate competitive niches in the global economy: they

must also create scale for themselves by joining or forming regional blocs. Throughout the world, neighbors and trading partners are consolidating into larger regional groupings for fear of becoming isolated and marginalized in the context of global competition.

Even now, Washington is pursuing the idea of expanding NAFTA, to encompass the whole of the South American continent into a grand "Free Trade Area of the Americas." Meanwhile, the EU — having issued a common currency and expanded its membership — is building up its own Armed Forces separate from the North Atlantic Treaty Organization (NATO). As much as 80% of Western Europe's total trade is now carried out within the Euro zone of 12 countries.

For East Asia, regionalism is, first of all, a hedge against the domination of the WTO by the US and the EU. Only by combining into one East Asian grouping can a future ASEAN 10-plus-three generate enough leverage to compel reciprocity upon their trading partners in the larger NAFTA and EU blocs.

For the Southeast Asian nations, ASEAN-plus-China is a first practical step towards ASEAN-plus-three. And the ASEAN-plus-three formula will enable the ASEAN economies to complement the Northeast Asian economies — instead of simply competing with them.

Japan's proposed Pacific economic bloc

Japan has her own view of East Asian integration.

Japan's economy, as we know, has been stagnant for a decade — forcing East Asia to live with a weak — instead of a strong — yen. But even in its prolonged period of decline, Japan's economy still towers above the rest of East Asia's. Its economy of US\$4.7 trillion is eight times larger than all the ASEAN economies combined, and is almost five times larger than China's economy today.

Even with ASEAN-plus-China put together (estimated at almost US\$2 trillion), Japan's economy would still be more than twice larger. Not only that: Japan is also the biggest aid-giver to ASEAN and China.

While Japan's Official Development Assistance (ODA) has been cut by 10% and its FDI has also decreased after a decade of slowdown, Japanese firms still invested US\$2 billion in ASEAN economies in 2000, and Japan is also still Southeast Asia's most important trading partner and ODA benefactor. And, of course, Japan is still the key component in the East Asian equation of economic power.

Given the global scale of its own economy, Japan's approach to regionalism cannot be anything but broader and more open. Tokyo has articulated the dangers inherent in an East Asian drift towards a narrow kind of regionalism — recognizing the dangers inherent in East Asia's turning inward, away from economic interdependence with a larger NAFTA and the integrated EU.

Visiting the key ASEAN states early this year, Prime Minister Junichiro Koizumi reacted quickly and positively to the ASEAN-plus-one agreement

between China and the Southeast Asian states. Speaking in Singapore, Mr. Koizumi took care to stress the usefulness of global agreements — as compared to regional blocs — in lowering trade barriers between economies, even as he sketched out his own vision of a wider trading association he calls the "Pacific Economic Bloc." This he defines as a broad partnership — based on democracy and economic openness — that would immediately bring in Australia, New Zealand, and South Korea — as well as the United States and Canada at a later time.

Japan apparently already thinks that regional unity by way of a network of bilateral free-trade agreements would be easier to organize than a full-fledged, European-style integration of economies and cultures of such diverse character.

Tokyo has also launched what it calls an "Initiative for Development in East Asia" (or IDEA) which would focus on reducing regional disparities and stimulating regional cooperation — not only within an ASEAN-plus-three grouping but also including its "development partners," — Australia, New Zealand, the United States and Canada.

The United States as "balancer"

That an East Asian power balance without the United States' being part of the equation will not work is a principle of Japan's strategic doctrine.

Given the differences in their political systems, there will always be competition between China and the U.S. But I think there is scope for optimism in Chinese-American relations.

I believe in the validity of Secretary Colin Powell's assertion that "a strategic partner China is not. But neither is China our inevitable and implacable foe. China is a competitor and a potential regional rival, but also a trading partner willing to cooperate in the areas, such as Korea, where our strategic interests overlap. China is all of these things, but China is not an enemy and our challenge is to keep it that way."

Since no combination of the East Asian economies could balance that of China, the United States must continue to play a crucial regional role as "balancer" — if Asian countries are to have some elbow room for further development and integration.

Over the longer term, the reunification of the Korean Peninsula and the resumption of 'normal state' status for Japan should enable the United States to reduce to symbolic levels its forward military presence — particularly since the advances in military deployability will enable it to react swiftly and decisively to any call to arms, even from remote bases and floating platforms.

As the international environment changes, Washington should seek new ways of asserting its influence, but America's security involvement will have to be transformed both in form and substance. Washington should begin to emphasize the political and economic rather than the military function of its alliance structure — by cultivating closer diplomatic ties, security cooperation and economic integration with its allies.

Already, U.S. trade with East Asia far exceeds its trade with Western Europe. As the world's eco-

conomic center of gravity shifts from the Atlantic to the Pacific, the Asian states benefit increasingly from economic interaction and puts within reach an effective Asia-Pacific security community.

In all these is an emergent regional confidence that, despite a moribund global economy and disturbing acts of terrorism that have recently been perpetrated, will move Southeast Asia and China forward together.

The Bogor Declaration of 1994 calls for "free and open trade and investment" for APEC's mature economies by 2010 and for its developing economies by 2020. An East Asian economic grouping already in place before these target-dates will obviously bolster East Asia's bargaining position at the APEC forum — and influence the shape and clout of the APEC free-trade area to a great degree. I believe all our countries realize and appreciate the value of having levers of our own in negotiating with blocs already in place.

Summing up: cooperation and competition

ASEAN-10's central role in regional diplomacy assures us that future regional groupings will be open and inclusive. Since the end of the Cold War, ASEAN has offered the great powers with interests in the Asia-Pacific a convenient forum for discussing their political concerns and prospects.

Because ASEAN is non-threatening, the major powers have been content to let it take the initiative with regards to regional security problems. Thus, ASEAN has become the hub of confidence-building activities in East Asia. Outstanding proof of

this is the accord reached in Phnom Penh in early November at the ASEAN Summit on the ASEAN-China Common Code of Conduct with regard to the conflicting claims on the islands of the South China Sea.

Of course, relations among the Asia-Pacific powers will always be an interplay of competition and cooperation. And the strategic imperative will always be for all our countries to ensure that the spirit of cooperation is always stronger than the competitive impulse. We must always keep before us the vision of a community that is outward-looking and open to the rest of the world. We must always keep before us the vision of an Asia-Pacific community in harmony with the global system.

At the dawn of the new millennium, we must always keep before us our need, our opportunity — and our shared vision — of building an Asia-Pacific community of peace, freedom and prosperity.

Transformation of the military in the Asia-Pacific: Effects of terrorism and globalization

"Change" is not merely accelerating. Change is also growing in scale, and spreading geographically wider and wider. The result is the growing unity of human experience. Nowadays, even the poorest countries look to some aspect of modernization to lift up their people's lives. Not just material artifacts and techniques but also ideas and institutions are spreading more rapidly. The marked transformation of the international community in our time comes from the revolution in computing and communications, and the increasing globalization induced by this technological revolution.

Indeed, globalization is nothing new. The process has been going on — in fits and starts — at least since the eruption of the Western powers onto the world scene during the 15th century. Japanese intellectuals like to recall an even earlier period, when a pre-industrial trading system pioneered by the

*FVR Keynote Speech at the International Symposium on Security Affairs, 50th Anniversary of The National Institute for Defense Studies (NIDS)-Japan, Tokyo, Japan, January 21, 2003
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Arabs stretched from the Mediterranean and West Asia, across the Indian Ocean, through Southeast Asia, clear to China and the Japanese islands. Throughout all this time, the dominant states have sought to reduce barriers to the movement of goods, capital, and technology. Often enough, this was done forcibly, just as the British opened up China, the Americans opened up Japan, and the Europeans opened up Africa.

In our time, the information and communication revolution — by overcoming the tyranny of distance — has speeded up this historical process. The populist backlash against globalization has been caused by rising income inequality; by job insecurity in a rapidly changing and harshly competitive environment; and a sense of individual and even group powerlessness and uncertainty about the future.

But, despite the protests of those who oppose it, globalization in our time is not likely to be reversed. Not only does it promise the best results as a development model. The only alternative — autocracy under a command economy — has now been thoroughly discredited, with the collapse of the Soviet Union. Already the open trading system has shifted the world's economic center of gravity from the Atlantic to the Pacific and the South China Sea.

Over the foreseeable future, the EU is likely to be inward-looking, as it accommodates 10 new members (ranging from Poland to Cyprus and Malta) — and mediates the economic and political affairs of 25 individual countries, each with its own interests and demands. In contrast, export-oriented

Asia — having survived two successive recessions — is once again beginning to multiply its GNP. America's trade with East Asia long ago exceeded its trade with Western Europe. American business sees Asia's economic potential as enormous. And, thanks to U.S. recovery, Asia's developing economies will grow faster (by 5.8%, according to the Asian Development Bank) than other regions in 2003.

The transformative power of technology

Meanwhile, technology is also working its own transformative power on economies, military strategy and the whole of human society.

What the economist Joseph Schumpeter called "creative destruction" — which is the continuous process by which emerging technologies push out the old — is perpetually rearranging the ranking of countries in the international economic hierarchy. And technology is the principal reason why the USSR has been consigned to the dust-bin of history. It is capitalism's ability to produce a continuous stream of successful innovations that makes it the best economic system yet for generating growth. But, between the technologically-rich and the technologically-poor countries, the information revolution is creating a digital divide. In the United States, Canada, Australia and Singapore, 40% of the population are on the web; in Papua New Guinea, the comparable figure is less than 1%. The ratio of internet use in the US is one hundred to two hundred times the level of some of the developing Asia-Pacific countries. As the 20th century ended, Americans accounted for more than 20% of global output, although they made up only

4% of the world's population. Technology-driven changes are likely to become even more important in transforming the U.S. economy over this next decade.

Here in Asia, biotechnology — the genetic modification of plants and animals to make them both productive and resistant to pests and disease — promises to transform our backward rural villages in ways we cannot yet imagine.

The new strains of rice alone seem near-miraculous. One variety is pest-resistant — another is rich in zinc and iron — and still another is full of Vitamin A. But the most promising is a rice strain which is apparently 35% more productive than today's highest-yielding rice varieties. Biotechnology is also being applied to other commercial crops — such as bananas, abaca, ornamental flowers and spices — as well as to livestock and fish.

Technological change and military strategy

Technological change in military strategy has already produced what generals call the "integrated battle space" — which provides unprecedented access to intelligence information from any place around the globe. A high-tech command and control center could bring together disparate information systems — satellite, live feed from the ground, data from sensors, etc — to put together a complete picture of the battlefield for senior commanders, support elements and even platoon leaders at the frontlines. The command and control center can be situated half a world away from the battle zone: it would "telecommute" to commanders of large forces as well as to small-unit operators on the ground.

To these forces transforming military doctrine, we must now add the transformative power of terrorism and asymmetric warfare. The 'democratization' of technology has been diffusing power away from governments and 'empowering' fanatic individuals and conspiratorial groups to play powerful roles in world politics — including that of inflicting massive destruction — once the reserved of governments and their armed forces. Terrorism has even privatized war — as we can see from bin Laden's jihad against the whole of the Western Christendom.

It no longer takes another super-power to pose a dire threat to the Americans. The Pentagon's world view has been transformed by September 11th. While the U.S. nuclear arsenal may deter other powers from attacking America, it cannot deter terrorists who follow in the wake of September 11th.

For President George W. Bush (reports the American journalist Bob Woodward in his latest book), "the realities at the beginning of the 21st century are two: the possibility of another massive, surprise terrorist attack similar to those of September 11th, and the proliferation of weapons of mass destruction — biological, chemical or nuclear. Should the two converge in the hands of terrorists or a rogue state, the United States could be attacked and tens of thousands, even hundreds of thousands of people could be killed. "

Ironically, on the broad canvas of Asia, the security agenda in the wake of September 11th has been marked by greater cooperation. By seeing how easily terrorism transcends political boundaries, governments throughout the region have realized how much national security nowadays depends on collaboration among sovereign states.

This is why almost all the East Asian states — Japan and China included — have signified their support for the US-led anti-terrorist coalition. Not only has the anti-terrorist war brought Beijing and Washington closer together; Tokyo has also been able to show the flag in the Indian ocean — thus establishing a useful precedent for its intervention in future conflicts away from its home-waters. Washington's warmer relations with Beijing are smoothing the way for the Chinese leadership to accept U.S. military action against Iraq. China's tacit consent is also considered important if the United States is to keep warplanes and troops on China's Western doorstep in Afghanistan, Kyrgyzstan and other Central Asian countries. Russia, likewise, has manifested a surprising degree of support to the anti-terrorist coalition.

Issues and prospects in the Asia-Pacific Region

In recent months, China has been behaving more constructively in its international dealings. It supported a United Nations security council resolution on Iraq well before Russia or France; shared intelligence on Islamist terrorism with the United States; and has recently been invited a security dialogue with the NATO.

Over this past quarter-century, China has undergone a sea-change. No longer is China a totalitarian society; no longer does it seek to control every aspect of the lives of the Chinese people. And, no longer does it espouse a revolutionary or expansionist ideology. China now is closer to the familiar East Asian model of the authoritarian developing state than it is to the old U.S.S.R.

Its leaders are concerned above all with economic growth, social equity and political stability as the basic imperatives for staying in power. Beijing no longer runs a command economy; its transition to a market-economy now seems irreversible.

The Chinese media — whether state- or privately-owned — are increasingly outspoken. More and more villages are now holding competitive elections. And China's galloping economy is nurturing a large middle class with rising incomes: for instance, some five million Chinese tourists visited Southeast Asia last year alone.

U.S.-China-Taiwan security relations

Even China's relations with the estranged, off-shore island of Taiwan have benefited from the liberalization of its political and economic policies. Cross-straits relations are stabilizing — as Taiwan has come to recognize its economic need for Chinese labor and markets. Trade and investment, as well as travel exchanges, are relaxing political tensions. The integration of the China-Taiwan economies is ultimately the most effective way of reconciling the two sides politically.

Most recently, President Jiang offered to freeze or withdraw China's short-range ballistic missiles deployed opposite Taiwan in return for American restraint in its arms sales to Taipei. To this offer, Washington should respond seriously. For the greatest danger to East Asia lies in a clash of arms across the Taiwan Straits. That the outer group of islands enclosing the China Sea should remain in friendly hands has been a key concern

of American geopoliticians since the 19th century naval strategist, Captain Alfred Thayer Mahan, who urged the projection of U.S. naval power in the Western Pacific as an early component of 'forward defense.'

While America's Atlantic coast was protected by friendly Europeans, the East Asian mainland and the first group of islands enclosing the China Sea were occupied by peoples alien to the Americans ethnically and culturally. And so it was from that point that an invasion of the American mainland could be threatened. In keeping with that strategy, the Americans seized the Philippines from the Spaniards in 1898 and kept it under the teeth of desperate resistance from Filipino nationalists.

The rivalry between the United States and China today is reminiscent of that between the hegemonic maritime power, Britain, and the emerging land power, Germany, beginning in the late 19th Century. Just as Britain tried to contain Germany's economic and military power, so did Germany try to break Britain's naval superiority. In our time, the outcome of the natural rivalry between the hegemonic state and the resurgent power need not be unavoidable conflict — if we acknowledge China's need for space and respect in international relations.

China, Japan and Korea

As for the relations between Beijing and Tokyo, Chinese security intellectuals now acknowledge that Japan is soon to become a 'normal state' and

that it is "bound to have a security role equivalent to its economic power."

Many concede that a Japanese role in regional security is unavoidable. Some Chinese experts also concede that substantive political changes have taken place in Japan during the last 50 years and that internal change is, in fact, accelerating. In a word, Japan is no longer the totalitarian country that it was during the Pacific War; and its neighbors should acknowledge Japan's new circumstances and adapt to them.

Among the questions Japan's neighbors are asking themselves are: how will a "normal" Japan use its tremendous economic — and military — power? And can Japanese democracy restrain the conservative and nationalist elements that seem to remain so strong in Japanese society?

In the Korean Peninsula, in recent weeks, Pyongyang has stirred up a crisis over its renewed efforts to build nuclear weapons. There, fortunately, the interests of all the great powers — especially the U.S., China and Japan — coincide in wanting to prevent the eccentric North Korean dictator from disrupting Northeast Asia's stability. I for one am confident that the North Korean question will be resolved through diplomacy and compromise.

American strategy in East Asia

For the moment, Washington seems to view its relations in the region the prism of its global war on international terrorism. Hence, its renewed through interest in Southeast Asia — which is home to the largest Muslim populations on the planet. As soon

as the Afghan campaign had sufficiently developed, Washington opened a second anti-terrorist front against the extremist Abu Sayyaf outlaws in the Southern Philippines, under a Visiting Forces Agreement with Manila. In Indonesia, the Pentagon is working to restore military aid suspended since the Indonesian military's "rape of East Timor. "

It also seems that the Bush administration is seizing the opportunity of its war on terrorism to consolidate American global hegemony. President Bush apparently sees the world as more evil, more dangerous, and more threatening than his predecessors. For 2003, America's defense budget at about US\$360 billion is equivalent to about 40% of all the money all other nations combined spend on their respective militaries. And if this money translates into new military capability, it will enhance many times over American superiority over any other potential adversary.

In Asia, the Rand Corporation sees Washington's basic priorities as two-fold. The first level is to prevent the growth of rivalries and insecurities that could lead to war. And the second (which really dates back to Captain Mahan) is to prevent the rise of a regional superpower that could undermine the U.S. role in the Asia-Pacific and subsequently pose a global challenge to U.S. predominance.

A Pentagon study of potential U.S. security problems by 2025 concludes that "the threats are in Asia." But it apparently sees no early threat from China. While China is indeed preparing to protect its homeland and outside interests against technologically superior enemies, its economic priorities will leave it unable to challenge the U.S. for "an

indefinite period of time."

Meanwhile, Washington must sustain Asia-Pacific stability; manage events so that they do not spiral out of control; and maintain policies that favor free trade and financial stability — which enhance the influence of the United States in the Asia-Pacific region as a whole. Not only must the U.S. deepen its bilateral security treaties with South Korea, Japan, and Australia; and widen these pacts, possibly to include Singapore, the Philippines, and Thailand — so that multilateral partnerships can create militaries, which can in turn respond to regional crises as coalitions.

With Japan, America must also reach an agreement on a joint strategy in Asia — and support Japan's efforts to revise its constitution; expand its security horizons; and acquire appropriate capabilities to support coalition operations. To preserve continental stability, Washington must nurture a balance-of-power structure involving China, India and Russia — to deter any of them from threatening regional security, dominating one another or coalescing against the United States.

At the same time, Washington must promote an Asia-wide dialogue to dampen regional conflicts; build mutual confidence; and ultimately, establish a broad, multilateral security framework.

Toward a higher stage of regional cooperation

Already, Asia seems to be moving towards this higher stage of regional cooperation. The ASEAN Regional Forum (ARF) — which is still the region's

only venue for political problem-solving — is already preparing to move from confidence-building to preventive diplomacy.

ARF has established an experts and eminent persons group for fact-finding missions, mediating disputes, and forging practical solutions to contentious issues. It is also setting up a secretariat; establishing a system of self-reporting, through which member-states would report their own perception of existing or potential security concerns; and developing an 'early warning system' to identify danger points and emerging crises. ARF has begun looking into 'non-traditional' security issues such as on the environment, the safety of nuclear power plants and human rights.

Meanwhile, Japan and China are competing to offer free-trade agreements with the 10 ASEAN states. As we know, the AFTA is already operating. Since January 2001, tariffs on at least 85% of all the goods traded among the six oldest ASEAN members have been cut to between zero and 5%. Vietnam will have until 2006; Laos and Burma until 2008; and Cambodia until 2010 to accede to the AFTA treaty.

In November 2001, Premier Zhu Rongji offered a free-trade arrangement with ASEAN 10 — details of which the two sides are now negotiating. Two months later, in January 2002, Prime Minister Junichiro Koizumi, in turn, proposed a series of bilateral free-trade agreements. Singapore has already signed up, and the Philippines, South Korea, Thailand and Mexico have all expressed interest. Most observers think Tokyo was simply trying to play catch-up with Beijing. To my mind, whatever

stimulates economic development in the region is welcome — since it will benefit everyone.

For the time being, however, Japan is less attractive a trading partner than China. While China's economy posted year-on-year growth of 8.1 % in the third quarter of 2002, Japan's grew by only 2.6% — its first positive growth in five quarters. Japan's aggressively protectionist farm lobby is another stumbling block. Even Singapore had to exclude its modest exports of ornamental goldfish from its free-trade agreement with Tokyo, in response to this lobby's pressure. All the other ASEAN states have much larger agriculture sectors eager to tap the rich Japanese market.

The likely overall result of this bustle of free-trade negotiations is an East Asian economic grouping of the 10 Southeast Asian states, first with China (CAFTA) and eventually also with Korea, and Japan. This would create a unified East Asian market of almost two billion people, with a combined GDP of US\$6.2 trillion — big enough to compete with both the NAFTA and the EU, and powerful enough to compel equity and reciprocity in negotiations with these well-established regional blocs.

Such an East Asian economic grouping can easily become the core of an Asian community, whose concerns would then gradually encompass security and political issues, following the model of the EU. The pace and direction of East Asian regionalism is increasingly being driven by Northeast Asia's growing economic power and Southeast Asia's imperative need not to allow itself to fall too far behind. Since the financial crisis of July 1997, East Asia's center of economic gravity — once centered

on ASEAN's dynamic economy — has shifted markedly towards Northeast Asia.

The new role of the military

Technological change has generated a revolution in defense development and military strategy. This revolution is based on four key technologies, namely:

1. Digital communications, which allow the compression of data and therefore, their swift transmission;
2. GPS, or the global positioning of satellites, which makes possible more exact guidance and navigation of missiles and war machines;
3. Radar-evading stealth weapons; and
4. Computer processing.

Let me just point out that these strengthen the offense against the defense — and gives the American superpower a stronger basis for continued coalition leadership. What the new military technologies can do in conjunction with one another, the Americans displayed in the 1991 Gulf War — which, incidentally, opened Chinese eyes to this revolution in military affairs. Recognizing its technological inferiority, the PLA now emphasizes preemptive strikes launched in great secrecy, mobility, highly-accurate concentration of firepower — and strategic surprise.

To cope with the technological revolution, the PLA is downsizing — reducing its basic organizational

units from armies to brigades. It is also investing in training — particularly in in-flight refueling, to make up for its lack of forward airbases. It has also invested in a new generation of nuclear submarines (some capable of launching ICBMs), and in Russian destroyers tough enough to threaten American aircraft carriers. The PLA is apparently also close to deploying its own cruise missiles. Beijing's military budget is the third largest in the world — after following of Washington and Tokyo. American experts estimate it to be three times the US\$20 billion cited in official pronouncements.

The U.S. as balancer

Over the foreseeable future, the United States sees itself continuing its role as "balancer" in many regions — using its weight to stabilize territorial disputes and combat terrorism. In Southeast Asia, Washington wants permanent bases no longer. All it seeks is occasional access to facilities, and the ability to work with local troops — as with its Visiting Forces Agreement with the Philippines.

U.S. forces also have increased the frequency and scope of joint exercises with Australians, Thais and Singaporeans. Singapore has built a pier capable of berthing U.S. nuclear-powered aircraft carriers. Washington is apparently trying to arrange the same berthing arrangements with Hanoi. Like Beijing, Washington is shifting its military focus from Northeast Asia broadly southward — towards the Philippines for its strategic location; Vietnam for the access it provides to the South China Sea; and Oman for the access it offers to the Indian Ocean and the Arabian Gulf. It is also building up Guam

as a hub for power projection throughout Asia and setting up forward operating locations in the Southern Ryukyus as support bases for Taiwan.

The United States is developing long-range power projection' for its Pacific area operations. These will involve both airlift capacity and high-speed, long-range strike aircraft. The enhancement of U.S. Special Forces and highly-capable small combat units is already well-known. The U.S. Air Force is beginning to place greater emphasis on long-range combat platforms and arsenal planes that deliver a large number of smart weapons from a stand-off range beyond the enemy's defensive envelope. Meanwhile, Washington is putting more money on new weapons systems — on smaller aircraft carriers less vulnerable to missiles; and on long-range bombers and unmanned aircraft, rather than on short-range fighters. In its East Asian alliances, Washington is de-emphasizing bilateral relationships in favor of multilateral regional cooperation focused on "shared interests in peaceful development" and in combating "common security challenges" posed by drug-trafficking, piracy, terrorism, international crime and natural disasters. Three yearly bilateral exercises — with Australia, Thailand and the Philippines — have been linked up under an umbrella strategy involving civic action, humanitarian assistance and disaster-relief scenarios.

Our longer-term imperatives

Let me sum up the imperatives if the longer-term benefits for Asia-Pacific are to happen.

The unification of the Korean Peninsula and the resumption of 'normal state' status for Japan will make sustaining the American military presence in Northeast Asia on a large scale difficult to justify for Washington policy-makers — either at home or in East Asia. Thus, America's forward military presence in East Asia will decline — particularly since the new military technologies will enable the Pentagon to cut down its foreign deployment levels. What base-access arrangements remain will be more sustainable — both politically and financially.

And as the international environment changes, the U.S. will seek new ways of asserting its influence. American security involvement will have to be transformed both in form and substance. Washington will have to increasingly emphasize the political rather than the military function of its alliance structure. It will also have to cultivate closer diplomatic consultation and coordination with its allies.

With the American forward military presence becoming smaller and security alliances less relevant as an instrument of U.S. policy, a pluralistic security community is likely to emerge in East Asia and in the larger Asia-Pacific region. This is not as far-fetched as it sounds — since countries in the region have shared interests in a peaceful and stable security environment and because they will benefit increasingly from growing — and mutually beneficial — economic interaction and integration.

China's leaders need to assure Washington and the other Asia-Pacific powers that China does not

intend to upset the existing regional order; and that for as long as its legitimate security interests are accommodated, it can live with a regional security structure in which the United States plays a leading role.

A pluralistic security community can ultimately lead to the peaceful, secure and prosperous Asia-Pacific community that visionaries - and ordinary people — dream of. Events in the world make clear that we have no alternative to economic integration and political solidarity. Our overall objective, therefore, should be to replace the 'balance of power' as the organizational force of state relationships in East Asia and the Asia Pacific with the "balance of mutual benedit."

IV.

The Philippines as a Capable Partner

Learning from the "People Power" phenomenon

Seventeen years have passed since our "People Power" revolution in February 1986 deposed a dictatorial regime and returned to Filipinos their democracy and hope for a brighter future. Our EDSA I inspired similar movements in the ensuing five-year period in South Korea, Eastern Europe, Latin America and Africa, many of them successful, although not necessarily non-violent, in the restoration of people's civil rights and the rule of law. In January 2001, a second "People Power Revolution" (EDSA II) became necessary because of nationwide outrage over the inept and cronyistic leadership of then President Joseph Estrada that brought down the economy and scuttled international confidence in our country.

Both EDSA I and EDSA II were peaceful undertakings with beneficial outcomes — a characteristic of regime change unique only to the Philippines. For us Filipinos, both exercises — 15 years apart — were an assertion of the sovereign people's ultimate right to intervene — when the national

leadership and political institutions fail — and to try and make democracy work the way it should for the benefit of ordinary people. For us Filipinos, people power is about citizens defining for themselves what freedom, individual dignity, and the concept of right and wrong truly mean. For us Filipinos, EDSA I and EDSA II were about restoring the "invisible institution of morality", which is the true foundation of justice, equity, accountability and all the other cherished values of democratic society.

As for the role of the police and the military in our two episodes of people power, the question of how it developed and resulted in peaceful intervention should be an interesting study for future generations. For other peoples that experienced or are undergoing strongman rule, the "People Power Phenomenon" in the Philippines must be really inspiring and enviable — as it deserves to be a source of pride and inspiration for younger Filipinos, considering that our armed forces and national police — they who legally possess lethal weapons and are trained to maim or kill — were the main instruments for peaceful change and who, without delay, saw to it that civilian leadership and control ensued smoothly. Indeed, how inspiring and admirable!

I myself believe that our military and police commanders upheld the interests of the majority of the people because our officer corps had always felt themselves to be part of the middle class — which in civil society is the watchdog protective of democratic, just and transparent governance. During those two related Philippine upheavals brought

about by the loss of people's confidence in the national leadership and the deterioration of our economic condition, it was perhaps not so much the military that filled the vacuum created by the failure of civilian leadership: in the final analysis, it was the unarmed, non-violent but strong-willed civil society that performed this role — exuberantly, triumphantly, and joyfully — with the armed forces continuing to fulfill its constitutional mission as protector of the people and the national interest.

Incidentally, I do believe that there was **no such thing as an EDSA III**. The riotous uprising outside the gates of Malacanang on 30 April - 1 May 2001 was just that: a violent attempt at a power grab that failed and collapsed within hours. **There was no such thing as an EDSA III**.

We Filipinos may now be depending too much on "people power" as a political doctrine that should really be the last resort for national transformation. We cannot have a citizen's revolution — no matter how peaceful — every 15 years. In the future, we may not be as lucky, we may not be as blessed, and we may not be as united as we were during **EDSA I and EDSA II**.

We Filipinos must never allow our political processes and institutions ever to fail again. The only true path to sustainable development and enduring nationhood should be through the strengthening of our ethical values, political institutions and social cohesion as a united and capable people, and as a competitive national team performing competently in the globalized world of the 21st Century.

Leading-by-example: Strategy for social change and economic progress

As we open this timely undertaking of having this national conference on development management, I thank you for this opportunity to reach out once again to a good number of our younger leaders, local and foreign, to convey a challenge and a message to all. I salute the exemplary work that the students of the Master in Development Management class have been doing to promote a much broader and deeper bond for teamwork and competitiveness in our part of the world.

Our history records that a few years ago — and this no one can deny — the Philippines was back in business and no longer to be considered as the "Sick Man of Asia. "

We saw a rising volume of foreign investments, export earnings and capital flows. The Philippines was even recognized as a strategic investment area in East Asia and an attractive and safe place to visit. Our country's social cohesion and economic growth seemed to have acquired a strong momen-

Speech at the National Conference on Development Management on the theme, Leadership and Development Management Strategies for Effective Social Change, organized by the Asian Institute of Management Center for Development Management, Makati City, March 3, 2003

turn driven, not simply by consumer spending, but by investments and exports, backed by macro-economic reforms. There was even a comforting sense of political stability resulting from the peace accords forged with two of the three rebel/insurgent groups that bloodied our countryside.

We removed many barriers to foreign investment and multinational industries; liberalized and simplified our investment rules and procedures; and broke up well-entrenched monopolies in key sectors such as power, transportation and telecommunications.

We deregulated banking and opened up inter-island shipping, insurance and other industries. We started a tariff reduction program to accelerate our economy's outward orientation, and fulfill our commitments to AFTA, the APEC and the WTO, even as we increased the tax effort and the privatization of Non-Performing Assets (NPAS). Both measures, together with devolution and decentralization policies, earned for the country a budget surplus in 1994, 1995 and 1996.

In March 1998, the Philippines "graduated" from the tutelage of the International Monetary Fund (IMF), after 35 years under 22 loan programs, by finally paying off our debts at time when many of our neighbors — such as Thailand (US\$17 billion), South Korea (US\$27 billion) and Indonesia (US\$43 billion) — were getting into new bailout programs because of the mid-1997 financial turmoil.

We capped these positive moves with the joyous and vibrant celebration of the Centennial of Philippine

Independence from Spain — that kindled in our countrymen and countrywomen a renewed sense of pride and achievement as a heroic people.

Certainly, we have come a long way in placing the ordinary Filipino at the center of our development efforts both as the primary agent and ultimate beneficiary.

Underlying these successes was our **Unity, Solidarity** and **Teamwork** (U-S-T), which was manifested by the passage of 229 Structural Laws by the 9th and 10th Congresses — 79 in economic reform, 85 in social development and the remainder in defense, police, administrative and judicial modernization.

The People Power phenomenon

Seventeen years ago, our people engineered a peaceful regime change (EDSA-I) that threw out a dictatorial regime, and inspired oppressed peoples in South Korea, Central Europe, Latin America and Africa to stand up for their civil rights and liberties.

By way of a second People Power Revolution (EDSA-II) to remove a non-performing, corrupt regime, we Filipinos put ourselves back not too long ago on the right road to economic recovery, democratic governance, and sustainable development.

Hopefully, our joint strivings — those of government, our educational institutions, and the private business sector, with the support of the international community — will usher in a new era of

stability and accomplishment. And by invoking the collective "team spirit" we once had, Filipinos can become self-confident and competitive again.

The Philippines needs a prolonged period of political stability — so that our workers and business-people can again create new material wealth, and our leaders can cooperate to reinforce our social cohesion. It needs no repeating that political stability is the bedrock of our economic recovery, social change and sustainable development.

Our central task as a people is to build strong political institutions towards an effective and efficient state. For the ruling elite, however, politics had historically been a game of protecting 'special interests' and pursuing factional rivalries, rather than being a tool for nation-building and economic development.

That is why President Arroyo has identified as among her basic goals that of improving moral standards in government. And this is fitting and proper, since any democracy needs strong ethical foundations.

We must put a stop — once and for all — to the periodic crises that corruption, extravagance, cronyism, nepotism, irresponsibility, and incompetence inflict on our national society. Therefore, President Arroyo must build quickly on the revival of people's confidence generated by her withdrawal from the 2004 presidential race — not only among our political and corporate leaders but among everyday Filipinos, especially the poor.

Urgent tasks for sustained growth

President Arroyo must re-energize our people by raising before them the vision of a country that can do better. She must also keep alive — and turn into a deliberate purpose — our inherent national pride and the God-given assets with which our country has been blessed.

Since her assumption of the presidency, I have suggested that the Arroyo government undertake four urgent tasks which can be summarized in what I call the four "Cs" namely:

- Consolidation - of the leadership — within and among the cabinet, legislature, bureaucracy, AFP-PNP, civil society and people's organizations;
- Confidence and trust - restore and strengthen, especially in regard to investments inflow, leadership capability, the value of the peso, and the rule of law; and the respect of the international community;
- Continuity of reforms - in economic recovery, pro-poor programs; leveling the playing-field; transparency, predictability, accountability; and in strategic interventions; and
- Competitiveness - improvement of production efficiency and quality; and exploiting our ICT potential; and our advantages in terms of being a key Asia-Pacific gateway and processing talented human assets, bountiful natural resources, and strong democratic culture.

Over the long-term, good governance is a common condition that has characterized successful nations. Good governance should not happen in fits and starts but must be sustained on a generation-to-generation basis. During my Presidency, I challenged our leaders to implement what I called the 5 Ds of governance: *devolution, decentralization, deregulation, democratization (of opportunity); and development (of a sustainable kind).*

The economic challenges

In the economy, these next two years must be spent in managing the deficit, restoring business confidence, and completing structural reforms with the steady cooperation of Congress and the support of our leading civic organizations.

Government's most pressing need is to raise its revenues so that it can increase public spending on infrastructure and on developing our human capital. Not only must public expenditures be well-managed. Tax administration must be overhauled; tax programs simplified and fiscal incentives rationalized.

In its analysis of the new challenges to East Asian economies with China's then impending entry into the WTO, the *International Herald Tribune* (18-19 August, 2001 issue) observed:

"From the shadow of the global downturn, China has emerged as the sole beacon of rising economic power in East Asia as the rest of the region struggles to escape recession.

"But an increasing number of observers fear that China's rise harbors a dangerous paradox: rather than helping to pull East Asia out of the doldrums, as it did during the 1997-1998 financial crisis, the world's most populous country is instead developing into a major business competitor, depressing growth in nearby countries. . . . This time, with the U.S. economy out of steam and Japan stalled as it has been for a decade, China's growth is blamed for drawing investment, business and jobs away from countries as far apart in distance and development as Japan is from Indonesia."

Our unique strengths

In her first "State of the Nation Address" President Arroyo correctly identified, in my view, the urgent priorities for a successful fight against poverty in the form of jobs, housing, education and food. These goals should be relentlessly pursued.

Clearly, we Filipinos and our government face severe challenges over this next decade. But we also have unique strengths, which we as a people can draw upon.

We need leaders in both the public and private sectors to help heal the cleavages in national society — the income gap between rich and poor, the opportunity gap between majority and minority ethnic groups, and the digital gap between the "smart" and the "not-so-smart."

Our unique strengths are known to most, but beyond our "bragging rights" regarding high literacy (95%), proficiency in English (80%), an adaptable

workforce, our strategic location in the Asia-Pacific region, and vast natural resources, etc, we as the "Philippine National Team" must learn to exploit these advantages to the maximum.

Fortunately, we have a multitude of people's organizations, which today enliven Philippine civil society — overseas Filipino communities not the least among them. As they foster their sectoral advocacies — such as those of women, the youth, cultural communities, senior citizens, the handicapped, farmers and fisherfolk, the environmentalists, workers and, especially, the poor — our NGOs, people's organizations, cooperatives and voluntary associations also promote our national interests in general.

I never cease to enjoin Filipinos everywhere to stop thinking of ourselves as representatives of particular 'special interests or groups' — but to think of the Philippines as our people's joint-venture corporation. -

Also, I habitually ask our corporate leaders to share the responsibility of helping to manage and lead our country — applying the best of knowledge, experience, and practices to deal with problems that affect not only their specific business interests, but also the concerns of our communities, and more importantly, those of our children and their children.

Emerging partnerships in the Asia-Pacific

Business leaders and concerned citizens have the responsibility to support our political leaders as they strive to push structural reforms, and create

the conditions necessary for peace, prosperity and enduring development, even as civil society has the responsibility to oppose the officialdom if they seek office only to fatten their wallets and despoil our beloved Philippines.

We must undertake a second wave of legislative and executive reforms to follow through those carried out by previous reformist governments — to set the economy free and to truly level the playing-field of enterprise.

We must complete the work of opening up still-restricted sectors such as mining, real estate development and agriculture. We must allow Filipino entrepreneurship to assert itself, and our workpeople's vigor, intelligence and creativity to prevail.

Foremost among our country's competitive assets are our adaptable and talented workpeople — because of whom the Philippines is ranked **number one** in the 2001 survey of the U.S.-based Meta-Group of 47 developed and developing countries in the category of "knowledge jobs". This is indicated by the availability in the Philippines of qualified engineers, skilled information technology workers, and senior managers.

McKinsey has identified 11 white-collar services — with an estimated demand worth US\$ 180 billion by the year 2010 — that the mature economies can profitably outsource — and for which the Philippines is perfectly positioned.

What is more, ASEAN Leaders have agreed with China to form the world's largest free-trade area.

"ASEAN-10 plus China" will have a potential market of some 1.7 billion people — a combined GNP of some US\$ 1.7 trillion — and total external trade valued at some US\$1.3 trillion.

This vast free-trade area — which is to be completed in 5-10 years — should prove irresistible to Japan and South Korea, which will be compelled to join sooner or later.

Like many of our neighbors, we Filipinos are only now beginning to realize that while democracy's trappings — elections, parliaments, press freedom, independent judiciaries — are easy enough to assemble, making them work properly for ordinary Filipinos requires a lengthy learning process, for which most of our leaders have little patience.

We must also realize that modernization is more — much more — than mere economic development.

Modernization is about ordinary people being able to take part in the way society is governed and supported.

Modernization is about people sharing a stake in how society should be organized, for what purposes, and for whose benefit.

Lessons from the Presidency

As your former president, let me share with you some important lessons I learned the hard way in my 52 years of public service.

Lesson 1: Speed is critical, there is no room for delays.

The costs of indecision, postponements, protracted debates — one single month of unnecessary delay even — are more prohibitive than building needed infrastructures and the facilities for our modernization.

Lesson 2: Hands-on leadership and political will are vital. I led my cabinet with an almost one-track mind. I put my best action people and technocrats to lead our cabinet departments — and all worked together to end the power crisis, the budget deficit, the crisis of confidence and multifarious security problems on top of all the other concerns the country faced.

I cracked the whip on any sign of indecision, slowness, graft, horse-trading — anything that would impede our progress. I am not saying we need the crisis to actually happen before you can get people to act. Just make it plain to the members of the team that bad situations become worse and a crisis becomes inevitable if remedial measures are not applied at once. Prevention is always better than the cure.

Lesson 3: The political leadership should make the tough decisions because the bureaucracy will not. Leading by example is an essential factor for continued success in managing government, a large corporation or a small company.

It was up to us, the political leadership, to show the way and, after due diligence, to make the hard decisions.

Lesson 4: Careful planning is essential, but useless without implementation. Take our energy

problem in 1992: I gathered a team of experts to put together our 30-year Philippine Energy Plan, considering various options for maintenance, rehabilitation or retirement of old plants, the timetable for future power generation, growth and demand projections, security scenarios, climatic cycles, indigenous/renewable energy sources and other such variables.

The plan was continuously reviewed and revised as parameters and conditions changed. More importantly, whatever was needed to be implemented, we carried out immediately.

Lesson 5: Gain international attention. It was clear to me that we would not be able to raise from domestic resources the large levels of capital needed for our many needs, that we would have to attract foreign investor confidence and participation. We also wanted the technology and skills they could bring.

We gained enormous support from many of the global companies that enabled us to do the fast-tracking we had planned. Those companies, largely, still remain our active partners today.

Lesson 6: Parallel reforms in other critical areas of governance are needed. I moved to empower our people at the grass-roots to raise them to a culture of excellence. I called this synergy the "*Bibingka*" principle — may apoy sa ibabaw at may apoy rin sa ilalim.

We implemented parallel reforms to address other critical concerns as well, which ultimately proved to be complementary moves that helped overcome

a number of crises. Among the key reforms we put in place through legislative measures were the restructuring of our educational system, the social reform and poverty alleviation law, gender-equity and gender mainstreaming, downstream oil deregulation, the Expanded Build-Operate-Transfer law, and amendments to the electoral code.

Lesson 7: Government intervention should be minimal, and only to initiate projects and ensure that market forces and competition will prevail. I firmly believe that whatever government places by way of artificial barriers to competition and the free play of market forces tilts the playing-field in favor of somebody and, consequently, disfavors somebody else, who must then pay the costs of the privileges afforded to favored parties.

In such circumstances, it is the poor and under-privileged that suffer the consequences most of the time. Less government involvement, we learned, is better for all concerned. Thus, we aimed for less regulation and less protectionism. We encouraged more competition and greater productivity.

Closing message: Caring, sharing and daring

Our collective task is to position our corporations, our workpeople and our product-lines strategically in the global economy if this country — and any other country — is to survive and prevail in the ever-changing, fast-moving, technology-driven world taking shape before our eyes.

Finally, let me sum up everything I have said in three little words: *caring*, *sharing* and *daring*. *Caring* and *sharing* are easy enough for most Filipinos

— and also for most other people — because we are naturally friendly, hospitable, compassionate and generous even. But daring to give more than to take, *daring* to sacrifice for the common good, daring to take concerted action to make a big difference — to *dare* to do all these would be the supreme test of civic responsibility and of leadership, and the secret of a higher quality of life for Filipinos and for generations ahead!

Heart + energy + vision = leadership

Thanks to some of you here, I am proud to report to the Philippine Heart Association (PHA) that my heart is in good shape. I continue to swim, jog and play golf regularly. I drink a glass of red wine everyday, and manage to keep my weight down by putting on my plate only what I can consume. I also practice what Mao Zedong ordered his soldiers during their Long March to do — to eat only when hungry. And I still give blood two or three times a year in order to attain my "three galloneer club" status.

But enough of this bragging about my state of health. None of us came here just to compare blood pressures — or to boast about how many times we can still do this or that.

As concerned Filipino citizens, we share other concerns of the heart. We have all signed up in this country's service for the duration of our lives. We all care about our country's health and well-being, and a better life for all Filipinos. And we all worry about the kind of country our children and grandchildren will inherit after we move on.

Speech on the Theme: "Diagnosing the Heart of Leadership - Sources of Strength and Dynamism" at the Symposium in Celebration of the 50th Anniversary of the Philippine Heart Association, Inc. (PHA) Manila Hotel, December 6, 2002

Our epic struggle to be free

A great statesman once said that a nation has "something deeper, something more permanent, something larger than the sum of all its parts, something which matters most to its future."

That undefinable something is its heart and spirit, which are unique to it because it is borne of the people and the product of centuries of struggle.

The heart and spirit of the Filipino people did not just begin to emerge with the outbreak of the Philippine Revolution in 1896 or upon the Proclamation of our National Independence from Spain in 1898. Rather, as Ninoy Aquino wrote from his prison cell, it was shaped by our long history of "epic struggle to end oppression and to be free."

From Lapu-Lapu's heroic stand against Spanish conquistadores in Mactan four hundred eighty-one years ago, to the explosion of People Power at EDSA in February 1986 (EDSA I) and again in January 2001 (EDSA II), the Filipino heart and spirit have been embodied in one word: Freedom.

Along the way, our people and our country have been conquered, enslaved, trampled upon — sometimes by others, sometimes by our own leaders — but the Filipino heart and spirit have never perished. Again and again, it rose from the depths — shaking up the citadels of those who sought to rule against our people's will, and signifying for all the indubitable imprint of individual freedom and of our nationhood. If today we stand as a nation secure in our independence, earning the respect and goodwill of the world, it is because we have continued to believe in this priceless legacy.

Love of country in every Filipino breast

Many words have been written of the heart and spirit that bind us as a people, but perhaps none are more moving than those of Andres Bonifacio, who wrote:

"Aling pag-ibig pa ang hihigit kaya, sa pagkadalisan at pagkadakila gaya ng pag-ibig sa tinubuang lupa? Aling pag-ibig pa? Wala na nga, wala. " ("What love is greater, more pure and noble than love for one's native land? What other love? None, indeed").

His words remind us of how patriotism and love of freedom found a home in every Filipino breast — rich and poor, young and old, high and lowly. They tell us how we became one people and one nation.

And let me, as a former President of our beloved Philippines, say to all: *Ang pag-ibig sa Inang Bayan ay katumbas ng pag-ibig sa Diyos, pag-ibig sa kapwa at pag-ibig sa kalikasan. Ito ang diwang Pilipino, ang diwa na nagpakilos sa ating mga kababayan noong Rebolusyon ng 1896, kung saan ang ating mga ninuno, sa kabila man ng pasulpot-sulpot o ang paminsan-minsang di pagkakaunawaan, ay nagka-isa at nakibaka tungo sa pagtagumpay.* (Love of country carries the weight of the love of God, love of fellowmen and love of nature. This is the Filipino spirit that kindled the Revolution in 1896, where our forefathers, despite occasional misunderstandings, united and fought together for victory).

The challenges that face us now echo the crises that shaped the birth of our republic: how do we hold our people and our nation together in order to master the challenges before us? How do we now utilize our numbers and resources to fulfill our potential and win the future?

In the pages of our history, we find stirring lessons on how we must transcend the divisions of region, religion, ethnic origin and socio-economic status in order to forge a brighter future together; lessons on how we must dare to break the shackles of the past in order to create new hope for the future; lessons on how we must master the art of governing ourselves in order to overcome the infinite problems that plague our nation.

Our rich legacy of heroism and freedom is the foundation upon which we must build our future security and prosperity. Some of us think that emulation of our heroes is obsolete wisdom and sentimental rhetoric in this age when men and women are reaching for the stars. I would remind all of us of the words of Mabini: "Let us never forget that we are called upon to rise, and can go upward only on the ladder of virtue and heroism ... If we do not grow, we shall have died without ever having been great, unable to reach maturity."

Sources of national tradition

When we speak of the Filipino heart and spirit, we speak of the essential qualities of our people that have shaped us into the nation that emerged in 1898 and the nation we are today.

Writing on our Filipino national tradition back in the sixties, the historian Fr. Horacio de la Costa distilled five principles from the sum of our experiences as a people. And these he describe to be: *pagsisikap*, *pakikisama*, *pagkakaisa*, *pagkabayani*, and *pakikipagkapwa-tao* (perseverance, amity, unity, heroism and goodwill).

Pagsisikap (perseverance) because we Filipinos ardently believe in self-reliance.

Pakikisama (amity) because we Filipinos, in the spirit of partnership, believe in the equitable sharing of goods, services and God's blessings.

Pagkakaisa (unity) because we Filipinos recognize that we cannot get anything done on a national scale unless we pull together as a team.

Pagkabayani (heroism) because we Filipinos believe that no sacrifice can be too great for our country.

And *pakikipagkapwa-tao* (goodwill) because we Filipinos know that no man is an island; that we are all brothers and sisters to one another.

Looking at our history again and again, we see how these five principles have become exemplary traits of the Filipino people — taking us to feats of greatness as recorded in the deeds of our forebears, but leaving us in crisis when these values deserted us.

By way of the salutary working of these five virtues, we have become the nation we are today. And depending on how we make them reign in our personal and collective life, so will we master

or fail to master the challenges of the present and the future.

Today, as we bid for the full rewards of development and peace in our country and a respected place in a highly competitive global community, I do not doubt that our success lies in the renewal of these pillars of the Filipino spirit. For in this way we can join together — government and the citizenry, and all the sectors together — in a concerted effort to fulfill the promise of freedom and democracy.

In many ways, we can say that we are not entirely unworthy of our heritage. In the face of the challenges of our own time, we have acquitted ourselves with merit by restoring freedom and democracy in our country. On the other hand, can we claim that we have brought this country back on the road to economic progress and social cohesion?

Obviously, the work is not yet fully done. Many problems remain, and there are new challenges at our doors. And therefore we must strengthen our hearts, redouble our energies and focus once more on our vision for a better Philippines!

Our reserves of strength

Today, poverty continues to degrade the lives of millions of our countrymen and countrywomen, even as our economy responds to the call of enterprise and industry. And our social reforms are not yet being fully enjoyed by the majority of our people.

Today, crime and factionalism still lacerate our society, even as we have advanced in building

political stability throughout our land. Today, we face intensive competition in the global economy even as we strive to put our house in order and to return the national economy to recovery and good health.

But these challenges we can meet if we turn again to our deep reserves of national energy and national spirit. And if we remember always that we can do much more once we apply ourselves as a united team against each challenge.

It is said that each Filipino generation must succeed better than its predecessor because it stands on the shoulders of the giants of preceding generations. From that vantage point, young Filipinos are supposed to see much farther and more clearly into the future. And young Filipinos should be able to add greater structures because they have already much to build upon in terms of their heritage.

This is the heart of our task as the fourth generation of Filipinos to emerge since the birth of our nation nearly a century ago. The spirit that made us free also gives us the energy and the vision to write a new and more beautiful chapter in our history.

We all clamor for reform, we all clamor for a better life, but as Rizal said in his essay the *Indolence of the Filipinos*: "The success of the nation rests on a government made able by a noble citizenry. If we want progress, then each and every one of us must do his share to make it happen. "

Everyone must do his/her share

Sa madaling sabi, kaya nating umasenso kung talagang gugustuhin natin ito. (In other words, we can uplift ourselves if we really want to).

When we bring it down to actual practice, the Filipino spirit really means saying, "Kaya natin ito. Kaya ito ng Pinoy! (We can do it. The Filipino can do it!!!) It is our "can-do" culture that will not be deterred by any momentary obstacle or short-term problem. As the Filipino spirit freed us from foreign domination and our own weaknesses, so now it must enable us to realize the dream of a just, peaceful and prosperous society.

And, right now, our country's problems — of peace and order, of political stability, of mass poverty, of an economy that lags badly behind its neighbors — all these problems call out for urgent solutions.

Let us compare our national situation with those of our neighboring countries.

According to the Economist Intelligence Unit (E. I. U.), the Philippines averaged GDP growth of only 3.1% over the 25 years between 1976-2000. This rate of growth doubles the size of the economy every twenty-three years.

Over the same period, South Korea averaged 7.6%; Malaysia 6.8%; Thailand 6.5%; and even Indonesia achieve 5.4%. Korea was doubling its economy every nine and a half years; Thailand was doing so every eleven years.

Our neighbors which opened their economies at the right time grew so rapidly from selling to rich Western markets that they were able to finance extensive rural development programs.

Protectionism in an era of globalization

We still have no alternative to opening up our economy to the world's. We cannot develop key sectors of the economy on our own and by ourselves — because our savings rate and our tax collection efforts are both so abysmally low: in fact, they are the lowest among the Asia-Pacific economies. To open up our economy, we need to amend some of the restrictive provisions of our laws and the 1987 constitution. As a result, foreign investment is severely limited in key sectors of our economy — in sectors such as mining and transport. Also, our savings rate tells us that we cannot hope to develop these sectors on our own.

And, although our tax effort is also embarrassingly low, the weak Philippine state still gives away billions of pesos yearly in incentives and privileges to politically-favored sectors and corporations.

Our poor tax effort also prevents us from investing in both our physical infrastructure and our human capital. The poor state of our highways, airports and seaports naturally discourages investments.

Even during 1992-97 — a comparatively high-growth period for the national economy — our country received only 6% of all the FDI that went into the ASEAN region.

Unavoidably, our country's global competitiveness is dropping this year. We are now in 40th place among 49 developing and developed countries surveyed yearly by the Institute of Management Development in Switzerland as of its year 2001 report.

Good leadership at all levels

Filipinos need good leadership desperately at all levels. But we do not need influence brokers or wheeler-dealers. For the Chinese classical strategist, Sun Tzu, leadership was a matter of intelligence, trustworthiness, humaneness, courage and sternness. We need good leaders who can raise inspiring visions before our people — and produce change that transforms the whole of national society. In our country, memorable leaders have been very few and far between. One reason is that the skills that get a Filipino politician elected to high office are often the opposite of those required for decisive and effective governance.

Yet a still-fragile and tentative democracy like ours must depend on the character and competence of its elected leaders. Electing good leaders is not easy — even for mature democracies. But choosing good rulers is particularly difficult in poor countries, where mass electorates all too often count media exposure and popularity surveys as the primary sources of the fitness of their politicians. These dysfunctions, too, are part of democracy. Democracy allows electorates to make political mistakes. But democracy also gives people the means to correct their mistakes — through constitutional and legal reforms, as well as the electoral process.

Indeed, the secret of a mature democracy's enduring strength lies in the way it enshrines in its basic rules the people's right to decide. The crucial point is that democracy enables people to make critical choices. How to elect good leaders is our immediate problem. But how do we manage this, now that elections (both local and national) have — in the context of the mass vote — become veritable popularity contests? Nor should we neglect the work of reminding citizens about their civic responsibility. Voters — the British statesman Edmund Burke once said — should choose the best candidates available, and then leave them alone.

Strengthening the Philippine state

We Filipinos should never forget that democracy is more than a set of procedures for running elections and passing laws. Democracy is an entire system of values; democracy is a political philosophy; democratic politics is much more than merely "addition." As history has taught us, a democracy without values easily turns into open or thinly-disguised dictatorship. The iron truth is that, for so many of our people, even independence is still a promise unfulfilled.

We still are a long way from incorporating into national society the basic sectors represented at EDSA both in 1986 and in 2001. As we know, President Gloria Macapagal-Arroyo has made building a "strong republic" her proximate goal. This is fitting and proper. We need to build political structures strong enough to move the country towards economic, political and social modernization. "A feeble nation," says Adlai Stevenson, "is the result of self-inflicted wounds."

But it is wrong to equate a strong state with danger to our civil liberties. In fact, we need a stronger state — a more efficient, and effective state — if only to make our market system work better, and our national stability more secure. The real threat to democracy in our time is not so much the possible restoration of strongman rule as it is the loss of purpose and meaning of our kind of democracy because of its lack of depth, poor quality, its unfairness, incompleteness, and lack of vision. Our people's anxieties arise from their frustration with Philippine democracy's inability to produce good government, to cut down corruption in office, and to restore idealism and the spirit of service among our public officials.

Leadership in a democracy

The democratic leader tries to bring out the best in his, or her, people. And that is what I ventured to do during my presidency, from 1992 until 1998.

I might well have become a strongman myself — following former President Marcos' example — because I commanded the loyalty of the armed forces and the national police.

I have always believed that to deserve loyalty, one has to give it to the people unstintingly. During our People Power Revolution of February 1986, it was the loyalty awarded to me by the chain of command — by junior as well as senior officers — that proved to be the margin of success at EDSA I.

The loyalty I had given and received over 45 years as a professional soldier eventually paid off. Bar-

ricaded at Camp Crame, we prevented one threatening attack after another — because "loyalist" officers simply refused orders to lead their troops against us.

And the loyalty given me I would never use for ignoble purposes. That is why I resisted those who urged me to take over government — and instead I campaigned for President as a jobless and partyless civilian in a constitutional electoral process in 1992.

For I believe that any seizure of power without the people's support — even if it gains its immediate goal of overthrowing a tyrant — would, in the end, self-destruct. The bottom-line — in my view — is that democratic government cannot do things by itself. It needs constant — and consistent — support from its national constituency.

And this is the message I wish to leave with you — as elite professionals and as concerned Filipinos who love our country wholeheartedly.

Democratic leadership is only as good as the quality of the people who support it and who shoulder their burden of civic responsibility.

The young graduates of Mindanao: Agents of peace and development

We your elders cannot help but envy you graduates — for this is a good time to be young. At the beginning of a new century — and a new millennium — the world is in the middle of scientific and technological revolutions that are challenging our conventional wisdom and traditional mind-set.

For instance, the unraveling of the human genome foreshadows a biological revolution that could push forward the present-day boundaries of human life. As a result, your generation may expect to lead longer, healthier and, hopefully, happier lives than mine.

A parallel revolution — in information and communications technology — is overcoming the age-old limits of time and space. The knowledge revolution is binding countries and regions into unprecedented networks of interdependence — via the phenomenon of 'globalization.' In mature countries, ICT is already creating "new economies" based on the widespread access to information and

*Speech at the 56th Commencement Exercises of the
Andres Bonifacio College, Dipolog City,
Zamboanga del Norte
March 16, 2002*

the intensive application of knowledge to industry, agriculture and human relations.

What does globalization mean? In the simplest terms, globalization means countries are becoming more and more dependent on one another. The world is becoming truly one. And we Filipinos must learn to live in harmony and cooperatively with other nations.

As your graduation theme emphasizes, you — the young professionals of the class of 2002 — must learn to serve the cause of global peace. This is an admirable ambition — but not enough. I say to you all: better yet, let us serve the cause of global peace and development because peace without development may not be enough to guarantee our future.

Creating a world-class workforce

The only way we can take part quickly and equitably in this dynamic new global order is to create world-class Filipino work-people. This we can do because the Philippines is blessed with tremendous potential in young people like you who are entering a new phase of greater responsibility in your professions, in your communities and in our national society.

Consider that fully half of all Filipinos are below 22 years old — and youthfulness has always been synonymous with creativity, daring, and vigor. Already we Filipinos have world-class surgeons, musicians, engineers and fashion designers. We have a world-class venture capital fund manager in Lilia Calderon-Clemente, a Tony-award winning Broadway performer in Lea Salonga, and a Sili-

con Valley inventor-venture capitalist in Diosdado Banatao. The world's largest geothermal project in the United States is run by a Filipino engineer. The more we enhance the productivity, quality and adaptability of our workpeople, the more our country will become competitive in the global economy. And the keys to productivity, quality and adaptability are skills-training and education.

If we as a people are to survive — and prosper — in the 21st century, we must not venture out to the new world armed only with intellectual bolos, shovels, bows and arrows, while our competitors wield the equivalent of lasers and cyber-weapons. This is why the nation must face up to the burden of educating all our young people — because quality education is imperative for our successful transition to the knowledge society.

But — what is our present situation? Right now, out of every 100 Filipino children, only 86 make it through the elementary grades and only 44 ever finish high school. You, the young people here, may take your college education for granted — but, in actual fact, you belong to the tiny elite of the educated among the majority of our people. Our national community is dividing into the few who have a sufficiency of formal education and the many who do not.

Education and the ladder of opportunity

This sharp division in our education system is reflected in the recent, Harvard University study on the "Networked Readiness Index (NRI)" of 75 countries — a study of preparedness and potential to participate in the networked world. In this

study, which was topped by the United States, the Philippines belonged to the bottom third.

We were ranked 58th overall — ahead of Indonesia and Vietnam but behind Thailand. Singapore is the highest Asian country in this survey at number 8. According to this NRI, Singapore is better-prepared for the networked world than China, Japan, and Korea.

The poor showing of the Philippines in the NRI is a call to action — a warning to policy-makers, educators and business leaders to immediately address the many concerns and issues that hinder ICT development in our country, and therefore overall economic growth.

In the "global new e-economy index" released in March of last year by the Connecticut-based Meta group — which evaluated the technological capabilities and potentials of 47 countries — our country was ranked 26th overall — below the median in the indices for globalization.

But — surprisingly — the Philippines was ranked number one in the category of 'knowledge jobs' — as indicated by the availability in our country of qualified engineers, information technology workers and competent senior managers — as well as by the enrollment rate in higher education, where our country ranked even higher than Australia, the United States, Canada and France.

We must build on this advantage and create an electronic-Philippines (e-Philippines) — whose people are thoroughly attuned to new technologies. Our end-effort must be to make our country a competitive player in the 'new economy.' Sig-

nificantly, our electronics industries are already shifting toward more sophisticated and more complex products — pentium chips, laptop computers, and digital-signal processors used in cellular telephones.

And we already run a variety of back-office operations — in accounting, software development and technical support — for some of the great service-industry multinationals such as Texaco, Andersen and America Online.

The consultancy firm McKinsey & Company has identified 11 white-collar services — with an estimated demand worth US\$180 billion by the year 2010 — that the mature economies can profitably outsource from the developing countries — and which the Philippines is well-positioned to supply.

If we are to benefit from this transition to the new economy, the Philippine state should focus its efforts more closely on raising both the standards of our basic education and the participation rate of children from the poorest of our poor.

Education has become the ultimate ladder of opportunity — for both individuals and nations. Over 1992-97 — during my watch on the Presidency — we increased education's share of the budget from 2.7% to 3.1%. That percentage share we must sustain just to keep our schools afloat — and double if we are to catch up with our vigorous neighbors.

Restoring peace and development in Mindanao

When I think of the future of our country, I continue to worry most of all about Mindanao, be-

cause it has always been close to my heart — not only during my term as President, but especially throughout my 40 years as a professional soldier in our nation's service.

Mindanao's present-day difficulties remind me of the problems that confronted us in the Southern Philippines during the Aquino and Ramos administrations. Those difficulties we overcame through a combination of sheer persistence, unusual courage and patient confidence-building. After four years of painstaking negotiations, we reached a peace accord with the Moro National Liberation Front (MNLF) in 1996.

Since then, more than 7,000 MNLF members have been integrated in our Armed Forces and National Police. And many of them have fought loyally against the splinter separatists in Mindanao over these past five years.

A just and honorable peace accord is important for Mindanao because, as the Ramos administration believed, it is only through peaceful negotiations, the calibrated use of force to enforce the law, and hands-on management — all with a good mix of quality leadership — that Mindanao's complex situation could be dealt with effectively.

With the separatist Moro Islamic Liberation Front (MILF), we opened peace talks in September 1996, just three weeks after the GRP-MNLF accord was signed. After negotiating a cease-fire with the MILF in July 1997, we undertook community development and livelihood-generating measures. These undertakings proved to be effective safeguards against any escalation of violence. Certainly they kept sporadic clashes from disrupting the fragile

peace. We had to give peace a chance for development to ensue.

All throughout my tenure as President, we nurtured an atmosphere of peace and development — for it is the only way to make sustainable progress happen. In consultation with Mindanaoans themselves, we put together an innovative — but realistic — blueprint for Mindanao's integrated development. Painstakingly, we laid down the basic infrastructure and promoted harmonious people-to-people relationships to foster a peace that would endure.

Though we had no illusions that peace would easily be won, we forged ahead with resolve and patience. And I believe our efforts paid dividends — among other things — in the high levels of economic growth Mindanao attained in the years immediately preceding the East Asian financial crisis of 1997-1999.

This period of non-violence lasted for a full 30 months up to April 2000 when the Estrada administration launched a war policy in Mindanao.

No Alternative to peace in Mindanao

Nowadays, I am saddened to see Mindanao so different from the Mindanao I knew only five years ago. In 1997, Mindanao was becoming an economic crossroads through the East Asean Growth Area (EAGA), which I negotiated with Brunei, Indonesia and Malaysia. Mindanaoans then were preoccupied with development. Their table-talk was of economic partnerships and they carried cellphones instead of handguns.

I will not deny that many incidents of fighting broke out during my incumbency. The worst was the attack on Ipil, Zamboanga del Sur on 4 April, 1995, by terrorists belonging to a mix of the Abu Sayyaf, the National Islamic Command Council, the MILF, and various "lost commands." On that day, some 200 heavily-armed men burned the commercial center of that prosperous town — breaking into seven banks — killing more than 50 civilians, policeman and soldiers — and wounding many more.

But those attacks never escalated — because many cooler heads united to prevent the violence from spreading — and I exercised hands-on leadership in that explosive situation by issuing three orders simultaneously, within 12 hours of the assault on Ipil:

1. Shoot-to-kill, with "hot pursuit" against the outlaws;
2. Reconcile the Christians, Muslims and Lumads in Ipil and surrounding areas; and
3. Restore normal commerce, communications and travel, and repair damages immediately.

The Abu Sayyaf criminals were pursued up and down the Zamboanga Peninsula until, after one month of continuous military and police operations, they were reduced to insignificance, and would not emerge in force until the Sipadan kidnapping incident in April 2000, a full five years later.

Knowing the so-called Bangsamoro's grievances to be rooted in neglect, under-development and

poverty, we dealt resolutely with these basic concerns in Mindanao — benefiting rebel areas together with indigenous communities and Christian barangays.

Availing of the ceasefire with the MILF, the Ramos administration in 1997 provided in Camp Abubakar — at the request of the MILF leadership — a solar-powered potable water system for 5,000 families, the beginnings of irrigation for 2,500 hectares of farmland, and other infrastructure projects. From the main highway, we even partly paved the road leading to Salamat Hashim's headquarters.

Where else could you find a rebel group requesting the government it is fighting to construct the primary access road to its main camp? Only in the Philippines! The fact is that we were making progress in our efforts to build confidence between the two sides and also with the innocent bystanders caught in the crossfire. That the MILF welcomed our development initiatives were achievements in themselves — and a clear indication that the rebels were starting to lean towards a more liberal autonomy instead of insisting on a separate Bangsamoro Republic. In Mindanao — as elsewhere — the bottom-line truth is that there is no alternative to peace.

Winning the future

Now to sum up and conclude: as you young professionals prepare to take your places in the adult world of work, careers and families, new threats to our democracy and culture of peace have emerged. Over the years, we have survived all such vicissitudes — and even worse crises — through our

native spirit of self-reliance and our traditional values of **caring**, **sharing**, and **daring** — the Filipino assets we now call on to promote and expand the culture of peace and development in our beloved Philippines.

Caring and **sharing** are probably easy enough to do — but daring to sacrifice, to give more than take for the common good, may be much more difficult. This is one reason why the Ramos Peace and Development Foundation (RPDEV) has been advocating for our caring, sharing and daring for each other, especially through the empowerment of people who are powerless.

As a private citizen and as Chairman of RPDEV, I have continued undertaking programs and projects that will help our country and people address the deep-seated problems of poverty, joblessness and social inequity.

Our generation has lived with the reality of conflict for so long that we have forgotten one obvious truth: since it is in the hearts and minds of humankind that conflict, injustice, greed and violence begin, it is in the transformation of people — be they leaders or ordinary citizens — that durable peace and development are ultimately to be found. Peace — if it is to endure — must be much more than merely the absence of conflict. Peace must also be our means of fulfilling the hopes we share — of lifting up the common life, and of winning the future for every Filipino.

From long suffering and bitter experience, we Filipinos have learned that we can develop only as one country and one people. We Filipinos have come to realize that we cannot develop separately

- as clusters of geographic regions or ethnic cultures isolated one from another. Indeed, our basic strength must come from our unity in spite of our diversity.

Today, the presence of conflict should serve to redouble our striving for peace in this country — in ourselves — and in our world. I emphasize this because — in this period of unsettled conflicts in many parts of the world — peace, whenever it is achieved, is never the work of just one or two people. Peace is always the collective achievement of many.

Can ordinary people really influence the issues of war and peace — of jobs, justice, food and freedom — purely by their resolve and their goodwill?

Kaya ba natin ito? (Can we do it?) My answer is a fervent "yes!"

The same answer was given — resoundingly — by Bonifacio, Rizal and Aguinaldo a hundred-odd years ago — as it was by Ninoy Aquino and Evelio Javier in recent memory. Each of these admirable Filipinos started out with a vision — and then each one of them simply dared to do what he could do. And what they were able to do — by themselves, and by inspiring others — has become the very essence of history.

The promotion of a culture of peace and social justice — so that enduring development (development) can be achieved — is our individual, and collective, responsibility. And this is especially true of young people like you who will — 10-15 years from now — be in positions of authority — in gov-

ernment, in business, in other professions, and in civil society as a whole.

Actualizing our people's vision for their families and our nation will then become your responsibility. I commend to you the sense of patriotism that guided Andres Bonifacio, the hero after whom this university is named. In your every endeavor — in everything you do — have a thought for our country. Make it your life's work to help lead the Philippines to its rightful place — one of respect and dignity — in the community of nations.

Unity and performance in 2003 and beyond

The Philippines faces many difficult challenges in the year 2003 and beyond. Poverty continues to degrade the lives of millions of Filipinos, even as our economy strives to respond to the call of enterprise and competitiveness. Basic social services are not yet being fully enjoyed by a large number of our people. Because crime, corruption and factionalism still lacerate our society, we have advanced minimally in building political stability throughout our land.

The times call for national unity that must be strengthened and economic performance that must be maximized — if we are to compete, survive, and succeed. But these challenges we can overcome if we turn again to our deep reserves of collective energy and national spirit — and if we remember always that we can do much more, once we forge a united team against the stormy weather ahead.

It is said that each Filipino generation can succeed better than its predecessor because it stands on the shoulders of giants, who are our revolution-

*New Year's Message,
(Published in the Manila Bulletin, January 1, 2003)*

ary heroes. From that higher vantage point, young Filipinos would be able to see much farther and more clearly into the future, and therefore would be able to add more value to the nation — because they have already much to build upon in terms of the legacy of their elders.

Filipinos need good leadership desperately at all levels. They do not need influence brokers or wheeler-dealers or spin meisters.

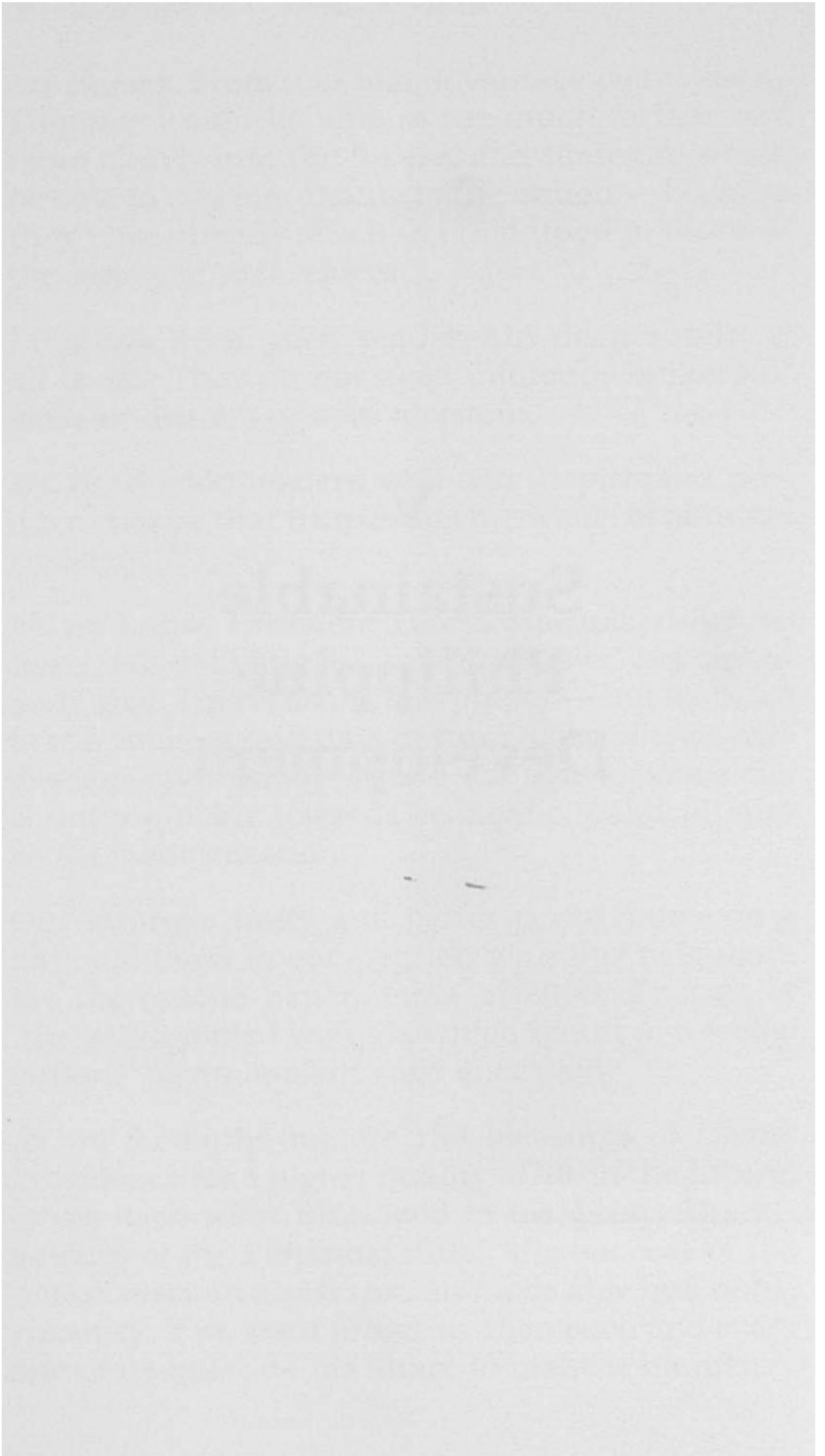
We need good leaders who can inspire and produce change that transforms the whole of national society.

As we know, President Gloria Macapagal-Arroyo has made building a "strong republic" her proximate goal. This is fitting and proper — but we must first imbue among us a culture of excellence and develop institutions strong enough to move the country quickly towards economic, political, and social modernization.

Our stronger unity and better performance as a national team in competition with our neighbors are the crucial benchmarks of 2003. Enough of "the self-inflicted wounds which result in a feeble nation," as an ancient sage once said.

As we fervently implore the blessings of Divine Providence for a higher quality of life in the future, let us heed what Rizal said in his essay, *The Indolence of the Filipinos*, thus: "the success of the nation rests on a government made able by a noble citizenry. If we want progress, then each and every one of us must do his share to make it happen."

V.
**Sustainable
Philippine
Development**



Structural reforms for recovery and sustainability

Amidst the challenges we face this New Year and beyond, our most important task, even before we speak of economic reforms, is to strengthen our political institutions and processes to ensure a prolonged period of political stability — so that our workers and business people can continue to increase material and social wealth and build on the gains of a modest 3.2% GDP growth for 2001. This calls for a renewed effort for greater unity, solidarity and teamwork among our people, especially our political leaders.

Our collective task is to strategically position our government policy, our bureaucracy, our corporations, our workpeople, our product-lines and services — all of us — as productive and capable units of society either individually or by groups in the global economy, if our country is to survive and prevail in the ever-changing, fast-moving, technology-driven world taking shape before our eyes.

*Speech at W. Sycip Policy Center - Yuchengco Center
Conference on the Impact of the World Trade Organization Ministerial
Meeting: Preparing for the World Economic Recovery
Makati City January 14, 2002
(Published in the Philippine Graphic, February 4, 2002)*

The name of the game out there in the Asia-Pacific region and in the global economy is *Competitiveness* — especially for the Philippines, and other medium-sized economies in our part of the world, as well in Latin America and Central Europe.

It is plain to see that most Filipinos are sick and tired of partisan politics. At this time our pulling together as a national team in global competition is paramount — in order to survive and prevail through difficult times. The last thing we need are political intramurals.

Our basic goal should be to make both government and markets work more synergistically. We need to build up people's confidence in themselves and in our institutions of public life as they affect our daily activities.

We must also encourage greater productivity and self-reliance among our workers, families, cooperatives and communities by giving them more decision-making authority, credit facilities and market access to move their local economies.

Among our civil servants, we must foster a more proactive mission-orientation and merit-mentality instead of the laid-back, bureaucratic mind-set they are known for.

We should also fear the erosion (indeed, damage) that 'money politics' can do to our fragile democracy — particularly now that *jueteng-politics* and narco-politics are beginning to play significant roles in electoral contests and in governance.

Our end-object should be to replace our politics of "opportunism and self-interest" with the politics of "conscience and service. "

Basic political reforms we need

Can these political reforms we envision be done? Yes, they can. But there are obstinate forces that stand in the way of their quick achievement. First among the problems is the intimate but, unfortunately, perverse link between business and politics in our country. We Filipinos like to say that the private sector is the engine of growth — but that engine, all too often, is fueled by political power. Throughout our history, some wealthy and powerful groups have been able to use public authority for their private benefit.

The reason for this lies in the concentration of corporate ownership in the hands of a select few. According to a World Bank Report issued in mid-2000, the top 15 families in the Philippines own 55% of all its corporations. Compare this figure with Japan, where the top 15 families own only 3% of all corporations; with Taiwan, where they own only 20%; and in Korea, 38%. And 39 family-owned corporate groups in this country own 216 of the 1,000 largest corporations — which represent about a third of the sales of these largest corporations.

Very much like the Korean and Japanese conglomerates, the Filipino *Zaibatsus* have diversified sectoral interests (including banking); and receive preferential treatment from government because of their inherent political clout. The World Bank also

reports that the concentration of wealth among family conglomerates in the Philippines tends to result in virtual monopolies in much of national industry, selective bank lending, weak corporate governance and even weaker corporate social responsibility.

What is worse, the World Bank reveals, is that these conglomerates have increased their influence and strength in recent years — because they have been the prime beneficiaries of the privatization of public corporations.

Obviously, government must begin to use the privatization process as an instrument to disperse the ownership of enterprises being sold off by the state. Privatized assets should not continue ending up in very few hands or with the same acquisitive families.

This long-standing oligarchy has used the powers of the state to create opportunities for themselves to make even more money — without having to create economic values and social benefits for our people as a whole.

We should extricate ourselves from this vicious cycle so that government would begin to represent the people and be an instrument that will promote the interests of the people — and not just those of "bosses and vested private groups."

I think it is also time we stop overloading government with more tasks than it can carry out competently.

Our foremost cluster of economic reforms should focus on how to reduce government's power to decide winners and losers in business by curtailing its authority to award or withhold incentives, concessions, franchises and monopolies.

Government's proper role is to provide the framework of political stability, the rule of law, sound macroeconomic policies, a financial backbone, and the physical infrastructure within which enterprise can flourish. All the rest should be up to individual and corporate effort. In every thing we do, we should see to it that the economy is run efficiently — for the majority and not just for a few.

The other heavy drag on the economy is corruption.

We need particularly to increase public oversight of government by expanding the information made available to ordinary people and the role they play with regards to public programs.

Like many of our neighboring peoples, we Filipinos are only now beginning to realize that while democracy's trappings — elections, peoples' assemblies, media freedom, independent judiciaries — are easy enough to assemble, making them work properly for common people requires a long learning process, for which leaders and citizens themselves often have little patience.

All of the above prescriptions can be summed up in what I called the "5 D's of governance" — *devolution*, *decentralization*, *deregulation*, *democratization* (of opportunity), and *development* (of a sustainable

kind. Our immediate task, of course, is to survive the downturn. So our enterprises and corporations should take this opportunity to reduce, keep fit — to be leaner and meaner — and thus, become fully prepared to grow once again as soon as the situation improves.

The immediate effects of the new terrorism

While the new terrorism that allowed in the wake of 9/11 threatens the rich countries most directly, it has inflicted the worst collateral damage on the export-oriented developing countries. In the aftermath of September 11th, several East Asian stock exchanges — the Philippines among them — dropped to their lowest levels in ten years.

By further damaging consumer and investor confidence which were already deteriorating before 9-11, the attacks have hurt East Asia's outward-looking economies most of all.

How this unprecedented threat that *Al-Qaeda* poses to the global order is resolved depends on what we, together with the global community, do in the military, socio-cultural, economic and political spheres.

On the positive side, September 11th has generated a keener sense of the global family's shared interests and common vulnerabilities. It has also made the affluent countries realize how poverty — together with perceived injustice — can breed global instabilities. Certainly, 9-11 and its after-effects helped push the World Trade Organization (WTO) meeting in Doha to agree on a new round

of talks in order to bring down the remaining barriers to freer global trade.

By showing how easily terrorism can overleap frontiers, Osama Bin Laden and his *Al-Qaeda* network have taught governments how much their national security interests nowadays depend on extensive international consultation and cooperation. This is why much of East Asia has declared its support for the anti-terrorist coalition as manifested during the APEC Leaders' Summit in Shanghai last October. Indeed, even Russia is taking advantage of the "we-are-all-in-this-together" atmosphere to negotiate a new framework for its security relationships with the United States.

Also Taipei has moved to further integrate its economy with that of China's — by removing its ceiling on investments in the mainland. Meanwhile, the 10 ASEAN states and China have set a date — "five to ten years from now" — for their own expanded free-trade area (ASEAN +1), a welcome move which should prove equally attractive to both Japan and South Korea (a future ASEAN +1+1+ 1).

**Beyond international terrorism:
confronting the inequities of the global order**

Like many other developing countries supportive of the global coalition's cause, the Philippines has taken the position that the global community must look beyond the war on terrorism — as really being a war on poverty — and deal once and for all with the deepening inequities in the global order.

The fact is that the basic premises and operating rules that have governed the global environment for the past 150 years no longer apply. We need new approaches and paradigms for the relationships among the "haves" and the "have nots", meaning the rich and poor economies, as well as the rich and poor sectors within each country.

In my view, these include leveling the field in international trade — to open rich-country markets wider to agricultural exports from the developing countries; to reform the market system so that it begins to have a care for those whom development leaves behind; and to intensify the global effort to ease mass poverty. Poorer countries have become the breeding grounds for injustice, resentment and fanaticism, (which are therefore the likely sources of terrorism and terrorists).

Starting right now, the wealthy societies and sectors must sincerely address the many existing gaps in the international community, most serious of which are: the income gap, health gap, education gap, digital gap, productivity gap and opportunity gap. U. N. Secretary General Kofi Annan correctly commented recently that "globalization should, like a rising tide, lift all boats — not just the yachts."

While the recent W.T.O. Ministerial Meeting in Doha, Qatar should be credited for taking some positive steps, the United States and the European Union have yet to deliver on the market-access promises they made in the Uruguay round of GATT — which ended all of seven years ago when the W.T.O. was established.

Although world trade has risen faster than GDP since then, the proportionate share of poor countries' has deteriorated — partly because of continuing protectionism - actual or perceived — in the richer economies.

In many parts of the world, Islamism is a rebellion of the excluded — feeding on the frustrations of impoverished peoples living on the margins of an unattainable consumerist world.

The global coalition must do all it can to help remove poverty as a source of conflict — by ensuring the world's poorest peoples take part in humankind's quest for development. This, to me, is its concurrent and equally crucial mission in addition to uprooting international terrorism.

Nurturing our country's competitiveness

For East Asia, the shrinking of global markets due to the downturn in the U.S. and recession in Japan is being complicated by China's accession to the World Trade Organization (WTO) — since this will give it better access through lower tariffs to its export markets.

It is well-known that China's labor costs are the lowest in the region — outside of Indonesia. Already, cheap Chinese exports like garments and motorcycles are strangling domestic manufacturing in Vietnam and elsewhere.

In 1999, China's exports to the United States rose to over 24% of all East Asia's exports, up from 22% in 1997. Meanwhile, ASEAN's own share fell from 23% to 20%.

The only long-term salvation for China's competitors is to move up the high-technology ladder — ahead of China's lower-value manufacturing.

The only way East Asia's smaller economies, like ours, can protect themselves from being swamped by Chinese competition is to find — and then nurture, maintain and enhance — their niches in the global division of labor.

A country's competitiveness is based on its cost advantage — meaning its ability to deliver on time and to meet specific industry requirements — plus its ability to overcome export quotas set by trade agreements.

And the factors that add up to a country's competitiveness are always changing. In fact, the whole point of successful economic development is to forego competitiveness in low-value industries and to keep moving up the value-added ladder of products and services.

So, at any given time, a country like our own — or like Thailand or Singapore — may be losing its market position in some industry or product line — whether it be textiles or disk drives — as other cheap-labor players come into the picture.

The more critical factor is whether a country is, at the same time, gaining competitiveness in higher value-added areas.

And this is the constant question our political, economic and business leaders should be asking themselves.

Conclusion

What are we to do — as a country and as an economy?

I do believe we must quickly make a strategic shift from external to internal sources of growth — to focus once more on our huge domestic market of 79 million people.

Success will lie in Philippine products and services that are clearly different and more cost-effective from those products other countries and other industries have to offer. Success will lie in the distinctiveness of — and the value we add to — Philippine products.

Certainly, our decision-makers — both in government and in the private sector — will need to exercise leadership skills, of which I believe we have an abundance, to keep our enterprises competitive — to lead them in weathering the storm — and to move on to the rewards that await us beyond the crisis.

Obviously, we must keep up morale — and uplift our core workpeople through the hard times. And, above all else, our leaders at each level must be prepared to accept, assume and do their share of the burden of responsibility — so that the Philippines will be ready to hit maximum growth as soon as things improve.

I say to all: in our every endeavor — in everything we do — let us help enhance our country's stability and well-being, and to be **caring, sharing** and

daring towards each other, especially the poorer among us.

Let us make it part of our life's work to help lead the Philippines to its rightful place — of respect and dignity — in the community of nations.

The Philippines is losing the war — for clean water

Some 9,500 officials, scholars, scientists, environmentalists, engineers, social workers, educators, journalists and activists from 180 countries and multilateral agencies under the auspices of the World Water Council who constitute the world water community gathered at the 3rd World Water Forum (WWF3) in Kyoto-Shiga-Osaka, Japan last March 16-23 — to talk about the obvious: that water is life, and that there is no life without water. Water is so much a part of our daily lives that most Filipinos take water for granted — and therefore, waste it, pollute it, abuse it, and devalue it. Perhaps, the obvious nature of water and the lack of concern of those who have access to it is part of the continuing problem of the lack of safe, clean water for one-third of humankind.

The political visibility of water issues is bound to increase. Already there are eruptions of serious disputes within and among states over water. Already in the Iraq war, the control of potable water supplies by the U.S.-U.K. coalition is proving to

be as potent a weapon around Basra as an entire fleet of Tomahawk missiles. Population growth, widespread urbanization and industrialization are imposing intensified demands on water services and pressures on water resources. The growing imbalance between supply and demand has led to shortage and competition, and has resulted in pollution, environmental degradation, disease and hunger.

The Philippines might lose the war for clean water — if political will and action programs at both national and local levels are inadequate. According to the recent U.N. World Water Report, "the water crisis is a crisis of governance and a lack of political will to manage the resource wisely." The threat before us all is immediate and compelling. And we must do all we can — together — to meet this challenge to humankind's wisdom, foresight, ingenuity and sense of **caring, sharing and daring**.

World water reserves are drying up fast because of growing populations, environmental pollution, and global warming that the average person's water supply is likely to be reduced by one-third over the next 20 years.

This is why the United Nations has always considered water to be a critical resource for sustainable economic growth and human development. As consumption rises along with rapid population growth and changing lifestyles, the need for integration, efficiency and equity in water management becomes more pressing. It is in this context that a common vision has evolved from the three world

water summits: that absolutely no one — no man, no woman, no child, and no community — should be deprived of the simplest and most basic of all necessities: clean, potable water.

We in Southeast Asia customarily live in a water-world. The Malay heartland is the maritime world of the South China Sea and its adjacent waters. The early Filipinos traditionally located their settlements along rivers, which they used as "liquid" highways. Even then, our people knew water sources were to be safeguarded — for, as the Filipino saying goes, "the water in the rainy season, nature takes back in summer." Today, water is the foundation of our rice culture, and Filipino children in our coastal areas and island provinces often learn to swim even before they could walk. Only now are we realizing the relevance of our ancient folk-wisdom. As a national policy, we have empowered our indigenous communities to be in the lead in the protection of our watersheds.

Southeast Asia regional overview

Our region, Southeast Asia, is home to half a billion people. Its population growth and urban migration trends are causing great anxiety for nations, leaders and citizens. Large numbers of the rural poor are congregating in already crowded cities — where people think jobs and livelihood are to be found. As in other regions, it is the poor who are hardest hit by the problems of water shortage, pollution, floods and water-borne diseases.

Because Southeast Asia is primarily a rice-producing region, agriculture has the greatest claim on

rapidly-diminishing water resources. But, competition is already taking its toll on the use of reduced water resources for equally urgent purposes such as domestic and industrial uses, and for the maintenance of the ecosystem. A general lack of pollution control measures further decreases the amount of fresh water available and allows environmental damage to continue.

Since Southeast Asia is blessed with abundant rain and has one of the world's highest renewable pool of freshwater resources, the water problems besetting the region pertain more to issues of distribution and delivery to particular areas, rather than supply. Inefficient governance, moreover, further compounds the problems. Thus, for all of Southeast Asia — and equally for the Philippines — strong leadership, political will and stakeholders' resolve at national and local levels are the essential factors needed to actualize reforms in the critical areas of water quality deterioration, decrease in water availability, and conflicts among users.

Choices have to be made between alternative uses, competing interests and, sometimes, even between what is efficient and what is less burdensome to the people. Many leaders tend to give in to populist temptations — pseudo-leaders who always have their eyes focused on the next elections and who therefore allow artificially low water prices to prevail. Such leaders do their constituencies great disservice.

The Philippine experience

Our own experience in the Philippines will confirm that even poor people are willing to pay hard-earned money for clean, potable water.

During the period 1992 to 1998, our Government invested a great deal of time, effort and funds in water conservation, management and utilization. One such project — the newly-completed San Roque Multipurpose Dam located in the provinces of Pangasinan and Benguet — is the largest of its kind in Southeast Asia. Started in 1996 to harness the waters of the great Agno River, San Roque Dam, with a height of 193 meters from the riverbed, will control flooding that annually inundates 125,000 hectares of densely-populated communities, irrigate some 87,000 hectares of farmland over a large portion of Tarlac and Pangasinan, and generate 345 megawatts of electric power.

At every stage of the San Roque Project, every care was taken to ensure the welfare of the indigenous communities who lived in several small upland villages within or close to the reservoir site. In this undertaking, and in its support systems, the Philippines was greatly helped by Official Development Assistance (ODA) and concessional loans from Japan.

Two other equally important water conservation projects have been completed on our main island of Luzon: the Angat-Umiray River and Pantabangan-Casecnan River Systems. In Mindanao, two major water projects are 90% finished: the Malmar Irrigation and Kabulnan Irrigation networks. All

these five major projects, started during my Presidency, were propelled by teamwork, tenacity and a common vision. Angat-Umiray and Pantabangan-Casecnan were done through an innovative engineering solution — the boring of 17-kilometers and 26-kilometers of underground tunnels, respectively, under the Sierra Madre mountains to connect rivers to existing but usually half-empty dams.

Water no longer a free social good

The mistaken notion that water should be a free social good does not promote its conservation or even its most beneficial use. Clean water must be paid for. Economic measures to insure equitable pricing include application of the "USERS PAY" principle based on consumption and the "POLLUTERS PAY" principle imposed to reduce the pollution of water sources. Government revenues from raw water charges, effluent taxes, and sewerage fees must be earmarked for water resources management-related activities. These must also be applied to support cross-subsidies in favor of the poor, as well as to strengthen environmental protection. In the proposed "Clean Water Act" already long-pending in Congress, it is important to allow a market-based approach to facilitate appropriate payments by gainers to compensate losers — particularly the poor and the environment — from water reallocation.

The complex nature of water resource management clearly requires a better integrated, a more holistic approach in dealing with the interrelated issues of water supply planning and operation, demand

management, pollution control, and watershed and groundwater protection. Rain-harvesting in both urban and rural areas must now become a mandated public policy, as well as a voluntary, nationwide, community-based, bayanihan system to insure long-term water supply. Like solid waste management, water conservation ideally begins in the home, in the workplace, and in the community.

Protecting the water environment

Obviously, the environment must be protected and natural resources conserved. The productivity of our agricultural forests and aquatic assets must be maintained together with the assimilative capacity and quality of air, water and land resources. Promoting community-based and community-operated water systems, where appropriate, makes for sound policy. The makers of policy should not neglect tapping the store of traditional experience on conserving water resources accumulated by indigenous communities, as our Ifugao hill-tribes have effectively practised for centuries. The preservation and restoration of culture and tradition — and the promotion of gender equity in all stages of water development — must be part of our shared commitment. Environment-friendly technologies must be identified and adopted; economic incentives must be given for the manufacture — as well as the use — of pollution-control systems. The establishment of waste-water treatment facilities must be accorded top priority — for the minimization of waste generation, and the constant recycling and re-use of waste water.

Environmental protection and water-related laws and implementing rules and standards must be enforced strictly. This can be achieved only through a comprehensive and consistent public information and education campaign on water and watershed issues and responsibilities.

Lessons from the 3rd World Water Forum (WWF3)

From the WWF2 in The Netherlands three years ago to WWF3 in Japan in March 2003, the world water community — governments, international agencies, NGOs, experts and stakeholders — has moved from **vision to action**. In the interim period, some 3,000 meritorious water actions have been taken in various parts of the world to fulfill the common vision of **sustainable water for future generations**. These actions can be classified into three general categories: (a) water conservation, management, and utilization; (b) water in poverty alleviation; and, (c) water services financing and training.

Many WWF3 participants expressed interest in the management of Laguna de Bay which is the second largest fresh-water body in Southeast Asia, and the progress of water privatization in Metro Manila. On the other hand, oppositors to the San Roque Dam Project, such as the Cordillera People's Alliance (CPA), expressed their fears of the deprivation of the indigenous sector's welfare. To allay their fears, I dialogued with their representatives in Kyoto during the WWF3 and encouraged them to participate in continued networking among the Cordillera stakeholders, concerned NGOs and on-site authorities.

Water use should be sustainable — with incentives, regulatory controls, and public education to promote economic efficiency, conservation, and environmental protection — all within a transparent policy framework.

Already, water more than oil, is the single most important commodity of this new millennium. Water will be as basic to economic development in the 21st century, as oil was for most of the late 20th century. Water will define our collective prospects for environmental sustainability over countless generations still to come. Water is the vital thread that binds and brightens our hopes for a higher quality of life for all of humankind.

The continued enhancement of the water-connected Kyoto-Shiga-Osaka area as a total ecosystem has contributed significantly to the progress of Japan's Kansai region for the past 1000 years. With the completion of the San Roque Dam itself, urgent attention and funding support need to be given its irrigation components, flood control, quality water delivery, environmental protection, fisheries, eco-tourism and basin development which should now be integrated under one flagship agency known as the Agno River Basin Development Commission. Several water-abundant geographical clusters, likewise, merit a flagship approach and treatment such as, among others, the Rio Grande de Mindanao-Liguasan Marsh-Yllana Bay and the Bicol River Systems.

Summing up

The Philippine water situation for the current period and the long-term must be enhanced by

prioritized legislative-executive programs and actions to:

1. Expand the existing National Water Resources Board in its mandate, functions, and organization into a National Water Commission/Authority in order to integrate visioning, policy-formulation, planning, programming, funding, devolving, clustering, managing — implementing and regulating the utilization of water (both fresh- and sea-water), which is both a social and economic good — as a tool for nation-building and sustainable development.
2. Legislate without delay a Clean Water Act as already initiated in the 11th Congress but which has been unduly delayed for lack of political will.
3. Undertake the integrated protection, management and utilization of such eco-systems as Laguna Lake-Pasig River-Manila Bay; Rio Grande-Liguasan Marsh-Yllana Bay; the Bicol River System, etc.
4. Intensify official and "Track-II" lobby efforts with Japan (to include concurrent dialogues with opposition groups like the CPA) for the timely commitment and programming of ODA/loan funds needed to complete the upstream and downstream Agno River projects — after having showed the example in our region and in the world of a socially acceptable, engineering-efficient and economically-viable project like the SRMP.

Water is life. Water is our responsibility. What we do with our water resources — whether good or bad — will define our legacy to those who will come after us. In this immense task that faces us, all sectors — governments, private business, civil society, local communities — must team up together to ensure the sustainable availability of clean water. Only by doing so can we guarantee a bountiful and healthy future for our children, grandchildren and all our descendants to enjoy.

Totally committed: The Clean and Green Foundation

I represent the **Clean and Green Foundation** which was started in 1992 by a small group of individuals who simply wanted to help our environment, by being an active private sector partner in the various environmental programs and projects of the government.

Our first project was to convert an unused parking lot at the Luneta to what is now known as **The Orchidarium and Butterfly Pavilion**. This is a favorite place to visit by school children and to hold wedding receptions.

The second project was the **Piso Para sa Pasig** — a fund-raising campaign to promote people's awareness of the polluted Pasig river. Connected with this project was the beautification and lighting of the various bridges which cross the Pasig river.

We became athletic event organizers with our **Pasig River Marathon**.

*Remarks of Mrs. Amelita M. Ramos
Chairperson, Clean and Green Foundation
Launch of the National Eco-Labeling Program,
Makati City, March 10, 2003*

Since the Pasig River has not been revived yet, Metro Manila and other parts of the country's environment have not yet recovered, and Mother Nature still needs our help — the Clean and Green Foundation will still help wherever it is needed.

We are very grateful again to the government for entrusting this very important project — **Eco-Labeling** — to the Clean and Green Foundation.

Let me assure everybody that the Clean and Green Foundation commits everything — all its resources, both human and material, to make the **National Eco-Labeling Program** a success. We not only aim to make Green Choice-Philippines a household name but a program with considerable impact on the industry, the consumers, and the environment. We are putting our reputation on the line, **Green Choice-Philippines** will add more "Green" to the Foundation called **Clean and Green**.

A maritime strategy for the Philippines

For more than a century, the navy has served our people well, in war as in peace, and for this it deserves our deepest thanks and highest commendations. For an archipelago such as ours, whose economic, political, and cultural life is bounded in more than one way by the sea, the importance of an adequate, reliable and dedicated naval service and Maritime industry cannot be overemphasized.

Few people realize that we have had a Navy for as long as we have had a Republic in this country. The creation of the Philippine Navy came with the June 23, 1898 Proclamation of General Emilio Aguinaldo of a revolutionary government. Among the patriots who supported this government were members of the local elite who gave of themselves and their resources to promote the Philippine revolution.

Typical of these nationalistic businessmen were Leon Apacible and Manuel Lopez of Batangas province. They donated their ships — the *Taaleno*, *Balayan*, *Taal*, *Bulusan*, and *Purissima Concepcion*

*Extracts of a Lecture at the Naval Education and Training Command (NETC), San Narciso, Zambales
September 9, 2002
(Published in the Maritime Journal, September 2004)*

— to the cause of the revolution. These five ships, along with others captured from the Spaniards, formed the nucleus of the Philippine Navy of the First Philippine Republic.

One hundred years have passed since then. But I cannot help but draw some parallelisms between the conditions that surrounded the birth of the Aguinaldo government and those that we, at this time of our nation's history, also have to contend with.

For, like the Filipinos of Aguinaldo's time, we face a new century of new challenges and higher aspirations. But unlike Aguinaldo, we stand on the threshold of enduring peace and prosperity — a real and historic opportunity to give substance to the freedom that our revolutionary heroes bequeathed to us so precious.

If we fail now, we not only fail ourselves, but the past and the future as well. We are at a crucial juncture of our history.

We may not have — we may not even need — a world-class navy; but there is no reason why we cannot have world-class Sailors and Marines, and a world-class Merchant Marine sector.

A full decade after the United States' basing agreement at Clark Airforce Base and Subic Naval Base was terminated in 1992, elements of the American military have returned symbolically to the Philippines — under the framework of the Visiting Forces Agreement (V.F.A.) and the Balikatan joint exercises.

The return of the Americans may have irritated the tiny but vocal left-wing militants and of mid-

die-class nationalists sensitive about America's renewed presence in its former colony.

The restoration of security cooperation gave us an opportunity to jump-start the modernization of our armed forces, which has been hamstrung by government's persistent budget scarcities. Opinion surveys also reflect widespread popular approval of American help in dealing with the Abu Sayyaf. Already we have seen how effective American information, communications, and command technologies could be — even for guerrilla-type operations and exercises.

Priority modernization of our maritime forces

I do not think there are any disagreements among our policy-makers about where military modernization should be prioritized.

As your President (1992-1998) and before that as your Secretary of National Defense (1988-1991), I had consistently given priority to the Navy, the Coast Guard, and the Air Force — as the forward defenders of our national territory and of our Maritime Exclusive Economic Zone under the United Nations Convention on the Law of the Sea (UNCLOS).

The South China Sea — which the Association of Southeast Asian Nations (ASEAN) states together regard as their Maritime heartland — is likely to remain an area of competing territorial claims in the immediate future — both for its strategic importance and for its marine and hydrocarbon resources.

Not only will we need to secure ourselves against potential conflicts in the South China Sea. We will

also need to safeguard our borders more tightly against cross-border criminals, smugglers, drug-lords, pirates, and illegal migrants. And even beyond these foreseeable problems, we need to build on our country's strategic location in the heart of East Asia.

In an archipelagic nation like our own, there is a very close identity of interest between the armed forces and the maritime industry. Fortunately, this Naval Education and Training Command and the Philippine Merchant Marine Academy (PMMA) are next-door neighbors in this premier province of Zambales.

The Philippines can become a true maritime power — not only as a trans-shipment center, but also as the regional center for shipbuilding and repair, manning, and other enterprises that come naturally to archipelagic and maritime nations. We should be familiar with our sea-faring history, which dates back almost a thousand years — when our forefathers traded — and raided — as far West as Malacca and the Coast of Bengal — and as far to the East as the Islands of the South Pacific.

Our distinct record in maritime matters

For fully 250 years from 1565 until 1815, the Manila Galleons sailed between our Capital City and Acapulco, Mexico 10,000 kilometers across the Pacific Ocean in the world's first sustained long-distance trade. Those sailing ships took six months on the average from Acapulco to Manila and nine months to return.

The galleon trade between Mexico and the Philippines thru Acapulco was perhaps one of the most

audacious moves in world trade in the 15th and 16th centuries which were known as the age of exploration. We who now crisscross the Pacific in aircraft in less than a day can hardly imagine the perils undergone and the sacrifices endured to cross the world's largest ocean, which was then largely uncharted and unknown. That this was done consistently and regularly over two-and-a-half centuries by intrepid Spanish, Mexican and Filipino sailors makes this all the more awesome. It certainly resulted in much material, technological and intellectual exchange.

Indeed, this was a precursor of the Asia-Pacific Economic Cooperation (APEC) forum. As what APEC does today, the galleon trade of earlier times linked two vast continents — Asia and the Americas — in an economic and trading network that even reached out as well to Europe.

And we must always remember with pride the accomplishments of those courageous traders and seafarers, who pioneered the Manila-Acapulco galleon trade.

A Maritime strategy for our country

Even now, the maritime skills of our workpeople are renowned throughout the world. Filipino seamen make up the largest maritime workforce by nationality in the seven seas.

The Philippines to become a maritime power is not an impossible dream. To achieve it we must:

1. set up better incentives for the ship-building and ship-repair industry;

2. embark on a program to expand our iron-mining and steel-production and processing industries;
3. fast-track a tax incentive program more liberal than those of neighboring maritime countries, to attract joint ventures and investments in maritime infrastructure; and,
4. incorporate Philippine ports and privatize, as well as decartelize, port operations.

This vision of the Philippines as a maritime power is something our military-naval and private maritime industry leadership can set out to realize together. This is the higher joint mission of both the NETC and the PMMA.

Moving on: Fast forward to 2010

As our nation veers away from partisan politics which has dominated the scene with increasing intensity over the last several months, we should now put divisive intramurals behind us, train our sights on the future, and do what needs to be done — and do it well.

As I see it, the four basic tasks to which the newly elected Administration under President Arroyo's leadership should give top priority are to: **consolidate, continue, compete** and **clean up**. These undertakings should already have been launched on Day One, 30 June 2004, and pursued concurrently and coordinatively until completed.

CONSOLIDATE (the Philippine National Team)

Having won the people's mandate after a hard-fought contest among five worthy contenders, the President has to embark again on a second campaign, this time to reach out, to bind, to heal, to reconcile and to unite all sectors and constituencies in order to consolidate the Philippine national team. To her credit, President Arroyo started doing

this immediately after the canvassing of votes was finished a few days ago and even before the dust stirred by the elections had settled down. She appears to be moving in the right direction as she underscored in Cebu City the need for unity by affirming that: "We will combine the rule of law and the reconciliation process to consolidate our nation and prepare to meet the tough times ahead."

Given the controversies, charges and counter-charges that marred what was generally perceived to be honest, orderly and peaceful elections, this initial step could be the most difficult among President Arroyo's undertakings. There are, however, existing institutions and mechanisms that could be put to effective use to mitigate anger, repair torn relationships, restore goodwill and foster teamwork for the urgent purpose of fighting poverty, correcting injustice and insuring sustainable development — i. e. promoting the common good. For instance, there is the Legislative Executive Development Advisory Council (LEDAC) established in December 1992 (RA 7640) as a consultative body — combining majority, minority and non-political sectors for policy formulation. In her time, President Arroyo seldom availed of the LEDAC (in the case of former President Estrada, almost never). Yet, the LEDAC in 1992-1998 served to promote confidence-and-consensus-building among our leaders, regardless of their political persuasions.

The new Administration, in tandem with 13th Congress, will need the fullest measure of public support for its Philippine Medium Term Development Plan for 2004-2010. The President's SONA on 26 July 2004 should not be a "mere wish-list" but a call to duty on the public and

private sectors for the total mobilization of the nation's human, natural and moral resources.

CONTINUE (the reforms)

Continuity of reforms, predictability of policies and transparency of actions are key factors in decision-making on the part of business people and foreign investors. A new Administration need not reinvent the wheel during its term. As in putting up an enduring edifice to comfortably accommodate its 83 million members, the entire Filipino community should build on the gains of the past, adding new value through fresh initiatives, innovations and opportunities. We need a "second wave" of reforms, to follow through on those carried out by the Aquino and Ramos governments between 1986 and 1998. Only by effective deregulation, privatization and credit-access can the Filipino's innate enterprising spirit assert itself, and our workpeople's vigor, adaptability and creativity harnessed in the creation of wealth. The incoming 13th Congress must now prioritize the remainder of the reform agenda — such as the amendments to the EPIRA Law to remove its monopoly-prone characteristics — instead of emulating the 12th Congress, which concentrated on probes and investigations ("in aid of election" instead of "legislation," as some wags have pointed out), with little time left for its primary law-making functions.

Our country's prospects continue to confound both the optimists and the pessimists, with the former asking whether the glass of the Filipino is half-full and the latter, whether it is half empty.

Over these past ten years, in spite of boom-to-bust-back-to-boom cycles, we have really been able to change the economy qualitatively. After several decades during which exports as a proportion of the gross domestic product had barely risen above 15%, they now yield over 45% of GDP. The basic indicators suggest that the macro-economy has picked up since end-2003, with agriculture as the main driver of growth. And although export demand from the United States and Japan — our largest markets — has slowed down, investments have been steadily rising — with much of that going into electronics, automotives, mining, food products, information technology services, and garments.

But the pessimists are also out in force. Citing concerns over rising government debt, low tax revenues, and political uncertainties, Fitch Ratings twelve months ago downgraded the Philippine government's foreign-debt credit rating. Interest payments on public debt now eat up a third of all state revenues — up from less than a fifth in 1998. *The Fitch Ratings* followed a similar downgrade from Standard & Poor's. Meanwhile, the Asian Development Bank (ADB) has pronounced our country's investment climate as one of the worst in all of East Asia.

COMPETE (to win)

Being part of the world's fastest growing region, the Asia-Pacific, Philippine competitiveness has become an imperative for national survival. Raising our country's competitiveness must be placed at the top of the agenda. Government must do all it can to reduce the costs of doing business — by reducing factor costs; decreasing tariffs on essen-

tial inputs; encouraging the clustering of industries — particularly of SMEs — and providing easier credit access to the poor (as already mandated under RA 8425 or the 1997 Social Reform and Poverty Alleviation law). Many Philippine companies are now mature enough to begin competing on the basis of product development. Product design, value added — product differentiation — product quality — market niches — must now be the higher ambitions of Philippine industry for the future.

Unfortunately, over these past five years, we have been falling in world competitiveness. The yearly World Competitiveness Report of Switzerland's International Institute of Management Development (I.M.D.) suggests where we have gone wrong. Its rankings of 49 developed and developing countries track our country's declining competitiveness in global markets. Six years ago, the Philippines ranked 31st, three years ago, it ranked 37th, two years ago, it ranked 40th, and it was 40th again last year.

Our competitive weakness lies in the prevalence of tax evasion (45th), our poor infrastructure (47th), and the level of corruption in government, where we ranked second from the bottom — at 48th. Another aspect of our competitive weaknesses is the state's lack of support for primary education and the high cost of doing business because of bureaucratic red tape and a flawed justice system.

On the homefront, of all the economic problems President Arroyo faces, the budget deficit could be the toughest. It is not that government spending has exploded. The budget crisis has been set off primarily by a drastic fall in in the Philippine state's tax effort, from a high of 19% in 1997, ap-

proaching the ASEAN average that year, down to 13% last year. Meanwhile, the *Department of Budget and Management* (DBM) has recommended even more severe budget cuts. Yet, public expenditures can no longer be curtailed without affecting the delivery of crucial services — such as public safety, basic education, and public health.

The fiscal gap for 2003 reached over P130 billion, and even with best efforts, the gap between public revenues and expenditures cannot really be closed before 2006.

Government must also deal urgently with foreign investors' concerns about public safety in our work places and homes; labor unrest; and infrastructure bottlenecks. As for local peace-and-order problems, I believe part of the answer lies in requiring greater accountability and responsibility on the part of local governments while, at the same time, allowing them greater supervision and operational control of police forces within their jurisdictions. The other essential factor is the appointment of the finest officers to lead the Armed Forces and the National Police, as well as our investigative, intelligence and security bodies. No Chief Executive or Commander-in-Chief should allow partisan political considerations to intervene in the making of these choices within the AFP and the PNP.

CLEAN UP (the messy things)

This means both the cleaning-up of the environment (including garbage) and the cleaning up of the messy and undesirable practices that have eroded the people's faith in government. This means the restoration of ethical conduct in public service and corporate practice.

Corruption, red tape, tax evasion, electoral fraud and the lax enforcement of laws are corrosive disincentives to investors that our country's strategic location (in the middle of the South China Sea and the Pacific Ocean) and our high-quality workers are hard-put to offset. Our basic goal should be to make both government and markets work more efficiently. And if we are to "re-connect" ordinary people to the political system, we must reform it.

A clear national consensus for amending the 1987 Constitution has now formed. The amendments I most want to see are those that would transform our Presidential form of government to a unicameral parliamentary system, initially under a unitary framework, and then, eventually, under a Federal configuration when the problems of separatism, insurgency and military adventurism shall have been overcome.

I would also encourage and support Constitutional reforms that would ensure the sharing of political power among a broader base of leaders and stakeholders. The evils of "dynastism" and "turncoatism" should be frontally addressed in the amended Constitution. With both chambers of Congress unable or unwilling, since 1987, to define in the law these unwanted practices which must be corrected without further delay, it is necessary to articulate the definitions, and incorporate the prohibitions and the penalties for non-compliance in the language of the Constitution itself. On the other hand, I have great hopes for our local governments as laboratories for political innovation — for developing more efficient, more accountable, and more decentralized forms of government. LGUs should therefore be given greater

autonomy under a process of further devolution, decentralization, deregulation, democratization (of opportunity) and development (of a sustainable kind) — i.e., our 5 D's of good governance.

What I regard as the root cause of many of our problems is the intimate link, call it the unholy alliance, between business and politics in this country. Throughout our history, wealthy, powerful and politically entrenched families have been able to use public authority for their private benefit. This durable oligarchy has used the powers of the State to create opportunities for themselves to make money and more and more money — without having to create economic value for the common good.

It is time we put an end to this perverse symbiosis — which at bottom is responsible for our endemic problems of greedy rent-seeking, crony capitalism and patronage politics. One oft-repeated way of changing all this — which bears repeating here — is to continue levelling the playing fields of economic competition and political participation.

Above all, the new or continuing leaders must never lose sight of the vision of a safer, more secure and more progressive Philippines, at peace with itself and with the world, and restored to its rightful place of respect and dignity in the community of nations — a position which it once occupied. And ordinary citizens, as concerned Filipinos, must all help push our beloved Philippines fast forward to a better future.

VI.
Anecdotes

FVR still witty and humorous

by Ben Cal

PNA, Manila, March 6, 2003 - Five years after he stepped down from the presidency, former President Fidel V. Ramos has not lost his sense of humor and his knack for telling witty jokes, as his way of dealing with the deluge of political speculations and intrigues coming his way.

He consistently denies that he wants another crack at the presidency yet, his body language keeps political observers and the media guessing.

Yes, FVR confirms he exercises regularly as he has been doing for more than half a century to keep trim and fit (jogging, golf, swimming and stretching). FVR is a health buff.

FVR who turns 75 on March 18, 2003, showed his wisdom once more in parrying questions, including those concerning his political plans, when he was the guest of honor and speaker during the 30th anniversary celebration of the Philippine News Agency last March 1.

Senior Reporter, Philippine News Agency (PNA)

March 2003

The former president could not be pinned down no matter how difficult the questions were. He always managed to wiggle out of harm's way, a sure mark of his being an astute politician and an elder statesman.

When asked by PNA reporter Jane Baylon to confirm if he plans to run again for president in next year's elections (2004), Ramos replied, "I cannot hear you, please repeat the question."

Baylon rephrased her query, "Mr. President, please confirm or deny if you are running in 2004."

Ramos asked: "Where's the cameraman?", obviously trying to avoid the controversial issue.

But when pressed, he said: "The answer to the question is simple. I'm running everyday," smiling. He added, "I'm not running in 2004 regardless of who endorses me. I'm committed not to run. I'll support (President) Gloria Arroyo but since she has withdrawn, I'll support the standard bearer as determined by a national caucus, by secret vote, of the Lakas coalition. "

"That is the way we will do it," he said, referring to the selection of the Administration's presidential candidate for next year.

"So, I'm not running in 2004, but what's wrong with running in 2010? I don't know about you, but I'll still be around at that time," Ramos explained, causing the audience to clap and stomp with glee.

He then gave a litany of advices to would-be presidential candidates... especially for them not to be confrontational with the media. "You don't have

to react right away (when asked on difficult issues), " he stressed. 'When a reporter persists, you just answer: *"Abangan na lang, pare ko,* (Just wait for developments, my friend), and at the same time pat him on the back," Ramos confided.

He said he knows how the media works because, "I used to be a reporter myself (when he was a kid under the tutelage of his father, the late Foreign Affairs Secretary Narciso Ramos, who started his career as a cub reporter for a Manila newspaper, and then published a provincial newspaper).

Then FVR related his experience in Singapore last month when he was invited to play golf in a Caltex fund-raising tournament.

He recalled:

"Being a golf event, I was interviewed by a group of sportswriters including one from the Singapore Straits Times," he said.

The first question was: "How is your golf?"

"Better than the others, " I snapped back.

"Follow-up question, sir, how is the Philippine economy?"

I repeated: "Better than the others!"

When asked: "How is President Arroyo?"

"Ah, better than all the others!" I said, giving the well-known thumbs-up sign.

"Mr. Ramos, what is your handicap? "(referring to my golf ability).

"I stood at attention and I looked at everybody straight in the eye, and said, without batting an eyelash. Ladies and Gentlemen, my handicap is the Philippine Constitution. "

The Singaporean scribes was apparently more flabbergasted than enlightened, not being able to comprehend the "political" answer.

FVR then revealed that the following day the Straits Times carried a photo-caption story with the title: "Ramos, golfer, politician and stand-up comic. "

"The comic role is that I can dish out one-liners standing up just like Bob Hope. . . but they did not understand my reference to my handicap," Ramos said, beaming from ear to ear.

The following afternoon, the Straits Times sent a political reporter to interview FVR for further clarification. He then explained that under the present Philippine Constitution the president serves a fixed term of six years with no re-election.

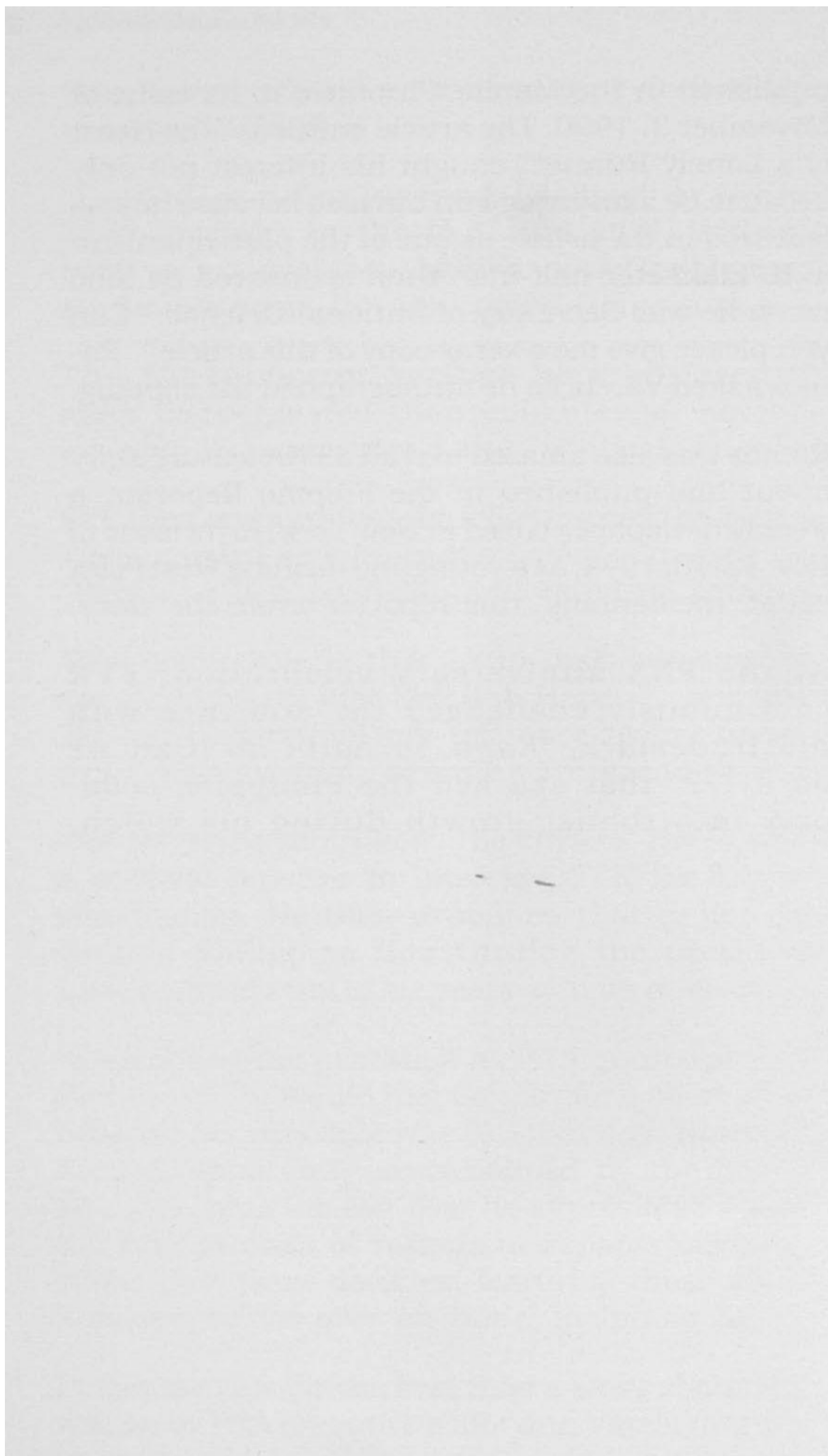
In accepting the invitation as PNA guest speaker, Ramos said he would just drop by for a short while because his schedule was full that day. However, Ramos, apparently overwhelmed by the hearty welcome, plus the fact that he appreciated seeing the PNA exhibits of various newspaper clippings of the past three decades, featuring those about him, stayed for over an hour, including lunch.

In fact, he saw for the first time a story about him written by PNA executive editor Jun Varela that was

published in the Manila Chronicle in its issue of November 3, 1990. The article entitled, "The Heart is a Lonely Runner" caught his interest not only because he likes to jog-run but also because he was featured in the article as one of the participants in a 20-kilometer half-marathon sponsored by Milo when he was Secretary of National Defense. "Can you please give me a xerox copy of this article?" Ramos asked Varela as he autographed the clipping.

Ramos was also amazed to read a PNA feature story about him published in the Filipino Reporter, a weekly newspaper based in New York, in its issue of Nov. 12-18, 1993, as a young and dashing West Point cadet. Incidentally, this reporter wrote the story.

At the PNA anniversary celebration, FVR continuously challenged the audience with his trademark "*Kaya ba natin ito* (Can we do it)???" that sparked the Philippine economy into robust growth during his watch.



Remembering and celebrating PFVR

Corazon Alma de Leon

My stories must told and retold as I remember and celebrate PFVR.

I remember bringing home a couple of "Argyle socks" as "pasalubong" to PFVR after a trip from London. At the wedding we attended of DECS Secretary Armand Fabella's son or daughter — I can't recall — PFVR while walking down the aisle as principal sponsor, stopped when he saw me and pointed to the socks he was wearing. They were the Argyle socks! I gave him my ear-to-ear grin as I celebrated his gift of remembering.

During one People's Day in 1993 in Malacahang, PFVR called for me as he was attending to a group of Aetas who were victims of the Mt. Pinatubo eruption. He said "Cora, you will be the Chairperson of the Mt. Pinatubo Commission which I have formed to rehabilitate the calamity areas damaged by the eruption of Mt. Pinatubo. You take care of the problems of the Aetas. *Pati pub-*

*Former Secretary, Department of Social and Welfare and Development; Former Chairperson, Civil Service Commission, the Career Executive Service Board, and Former Chairperson, Mount Pinatubo Commission
September 2004*

he works *doon sa iyo na*". ("Including the public works projects — they are your responsibility"). Imagine, in front of the clients, I was being tasked to serve! Speak of management by results. Indeed, a President who cares to dare his Cabinet.

Another story came from Ombudsman Aniano Disierto who candidly related it to the Fiscal Autonomy Group of all Heads of the Constitutional Commissions. Apparently, he asked PFVR why Cora de Leon was appointed as Chair of the Civil Service Commission when she is not a lawyer. PFVR's answer: "Kahit hindi abogado yun, mas magaling pa nga sa iyo si Cora" ("Even if she is not a lawyer, Cora is better than you"). Ani Disierto had no qualms about telling the story with his cryptic quote: "Bilib talaga sa iyo si FVR" ("FVR really believes in you, Cora").

At another time in early 1998, I received a phone call from PFVR at the Civil Service Commission. My staff were all excited to learn that the President was on the phone. PFVR just wanted to thank me for respecting his choice of the Commissioner to fill up a vacancy. Indeed, a thanking President!

Now, is it a wonder why I remember and celebrate PFVR? My Ode to FVR I wrote and dedicated to him while in Geneva in 1999 is proof of this:

ODE TO FVR

*I claim that I was one of those who voted
for you*

*I claim that in my book you'll go down in
his story as the greatest President our*

country has ever produced
I claim that as Chief of Staff of the Armed
Forces of the Philippines
You operated amidst constraints of trust
and confidence
As PC Chief you relentlessly pursued peace
in the hinterlands
I claim that as Secretary of National
Defense
Your achievements are unparalleled
Particularly in your capacity and role as
Chairman of the National Disaster
Coordinating Council.
I claim that when you sought the
Presidency,
People doubted your capacity to win
Much more your capacity
to carry our nation to greater heights.
I claim you learned your lessons
from deposed President Marcos
In the same way you learned
from former President Aquino.
I claim that you brought to the presidency
your fidelity to the Constitution.
You brought your vim, vigor and vitality
equal to none.
You crafted the reform process
which was truly empowering.
I claim that in my three years' stint
as member of your Cabinet
Never I did doubt your caring concern
for our country above self
Never did I question the rationale
of your trips abroad.
They are important to carry our flag in the
community of nations.

I claim that in my two years' stint as Chairman of the Mt. Pinatubo Commission, you supported me, walked my path gave me your honest cheer, As I faced challenges of political and technical issues surrounding the implementation of lahar projects.

I claim that when you acceded to my request to be the next Chair of the Civil Service Commission in 1995

I knew you understood the import of my request.

I wanted to prepare the bureaucracy to face the 21st Century.

I entered into a covenant with you to continue to professionalize to humanize and energize the bureaucracy.

I claim that as member of the International Civil Service Commission,

I stand proud as your cabinet appointee to the post of Department of Social Welfare and Development Secretary as well as Chair of the Civil Service

Commission_____a Constitutional Commission Both confirmed by the Commission of Appointments.

A mix of work and piety

by Concepcion Paez

He might have a penchant of numerology, but the late strongman Ferdinand Marcos was a picture of religiosity when it came to the Christian tradition of Lent.

He imposed the observance of Holy Week on his officials, which reportedly drove some of them, quite simply, nuts. Cabinet officials were required to attend a Holy Week retreat in Baguio City, where they were expected to observe a vow of silence, fast, go to bed early, and wake up at the crack of dawn for prayers. Ilocos Norte Rep. Imee Marcos, his eldest daughter, recalled with fondness and amusement what it was like to observe Holy Week in two vastly different ways — one under her father, and the other under her gregarious mother.

She said she and her siblings were exempted from observing Holy Week Marcos-style, as they would only provide distraction. The Lenten retreat, conducted at a monastery by Jesuit priests, was "very austere," and for Cabinet officials, the two-week stay in Baguio was a virtual reenactment of the suffering of Christ.

At the retreat, one could not eat, drink, and be merry the epicurean way. One could eat only soup and rice, drink water, and be morose and reflective.

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Imee recalled with a laugh that the Cabinet ministers had to wake up before dawn for prayers, keep silent, observe a no-smoking-no-drinking rule, and sleep early, a far cry from their regular lifestyle.

Around that time, the Marcos children would be with First Lady Imelda Marcos at the presidential Mansion House, having their own version of Holy Week: a grand vacation with friends and with food aplenty. Knowing that Mrs. Marcos had good food waiting for them, some Cabinet officials would escape from the monastery and flee to the mansion.

Imee said it was hard not to be lured by her mother's way of observing Holy Week, for she would entertain guests with "10,000 pianists" (a hyperbole, without doubt) and a 24-hour buffet.

It was hardly surprising that Marcos later decided to move the Holy Week retreat to the BRP *Ang Pangulo*, the presidential yacht, apparently to keep his Cabinet officials captive and less vulnerable to thoughts of escaping.

Ironically, when she became president, Corazon Aquino, a devout Catholic, did not impose a Holy Week retreat on her officials. She herself observed the holy days the way she had always done before entering politics—in meditation and prayer.

Workaholics

Two presidents, managed to observe the holy season while attending to the demands of the job: Fidel Ramos and Gloria Macapagal Arroyo, both known workaholics and perfectionists.

During his incumbency, Ramos's standard answer when asked about his Holy Week plans was: "To pray as I perform and to perform as I pray.... I'll be around working".

He spent Holy Week in Baguio City with his family. But he took along paperwork and went through it, resting only on Good Friday.

A Malacanang employee who had worked for Ramos said that, even during Holy Week, Ramos would call local officials to the Mansion House for an update on projects and to give specific instructions. He would spend much time poring over documents, in much the same way he would at his workroom in Malacahang.

On one occasion, he even launched a road project in Benguet province to make the most of his stay in the North. He capped Holy Week by attending Easter Sunday services at the United Church of Christ in the Philippines or services organized by the National Council of Churches of the Philippines at the Luneta.

A former aide said Ramos also timed his yearly medical checkup for the Lenten Season.

Almost like Ramos, President Arroyo works, prays, reflects and yet finds time to play during Holy Week. In between receiving various officials during her Holy Week stay at the Mansion, she would meditate or hit the greens in Camp John Hay.

She usually observes the Holy Week traditions, like the *Bisita Iglesia* and the meditating on Jesus

Christ's Seven Last Words. In a recent interview, she said she had the same Holy Week itinerary this year.

How was it in the time of Joseph Estrada?

His first Holy Week as president, Estrada had said, was a time for "isolation", away from his barkada (buddies), so that he could reflect on national concerns. It must have been quite a sacrifice for one who seemed to live for his friends.

Asked in 1999 what he would do during Holy Week, he said he would "pray, meditate, isolate myself," and seek divine intervention so that his detractors would see the light and support him.

In his last Holy Week as Chief Executive, Estrada had the same prayer, and more: he prayed for faith to move mountains and foster national unity. At the time, there were already efforts to dislodge him from power.

On Black Saturday 2000, Estrada held a Lenten recollection in Tagaytay City for his entire Cabinet. But it was not enough to save him from being crucified by his detractors, several months later.

Once upon a fairway

by Isaias F. Begonia

Before he assumed the presidency, former President Fidel V. Ramos was just plain General Eddie Ramos to his peers and fondly referred to as "**Tabako**" by his subordinates like me. I served under him when I was the Provincial Commander and Superintendent of the La Union PC/INP Command from 1982 to 1986 and he was the Chief of the erstwhile Philippine Constabulary/ Integrated National Police (PC/INP).

General Ramos is a stickler for family tradition. I still remember how he and Mrs. Ming Ramos religiously came to Baguio on December 29 every year to celebrate Mrs. Ramos' birthday and to have a once-a-year family reunion. They observed this tradition in 1985, even as we embarked on a new but turbulent year of 1986. As usual, golf was part of his agenda and I was lucky to be paired with him in a golf game at Camp John Hay that day.

While walking along the fairway, I took the chance to brief him on the operations of my command, including some administrative details that I thought

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June 2003*

he should know. Without my asking him, he said that AFP Chief of Staff General Fabian Ver earlier told him to send a recommendation for my temporary promotion to the rank of Colonel. When General FVR endorsed my promotion papers, General Ver sat on them. The former was, thus, surprised by the sudden change of heart of General Ver. I never got the temporary promotion.

I had an inkling then that I was out of favor with General Ver, because every time I wanted to talk to him, he tried to avoid me. I told this to General Ramos and informed him about my theory why I got General Ver's goat, which had nothing to do with my work. General Ramos advised me to just do my job and not further antagonize General Ver.

Previously, President Marcos had appointed General Ver as Chief of Staff of the AFP, by-passing General Ramos, who was more senior in the AFP roster. In December 1985, General Ver, after having been exonerated by the Agrava Commission for alleged involvement in the "Galman-Aquino murder case", (thus paving the way for him to re-assume the position of Chief of Staff, AFP) had just come back from a "forced" leave that started in late October 1984. In the interim 14-month period, General Ramos, then AFP Vice Chief of Staff and concurrently Chief PC/INP, became then Acting AFP Chief of Staff, a position which he served creditably, according to the records.

Back to the December 1985 golf game — sensing his disappointment at having been by-passed as AFP Chief of Staff, I braved the question to General Ramos: "Sir, what are your plans now?"

He looked at me and, with his usual smile, said, "Probably, I would just retire and enjoy my golf. " I knew he had more than retirement in his mind, so I said: "Sir, if you have other plans, please let me know and you can count me in. " I was not surprised, therefore, when my name was first on the list of field Commanders who were announced by General FVR on the radio as having defected to his side during the height of EDSA I on 23 February 1986, although he did not inform me about it beforehand. Only a few knew that I was in close contact with General Ramos' group through two of his most trusted aides, Generals Jacinto "Boy" Galang and Oscar "Oca" Florendo. General Galang was my *"bilas"* whose wife is the sister of my wife, while General Florendo was my wedding godfather. My relations with General Galang made me suspect in the eyes of General Ver.

After EDSA I, on the instructions of General Ramos, on 1 March 1986 I was assigned as the Commander of the Benguet PC/INP Command and concurrently as the Station Commander of Baguio City Police, a much more important command than my previous one. However, it did not take long before the *"bolong"* (rumor or intrigue) brigade took over and successfully undermined me on the basis of my previous stint in the Presidential Security Command under General Ver. My disappointment led me to consider a second career — in the Foreign Service — having earlier passed the examinations for Foreign Service Officers. General Ramos, who was already the Secretary of National Defense at that time, was again there to encourage me and, in fact, to help ease my transition from the AFP to the Foreign Service in 1988.

Incidentally, when things returned to normal after the tumultuous events of February 1986, I was one of the first PC officers to be confirmed in the permanent grade of Colonel by the Commission on Appointments under the new (1987) Constitution.

Always with the troops, always with the people

by Maj Gen. (Ret.) Ramon Montano

Our generation in the military service was very fortunate as it spanned the most eventful years in our country's history. Starting out as young Lieutenants in the AFP during the dying days of the HMB rebellion in the late 1950's, we fought the HMB remnants who turned into bandits and went through the shadowy conflicts of the Cold War during the 1960's. We got involved in the Vietnam war, then faced youthful activism and student unrest spearheaded by KABATAANG MAKABAYAN, which soon gave birth to the Maoist New Peoples' Army. We went through the explosion of the First Quarter Storm and the imposition of Martial Law in the early 1970's — then, finally, EDSA in February 1986 and the serial coup attempts of military rebels in the late 1980's that rent asunder the esprit-de-corps that binds soldiers like brothers. All this made our military generation the most challenged and tested in Philippine history.

Through these tumultuous events, we were led and molded by many outstanding leaders and commanders. But one remarkable leader stood

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Integrated National Police (PC/INP)
March 2004*

out among the rest to guide and to lead us through the straight and narrow path, amidst this maelstrom of events in our nation's history.

It was in the January 1972, at the height of the First Quarter Storm rebellion of the youth that then-Brigadier General Fidel V. Ramos of the Philippine Army came into our lives when he assumed command of the Philippine Constabulary. He quickly embarked on a reform movement to combat corruption by way of a no-nonsense campaign against illegal gambling and smuggling activities then headed by powerful politicians. A well-known smuggling lord who was the influential incumbent governor of a nearby Southern Tagalog province, welcomed the new Chief of Constabulary with the gift of a solid gold Rolex watch on the latter's birthday in March 1972, just weeks after his assumption of office as Chief of the Philippine Constabulary.

I was then the Assistant Provincial Commander of the Rizal Constabulary Command and, to my great pride, was given the task by Gen. Ramos to return the expensive watch to a very surprised Governor and also to head a relentless drive against the Governor's smuggling syndicate. It was a powerful signal to all of us engaged in the anti-crime campaign that there were no sacred cows of whatever kind in the fight against criminality and that all criminals must answer for their crimes.

When Martial Law was declared in September 1972, our Chief led us in arresting several governors, senators, congressmen, mayors and ranking police officers then maintaining private armies and heading as well as protecting criminal syndicates.

Again, these were no exceptions. Even political warlords close to the Marcos family were detained in the Camp Crame stockade. I was then in the PC Criminal Investigation Service (CIS) which was tasked to prepare the criminal wanted list and I also personally participated in the manhunt and apprehension of most of them, to include powerful businessmen charged for economic sabotage. Those were the golden moments of the Martial Law period when we truly felt the majesty of our laws and carried out our duties with honor and great pride.

The PC was in charge of apprehending violators of the Penal Code and special anti-crime laws as well as other personalities in a National List put out by Malacanang. But still the Martial Law years were difficult for all of us in uniform. Our troops needed to understand the delicate balance of imposing the full measure of the law on hardened criminal offenders and on the others who violated our laws in pursuit of legitimate socio-economic protests and political grievances. As a senior officer of the CIS during those early years of Martial Law, we witnessed how the Chief of Constabulary (who later on also became the Director General of the Integrated National Police) maintained the delicate balance.

He was always with the troops in the field — reaching out to officers, soldiers, policemen, firemen, CHDF militiamen — and even barangay tanods (village security personnel) — to guide them in enforcing the law with firmness but with compassion. Day in and day out, he was inspecting the units — sleeping with the troops in the barracks, eating with them under the trees or chatting with them in the mountain tops amidst marijuana

plantations being destroyed by the constables. He visited the remote PC companies, far-flung detachments and lonely police stations in roadless island towns of our archipelago, always preaching his theme of solidarity and teamwork with the people in fostering enduring peace in the countryside. And he monitored every violent confrontation with rebels and youthful militants in our troubled areas; ever watchful of excesses and abuses of troops violative of his policy of maximum tolerance in suppressing violence and disorder.

And when hardened criminals took advantage of those turbulent years and went on a kidnap-for-ransom rampage by posing as soldiers or policemen with prominent businessmen as victims, he inspired PC / INP units tasked to neutralize the kidnap gangs by interviewing personally such prominent personalities as industrialist Ramon del Rosario, Sr. when his son Ramon, Jr. was kidnapped shortly after Martial Law. By his personal example, General Ramos sent a strong signal against all criminals and would-be criminals and scalawags in uniform that the law shall never be compromised.

We followed his example. Down the line in the chain of command, the most senior commanders in the area themselves interviewed the victims to gain their trust and the confidence of the families and the community towards the police and our criminal justice system as a whole. All of these without fanfare and without photo-ops.

The manifestation of determined will by the top PC/INP leadership at that time resulted in all-out cooperation by the kidnap victims, their fami-

lies and the community who, before then, usually kept their silence because of fear and lack of trust in the whole criminal justice network.

In the late 1970s, when sacred cows again emerged and corruption in high places once more was becoming the norm, the national leadership began to lose its will to enforce the law without fear or favor, and its moral ascendancy to govern started to decline. A powerful clique in the military and in the police closely identified with Malacahang began to assert control over national security matters, maintenance of peace and order and law enforcement, resulting in excesses and abuses by the military/police sector bent on preserving their privileged status in the Marcos regime. Again our ChiefGen. Ramos tried to maintain an even keel for the PC/INP as we addressed the turbulence generated by tumultuous civil strife and street protests of the anti-Marcos forces consisting mainly of the religious sector, civil society reformers, and the political opposition who were joined by the violent, radical left that resorted to bombings and arson in Metro Manila and elsewhere in the country.

But in the early 1980s, our Chief PC/INP lost to this powerful clique when he did not make it to the position of AFP, Chief of Staff. At that time the PC/INP was still a part of the AFP as the "4th Major Service." He was designated as Vice-Chief of Staff and promoted to Lieutenant General as a consolation prize. This time, the military/police establishment was already split between the professionals who were identified with Lieutenant General Ramos and the others who were kowtowing to the Marcos bigwigs. These events greatly troubled the idealistic younger generation of officers who saw

undeserving colleagues rise above them in rank and position through submissive, blind loyalty to the ruling clique rather than through merit and performance. These were the young officers manning the lonely ramparts of our nation, the far-flung army detachments, the lonely constabulary outposts and the isolated police stations, facing death and deprivation daily in the service of our country and people. Most of them had no connections with powerful people. Only Lieutenant General Fidel V. Ramos reached out to them in his unending, though hazardous visits with the troops. We could sense the feeling of hopelessness and helplessness of these young officers and also the senior ones who were still hoping then that seniority and merit would prevail under the leadership of Fidel Ramos as Chief of Staff of the Armed Forces.

All was lost in the aftermath of the Ninoy Aquino assassination in August 1983, a heinous crime committed to preserve the existing structure of unbridled power. In February 1986 at Camp Aguinaldo, Camp Crame and EDSA these angry young men struck at the Marcos regime. They were supported by Fidel V. Ramos, the icon for law and order, in a rebellion of people against an oppressive regime. In the process, the lead man in the anti-Marcos movement, Defense Minister Juan Ponce-Enrile, took care of political and legal matters while Ramos took charge of military and police operations.

The very first instructions Ramos gave to his subordinate commanders on that memorable day of 22 February 1986 was "to gather our troops and protect the people." To me personally (I was then Commanding General of the AFP Narcotics Command), he gave the instructions to contact my

classmates and colleagues in the other AFP units to join us in this rebellion. And, if they could not join outright against the established order because of existing hazards, their job was to "just keep their troops together and protect the people. "

Thus, most of us in the AFP followed General Ramos without hesitation and joined the Filipino people in a rebellion of conscience against the Marcos regime. We knew deep in our hearts that he would lead the troops and the Filipino people to victory against an oppressive regime of injustice and tyrannical abuse of power.

Today, as we look back to those tumultuous events, we cannot help but wonder why, against tremendous odds, we risked our lives, our freedom and our lifetime careers to follow Fidel Ramos in a rebellion against a duly-established government. The AFP had never mutinied before then. It was against the very core of our military upbringing and tradition: loyalty to the Chain-of-Command and to the Commander-in-Chief. Maybe we realized then, that the military should never be used to oppress the Filipino people and that the troops and the citizens should always be united in the pursuit of peace, justice and prosperity for our beloved land.

And when military adventurers tried to crack this bond forged at EDSA between the military and the people through the series of coups against the administration of President Corazon C. Aquino, General Ramos led and guided us through these conflicts by undertaking intense dialogues with the coup leaders and putschists, and by making risky personal visits to the troops who were being misled by charismatic rebel leaders who resorted to guile

and deception. When the December 1989 coup attempt exploded in Makati, then Secretary of National Defense Fidel V. Ramos and I as Chief of the PC/INP defied rebel sniper fires to reach the Atrium Building in Makati and joined PC/INP troops there battling rebel soldiers who occupied the central business district. By his personal presence and cool courage amidst murderous rebel fire, SND Ramos inspired the loyal troops and police personnel.

As our President and Commander-in-Chief starting in June 1992, he reached out to all the rebels from the extreme left and the extreme right and from our Muslim communities to persuade them to join the government and the Filipino people in order to forge enduring peace and insure sustainable development. The Ramos Presidency was marked by his endless efforts towards unity and teamwork, this time not only to the troops but also to all the other sectors of our society: the urban poor, farmers, fisherfolk, overseas workers, proud Tausug warriors, gentle Lumads, colorful Highlanders etc. — the whole fabric of our nation. Always caring, always sharing and always daring, President Ramos maintained rapport with the troops and with the people thereby promoting his vision of unity, peace and prosperity for our nation.

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The Author

Fidel V. Ramos (FVR), the 12th President of the Republic of the Philippines (1992-1998), is remembered for steadfastly promoting the principles of people empowerment and global competitiveness. He quickly led the nation out of darkness in 1993, putting an end to the power crisis that crippled Filipino homes and industries for two years. He pursued, focused, and converged programs to fight poverty in accordance with the will of the Filipino people expressed by 229 structural/reform laws enacted by Congress during his term.

The Philippine economy recovered dramatically during the years 1993-1997. Ramos vigorously implemented a comprehensive Social Reform Agenda (SRA) that addressed the long-standing problems of poverty: jobs and livelihood, health, education and skills training, housing, environmental protection, children and the youth, the elderly and the handicapped, agrarian reform, and access to equal opportunity. Gross National Product averaged five percent annually. Average income of the Filipino family grew more during his administration than in the preceding two decades. He pushed for the deregulation of key industries and the liberalization of the economy. He encouraged the privatization of public entities, including the modernization of public infrastructure through an expanded Build-Operate-Transfer (BOT) law. While communist insurgency dwindled to historic lows, he achieved a peace agreement with military rebels and the secessionist Moro National Liberation Front (MNLF) for which he won for the Philippines the coveted 1997 United Nations Educational, Scientific

and Cultural Organization (UNESCO) Peace Award - the first for Asians. FVR is known as the "Centennial" President, having planned and supervised the 100th Anniversary of the country's Declaration of Independence from Spain on 12 June 1998.

Ever the international diplomat, he continues to personally interact with many leaders around the world — at no government expense. On 12 April 2002, he was elected Chairman of the Boao Forum for Asia (BFA), based in Hainan and Beijing, China — an intellectual resource center backed by 26 countries to help integrate the vast Asian continent into a "One Asia" family, in step with the globalized economy and knowledge society of the 21st century.

FVR has received some 28 honorary doctorates, half of them from prestigious foreign educational institutions. He also received the 2000 Distinguished Graduate Award from the U.S. Military Academy at West Point, his alma mater (Class of 1950). He is a veteran of the Korean and Vietnam Wars.

The SGV Foundation

The SGV Foundation, Inc. (SGVF) was created to fulfill SGV's commitment to social development. The SGVF aims to contribute to the advancement of education, whose role in the country's social and economic development is both fundamental and critical.

Two decades after its creation, SGV had become the leader among professional firms in the Philippines. The Foundation fully grasps the scope and depth of its mission - that is, to encourage the growth and progress of both the Firm and the nation.

In a bid to provide equal education opportunities to deserving individuals, the SGVF has granted scholarships to hundreds of professionals for studies in diverse fields including accounting, agricultural economics, business administration, computer science and entrepreneurship in various institutions across the country. Furthermore, the SGVF has financed hundreds of scholarships in vocational training and computer science education.

The Foundation has established professorial chairs in accounting, management, economics, computer science, entrepreneurial development, agribusiness, communication arts and child development in various universities nationwide. Under the SGVF Faculty Development Program, teachers have received assistance in educational programs on industrial and management sciences, with the end-view of improving their teaching methods.



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Print Town is the largest, combined newspaper and commercial printer in the country. FEP Printing Corporation, Alliance Media Printing Inc. and Lexmedia Digital Corporation form the Print Town group. With printing facilities in Makati, Laguna, Cebu and Davao, Print Town products include newspapers like the Philippine Daily Inquirer, Libre, Asian Wall Street Journal, International Herald Tribune, Cebu Daily News, Bandera and Tumbok; magazines like ABS-CBN's Star Studio, The Buzz, C!, Evo, and; books like The Purpose-Driven Life.

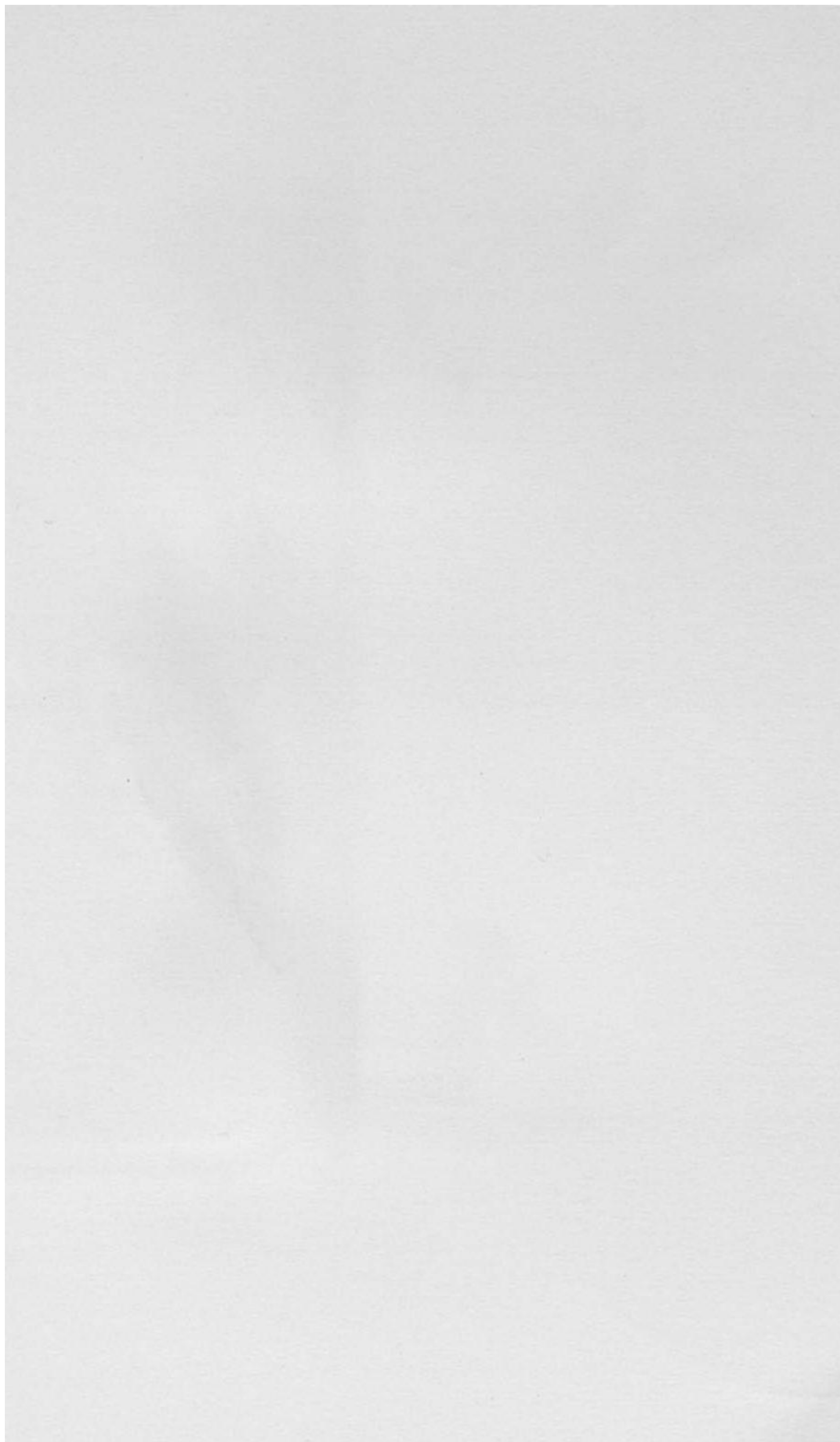
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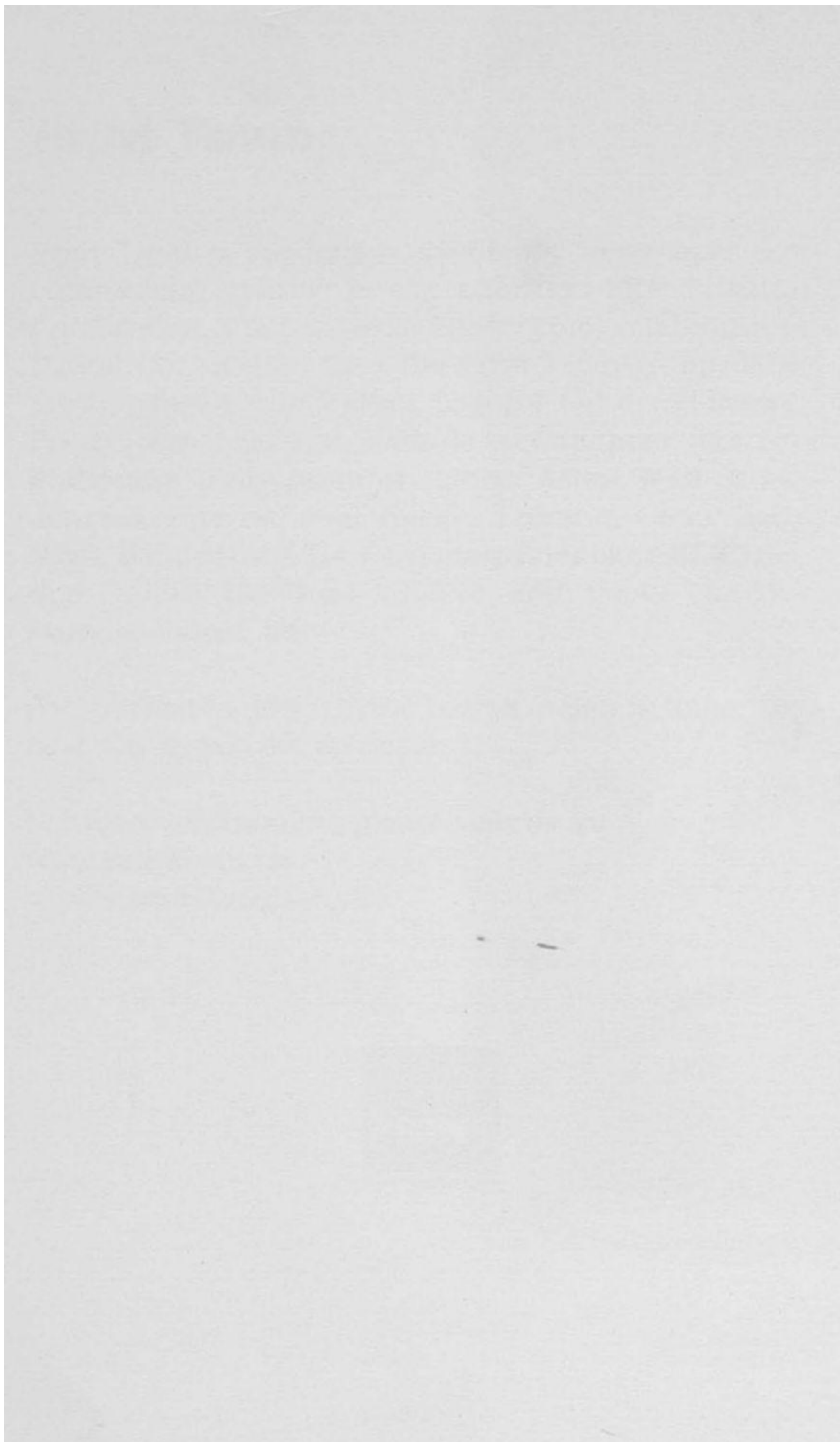
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How should the world community deal with terrorism?
What is the world's common duty?

Even before the terrorist networks are neutralized, the global coalition should confront the economic, political and cultural problems in the international arena that cry out for collective action.

In my opinion, they should focus on leveling the field in international trade; opening rich-country markets wider to agricultural exports from the poor countries; reforming the market system, so that it begins to address the needs of those whom development has left behind; and to carry out a global effort to ease mass poverty, which has become a breeding ground of desperation, fatalism, envy, drug-trafficking and crime, and therefore a source of continuing and increasing conflict.

— From FVR's speech at BusinessWeek's 5th Annual CEO Forum on "Driving Revolutionary Change: New Business Models for an Interconnected World", Hong Kong, October 23, 2001