

KEYNOTE SPEECH

Cielito F. Habito

Director General

National Economic and Development Authority

Undesecretary Ancog, Pres. Dayrit, Vice-President Ramirez, Fr. Nebres, Dr. Juliano, Dr. Concepcion, Pres. Emil Javier, and Chancellor Ruben Villareal, distinguished academicians, fellow workers for Philippine development, friends, ladies and gentlemen. Magandang umaga po sa inyong lahat. Before I go on, I can't resist commenting on the very personalized introduction that Dr. Ramirez gave for me. Indeed, I suppose you have to be a Summa Cum Laude to get a 1.0 in her course. She was of course, a very important influence. A lot of the things I learned from her in Genetics, that was Biology 50 or Botany 50 during my time, I cite in a lot of my conversations.

Well I'd like to start by greeting you, the National Academy of Science and Technology, on your 16th Annual Scientific Meeting. As you can see, it is a pleasure, in fact, and an honor for me to be here before you this morning. It is a pleasure because I feel right at home. I think half or maybe more than half of this group must be people from UP Los Baños and so it is really a great pleasure. Maybe we should have held this in Los Baños and have the other guys come to Los Baños instead. After all, I came all the way from Los Baños too, that's why I was a little bit late although I know that my kababayans beat me here also. Of course, it is an honor to speak before you this morning because I see this audience, this group as a rather strategic audience. I know that in this room today are the most brilliant minds in the country, a real powerhouse group, I should say on whose ideas, knowledge and of course work must hinge to a great extent our capability to achieve and sustain our country's vision of Philippines 2000.

Now this should be among the last groups I need to explain to about what Philippines 2000 is all about. After all, it was with the Science and Technology community that one of the earliest launchings of Philippines 2000 took place, early last year. Nonetheless, I do want to be very sure because even very recently some colleagues in the academe wrote that Philippines 2000 lacks definition. Now, I have thought the time for definitions has well passed, now that Philippines 2000 I think has become a household word.

But as one of the chief architects of Philippines 2000, I will make it my task this morning to first define it to you more clearly, what it is, and indicate what it holds for you as citizens of the country and as members particularly of the Science and Technology community. But more importantly, what you as Filipino citizens and scientists can do to help achieve Philippines 2000.

So what exactly is Philippines 2000? We would like to point out that Philippines 2000 is a vision, strategy and a movement and that we may dwell on

each of those in turn. As a vision, it is our vision of a vibrant, dynamic, resilient, and prosperous economy and society by the turn of the century. It has been referred to as a vision of becoming a NIC which we define as newly industrializing country. Note, I say industrializing not industrialized because we don't really entertain the illusion that we would be another Korea or Taiwan by the year 2000. But certainly we would be well on the way surely and firmly on the way to getting there, maybe just in few more years after that. We see it as a vision of an economy where our producers, be it in agriculture, industry or services are able to stand up on their own in competition with others whether in the domestic market or in the global market place or in short where all our producers can be considered world class.

We see also in Philippines 2000 an economy that has highly competitive industries, particularly a manufacturing sector which derives strength from a close linkage with modernized and efficient agricultural and other primary sectors and all of them powered by our wealth of productive human resources. We see also an economy adequately supported by a solid infrastructure base where all communities have access to basic services and utilities and all production areas are effectively linked with each other and with the markets, through permanent roads and bridges and a dependable telecommunications system.

Perhaps in more common terms, we see Philippines 2000 as a country where brownouts will disappear from our daily vocabulary. There will be access through quality basic education and health services for all. We can walk up to the phone company and not have to wait for years to get a phone line and so on and so forth. I'd also like to add that we would see an economy by then where the taxpayers would clearly appreciate where their money is going. That their taxes do go back to them in terms of public services and therefore they would spend their talent and effort in more productive endeavors rather than in looking for ways to avoid or worst, evade paying taxes.

Well, as a strategy, Philippines 2000 is really embodied in our so-called road map which is the Medium Term Philippine Development Plan for 1993 to 1998 which as you know, we at the NEDA had been primarily responsible for coordinating its formulation. Now the MTPDP, this medium term plan spells out all our goals, our strategies and policies that would bring us to Philippines 2000. It should be well-known by now that the plan rests on the twin strategies of people empowerment and global competitiveness. The empowerment of the people in turn rests on addressing their human development needs but beyond that, by strengthening their role in nation building through decentralization, devolution, deregulation, and democratization. These are the 4 D's that Pres. Ramos now likes to speak of. An empowered citizenry in turn leads to productive and efficient enterprises that can stand up to world competition. Now, such global competitiveness in turn ensures the sustainability of our economic growth so that we can get away from the traditional boom and bust cycle that has marked our economic history due to an inherently weak and inward looking

production structure. Now this global competitiveness with people empowerment strategy rests on four thrusts:

First, our policies must be outward looking. What we have to do in our development strategy, in our development plan is to look for the opportunities out there, rather than be deeply occupied with the threats to our domestic and limited domestic market especially when we look at the happenings around us like the Asean Free Trade Area or the AFTA and the GATT -- Generalized Agreement on Tariffs and Trade. Too many of us get too preoccupied with what we would lose from this without realizing that perhaps and in fact we are sure we will have a lot more to gain in terms of opportunities. It is high time that we spend our efforts in building up our inherent strength in fortifying our economic house rather than still spending our efforts on building walls around a fragile structure. In fact, by building walls around ourselves, we are also keeping technology out. It is in this regard that we have been embarking on policies that have served to open up our economy. Among other things, we have now a foreign investments act which we are trying to liberalize even more which again among other things, helps improve the flow of science and technology into our country through the private sector channels that are among the most effective ways that they do get into our country.

The second thrust is in maximizing or increasing competition in our economy and in our society in general. I think you know that competition is good for the science community and so just as it is good for the science community; it is good for the economy and society as a whole. Competition, after all, drives people in our enterprises to offer the lowest prices possible while at the same time it drives them to improve quality of their products and services. But I guess most importantly, at least for this group, it drives people to innovate and seek new and better ways of producing goods and services precisely to be able to make possible the lowering of prices and the improvement of quality. Now, some people often argue, again often convincingly, that we should be limiting the playing field to just a few players or worst to even just one player in our economic sectors in the name of "rationalizing the industry". What I often say is that we have to avoid cut-throat competition. What? Say in response that I would rather protect the throats of the multitude of consumers out there, rather than the throats of a few oligopolistic producers in the economy. So it is with this kind of a premise that our thrust right now is in fact to maximize competition. Some have expressed it as dismantling the monopolies in cartels that are inimical to public interest. Indeed, we began to see the result of that kind of a thrust. Until recently, there was a widely lamented monopoly in the telecommunications sector and policy reforms that were undertaken under this administration have changed that dramatically. As a result of that, in 1993, one of the top items of imports alone was telecommunications equipment in fact, next to power generation equipment. In 1993 alone, we were able to reduce the number of people per

telephone in our country from 79 persons per telephone to just 58 per telephone. We made dramatic strides in improving our telecommunications sector within one year, because of the dismantling of that monopoly. And it is for that reason that we are moving on to the other strategic sectors which continue to be highly concentrated. Thus, we see this as one of the hallmarks of our economic development strategy right now.

A third thrust, which is very related to that, is the dispersal of economic activities. There are two aspects of this:

One is the geographic dispersal because I think many of us know that up to now one-half of our national output is accounted for by the National Capital Region and neighboring regions alone and certainly this has led to a lot of problems including congestion in Manila and in urban centers. But because of that there is also a tendency for greater unemployment in the countryside. Therefore, our thrust is to disperse the development of industrial and other sectors outside of Metro Manila and into our regions through determined efforts to establish regional growth networks out in the countryside.

Now the other part of that economic dispersal which is also consistent with people empowerment is the promotion of small and medium enterprises. It is in fact the experience in many countries which have been successful in small and medium enterprise development, that these be linked closely with the larger commercial establishments. In Japan for example, I think many of you know that even the large auto-manufacturers depend on small and medium enterprises for the components of those cars. In effect they just act as integrators or assemblers. This is the kind of thrust that we would also like to push for under our development strategy.

Fourth thrust under this global competitiveness with people empowerment strategy is a close complementation between industry and primary industries, especially agriculture. After all we are technologically prepared. It is often said that we are still lagging behind as far as science and technology is concerned, particularly in the non-agriculture related industries and therefore, it may take time for us to be able to really shape up and stand up to the competition outside. However, we do have UP Los Banos and I have to be biased for my own campus where there is a wealth of that science and technology capability already and of course that goes on to the industries supportive of agriculture, the agro-processing industries as well as the industries that manufacture the inputs to agriculture. These are the kinds of industries where we do have a clear comparative advantage right now precisely because you are there. At least most of you who are in the agricultural sciences are there already available to be tapped. It is for this reason and also for the reason that by linking very closely agriculture and industry that we can more directly benefit our countrymen in the countryside. We are pushing this kind of development thrust, rather than that kind of thrust that some of us, some of our critics in fact would rather have us try to pursue which is to concentrate on two or three heavy industries as if

that would trickle down the benefit to the rest of the economy, especially the countryside. Now we at least at the NEDA have never trusted that trickle down effect. We fear that it is by capitalizing on inherent strength we already have particularly in the science and technology community that we can really maximize the benefits of our development strategy, Now to do all of these obviously would require far larger investments in science and technology than we are making right now. Now these investments should not only be made from the point of view of the public sector, but equally if not more important, from the private sector as well. In fact, I would like to see that the government's role in science and technology would primarily be:

First, in the need to provide an environment conducive to private sector investment in science and technology is the protection of Intellectual Property Rights or IPR. After all, if you are able to protect Intellectual Property Rights, then we increase the incentive to innovate, at the same time we decrease the urge to merely copy. Many of us deplore the fact that the Philippines has become at least in the past a nation of copy cats wherein our enterprises are only contented with imitating rather than innovating.

Another aspect is the effective commercialization of our new technologies. Of course we all constantly hear the lament about researches being undertaken for research sake or researches just gathering dust on the shelves. What we would like to do is in fact make research, especially academic research more relevant to the needs of economic development. Now part of that of course is linking the research community or the science and technology community to the private sectors, the producers out there. Among the measures that would help would be the promotion of venture capital arrangements that would allow those people who have the money and who would like to take the risks to actually put their money into the new technologies that you develop. I understand that the Department of Science & Technology in fact is pursuing a program along these lines.

Now, the second major task of the government in science and technology, as I see it, is in addressing the need to provide an environment where not only firms, but this time individuals, would invest their lives in science and technology in the country.

In this regard, the government has to invest more in education, in manpower development. We are of course now trying to strengthen our Math and Science curriculums in our schools both in basic education as well as tertiary education. I think it is clear that the reason why yet another colleague from UP Los Banos, Sec. Gloria was appointed to the Dept. of Education, Culture, and Sports was to highlight the fact that this is a direction that he would like to take – strengthening Science, Math and Technology in our school curricula. We would like to see more students take in Science and Engineering courses especially in college, rather than have a lot of them go into Commerce, Political Science, Accounting. I think that this tends to be the easy way to a

college diploma but I think the reason they gravitate towards that is because of the weakness of their grounding in science and technology that could be obtained from elementary and secondary education.

Another factor there that would again make a conducive environment for individuals themselves to invest in science and technology development is in the incentive system for the science and technology community. Now I think we already have in place this Science Career System which has done something to improve that incentive system, but I am sure it still leaves something to be desired.

Now another program of course that is important here is to try to attract back the wealth of science and technology Filipino manpower who are abroad. We often hear about Filipinos being the best eye surgeons in some place of the world, being the best in their field and yet why are they out there, and not here? So we have programs now, like the TOKTEN, which is the Transfer of Knowledge and Technology from Expatriate Nationals, then we have the Return of Knowledge and Technology Program or the International Organization for Migration or RKT. We also have the Balik Scientist Program. All of these are meant to attract back that wealth of science and technology manpower, Filipino manpower who are just not attracted enough at the moment to come back to the country and help and use their skills and talents for our national development. Well of course part of that environment for encouraging individuals to invest their own personal stakes in science and technology development is again to promote investments within the country and therefore promote jobs for all scientists. After all, the reason why all those Filipino scientists are abroad is because they don't feel they have enough of those opportunities here. That is the reason again why our government's drive right now is to promote investment, not only foreign investment, mind you but investment by all, by our local investors as well as the foreign investors because after all it is those investments that would create the 1.1 million jobs average per year that we need to bring down our unemployment rates to a more natural level.

Well, for all of these of course we still have to have the government play a more direct role. In fact it has been widely said that we need to devote more public resources to research and development. First initially, I think only about .2% of our Gross Domestic Product and hopefully up to 1% of our Gross Domestic Product to research and development would take some time admittedly because for these we do need the resources, public resources and for these we need things like tax reform.

Now you did not think that I would go to this page without talking about the VAT, did you? We have his assignment. Well, why do we have the VAT? It is precisely for tax reform. I think we should see it less as a means of increasing government revenues, though it does lead to that but it is more of a tax reform. It is a tax reform to simplify our tax structure. The Value Added Tax, when it

was introduced in 1988 was meant precisely to simplify our tax system and therefore make it easier for the government to collect taxes more effectively. So when we keep criticizing government for its inability to collect taxes more effectively, please keep in mind that it is precisely that, that the expanded Value Added Tax hopes to accomplish because it replaces about 73 or 78 previous percentage taxes which only complicated tax collection and in fact made it more onerous for our consumers to pay those old taxes. Well, I would not say much more except to encourage you before you try to make a judgment about the expanded VAT. So please learn more about it, understand it more clearly and I think you will realize that indeed, it is a tax simplification, a tax reform measure that is superior to what it is replacing and therefore it is for that reason that we in the government are trying our best to promote it and get it in place. So that it will give us more public resources, hopefully in the future. But the other important aspect of it is to make more effective use of public resources, especially the public resources we put into science and technology development.

Now among other things, what we can do in that direction is more effective linkages among our academic and research institutions especially to avoid unnecessary duplications in research and development work which I personally have been witness to in the past when I had been invited occasionally by the PCARRD in their review exercises around the country. We witnessed a lot of duplicating, overlapping of researches being done by various regional academic and research institutions. Now that certainly is an inefficient way to make use of the already limited public resources we are devoting to science and technology development.

Secondly, we need to attune the academic R&D activities to the actual needs of the private sector as I've already said a while ago. In fact, many are wary of private sector funds going into academic institutions to fund research because of the fear about the loss of academic freedom. But personally I see that as a welcome mechanism for making research and development that takes place in the academic sector more responsive to the actual needs of the marketplace. I also see nothing wrong with consultancies by our professors working for private firms. For as long as we don't neglect the importance of ensuring the multiplier effect through instruction or imparting our knowledge in science and technology for our students.

Perhaps in our promotion system, again in the academe, we should not be counting journal articles as much as counting researches that have been successfully applied, adapted or commercialized. I guess that is the problem many of us, myself included, tend to be driven by that seems to be our goal in the academe because that is the way we are recognized. Hopefully that can be changed somewhat so that the recognition can also come from the actual application and use of what we come up with in our research.

Well, specifically, all I'd like to say here is that we in the scientific community must unite just as a whole nation must unite. I know that the scientific

community, especially the academe, tends to be prone to rivalries and jealousies. Now, there must be both competition and **complementation** in our scientific work. Competition in the scientific community must not be one wherein we try to discredit or even sabotage each others' work. Instead, we must be motivated by a drive to excel but not at the expense of others. I think we all know the so-called "crab mentality" that we all lament. But let me just spend a minute in giving you the fuller story.

Supposedly, a Western tourist visited Asia, and found a crab vendor who had several baskets in front of him. One of the baskets was uncovered but everything else was closed. So the tourist asked why that particular basket of crabs was open. Well the vendor replied: "Oh, I have no problem with those other Asian crabs but that uncovered basket is full of Filipino crabs. I have to close those other baskets because once somebody opens the baskets, they will all try to help each other out; they will push each other out of the basket. There is a problem with that Filipino crab basket, everytime somebody gets up on the side, everybody else will pull him down. That is the crab mentality we lament ourselves as having and I hope this kind of crab mentality will cease to exist in the science community as well.

Let us all help each other out of that basket. Otherwise, the Philippines will truly end up being the basket case, of what is widely expected to be the most dynamic region of the world in the decades to come.

In my speaking engagements like this, I always talk about the need for more nationalism. But when I do, I try to clarify what I mean by nationalism. It is not the nationalism that many define as fear of everything foreign. In fact, I define that more as xenophobia. The nationalism that we lack as a people is that sense of unity or oneness as a nation. That is nationalism and therefore it is really that need for us to unite in solidarity and teamwork in order to achieve our common aspirations as a nation. So let us work together in unity, solidarity and teamwork. Let us not waste time and effort in needless debate but in fact spend our efforts in trying to seek consensus towards our economic strategy, our development strategy in general, so that we will not only join the bandwagon of dynamic Asian economies but in fact be among the drivers of that wagon and resume the lead that we enjoyed in the 1960's that was squandered in the last 30 years. Let us use science and technology to the fullest to propel us surely towards Philippines 2000.

Mabuhay ang NAST. Mabuhay tayong lahat. Magandang umaga sa inyong lahat.