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**Transcript of Extemporaneous Remarks at the “Shaping fair globalization for the 21st century”
05 February 2008, Friedrich Ebert Stiftung (FES) Dinner Reception
In honor of Mrs. Anke Fuchs, Chair of FES**

Thank you very much, Joanne.

I don't know where to begin, there's so much I want to say but I know that Mirko wants me to limit my remarks. So like Anke, I'll just say, Mrs. Fuchs, and ladies and gentlemen.

You know I just got back from an anti-corruption conference in Indonesia, on the United Nations Convention Against corruption. And Transparency International stated in their intervention that one of the biggest sources of corruption are political parties and parliament – in other words politicians.

But somebody stood up and said, you know in the recent World Economic Forum in Davos, there was a Gallup Poll of public perception on corruption. And true enough, people think that politicians are both corrupt and incompetent. But even more people think that business leaders are corrupt and inefficient. So I think that puts things in perspective.

And when talking about how we can monitor the implementation of anti-corruption measures, and the progress in each country, then everybody said we must get private business in, we must get the NGOs in, we must get the academics in, and then somebody said, no let's exclude the private business sector, let's [just] get in the NGOs. Because if you put in the businessmen, it's like putting the fox inside the chicken coop.

Well I hope the business leaders around here will not take offense. We politicians have always been the butt of corruption jokes.

I mention corruption because corruption, as that conference concluded, corruption is not simply a matter of criminal act or even a political crime. Corruption is a developmental issue.

There are many countries in the world -- and that does not exclude some of the better-performing countries -- whose economies could have grown better and speedier. They could have become more prosperous if not for corruption.

But even so, corruption is a plague on the house of poor and developing countries. In this world of six billion, there is a top billion who are very wealthy and prosperous, or those countries that belong to the OECD. There's a middle four billion, who live in middle [income] countries. And then there's the bottom billion, who live in poor failed states in Africa, Central Asia, and some in Latin America and even in some areas here [in the Philippines]. That is what we have to worry about. The top one billion is getting richer and richer, the middle four billion is progressing economically and perhaps developing socially, but the bottom billion is stagnating and their lives are always on a constant decline.

We've got to address that. If not, the one billion is going to be perpetually poor and therefore a source of unrest and conflict.

Globalization has brought untold prosperity to many people, especially to the OECD countries. To some, like China, it lifted almost 300 million out of poverty. India, maybe a 100 million because of globalization.

But there are many countries including the Philippines who have lost jobs and opportunities as a result of globalization. We lost our garment and textile and practically half of our agriculture as a result of trade liberalization.

How can we compete with developed countries that provide almost 300 billion in US dollars [agricultural] subsidies to their farmers? The German farmer's income, upto 32% of it comes from subsidy. An American farmer makes 40% of his income out of government subsidy. And a Japanese and Korean, as high as 57%.

A Filipino farmer gets nothing, except the poor rice farmer, whom we subsidize. In fact the price subsidy comes late, when the traders have already scooped up the harvest from them. That's the extent of the help we give to our rural folks in this country. And therefore, globalization to them is like a cross that they carry.

Now, how does the World Bank react to all this? Now they realize that rural development, agriculture, should be at the center of the fight against global poverty.

For the past three decades, the World Bank, and even our regional bank here, the Asian Development Bank has forgotten that we've got to push for rural development because that's where the majority of our poor live.

And if we put infrastructure and if we lift the levels of income of farmers and fisher folks, then we lift everyone up. It's like a rising tide—everyone's boat will go up.

And I think we also in government are so short-sighted in helping our farmers.

Now everyone has come to realize that agriculture is at the heart of economic development.

So we've come full circle. But we can't just simply stick to agriculture. One of these days we'll be like Germany where only 2% of the population is in agriculture. Now, almost 40% of our people are beholden to agriculture. That's a large sector of our population, and therefore if we want to benefit from the liberalization of trade then the West must realize -- never mind about Doha, Doha for me is dead -- that developing countries must be able to sell their agricultural products. And therefore, we in Asia must pursue our own bilateral and regional trade in order to secure our market. And that is now the emerging trend. Our Asian neighbors, ASEAN itself, will become a free trade community by 2015. We're negotiating a trade agreement with the United States.

So the idea of a global multilateral trade agreement is already dead. Trade, especially agricultural trade, is very important for us in the Philippines. We are quite obedient and law-abiding when we joined the World Trade Organization in 1994. We opened up our markets. But our partners did not -- they did not open their markets for our agricultural products, when we opened our market for their industrial products.

So that is the score on globalization. But what should the Philippines do?

We've got to go back to basics. We've got to look again at rural development, where many of the poor in the Philippines live. We've got to refocus and concentrate our efforts in agriculture.

Secondly, we must do what the other successful countries have done—embrace science and technology as our way out, a way to leapfrog to development.

That means we've got to improve our education, our basic and tertiary education. Over the years, our enrollment in primary school and our graduation rate in the tertiary level have been dropping. So we've got to reform what used to be the gem of Philippine society – our education. But not just basic education, we must [also] concentrate on frontier sciences that will liberate us from poverty: ICT, information communication technology; biotechnology for food, agriculture and medicine; neurotechnology for longevity and good health; and nanotechnology. Those are the four frontier sciences Filipinos must now learn in order to compete.

Thailand four years ago pursued a policy of mastering nanotechnology, and they are now gaining the fruits of those efforts.

China, five years ago said they will be one of the leading centers in stem cell research and they are now 2nd best.

Korea is the best example of employing science and technology in order to lift themselves from poverty. In the '60s Korea was even poorer than the Philippines. Now Korea is a member of the OECD. In fact their per capita income is US\$30,000... while the Philippines is US\$1,000.

So we've got a big challenge ahead of us... But no matter the noisy politicians and the corrupt businessmen in this country, we still have a good chance at it. Because despite such political noise, our country is moving forward and growing steadily. No thanks to the so-called taipans and business leaders. Because at the end, it is the ordinary Filipino, our 10 million Overseas Filipino Workers that's providing the growth driver to our country.

That is our view of globalization, especially from the Senate's vantage point. I presided over, I was Senate president when we acceded to the WTO GATTs. It was a difficult time back then because nobody knew it [what its effects will be?] but everybody knows that it will introduce competition and could wipe out industries – not just firms, but industries.

But still as I said, we are a very obedient, law abiding country. We adopted it [WTO], joined the club and tried to comply with our obligations when our neighbors did not do so with the same alacrity.

But as I said 2015 – ASEAN countries will become a 500 million market with zero tariff.

The Philippine trade with other ASEAN countries comprises 50% of our total trade. That's why even when the US is having a slowdown, I think its impact on the Philippine economy is not as great.

And if we can bridge the time between now and 2010, our population from 85 million officially but unofficially 89 million, will reach 100 million. By then we'll become the 2nd biggest country in terms of population in the ASEAN and we'll have a fighting chance to belonging not to the top 1 billion, but the upper top four billion in the world.

Again, thank you very much.