

Placido Mapa 3
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Placido Mapa
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Metrobank Plaza
Gil Puyat Avenue
Makati City

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PADERANGA: ...When we started talking to Ting [Sixto] Roxas, then we realized that technocracy didn't really have a long history. It was very eye-opening... Beniting [Benito Legarda Jr.] and Amado [Castro] have been writing... I think we should interview them for their own personal positions.

MAPA: Beniting [Benito Legarda Jr.], for example, writes history... You were asking me earlier about the IMF (International Monetary fund); he was active in terms of setting the ceilings and we had dealings with him together with Johnny Quintos.

PADERANGA: This was before he went to Washington?

MAPA: Yes. In fact, he went to Washington much later. I remember that there was not much cooperation between the Central Bank and [other government institutions] during Armand Fabella's time; he was able to promote cooperation among the Central Bank, [the Department of] Finance, and PIA (Program Implementation Agency).

TADEM: We got to talk to the eldest son of Armand [Fabella], Vincent, about the documents. They were so happy because they said, two weeks before, on a Sunday, the mother brought a shredder and they were ready to shred the materials. Our librarian who was with us, "No, don't shred!" They agreed for us to get the documents and catalogues and all. When we sent the vehicle, however, it seemed that they could not part with the documents. It was like Sixto Roxas, the first time we collected materials; he said "I want to look at each data first." After the third haul, they gave them all.

MAPA: That's my problem also.

PADERANGA: I think Ting [Sixto] Roxas changed his mind when he saw how our library was cataloging the materials. It was very precise and very detailed...

TADEM: I think he gave up because the last *hakot* [haul] was one hundred boxes in the garage, including his wife's letters.

MAPA: In my case, I actually did some shredding. After I did it, I said, “Why did I shred that one? I should have saved that one so at least my children would see how I used to write!”

< Dr. Mapa asks drinks for everybody. >

PADERANGA: It must have shocked Sally [Salvacion Arlante] to hear that you are about to shred those papers.

TADEM: And Vincent [Fabella] saw this letter his father [Armand Fabella] wrote to La Salle, “Dear Sir, my son is not going to school because he is sick, sick of school.” <laughs>

PADERANGA: Very much like him. That really captures him.

MAPA: It was his birthday yesterday.

PADERANGA: Do you know Philip Nery? He was with us in the CRC (Center for Research and Communication). I don’t know if he was under you because he also went into banking. I think... the Bank of America...

MAPA: The Neri I know is Romy [Romulo].

PADERANGA: This is the more sedate one. He just passed away and we were all shocked. He would send us all of these comments on the global crisis and how we turned away from God. I said, “He had so much time writing these things in text and email.”

TADEM: How old was he?

PADERANGA: About my age. It was a shock. We were classmates in grade two.

MAPA: Ah, his name is N-e-r-y? I do not know him but I sometimes read his columns.

PADERANGA: He was from Cagayan de Oro. He was more related to the Nery of San Miguel, Mario Nery.

TADEM: Going back to the Macapagal, administration, what were the changes in policies during that time?

MAPA: I was not that involved in policy making. I was just assisting Armand [Fabella] wherever he would go. He usually involved me in monetary management.

PADERANGA: Did the Macapagal administration have industrial policies? That would be a good question because we were coming from NEPA (National Economic Protectionism Association) at that time.

MAPA: I think it was trying to formulate [one]. I think there was a debate between Armand [Fabella] and Larry [Hilarion Henares].

TADEM: Did anyone win the debate?

MAPA: I guess Armand [Fabella].

PADERANGA: That was why Larry [Hilarion Henares] was very frustrated.

TADEM: But Larry Henares stayed on until the end of the...

MAPA: No, I think he left. I am not sure now.

PADERANGA: Did he not try to run for senator? That was what I remember.

MAPA: ... I am trying to figure it out.

TADEM: Sir he said that his *lolo* [grandfather] would like him to be the Philippine president when we interviewed him.

MAPA: His grandfather or his father?

TADEM: His grandfather..

PADERANGA: Not the Maramba?

TADEM: The Maramba.

MAPA: Ah, his grandfather on the Maramba side.

TADEM: ... So sir what about smuggling, when you were working with Armand [Fabella], was it a major issue during that time?

MAPA: I don't think it was so much during the Armand's time but it was during my time, although I was not that involved. Alex [Alejandro] Melchor's proposal was to relax on the importation and not to regain the revenue on Customs' collection. [Allow] the goods [to] come in, it would be processed and then, we could get them on the BIR (Bureau of Internal Revenue) side. That was his attitude.

TADEM: So was he able to stop smuggling then?

MAPA: It was not a very high tariff so it was easier to collect; at the same time, there would be less evasion and if you want more income, [you could] collect it on the profits that the industries would make in the process of importing cheap raw materials.

TADEM: Was it implemented then?

MAPA: No. I do not think so. He was only voicing his [opinion]... I think it made good sense.

TADEM: Why was that not implemented?

MAPA: Not all our proposals got to be implemented.

PADERANGA: Where was [Diosdado] Macapagal in this debate?

MAPA: This was already during [Ferdinand] Marcos' time.

TADEM: Alex [Alejandro] Melchor's time. At that time, who were the ones involved in smuggling? The small time operators or...?

MAPA: During Macapagal's time, I was not that involved in policy making.

TADEM: During Marcos' time?

MAPA: I was not involved either but I was aware of Alex [Alejandro] Melchor's suggestion, that it was better to facilitate the free market system and then, collect [income] in terms of the robustness of the economy. The more the economy grows, the more you can collect income.

TADEM: Sir, in the previous interview, you mentioned about state planning and the free market, you were more for a free market, but did you find any industry that was in need of state protection... both in the Macapagal and Marcos administrations?

MAPA: At that time, the Macapagal administration thought that it was necessary to have our own steel industry. That was why the Iligan integrated steel mill project was put up.

PADERANGA: This was during Macapagal's time, the remnant of Garcia? It was really Macapagal?

MAPA: Yes. In fact, we were in the team that negotiated the financing of that project.

PADERANGA: Maybe the World Bank or...

MAPA: ...with the US Ex-Im Bank (US Export-Import Bank).

TADEM: Sir, what were the local industries asking for protection?

MAPA: It was already there. When I was in government, the protection was already there, during the [Carlos P.] Garcia administration...

TADEM: Sir when you were opening up [the economy], were there pressures from industries?

MAPA: Yes. The big industries would always ask for maintaining protection but there were complaints from other industries, like the agricultural industries. They were complaining about the high cost of fertilizers.

PADERANGA: Who were the main people on the agriculture side?

MAPA: Montelibano who was an able spokesman for the industry.

PADERANGA: This was Alfredo Montelibano Sr.?

MAPA: Yes. He did not have much formal education but he was a very dynamic speaker because he read a lot and he was willing to speak up.

TADEM: ...so that fertilizers could be cheaper...?

MAPA: Yes, for the use of the farmers.

PADERANGA: Where were the Aranetas in all of these, Gregorio and Salvador?

MAPA: Don Gregorio is the father of Don Salvador.

PADERANGA: Oh I see, but he was still active during this time? Or was it already Don Salvador?

MAPA: Don Salvador was more active but I think, Don Gregorio was also active but I did not know much about him; whereas Don Salvador, the oldest son, was very active in many aspects... both in government as well as in education. He put up... although it was more of his wife, the Araneta Institute of Agriculture, now Araneta University. He was always clashing with Miguel Cuaderno in monetary policy and industrial policies.

TADEM: Sir what was the role of the private sector during the Macapagal administration? Did it have an active role, in the making of industrial polices...?

MAPA: Well, the different chambers would talk to the members of the cabinet...

TADEM: What issues did they have at that time?

MAPA: I was involved only with monetary policies, when they were asking for the relaxation of policies because the Central Bank was trying to contain inflation and was either raising the reserve requirements or raising the discount rate.

TADEM: So were there strong pressure groups during that time?

MAPA: Yes. The Banker's Association, the Chamber of Agriculture, and the Chamber of Industries were all complaining about the restrictive policies of the Central Bank. I think the Central Bank was sustained because Armand [Fabella] was more concerned with inflation. With his advice, [President Diosdado] Macapagal sustained the Central Bank's [position].

TADEM: Sir, during the transition to the Marcos period, was there the same pressure for relaxation?

MAPA: Yes and [President Ferdinand] Marcos was more amenable to listening to them, [including] ... Montelibano who was also his close political ally.

PADERANGA: Andres Castillo was Governor [of Central Bank] from 1961 to 1965?

MAPA: Yes.

PADERANGA: Then [Alfonso] Calalang took over?

MAPA: Yes.

PADERANGA: So during the first term of Marcos, the Central Bank was really under Alfonso Calalang?

MAPA: No. He [Andres Castillo] stayed for another two years.

PADERANGA: I see so in 1967, [Alfonso] Calalang became governor. I did not hear too much about Governor Calalang.

MAPA: ... I do not think he was that involved in policy making.

PADERANGA: Because he was a private banker.

MAPA: Yes, that is right. He was president of the Security Bank. But he did not stay long and he was not that involved in [policy making]...

PADERANGA: Who was making policy when he was [Central Bank] governor?

MAPA: He still had the last say as far as the Central Bank [was concerned] but he was not really active in terms of changing [policy] directions... He was working closely with Secretary [Eduardo] Romualdez, the secretary of finance from 1967 to 1969.

PADERANGA: This was the time when [President Ferdinand] Marcos was building a lot of roads.

MAPA: Yes.

PADERANGA: 1966 to 1969. Maybe that made him more amenable to relaxing the money supply constraint.

MAPA: Yes, because the capacity was also growing.

PADERANGA: I am just wondering, going back to [Miguel] Cuaderno's time, was Cuaderno really on his own, or did he have confidants?

MAPA: I was too young to know. I think Leonides Virata was the director for Economic Research in the Central Bank so maybe he might have consulted him...

PADERANGA: Because Sixto Roxas said that he was on the other side of the exchange rate [debate]...

MAPA: Who?

PADERANGA: Sixto Roxas.

MAPA: Against [Miguel] Cuaderno?

PADERANGA: Yes. He thought that it was really too tight and in the end [Carlos P.] Garcia had to make a decision. He sided with [Miguel] Cuaderno rather than Salvador Araneta. Cuaderno

wrote in a very neutral way, like a third party... The focus of economic decision-making shifted away from Central Bank during [Alfonso] Calalang's time. The President's office became more...

MAPA: ...and also the Secretary of Finance. But not so much that they were clashing. I think between [Eduardo?] Romualdez and [Alfonso] Calalang, I think they were more or less always on the same side.

TADEM: Sir, in terms of the import-substitution policy, were you active in crafting this?

MAPA: No.

TADEM: What about policies encouraging exports?

MAPA: It depends. As regards monetary policies, [I was for] allowing devaluation rather than defending the rate.

PADERANGA: The Investment Incentives Act was 1967 and then the Export Incentives Act was 1969.

MAPA: It was more of the Investment Incentives Act and the creation of the Board of Investments.

PADERANGA: And the Export Incentives was I think two years later...

MAPA: Maybe later because I was not here anymore. I went to Washington in 1970. The Investment Incentive Act was largely the work of Pepe [Jose] Diokno, Cesar Virata and myself. I was privileged to have that opportunity to work closely both with Cesar [Virata] who was my deputy and with Senator Diokno. We spent a lot of time in his [Diokno's] office up to late in the evening or even on weekends in his house in Magallanes. We were drafting that Investment Incentive Act.

PADERANGA: On the classification of industries, where did that initiative come from, from the Senate or from the administration?

MAPA: At least both. It was a product of collaboration and thinking among Senator [Jose] Diokno, Cesar Virata and myself.

PADERANGA: So you were the pioneers.

MAPA: Yes. In turn, in the PES (Presidential Economic Staff) we were relying on our staff.

PADERANGA: This whole idea of classifying [industries], did you use a model? Did PES use some model coming from the outside?

MAPA: I cannot remember.

PADERANGA: Listening to you, I was wondering what could have been the model for this... what was the conceptual underpinning, was this coming from the planning side or just from the development side? During that time, there was a lot of talk about the **[insert concept]** in Italy...

MAPA: I do not think we were influenced by that idea. Other people working with us in PES (Presidential Economic Staff) then were Ernest Leung and Jun Katigbak who is quite sick by the way in New York. Vicente "Ting" Paterno was also more active before that. Even when he was in the private sector, I would suggest to my staff to go and talk to him but he was more active during Ting [Sixto] Roxas's time. Later, he came back and became the BOI (Board of Investments) chairman. When Cesar Virata, who was the first BOI chairman, moved to Finance, then Ting [Vicente] Paterno came back and became the BOI chairman.

PADERANGA: He was there for awhile.

MAPA: That's right.

PADERANGA: What were your views on planning against the free market?

MAPA: There is room for both. It's just that you cannot do too much planning because you do not have capability to do it all and to the extent that you [allow] the market [to work], then you make the job easier but that does not mean that you should not intervene. You should try to keep the market in line along certain directions but you cannot do it in a minute way...

PADERANGA: When you were doing the Investments Incentives Act, were there private interests trying to inject themselves into the process?

MAPA: No, not too much. Although, it was possible that they might have communicated directly to Senator [Jose] Diokno as chairman of the Senate committee

PADERANGA: So if there were any, it might have gone to Congress?

MAPA: Maybe and then when we got exposed to it, it had been filtered already by Senator [Jose] Diokno.

PADERANGA: The foreign businessmen, were they quite active in discussions, let's say on policies? ...

MAPA: They were voicing their opinions and they were talking to Cesar Virata.

PADERANGA: Because I remember one time, Tom Mchill who was... was he the president of [Victoria?]

MAPA: ... I think they communicated with Cesar [Virata] when he was my deputy in charge of investments. In that drafting of the act, there were a lot of exchanges between Senator [Jose] Diokno and us. Whatever we received we would share and pass them on to him. Whatever he

would receive, he would share and pass them on to us and then we would just discuss... and try to come up with results...

PADERANGA: Was he [Senator Jose Diokno] insistent on certain items?

MAPA: No. I think he [Jose Diokno] was inclined to the national interest and maybe a little cautious about the views of the foreigners. But he was not rigid. He was always open for discussion. It was a very a healthy and pleasant experience working with him.

TADEM: ...and then he was jailed by [Ferdinand] Marcos?

MAPA: I was saddened... he was very nationalistic... but that didn't mean he was close-minded. There was even an interesting incident one weekend. We were in his house and we took a break, drinking juice or soft drinks near the pool. Then suddenly, I just saw him took off his shoes and shirt and dove into the pool because he saw a boy, one of the guests playing with the children, struggling in the pool. He dove right away.

PADERANGA: Very interesting because he was a lawyer and yet he ended being interested in economic policies. Of course I think from the legal side.

MAPA: No, he was studying also the economic aspects not necessarily the legal aspects.

PADERANGA: I remember inviting him once in La Salle... in fact, that started my interest in American laws on anti-graft because he was talking about these... He knew a lot actually. I was wondering where that kind of interest came from. Maybe he was just very well read and he was like a Renaissance man.

TADEM: Sir ... in 1974, there was prior abolition of tariff protection, were you part of this?

MAPA: I do not know to what extent but I was in favor of reducing tariffs.

TADEM: Sir with regards to debates on capital-driven economy versus a labor-driven economy, were these debates also part of the discussion when you were in government? Like for example, views on capital control?

MAPA: I was in favor of doing away with controls. For me, the matter of capital, labor... I do not have any rigid preference for one or another... If you are short of one and plentiful of the other, try to bring in what you're short of, including foreign investments. Then, make use of your plentiful resources like labor. You cannot utilize labor if you do not have capital. That was why I was in favor of allowing more foreign investments....

PADERANGA: In the PES (Philippine Economic Society)... I think you were already active even in the mid-1960s...

MAPA: I was in PIA (Program Implementation Agency) in the 1960s.

PADERANGA: I mean the Philippine Economic Society. I am sorry. Because I think they started early 1960s.

MAPA: Towards the 1960s, I was the president.

PADERANGA: Was there any discussion of the [John] Power-[Gerardo] Sicat papers? What was your view on that? This was one of the initial discussions and then later on there was consistent attack on import-substitution.

MAPA: I think that it was already after I left when Gerry [Gerardo Sicat] became more active. In fact, he succeeded me as president of PES ((Philippine Economic Society)... and then as chairman of NEC (National Economic Council).

PADERANGA: So this was discussed in the PES?

MAPA: Yes, but after I left already.

PADERANGA: Interesting. I remember attending a PES meeting in 1971 and then John Power was talking and Beniting [Benito Legarda] was interpolating him.

MAPA: I was in Washington during that time...

MAPA: And you [Cayetano Paderanga] also became president for one year.

TADEM: Why only for one year?

PADERANGA: They wanted to have rotation.

MAPA: Because nobody wanted to stay. We were elected with the assurance that it would only be for one year. It was not like somebody wanted to hang on to the position.

PADERANGA: It's like the American Economic Association. When you elect the president and the vice-president, it's already [assumed that] unless something happens, the vice-president will be the next president.

MAPA: Incidentally... I think UP (University of the Philippines) at one time asked for a copy of my doctoral dissertation. There is a chapter there which was modeled after Domar's economic model except that I injected the foreign exchange element. That would reveal my kind of thinking. ...

PADERANGA: You're saying that we have a copy of your dissertation in UP?

MAPA: They asked ...permission to have my dissertation in Harvard copied and included in the library.

PADERANGA: Except in that library, when I came back they had my copy and then twenty years later, they could not find it. I said, "I gave you a copy." Then I had to lend them so they can have a copy.

MAPA: If I can find my copy and it has not been shredded, I would lend you my copy.

TADEM: Sir, the policies that you instituted particularly on decontrol, how did it affect the agriculture sector?

MAPA: I thought that the agriculture [sector] over the years always responded to incentives given to them ...

<Dr. Mapa answers a call.>

TADEM: Sir, your policies were focused on improving the agriculture sector?

MAPA: I focused more on the infrastructure that would empower the agriculture sector to be more productive. I was not in favor of price control that would discourage them from responding to price incentives.

PADERANGA: But was there an active involvement already during that time by the national government in rice? ...

MAPA: Historically, rice was very crucial in terms of politics. Whoever was in power, whoever was the president, he made sure that there was enough supply of rice and that the price of rice would not go up.

TADEM: Sir about the achievements of NEC (National Economic Council), what would you consider were the more prominent ones, in terms of the policies?

MAPA: During my time, I do not remember...

PADERANGA: But you were already in NEC during this time?

MAPA: I was only there for a short time in 1970. Senator [Arturo] Tolentino said that I could not be confirmed as NEC chairman unless I give up my other positions. I was not willing to give up my other positions so I was not confirmed as NEC chairman.

TADEM: Sir in 1972, you already went to IMF?

MAPA: Actually, November 1970. In 1972, I was elected IMF executive director but in 1970, I went to Washington, in the World Bank as alternate governor.

PADERANGA: Who was the World Bank governor then?

MAPA: Although the biggest voter in the bloc was Brazil, at that time the executive director came from Colombia, Virgilio Barco [Vargas], who later became president of Colombia.

TADEM: In 1970, you had so many positions.

MAPA: I was in DBP (Development Bank of the Philippines) as part-time governor also. I did not want to give that up because it was the highest paying....

PADERANGA: What were the main thrusts of monetary policies during the Macapagal and Marcos administrations?

MAPA: It was to maintain prices to avoid inflation.

PADERANGA: During Macapagal's time, it was no longer [Miguel] Cuaderno? It was already [Andres] Castillo?

MAPA: It was [Andres] Castillo but he was already influenced by Armand [Fabella] who was concerned about price... stability.

TADEM: When we interviewed him [Armand Fabella], he said President [Fidel] Ramos called him up, offering him a position in government...He said, either in the Central Bank or Secretary of Finance. He was offered Education. He thought it was his chance. <Everyone laughs.>

MAPA: It is so like him to narrate it that way, to be frank about it.

TADEM: ... Sir, how was savings encouraged in your monetary policies? Was there any policy for savings?

MAPA: No. That was more [a concern] of the Central Bank.

PADERANGA: Did the monetary [thrusts] change from Macapagal to Marcos?

MAPA: Yes, in terms of looser [control], well even before [Alfonso] Calalang's or [during] [Andres] Castillo's time, Marcos sort of persuaded him to relax in [terms of] monetary policies.

TADEM: Sir for the decontrol program... you said that there was also a mix of those who wanted it. These included those in the agriculture sector and the local industries, were they the only groups expressing their opinions about decontrol?

MAPA: Yes. The Chamber of Industries versus the Chamber of Agriculture and Natural Resources where the Chamber of Industries wanted to retain control [while] the Chamber of Agriculture and Natural Resources wanted decontrol.

TADEM: Why was this policy instituted? You were saying that this was to allow more investments...?

MAPA: Yes.

TADEM: Sir, how do you see the benefits as well as the repercussions of such policy?

MAPA: Well, I do not think we can always just pinpoint one. We had quite a high rate of growth in the early 1970s, which was interrupted when the oil price increased... but before that, we were beginning to see rapid growth without hyperinflation.

PADERANGA: We floated in 1970 and then in late 1973 when the Arabs started the embargo because of the October War...

TADEM: Sir you were no longer in the Philippines during that time?

MAPA: I was in Washington.

TADEM: I was wondering if there were already debates during this time on decontrol policy, when the oil crisis came, was there a rethinking?

MAPA: Well, before the oil crisis came, I thought that with the relaxation of policies, there would be an increase in production and also, even when there might have been a slight increase in prices, I did not think it would have an onerous effect on the poor in general. In fact... the prices of the products in the rural areas ... were increasing and... also encouraging increase in production. It served as a way of redistributing income from the urban areas to the rural areas.

PADERANGA: So it was the urban areas who were essentially hit by the policy?

MAPA: Yes, but the information I got was that the sales of insurance policies during that time abruptly increased in the rural areas.

TADEM: Because they have savings.

MAPA: Yes. They were saving and investing, in a sense.

TADEM: In terms of the decontrol program and curbing corruption, you mentioned about smuggling...

MAPA: That itself was a big issue... We did the decontrol of the exchange allocation where I thought there was abuse in the lending of government financial institutions... in the late 1960s. That was kept out from us but in the crisis of 1970 which subsequently led to the floating [rate], one area that had to be reformed was the financial institutions.

PADERANGA: Sixto Roxas mentioned that it was at this time that they had to start to program the liabilities, was this the one he was referring to when they had to document all the foreign borrowings because they would have to pay? So at that time they were already borrowing not largely but at least significantly from the foreign lenders [like] the World Bank...

MAPA: Aside from the World Bank, there were a lot of private foreign borrowings that were not under the purview of anyone except maybe the so-called cronies. After that crisis, then these things had to be put under surveillance. That was what led into trouble.

TADEM: Sir how would you characterize the exchange rate during the Macapagal period? Was it something that you have control of?

MAPA: I tried to suggest a looser [one] but I did not win in that discussion.

TADEM: Both in the Macapagal and Marcos administrations?

MAPA: No, precisely in Marcos' time, it became looser. Incidentally, talking about surveillance, control and then the agreements with the IMF in terms of keeping this monitoring and supervision, aside from Cesar Virata who was secretary of finance, Gabby [Gabriel] Singson can give you a lot of information about that. He was the legal counsel of the Central Bank and so under [Gregorio] Licaros, many of the negotiations with the IMF and the foreign banks in terms of the restructuring of foreign debt were handled by Gabby Singson. I think you better see him

while he is still healthy and still has a good mind. He can really give you a lot of information on that.

TADEM: Sir, on how monetary and fiscal policies were formed, you are basically saying that you had the Central Bank and then Armand [Fabella], they were the key ...

MAPA: Yes and talking about Gabby [Gabriel] Singson, during Macapagal's time, he was in the Loans and Investment Council representing the Central Bank. So, even during Armand Fabella's time, he was already active as a middle-level government official.

PADERANGA: So even during the mid 1960s, even early 1960s?

MAPA: Late 1960s.

TADEM: What we are talking here is the [Diosdado] Macapagal period.

MAPA: Yes that's right it was mid-1960s. The early 1960s during Macapagal's time, he [Gabriel Singson] was in the Loans and Investment Council, representing the Central Bank. So he can give a very good [view of the] transition in terms of financial administration. Another one who was also very active but he passed away already was Gabby [Gabriel] Itchon.

TADEM: He was young when he passed away.

PADERANGA: Jimmy [Jaime] Laya and Gabby Itchon's wives were sisters?

MAPA: Yes, Sandoval. But Gabby [Gabriel] Itchon's wife is still around, Cidita, Jimmy's wife, Alice, perished in the earthquake.

TADEM: Sir, when did the government start to borrow heavily from the international financial institutions?

MAPA: I think it started during the late 1960s when our attention was called that we were under utilizing that resource.

PADERANGA: So, in the late 1960s?

MAPA: When we approached them, they said that they were happy to lend us more but we had to do something first like monitoring and supervising the projects that would be financed under these loans. That was when Alex [Alejandro] Melchor set up the infrastructure operations center to monitor the government projects that were financed by the international financial institutions. When they saw that we were better able to implement because of better supervision and monitoring, primarily through the Presidential Economic Staff (PES), then they stepped up their lending both with the World Bank and the ADB for infrastructure. IMF also started giving us more funding because they saw that we had become more disciplined in terms of our fiscal and monetary administration. On the part of technocrats, like Cesar Virata and Armand Fabella, we were better able to implement policies in terms of getting government committed to do these reforms because we were able to borrow from IMF bigger amounts. We would be violating the terms and conditions of our loan agreement if we did not observe these rules.

PADERANGA: You found a weapon?

TADEM: So the ones you mentioned, Alex [Alejandro] Melchor, Cesar Virata, and Armand Fabella, these were the key people?

MAPA: Yes, in the Budget and then later on, in the Central Bank.

TADEM: What were the key issues during that time in the negotiations?

MAPA: ... Our management of the loans and the implementation of the project. That was why we were able to step up our foreign borrowings and also increase investments and infrastructure, the irrigation and the roads, the bridges, the airports. In terms of progress, there was a leap....

TADEM: Sir, were there any problems with regards to our balance of payments?

MAPA: Yes. We had balance of payments crisis in the late 1960s and then again, in the early 1980s.

PADERANGA: In the 1970s, we had no balance of payments problem to speak of?

MAPA: For a while, yes, after we solved the problem in the 1970s with the floating rates. We were considered very well-managed in the 1970s until the crisis of 1980s and then, the Dewey Dee [issue]. Again that was related also to the DBP-PNB borrowings and to the political [situation] with the assassination of Ninoy [Benigno Jr.] Aquino.

PADERANGA: So the Dewey Dee Affair was not enough to give us financial problems?

MAPA: That was not the only thing. It was a symptom of what had taken place during that time.

PADERANGA: Who would be a good person to ask?

MAPA: Cesar [Virata].

PADERANGA: It never occurred to me.

MAPA: That led to a revamp of institutions and appointments.

PADERANGA: Well, Bancom kind of disappeared. I thought that was only the effect.

MAPA: No. It led to the change in institutions.

TADEM: Sir, did you see that coming, that symptomatic effect of the Dewey Dee [scandal] on the banking system?

MAPA: Dewey Dee was a symptom of what else that happened.

PADERANGA: Because the borrowings he had was something like 120 million?

MAPA: I forgot already.

PADERANGA: In the context of things, it did not look big to me.

MAPA: Yes, but in those days, that was big. Just like popsicle before, 3 centavos and then 5 centavos, coke was 5 centavos and then, 10 centavos. Cesar [Virata] did not mention that? But if you ask him, then he can tell you more about it.

TADEM: Sir what about in the 1960s, the Vietnam War, how did it affect the economy in terms of foreign borrowings from the US?

MAPA: I had the impression that President [President] Marcos thought by getting involved there, we would get more from the US in terms of foreign aid but it did not [happen]... I was not in favor of that kind of involvement... [Fidel] Ramos was part of this [PhilCag or Philippine Civic Action Group]. I remember because one afternoon I was in Malacañang with the parents of Fidel Ramos, Secretary Narciso Ramos... They were asking President Marcos not to send Eddie [Fidel Ramos] to Vietnam but Eddie wanted to go. Since Marcos was their nephew, they went there to stop him from sending Eddie to Vietnam. The parents of Eddie were against him going to Vietnam because they were worried. But Marcos said it was his career. In my case, I was there to submit my resignation as director-general of PES (Presidential Economic Staff) because my father had died and Metrobank was offering me a seat to succeed him. Again, [my resignation] was turned down... Actually, before that I was traveling with Secretary [Narciso] Ramos. We were usually together in delegations. He would be the head and I would be the deputy.

PADERANGA: The ownership of Metrobank then was different?

MAPA: It was primarily George Ty even at that time.

TADEM: What were the major policies to encourage foreign investments before and after Martial Law?

MAPA: I am not sure but I had the impression that during the [Carlos] Garcia administration it was Filipino First but I was not involved. I think [Diosdado] Macapagal had more inclination on that and with [Ferdinand] Marcos, even more.

TADEM: Were there any problems in the implementation of policies regarding foreign investments vis-à-vis the local investors?

MAPA: Ah yes. That was [a major consideration] ... in the Investment Incentives Act. Sometimes you needed some kind of investment and the domestic investors were not available for that. You could channel it to crucial areas in which you could not expect local investors to raise the capital for it.

TADEM: Sir, regarding the issue of foreign debt, was this because the foreign investments were not enough or were there other issues?

MAPA: I think the issue on foreign debt was excessive borrowing which was allowed in terms of the guarantees of financial institutions [but] were not properly monitored in terms of viability and the ability to [pay]... That was precisely what caused the exchange problems; we had an excessive rise in foreign borrowings by local investors....

PADERANGA: So you were monitoring private debt?

MAPA: Subsequently, but before it was not [monitored]. That led to the problem.

PADERANGA: Even if they were not guaranteed by the government?

MAPA: Yes. That's right. There was a time when it had to be.

PADERANGA: Because of the impact of the exchange rate.

TADEM: Were you in government then during this time?

MAPA: I was in Washington but I would keep track on what was happening.

TADEM: So what were the strategies during that time?

MAPA: I think Cesar Virata would know best about this and Gabby [Gabriel] Singson, although he might not be the one deciding he was the deputy involved in the negotiations, in terms of monitoring and directing.

TADEM: Sir with regards to the country's relationship with multilateral institutions, what was your general assessment of this, like the relationship of the Philippines with the World Bank and the IMF?

MAPA: I think it was a productive and fruitful relationship. The only area that I had some resentment was USAID and the World Bank who were trying to insist on population control as a condition which I resisted during the time I was in position.

TADEM: They backed off?

MAPA: During that time, yes.

TADEM: Sir what about assessing the multilateral trade system with GATT, were you part of it?

MAPA: No. It was more of Cesar [Virata] and Romy [Romeo] Bernardo.

PADERANGA: So Romy was already active?

MAPA: Yes. He was in Geneva.

PADERANGA: This was in early 1970s?

MAPA: Yes, and later he was in IMF also as alternate executive director and Ernest Leung also could be a resource person for you.

PADERANGA: They would have different views.

MAPA: They are very good friends but they would always argue with each other.

TADEM: Sir the same with the WTO (World Trade Organization), you were not involved?

MAPA: Yes.

PADERANGA: Was Foreign Affairs engaged in the discussions with the multilateral institutions?

MAPA: With the multilateral financial institutions, not too much.

PADERANGA: Really, just Finance?

MAPA: Yes, Finance and NEDA.

PADERANGA: The projects would be PES (Presidential Economic Staff) and NEDA (National Economic and Development Authority)) and so the monitoring of the projects would be now in NEDA.

MAPA: Incidentally, my successor in the Metrobank Foundation, President Chito [Aniceto Sobrepeña] was involved in this and other policies but not in monetary [policy]. You might want to talk to him. He was more active during the Cory [Corazon Aquino] administration and in the

[Ferdinand] Marcos [administration] with Gerry [Gerardo] Sicat, he was in the middle level [then].

TADEM: Sir, we now have the hindsight questions. Sir, when you joined the Macapagal and Marcos administrations, were you conscious of what you wanted to achieve or was there any specific thing you wanted to achieve?

MAPA: Nothing specific, just to help and see the country grow.

TADEM: And follow your father's advices.

MAPA: Yes.

TADEM: What would you consider were your achievements then?

MAPA: The fact that a number of things were done like the passages of bills into law...including the taxing of exports...During that time, there was an improvement precisely of public finance [in relation] to GDP...

PADERANGA: But it became permanent?

MAPA: Yes.

PADERANGA: This was actually removed during the [Corazon] Aquino administration. I am not sure about that. It took a long time.

TADEM: Sir, can you recall things that you wanted to implement but you could not because there were some limitations... that?

MAPA: In general, you can never do everything by yourself. You have to depend on the cooperation of other people to do it... You only have to do it with a collegial approach. You can never do that by yourself and that means that you have to contribute to your colleagues' efforts.

TADEM: So sir in relation to that, what were the factors that facilitated your economic aims and objectives?

MAPA: No man is an island. That song is very true in terms of public governance.

PADERANGA: Who were your groupings and who were the other groupings during this time?

MAPA: I was closely associated with Cesar Virata and Alex [Alejandro] Melchor and Armand [Fabella], I was his subordinate. Jimmy [Jaime] Laya was also with us.

PADERANGA: Who would have been on the other side, the line people?

MAPA: Not necessarily.

PADERANGA: Were there big debates during this time for example on the approach to planning or borrowing or liberalization within government?

MAPA: There were other areas that we could not control because we were not consulted but other people were consulted, for example, on industrial policies during Marcos time, Bobby [Roberto] Ongpin had a big say on that.

PADERANGA: It was not within your [control]... you would probably be consulted perhaps in latter part of the game.

MAPA: Or not all.

PADERANGA: Was he [Roberto Ongpin] by himself?

MAPA: He probably might have been chatting with Cesar Virata. I do not know to what extent. I do not know to what extent Cesar would agree with him or not. Because he was a prime minister, he had a wider...

TADEM: So sir, there were no structure whereby, as you said, we have Bobby [Roberto] Ongpin here, was there any structure that...?

MAPA: In some areas, like oil, there was Ronnie [Geronimo] Velasco. We were friends personally but in terms of areas of implementation, we did not have to be always involved in what they were doing. They had their own pipeline with the president.

PADERANGA: What you are asking is [to Dr. Tadem], was there a process by which these efforts would be made coherent?

MAPA: Cesar [Virata] as prime minister was always trying to do that. He did not always succeed but he would always try to do that as prime minister. He had that responsibility and willingness.

PADERANGA: But there was no venue where you had open discussions?

MAPA: Sometimes, we had but sometimes, some people were not willing to submit to that discussion.

PADERANGA: It was a little different during the Aquino administration because major programs would be brought to the Cabinet and would be discussed openly so we would have some say for example on the health program. We would say that from our point of view...

MAPA: This was also done but aside from those occasions, there were other meetings where things were decided but not in the presence of everyone.

KATAYAMA: When we interviewed Cesar Virata, we had the impression that the management approach of Mr. Marcos was a sort of compartmentalization of the key personnel or key policies.

MAPA: That was what I meant. At certain times, everybody was consulted but at other times, certain compartments were making decisions without the participation of everybody....

KATAYAMA: So he [Cesar Virata] did not always have ideas on what was going on?

MAPA: He [Cesar Virata] was always trying but as I said, there were times when even he would not have access. Certain colleagues would have direct access [to President Marcos] and decisions would be made without involving [Cesar Virata].

PADERANGA: It was the president [Ferdinand Marcos] really who was making decisions...

TADEM: So at the end of the day, it was the Secretary or the head of the department who would decide...

MAPA: Well, with the president...

PADERANGA: President [Corazon] Aquino was like the chairman of the board.

TADEM: But who would have the last say?

PADERANGA: She [Corazon Aquino] would have the last say...

KATAYAMA: How about President [Diosdado]Macapagal? Was it the same?

MAPA: I was not at that level yet, although there were a few times when Armand [Fabella] was out of the country and he would send me to attend cabinet meetings but those were only a few times.

PADERANGA: And the cabinet meetings were not that open during the time of Macapagal?

MAPA: ...It was Armand [Fabella] who was attending [cabinet meetings]. I think I attended three cabinet meetings as deputy, as undersecretary either of Armand [Fabella] or Feny [Rufino] Hechanova.

TADEM: When you were no longer in the government that was when [Ferdinand] Marcos was sick already?

MAPA: No. I was there up to the end.

TADEM: Did you see any difference in the coordination of agencies or did it become more separate?

MAPA: When he [Marcos] was ill?

TADEM: Were people just doing things on their own?

MAPA: Towards the end when the president was sick, as much as possible, Cesar [Virata] and Alex [Alejandro Melchor] were trying to salvage what they could ... but there were other areas that they were not in the position to...

PADERANGA: Security. National security was really out of your [area]...

MAPA: Well, I was not involved but in the case of Alex [Alejandro Melchor] and Cesar [Virata], they would still try to do something there but still it was always something not within their [control]... there were some areas with Mrs. [Imelda] Marcos as well.

TADEM: ... I was wondering... were there any interventions during that time with regards to the policy?

MAPA: They were doing things beyond our control.

TADEM: So they were not necessarily intervening in your own department?

MAPA: To the extent that they would interfere, then they would raise it with the president.

TADEM: So these were the only ones with Mrs. [Imelda] Marcos and then General [Fabian] Ver during that time?

MAPA: Ver was in Defense, [handling] security matters.

PADERANGA: Senator [Juan Ponce] Enrile belonged to that group.

MAPA: Yes, but in that area he [Enrile] and Ver were not always [in good terms] and precisely [for that reason that] Johnny joined the RAM (Reform the Armed Forces Movement) group.

TADEM: And even [Fidel] Ramos at that time...

MAPA: Even in the matter of security and defense, there was compartmentalization.

TADEM: President Marcos could not put all of these together.

MAPA: ... when he became sickly...

PADERANGA: When did he become sickly enough that it became pronounced?

MAPA: Later, around 1984.

TADEM: When Ninoy [Benigno Aquino Jr.] was assassinated, there were already rumors...

MAPA: He was sickly at that time.

KATAYAMA: Last Sunday, the *Philippine Daily Inquirer* had a very interesting article about cases filed against Bobby [Robero] Ongpin regarding management and the Binondo Central Bank. He appealed for the cases to be dismissed and he defended his contribution, that because of his efforts, there was stable exchange rate, do you agree?

MAPA: To some extent, in terms of interventions, I am aware of the way the market operates, its responses to certain interventions. To the extent of the magnitude available to him to do it, I do not know how to rate whether it was effective or efficient or not since I was not [involved]. But where I agree was that I do not think he made money out of it. I think Bobby [Roberto Ongpin] knew how to make money from some other ways... I support or agree with him that there was no personal dishonesty on his part.

PADERANGA: What was the problem that they perceived and I suppose you would have perceived also during this time, what was the concept?

MAPA: It was the Binondo Central Bank.

PADERANGA: But what was the problem then? Why did they have to set up a Binondo Central Bank?

MAPA: I knew little about it, the idea was intervention. Just like in the stock exchange or in the exchange market now, to the extent that there would be a force that would step in and affect the market from time to time. It could have a psychological effect that might be effective or might not be effective enough. But as I said, if you did not know the magnitude that was involved, then you could not make an assessment of how effective or efficient it was carried out.

PADERANGA: Because the question would be, what was the problem? Why were they trying to solve it? What was the problem they were trying to solve? The Philippine government already had a lot of debts during that time. They were heavily indebted already so they could not

afford devaluation or depreciation? This was a way of operating the economy without formal depreciation. Could that be a good assessment on a particular issue?

MAPA: I really do not know. As I said I was not [involved]...

PADERANGA: I am just trying to search for why...

MAPA: What occurred to me subsequently was with all the accusations they made against President Marcos in terms of his wealth abroad, if he really had that much wealth abroad, a very small portion of that could have been used to correct the situation...The fact that he did not use that, maybe precisely was an indication that he did not have that kind of wealth that he was being accused of amassing. If he was just to protect his own skin, all he had to do was to use a small portion and that would have been enough to calm the market.

KATAYAMA: You do not believe that [Ferdinand] Marcos accumulated that big amount?

MAPA: No.

KATAYAMA: This is also another inappropriate question but I would like to take advantage of this opportunity, and ask you about your opinion about the accusations against the Marcoses, also you might have been identified with the Marcoses. So after the downfall of the Marcos administration, how do you feel then and now?

MAPA: Let me put it this way. Many cases were filed against me as part of the Marcos government, and many of them had been dismissed by the court, especially by the Supreme Court, although some of them are still pending until now.

TADEM: Sir did you find it easy to go back to private life?

MAPA: Initially, it was difficult.

TADEM: You said that your own family was divided as well.

MAPA: The division in the family was different because we may have differences in political opinion but still remain close from a family point of view... What made it different was in terms of the cases, the expense of hiring defense lawyers. Also, in terms of private sector... initially I guess there was a reluctance to give me a position until I could get the assurance that I would not be convicted.

KATAYAMA: I am wondering ... why [Ferdinand] Marcos was not able to meet the expectations or promises that he made... even though he succeeded in mobilizing the very capable and brilliant, the best and the brightest technocrats like you in his administration. He promised to dismantle the oligarchy, he did that to some extent but he had also created or maintained many oligarchs or cronies. Eventually, the final result was ... not so good. Why...?

MAPA: I think... we have to allow more time for history to make the assessment [of his achievements] but now I hear people commenting that in fact, it was better than initially assessed in the wake of his downfall and that there were many other achievements... Looking back, I was one of those who were not in favor of the projects of the First Lady, like the Cultural Center or the Light Railway Transit; [these projects] were also criticized by the staff of the World Bank or the IMF.... But look at the contribution that the Cultural Center [of the Philippines] made to the arts and the [benefits of] the Light Railway Transit. In fact, we are expanding it because it has been a good economic investment.

PADERANGA: So was the World Bank against it?

MAPA: Yes, because they thought it was an unproductive investment. Not everything that the World Bank [says] is correct. History, I think, will show a better appreciation eventually. I remember, in the case of [Elpidio] Quirino, during his time, he was also very much maligned. ... [But] he is now considered one of the best presidents that we ever had. I think, time has a way of appreciating a person's contribution. It is true as you quoted from Prime Minister [Cesar] Virata, that President [Ferdinand] Marcos tended to compartmentalize and maybe he had his reasons. I

think in my assessment that also prevented the contribution of one group to be more productive and could have neutralized what was done by the technocrats to the extent that there was compartmentalization and what was happening elsewhere was offsetting or contradicting the gains in the other areas. As I said, who are we to judge that our contribution is better...?

TADEM: Sir... you said that... after the downfall of Marcos... you had difficult times in the private sector, but when did things begin to open up?

PADERANGA: When did it become easier for you?

MAPA: When the Supreme Court decided some key cases in my favor.

TADEM: Do you remember what years were these?

MAPA: These were already in the 1990s but even before that, with that handicap of the cases, although the Supreme Court had not yet decided in my favor, there were people who realized that there was nothing to those charges and so I was being appointed to higher positions already. I joined Metrobank in 1986 as a director; it was not until 1989 that I was made president. So for 1987 and 1988, I was an executive director doing much of the work of the president but not carrying the title of president.

TADEM: Sir what about the IMF and the World Bank, did you have any dealings with them later on?

MAPA: No. not in a private [capacity], except later, when I became the president of the Banker's Association, they were dealing with me because of that position. They would seek our views.

TADEM: Sir would you see your fellow technocrats during this period?

MAPA: Oh yes. We regularly get together about once a month. It was only lately that we did not meet as often as before, partly because some people had passed away but still... we would take

turns hosting a get together... We would rotate the hosting. We would get together about once a month.

TADEM: Sir would this gathering include the people who were considered as the Marcos technocrats and those who were considered as the First Lady's technocrats?

MAPA: Yes. In the gathering, we were only the Marcos technocrats or the financial group. Because we were friends, we got there as friends.

KATAYAMA: How would you assess the technocrats during the [Fidel] Ramos and the GMA (Gloria Macapagal-Arroyo) administrations? What kind of impressions do you have of them?

MAPA: Each one has his own contribution...

KATAYAMA: We are surprised to find key persons in government like you still active if not in the public sector, in the private sector.

MAPA: Because the market looks for talent.

TADEM: Do you see any difference between the technocrats now compared to the technocrats before?

MAPA: In what sense?

PADERANGA: ...in terms of effectiveness and expertise.

MAPA: Maybe, you should ask people who are not involved to make that assessment. But there are people who, at different times, have [made some] contributions.

KATAYAMA: Compared to other countries like Indonesia or Thailand, the role of technocrats, I think is not so big in the Philippines because in those countries, different personalities dominate politics. They can almost give a free hand to the technocrats.

MAPA: Like in Indonesia during Suharto's time.

KATAYAMA: ... What kind of relations do you think is desirable between politicians and technocrats in the terms of policy making and implementation?

MAPA: Well, I think it depends on who is the authority at a given time and to what extent he wants to make use of [the technocrats]...

PADERANGA: Why do you think Singapore developed and we did not? What could have [made]... the difference? Clearly in the 1960s, we were ahead of Singapore...

MAPA: I think it was because of the really strong hand of Lee Kuan Yew.

PADERANGA: But we also have a strong hand with Marcos.

MAPA: But he was not as strong as Lee Kuan Yew in Singapore, I think.

PADERANGA: Lee Kuan Yew I think thought Marcos was stronger at first during the 1960s.

MAPA: I do not know if Marcos was stronger... or if Lee Kuan Yew thought so. Because look at how, even during martial law, there were still voices speaking up, even during the height of Martial Law.

PADERANGA: You mean none in Singapore?

MAPA: Lee Kuan Yew was more effective in silencing them; with all the accusations against [Ferdinand] Marcos, I think people were still able to speak up during Marcos' time.

TADEM: I could not imagine Marcos stopping us from chewing gum. <laughs>

MAPA: And also as you can see, Singapore, economically, is more advanced now compared to us. But who are the happier people? ...

PADERANGA: Who do you think?

TADEM: Money can't buy everything. They do not have children and their problem is that they do not even know how to date.

MAPA: Now, they are trying to reverse [that]... They have realized that they made a mistake [but] I think it is irreversible.

TADEM: ... I do not know what you think of this. They were saying that the reason why Indonesia, Malaysia and Thailand also developed was because of the strong nationalist position of their leaders. The investments are going back to their countries unlike in the Philippines...

MAPA: It's not just the leaders, by the way...

TADEM: People in general...

MAPA: Because even in the private sector, including [those] in the opposition, [many] also stock money abroad.

TADEM: Sir what might explain this? Corruption maybe bigger in Indonesia, but people bring back their money there.

MAPA: Well, it is true that people brought back money in Indonesia. But you do not know how much had come back to Indonesia.

TADEM: Sir, if you want to return to government service... what position would you like to take?

MAPA: Like Armand Fabella, my area is in finance, in monetary area. Because that is the only area I feel I can make a contribution... any position that my late father had is going to appeal to me. At one time, in fact, they thought of putting me back in agriculture but instead they sent me to NEDA (National Economic and Development Authority). At that time, I would have accepted it just because that was my late father's position.

TADEM: What advice can you give the government now?

MAPA: I do not know if they will listen to me now. Well, it depends...

TADEM: On your expertise.

MAPA: If my advice would be sought, I will recommend the veto of the reproductive health bill... To quash it I guess is the most important thing to do. .

PADERANGA: What advice you can give to those in government now?

MAPA: That's a broad area.

PADERANGA: Yes and it is a different question from what she also asked. This is the question about your advice to those in government.

MAPA: Well, there are values that transcend all considerations... In my case, it is my faith and I presume that I am talking to people who are Christians. If they share that faith... the values they uphold will prevail ultimately and eternally.

PADERANGA: I thought you would say, "Get out of government." <laughs>

MAPA: It is not what happens while you are in government but... what happens after you leave the government.

TADEM: Did you see a role in government after you left your position...? Have you thought of going back to government?

MAPA: No, because I am still trying to fight off what happened to me in the government.

TADEM: Sir, thank you very much! After transcribing and editing...

PADERANGA: ...then we will come back. We might have some more questions... The thing about the Dewey Dee [scandal], we were not able to ask PM [Cesar Virata] about it....

MAPA: That was how Jimmy [Jaime Laya] was transferred from Budget to Central Bank..

PADERANGA: At that time, [Gregorio] Licaros was in government and then Jimmy [Jaime Laya] took over.

<end of interview>