

# making sense of the Flat world

strategic leadership for the  
new economy • private-public partnerships  
toward education reform in development • political  
violence • government ethics • the health and wealth of  
nations • when media takes a stand for social change • civil society's  
role in enhancing democracy and development • ensuring safe and

## **The Globalization Lecture Series Compendium**

strategic perspectives for policy  
development and advocacy

fundamentals of credit-rating and investor issues in post crisis asia  
sustainable business • globalization and business • making  
trade liberalization a tool of economic development:  
opportunities and challenges • intellectual  
property rights for the

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Policy Center 2007, Asian Institute of Management  
123 Paseo de Roxas, Makati City  
Philippines

ISBN 978-971-679-081-8

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This publication was made possible with the support of the Konrad Adenauer Stiftung. The opinions expressed here are those of the authors and do not necessarily reflect the views of the Konrad Adenauer Stiftung.

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# AIM

POLICY CENTER

Konrad Adenauer Stiftung



“The Globalization Lecture Series, through the years, has created an impact in the marketplace of ideas. It offers world-class knowledge and policy dialogues that place participants on the cutting-edge of innovation and competitiveness. The GLS serves to bridge the gap between the ‘red ocean’, the warm comfortable sea of gradual evolution, and the ‘blue ocean’ change, which is truly revolutionary and transformational.”

**Federico M Macaranas, PhD**

## MESSAGE

Klaus Preschle



The turn of the new millennium necessitated the creation of a liberal venue for the public sharing of knowledge from experts coming from different parts of the globe, thus the Globalization Lecture Series was born in September 2000.

The AIM Policy Center's Globalization Lecture Series (GLS) Compendium features international and local experts who share their insights on globalization and its related issues. Past speakers include: Nobel laureate Joseph Stiglitz, Pulitzer Prize-winning author Thomas Friedman, notable academicians and policy advisors such as Michael Breger, Harry Bush, David Camrouz, Gary Davis, Alfred Eckes, Louis Goodman, Burton Hammer, Frank Jurgen-Richter, Elizabeth King, Robert Klitgard, Paul Luehr, Amador Muriel, Marcus Noland, Walter Russel, Pamela Smith, Deborah Steger, William Verbek and David Bloom. The more recent lecture series featured ASEAN-European experts, namely Dr Sebastian Bersick, Ambassador Rodolfo Severino and Ambassador Bernard Zepter.

The Konrad Adenauer Stiftung supports the Globalization Lecture Series as a venue for Filipinos to understand globalization, especially its challenges and opportunities. We also offer it as a venue for educating policy makers, executive leaders and their staff on the global political economy.

With over 60 lectures to date that has engaged policy experts, government officials, businessmen, academe, civil society workers and media professionals for the last five years, we now offer this compendium showcasing those lectures that we consider as our contribution to the knowledge-sharing of this rapidly interconnecting world.

We thank our abiding partners in this enriching learning endeavor – the Asia Europe Foundation, Philippine American Educational Foundation, US Embassy Office for Cultural Affairs, Asia Society and the Ramon Magsaysay Awards Foundation, among others.

We remain patrons of the Globalization Lecture Series and fervent champions of the Global Filipino.

A handwritten signature in cursive script that reads "Klaus Preschle".

Klaus Preschle



# FOREWORD

Federico M. Macaranas, PhD



Globalization is a process in which the production and financial structures of countries are becoming interlinked by an increasing number of cross-border transactions. Its inherent goal is to create an international division of labor in which national wealth creation comes increasingly dependent on economic agents in other countries. The ultimate stage is full economic integration where such dependence would have reached its spatial limit.

According to the Human Development Report 1999, globalization is not new. This present era has distinctive three features, namely shrinking pace, shrinking time, and disappearing borders that are linking people's lives more deeply, more intensely, more immediately than ever before. It fuels the so-called anti-homogenization of global culture, subconsciously or otherwise, hence the trend Bollywood against Hollywood, and the celebration of local goods that go beyond the dominant economic scale efficient production of multinationals, e.g, Japanese sake or Mexican tacos, Ayurvedic medicine or Chinese herbal products.

GLOBALIZATION FRAMEWORK		
description vs. prescription		
Prescription \ Description	Preach hope	Sow fear
Completely bad (wrecking ball metaphor)	Make the most out of whatever you have	Globalize AND die!
Completely good	Compete and live more fully	Globalize OR die!

The above conceptual framework on globalization, which I originally presented at the many international meetings and most recently at the Preparatory Meeting of the Philippine Consortium on Migration Research (June 2006) and the Pre-Summit Workshop on Competitiveness (August 2006), offers a means of synthesizing and getting the big picture of how various authors and thinkers view globalization. It

can be used to situate any opinionmaker's thoughts on a broad continuum of descriptive or prescriptive analysis of globalization and specific countries. The framework provides varying descriptions – globalization as completely bad, completely good or somewhere in between. It also offers prescriptive solutions – preaching hope, sowing fear or just prescribing a balanced dose of vitamins or antidotes as extreme approaches to the outcomes of globalization.

Indeed, globalization is here to stay and studying it is an imperative on our part. Either we conquer it or it conquers us. For example, benchmarked against the achievement of our Asian “tiger” neighbors, the Philippines has yet to fully embrace the new environment and assume its rightful role in the global economy, despite the exodus of 10 percent of its population to foreign shores. Challenges and policy bottlenecks that hinder our assumption into this global community are numerous, but perhaps one of the AIM Policy Center's greatest opportunities is its ability to assist in crafting national competitiveness strategy for the next decade, e.g.. how should we chart the road map in pursuit of the quest for the Philippine competitive edge? The answers are presented in an engaging and continuing forum branded as the AIM Policy Center's Globalization Lecture Series (GLS).

The GLS encourages open-mindedness, an essential element of the road to discovery and successful knowledge-transfer. It is a novel and targeted approach, matching national and international visionaries with pragmatists from government, commercial and other private sectors through creative discourses, global distance learning, and video conferencing. Unlike other fora, the GLS is intended to promote enduring collaboration on positioning in the global society through “strategic dialogues”. This concept involves partnering people from dissimilar but related career fields and at times, fuses their contributions into a single unified strategy to attain global competitiveness, as well as offers a rich collection of alternatives to policies.

For the AIM Policy Center, the GLS as a policy instrument, is designed to aid competitiveness analysis. The GLS programming has moved from mere meaningful exchange of information from experts to specific target audiences, to what is now admired in the policy community as strategic conversations that serve as platforms for prospective policy development geared towards global competitiveness.

Essentially, the GLS has also evolved from identifying an individual who could share experiences at very high levels to those who are involved in critical undertakings in the Philippines. The introduction and subsequent

regular use of the global distance learning center and video conferencing, which provides increasingly greater access to international experts, have added to the excitement of the lecture-series.

The GLS audiences have evolved as well to include not just students, faculty, alumni and social investors, but also business organizations, associations and media practitioners. The civil society sector emerged to be a wellspring of research and a great sounding board for advocacy. It is designed to open up to a quick and loaded focus group discussions, with the goal of reaching policy reviews and recommendations.

A unique contribution of the AIM Policy Center is research that involves theorist to practitioner dynamics, combined with the rigor and real world experiences of industry, government and civil society. From such research, the GLS takes it to strategic conversations involving theoretical frameworks, creative concepts, authentic case studies and policy reviews and recommendations.

The GLS, through the years, has created an impact in the marketplace of ideas. It offers world class knowledge and policy dialogues that place participants on the cutting-edge of innovation and competitiveness. The GLS serves to bridge the gap between the 'red ocean', the warm comfortable sea of gradual evolution, and the 'blue ocean' of change which is truly revolutionary and transformational.



Federico M. Macaranas, Ph.D.





# Globalization and the Filipino

## Globalization's Call to Action

# GLOBALIZATION *and the* FILIPINO

*Cecilia D. Noble, MDM  
Program Manager, AIM Policy Center  
Globalization Lecture Series*

GLOBALIZATION. It's the word that pervades the international community today and offers nation states, who embrace it, access to benefits on a regional or global scale. But is globalization new, and more importantly, is it the path that the Philippines should take in order to achieve sustained growth and progress?

The answer to the first question is quite simple – as Thomas Friedman points out, globalization is neither a trend nor a fad. It continues to develop in us, shaping our lives towards a future of surprises. Globalization is inevitable.

Critics accurately point out that globalization's economic principles are not new, and there are negative effects associated with joining the globalized society.<sup>i</sup> After all, Filipinos have been involved in international trade since the 14th Century. But the concept of globalization is not simply about trade, it is about "... interweaving markets, technology, information systems and telecommunications systems in a way that is shrinking the world from a size medium to a size small, and enabling each of us to reach around the world farther, faster, deeper and cheaper than ever before..." The lightning speed of the Internet and other information mediums allowed our ASEAN neighbors to advance at a pace previously unimagined, and even allowed countries like Cambodia to leapfrog their development.

Whether Pinoys choose to or not, the country is inextricably linked to the globalized environment through the Internet and mobile technologies. The Philippines is "plugged in" to globalization through its massive program of overseas employment. Filipinos tend to agree that a chief national resource in the global competition is its human capital. Consciously or unconsciously the Philippines is exploiting this resource through the maintenance of the Philippine Overseas Employment Administration, export of over one tenth of the nation's population, and inclusion of \$12.8 billion in remittances in the country's gross domestic product.<sup>ii</sup> Although

these practices assure the country's continued existence and create conditions for Pinoys to enrich their status, these come at a heavy cost to the Philippine family and the nation. An unintended consequence of Philippine migration is the deterioration of the family unit and Philippine culture as parents seek job opportunities abroad, leaving children at home without parental guidance during their development. These policies also reinforce thoughts amongst Pinoys that success is achieved abroad rather than domestically.

Finally migration practices and low domestic wages espouse an exodus of the skilled and professional Philippine workforce in all fields. However, these are all just symptoms of the greater problem faced by the Republic.

The root problem the Philippines faces today is how to take advantage of globalization in ways that sustain real national growth and progress. The ideal should be to use globalization to its advantage, turning the country around towards the path of complete development and giving Pinoys a reason to stay. The country possesses the resources necessary to achieve these ends, in terms of qualified manpower and natural resources. By looking at a cross-section of overseas workers, one can easily surmise that Filipinos are very capable doctors, nurses, engineers, merchant marines, and software engineers; even leading the world in their respective fields. The Philippines possesses one of the highest mineral deposits in the world that it could apply to its development.<sup>iii</sup> Finally, the Social Weather Stations reported that over two-thirds of all Filipinos see value in embracing globalization for its modernizing and developmental effects.<sup>iv</sup> Therefore, the Republic is not resource constrained; it simply must inspire global development through effective processes, leadership, and good governance.

Just how exactly has globalization penetrated the Filipino psyche? Here are snippets of information and inspired thoughts and opinions which serve to elucidate on the Pinoy's concept of globalization:

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**Whether Pinoys choose to or not, the country is inextricably linked to the globalized environment through the Internet and mobile technologies. The Philippines is “plugged in” to globalization through its massive program of overseas employment.**

## Social Weather Stations and World Public Opinion

### **Then\***

In 2004, Dr. Mahar Mangahas, President of the Social Weather Stations (SWS), presented the results of the 2003 Survey on Globalization in one of the Policy Center's Globalization Lecture Series. The survey, patterned after the 2001 World Economic Forum (WEF) opinion poll in which the Philippines ranked 19 out of 25 countries supporting globalization, reflected matching upshots.

The SWS survey also found that most Filipinos expect globalization to improve the following: access of Philippine exports to world markets (67%); family's quality of life (66%); family's income and buying power (66%); Philippine economy (63%); economic development in poor countries (61%); Philippine cultural life (61%); availability of inexpensive products in the community (60%); human rights, individual freedom and democracy in the world (59%); world peace and stability (59%); quality of jobs in the Philippines (59%); workers' rights, working conditions, and wages (57%); number of jobs in the Philippines (57%); economic equality among people in the world (56%); and environmental quality in the world (55%).

However, the SWS survey found opinions divided as to the effect of globalization on world poverty and homelessness, with 48 percent expecting this to get better and 45 percent expecting it to get worse.

In the WEF global poll, on the other hand, there were three matters on which average opinions in the 25 countries on globalization were dominantly unfavorable, namely: the effects on environmental quality on world poverty, and on the number of jobs.

### **Now\*\***

Most recently, in April 2007, Filipino sentiments reflect skepticism on globalization and international trade, as the country (49% good, 32% bad) joins Mexico (41% good, 22% bad) and Russia (41% good, 24% bad) according to a report released by the Chicago Council on Global Affairs and WorldPublicOpinion.org. Aside from the general concern over the protection of the environment and jobs, the reasons are derived from the 2006 SWS data. The Philippine public divides over whether the government should comply with the World Trade Organization rulings. A majority of respondents (55%)



think “minimum standards for working conditions” should be part of trade agreements, while just 30 percent believe they should not be required. Asked if the Philippines should, “as a general rule”, comply with adverse decisions made by the World Trade Organization, Filipinos are again equally divided: 48 percent believe it should, and 49 percent believe that it should not.

*\*Excerpts from Dr. Mahar Mangahas’ presentation, “Filipino Opinions on Globalization,” Asian Institute of Management, November 24, 2004. Dr. Mangahas is currently the President of the Social Weather Stations.*

*\*\*Excerpts from “World Public Favors Globalization and Trade but Wants to Protect Environment and Jobs,” April 25, 2007. [http://www.worldpublicopinion.org/pipa/pdf/apr07/CCGA+\\_GlobTrade\\_article.pdf](http://www.worldpublicopinion.org/pipa/pdf/apr07/CCGA+_GlobTrade_article.pdf)*

**Indeed, more and more Filipinos are warming up to the idea that globalization can be a key to quality life. But there is also this recognition that, in order to reap the full rewards of globalization, Filipinos must rise to the challenge of a new global political economy.**

## **Rodolfo Severino**

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Globalization has many faces. There is the economic face, manifested in freer trade and investment flows around the world, within regions and between countries. There is globalization’s technological face, evident in the immensely expanded capacity of humans to share and acquire knowledge. And there is its financial face, reflected in the international financial system’s ability to move funds almost instantaneously anywhere on the globe.

Individual facets of globalization present regions, nations, firms and people with opportunities, problems and dangers. Seizing the opportunities, dealing with the problems and warding off the dangers depend on many individual decisions by regions, nations, firms and people and on the conditions that lift them up or bog them down. Political systems and structures may enable nations to respond nimbly to the rapid economic and societal changes stirred by globalization or prevent them from doing so. Economic endowments – natural or human – are an indispensable element in this. Social structures and cultural outlooks heavily influence

many decisions of governments, people and firms and their leaders. Such decisions determine whether political systems and structures are reformed or are mired in the status quo, whether economic endowments are preserved and sustainably developed or are allowed to stagnate and deteriorate, and whether social structures and cultural outlooks adjust to the demands of globalization or remain obstacles to adequate responses.

In Southeast Asia, ASEAN has sought to shape the regional response by promoting the region's political solidarity, economic integration and cooperation on common problems. In the light of the fast-changing global environment, this process has been slow and needs to be speeded up.

As one of ASEAN's ten member-states, the Philippines has a responsibility for this, primarily because of the reality that regional cohesion, integration and cooperation are in its national interest, as they are in the interests of the other members. Regional peace and stability are essential for the Philippines' own stability and progress. Economic integration opens up the regional market for Philippine exports and draws investments into the region, including, if it does things right, into the Philippines. Regional cooperation magnifies the Philippines' ability to deal with problems such as the degradation of the environment, the spread of contagious diseases, the scourge of international terrorism, and the ravages of transnational crime.

To be able to make use of the opportunities presented by regional integration and globalization, the Philippines needs to make itself attractive to investments and make its economy more productive and efficient. This means removing obstacles to investments wherever they come from, leveling the competitive field, substantially reducing corruption, greatly improving the educational system, and, not least, reforming the political system.

It is a job for both leaders and people.

*Amb. Rodolfo Severino is former Secretary General of the Association of Southeast Asian Nations (ASEAN).*

**Another very glaring effect of globalization is manifested in science and technology (S&T). Countries that have an edge on S&T and those shifting priorities to invest on research and development will continue to ride high the globalization wave. In order to optimize the opportunities and benefits**

of globalization, the country must invest much on upgrading science, math and technology (SMT) education.

## Jaime Zobel de Ayala II

Science and technology is a prime mover of the economic and social development of a nation. Key to any nation's prosperity is the ability of its people to make efficient and productive use of its natural resources, its capital and technology. Technology, in fact, may be the most critical factor since its use can make up for limitations in resource and capital.

Before we can aspire to develop a world-class science and technology infrastructure we must...

- Develop a high quality pool of researchers, scientists, and engineers;
- Strengthen the educational system;
- Foster close coordination between academe, research institutions, and industry;
- Create an environment encouraging private sector support to technology development and start-ups;
- Uphold patents and intellectual property protection; and
- Develop communities of science and innovation – using electronics and semiconductor industries as a model...

Only then can we harness the full potential of globalization to benefit the Filipino.

Businesses must be equally supportive. Developing a technology requires time and financial support, especially in the start-up phase. There must be greater links to bring together or connect the funding needs of such start-ups with investors and funding sources. Government may play a crucial role in this regard by finding ways to assist investors who have viable and marketable ideas to connect with businesses that can lend support to these initiatives. There must be a framework or a mechanism to provide incentives to invest or co-invest in these start-ups particularly as traditional funding sources may not be available for them.

Lastly, it is important that we all work together to create communities of science and innovation and develop a culture that is open to inventiveness. Our success in the way we have developed our electronics and semi-conductor community attests to our capabilities and to what we can do. This is perhaps something that can be replicated or used as a model to develop our science and technology communities.

*Jaime Zobel de Ayala II is a prominent Filipino businessman and photographer. He served as both president and chairman of Ayala Corporation from 1984 to 1994. In 2006 he retired as chairman and is currently chairman emeritus of the corporation.*

Science and technology is indeed a strategic platform for globalization. This next piece is from five students of the Philippine Science High School whose desire to inform the public about globalization and the flat world inspired them to create the “Squashed” blogsite. Thomas Friedman’s influence is very much evident in this essay.

## Squashed Bloggers

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“Globalization was made possible by two things: computers and the Internet. Computers serve to create the ideas and knowledge that we use in our industries today, and the Internet serves as the medium with which we can communicate these ideas. When Microsoft was released in May of 1990, walls were torn down, and along with it, a global interface which people could manipulate to suit their needs emerged in the form of the Microsoft Windows 3.0 operating system.

Five years later, on August 9, Netscape made itself known to the world. It brought with it the Netscape Navigator browser, which allowed users to see images and data stored on websites, and software that allowed companies to create Intranets which aided in the management of company databases, website building and electronic commerce over the Internet. Microsoft, in essence, drove the technological revolution that has taken over our world today and the Internet, brought alive by Netscape, facilitated globalization.

Other factors, which furthered globalization, such as software and outsourcing, were simply results of these two main factors. There are eight other factors that continue to squish our world into smaller

proportions each day. Here they are:

1. Software that integrates software
  - Consists of all the software applications and electronic transmissions that connect computers to fiber-optic cables around the world. It allows people from all over the globe to communicate with one another so that they can manipulate, create and send data to each other.
2. Outsourcing
  - The process of breaking down work into smaller units which are sent to different companies all over the globe that specialize in the particular portion of the work and where it is [often] done at cheaper prices.
3. Off-shoring
  - The moving of operations in a company or factory to a different area in any part of the globe. For example, if your factory was originally found in Manila in the Philippines, you could have it moved to Brussels in Belgium if it makes production more efficient.
4. Freeware and uploading
  - Allows individuals to create their own data such as music, videos and literature. It also allows people to modify programs to suit their needs.
5. In-sourcing
  - This process involves the employment of another company or factory to manage a certain department or some of the departments in the company or factory.
6. Supply-chaining
  - The process of creating a worldwide chain of plants that are extremely efficient. Stocks, for example, are determined each day through the products bought by the consumers; when I sell a product in one of my plants, a new one is made in Sri Lanka to replace the one sold. An example of a company that utilizes supply-chaining is Wal-Mart.
7. Data-Mining
  - Individuals can now gain unlimited access to knowledge and information.
8. Quanta (packets of energy)

# GLOBALIZATION'S CALL TO ACTION

**Carlo Francis Raymundo**

*Program Coordinator, Infrastructure Governance and Regulation Program, AIM Policy Center*

The shrinking of the world, ushered in by the application of technology to bridge physical and cultural divides, changes the dynamics of how communities live from day to day and how businesses transact with each other. Competition for slices in the one global market has cascaded from nations to industries and firms to individuals, making change inevitable.

The need for a competitive nation is a reality that Filipino firms and individuals have recently learned to grasp along with the rise of China and India as economic superpowers, the concept of Asian regional integration slowly materializing, and the concentration of finance and manufacturing activities spreading from the United States of America to the rest of the world. For a country like the Philippines – an archipelagic economy with some regions still dependent on your typical plant-and-reap agriculture – a shift in perspective is required.

Integral to this call of globalization is the competitiveness of businesses and the people that lead them. The average Filipino business must now shift its operation to cater to more than just the borders of its country. Marikina shoemaking firms, for example, must now compete with their Chinese and Taiwanese counterparts, as imports with lower price tags and satisfactory quality enter our shores. Service-oriented firms must now employ technology to be able to rework their strategy of catering to international clients. The world is becoming one supermarket and Philippine firms realize that they are occupying small stalls at the back of the room.

International business (both theory and practice) will dictate a radical shift in operations as globalization sets in. With parts of supply chains being strewn across the globe and outsourcing being one of

- Speeds up the means of communication and collaboration such that you can communicate with partners or people anytime, anywhere. An example is wireless Internet access.

When all these factors came together during the 21st century, we all got squished. You, me, everybody in the planet got flattened, along with the world we live in.

And it doesn't end here. In fact, we haven't even begun. Let's get SQUISHED.

*Excerpts from Squashed: The Flat World according to Philippine Science High School Students (<http://www.youvebeensquashed.blogspot.com/>)*

the main strategies driving down costs for firms, competition is partially realized in the cooperation of organizations all over the world that takes advantage of economies of scale and factor endowments. The irony of cooperation amidst competition can be paraphrased to fit the realm of small and medium enterprises scattered in developing countries such as the Philippines: collaboration is needed to enable them to vie for financing and other resources.

In the face of cooperation, players are cautioned to hold onto and build on their competitive advantages brought about by culture or history, among others – if not cultivate new ones. Indeed, homogeneity will not thrive in the global arena. Businesses will find that investors will value firms able to accomplish value-added processes along the supply chain and that customers will patronize goods that are both innovative and useful. At the end of the day, the essence of the competitiveness game is being able to stand out in an arena filled with many others. It is here that aside from technology that efficiently transforms your raw materials into the finished products, it is innovation that becomes the key to raising productivity.

It is now difficult to talk about business, especially with the advent of globalization, without defining the changes individuals and the organizations they are in have to face. The leap from a constituency of 84 million Filipinos to billions worldwide requires a transition that not only broadens perspectives but also elevates expectations and goals of every individual in an organization. This is where one's ability to manage change – change around and within – comes into play. Orchestrating constantly, and altering chunks into a masterpiece becomes a necessity when the landscape itself shifts and churns with improvements in technology or adoption of ideologies.

In the disarming “chaos” that a fast-paced world offers, the leader becomes focal in moving an organization forward. Armed with both sight and insight; and theory and practice, he is both a visionary in charting the path and a missionary walking through it. The world has not yet witnessed great endeavors accomplished without a leader. Thus, at the heart of competing nations and firms, leadership and the will to implement the right change is at the heart of globalization's call to be competitive.

Still, there are others who espouse that globalization is not new. To a global Filipino priest, ‘globalization’ is just another name for ‘colonialism.’

## Albert Alejo

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The similarity between the strategies of present day transnational corporations and earlier colonial masters makes the word ‘globalization’ just a new name for colonialism.

The fact that the indigenous people, the last bastion of resistance against all kinds of invasion, were, in the words of Filipino sociologist Randy David, “sucked into the vortex of globalization... signifies the final triumph of economics over culture, and of market over society.”

Globalization, however, seems to be producing neither simply the triumph of 'the global' nor the persistence of 'the local'. The displacements or distractions of globalization turn out to be more varied and more contradictory than what its protagonists or opponents suggest. At least as rapidly as forces from various metropolises are brought into new societies, they tend to become indigenized in one way or another. This is true of music and housing styles as much as it is true of science and terrorism. The possibility of people's assertion of self-determination manifests itself in decolonization. For instance, during a national roundtable discussion on the impact of development projects on the Philippine indigenous people, the participants were critical of the United Nations, but they also recognized that the UN has "provided avenues for indigenous people to put forward their issues at the international level, as well as establish, and strengthen ties of solidarity with each other."

We need, therefore, to nuance our notion of globalization if we take seriously the indigenous people's struggle as well as other people's work of solidarity. The focus shifts on the locus of action among the local communities as they struggle for respect and resources, for meaning and movement. This shift is demonstrated by mapping the indigenous people's assertion of their "strategic identities" and matching them with various forms of solidarity. The resulting matrix reveals that the multiple identities of the indigenous peoples (and this may be true of other sectors) are manifested in multiple forms of struggle which, in turn, demand corresponding multiple forms of solidarity, both global and local.

*Albert E. Alejo is a Filipino Jesuit priest who has worked with labor groups and the urban poor. He is now based in Mindanao where he teaches anthropology and philosophy at the Ateneo de Davao University while serving as director of Research and Publications Office.*

Finally, the concept of globalization as a unifying force is perhaps the most useful to Filipinos. Indeed, it has proven to be a national integrating and unifying force for China, India and our ASEAN neighbors, Malaysia, Thailand, and Vietnam. Many are hoping that our countrymen would be able to assimilate the same effect. For indeed, the global Filipino nation consist of the Filipinos in country and those that are spread around the world. Together, we make up one global country but we can only make an impact in the world and our people if we work as one nation.



## Jose Abueva

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*"Inang Bayan, our Filipino Motherland, is made up of Filipinos who live in our home country and global Filipinos who live elsewhere around the world. Indeed, we are now a far-flung global Filipino nation. Global Filipinos number more than eight million and counting. Every year they contribute a great deal to our national economy and to the welfare of countless Filipinos in the homeland.*

Ideally, global Filipinos should also belong and owe allegiance to our nation state: The Republic of the Philippines. They should therefore be enabled to enjoy the rights and bear the responsibilities of Filipino citizens in our homeland. Some of them may have to be dual citizens. All should be able to join political parties, cast their votes easily, and freely express their opinion on public issues. To make this condition a reality requires the unstinting cooperation and mutual support of our government, private sector, and civil society, and global Filipino leaders and organizations everywhere.

*Bilang mga Filipino, tayong lahat ay mga kababayan at mga kapwa mamamayan ng Republika ng Pilipinas!* Wherever we may be, as Filipinos, we are all fellow nationals. All of us should also be full-pledged citizens of our Republic of the Philippines.

With God's blessings, let us put our minds, hearts and wills together to fulfill our vision for our global Filipino nation.

*Excerpts from "A Vision for Our Global Filipino Nation: Global Filipinos are Kababayan at Kapwa Mamamayan (Global Filipinos are Fellow Nationals and Citizens), Responding to the Challenges of Good Citizenship Conference," NCPAG, UP Diliman, 2006. Mr. Jose Abueva is currently the president of Kalayaan College. He was former president of the University of the Philippines.*

## Leticia Ramos-Shahani

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You have to be a nationalist now in this age of globalization unless you want to be lost. No country has been able to climb and/or last at the top without increasing the fundamentals at the base. That is nationhood.

Of crucial importance for the country is to endure as a nation. Thus,

Filipinos need to reexamine why they think only of themselves individually, that they don't need to be ashamed of their heritage and instead, take pride of their worth as a people. It is about time that we make our own judgment of our own culture. We should assert a global Filipino culture with all the mental energy and rigor that we can muster — collectively as a nation.

*Excerpts from "In Pursuit of the Philippine Competitive Edge: Oral History Project," AIM Policy Center, 2006. Ms. Leticia Ramos-Shahani is a former senator of the Philippines.*

Indeed, as predicted by the Globalization Framework of Dr. Federico Macaranas, defining globalization or making sense of the flat world can either be descriptive or prescriptive. Ambassador Rodolfo Severino, the earlier SWS Survey findings, Dr. Jose Abueva and Mr. Jaime Zobel de Ayala are in the descriptive category mostly preaching hope on the Filipinos' capability to compete and live more fully with the advent of globalization. Former Senator Leticia Shahani and Dr. Abueva are strong in their prescriptions about nationhood as vital in riding the wave of globalization. The more recent SWS Survey reflected in WorldPublicOpinion.org provide suggestions from the Filipino experience of globalization, specifically on labor standards, compliance with the WTO and the impact that political leaders bring in pursuing their own business interests while using globalization as a scapegoat. Overall, there is not much description and prescription of fear or the "globalize and die" thinking among Filipino pundits. This further validates the SWS Survey (2004) that majority of the Filipinos have a positive outlook of globalization. Even with the skepticism, positive outlook still outnumbers the negative at 49 percent versus 32 percent.

Given this backdrop of varying yet complementing perspectives, the Philippines must address the many barriers preventing Philippine globalization, including the drain of the nascent middle class through migration. In order to assist the Republic's decision and policy makers in addressing these barriers, the Asian Institute of Management Policy Center holds a regular Globalization Lecture Series featuring international and local experts on globalization and its related issues. A compendium of these lectures is presented herein from September 2001 to March 2007.

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## Endnotes

- <sup>i</sup> Hefsti, Anny Misa. *The Philippines : Globalization and Migration*. [Online], (Philippine European Solidarity Centre, The Netherlands, 1997, accessed 25 March 2007), available from <http://unpan1.un.org/intradoc/groups/public/documents/APCITY/UNPAN006918.pdf>, pp. 1-2.
- <sup>ii</sup> Associated Free Press. “Philippine 2006 Overseas Remittances Hit Record 12.8 Billion Dollars”. [Online], (Yahoo Asia News, Singapore, 2006, accessed 25 March 2007), available from <http://asia.news.yahoo.com/070215/afp/070215073037eco.html>.
- <sup>iii</sup> U.S. Department of State. “Background Note: Philippines”. [Online], (Bureau of East Asian and Pacific Affairs, DOS, Washington D.C., 2006, accessed 25 March 2007), available from <http://www.state.gov/r/pa/ei/bgn/2794.htm>.
- <sup>iv</sup> Mangahas, Mahar. “SWS 2003 Globalization Poll: Filipinos, Like Most Other Nationalities, Say Globalization Affects Them Positively”, [Online] (Social Weather Service, Manila RP, 2003, accessed 25 March 2007), available from <http://www.sws.org.ph/pr111703.htm>, p. 1.





## Globalization Lecture Series Summaries

Governance

Socio-Cultural

Business

International Relations

ization lecture series globalization lecture series globali-

# governance



ization lecture series globalization lecture series globali-

## GOVERNMENT ETHICS

Mr. Gary Davis, Deputy Director of the US Office for Government Ethics

September 10, 2001, AIM Conference Center, Makati City

Featured lecturer Mr. Gary Davis, deputy director of the US Office for Government Ethics (OGE) began his talk with a brief background about his office and his work. He explained that his office is under the close supervision of the Office of the President and thus its image reflects on the quality of the national leadership. The creation of such an office, he stressed, is founded on transparency, accountability and upholding the highest standards of government service. It is premised on a decentralized system whose agency or bureau heads are responsible for the behavior of all the members of the staff. Aside from this, there is a designated ethics official in every office. Davis said that he is in charge of making sure that policies are implemented and reports are submitted to OGE for compliance and appropriate action.

Davis talked about the national government's role and responsibility in establishing and implementing ethical standards in federal offices. He pointed that there is a corollary role of business and civil society in upholding the standards and supporting the implementation of rules and regulations.

Davis then shared relevant information about two of the programs that his office is currently implementing. First, is the Rules Program, where they develop and implement rules that govern ethical behavior in public service. He shared their dilemma of having too many rules and they are criticized for it. But because they operate based on principles and they know the reason for their rules, they stood their ground. For example, they prohibit subordinate-superior gift-giving except on special occasions such as birthday parties and the amount is pegged at \$10. Such rules, he said, were seen as silly but very much appreciated especially when people come to understand that it is part of a regulatory framework. The second is the Transparency and Accountability Program. The core of the program, he said, is the declaration of assets of public officials under two systems: public financial disclosure and confidential financial disclosure. Under this program, all those appointed in government are mandated to file their statement of assets and liabilities and the same are made available to the public.

During the open forum, a participant raised the concern on how government officials could be protected from harassment in the performance of their jobs of eradicating corruption in an office. The participant said that this was the fate of former BIR Commissioner Liwayway Vinzons-Chato

who was part of the listening audience. Davis replied that the best practice in dealing with this is to put ‘cleaning up’ as part of a regulatory framework and not in a criminal procedure level. This should better protect the official who is just doing his job as it takes the heat off an allegedly criminal case, which is just technically still under investigation.

In his synthesis and closing remarks, Dr. Federico Macaranas, executive director of the Policy Center, underscored the wisdom of the structure of the OGE that enables it to effectively implement its policies. He emphasized that OGE is supervised by a Presidential Council on Integrity and Efficiency that essentially “polices the police” in the ethical standards business. He called attention to the ties that the OGE have with a responsible media and a cooperative civil society. He said that it is an effort that this country is pursuing because it is the media and the civil society that provides the check and balance to government.

The lecture underscored that globalization is making governments aware and conscious of transparency and accountability. The monitoring eyes and ears of the media and civil society, which is powered by ICT, provide a good deterrent to graft and corruption. Now it is not just the eyes and ears of the country involved, but the world, and this impacts their global image and reputation.

The event was participated in by Mr. Ricardo Romulo, president of the Makati Business Club; Atty. Liwayway Vinzon’s Chato, former BIR commissioner; and Mr Guillermo Luz as moderator. Members of the diplomatic corps, government, civil society and the academe attended the lecture.

## **CIVIL SOCIETY’S ROLE IN ENHANCING DEMOCRACY AND DEVELOPMENT**

Hon. Artemio V. Panganiban, 21st Chief Justice of the Philippines  
March 23, 2006, Rigodon Ballroom, The Peninsula Manila, Makati City

It was the first time in the Globalization Lecture Series that the 21st Chief Justice of the Philippines correlated the philosophy of liberty and prosperity, which he champions, with civil society’s role in economic development. The Honorable Artemio V. Panganiban is known for having vowed to lead a judiciary characterized by the four Ins: integrity, independence, industry and intelligence; envisions one that is impervious to the plague of ships:



kinship, relationship, friendship and fellowship; and battles what he calls the ACID problems: limited Access to justice by the poor, Corruption, Incompetence, and Delay in the delivery of quality judgments.

In his discourse, Panganiban defined the role of the Supreme Court, which is to discern over not only the entire judiciary, but also the Philippine bar, the breeder of prospective judges.

He continued that competent and ethical lawyers are constructors to the vision of a “reformed judiciary and a revitalized legal profession directed towards the loftier goals of safeguarding the liberty and nurturing the prosperity of our people, while upholding the rule of law and the independence of the judiciary.” However, he stressed that although lawyers know much about protecting civil liberties, devotion to the subject is negatively correlated to it. Such a reality is far from the mandates of the 1987 Constitution “to alleviate the plight of the marginalized and the poor, to promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty, and to achieve a more equitable distribution of opportunities, income and wealth.”

In his book, “Leveling the Playing Field”, Panganiban underscored the balancing role of the judiciary as a vigilant protector of political freedoms and civil rights and a contributor to economic development. In his book, Panganiban stated that “[The Court] knows that integrity, stability and predictability in judicial decisions are needed to achieve the nation’s goal of prosperity and progress. Moreover, it joins our policymakers in their desire to attract investments both local and foreign; to elevate gross national product, the gross international reserves; the per capita income of our people, the stock market index and other growth indicators. The Supreme Court safeguards not only food but also freedom; not only jobs but also justice; not only indulgences but also integrity; not only development but also democracy; not only prosperity but also peace.”

In his lecture, Panganiban then pointed that civil society, which he defined to include self-help groups; neighborhood associations and community organizations; religious and spiritual societies; professional associations; business foundations; and the like, have all helped to safeguard civil liberties and direct both attention and resources for the benefit of the

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**“..it is the duty of government to accord civil society an environment suitable to viability and buoyancy, which are necessary to ensure people’s participation in policy-making and governance.”**

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poor and marginalized sectors in Philippine society. He asserted that civil society contributes to good governance, which, in turn, is a prerequisite to economic growth and poverty alleviation.

Using the Constitution as a legal framework, he cited the duty of government to accord civil society an environment suitable to viability and buoyancy, which are necessary to ensure people's participation in policy-making and governance. There is a need to strengthen and expand stakeholder networks and partnerships among the government, civil society, academe, church, the private sector, media, and other shapers of society. The goal of such a vast network must include advocacy and the review and monitoring of justice reforms and the promotion of human rights.

His discussion also focused on the role of international organizations in helping ensure access to justice, transparency and accountability as contributory factors to democracy and economic development. Panganiban

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**“Through innovation, and by listening to the people that matter, most the Philippine Supreme Court is improving access to justice.”**

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saw the need to foster partnerships between international organizations and civil society under a common counter-corruption reform agenda. He said that, more than ever, civil society has now the capacity to mobilize the nation's poor and influence the government's anti-poor policies and practices, especially at local levels.

He also explained that civil society must continue to play a significant role in supporting judicial initiatives, especially those that promote economic development.

Panganiban then gave three points on how civil society can further expand its role in fostering democracy and strengthening the Philippine economy:

First, civil society can initiate the judicial process by prosecuting or defending cases and causes that bear upon economic development. By tapping professional lawyers' groups like the Integrated Bar of the Philippines, the Philippine Bar Association, and the Free Legal Assistance Group (FLAG), civil society can be an active advocate for justice and economic reforms.

Second, civil society should push for greater access to justice and legal empowerment of the poor. This can be done through legal awareness and education of the poor about their rights and entitlements; extended legal assistance; and participation by the poor or their representatives in local

governance.

Third, civil society can advocate collective cooperation in solving poverty through re-channeling and prioritization of anti-poor programs over military spending and promotion of cooperatives. He said that calls to reduce poverty must continue so that Philippine society would not be further destabilized by extreme poverty and spiral down to become havens of unrest, violence, and global terrorism.

In summation, civil society transmits the larger impact to the attainment of a lasting liberty and prosperity. One must bear in mind that the people are the civil society.

The event was made possible by the collaboration of the AIM Policy Center, the Supreme Court of the Philippines, United States Agency for International Development, The Asia Foundation, Business World, The World Bank, AIM-WB Global Distance Learning Center, and the Konrad Adenauer Foundation.

*After this GLS, Panganiban took the world stage and embarked on a knowledge-sharing and lecture tour of key cities in the United States and Europe from May 10 to 27, 2006 before academic, business, and judicial audiences espousing concepts that were aired in the GLS. He also met with the World Bank President Paul Wolfowitz and other WB officials and discussed the Philippine Judiciary's Action Program for Judicial Reform. In October 18 to 20, 2006, Panganiban hosted the Global Forum on Liberty and Prosperity, participated in by 11 other chief justices and legal luminaries around the world at the Shangrila Hotel in Makati. His judicial philosophy of "safeguarding the liberty and nurturing the prosperity of our people, under the rule of law" was brought to a global audience in these meetings.*

## **LEADERSHIP: LESSONS FROM THE MT. EVEREST EXPEDITION**

**Mr. Arturo Valdez**, Leader of the First Philippine Mt. Everest Expedition Team

June 27, 2006, AIM Conference Center, Makati City

This installment of the globalization lecture series was a tribute to the success of the First Philippine Mt. Everest Expedition Team (FPMEE). Aptly titled "Leadership: Lessons from the Mt. Everest Expedition," the lecture series featured Mr. Arturo Valdez and his team who spoke about leadership management and overcoming obstacles.

Mr. Francis G. Estrada, president of AIM opened the lecture with warm greetings and a salute to the mountaineers whom he described as people of character who possess the ability to withstand adversities.

Before his talk, Valdez presented a video of the FPMEE as a way to share his and his team's experience of reaching a dream. "What we've just seen is the triumph of the Philippine spirit and determination confirmed by the words - the Philippine Eagle has landed at the summit of Mt. Everest," Valdez said.

In his talk, Valdez unfolded the various events behind the jubilation of reaching Mount Everest. These were episodes of drama, sacrifices, and frustrations, which fueled their "never say die" attitude. He said that choosing his teammates well proved instrumental to their success and credited the potency of the 3 C's in guiding the selection process: 1) physical, physiological, and psychological Capability; 2) Commitment to rigorous trainings and preparations, 3) and Compatibility. The latter, he explained, was the most challenging because mountaineers, being highly individualistic and competitive, must transform into team players. This meant surrendering personal goals in pursuit of higher ones, that of national interest. Aside from this, external challenges also emerged such as the limited financial resources and the threat of a new competitor. "But the

team's immense yearning to renew our faith in ourselves as a people surmounted these difficulties," Valdez said.

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**"But the team's immense yearning to renew our faith in ourselves as a people surmounted these difficulties."**

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The next speaker, Professor Jose Jesus Roces, professor of the Asian Institute of Management, asserted that the Philippine Mount Everest expedition,

previously thought to be an insane idea, is now a concrete example of true leadership. Roces outlined the 5 I's of Valdez's success: 1) Integrity in choosing to execute the task the hard way; 2) Individual drive to push one's limits; 3) Interest in nationhood; 4) Intensity of leading and following; and 5) Inspiration.

An open forum with the two speakers and the other members of the FPMEE, namely, Mr. Leo Oracion, Mr. Erwin Emata, and Dr. Ted Esguerra, ensued. The panel created a light atmosphere that encouraged more listeners to participate. The FPMEE members consistently cited collective effort and valuing every member of the team as factors behind their achievement.

Finally, Dr. Federico Macaranas, executive director of the AIM Policy Center, delivered his synthesis and closing remarks with some notes on leadership. He said that first, the tragedy of leadership is executing the 3 C's without listening to one's heart, and, equally important, to other people. Second, that leadership is about creating lasting moments that thrive beyond one's lifetime. Macaranas congratulated the FPMEE Team for bringing pride to the Philippine nation, not only in the geographical sense but also in the minds of overseas Filipinos. He said that the expedition was a demonstration of the Filipinos' adaptability, that Filipinos truly are global citizens. "It is not the fame and power that measure a leader's success; it is how he shaped the people behind him," he remarked.

The event was graced by a diverse audience composed of leaders from the government and private sector, as well as participants from the academe, including AIM, the Philippine National Police Academy, the Development Academy of the Philippines, Polytechnic University of the Philippines, Ateneo de Davao, Silliman University, University of Southeastern Philippines, and Angeles University.

*The feat accomplished by Oracion and Emata spurred a campaign on the competitive spirit of the Filipino. Oracion and Emata became instant heroes and popular examples of the mass-based global Filipino. Their success is very significant as it resonated to the great majority of Filipinos - that they too could be globally competitive. It is also significant to note the Social Weather Station Survey Review ranked the first Filipino Summit of Mount Everest as one of the Top 10 most read events of 2006. The event is considered one of the reasons they remain hopeful and proud to be Filipino, despite poverty and various kinds of instability that the country is facing. The Pinoy Everest team has proven that global competitiveness inspires national pride and hope.*

## **BRANDING PHILIPPINES: THE WORLD IS FLAT, THE PHILIPPINES IS NOT**

Ms. Jeannie Javelosa, Artistic Dir. and Mr. Robert de Quelen, Managing Dir. of EON The Stakeholder Relations Firm, August 8, 2006, AIM Conference Center, Makati City

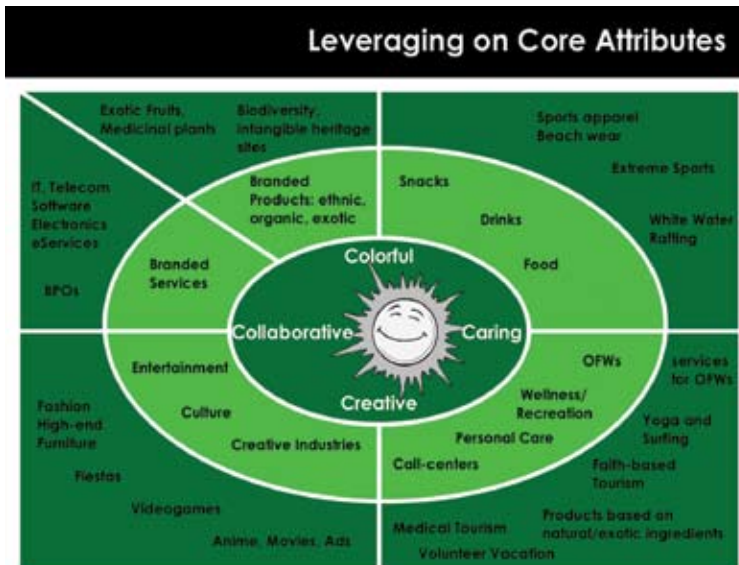
"Branding has traditionally been associated with products and services. However, with the rapid phenomenon of globalization came the 'flattening' of the world into one great market," explained Ms. Jeannie Javelosa and Mr. Robert de Quelen, EON The Stakeholder Relations Firm's co-founder

and artistic director, and managing director, respectively, during their presentation of “The World Is Flat, The Philippines Is Not.”

According to de Quelen, a country brand is a collection of perceptions that is concretized to become its country’s ambassadors. Like any other marketing strategy, country branding is an extensive process involving the following areas: people, culture, tourism, exporting brands, inward investment and recruitment, and foreign and domestic policy. “Given that the consumer’s mind is the starting point for marketing the brand, what niche can the Philippines take in the vacant space of the consumer’s mind?”, he posed.

In answer to the question, Javellosa, who is an expert on culture, presented a SWOT Analysis of the Philippines vis-à-vis its neighbors and argued that

by leveraging on the country’s core attributes (see framework, page 38), we find world-class Philippine commodities that can stir global awareness.



“We have the *hilots* (traditional masseur) whose skills are at par with the massage

techniques of Thailand or Sweden. The abundance of organics enables us to produce effective medicines. We have a workforce, the call center agents, that is exposed to two billion global consumers everyday,” she said and added that the value of intangible assets, such as brands, amount to 1/3 of the global wealth. The challenge, she emphasized, is for us to take ownership of what is rightfully ours—to seal the TM so that these goods will not remain tonnages (unbranded commodities) but in reverse, have added value. Javellosa ended her talk by stressing the importance of country branding as a “collective *bayanihan* effort.”

Mr. Cesar Bautista, first Filipino chairperson of Unilever and Former Department of Trade and Industry secretary, provided the business perspective as one of the reactors of the presentation. He agreed that the private sector must actively be engaged in the “collective *bayanihan* effort” for it receives the most impact from country branding. He added that outstanding firms such as San Miguel, Splash, and Jollibee are testimonies to the Filipino’s competency.

Another reactor, Mrs. Maria Gonzales-Goolsby spoke based from an anthropological perspective. As CSR Director of UnionBank, she said her role in the *bayanihan* is contributing to strong values formation starting with the young. As a legacy to them, she presented the children’s book entitled “As a Filipino” which is designed to teach Filipino elementary school children the 16 values enshrined in the Preamble of the Philippine Constitution.

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**“The challenge is for us to take ownership of what is rightfully ours - to sell the TM so that these goods will not remain tonnages but in reverse, have added value.”**

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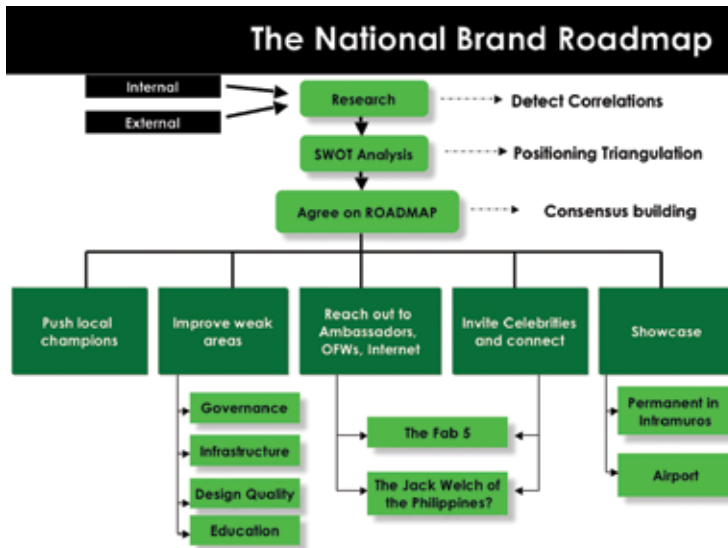
Mr. David Guerrero, Chairman and Chief Creative Officer of BBDO Guerrero Ortega provided a historical angle on the topic. He said that foreigners have branded us since 1565 after taking the name of King Philip II of Spain. “We must rethink our past and get over the inferiority complex through branding,” he urged. He clarified that this is not “a coat of white paint you apply hoping to cover up what’s underneath. It is projecting the image we own with confidence by becoming more open to outside collaboration. After all, we have been global before everyone else.”

Ms. Delia Domingo-Albert, ambassador to the Federal Republic of Germany, conveyed her diplomatic perspective via videoconference . She forwarded that diplomats, as representatives of the country’s brand, can contribute their share in the “collective *bayanihan* effort” by being in good relation with their designated localities to efficiently promote the Philippines.

Dr. Federico M. Macaranas, executive director of the Policy Center, took the lecture to a close with a synthesis, elucidating the goal of branding. He said that it is not solely for competition purposes but more so, it is for ourselves, so that we may reap the acknowledgement we deserve, add value to our exports, regenerate confidence in the Filipino, and thus foster investments

to retain qualified workforce. “The Philippines remains well-rounded in the ‘flat’ world, striking a balance between the material and spiritual. Perhaps

this is the Philippine brand,” he said.



*This lecture gave birth to a Branding Philippines Roadmap (see framework, page 40) that has been presented in several marketing conferences in the country. Strategic engagements*

*have ensued from what started as strategic conversations on how to brand the Philippines based on the competitive attributes and its industries. Several service industry groups have adopted the 4 Cs of Branding Philippines including the US-based Pinoy Teachers Network in Baltimore, Maryland, and Filipino UN Police Officers in Haiti, as well as health professional educators, and medical tourism groups. Indeed, global consciousness provides momentum to take country branding as serious national endeavor.*

## ENSURING SAFE AND AFFORDABLE WATER FOR ALL

Mr. Ek Sonn Chan, 2006 Ramon Magsaysay Awardee and General Director of the Phnom Penh Water Supply Authority, August 29, 2006, AIM-WB Global Distance Learning Center, Makati City

In keeping with the tradition of honoring accomplished Asians who manifest the true meaning of service, this installment of the globalization lecture series was dedicated to 2006 Ramon Magsaysay Awardee Mr. Ek Sonn Chan, general director of the Phnom Penh Water Supply Authority.

The presentation commenced with the documentary “The Water Connection” which was the very film that caught the attention of the



Ramon Magsaysay Awards Foundation leading to Chan's recognition. The film featured Phnom Penh's public water utility, manned by Chan and his team, and their initiatives towards the goal of providing water for all inhabitants of the city.

A short lecture followed, filling in more information on the step-by-step strategy of reviving Phnom Penh's source of water. Chan described the Phnom Penh Water Supply Authority (PPWSA) as the "perfect bad example" back in 1993. Aside from its war-damaged physical state, the system was biased towards the rich and its top management was liable for numerous illegal connections. The change in government gave Chan the opportunity to overhaul the system which he 'house cleaned' by restructuring the whole top management and placing a young and dynamic staff into the frontline. A "change of culture" also took place, one that promoted people empowerment and an "all for one and one for all" spirit. He also worked to provide better compensation to employees as a way to prevent corruption.

As for the tangible, Chan and his team applied a self-sustained operation through a Lower Non-Revenue Water Program. They installed water meters to all connections and put together an inspection team to stop illegal connections. The team ensured Phnom Penh residents that they would see improvements starting with accessible public consultations and a convenient payment system.

In no time, Chan's office helped rebuild the people's trust in public service. From a mere 48 percent connection ratio to 99.9 percent, PPWSA has also gone from heavy subsidy to full cost recovery. Chan gave credit to his juniors and the support of several bilateral and multilateral donors: the French and Japanese governments and The World Bank and Asian Development Bank. Now, Chan said, the challenge lies in grooming the next PPWSA leader.

Mr. Ramon B. Alikpala, executive director of the National Water Resources Board and Ms. Regina Paz Lopez, managing director of the ABS-CBN Foundation, acted as reactors during the 'Perspectives' portion. Both congratulated Chan for a job well done. Alikpala cited that Chan's achievement has already created a ripple effect and he saw no reason why this can't be replicated in the Philippines.

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**"Why should the poor pay for water while the rich don't? Therefore, policy must be centered in providing same services to the poor as to the rich."**

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Cambodia, Timor Leste, China and Saudi Arabia engaged in the open forum through videoconference. The discussions emphasized the need to understand the situation of the poor as a way to encourage community participation. Chan said that community participation can be generated if the poor are given the sufficient service they need. “Why should the poor pay for water, while the rich don’t? Therefore, policy must be centered in providing same services to the poor as to the rich,” said Chan. The open forum also touched on the issue of corruption in government. Chan acknowledged that Corruption is everywhere, whether in the private or public sector, but a government server should never succumb to this. Chan also acknowledged during the open forum that industrialization is a major killer of clean water. He said that it is indeed a challenge to get the government and the donor’s attention on the issue.

Dr. Federico M. Macaranas brought the lecture to a synthesis and close. He thanked Chan for preaching the gospel of good management, which is not dependent on it being private or public. PPWSA has proven that state-owned enterprises, when well managed, can do better than private ones. Their impressive statistics deserve recognition, especially in a poor country where the temptation of corruption is just lurking around. It is a simple lesson that is hard to practice. Like the late President Ramon Magsaysay, Chan has passed the real test of leadership in a poor country.

The Ramon Magsaysay Awards speaks of an ennobling value system as demonstrated by Chan, a true servant-leader, a person who listens first to his people and then makes an impact on his organization by serving them with all his heart. The late Philippine President Magsaysay was loved by the poor because he reflected exactly what Chan stressed, “those who have less in life must have more, not only in law but in good corporate practice of business.”

The literature of public finance is very clear: state owned enterprises, when well-managed can do even better than some private sector enterprises. There are so many examples around the world—in electricity, in water, in transport, which demonstrated good management and equity is central to the management philosophy of these enterprises.

The event was graced by distinguished guests from the Konrad Adenauer Foundation, Mr. Amos Helms, SE Asia Head and Mr. Klaus Preschle, Country Representative; representatives from the Ramon Magsaysay Awards Foundation, Ms. Carmencita Toledo, senior program officer and Ms. Josie Amot, coordinator; as well as Mr. Chan’s wife, Mrs. Than Tihping. AIM students and MWSS personnel were also present.

*A global political economy has made the story of an ordinary government official (but with extraordinary accomplishment) known to a global audience. From the Asian Development Bank documentary, the AIM-CDM developed a management case of Mr. Chan as a learning tool for graduate students and executive trainees. Globalization made it possible for these gems and jewels of development to shine, be recognized and emulated around the world.*

## **JAPAN'S NEW PRIME MINISTER AND HIS POLICY**

Mr. Katsuyuki Yakushiji, Chief Editor of Ronza, October 6 2006,  
TPIC/Bancom Room, Asian Institute of Management, Makati City

The recent election of Chief Cabinet Secretary Shinzō Abe as the new Prime Minister of Japan brought the world's anticipation to an end. This historical turnover warranted the need for elucidation on the new Prime Minister's profile as well as his policies. Up to the task was Mr. Katsuyuki Yakushiji, Chief Editor of the magazine, Ronza and a good friend of the Prime Minister, who presented "Shinzō Abe the man, the politician and the new Prime Minister."

Yakushiji started with a backgrounder on the new Prime Minister whose popularity and political career is a continuation of the legacy of his grandfather, former Prime Minister Nobusuke Kishi and his father, 1982-1986 Foreign Minister, the late Shintarō Abe. Apart from this pressure, the new Prime Minister faces demands from internal and external forces, mainly the United States of America, China, and the two Koreas.

According to Yakushiji, the Prime Minister's agenda is to stand conservative, a 180 degree turn from the former Prime Minister Jun'ichirō Koizumi's provocative approach. Abe, Yakushiji expounded, is one who respects nature, culture, and tradition.

In this regard, he seeks to handle economic issues by prioritizing growth over reform, which is again the opposite of Koizumi's reform before growth. As for Abe's diplomatic policy, no major amendments are to be expected. However, he intends to angle the policy similar to a historical program,

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**The employment of an ambiguity strategy is the underlying rationale behind the Prime Minister's latest affairs.**

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answering to the needs and issues of the time. Such a particular need is the restoration of good ties with neighbors, Korea and China, further wounded by Koizumi's controversial visits to the Yasukuni Shrine. Yakushiji explained that the Shinto shrine in Tokyo preserves the memory of the soldiers who fought on behalf of the Japanese emperor. Japan received raised eyebrows from China and Korea regarding these visits because such were manifestations of the country's tribute to war victims, including war criminals.

Abe, on the contrary, paid the two neighboring countries a visit as his first overseas trip to establish his peace-restoration agenda instead of the usual United States route. It should also manifest Japan's independence from the United States in decision-making processes, but will definitely maintain the country's close relationship with the hegemony. The employment of an ambiguity strategy is the underlying rationale behind the Prime Minister's latest affairs.

In his synthesis, Dr Federico Macaranas, executive director of the Policy Center, gave particular emphasis to Mr. Yakushiji's profound analysis of Japanese politics under the newly appointed prime minister of Japan, Mr. Shinzo Abe. He stressed that the cooperation between the Philippines and Japan has a very long history in various fields and recently, Her Excellency President Gloria Macapagal- Arroyo and former Prime Minister Junichiro Koizumi signed the Japan-Philippines Economic Partnership Agreement or JPEPA, which is expected to improve trade and investment and build mutually beneficial economic partnerships in a wide range of fields. Macaranas also lauded the new prime minister's commitment to intensify efforts to further strengthen the relationship between the two countries based on confidence and mutual trust. He recognized the significance of the 50th Friendship Year as a springboard for a stronger partnership and broader cooperation.

Attendees were composed of the Japanese community in the Philippines, students and professors from the Asian Institute of Management, and other Philippine colleges, diplomats, including Ambassador Alfonso T. Yuchengco, Atty. Ricardo Puno and other media practitioners. Distinguished presenters and panelists included Mr. Theo Arnold, executive director of the Asia Society Philippine Foundation, who imparted the opening remarks; Minister Taeko Takahashi of the Embassy of Japan, for the introduction of the speaker; Dr. Federico Macaranas for the synthesis; and Japan Ambassador to the Philippines, Ambassador Ryuichiro Yamazaki for the closing remarks.

In this case, the globalization lecture series served as a policy advocacy instrument to introduce the new prime minister and his policy to a global audience outside Japan. This event was coordinated by the Japanese Embassy to engage the Philippine media and the public on the new Prime Minister's agenda for its bilateral relations.

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## PRIVATE-PUBLIC PARTNERSHIPS TOWARD EDUCATION REFORM IN DEVELOPING COUNTRIES

Dr. Elizabeth King, Senior Research Fellow, The World Bank, South Hampton, United Kingdom, July 20, 2001, American Business Center, Makati City

Dr. Elizabeth King, senior research fellow of The World Bank, raised three policy options for improving education: (1) Change the way schools are managed, (2) Build partnerships between private and public school, and (3) Establish programs to reach disadvantaged groups.

For the first policy option, change the way schools are managed, King explained that there is a distance between government and public schools in terms of management of the school and transmission of information and knowledge. The key reform here, she said, is decentralization of public schools through the creation of provincial or district governments. King pointed that traditionally, public schools have less autonomy and less participation. Hence the objective of decentralization is for public schools to have more autonomy and more participation.

According to King, Chicago saw the creation of a local school council which encouraged more teachers to participate in policy and school reforms. Although there was no significant change in enrollment and learning, there was a decrease in occurrences of grade repetition.

In Nicaragua, she continued, the move towards more autonomy and responsibility bestowed on principals, teachers and parents the power to decide on the school's personnel, budget, finance, etc. Autonomous schools—schools whose local school council were changed to management council—in principle looked like private schools. The overall outcome was that greater decision-making, and therefore accountability was achieved. Also, she said, schools became more effective, quality was improved and poverty was reduced. In terms of student performance, cognitive learning and enrollment increased while dropouts and grade repetition decreased.

King said that in general, these reforms did not only achieve higher education but also higher participation. Statistical analysis of relationship between student performance and degree of autonomy of school showed that there is an improvement in health and science if autonomy of school and higher administrative function of school is achieved. The study showed that parents are knowledgeable about schools even if they are illiterate. But King pointed that the study also showed that the reform created conflict in that teachers resented the fact that they had to share powers with parents.

On the second option, build partnerships between private and public schools, King illustrated that in El Salvador, the EDUCO program (*Educacion con participacion de la comunidad*) gathered together parents and the community to form community-education associations. These associations were tasked at maintaining education, hiring and firing,

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**Reforms in education bring about positive outcomes such as increased decision-making, autonomy, and accountability of parents and teachers. But as with many social reforms, there are risks involved.**

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administering teachers, and financing school expenses. Because of the success of these groups, King said, the same program has been adopted in rural schools. On the average, EDUCO students come from disadvantaged communities where there is less electricity and water, and there is poor sanitation. Teachers are younger with less experience, but a higher proportion finished higher education. Classes in the program provide higher student knowledge and more books. With the new system, King said, the number

of hours teachers met with parents is higher than in private schools and students were more likely to get visits from parent-teacher associations than before the implementation of the EDUCO program. King stressed that with this set-up, the most significant improvement was on the students. With the program, learners were less likely to be absent and likewise, performed on the same level as others despite EDUCO students coming from disadvantaged communities. King pointed that increase in power of stakeholders at the local level (parents, teachers, communities and private sector) can have a big impact on the behavior of teachers and on the functioning of students.

On the third policy option, establish programs to reach disadvantaged groups, King talked about the voucher program as a way of re-routing funds that would have gone to private schools. Although this may be beneficial for parents who wish better schools for their children, King said that the program has received criticisms in that voucher schools may decide to reject students if the government oversees by looking at achievement test results of students. As such, voucher schools intending to maintain a certain degree of quality may be inclined to filter out poor-performing students.

In Colombia, King cited, there is an over crowding of students in voucher schools but preference is still given to poor-performing students. The program started in 1991 to expand secondary schools' capacity, especially in urban areas and to cover tuition in private schools. In the event when



demand for vouchers exceeds supply, a lottery is to be carried out.

King revealed that to assess the impact of the voucher program on education, a survey was conducted on the winners and losers of the lottery. The impact on net enrollment was 2.3 percent, indicating a slight improvement in the number of enrollees. But it was also seen that losers would still go to schools even without the program; winners only had the advantage on opting for the school of their choice. This was in connection with the finding that 30 percent of the students would favor a private school if they won the lottery. Moreover, there was an 18 percent more likelihood that with the program, students will finish grade eight and students who did not avail of vouchers are more likely to repeat. King said that in general, the survey pointed out that students are predisposed to go to schools. But with the voucher program, students can select a better school.

King concluded that reforms in education bring about positive outcomes such as increased decision-making, autonomy, and accountability of parents and teachers. But as with many social reforms, there are risks involved. As seen in the Nicaragua model, teachers resented the fact that they had to share powers with the parents. And with the voucher program in Columbia, there are winners and losers and the program meant higher administrative costs.

Globalization makes possible the sharing of reforms in education in a more engaging and dynamic environment, given the diverse experiences with decision-making of parents and teachers. It also makes best practices on public, private sector partnerships more accessible to governments and education institutions.

The lecture was co-sponsored by the Embassy of the United States and the Konrad Adenauer Foundation.

## **POLITICAL VIOLENCE**

**Brian Michael Jenkins**, Senior Adviser to the President, RAND Corporation

August 21, 2001, Ayala Life-FGU Tower, Makati City

Brian Michael Jenkins, senior adviser to the President of the RAND Corporation, a nonprofit institution that helps improve policy and decision-making through research with its headquarters in Santa Monica, California and branches in the United States (Jackson, Mississippi; Pittsburgh, Pennsylvania; Arlington, Washington D.C.; and in other countries such

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**Terrorism has evolved in many ways - into bloody economic enterprises with new models of organization operating on a global scale with the use of high technology and communications.**

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as Cambridge, United Kingdom and Doha, Qatar) paid Manila a visit to discuss the worldwide trends in terrorism and the changing patterns in conflict.

As an expert in terrorism, counterinsurgency and homeland security, Jenkins narrated that contemporary conflict, heavily rooted in culture, ethnic and religious differences, emerged during the 1960s

and 1970s and US President Nixon's creation of the Cabinet Committee to Combat Terrorism was the first step of the resolutions.

“But what defines contemporary conflict?”, he posed.

According to Jenkins, compared to the two world wars, contemporary conflict is of a lower intensity. Even so, it is lasting and has produced more refugees than the previous wars. He continued that terrorism has evolved in many ways—into bloody economic enterprises with new models of organization operating on a global scale with the use of high technology and communications. Occurring in most developing nations with populations descending to the poverty line, Jenkins stated that contemporary conflicts are major impediments for such nations that they account to two to three percent drops in GDP growth in their fragile economies.

Why bloodier? Jenkins argued that fatalities in the 1980s occurred in tens and as decades turned, blew into hundreds. He said that ethnic hatred and religious fanaticism have overpowered the ideology of communism as the principal motivation for terrorism. The collapse of this ideology led to increasing incidences of violence that saw the massacre of tribes and its constituents. “If you believe you have the sanction of God, you have no moral constraints in this world,” Jenkins said of these events.

Why economic enterprises? Bombings, kidnappings, hijacking, extortion, arms and alien smuggling, drug trafficking, tropical hardwood exploitation are some of the means Jenkins enumerated that turn bloody episodes into revenue-generation for terrorist groups because of the significant decline of resources thirty years ago. Jenkins cited that in the Philippines, kidnapping is not a new tactic. In the 1960s its main motive was political concessions. Through the years, the government was no longer willing to make allowances and ransom became a profitable alternative to kidnappers.

The country now ranks next to Columbia and Mexico in the most cases of kidnapping with ten to fifteen thousand cases annually.

Why new models of organizations? “We have to admit that terror groups have become effective with the aid of political circumstances and technological advancements. Penetration is not as simple today as it was during the 1970s and 1980s,” Jenkins argued.

Why on a global scale? According to Jenkins, members and associations are difficult to identify and organizations are fluid because of the Internet. Therefore, terrorism is no longer a centrally directed conspiracy.

The following decades with terrorism cannot be predicted, just as the last three decades were not. Kidnapping in the Philippines and elsewhere can be put to rest if families, friends, and the government will refuse to pay the demanded ransom. But that is unrealistic as eradicating terrorism. Under the seemingly unhelpful situation, Jenkins does not regard himself as an apocalyptic messenger, but rather one to warn us not to be complacent after the shocks of cycling events wear off.

Indeed, globalization has been accused by many as a culprit in facilitating the export of fear or terror. Allegedly, it has made possible borderless crimes. However, it must not be ignored that it has also raised the level of attention on the right to global security of less developed countries. Everyone, regardless of race, status or creed can be threatened and everyone should therefore be concerned.

## THE HEALTH AND WEALTH OF NATIONS

Dr. David Bloom, Chairman of the Department of Population and International Health, Harvard School of Public Health, 18 January 2005, AIM-WB Global Distance Learning Center, Makati City

“What have improvements in population health since the mid-19th century meant for economies?” This was the question posed by Dr. David Bloom, chairman of the Department of Population and International Health at the Harvard School of Public Health.

Bloom explained that better health contributes to higher economic growth through higher income per capita. He said that there are two channels by which improved health status can increase GDP per capita: 1) Through higher productivity - healthy workers are more productive than unhealthy

workers and are thus likely to have higher GDP per capita; and 2) Through a more educated population - healthy children can learn better than malnourished or undernourished ones, which results in more productive workers with higher incomes.

He added that countries with a healthy population attract more foreign direct investments. Furthermore, there will be an increase in available money for investments since people with longer retirement years due to longer life will be encouraged to save during their productive years. Thus, there will be dramatic effects in the national savings rate.

Bloom also emphasized the reverse causalities between income growth and population health. He argued that health improvements may spur economic growth which, in turn, can further facilitate health improvements. To illustrate, Bloom cited the East Asian Miracle, which saw higher rates of economic growth during the latter half of the 20th century, partly as a result of cost-effective improvements in East Asian countries' health sectors. These improvements, in turn, catalyzed rapid growth in key factor inputs (such as human capital). Furthermore, one-third of income per capita growth in East Asia was attributable to the independent influence of changes in the age structure. The savings rate also rose in the region due to the high proportion of working-age population in their peak savings stage for large-scale retirement brought by increasing life expectancy.

Bloom mentioned a particular model that could be useful to the Philippine setting—Ireland. Although a dominantly Roman Catholic country like the Philippines, Ireland's legalization of contraception helped give birth to the 'Celtic Tiger.' Bloom narrated the history of family planning methods in Ireland. In 1973, the Irish Supreme Court legalized the importation of contraceptives for personal use. In 1979, the Health (Family Planning) Act officially became a law, thus legalizing the sale of contraceptives for family planning. In 1985, an amendment to the 1979 law allowed contraceptives to be made available to those over 18 years old and without prescription. The economic growth rate increased dramatically after fertility fell from almost four percent in the 1960s to almost six percent in the 1990s. In addition, the economic boom has also been attributed to other factors including membership to the European Union and subsidies received, increased trade and partly due to tax incentives, good macroeconomic management, and social contract between government, trade unions and employers.

Dr. Bloom noted that Ireland, like the "miracle" economies of East Asia, had in place economic and social policies that enabled them to realize the

gains of the demographic shifts brought about by their population program. These two key policies are: 1) In the late 1950s, there was a recognition of the failure of a “closed economy,” which led to emphasis in encouraging foreign direct investments and promoting exports; and 2) from the mid-1960s, free secondary education was introduced, leading to a large increase in school enrollment and subsequent expansions in higher education. The resultant high levels of education, combined with export-oriented economic policies, were powerful factors that ensured the benefits of the anticipated demographic transition.

To complement Bloom’s presentation, Dr. Alejandro Herrin, a retired professor at the School of Economics of the University of the Philippines, showed that life expectancy improvements and fertility rate declines in the Philippines are moving slower than neighboring countries. A major concern was tuberculosis, the 6th leading cause of morbidity and mortality in the country, affecting mostly working-age males. He also added that child malnutrition rates in the Philippines are so high and there are no signs of significant declines. Fertility rates are also high compared to neighboring countries and have declined relatively slower.

Herrin stressed that the poor suffer most from the above situations. Having less access to family planning information and services, the poor are less able to attain their fertility goals than the affluent. He also showed that the poor suffer most in terms of infant and child mortality, and that the unmet need for family planning is high among them.

Both Bloom and Herrin left a timely caveat: while population health and demographic restructuring are powerful predictors of aggregate economic growth, the benefits and demographic dividends are themselves not automatic. There is the need to catalyze demographic transition, especially fertility decline. It should be synchronized with policies in the areas of education, labor market, trade, governance and macroeconomics.

In answer to the question posed at the beginning of the lecture to wit, “what have improvements on population health meant for the global economy?”, the discussions stressed that a healthy population attracts foreign direct investments and given a more robust economy, the more that they can take advantage of the opportunities presented by globalization. As human capital has increasingly received attention in the growth literature, more opportunities include the flow of technology and people (especially skilled migrants who return to their home countries as Ireland experienced most recently.) These opportunities also include education, business, travel, etc., which are best enjoyed by a healthy populace.

## WHEN MEDIA TAKES A STAND FOR SOCIAL CHANGE

Mr. Matiur Rahman, 2005 Ramon Magsaysay Awardee and Editor in Chief of Prothom Alo, August 30, 2005, AIM-WB Global Distance Learning Center, Makati City

“The role of the media has now become more important. It has become the last platform to pin our hopes on,” declared Mr. Matiur Rahman, editor in chief of Prothom Alo (First Light), Bangladesh’s newspaper written in the native language. Rahman’s redeeming role as a media practitioner during his country’s political strife garnered him the 2005 Ramon Magsaysay Award for Journalism.

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**Reforms in education bring about positive outcomes such as increased decision-making, autonomy, and accountability of parents and teachers. But as with many social reforms, there are risks involved.**

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Rahman acknowledged that news media has a glorious past in Bangladesh. It has been a protagonist in political and social movements, as the masses could not rely on leaders who undermine democracy that was fought for. He said that the division of the country by two major political parties, the Bangladesh National Party and the Awami League has deeply wounded its politics and the masses.

Aside from too much politicization of the administration, corruption is practiced down to the lowest degree in the government and terrorism looms in cities and villages.

According to Rahman, the media, particularly, Prothom Alo, emerged as an inspiration that came forward to bridge gaps. The paper spoke in favor of the people, and especially stood by the destitute. Rahman explained that their vision is to make known of an exultant future that awaits their people. However, he stressed that they do not dwell on dreams alone. Their act is not limited to publishing. They have organized a number of seminars and dialogues for advocacy. These are: the movement against acid violence, which allocates funds for scholarships and rehabilitation of women who are victims of this type of torture due to dowry-related issues or refusal of courtships; the movement against drug abuse through round table discussions, posters and concerts; awareness raising against AIDS through editorials, a series of articles in between 2004 and 2005 and rallies; and other socially oriented projects such as aid to flood victims, journalism violence and even the awareness of the Bangla as the state language.

Although local issues, the medium of videoconferencing brought Rahman’s

message to a global level. During the open forum, an exchange of views from participants from the Philippines, Saudi Arabia, Sri Lanka, Timor Leste and Viet Nam took place. The discussion revolved around social issues, mainly poverty, that all countries can relate to. They concluded that the roots of the social problems are generally the same across developing countries. They also saluted journalists because for them, this profession requires a commitment to the pursuit of truth even in the most difficult times. However, they suggest that they don't only challenge those in position, but the ordinary people as well.

Other speakers who took part in the program were Dr. Federico M. Macaranas, executive director of the Policy Center who imparted the opening remarks and the synthesis, Ms. Carmencita T. Abella, president of the Ramon Magsaysay Awards Foundation who introduced Mr. Rahman, and Mr. Roberto F. de Ocampo, then president of the Institute who brought the lecture to a close.

## **LEADERSHIP AND MOTIVATION IN THE NEW CENTURY**

Dr. Charles A. Rarick, 2006-2007 Fulbright-SyCip Distinguished Lecturer and Director of the Andreas School of Business, Barry University, Florida February 8, 2007, Bancom Room, Asian Institute of Management, Makati City

How does one become a master on the art of persuading people in subordinating their personal goals over a greater common goal? Is it the innate charisma that provides them massive influence and prestige? Or is the ability to initiate change, authority and service, and acquired learning as well? The answer is both. In the new century, the ancient theory that claim leaders are born and not made has long been overridden by new findings exploring the spheres of characteristics and behavior.

Among the key promoters of this modern train of thought are notable authors Robert Greenleaf, Stephen Covey, Afsaneh Nahavandi, Daniel Goleman and 2006-2007 Fulbright-SyCip Distinguished Lecturer, Dr. Charles A. Rarick of the Andreas School of Business, Barry University, Florida, who was the featured lecturer in this installment of the globalization lecture series.

Rarick's lecture emphasized principle-centered and strategic leadership. The former, from Stephen Covey, segregates leadership into levels governed by natural principles synonymous to the "law of the farm." Shortcuts and quick fixes are not effective in the long run. The course of "preparing the

ground, seeding, cultivating, weeding and watering” requires character and skill development. The latter dissects the various combinations of challenges and control and yields four strategic leadership styles. These are the High Control Innovator or the challenge-seeker who maintains tight control over an organization; the Status Quo Guardian who is the low risk taker and

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**Shortcuts and quick fixes are not effective in the long run. The course of preparing the ground, seeding, cultivating, weeding, and watering requires character and skill development.**

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would rather focus on efficiency; the Participative Innovator, the challenge-seeker who delegates control; and the Process Manager, the conservative leader who sticks with the tried and tested approaches.

Rarick also touched on the importance of emotional intelligence over IQ and the cultural adaptation of leadership theories. No one leadership system is universal, he emphasized. Rather, leadership theories are influenced by culture. He presented Geert

Hofstede’s classification of cultures using four dimensions: power distance, masculinity, collectivism, and uncertainty avoidance. In terms of power distance, Philippine culture is accustomed to high power where inequality is recognized. The Philippine culture is also very much patriarchal. With regards to collectivism, the *bayanihan* spirit makes the Philippine culture a “we” culture. Lastly, the culture has low uncertainty avoidance where change and risk taking is the norm.

Another dimension of leadership apposite the Philippines is servant-leadership, where service is a natural feeling and a conscious choice.

Given the circumstances of the Philippines, Rarick’s answer is the Alchemist leader, a catalyst for social change, and the best leadership style according to a 25-year-old study. This is a leader that can deal simultaneously with many situations at multiple levels, deal with immediate priorities yet never lose sight of long-term goals, can create symbols of importance and speak to the heart and minds of people, and is charismatic, truthful, and moral.

Reactors were Ms. Amina Rasul-Bernardo, lead convenor of the Philippine Council for Islam and Democracy, who provided political and cultural insights; resident Mr. Greg Atienza, managing director of the AIM Alumni Relations who imparted his opinions on business leadership; and Ms. Edlyn Kalman, executive director of the Jesuit Volunteers Philippines Foundation, who spoke about servant leadership in the Philippines.



Professor Ricardo Lim, associate dean of the W. SyCip Graduate School of Business of the Institute welcomed the audience to the AIM Community. Mr. Theo Arnold, executive director of the Asia Society Philippine Foundation, Inc. introduced Dr. Charles Rarick, and Dr. Federico Macaranas, executive director of the Policy Center integrated a synthesis on leadership as a balancing act and a confluence of skills, values and authority.

The lecture stressed the importance of globalization in studying and recognizing the universal dimension and qualities of leadership. Globalization enables active benchmarking of good leadership qualities across countries, while inspiring the development of a global culture of leadership excellence.

## LEARNING, BEING AND BECOMING

Dr. Hans Henrik Knoop, Professor at the Danish University of Education  
February 13, 2007, ABS-CBN Caseroom, Asian Institute of Management, Makati City

In 1995, William Damon, Howard Gardner and Mihaly Csikszentmihalyi authored the GoodWork Project®, a study analyzing professionals, particularly American white collar workers, who succeeded at maintaining a flourishing, profit-oriented endeavor that is at the same time highly ethical. This is quite a feat to achieve especially in this contemporary age where the realms of expertise, skill and inventiveness have become quite sharply distanced from the moral concerns of the majority.

Dr. Hans Henrik Knoop, professor at the Danish University of Education, conducted a parallel study involving Scandinavian students of the tertiary and graduate levels, as well as young professionals, particularly from the fields of biology, journalism, theater and social entrepreneurship.

In practicing the context of their own studies - work that is high-quality, socially responsible and meaningful to the worker - advocates of the GoodWork Project®, including Knoop, intend to expand the study's coverage to other parts of the world and include the blue collar worker category.

Under this backdrop and for this installment of the globalization lecture series, Knoop presented their findings on the aspects of good learning and leadership for a competitive country.

In his presentation, Knoop enumerated four factors that constitute a happy learning environment: (1) high degree of material wealth; (2) freedom;

(3) equity; and (4) access to information. Denmark is the best example of this ideal society as it ranks at the top of the “Map of World Happiness” conducted by Adrian White of UK’s University of Leicester. Knoop supported this statistic explaining that it is the social cohesion that makes his country the happiest. For instance, out of 100 leaders, only two or three are considered corrupt. In addition, policemen are amongst the most trusted professionals standing at the same level as doctors and nurses.

However, the Philippines’ case is a deviation to White’s standards. It is a country with only a marginal amount of material wealth, freedom, equity and information but still gives birth to a pool of skilled and able human resource, which is its main instrument for competitiveness. The explanation, according to Knoop is simple. Learning is intrinsic to human beings.

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**Learning is intrinsic to human beings. The task of teachers and parents is to facilitate and enable the learning motivation that will become the foundation for good work.**

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The task of teachers and parents is to facilitate and enable the learning motivation that will become the foundation for good work.

Reactors Mr. Saturnino Belen, Jr., president of the First Asia Institute of Technology and Humanities, and Ms. Linda Wirth, director of the Sub-Regional Office for Southeast Asia and the Pacific of the International Labor Organization provided vantage points from places where learning, being

and becoming take place the most - the school and the workplace. As a concerned academician, Belen suggested the reinvention of the educational system to promote the engagement of young Filipinos to learning. He said that a happy teacher’s approach is crucial as proven by the high scores of students from rural areas in the National Assessment Test. Despite the unfavorable conditions, devoted and innovative educators created alternative ways to keep the learning curve high. Wirth, on the other hand, spoke about “work force development” that the ILO implements to solve mismatched professions and promote appreciation of vocational jobs.

In his synthesis, Dr. Federico Macaranas, executive director of the Policy Center, pointed out that there are excellent examples of happiness indicators across countries. Happiness is a human aspiration across cultures. Bhutan for example is famous for its Gross National Happiness (GNH) as a concept to indicate national progress. Another interesting development, he said, in the study of happiness is that of Dr. Daniel Gilbert of Harvard University and its fresh news from the GLS, where advances in science and cutting

edge technologies are discussed.

Gilbert submits that “every decision, big or small, is made based on the belief that it will ultimately make us happier than would any alternative choice. Unfortunately, human beings aren’t very accurate in predicting their emotional reactions to future events. This tendency is called affective forecasting.” According to Dr. Susan Fiske, president of the American Psychological Society, affective forecasting is the study of how, and how well people predict their feelings, should particular events unfold. Human beings take action predicated upon the belief-explicit or implicit-that one action will lead to greater rewards than some alternative action. Whether they are trying to decide what to have for dinner, or whether or not to get married, every decision is based on the belief that one choice will probably lead one to feel better or will make one happy.

Macaranas also highlighted that in a global world, complexity can be understood better with the aid of technology. This era of globalization, with all the advances in communication and technology, provides a more dynamic environment for learning, being and becoming. It defies distance, social class and resources enabling poorer societies to still catch up with the rest of the world. Now, the learning landscape has been transformed to be more creative, inclusive and collaborative.

This lecture was made possible through the collaboration of the Policy Center and the Konrad Adenauer Foundation with the International Movement of Development Managers, and Mr. Henry Tenedero, president of the Center for Learning and Teaching Styles Philippines (CLTS).

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## THE FUNDAMENTALS OF CREDIT-RATING AND INVESTOR ISSUES IN POST-CRISIS ASIA

Cecile Saavedra, Managing Director, Standard & Poor's Credit Market Services July 12, 2001, AIM Conference Center, Makati City

Asia has gone from optimistic admiration for the Asian miracle, to deep pessimism after the 1997 balance of payment crisis, and further, to a feeling of cautious validation after many economies roared back in 1999-2000. But again there is a growing sense of uneasiness as the slowing global economy impacts Asian experts. Are we heading back into another crisis?

Ms. Cecile Saavedra thinks not as she imparted four reasons during the Globalization Lecture Series on “The Fundamentals of Credit-Rating and Investor Issues in Post-Crisis Asia.”

The first, she said, is that most Asian governments have markedly reduced their external debt. Looking at the five countries most affected by the turmoil—Indonesia, Korea, Thailand, the Philippines, and Malaysia—the average of their net public sector external debt to exports is now at 17 percent compared to about 44 percent prior to the crisis. They have accomplished this through strong export growth, and more efficient investment and conservative reserve policies. Of course, she continued, governments such as China, Japan, Malaysia, Hong Kong, Singapore and Taiwan remain public sector net external creditors. Hence, although a slowdown in their export growth will hurt their real economies, the region as a whole, and the Asian tigers especially, are not as exposed to sudden shifts in external investor confidence as they were in the past.

The second reason Saavedra cited is that more Asian central banks now float their currencies. Of the 18 members of the Asian Development Bank that Standard & Poor's (S&P) rates, only China, Hong Kong and Malaysia have fixed exchange rates. This minimizes the temptation of regulators using their reserves unwisely to prop up falling currency values.

The third reason she offered is that the crisis has moved governments toward much needed reforms even though the results to date are somewhat mixed. For example, in China, leaders are pressing ahead with the largest transfer of wealth from the public to the private sector ever attempted through a massive home ownership initiative. It is as important as the reform of state-owned economic enterprises where the results are less advanced. In Korea, the government has taken bold steps to restructure the finances of the *chaebols*. In Thailand, the banking sector has been able to attract fresh capital equal to about 20 percent of GDP into the industry. However, problems

persist and bad loan figures are still high. Saavedra said that the Philippine banking system remains weak by global standards, with recent political and economic events further exacerbating the sector's systemic problems. The much needed infusion of capital to individual financial institutions is being hindered by the desire of larger shareholders to not weaken their existing shareholdings. Concurrently, there is a weak external investor sentiment for investment in individual Philippine banks as a result of a lack of operational transparency, and economic and industry risk concerns. In summary, the slow return of external capital to a number of Asia's developing markets is a reflection of skepticism about the pace and commitment of governments to needed reforms.

The fourth reason is that, hopefully, investors and lenders will not let market sentiment overwhelm the need for systematically differentiating between those economies where the risk is very high and those where it is more moderate. S&P's ratings on 18 of the regional members of the ADB range from AAA for Singapore down to CCC+ for Indonesia. In essence, they are predicting that there is little chance of the government of Singapore defaulting on its debt, while the government of Indonesia will have to rely on favorable events, partly outside of its control, to be able to service its debt on time. In between are countries like Korea and Hong Kong where considerable efforts have been made to affirm its "BB+" long-term foreign currency rating for the Philippines while maintaining a negative outlook.

According to Saavedra, the negative outlook reflects a weakening of public finances over recent years. The change in administration earlier this year ended a period of policy drift, but the sovereign's creditworthiness could decline if the government fails to stabilize and reverse its increasing debt burden. Like the Philippines, many Asian countries are rendered vulnerable by the high cost of the 1997 crisis. However, the region will not be in danger of near-term collapse unless the global providers of capital once again lump the countries together financially without differentiation as to credit strength. All in all, S&P thinks that the region has undergone some positive fundamental changes, which makes a recurrence of the crisis unlikely over the near-term.

What are the prospects for investment in Asia? Saavedra answered that the dynamics supporting the investment of funds from the world's developed economies to Asian emerging markets remains unaltered. She said that North America and Europe may stand out as bastions of stability in the current landscape, but their comparatively higher stage of development has to translate into comparatively lower growth rates from a long-term perspective. Their aging populations compound this impact as they will

increasingly serve as the sources of savings for investment decisions around the world. On the other hand, the long-term growth prospects for various Asian emerging markets continue to be based on the same fundamental factors which were cited so positively by many market investors—demographically young populations with rapidly improving levels of education and technological skill; vast natural resource endowments; burgeoning markets for the fundamental goods and service of a consumer society. Saavedra said that these are attributes that continue to characterize the Asian countries even after the debilitating effects of the crisis.

According to Saavedra, the prerequisites for the effective transfer of savings from the developed economies to the Asian emerging markets now more than ever depend upon the existence of sustainable government, economic and financial systems which will allow the rational investment of domestic and foreign capital. For governments, it is the need for a clear and functioning process for political succession. In economics, investors look at sustainable levels of government revenues versus spending, of saving versus investments, of imports versus exports. In the financial sector, this entails the need to strengthen banking systems and to create more efficient, market-driven financial intermediation. This will include the need for a legal system that respects and protects creditor rights.

“Experience is teaching us that the shift to a truly global market is rockier than many expected. But all of us need to remain engaged in this process toward more open markets characterized by transparency and the free flow of information,” Saavedra said.

In conclusion, prospects for investment in Asia will depend on the development of an environment and an infrastructure that will allow for innovation and risk, that will encourage markets to fairly price and accept that risk, and one where the occasional failure does not heighten systemic risk for all. Much needs to be done before this is a reality but the potential rewards for Asia in attaining these goals fully support the tribulations of the task. Globalization enables this kind of economics and business environment.

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**“Experience is teaching us that the shift to a truly global market is rockier than many expected. But all of us need to remain engaged in this process towards more open markets characterized by transparency and the free flow of information.”**

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Mr. William Burton Hamner, MBA, President, Cleaner Production International  
Hamner Associates, LLC., Seattle, Washington, May 28, 2002,  
Asian Institute of Management, Makati City

The Asian Institute of Management obtained an ISO 14001 for its own Environmental Management System in 2000 thanks to Mr. Burton Hamner, who, as former professor, led his students to conduct a Cleaner Production assessment of the Institute's facilities. Hamner returned to AIM to share his expertise as the president of Cleaner Production International LLC and the Producer of CleanerProduction.com, offering sustainable business training and consulting services around the world. The company specializes on practical tools for increasing environmental performance, organization sustainability management, developing countries, and design of government programs to promote sustainable business.

Hamner's presentation revolved around "Promoting Cleaner Production in the Value Chain." He said that Cleaner Production goes beyond a tidy workplace. Rather, it is a holistic way of looking at how design and consumption of products are causing severe ecological problems. It offers a way to reverse the current non-sustainable use of materials and energy. He asserted that cleaner production and sustainable business are outcomes of a set of behaviors: good accounting, employee participation, networking and benchmarking, life cycle management, and customer eco-satisfaction.

Good accounting, according to Hamner, is understanding the true full cost of waste as most blunders are due to the underestimation of it. In simpler words, it's the spoilage cost in manufacturing that is often overlooked. He said that he regards employee participation as a factor because to him, it is the employees who are knowledgeable on why waste occurs and where they are dumped. They are arguably the most appropriate people to do the analysis and determine the solution to the problem. Hamner proposed financial incentives to increase participation and eagerness and peer-to-peer networking to promote best practices. This can be upscaled to the level of firm-to-firm networking. The best practices can then be the core of benchmarking. Related but not competitive firms are the best benchmarkers rather than direct competitors.

On life cycle management, Hamner differentiated upstream and downstream. Upstream is asking: what risks do suppliers face and how do suppliers pollute you? Downstream is asking: what impacts do products have on customer's own environment? Focusing on upstream and downstream resource issues will lead to an effective risk analysis and risk



reduction strategy.

The goal in mind, he said is to make use of renewable energy and materials, minimally employ natural resources, and produce goods that generate benign waste that could go back into the process. Therefore, the need of the product is also questioned. As a result, Hamner said that corporations are increasingly allocating subsidies for SRIs or socially responsible investments. “Certainly, there’s no escape to waste management. Instead of a development versus conservation paradigm, why not development and conservation?” he stressed.

Clearly, more widespread communication and cross-border flow of goods and services have made societies more aware of the depletion of the world resources and efforts to publicize, preserve, and conserve has made people conscious of the need to protect sustainable businesses.

## GLOBALIZATION AND BUSINESS

Dr. Joseph E. Stiglitz, Winner of the 2001 Nobel Prize in Economics

April 7, 2003, AIM-WB Global Distance Learning Center, Makati City

Dr. Joseph E. Stiglitz, who won the 2001 Nobel Prize in Economics for his work on a branch of economics called Asymmetry of Information, presented his views on how globalization has actually been transpiring and how this has affected business.

Particularly concerned with the plight of developing countries, Stiglitz described how he became increasingly disillusioned as he saw the International Monetary Fund and other major institutions put the interests of Wall Street and the financial community ahead of the poorer nations. The Columbia University professor and former senior vice president as well as former chief economist of The World Bank described how he saw policymakers, who were wedded to outdated economic models, use “Washington Consensus” doctrines to design policies that had disastrously bad results. He also noted that within the major institutions of globalization, a damaging desire for secrecy exacerbates mistakes and inhibits positive change.

“Capital market liberalization and policies focusing excessively on inflation,” he said, “could lead to instability in the real economy, making real investment in both physical and human capital less attractive.” This, he pointed out, was one main reason why the 1997 Asian financial crisis

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**“Capital market liberalization and policies focusing excessively on inflation could lead to instability in the real economy, making real investment in both physical and human capital less attractive.”**

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occurred. He was nonetheless happy to note that, only two weeks ago, the IMF itself, through its own internal study, admitted that capital market liberalization in its current form does lead to instability in the long run.

Although an American himself, Stiglitz criticized the US for preaching that developing nations’ central banks should focus solely on inflation, while the US Federal Reserve itself focuses on the same, including employment,

and growth. He added that while the US has had an effective public social security system, the US has been urging developing nations to privatize their own social security systems, knowing full well that transaction costs are much lower utilizing a public system. “This is very crucial, since the US has the only veto power in the IMF,” he pointed out.

On trade issues, Stiglitz said that much reform is needed in the World Trade Organization in order to provide more benefits to the so-called “south” countries. He mentioned, as an example, the WTO agreements on services, wherein the strong services of developed countries, such as banking, were the services that were agreed to be opened up. On the other hand, services that the developing countries were strong in, such as maritime services, were not included. He criticized his own country as well as the European Union for providing excessive subsidies to their agriculture sectors, resulting in depressed agriculture prices worldwide and making the poorest of the poor (the farmers of developing countries) even poorer.

Stiglitz spent seven years in Washington, serving as chairman of President Clinton’s Council of Economic Advisers and as senior vice president for Development Economics of the World Bank. When asked whether or not a conspiracy existed among the global institutions to disregard the plight of developing countries, Stiglitz replied that he did not believe such a conspiracy existed, but rather that those institutions overlooked some important facts and instead chose to follow more closely their own development ideologies.

Stiglitz received a token from the Policy Center’s Executive Director Dr. Federico Macaranas and AIM President Roberto de Ocampo. More than 500 people attended the lecture at AIM’s Philippine Conference Hall – a testament to the strong following that Dr. Stiglitz has in the Philippines and

the fact that he is indeed a globalization icon.

The lecture was brought to several countries in real time via the AIM-WB Global Distance Learning Center, including Sri Lanka and Saudi Arabia.

## **REBUILDING IRAQ: CHALLENGES AND OPPORTUNITIES FOR BUSINESS**

H.E. Nesreen M. Sideek-Barwari, Minister of Municipalities and Public Works, Iraqi Governing Council, May 3, 2004, Makati Shangri-La, Makati City

“It’s a beginning, a strong beginning, but only a beginning,” asserted Her Excellency Nesreen Sideek-Barwari during the timely globalization lecture on “Rebuilding Iraq: Challenges and Opportunities for Business.”

Iraq resonated with a negative tune to its name in recent years due to political and religious turmoil dramatized by non-conventional bombings. The Minister of Municipalities and Public Works of the Iraqi Governing Council expressed her dismay at the international media for contributing to this one-sided view of the country by bringing more attention to such isolated incident rather than the progressive rehabilitation that was then taking place. Contrary to what we had seen often reported, Iraq was on the road to recovery but a continued inflow of investment and aid was sorely needed because even without the war, the country was already in bad shape.

“We have a tremendous amount of work to do to rebuild, reform, and reinvigorate the public service infrastructure,” stressed Sideek-Barwari, who is responsible for the decentralization program of Iraq incorporating the government task of providing essential services in the over 300 municipalities in all 18 governorates (provinces). The technical ministry is in charge of roadwork, including traffic controls, urban planning, land management and zoning. More importantly, it seeks to bring the three imperative services of water, water waste, and solid waste up to the international standard.

Global benefactors have been responsive to such needs. Sideek-Barwari shared that the United States made available more than four billion dollars for safe water supply alone. The Japanese government, the European Union and the German government too have provided grants for water and environmental sanitation.

Mr. Klaus Preschle, country representative to the Philippines of the Konrad Adenauer Foundation, observed that Iraq was reminiscent of the post-war Germany wherein patience will surely be put to test before results become visible.

The Philippines has also contributed by means of a humanitarian contingent to assist in peace-keeping and reconstruction efforts. Sideek-Barwari's

visit to Manila is thus strategic in strengthening Iraq's relationship with the Philippines as both belong to the "coalition of the willing."

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**"Though women comprise more than 50 percent of the population, in order to play significantly increased roles in decision-making, I firmly feel that no less than 40 percent representation at all levels of social, economic, and political decision-making need to be reserved for women...We have a very steep mountain to climb!"**

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Aside from reconstruction, security is another area that needs advocacy. Sideek-Barwari avowed to the safety of the location. The Iraqi Kurdistan Region, Basra, the holy cities of Najaf and Kerbala, was reported to be blossoming and receiving pilgrim tourists. To further attest to this is the education situation. Students and teachers alike are active. When violent episodes arise, traffic continues. Businesses continue and thrive. Institutions continue to function. Life goes on and for Her Excellency, these were proofs of real resistance.

"Yes there is a struggle for normalcy," she stressed. "But Iraq is reminding the world of its economic potentials. Prospects for development are bright due to the abundance of resources, particularly oil." Sideek-Barwari instilled another abundant resource for prosperity—women. She defended that there is absolutely no shortage of qualified women in her country. The setback, however, is their participation. As one of the three women in the 25-member Iraqi Governing Council, she is admitted by this fact.

The fall of Baghdad in the 9th of April 2003 stirred substantial progress initiating cohesiveness within the citizens, motivated to defend their rights and protect interests deemed vital for their future. But Sideek-Barwari is still concerned over the looming threats to Iraqi women. "Though women comprise more than 50 percent of the population, in order to play significantly increased roles in decision-making, I firmly feel that no less than 40 percent representation at all levels of social, economic and political

decision-making need to be reserved for women... We have a very steep mountain to climb!”, she said.

From rehabilitation to the rights of women, the fight of Her Excellency Nesreen Sideek-Barwari for Iraq continues to inspire many.

This lecture was arranged by the Policy Center’s senior research fellow, Ms. Amina Rasul-Bernardo who is Barwari’s colleague.

## **MAKING TRADE LIBERALIZATION A TOOL OF ECONOMIC DEVELOPMENT: OPPORTUNITIES AND CHALLENGES IN 2005**

Mr. Andrew L. Stoler, Executive Director of the Institute for International Business, Economics and Law, University of Adelaide, Australia

April 12, 2005, AIM-WB Global Distance Learning Center, Makati City

Trade liberalization is a pro-development tool. For developing countries, it is assumed that it would bring efficiency gains. The Philippines, under the Ramos Administration, embraced trade liberalization as it was one of the executive’s core policy shifts. However, the adjustment process was not easy for the third world category because liberalization is an evolutionary thing that has to be constantly fine tuned according to former AIM president Roberto de Ocampo who imparted the welcome remarks together with this brief situationer on Philippine trade. The questions he posed were: Do the costs of trade liberalization actually outweigh the benefits? And what is the impact of globalization in the income sources of the poor, particularly the agricultural sector for the Philippines?

Attesting to the gains of trade liberalization, Mr. Andrew L. Stoler, executive director of the Institute for International Business, Economics and Law of the University of Adelaide, said that Australia, his country is 55 percent better off after opening its economy than in the 1980s where barriers such as tariffs, quotas and local content schemes inhibited international negotiations. Stoler said that according to a study conducted as early as the 1980s, globalizing economies grew 5 percent on the average as opposed to non-globalizing countries that moved only at 1.4 percent per year. For Australia, a sustained trade liberalization program turned its once closed economy around. But for the rest of Asia, Stoler mentioned China as one of the biggest factors influencing trade and policies since it entered the World Trade Organization in 2001.

On competitiveness implications, first in Stoler’s list is the services sector,

which he described as the most significant sector of the modern economy. Manufacturing, foreign investment and economic development, he said, are all associated to services, where the competitive position of the previously mentioned ones rely. This is true for the Philippines where the economy is dominated by the services sector and no longer the agricultural sector. Second in his list is the emergence of information and communications technologies (ICTs) that enable cross country correspondence and business. According to a paper by the Organization for Economic Co-operation and Development, there is a positive link between performance

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**Liberalization is not deregulation, but rather, there must be an effective competition policy and the rule of law for it to work.**

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in the telecommunications sector and economic growth. Developing countries with full telecoms liberalization grow 2 percent faster than the rest. Third in Stoler's list is broadband competitiveness and outsourcing resulted by IT-enabled services.

Stoler cautioned that the proliferation of opportunities must be facilitated. There are setbacks that need to be addressed. One of these is the problem of excessive documentation requirements. Not only do traders complain about this often, but the numerous required signatories become a channel for corruption. Other factors that are equally considerable are insufficient infrastructure and deficiencies in human and financial resources. Stoler spoke on this in light of the then upcoming Ministerial Meeting of the Doha Round last December 2005 held in Hong Kong.

Dr. Francisco Roman, Jr., AIM professor, moderated the open forum discussion that centered on the issue of bilateralism. A question was raised on the effects of bilateral or regional trade agreements to the Doha Round. Stoler responded that with 148 members, the WTO is a very cumbersome system. The root cause of bilateral agreements is to move the trading environment forward to what is called the WTO-plus. Another concern is the cultural impact of liberalization. For Stoler, the WTO does not undercut any country's ability to protect its cultural interests. Liberalization is not deregulation, but rather there must be an effective competition policy and the rule of law for it to work. Trade liberalization promises economic development. The intention of the transition period for developing countries is to attain equal compliance in the end.

## INTELLECTUAL PROPERTY RIGHTS FOR THE INTERACTIVE MEDIA: TRENDS AND PRACTICES

Mr. John Casey, Learning Materials Manager, TrustDR JISC Project Manager,  
UHI Millennium Institute, May 2, 2006, AIM-WB Learning Center, Makati City

In a networked society, a violation of an author's moral and property rights, trademarks, patents and privacy are a common occurrence. Once online, intellectual property can be downloaded unlawfully via the Internet from anywhere in the world. Given the situation, how can players in the interactive business protect their creations?

Featured lecturer Mr. John Casey of the UHI Millennium Institute in the United Kingdom and author of *The Interactive Media Industry, Intellectual Property Rights, the Internet and Copyright: Some Lessons from the TrustDR Project*, responded by first clarifying what Intellectual Property Rights (IPR) meant. He defined IPR as "the legal protection available in relation to certain property that is intangible that can be created by individuals." Some components that govern Intellectual Property Rights in the UK are the copyright and the moral right. The former can be sold and transferred. The latter, on the other hand, cannot as the original author must be cited as creator by "right of paternity" and must be respected when any plans to modify its content are made because its primary concern is to protect the personality and the reputation behind it. The IPR law serves as a balance between the owners and users and increasingly between the private and public sector.

Casey acknowledged the reality that the law is lagging behind the digital technology. Hence to protect one's intellectual property, Casey promoted the use of the TrustDR framework, a conceptual model of digital rights management. The framework has six stages. The first three stages address the DRM policy creation as follows: (1) the recognition of relevant rights and the awareness of the staff, employers and suppliers concerned of who the rights holders are and what uses they might be licensed for; (2) the assertion of rights is provided by a legal framework in which people and organizations can assert their rights in a form that is defensible under law; (3) the expression of rights has traditionally involved only a copyright statement in a human readable form. The last three stages address the concern on DRM policy projection: (4) dissemination of rights ensures that wherever a resource is described its rights are also described; (5) exposure of rights is the stage at which a user will see the rights information associated with a resource; and (6) enforcement of rights includes both protective measures to ensure that rights are not infringed and steps to be taken when

infringements are detected.

Casey emphasized that the foundation of successful DRM are simple record keeping, administration, policy and procedures. By accuracy, Casey means down to the last detail—who were involved in creating it and the rights' status since it is regarded as basic administrative protocol in most media industries. Knowing the risks associated is also essential. If one cannot prove his or her rights or ownership, no amount of technology will help.

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**“...the foundation of successful DRM are simple record keeping, administration, policy and procedure...If one cannot prove his or her rights or ownership, no amount of technology will help.”**

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The lecture was reacted upon by a panel, first of which was Mr. Eugene Scodigor, consultant at the Centre for Applied Research Time, who engaged via videoconference all the way from Grenoble, France. He emphasized IPR in relation to educational materials having a commercial value. He recommended the use of management systems for such projects and using watermarks, Adobe Acrobats and other software to ensure property rights.

The next was Atty. Eugeniano Perez, technical adviser on Policy, National Intellectual Property and Policy Strategy, Intellectual Property Office, Philippines. He stressed that there are three main sectors for IPR: the creation referring to the intellectual capital; the protection pertaining to patents, copyrights, trademarks and this is usually where the law intervenes; and the commercialization aspect.

The last reactor was also from the Intellectual Property Office, Atty. Louie Calvario, who gave technical details on the IPR situation in the Philippines. There are two identical bills (House Bill No. 222 and House Bill No. 3308) filed by Reps. Imee Marcos and Joey Salceda, seeking to amend the existing Intellectual Property Code that was implemented on 1998 on technological production management and digital rights management information.

Globalization provides an express highway for people in the interactive media industry. It is very dynamic field and it helps to know what is going on in the more advanced countries, so they can be globally competitive. Indeed, competition is not just in the present industry but in the future industries and there is no place for complacency.

Other speakers from the Institute who participated in the programme were



Dean Victoria Licuanan for the welcome remarks; Prof. Patricia Lontoc who moderated the open forum; Dr. Federico Macaranas, executive director of the Policy Center for the synthesis; and Mr. Klaus Preschle, country representative to the Philippines of the Konrad Adenauer Foundation, donor institution, for the closing remarks.

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## GLOBALIZATION: UNDERSTANDING ITS OPPORTUNITIES, MEETING ITS CHALLENGES

Mr. Thomas L. Friedman, Pulitzer Prize Winning Author

September 27, 2000, SGV Hall, AIM Conference Center Manila, Makati City

“If you think it’s all good, or you think it’s all bad, you don’t understand it,” quipped foreign affairs columnist for the New York Times and three-time Pulitzer Prize winner Thomas Friedman during his lecture on “Globalization: Understanding Its Opportunities, Meeting Its Challenges.”

Author of many best selling books including “The Lexus and the Olive Tree” and “The World Is Flat: A Brief History of the 21st Century,” Friedman introduced the concept of globalization by highlighting the dichotomy it shares with the Cold War system – the system that globalization replaced 12 years ago. The Cold War system, symbolized by the Berlin Wall, represented “division,” while globalization, symbolized by the World Wide Web, espoused “integration.” Hence mirroring the logic of the Internet, in globalization, “we are increasingly connected, but nobody’s in charge,” Friedman said.

What truly differentiates the two systems most is how power is structured within them. The Cold War system was state-based, that is countries, acted on the world stage through their states. It was a story of states clashing states, balancing states and aligning the states. Globalization on the other hand has three balances. The first is the balance between states and states. The second is the balance between states and supermarkets. Supermarkets are the twenty-five largest global stock, bond and currency markets in the world, which according to Friedman, have become increasingly autonomous geopolitical actors in some cases independent of, and in some cases more powerful than states. Third and most unique in the globalization system is states and super-empowered people. The perfect illustration to the third said Friedman is the United States against the super-empowered angry billionaire, Osama Bin Laden who had his own “Jihad on Line’ network that he utilized to take on the bombings of American embassies in Africa. “Now what makes this globalization system so complex to manage is the fact that today we have states and states, states and supermarkets, and states and super-empowered people all wildly interacting and gyrating against one another. That is why the system is so hard to understand and manage” he said.

Friedman went on to define globalization as the interweaving of markets, technology, information systems and telecommunications systems in a way that is shrinking the world from medium size to small, and enabling each

of us to reach around the world farther, faster, deeper and cheaper than ever before, and enabling the world to reach into each of us farther, faster, deeper, cheaper than ever before. He added that three democratizations made these happen—the democratization of finances, technology, and information. In the United States, the democratization of finances is widely spreading in occurrences of home mortgage securities market and the commercial paper market and pension investing.

The democratization of technology, as Friedman explained, is due to the phenomenon of digitization that is “the alchemy by which we take words and music and data... transmit them through modems and come out in the end as perfect copies of those original words and music and data.” And as for information, we increasingly know each others’ lives. The greater exchange of knowledge enables people to attain higher standards of living. Friedman cautioned however that with the easy access to any information come the challenges of knowing how each other live. This is particularly true in international relations where globalization is “putting shackles around everyone in leadership” because knowledge of what people are doing here and in other parts of the globe increases people’s demands and expectations resulting to criticisms when not met.

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**Globalization is not a trend, nor is it a fad. It continues to develop in us, shaping our lives towards a future of surprises.**

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To further clarify the concept, Friedman again presented another illustration, the ad for the Sony Mavica camera. He recounts that he was surprised upon seeing the commercial for the first time. “I didn’t know Sony made cameras. I thought they made walkmans and CDs and stereos!”

Intrigued with the lines “This is your camera. This is now your film (referring to the floppy diskette). This is your post office,” he immediately picked up the message that “somebody woke up at Sony headquarters one day saying if they can digitize music, they can digitize your baby pictures, too.” In an amusing way, Friedman summed the story up saying “We are Sony, we can be Kodak, and we are now Federal Express.”

That’s just the first part of the system. The second part is a new political garment he called “the Golden Straightjacket” sewn by Margaret Thatcher with buttons and tailoring provided by Ronald Regan. The Golden Straightjacket embodies all the economic rules of globalization, rules about deficit to GDP ratio, privatization, deregulation, foreign trade, everything we consider Anglo-American, neo-liberal economics. Friedman pointed out

that once a country wears the timely garment, its economy grows. The third part of the globalization system is the new energy source, the Electronic Herd. These are investors out there, you trading at home on eTrade right up to the big multinational banks and corporations. “Plug into it right and it will light up your country, your community, or your company. Plug into it wrong and it will burn a hole through your financial system, your culture and your environment faster than anything that you’ve seen in the history of the world.” So how does one relate to the Herd? Comparing countries to computers, Friedman described the situation of today as though everyone has the same piece of hardware - the free-market PC. The operating system is defined by all the economic rules of globalization and the software are the rule of law, regulatory institutions, courts, oversight agencies, free press and democratic institutions. The Philippines, alongside Thailand, Malaysia and Indonesia, is plugged into the Electronic Herd but with a very slow operating system Friedman called Doscapi 1.0. “Doscapi 1.0 is great for getting your country from five hundred dollar per capita income to five thousand. But when the Herd moves from a 286 chip to a Pentium III and your country is still running Doscapi 1.0, also known as Crony Capitalism, what happens to you is what’ll happen tonight if you go home and try to run your Windows 2000 on your kid’s old 286 computer,” he said.

In a nutshell that is the system, a whole set of benefits and downsides. Yes, there are threats but Friedman is a big believer that one can get the best out of the system and cushion the worst.

After all, “Globalization is not a trend nor is it a fad,” Friedman emphasized. “It continues to develop in us, shaping our lives towards a future of surprises. It is inevitable.” He added that the Philippines possess all the resources and talents necessary to be globally competitive but, unfortunately, never made the national decisions or marshaled the national resources required for such leadership. “We need politicians who are able and willing to explain and inspire global thinking and competitiveness,” he said.

The inaugural event of the GLS was organized by the AIM Policy Center and the Public Affairs Section of the Embassy of the United States of America and sponsored by the Konrad Adenauer Foundation, Ford Motor Company, FedEx and MacroAsia Corporation. It was also graced by no less than H.E. Fidel V. Ramos.

## STRATEGIC LEADERSHIP FOR THE NEW ECONOMY

H.E. Andreas van Agt, Former Dutch Prime Minister and Head of the Association of Former Heads of State and Government, November 2, 2000, AIM Conference Center Manila, Makati City

Leadership from the viewpoint of managing states was the theme of H.E. Andreas van Agt's presentation on "Strategic Leadership for the New Economy." The former Dutch prime minister highlighted that high quality and effective leadership is built upon the confidence of the electorate and such requires two things: the first, having free and fair elections—no intimidation, equal access to information and the presence of an unbiased press, and the second, retaining and enhancing the leadership through performance and accountability.

Emphasis was given to the second requirement, more so with having high quality performance. Prerequisites to these two things are endogenous and exogenous. H.E. van Agt described the former as the possession of character and the latter as the structure and content by which a leader is functioning. He said that five things comprise the character of a good leader: intellectual potential and operational skills; self-critical in a sense that one is conscious of his or her capacity, knowledge and limitations; responsibility of service; courage, meaning simply not reading opinion polls only but even going for unpopular decisions; and lastly, moral guidance.

For exogenous, he said that there are three essentials. The first is acknowledging the importance of retaining a parliament and at the same time, realizing its insufficiency. The second is having a fully independent judiciary, which needs a neutral and "colorless" police and an unbiased media. The last, which is almost inevitable but attainable, is having no vested interest and lust for power and personal enrichment.

The final part of the lecture centered on leadership in the public-private partnership sphere. As a former Dutch leader, Hon. van Agt relayed his country's experiences on the matter, exemplifying the importance of having a strong consensus first and foremost within the partnership. This fosters a sharing of wisdom within the group that enables decisions to be arrived in a more focused and cohesive manner. In closing, he recommended to leaders that the best way to enhance the motivation of the members of a group is by increasing their share of responsibility. This is because the members begin to feel a greater sense of ownership of the group they're working for.

The open forum generated questions geared towards how European leadership can be applied in the Asian context. Hon. van Agt, a cum

laude law graduate, responded that education is crucial, the people are more critical when they are more informed. This again would require the presence of an unbiased and unfettered press, who, despite their freedom of expression must also realize the limitations imposed by basic rights of self-respect and human decency. He added that people should also not abandon the credo of openness and transparency and should be prepared to let their guilty leaders be punished for any wrongdoing. This, in the end, would take political martyrs who are willing to sacrifice themselves for the sake of the principal.

Despite the declaration of a national holiday and a bad weather, an audience braved to attend this globalization lecture by the Policy Center in partnership with Asia-Europe Meeting (ASEM) and sponsored by the Konrad Adenauer Foundation, ABN-AMRO, ING Life and Philam Life. It was attended by numerous dignitaries including H.E. Fidel V. Ramos and former Prime Minister Cesar E.A. Virata.

## **GLOBALIZATION AND MULTILATERAL NEGOTIATIONS: THE MISSING LINK**

Mr. Johan Norberg, Author, "In Defense of Global Capitalism"

November 24, 2004, SGV Hall, AIM Conference Center Manila, Makati City

"Free trade is good for the developing world, good for freedom, and good for social progress," asserted Mr. Johan Norberg, in his lecture via videoconference entitled "Free Trade is Fair Trade: Addressing Globalization and Its Discontents."

Voted as Sweden's most important opinion-maker, Norberg, the Swedish author of the award-winning book, "In Defense of Global Capitalism," elaborated on his statement by using his own country as an example. He attributed Sweden's economic development to the first wave of globalization in Europe when, in the late 19th century, a Free Trade Treaty with England was signed. He said that Sweden entered it with fear of competition and anxieties among locals. They were proven otherwise. As the country specialized on its high-grade iron ores and timber, among others, Sweden's quality of life and economic state improved immensely. While competition pushed its industries to specialize, upgrade and reach out to bigger and richer markets, it has also encouraged the acquisition of technologies from France and England.

This occurrence is not exclusive to Sweden, Norberg pointed. Other nations, such as Taiwan, who have bravely opened their markets, reaped similar gains. What took Sweden 80

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**“A country should be able to benefit from globalization by knowing where it stands.”**

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years of development took Taiwan only 25. In his documentary of his travels to Taiwan, Norberg narrated that the first step that Taiwan did, was the very critical land reform wherein the government bought lands from the elite and redistributed.

Enterprises then arose which led to the deregulation of the economy geared towards specialization, which in turn, may have facilitated Taiwan’s switch to a democratic form of government.

Transitional periods are shortening as well, Norberg stated. One good example is that of Vietnam’s experience of opening its doors to globalization which started the proliferation of sweatshops in the county. At first, Vietnam was marred with child labor issues because of the increasing incidence of underaged workers laboring in sweatshops. But what is not so visible to anti-globalization movements is that the sweatshop workers voluntarily applied for the job and, in the long run, saved enough money with their \$54 monthly income (which is three times higher than what workers of state-owned enterprise get) to provide sound education for their children and establish their own enterprises. In time, Norberg said, poverty reduction reduced child labor.

“However, there are still unfair rules in textiles and agriculture where developing countries cannot compete in a level playing field,” Norberg observed. Among developed countries, said sectors constitute very strong special interest groups because of their abundant political resources while the developing countries have less access to capital technology. The controversial Common Agricultural Policy (CAP) of the European Union anguished the farming industry of countries such as Kenya by not allowing them to participate in trade . Whereas the floral industry of Kenya, which is an isolated case, flourished because the EU has allowed the country to supply cut flowers. It is a case of aid versus trade. If developed countries truly desire to help the developing ones, protectionist policies such as the CAP should be abolished to make globalization favorable for everyone. Developing countries should be trained to compete and not rely solely on assistance.

Norberg also noted other ‘backdoor’ barriers to trade like standards compliance in eco-labeling and child labor. He warned of globalization



taking the form of “creative destruction” if an adopting country fails to institute reforms in critical areas such as the legal structure, infrastructure, human capital development, tariffs, and simplified regulation in doing business to be able to take advantage of the opportunities globalization offers. “A country should be able to benefit from globalization by knowing where it stands,” he said. Further, “The main losers in today’s unequal world are not those who are too much exposed to globalization. They are those who have been left out.”

The next lecturer, Dr. Mahar Mangahas, president of the Social Weather Stations presented Filipinos’ general stance on the issue of globalization. Mangahas said that the 2003 Survey on the Filipino’s Reaction to Globalization revealed that an average of 60 percent of the respondents expected to have a better life on account of globalization in terms of the following indicators: better personal and family quality of life (66%), better family income and buying power (66%), better access for Philippine exports to foreign markets (67%), better Philippine economy (63%), availability of inexpensive products (60%), better respect for human rights and individual freedom and democracy (59%), world peace and stability (59%), better quality jobs in the country (59%), among others. However, 48 percent of the respondents believed that poverty and homelessness could get worse because of globalization.

The third lecturer, Dr. Erlinda Medalla, research fellow of the Philippine Institute for Development Studies, gave an update on free trade agreements and the state of multilateral negotiations. She said that although opening the economy could improve the quality of life of Filipinos, this possibility is under threat because of the proliferation of bilateral, multilateral, and unilateral FTAs. She said that in the region alone, there are several existing bilateral transactions aside from the ASEAN Free Trade.

However, although there are risks and costs involved in engaging in preferential arrangements like trade, resource and political diversion, Medalla pointed that FTAs are a testing ground and even building blocks to multilateralism. She said that the Philippines has adopted a wider multilateral framework and is a signatory to the World Trade Organization, a party to the Asia-Pacific Economic Cooperation, and a member of AFTA. There are pending negotiations as well, particularly the Japan-Philippine Economic Partnership Agreement and the ASEAN plus FTAs. FTAs and RTAs, consistent with the WTO principles, should serve as catalysts for development and mechanisms for a transparent and rule-based global trade order.

Other speakers were Mr. Klaus Preschle, country representative of the Konrad Adenauer Foundation imparted the welcome remarks, Professor Alex Magno for the synthesis and Dr. Roberto de Ocampo, APEC Finance Committee Chair in 1997 for the closing remarks. Participants who engaged via videoconference were representatives from Saudi Arabia, Sri Lanka, and Indonesia.

## **“MAKING EURO-ASIAN SOFT POWER IN THE 21ST CENTURY: CONCEPTS, CONSTRAINTS, AND CONSEQUENCES”**

Dr. Sebastian Bersick, Senior Research Fellow, European Institute for Asian Studies  
21 July 2006, Asian Institute of Management (AIM), Manila

Featured lecturer Dr. Sebastian Bersick, senior research fellow of the European Institute for Asian Studies, presented an analysis of the emerging European and Asian “soft power” and its impact on foreign policy in this installment of the globalization lecture series.

Bersick forwarded that soft power, as opposed to hard power such as military action, is the emerging approach in the global environment. A term first coined by Harvard professor Joseph Nye, soft power in the context of international relations, is the “ability of a political body to indirectly influence the behavior or interests of other political bodies through cultural and ideological merits.” He said that China epitomizes the successful use of soft power as a tool for foreign policy as the country now holds the key for regional cooperation and integration in East Asia. Superpowers revolve their economic policies around China at the moment, but the European Union and the United States have opposing judgments on the Chinese’s use of soft power.

Bersick pointed that the Asia-Europe Meeting or ASEM has adopted the soft power approach to global governance. The ASEM is an informal process of dialogue and cooperation participated in by the European Union member states, the European Commission, and the ASEAN + 3 countries to strengthen the relationship between Asia and Europe and ensure the management of interdependence and the application of principles of multilateralism and regionalism. The ASEM also allows European interest and single interests of European actors to be synchronized with Asian interest and the single interests of Asian actors. It becomes a cooperation among two collective actors and at the same time, a cooperation among 41 actors (27 EU, European Commission, 10 ASEAN + 3).

Bersick also tackled the internal and external dimensions in the strategic implications of soft power. For the internal dimension, the strategic partnership between China and the European Union is an implication of the EU's soft power strategy vis-à-vis China and the East Asian region. As for the external, institution building on the intraregional and interregional level will facilitate shaping the context for future policy choices. The United States' approach does not make use of the principles of regionalism and multilateralism in an interregional context. Nevertheless, it has the opportunity to make use of the EU's approach as a reference for a new policy towards China that encompasses the need to facilitate region building.

Bersick noted that the rise of an exclusive China-led East Asian regionalism is not good for the development of the Euro-Asia soft power. It could only lead to the rise of China as a super power that could challenge the current world order. Right now, the fundamental dynamics and architecture of security in Asia has

not changed. There is still no alternative to the US security structure in Asia. The US government still does not have a policy for regional Asia, but pursue bilateral relations with China and members of the East Asian regional block. He argued that US-China relations are driven by a policy of hedged engagement, i.e. characterized by political and military power balancing. This hinders the development of Euro-Asian soft power.

The ideal scenario is one of inclusiveness just like the EU model and the formation of a "fortress Asia," which the Asia-Europe Meeting (ASEM) facilitated by providing an interregional level playing field that allows the development of the soft-power. The European Union considers this strategy as an added value to its approach to East Asia.

Bersick concluded that the EU and the US need to coordinate their policies towards the East Asian region and its members. The question is will the United States take an active interest in complementing or opposing Euro-Asian soft power? Either way, the ASEM process and the making of Euro-Asian soft power demonstrate the demand for governance on the interregional and intraregional level. Multipolarity is the dominant structural shaping factor for the 21st century international system. Therefore, multipolarity and multilateralism need to enforce each other and

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**China epitomizes the successful use of soft power as a tool for foreign policy as the country now holds the key for regional cooperation and integration in East Asia.**

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become mutually dependent.

Speakers who took part in the programme were Dean Victoria Licuanan of AIM imparted the welcome remarks; for the perspectives, Dr. Wilfrido Villacorta, deputy secretary-general of the ASEAN, who engaged via videoconference from Singapore and Mr. Rene Fortuno, manager of the Product and Development Management Services of the Philippine Business for Social Progress; Dr. Federico Macaranas, executive director of the Policy Center for his customary synthesis and Mr. Klaus Preschle, country representative to the Philippines of the Konrad Adenauer Foundation for the closing remarks.

## THE CHALLENGE OF COMMERCIAL TRADE DIPLOMACY

Mr. Geza Feketekuty, President of the Institute for Trade and Commercial Diplomacy, Inc., October 12, 2006, SGV Case Room, Asian Institute of Management, Makati City

The suspension of the Doha Round of Talks declared by Mr. Paschal Lamy, World Trade Organization Director-General and its concomitant issues, provided the backdrop for this installment of the globalization lecture series.

In her opening statement, Ms. Romella Denopol, the Policy Center's Global Competitiveness program manager, said that the suspension of talks will necessitate serious reflections on available options and positions for the parties involved, including the developed countries led by the G6 and the developing countries such as the Philippines, India, and Thailand, grouped as the G20. Denopol said that this commercial issue poses challenges not only in its realm of trade, investments, and economic issues (low politics), but also by high politics, encompassing peace and security matters.

To shed light on the issue, featured lecturer Mr. Geza Feketekuty, president of the Institute for Trade and Commercial Diplomacy, Inc. urged the audience to examine their purchases and "go by decomposition to understand the global market." He said that behind a seemingly plain product is the knowledge of its logistics.

However, the origins of a product's assembled features are hardly traceable due to the phenomena of outsourcing, insourcing, and downsizing. Feketekuty cited Citibank's data processing center moving in North Dakota, American Express' in Nebraska, and of course, the exodus of manufacturing companies to China.

In the Philippine context, Feketekuty said that at least 40 percent of the country's economy is globalized and that the services sector, whether remittances from abroad or BPOs at home, is at the heart of this. However, the rules and the playing field are still clouded due to the proliferation and overlapping multilateral and bilateral free trade agreements across Asia. He referred to this phenomenon as the "spaghetti bowl effect," which was coined by his colleague Professor Jagdish Bhagwati.

To understand the complexities of the global market, Feketekuty highlighted the need for a new breed of professionals equipped to administer the multifaceted nature of international commerce. The commercial diplomat, such as Feketekuty himself and guest reactor Mr. Edsel Custodio, undersecretary for Trade and Economic Relations, are the needed professionals tasked to manage the participation of a nation in a globalized system. This field is not solely for the diplomatic corps per se. Expatriates, managers of multinational corporations or organizations that have an influence on foreign government policy and regulatory decisions affecting global trade and investment belong to the classification as well.

The next speaker, Undersecretary Custodio, gave the audience a quick look of his upcoming presentation at the International Trade Center in Geneva entitled "Government Support for Services Sector," the declaration of a Philippine Services Coalition. The Philippine Services roadmap aims to promote a "brain gain" in the country by "services exporting." The undersecretary informed the AIM community that the Policy Center is one of the signatories to the said declaration.

In his synthesis, Dr. Federico Macaranas elaborated on the social angle underpinning commercial trade diplomacy and globalization. Increasing commercial trade in a globalized era means more interplay of resource requirements, and developing countries like the Philippines participate significantly in the picture through its service industry. He noted that it is not just enough to compete, but Filipinos, under the National Competitiveness Agenda for Competitive Human Resources are angling to create more value for its service trade. The difference between the medical tourism in Thailand and the Philippines lies in its attributes. It is in this light that education and training are considered major added values of global trade. Educational opportunities open up not only for those who travel abroad, but also for those who are left behind. Education is an opportunity equalizer and with it come other avenues to uplift standards of living. Another social concept influenced by global trade is nationalism. Dr. Macaranas underscored the rise of the globally nationalist Filipino, who may live and work abroad, but worries about his countrymen, and how can they

be globally competitive while staying in-country. Indeed, a nation is not just a social grouping of people co-located in a geographic map. In today's global world, a nation is an assemblage of people who think and work together. He reiterated Mr. Feketekuty's point that the 8 million Filipinos abroad remitting \$15 billion a year is at the forefront of the Philippines' global entry in the service industry.

## LESSONS AND REFLECTIONS ON REGIONALIZATION: ASIAN AND EUROPEAN PERSPECTIVES

Amb. Rodolfo Severino, Visiting Senior Research Fellow, Institute of Southeast Asian Studies and Former Secretary-General, ASEAN & Amb. Bernhard Zepter, Former Ambassador and Head of the European Commission Delegation to Japan and Former Deputy Secretary-General, European Commission March 19, 2007, TPIC-Bancom Room, Asian Institute of Management, Makati City

About 200 years ago, the great Napoleon declared his dream of a “European system, a European code of laws, a European judiciary—one people in Europe.” In 1946, renowned British leader, Sir Winston Churchill expressed the same sentiment of a “United States of Europe,” making it inconceivable for member states to take up arms against each other again.

Born out of the ruins of the second world war, the European Coal and Steel Community, the European Atomic Energy Community (Euratom) and the European Economic Community founded by six pioneering members—France, Germany, Italy, and the BENELUX countries, have been integrated into a new structure in 1992 under the Maastricht Treaty as one pillar along with two others: Justice and Home Affairs, and Common Foreign and Security Policy as the EUROPEAN UNION. In half a century, it achieved the highest economic integration with a single market and currency—the euro. Now, the alliance of twenty-seven (27) countries, representing the world's largest trading bloc, is a symbol of lasting peace and economic prosperity.

2007 is an eventful year as it marks the 50th anniversary of the European Union and the 10th Anniversary of the Asia-Europe Foundation. In commemoration, the Asian Institute of Management Policy Center, the Konrad Adenauer Stiftung, the Asia Society Philippine Foundation, and the celebrator, the Asia-Europe Foundation, presented “Lessons and Reflections on Regionalization: Asian and European Perspectives” featuring the former secretary-general of the Association of Southeast Asian Nations, Amb.

Rodolfo Severino, and the former deputy secretary-general of the European Commission, Amb. Bernhard Zepfer.

Amb. Rodolfo Severino's Asian perspective stressed the growing regionalization of East Asia driven by the appreciation of the yen, the opening of China, and paradoxically, the antagonisms, mutual suspicions and rivalries between China, Japan and Korea. Intra-regional trade in the locale at approximately 58 percent has surpassed that of NAFTA and is now close to the European Union's figures. However, the ambassador points out that although both the ASEAN + 3 and the EU share common goals, their processes differ. In East Asia, market compulsions and the implicit concern over potential for conflict are almost unconscious. While in Europe, regional institutions and the region-wide law are formalized via treaties. Lastly, Severino shares Dr. Mahathir's vision, which is the closest to an East Asian integration. However, ASEAN was not responsive of this, proving that the diverse beliefs still dominate and that reaching the level of the European Union is yet to be awaited.

The European Union, on the other hand, is now composed of 493 million European citizens, from 27 countries, with 23 recognized official languages. It produces 30 percent of the world's GNP and 19 percent of world trade. As a German, Amb. Bernhard Zepfer is delighted that the Presidency of his country at the Council of the European Union coincided with the timely anniversary of the Treaties of Rome, the baby steps towards what the continent has achieved today. What started as independent nation-states surrendered a degree of sovereignty to a higher goal that is the Union. Zepfer mentioned that regionalization and multilateralism have transformed traditional diplomacy. The EU indeed has become a benchmark for interstate relation in the era of globalization. He described this new form of statehood as *sui generis*, meaning altogether unique. It is a mix of integration and various levels of cooperation.

According to Zepfer, the fundamental principles of the European Union are as follows: (1) democracy and the rule of law; (2) a new division of power segregating the role of the Council, the Commission, democratic control on the European Parliament, plus specific voting procedures; (3) solidarity; (4) subsidiary and proportionality to ensure the welfare of the smaller and less developed members; (5) the federal nature of the EU and the most important, (6) the development and the definition of a European identity. Zepfer also tackled the key issues of the single market and the euro as incentives to groups other than theirs as well. These establishments are also meaningful to Asia in particular.

After 50 years, what challenges lie ahead for the European Union? Zepter mentioned the future of the European Constitution whose proposal was rejected by France and the Netherlands; and the end of its enlargement—how and when will the EU know where to stop with a line up of pending applications and negotiations.

In the end, both ambassadors agreed that the ASEAN and the European Union must compare notes and demonstrate the clear added value of integration to members and each other. Zepter traced Asia-Europe interaction back to Greek mythology when the continent acquired the name “Europa,” who is a princess from Asia Minor. Mirroring Zepter’s illustration of integration, Dr. Federico Macaranas, executive director of the Policy Center, in his synthesis, mentioned that the Philippines obtained its name from a Spanish royalty. Macaranas then explained that these examples of interweaving lives and cultures are products of years of interaction between the two regions and which, the ASEAN and the European Union should enhance. For the European Union, founded during the industrial age, the integrating factor was their coal and steel industries. For Asia at this post-industrial world, it is information and communications technology or ICT that serves as the backbone of integration. He further stressed that learning is not limited between the two regions, but between and among the community of nations in this rapidly shrinking world. Integration in turn, could trigger a butterfly effect wherein a single action may create a tsunami of change.

The programme was participated by other distinguished guests: Mr. Klaus Preschle, country representative to the Philippines of the Konrad Adenauer Stiftung; Dr. Wilfrido Villacorta, former deputy secretary-general of ASEAN and currently an adviser to the AIM president who imparted the welcome remarks; Dr. Axel Weishaupt, ambassador of the Federal Republic of Germany to the Philippines who imparted a congratulatory message for the European Union; Mr. Theo Arnold, executive director of the Asia Society Philippine foundation who introduced the two honorable speakers; for the perspectives, Hon. Rodolfo Vicerra, director-general of the Congressional Planning and Budget Office of the House of Representatives and Hon. Ramon Kabisigting, Director IV of the Bureau of International Trade Relations of the Department of Trade and Industry.



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Globalization: Understanding Its Opportunities, Meeting Its Challenges	Thomas Friedman, Pulitzer Prize Awardee and Author, <i>The World Is Flat</i>	September 18, 2000
Strategic Leadership for the New Economy	Hon. Andreas van Agt, Former Dutch Prime Minister	November 2, 2000
Internet Crimes: Status and Prevention	Atty. Paul Luehr, Computer Crimes Coordinator, US Attorney's Office	April 23, 2001
The Fundamentals of Credit-Rating and Investor Issues in Post-Crisis Asia	Cecile Saavedra, Managing Director, Standard & Poor's Credit Market Services	July 12, 2001
Private-Public Partnerships Toward Education Reform in Developing Countries	Dr. Elizabeth King, Senior Research Fellow, The World Bank, South Hampton, United Kingdom	July 20, 2001
Political Violence	Brian Jenkins, Senior Advisor to the President, RAND Corporation	August 21, 2001
Government Ethics	Gary Davis, Deputy Director, United States Office for Government Ethics	September 10, 2001
Managing A Multicultural Workforce	Dr. Gary Weaver, Professor, School of International Service, American University, Washington DC	October 11, 2001
Global Terrorism	Dr. Scott Thompson, Research Fellow, Asian Institute of Management Policy Center	November 13, 2001
Lessons from Privatization: The British Experience	Harry Bush, Former United Kingdom Head of Privatization	January 7, 2002
Sustainable Business	Dr. William Burton Hamner, President, Cleaner Production International / Hamner Associates, LLC., Seattle, Washington	May 28, 2002
Emotions in Management: Workers' Coping Behavior in a Global Environment	Dr. Willem Verbeke, Professor, School of Economics, Erasmus University, The Netherlands	August 15, 2002
Terrorism in the Globalized Economy: One Year After	Dr. Walter Russel Mead, United States Council of Foreign Relations	September 4, 2002
WTO at Center Stage: The Future of Globalization	Debra P. Steger, Professor, Faculty of Law, University of Ottawa and Former Director of the Appellate Body Secretariat of the WTO	November 15, 2002

Title	Lecturers	Date
The Future of the WTO in an Era of Regionalism and Bilateralism	Dr. Alfred Eckes, Ohio Eminent Research Scholar, Ohio University & Fulbright-SyCip Distinguished Lecturer	November 27, 2002
American Foreign Policy After 9/11	Dr. James McCormick, Professor and Chair, Department of Political Science, Iowa State University & Fulbright-SyCip Distinguished Lecturer	February 1, 2003
Globalization and Business	Dr. Joseph Stiglitz, Nobel Laureate for Economics	April 7, 2003
Industrial Policy in an Age of Globalization: Lessons from Asia	Dr. Marcus Noland, Senior Fellow, Institute for International Economics & Fulbright-SyCip Distinguished Lecturer	October 6, 2003
Separation of Powers: Boon or Bane?, Learning Lessons from the United States	Marshall Breger, Professor, Columbus School of Lawm Catholic University of America & Fulbright-SyCip Distinguished Lecturer	November 28, 2003
9/11 and Its Impact on American Foreign Policy in Southeast Asia	Dr. Donald Weatherbee, Fellow, Walker Institute of International Studies & Donald S. Russell, Distinguished Professor Emeritus, University of South Carolina	March 2, 2004
Asia and Europe in the Post 9/11 World: Globalization and Partnership or Globalization and Rivalry?	A videoconference	March 24, 2004
Challenging Corruption in Asia: Case Studies and a Framework for Action	A videoconference	March 25, 2004
Rebuilding Iraq: Challenges and Opportunities for Business	H.E. Nesreen M. Sideek-Barwari, Minister of Municipalities and Public Works, Iraqi Governing Council	May 3, 2004
Managing Tensions of Global Markets	Maurice Newman, Chair, Australian Stock Exchange and Chancellor, Macquarie University	July 8, 2004
European Union Expansion and Its Impact on Asia	A videoconference	July 9, 2004
Globalism vs. Nationalism: Three Urgent Scenarios for Regionalism in Asia	A videoconference	November 4, 2004

Title	Lecturers	Date
Globalization and Multilateral Negotiations: The Missing Link	Johan Norberg, Author, <i>In Defense of Capitalism</i>	November 24, 2004
Humanitarian Affairs: Financing and Its Role in Transition Economies	A videoconference	December 6, 2004
The Health and Wealth of Nations	Dr. David Bloom, Chairman, Department of Population and International Health, Harvard School of Public Health	January 18, 2005
Update on Asia's War on Terror	A videoconference	March 16, 2005
Creative Solutions to Brain Drain	A videoconference	March 18, 2005
Council of Europe: A Successful Model of Regional Cooperation	A videoconference	April 5, 2005
Making Trade Liberalization A Tool of Economic Development: Opportunities and Challenges in 2005	Andrew Stoler, Executive Director, Institute for International Business, Economics and Law, University of Adelaide	April 12, 2005
When Media Takes A Stand for Social Change	Matiur Rahman, Editor in Chief, <i>Prothom Alo</i> & 2005 Ramon Magsaysay Awardee for Journalism	August 30, 2005
United Nations and The World Bank: Enablers of Asian-Led Competitiveness	H.E. Ong Keng Yong, Secretary General, ASEAN; Peter Stephens, The World Bank Office, Singapore; & Dr. Benigno Ricafort, APEC Business Advisory Council	September 9, 2005
Ensuring Fair Trade	A videoconference with students from Illinois, Colorado, Australia, Honduras, Burkina, Faso and RP	September 20, 2005
Realizing Millennium Development Goals	A videoconference with students from Illinois, Timor-Leste, Italy, Mexico, and RP	September 21, 2005
Constitutional Process in Europe	Dr. Cesar de Prado Yapes, Research Fellow, United Nations University Center for Regional Integration Studies; & Dr. David Camroux, Senior Research Associate, Sciences Po	October 12, 2005
Legal Framework of Federal States	Dr. Ronald James May, Emeritus Fellow, Australian National University	October 19, 2005
Impact of Federalism on the Economy	Frank Castles, Professor, School of Social and Political Studies, University of Edinburgh	October 26, 2005

Title	Lecturers	Date
Avian Flu Videoconference: Are We Ready When Pandemic Strikes?	Kathleen Fritsch, Regional Nursing Adviser, World Health Organization, Western Pacific Region	December 9, 2005
The Constitutional Foundation of the US Economy	Dr. John S. Baker, J.D., Dale E. Bennett Professor of Law, Louisiana State University & Fulbright-SyCip Distinguished Lecturer	February 14, 2006
Corruption Across Countries and Regions	Dr. Raaj Kumar Sah, Professor, Harris School of Public Policy Studies, University of Chicago	February 28, 2006
Application of Turbulent Theory on Foreign Exchange Forecasting	Dr. Amador Muriel, Professor, Hong Kong University of Science and Technology	March 1, 2006
Civil Society's Role in Enhancing Democracy and Development	Hon. Artemio V. Panganiban, 21st Chief Justice of the Philippines	March 23, 2006
Impact of the Avian Flu Pandemic on the Pharmaceutical Industry	A videoconference	April 28, 2006
Intellectual Property Rights for the Interactive Media: Trends and Practices	Mr. John Casey, Learning Materials Manager, TrustDR, JISC Project Manager, UHI Millennium Institute	May 2, 2006
Leadership: Lessons from the Mt. Everest Expedition	Arturo Valdez, Leader & members of the First Philippine Mt. Everest Expedition Team	June 27, 2006
Making Euro-Asian Soft Power in the 21 <sup>st</sup> Century: Concepts, Constraints and Consequences	Dr. Sebastian Bersick, Senior Research Fellow, European Institute for Asian Studies	July 21, 2006
Branding Philippines	Ms. Jeannie Javelosa, Co-founder and Mr. Robert de Quelen, Managing Director of EON The Stakeholder Relations Firm	August 8, 2006
Ensuring Safe and Affordable Water for All	Mr. Ek Sonn Chan, General Director of the Phnom Penh Water Supply Authority & 2006 RM Awardee for Government Service	August 29, 2006
Japan's New Prime Minister and His Policy	Katsuyuki Yakushiji, Editor in Chief, <i>Ronza</i>	October 6, 2006
The Challenge of Commercial Trade Diplomacy	Geza Feketekuty, President, Institute for Trade and Commercial Diplomacy, Inc.	October 12, 2006

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Leadership and Motivation in the New Century	Dr. Charles A. Rarick, Director, Andreas School of Business, Barry University, Florida & Fulbright-SyCip Distinguished Lecturer	February 8, 2007
Learning, Being and Becoming	Dr. Hans Henrik Knoop, Professor, Danish University of Education	February 13, 2007
Lessons and Reflections on Regionalization: Asian and European Perspectives	Amb. Rodolfo Severino, Former Secretary-General, ASEAN & Amb. Bernhard Zepter, Former Deputy Secretary-General, European Commission	March 19, 2007
Charm Offensive: How China's Soft Power is Transforming the World	Mr Joshua Kurlantzick, Visiting Scholar, China Program, Carnegie Endowment for International Peace	May 2, 2007

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## **Nobel Laureate for Physics:**

- "The Coming Revolutions in Fundamental Physics" by Prof. David J. Gross, 2004 Nobel Laureate for Physics at the Kavli Institute for Theoretical Physics of the University of California in Santa Barbara (January 8-12, 2008)

## **Nobel Laureate for Chemistry:**

- "Why Our Proteins Have to Die so We shall Live" by Prof. Aaron Ciechanover, 2004 Nobel Laureate for Chemistry at the Technion Israel Institute of Technology in Haifa (April 2-9, 2008)

## **Nobel Laureate for Medicine:**

- "The Role of Science in Fostering Global Health and Development" and "Gene Therapy as a Mode of Treating Cancer and AIDS" by Prof. David Baltimore, 1975 Nobel Laureate for Medicine and President Emeritus of the California Institute of Technology, Pasadena (March 25-29, 2008)

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