

# **Asia-Pacific Economic Cooperation Summit (Manila): A Failed Organization Hosted by a Failed Administration**

Let us fight for a New Economics for a New Philippines

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## **The APEC Summit: A Failed Organization Hosted by a Failed Administration**

It has been nearly 20 years since the APEC Summit that was held in Subic in 1996. APEC then was the spearhead of globalization. It was the fountainhead of neoliberal ideology. The Subic Summit took place amidst triumphalist rhetoric about how corporate-driven globalization would sweep everything before it. The Ramos administration boasted of the neoliberal transformation that would make the Philippines a "Newly Industrializing Country" by the year 2000.

Against this triumphalism, the Manila People's Forum on APEC, which united civil society organizations across the country, had a different message. We said that neoliberal globalization would drag our economy into even greater crisis, that the promise of prosperity was a mirage.

Our side was right. They were wrong.

Nearly 20 years after Subic, the promise of corporate-driven globalization has withered throughout the globe. In 1997, just one year after the Subic Summit, the Asian economies, including the Philippines, were devastated by the Asian Financial Crisis. In December 1998, the resistance of developing country governments and global civil society brought about the collapse of the third ministerial meeting of the World Trade Organization, the so-called crown jewel of globalization, in Seattle. In 2007, the global financial crisis broke out, bringing about the near collapse of the global financial system and recession and stagnation in the US, Europe, and throughout the world. Today, the global economy remains mired in crisis.

Two decades of neoliberalism have devastated the Philippines. The elimination of import quotas led to the severe destabilization of vast sectors of our agriculture, including the corn, meat and poultry, and vegetable sectors. Bringing down tariffs to five per cent and below severely deindustrialized the economy, with our garment, textile, footwear, and other once vibrant industries now a shadow of their former selves. Only 20 of the 200 textile and garment firms we had 40 years ago are still in existence. You need only go to Marikina to see how our once dynamic shoe industry has been nearly destroyed by free trade.

Neoliberalism promised prosperity. Instead, the percentage of people living in poverty remains at 28

per cent, practically the same proportion as 20 years ago, and inequality remains among the worst in East Asia.. Close to 35 per cent of the national budget goes into the pockets of the banks as interest payments while education, health, and other public services deteriorate owing to lack of funds. Many of our people have departed as economic refugees, leading to a situation where 10 million Filipinos, some 10 per cent of the population, are either migrants or residents of other countries.

This is the grim reality that surrounds this glitzy summit of leaders that will take place in Manila. This is the sordid reality behind the statistics of economic growth that the Aquino administration parades before the world. Yes, there has been growth, but that growth has a fragile base, that growth has been cornered by a few and thus led to greater inequality, that growth has not been felt at all by the great masses of the Filipino people. Aquino may be able to fool the APEC heads of state, but he cannot fool the people.

Once the cutting edge of globalization, APEC is an organization whose time has passed, APEC is a group that has lost its way, lost its meaning, lost its reason for existence. What we will witness these next few days in Manila is a time warp, the rituals of a mummy that belongs to the dead past.

Likewise, the economics of the Aquino administration belongs to the past. Nobody seriously believes anymore that the rate of growth of GDP and the increase in foreign investments are serious measures of the well-being of the people, yet Aquino and his technocrats continue to perpetuate this illusion.

They are only fooling themselves, not the people.

What the people demand, what the people are waiting for are not empty boasts and false promises but an economic program that places the elimination of poverty and inequality and the resurrection of our agriculture and industry at the center of things.

This is the program of economic resurrection from the devastation of neoliberal economics that our candidacy for the Senate offers our people. This is the economics of equality, justice, and development that our people have long waited for.

Allow me to lay out key principles of this Economics of Equality, Justice, and Development, or what we shall call the "New Economics."

1. Production for the domestic market must again become the center of gravity of the economy rather than production for export markets.
2. The principle of subsidiarity should be enshrined in economic life by encouraging production of goods at the level of the community and at the national level if this can be done at reasonable cost in order to preserve community.
3. Trade policy — that is, quotas and tariffs — should be used to protect the local economy from destruction by corporate-subsidized commodities with artificially low prices.
4. Industrial policy — including subsidies, tariffs, and trade — should be used to revitalize and strengthen the manufacturing sector.
5. Long-postponed measures of equitable income redistribution and land redistribution (including urban land reform) can create a vibrant internal market that would serve as the anchor of the economy and produce local financial resources for investment.
6. Deemphasizing growth, emphasizing upgrading the quality of life, and maximizing equity will

reduce environmental disequilibrium.

7. The development and diffusion of environmentally congenial technology in both agriculture and industry should be encouraged.

8. Strategic economic decisions cannot be left to the market or to technocrats. Instead, the scope of democratic decision-making in the economy should be expanded so that all vital questions — such as which industries to develop or phase out, what proportion of the government budget to devote to agriculture, etc. — become subject to democratic discussion and choice.

9. Civil society must constantly monitor and supervise the private sector and the state, a process that should be institutionalized.

10. The property complex should be transformed into a “mixed economy” that includes community cooperatives, private enterprises, and state enterprises, and excludes transnational corporations.

11. Centralized global institutions like the IMF and the World Bank should be replaced with regional institutions built not on free trade and capital mobility but on principles of cooperation.

This is a paradigm that is very different from that of corporate-driven globalization promoted by the APEC elites.

Unlike the neoliberal economy, the New Economy is not driven by market forces and profits but is strategically geared to realize fundamental social values, those of cooperation, justice, solidarity, and democracy. To borrow Karl Polanyi’s words, the New Economy is a system where the market is not disembedded from society but is embedded in society.

The neoliberal economy promoted by APEC is driven by the pursuit of narrow efficiency, that is, the motive force is the drive to attain the lowest unit cost for a product, even at the cost of disrupting society. The New Economics is governed by the principles of effective economics, that is, market forces are subordinated to the achievement of stronger social solidarity.

Today, 20 years after the first APEC Summit hosted by the Philippines, let us break with the paradigm of corporate-driven globalization promoted by APEC. Let us not celebrate this organization. Let us bury it, along with its deadly offspring, the Trans-Pacific Partnership (TPP), which President Obama will be selling Aquino and other heads of state during this summit.

Let us accompany this burial of the past with a declaration of our oath to collectively fight to transform our economy from one that serves the interests of a few to one that promotes the interest and welfare of the many. Let us fight for a New Economics for a New Philippines.

**Walden Bello**

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\* <http://focusweb.org/content/apec-summit-failed-organization-hosted-failed-administration>