

# Confronting old habits that refuse to die

**W**ITH OR WITHOUT the anniversary that we mark today, the time has come once more for the Filipino people to look across the years and assess the State of the Nation. Two days from today, we enter the fourth year of the New Society, our program of national transformation. This is bound to be a decisive phase of that program, one that will require the utmost resiliency and fortitude of both our government and our people.

But before we can even begin to think of leading our people into a new period of that struggle, we must answer some questions. Have we, in government, kept our covenant by serving faithfully the genuine hopes of our people? Have we matched their sacrifices with dedication, their expectations with competence and virtue, their trust with a zeal for high ideals, honest labor and genuine achievement? Have we earned the right to continue to demand from them unwavering confidence and trust in us, harder work, and possibly more sacrifice?

Unless we can confidently answer these questions, we dare not proceed.

In three years, we have demonstrated a capacity for recovery and growth, but like in other countries the gains—however dramatic—have not brought us complete fulfillment. We are no longer the paralyzed nation, of course, which we were at the start of our program in September, 1972, but still, if we ask ourselves frankly, have we attained the nation we had wanted to be after breaking with our past?

**W**E ARE WONT to hear that the Philippines are a nation that has made a dramatic comeback from disaster, and begun a strong surge towards growth. Even the most critical foreign experts say so.

The national economy, for many years a deficit spender of resources, exhibits both vigor and resiliency in the face of crisis. Economic activity of all kinds is never more pronounced than at any other time in our history. International investors, and no less than the World Bank and the International Monetary Fund, continue to manifest their faith in our economy.

There is order where there used to be none; anxiety is only a memory of the past; and growth and change seem to be everywhere around us.

And when we look at the individual citizen, there is reason to feel that his rights and liberties are on the whole much better secure today than they were before the intervention of constitutional authoritarianism.

Let us look at the farmers. The emancipation of the Filipino farmer from economic and political bondage: this has been the all-consuming obsession of government since that fateful day of September 21, 1972 when it began the arduous task of bringing about lasting reforms in the society.

Comprising 70 percent of the population and more than half of the labor force, Filipino farmers have been, and will continue to be, the main beneficiaries of the major government programs launched over the first 1,000 days of the New Society.

Today, we find unprecedented prosperity in the rural areas, an obvious upsurge in the purchasing power of the Filipino farmer, and a general air of confidence and optimism in the countryside. Paradoxically, martial law, the instrument of the colonizer to preserve the status quo, has brought true freedom to the countryside for the first time in centuries.

With respect to labor, the pace of employment opportunities has risen, generally speaking, in keeping with the growth in gross national product (GNP). Compared to the employment levels before martial law, new jobs have been created at an average of five percent annually.

In spite of a worldwide recession, we succeeded in cutting down unemployment to only 4.1 percent this year, the lowest in our postwar history. In other words, out of a labor force of 14 million, only 570,000 workers are now openly unemployed. This is significant since in the United States, four percent unemployment is considered normal.

At the same time, we have sought to safeguard the security—both internal and external—of our country. Internally, we had the leaders of the leftist and rightist rebellion that threatened the stability of our Republic, as well as the secessionist movement and the Moro National Liberation Front. Now, the open-handed and generous policy toward the rebels in Mindanao is beginning to bear fruit. And we see in the immediate future the termination of all hostilities—in Mindanao, in Central Luzon—all over the Philippines.

But the world continues to be faced with problems of security. After the Vietnam War, the Philippines has had to reassess its security arrangements with the United States. We are in the middle of negotiations, but we have adopted the policy of self-reliance. I have had to visit the People's Republic of China to show to the whole world that our windows are open to those who would be friends with us, and in so doing, we seek to secure our country

from any untoward aggression from outside.

As we strive to bring the government closer to the people, we must take the parallel step of bringing the people closer to the government. The moratorium on elections in our political life—however infrequent and inequitable our electoral processes were—requires a replacement so that the people may intervene successfully in national decision-making. The people must never be made to accept that the government, no matter how wise and dedicated, is master of their destiny; rather, they must be continuously reinforced in their faith that they are the master of government.

At the start of our program of reform, we saw that if our political life is not to arrive at an impasse between an anarchic order and a despotic one, we must create new mechanisms for the individual to make his voice heard on public issues. And that mechanism must be politics at community level, where citizens can shape their lives and together act to move the town, the city, the province, and the nation to action. This is the fundamental rationale and the reason behind the creation of the *barangay*. This is what will make it a viable and dynamic institution.

**T**HE REFORM of our political system is in essence a call to discipline and order. This was the theme with which we began the building of our New Society, and this is the theme that we must continue. Today we know the dangers of relaxing disciplinary controls, before reform has fully seeped into our social life. The dangers of decay which we see in government are magnified in various ways in the other sectors of society.

Sadly, we note the dramatic gains of the past three years—with their attendant effects on the life in metropolitan Manila and the bastions of industry in other urban centers. They have ironically intensified natural appetites for finery and show, for lavish parties, flashy cars, mansions, big homes, expensive travel and other counter-productive activities that dissipate the ethics of work, sacrifice and discipline that is the meaning of the New Society. Because Manila is the hub of economic and international life in the country, it is not difficult to find the simplest amenities of life among the rich increasingly feeding on the bitterness, the frustration and exploitation of the very poor.

This implies a special obligation on the rich to find purpose and vision in



Schoolchildren waving New Society flags during the c



President Marcos: a call for discipline and order.

the use of wealth; on those who hold positions of power and authority to be austere in their lifestyle and be discriminated in the exercise of anything that might be construed as special privilege. Here, there is a hierarchical distribution of responsibility: those who hold more either of wealth or of authority must bear more responsibility.

Central to our economic policies is the sharing of the increments of growth. We cannot speak of growth unless we can distribute such growth to the people and we cannot speak of growth unless we first manage an entire spectrum of issues and problems that bedevil the economies of the industrialized as well as the non-industrialized world.

**T**HE EXPERIENCE of the past three years provides statistical evidence that our economy has fared creditably well. Whoever takes the measure of the level of economic effort, whether for, or against, or neutral to the New Society about constitutional authoritarianism, cannot fail to admit that government intervention is the most significant factor in the acceleration of economic activity and growth by the injection of nationalization into such economic activity.

The growth of our gross national product averages seven percent. In FY 1973, it was 6.3; in FY 1974, it shot up to 8-10 percent; in FY 1975, it registered a growth rate of 6 percent. The figures for the year indicate the recovery phase of the economy from the recessionary pressures that persisted



celebration of the third anniversary of the New Society held last September 19.

BNFI photo



Cooperative float: farmers are main beneficiaries of government aid.

## by PRES. FERDINAND E. MARCOS

The income of government has increased four times and our budget, accordingly. Government receipts have expanded more rapidly than government expenditures, resulting in significant accumulations of budgetary surpluses. While other countries have suffered deficits since 1973, our country has always had a budgetary surplus, even as we increased government spending in essential services and economic activity. As of 1974, we had a budgetary surplus of P646 million.

Overall, economic performance during the third year of the program of the New Society has been creditable. We must acknowledge serious problems, however, shadowing our economic life. We cannot escape the feeling here of being perpetually engaged in a race with problems and crises, regardless of our response at any given period.

**B**UT WHILE our policies decree sweeping changes in our institutions and programs, we have lagged behind in the fundamental change on which the New Society is truly to be forged. This is the change within us, in our hearts, in our minds, in our souls—the internal revolution, which our nation from the time of our forebears has passionately craved for. Many have already strayed away from the struggle, and forgotten the revolution we have mounted, choosing to reap benefits they did not sow, and so bold as to assume that others will do their work for them.

The massive cleanup of government offices that followed the proclamation of martial law has failed to keep the slate clean. Worse, there are new shores that are clearly emerging, inflicted by the wrong belief that the leadership is too preoccupied with other problems that the people will be intimidated, or too complacent, or that they can take any liberties they please with our people, our Republic and reforms.

Clearly, we face here the danger that our New Society is giving birth to a new government elite, who resurrect in our midst the privileges we fought in the past, who employ the powers of high office for their personal enrichment, as well as for their business colleagues, relatives and friends.

**T**ODAY, therefore, I hereby announce the beginning of a sweeping, complete and exhaustive reorganization of the government. This means the elimination of those who have violated the trust we had reposed in them and the reward for those who have performed their task with exemplary and outstanding distinction, courage and dedication.

Accordingly, as a first step to be followed later on by a broader sweep in the lower ranks of the civil service and in other parts of the government including the military organization, a sweep which as of today includes a

listing of 2,000 undesirables in the national government, I have decided to announce today the acceptance of the resignation of high-ranking officials in the government who have something to do with the procurement of government supplies and material and the administration of valuable resources of the Republic of the Philippines. (Please turn to page 1 for the list of officials "retired" from the government.)

We are not limiting ourselves in this general cleanup to the ranks of the government. There are lawyers, accountants, doctors and other professionals who, because of certain claims of blood kinship, affinity, personal closeness, friendship to, or business affiliation with supposedly high-ranking officials of the government, arrogantly utilize or wield influence not only in corrupting public officials or in coercing them, but also in securing for themselves or their associates personal advantages denied to others, and in obtaining favors, privileges and preferential treatment in derogation of fairness and justice.

Now it is time to cut off the infected parts of the society from active public life before they endanger the entire body politic.

So let this be a new warning to friend and foe alike. There are those who have thought that we had shared the burden and responsibility of meting punishment upon the guilty. We will be generous and forgiving with respect to momentary lapses, for we are all human, provided there is a sincere desire to reform and to rectify error.

But when there is pernicious and malicious persistence in doing wrong, then I will risk the displeasure of friends and the enmity even of relatives and avowed principled men to impose severe and just punishment.

**I**HAVE SAID that this new danger that confronts our Republic compels us now to do battle all over again with the same old courage, selflessness and dedication that we can draw from our minds, our hearts, our souls.

I have asked our people to pledge here and now not to allow the gains of the New Society to be lost because of the weaknesses, the viciousness and the evil intentions of those on whom we have reposed the public trust. These men who have committed the highest form of treachery against our country and would turn traitors to our principles must be punished, and, I swear to you, will be punished.

But the battle which we now join is continuing and an arduous one. We will be confronted by the grave danger of complacency and reaction, the old habits that refuse to die, the claims of ancient legacy, the exacting demands of daily and routinized living and survival in a world crushed by crisis and emergency. But so long as we are united, we shall overcome all of this.

particularly during the first half of this fiscal year.

As of September this year, our international reserves stood at US\$1.170 billion, compared to about \$200 million to \$300 million at the start of the New Society, manifesting the strength of the national economy in spite of the worldwide economic crisis.

But the external sector, however, was characterized by a drastic decline in the country's balance of payments position from the FY 1974 surplus of \$437 million to a deficit of \$352 million at the end of FY 1975. Contributing mainly to the decline was a shift from a merchandise trade surplus of \$95 million to a deficit of \$801 million in FY 1975.

Despite the drastic decline in the prices of the country's major exports, receipts from merchandise trade grew by 11 percent. More significant increases were registered in non-merchandise trade and transfer receipts of 26 percent and 12 percent, respectively. These movements, coupled with larger credit availments, halted the decline of the overall deficit position.

Export shipments amounted to \$2,544 million, as against an import bill of \$3,345 million that has consisted mostly of crude oil and durable equipment imports.

But despite the dampening of expectations in most sectors of the economy as a consequence of inflation and recession, investments remained on an upturn in FY 1975. Expenditures for gross domestic capital formation in real terms recorded a growth of 22.3 per-

cent, in comparison to the 7.9 percent growth level in FY 1974. In millions of pesos this is domestic capital formation amounting to P10,336 billion.

Paid-in capital of newly registered corporations and partnerships expanded by about 30 percent to a level of P1,020 million at the end of the fiscal year, with the construction sector showing the biggest growth of 145 percent. Likewise, investments in firms registered with the Board of Investments grew by 34 percent, mainly as a result of the 192 percent increase in investments poured in by local businessmen. From 1972 to July 1975, the Securities and Exchange Commission registered a total of 13,300 new corporations with a total paid-up capital of P2,014 billion.

Foreign investments have also grown at dramatic rates during the three-year period of martial law in the New Society. From January 1973 to the end of FY 1975, foreign investments now total P2.25 billion. From the total amount of investment applications for the first semester of 1975, the Board of Investments has approved foreign investments totaling P50 million.

Now, we come to the problem of inflation that confronts the whole world. Inflation, among all the economic indicators, has exerted the most pressure on the level of economic performance in this country and in all other countries of the world. But from the high 26 percent rise in consumer prices in FY 1974, the rate of inflation has come down, possibly to 22 percent, although in July of this year, in one month alone, the inflation rate was 4.2 percent.