A Consensus For Our Combined Future

Maria Leonor Gerona-Robredo
Vice President of the Philippines

Mr. Joey Concepcion, chairman of the ASEAN Business Advisory Council, Ms. Tessie Sy-Coson, Council, ASEAN-Business Advisory Council Philippines, Senator Bam Aquino, Mr. George Barcelon, Council, ASEAN-Business Advisory Council Philippines, ASEAN-BAC Council Members, delegates to the ASEAN Business and Investment Summit 2017, ASEAN mentors, fellow workers in government, honored guests, a pleasant afternoon to all of you.
This year, ASEAN’s world leaders come together at a time of great global transformation. Our nations and our peoples are grappling with threats to security, fast-changing economic risks and opportunities, the rise of disruptive technologies, among many others. In the face of these developments, it would not hurt to revisit how ASEAN came to be and why we are all together today.

Memoirs of ASEAN’s beginnings show that it was on August 8, 1967 when the five founding fathers of ASEAN signed the Bangkok Declaration. They were Adam Malik of Indonesia, Narciso R. Ramos of the Philippines, Tun Abdul Razak of Malaysia, S. Rajaratnam of Singapore, and Thanat Khoman of Thailand. They came together at a time of great upheaval, just like today. Thailand was at that moment brokering a rec-
conciliation among Indonesia, Malaysia, and the Philippines. Vietnam was embattled and Narciso Ramos’ son, Fidel, who would eventually become Philippine President, was then serving in Vietnam with the Philippine Civic Action Group. Indonesia was on the verge of political and economic chaos.

In his speech, Mr. Ramos spoke of the uncertainty creeping across the region during those dark times. He said, it “almost taxed the goodwill, imagination, and patience” of the five founding fathers. Each of them, after all, had political and historical perspectives that were very different from each other.

And yet, they broke through those barriers. Several accounts of those events showed that they deliberately
came together in what they called “sports-shirt” diplomacy, an informal way of reaching consensus while playing golf and teasing each other about their game.

Our ability to reach friendly consensus informally is now symbolized by the customary handshake among ASEAN leaders during each annual ministerial meetings. During these extraordinary times, when the politics of rage and anger define internal and external relations, the ability of ASEAN’s leaders to talk through differences, with not a single country claiming hegemony over others, is a remarkable feat. It is a testament that discourse trumps military action; that words are better than nuclear warheads and naval might; that we can agree despite our huge diversity. ASEAN’s handshake gives hope to a divided and confused world.
Having said that, I am sure it is also apparent to all of us that it is time to go beyond words. Whatever we achieve on the negotiating table must be felt by those who have been left behind by globalization and progress. For each action point that we reach by consensus, lives must be changed. The metrics for our success must be better lives, not just well-written documents. Meaningful transformation is the only way for us to douse the anger that the poor and the marginalized are shouting out for all the world to hear.

For a long time, we have depended on the invisible hand of Adam Smith’s free market economy to determine which businesses, which services, which nation’s economy grew or shrunk. When we noticed that some
industries or sectors needed help in accessing these free markets, we depend on government to do the job. This has changed due to the urgency of fixing global inequality.

The problem of inclusivity is everyone’s job now, because inequality has turned the world’s poor into angry consumers. Technology has given them a voice, and the Internet has taught them to use the power granted by democratic and political institutions. Connectivity has made it easy to stage revolutions, and now, the world is realizing that they are a force to reckon with. It has increasingly become apparent, that we must do things right by them if we are to keep our world from breaking apart.
Hence, the ASEAN’s decision to put prosperity for all at the center of all our conversations is timely and critical at this point. For too long, the world has treated micro, small, and medium-scale enterprises with casual concern, their small economic footprint keeping them in the little boy’s room, unable to participate in global discussions. But if we are to solve inequality, we must ensure that MSMEs benefit from unclogged value chains, fair trade, and peace.

Creating more inclusive and sustainable economies is imperative, if we wish to prevent the rise of terrorism and extremism in our region. Our country's recent crisis in Marawi City, in the province of Lanao del Sur, a city in the southern part of our country, reminds us that desperation provides terrorists fertile ground for recruitment
of our youth. Many of them have wider access to social media and are vulnerable to manipulative propaganda that sow hate and anger. We need to give our restless youth broader opportunities to take them away from that path. As technology creates faster means of sending information to a content-hungry generation, the faster it will be to influence them to either do good or bad.

As we rebuild Marawi and encourage trust among the people that settle and do business there, we see the value of a "whole of nation" approach, and eventually, a “whole of region” approach. While our heroic security forces have managed to neutralize the enemies, they will be the first ones to recognize the role of other stakeholders in the tremendous challenge of rebuilding. Beyond information sharing among our security officials,
the more lasting solution to diminish the influence of extremists will be opportunities for gainful jobs and livelihood.

This vision—and its calcification into reality—will have a massive impact on how our economies and our societies will grow moving forward. That is because research has shown that countries may experience economic growth from the rise of extractive industries and uneven opportunities, but not for long. Weaknesses in political and economic institutions that perpetuate the concentration of wealth and power among the few, hurt everyone in the end. Wealth does not lead to sustainable prosperity if it is not shared by all.

Within this backdrop, technology is a wild card we must
all learn to decode—rich and poor countries alike. It is redefining our economies and changing the future of work. The sharing economy is upending what seems to be tried-and-tested business models. Imagine that today, a retired couple with a cozy villa near the ocean can rival the best hotels in the area just by listing their property on Airbnb and other similar websites. Ride-hailing apps are lowering costs and improving access to transportation. From the lens of inclusivity, this is a great thing. Technology is making it easy for ordinary people to reach markets. But policymakers are grappling with new things: safety of consumers, legal liabilities, and ensuring that quality of service meets industry standards, among other things. New developments; new problems.
Artificial intelligence will make a lot of jobs obsolete. Are they tools for inclusivity or enemies? The world’s thought leaders are still divided. What we do know is that in the next five to ten years, our people will have to compete with machines, not just each other’s pool of talent and workers, and some say this may cause civil unrest. The roadmap to inclusivity will have to look at artificial intelligence and machines’ growing ability for deep learning, and hopefully we will arrive at answers together. We will have to look at retooling and retraining our people so that their skills will not be at risk of automation. We will need to rewire our education systems to inculcate critical thinking skills and creativity among our youth—skills that cannot be matched by machines. It would be best if we can do these together in ASEAN, so we can do things faster and better. In a region criti-
cized to have more trade with the West than with each other, it would be a terrible tragedy if we are manipulated in the end by machines.

Pursuing fair trade within and outside of ASEAN in a tariff-free world is also a developing challenge. The vision for a single market is clear: people, goods, and services must be allowed to move freely across our borders. This should benefit our MSMEs most of all, because big companies can pierce other markets more easily even when tariffs are up due to their size and resources. But while tariffs have gone down, non-trade measures and non-trade barriers are making it difficult for businesses to cross borders.

In the quest for inclusivity, I am happy to note that the
private sector, not just governments, are providing solutions through inclusive business models. Many of you here are responding to the call of the times, by opening up your value chains to smallholders, micro, and small businesses. You spend your resources and time to improve their processes and their products. You are empowering many of those who have previously been left behind by progress and globalization: farmers, fisherfolk, women, and even indigenous peoples. Truly, the power of the entrepreneurial spirit can move our world.

Hopefully, all of these efforts will greatly improve your businesses as well. The best thing that each of you businessmen, investors, and policymakers can do for the poor is to create a moat of responsible sustainability around your businesses. This way, you keep your em-
ployees employed and those who benefit from your goods and services stay happy. As you do better, we all do better.

ASEAN is the sixth-largest economy in the world, with a combined gross domestic product of US$2.55 trillion. From US$122 GDP per capita in 1967, our peoples’ standard of living has risen to US$4,021 per capita as of 2016. Asia is now leading global growth, delivering 60% of it. Our growing demographic of over 600 million people are the world’s happiest consumers.

But the best is yet to come. This is the age of Asia. Let the dragons and the tigers claim this century, and in the process show the world how it is possible for our economies to grow wealth AND spread it equitably.
In the last three days, we have all heard much from great speakers and panelists about ASEAN’s roadmap towards prosperity for all. May we all translate them to action, push through barriers, and improve lives on the ground. May the heavens bless all your efforts. Thank you very much, magandang hapon po sa inyo lahat.