

Armand Fabella
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< Talks about the project. >

FABELLA: *** imitation of something called the Social Economy Association. That was the one where all these people ***...

RIVERA: So that we won't miss anything...

FABELLA: But frankly, that stage was very important.

PADERANGA: I hope you will say something about that...

RIVERA: But was this under [President] Ramon Magsaysay?

FABELLA: No. [President] Garcia... this was the era of the economists and they were kicking the accountants ...

PADERANGA: That's why the point you're making is quite important...

<Talks about Katayama's study of Philippine politics.>

FABELLA: I have a story to tell. I was asked to be a member of JBIC (Japan Bank for International Cooperation), the Japan Advisory Group. Finally, they told us we would have to stop. I said, "Are we being kicked out?" "No," he said, "we are being abolished." <laughs> Let me go through the benchmarks, okay? At that time, there was a bunch of really cocky economists. We start off with Sixto [Ting] Roxas, and then Benito Legarda, Jr. They were both great. Then there's a third one who was not so great, Amado Castro. <laughs>

RIVERA: The former dean of the UP (University of the Philippines) School of Economics...

FABELLA: He was okay but he did not have the vision that the other two had. Then, there was Oscar Lopez. We were all in the same group. And there was a non-believing Jesuit priest Fr. Mcfleyland ... There was Quirico Camus who had an MBA (Master of Business Administration) from Harvard University and an American who had all his requirements for a

PhD from Harvard University but he did not do his military training and so he never got [his doctorate].

PADERANGA: What's his name?

FABELLA: Hackman (full name)?

PADERANGA: ...Thomas McHale?

FABELLA: That's the one! Tom [Thomas] McHale. That was the basic group... the only group I could associate with.... What about the others? They were just taking local degrees and didn't count. But in any case, this began because Ting [Sixto Roxas] and I began working at AIM (Asian Institute of Management). This was during [President Ramon] Magsaysay's term.

PADERANGA: [President Carlos] Garcia or [President Ramon] Magsaysay?

FABELLA: I just came back from London and Ting [Sixto Roxas] was the fair-haired boy in the Central Bank because, I think, he was the only one who knew how to draw regression curves. He knew something about forecasting and econometrics.

PADERANGA: [Leonides] Virata?

FABELLA: No, the one before him, the first one, [Vicente "Ting"] Paterno. And then, we worked together on the question: "Was the Central Bank doing the right thing?" I would credit Ting [Sixto Roxas] by saying one thing that they did not do right. In other words, that was the time when they decided to float bonds so the result was inflation. He did that work. The other members of the Central Bank Survey Commission, they didn't know anything.

<Fabella asks the group if they prefer coffee or tea.>

PADERANGA: This was [President Ramon] Magsaysay's time.

FABELLA: It was Ramon Magsaysay's time when we did the Central Bank Survey Commission, headed by [Vicente] Sinco.

PADERANGA: The President of UP (University of the Philippines)?

FABELLA: Yes. You know very much.

PADERANGA: No, I was just guessing because he was the only Vicente Sinco I could think of at that time.

FABELLA: They wanted to show that everything was fine and Ting [Sixto Roxas] and I had some points to make. So it ended up being a minority report. Then someone from Columbia University wanted to get in touch with the local economic association about getting some people to write on joint international business ventures in several countries in the world and [the] Philippines was one of those included. Of course, Fabella said, "We got a group here." Social Economy Association, a very pretentious name! He was very impressed, and he wrote our contract right away to do a study of the Philippines. The Social Economy Association was the forerunner of the Philippine Economic Society. In other words, the Philippine Economic Society began life with a huge disaster because there were two very capable men who were each coyly trying to be nominated as president. These were Ting [Sixto] Roxas and Benito Legarda Jr. but... as a compromise candidate, who did they get? Armand Fabella!

PADERANGA: So you were the first president?

FABELLA: Yes, I was the first president of the [Social Economy Association]. I would always be the first president of something, simply because I was not the first choice, I was the compromise—always. There was another [group] headed by Loretta Sicat for a long time.

RIVERA: ... PSSC (Philippine Social Science Council).

FABELLA: Yes! [The] Philippine Social Science [Council]... Guess who was the first president? <laughs> At that time, Helena Benitez and... were quarrelling. I'm very good [at being chosen as the first president].

PADERANGA: How about FAPE (Fund for Assistance to Private Education)? Were you also the first president of FAPE?

FABELLA: Yes.

PADERANGA: But at that time were you also a compromise [candidate]...?

FABELLA: I was always a compromise...

PADERANGA: Who were the ones who wanted to become president of FAPE at that time?

FABELLA: I was not the first president of FAPE. Under its by laws, the chairman [of FAPE] is automatically the secretary of education. But then we received something like \$23 million dollars... I couldn't recall any group before then that could be called a fairly respectable academic group with adequate credentials... [I remember] especially Benito Legarda Jr. My god! "I got my PhD from Harvard." We said, "So what? I went to Harvard College. You did not go to Harvard College. You are second rate." We would always talk that way. Anyway, that was the first formal organization that became the Philippine Economic Society, which is still around right?

PROFESSORS: Yeah.

FABELLA: I mention that because the Philippine Economic Society started before the time of [President Diosdado] Macapagal.

PADERANGA: Early 1960s?

FABELLA: I think it was [President Carlos] Garcia's [time]. And there was another group. Senator [Gil] Puyat asked us if we could act as a panel of experts of the NEC (National Economic Council). So, we had three credentials: we had some respectable research going on, one in the Central Bank, one in the International Business Ventures, and then in NEC. It all gelled into the Social Economy Association; later on, it became the Philippine Economic Society. I remember asking them, "How about Oscar [Lopez]? He has very nice credentials from Harvard." Benito Legarda Jr. said, "He never got an economics degree." He has a political science degree. I will admit that anyone who has a political science degree is always second class, right? <laughs>

RIVERA: Tell that to OD [Onofre D.] Corpuz. <laughs>

FABELLA: OD Corpuz is about ready to go, I will not tell him anymore. <laughs>

PADERANGA: We will publish the interviews.

FABELLA: No, but the interviews will have to be...

PADERANGA: ...edited.

FABELLA: Jesus Christ!

PADERANGA: We will show it to you, of course.

FABELLA: ... That was a very important group, in the sense that it was the first cohesive group which developed into the Philippine Economic Society and the PEJ, the *Philippine Economic Journal*.

PADERANGA: It's now called the *Philippine Review of Economics*.

FABELLA: My point is that this was the first group that was organized. At that time, there were three competing groups: the economists in the Central Bank, the economists from UP

(University of the Philippines), and the economists from Ateneo de Manila [University]. We had noticed that “this group [from UP] had one thing in common: they all have degrees from abroad.” So that was a very important milestone. You might say that in terms of an academic or professional society, that was the start.

PADERANGA: ... the reason we chose the Macapagal period was we felt, and this is something that we want to check with you, that it was during this time that the technocrats, so called, came into their own in influencing policy.

FABELLA: Not true.

PADERANGA: It started earlier?

FABELLA: Earlier because there were two groups who hated each other: the economists at NEC (National Economic Council), they hated the people at the Central Bank...

PADERANGA: So this was Bernardino G. Bantegui and his group?

FABELLA: Yes.

PADERANGA: The National Income Accountants (NIA)?

FABELLA: Yes. This was the group which... Is he dead now?

PADERANGA: I don't know. He went off to the UN (United Nations), and never came back...

FABELLA: Anyway, he really felt bad about his group being shoved aside by Ting [Sixto Roxas] who was the head of NEC and who was creating a whole new group of professionals. During this time, everybody was smiling but they all hated each other's guts. ...

RIVERA: Yeah, that's true.

FABELLA: ... You look at each one and say, "Right now, you're my friend but as I move up in this world you'll become my enemy, and I hope my subordinate." <laughs> That's life, right? When you're low in the totem pole, everybody's your friend. As you go up the totem pole, your friend becomes your enemy, and if you don't recognize that, you're dead. The Philippine Economic Society grew and one of the wisest things that we ever did was to make Benito Legarda Jr. the first editor of the PEJ (Philippine Economic Journal). He is a good writer. Ting [Sixto Roxas] was superior to him in conceptualizing but Beneting [Benito Legarda Jr.] was very good in putting and clarifying [issues] on paper. He was also very strict about the quality of the staff. So there you go. When the editor became Gerry [Gerardo] Sicat, one of the articles he wrote had to do with how the economists began to be treated differently and the reason for that was not so much the Philippine Economic Society but because Ting [Sixto Roxas] was selected by [President Diosdado] Macapagal as the head of the Program Implementation Agency (PIA). And he managed to bring together a group of topnotch professionals in different areas including... a PhD in Metallurgy. And this was all because of the way Ting [Sixto Roxas] was able to charm them.... You had the first agency which was head-and-shoulders above NEC (National Economic Council). No comparison... My point is PIA (Program Implementation Agency) was really topnotch and first rate. I remember that towards the end [of President Diosdado Macapagal's term], we were ... not sure if Macapagal was going to be reelected. "What do we do, just fold up?" And then Alex [Alejandro] Melchor ... became the head of PIA after Ting [Sixto Roxas] was moved to the NEC. Do you know what PIA stands for?

RIVERA: Yeah, the Program Implementation Agency.

FABELLA: I remember saying, "We now have enough expertise to prepare the next five-year plan, okay. Lets put it together but we will never say it's a five-year plan, it will never get adopted by [President Ferdinand] Marcos." So we gave it a name. We called it Project Compass. And until today, if you look at NEDA (National Economic and Development Authority), there is an arrow somewhere, which is Project Compass. When [Ferdinand] Marcos came in, he said, "I want a plan." And then of course, Alex [Alejandro] Melchor,

who was always currying favor, said “Oh, we have a plan.” It was the one we did for [President Diosdado] Macapagal except it became the plan for [President] Marcos.

RIVERA: Under Macapagal the PIA (Program Implementation Agency) already came out with a four, five-year plan?

FABELLA: Yes. That was when I chose Jun [Jose] Katigbak to be the coordinator of the plan. He was good [at]... input-output analysis...

PADERANGA: Input-output?

FABELLA: Input-output! It was fashionable and he came out with it. There was only one thing wrong, his projections for the left foot... were not the same as the projections for the right foot. I said, “Just budget, don’t bother to make it statistically rigid and correct. Because the moment it comes out, nobody is going to look at nice charts and all.” The one who was really calling the shots, which was to my advantage when I was there, was really an old man by the name of [Faustino] Sy-Changco, head of the Commission on Budget (COB). He would call me up, “Armand, there’s a paper going to get to you, it’s a release for 10 million.” “Yes?” “Don’t sign it. You get that signed by the executive secretary.” My power did not come from the PIA (Program Implementation Agency). It came from the fact that I was also appointed Executive Secretary for Economic and Financial Affairs. That was really a powerful position because you could say yes or no. I was fortunate that [Faustino] Sy-Changco was very helpful. He would tell me, “Don’t sign this, don’t sign this.” He was being frank. I thought we did very well and then, it was also the time when UP (University of the Philippines) developed a training program for economists.

PADERANGA: Is this the one for NEDA (National Economic and Development Authority)?

FABELLA: No. This is UP with Wisconsin.

PADERANGA: UP-Wisconsin Program.

FABELLA: Yes. Amado [Castro] said, “We will graduate them and they will go into the service.” I said, “How? What do we do? ... I know. I will create a position known as the economic planning position for each department, so that there is a legitimate area that would be run by economists.” Why did we do that? We needed to put all these economists that we were training into decent positions. Now for that, the one who was very active was Amado. He was helpful even though they had a joke about [him]... he had a TR 5, TR 4, TRC and...

PADERANGA: The sports car? He was famous for that.

FABELLA: He had one of those sports cars. He would go around, wear gloves and take his students out on these drives. He would get them in the proper mood and then he would apply the clincher, he would ask, “What do you think of Macapagal’s economic planning?”
<laughs>

RIVERA: That was why he never found somebody.

FABELLA: If there is a god, that god would prevent any girl from marrying Amado. Amado is Amado. But this was the core group, as far as I know, who called the shots all throughout the term of [President Ferdinand] Marcos. I had two assistants, when I was the director-general of PIA (Program Implementation Agency), one was Placido Mapa Jr., who had a degree from Harvard, and the other one was Alex [Alejandro] Melchor, who was the administrative assistant.... Let me tell you something about him. One Sunday, we got a call, “We need this paper for tomorrow.” We went to the office, “What do we do?” Alex [Melchor] showed up, “What’s the problem?” We said, “We need papers, but they are inside the room, and this is Sunday, all the janitors have left. What do we do?” Alex said, “Do you really want those papers?” “Yes.” “Break down the door.” <laughs> He was like that: someone who could think out of the box. I never figured that out. We were thinking of, “Where do we find this janitor and get the key from him?” That was really the most pleasant part of my life, because you got to work with topnotch people. There wasn’t a single bum in the outfit except maybe, what’s his name? Opus Dei?

PADERANGA: Bernie [Bernardo Villegas]?

FABELLA: No, the other one.

PADERANGA: Jess [Jesus Estanislao]?

FABELLA: Jess [Jesus Estanislao]! <laughs> Guess what did he say?

RIVERA: Was he was under you in PIA (Program Implementation Agency)?

FABELLA: Yes, they were all there and it was quite a network... Jess [Jesus Estanislao] was very good but he was an academic. We had difficulty looking for people who had the minimum academic qualifications but had some exposure to real life. That was a problem.

On election day, I remembered asking people around me, "Find out who the Malacañang soldiers voted for." And they said, "Marcos is leading 4 to 1 among the Malacañang guards." I just started to take all my stuff, no way I was going to stay, so I left. Amado [Castro] was the head of a search committee for something called the Eisenhower Fellowships and he was asking me about whom to recommend and so forth. Finally, he said, "Are you available?" And I said, "Of course not." "No, no, are you available?" "Fine." So I became an Eisenhower fellow, and left town. I didn't want to be around when all those Marcos groups were coming in. That was horrible, that feeling. Especially since we left behind, Jesus, several hundred million pesos worth of loose cash. Anyway, after the Eisenhower Fellowship, I came back and I was called by, who is the guy who didn't wear socks? Kokoy [Benjamin] Romualdez! He didn't wear socks. He asked me if I could help them out. They also had a program put together by the assistant of [Fernando] Lopez who became the executive secretary? A Visayan.

PADERANGA: Rafael Salas.

FABELLA: Yes, Rafael Salas. I remember that he was told that he had to play footsies, and he said, he didn't want to play footsies. Besides, he had this offer from the Baker guy, who was running the population program, and they wanted him. Before he left, he had put together

a Reorganization Plan. And the one who was running it, we didn't know him very much, this guy Ernesto Maceda. <laughs>

PADERANGA: Was this 1970 already?

RIVERA: Under [President Ferdinand] Marcos?

FABELLA: It was already under Marcos. That was the point when I went abroad. I had a lovely time and I concentrated on education. What do you call it when you survey the schools to give them positions?

PADERANGA: Accreditation.

FABELLA: Accreditation, that was it. I went with several accreditation teams and I knew that I was going to start accreditation in the Philippines. But the trouble was Kokoy [Benjamin Romualdez] got into the picture... You know, he was talking for [President] Marcos. So I said why not and that, I thought, was one of the best compliments I ever heard. You had a committee running the Reorganization Commission and I was asked if I could take over and the deadline was December and they had been working for two to three years already.

RIVERA: Who was on top of this [the reorganization] before you came in? Was it Ernesto Maceda?

FABELLA: Ernesto Maceda. But they couldn't get it together. Each one had his own pet project ... It became a very unwieldy situation. So I said, "Give me the papers, I'll look over what you have". When I went to the next meeting, the first one who greeted me was Justiniano Montano.

PADERANGA: Was he the speaker or deputy speaker at that time?

FABELLA: Yes. But he was in the party against [Ferdinand] Marcos and he said, “What did you do? You’re wavering.” ... It was very difficult to say yes. That was just it, what could you do in thirty days? ... I went through it, and it was a situation where everybody had his two cents.... The result was a very unwieldy mat. There were sections on new government corporations to be created... And [Salvador] Laurel wanted everything that was published, that a copy should be given to UP (University of the Philippines). So I said, “We haven’t got the time, and the first thing is we’re going to drop the corporations. We will limit ourselves to line agencies. We will provide a standard framework so that there’s balance, more or less.” I might add, [during] the time of [President Diosdado] Macapagal, as part of my work, I learned about the different regional offices, and I asked, “Why are the regional offices here?” His answer was because the director of the department came from that town so that became the regional office. Anyway, we straightened it all. I didn’t get very involved in the details. We said, “That’s all we can do” and after I gave all this, I thought I got one of the best compliments of my life. “Armand,” said [Justiniano] Montano, “You really do know something?” <laughs> I was floating for a couple of days. If you have met Justiniano, he was the most acerbic person...” Anyway, so we came through on time, and it was supposed to last for two months. They were all very enthusiastic so we said, “okay we’re going to extend it for another year,” and so forth ... When [President Ferdinand] Marcos declared martial law, apparently that was going to be his centerpiece. All the time, I had been telling him “Sir, Mr. President, this will not go through. I’ve met all the pros and cons, the opposition, etc. and each one again has his own [position]”. Originally, for example, I said, “there will only be three: Luzon, Visayas, Mindanao, and maybe, Metro Manila.” Each one would say, “It will never pass unless you include the Visayas; it will never pass unless you include Northern Luzon.” And even the President said, “Armand, could you let Pangasinan be part of Ilocos?” <laughs> But I witnessed all this and I don’t think anybody else ever had that opportunity of seeing the government this way. First, I saw it operate under [President Diosdado] Macapagal because I was in Malacañang and everything went through me. There were lot of questions that I raised and we were able to make sense out of it... just cut it down, but even so that five became, I think, twelve [regions]...

PADERANGA: Twelve regions?

FABELLA: ... But even so I said, “This will not pass”. “Patience, patience, patience.” “Okay. I had told you this will not go through.” Okay. The next thing I knew, martial law was declared. <laughs> and the first thing [President Ferdinand] Marcos said was: “This becomes Presidential Decree no. 1.”

RIVERA: Just one clarification, the PIA (Program Implementation Agency) as a unit, when Marcos took over, what happened to it?

FABELLA: It became the Presidential Economic Staff (PES) under Cidito [Placido Mapa].

RIVERA: Presidential Economic Staff.

FABELLA: The trouble was that Alex [Alejandro Melchor] began developing his own Presidential Management Staff.

RIVERA: Presidential Management Staff (PMS).

FABELLA: It smelled trouble and more bickerings...

RIVERA: That was how it evolved...

PADERANGA: I’m sure you like knowing that fact, the political science people.

FABELLA: But this is standard. When you have three economists, you have four positions. You have four OD Corpuz and you have 27 positions. <laughs> Nothing will be done. I also learned one thing. The lawyer never comes out with anything original. He will always quote a decision— a (piece of) jurisprudence, to buttress his position, whereas the economist, his dream is to be able to say, “If only someday they would come out with what we would call the Fabella [doctrine]... that’s it.” I thought that one of the most useful contributions that I made was the [framework for] reorganization. Some of them I know would not last. If you say public works, you have no guarantee that public works will remain public works. But you could provide the framework so that you could prevent them from

going wild with additional slots. So, we divided the government into what we called the substantive operations and the administrative operations. What's his name? Political science... The brother of...?

RIVERA: Raul De Guzman.

PADERANGA: Raul, Raul.

TADEM: [From the College of] Public Administration...

FABELLA: I'm still very close to them... He was the one who developed the model of the regional offices and we made them all standard. We wanted to move them away from Metro Manila. So [the plan was] instead of having one overcrowded center, we would try to develop six or seven regional offices. And the question was whichever regional center you chose you have it leased for life. We had several problems, for example, San Fernando versus San Angeles.

PADERANGA: Northern Luzon.

FABELLA: No, Central Luzon.

PADERANGA: San Fernando, La Union.

FABELLA: Pampanga.

PADERANGA: Pampanga. For Region Three, San Fernando won.

FABELLA: San Fernando won. That was my choice, because its network was better. And another hotly contested [area] was Naga versus Legazpi; that was really bloody. Cagayan de Oro versus Iligan— for that one, I chose Cagayan de Oro because of my cousin-in-law [Emmanuel] Pelaez even though he didn't get along with the President [Ferdinand Marcos]. But to make the long story short, the ones we selected have outlasted all the others in being

boom areas. If you have a regional office, you put it in that city and you cannot put it anywhere else. So, now, all of them have become regional growth centers. I think the regionalization has some effect. I don't think the central offices ever gave that much power to the regional offices. "Why shall I give you that power? No, I'll keep it." So what would happen? The regional offices would be like little whimpering puppies; they would submit their proposals to the central office. The central office would look at them, tear them apart, and then proceed with their own plan. But in any case, it did develop a sense of closer relationship between the local government and the regional office. That was good. They began to talk to each other more. But if you ask me, the best contribution I made was [the framework for] regionalization. That does not fade.

PADERANGA: Regional planning...

FABELLA: No. Regional planning was a failure.

PADERANGA: But planning for the Philippines... plans are consolidated by regions not by NEDA (National Economic and Development Authority), except for the national plans.

FABELLA: ... you were with NEDA! You know the fight between the central planning office and the regional offices— how the regional offices would put something together, and after all that trouble, the central office would only say, "Thank you very much."

PADERANGA: In our time the...

FABELLA: No. You were polite. You were so up, further up there, you could afford to be condescending and kind. But... the expertise was in central planning. You could not replicate regional planning times twelve with the same kind of expertise you had in national planning. You would tend to depend on the national plan, and if there were any holes, then you would look at the regional plan, right?

PADERANGA: Now when it came to investment programming, projects needed RDC (Regional Development Council) approval.

FABELLA: Yes, but... in the final analysis, it ended up with the Investment Coordinating Committee (ICC)?

PADERANGA: Investment Coordinating Committee (ICC)

FABELLA: ...And the Development Budget Coordinating Committee (DBCC); it ended up again on power at the center, not power at the regions. Especially now, they've all been set aside by the pork barrel. The pork barrel is really the stuff that called the shots. In any case, it did provide some rational basis for the growth of government. That was my point. I don't think any of the others lasted all that long. The ones which lasted up to now is the fact that there's a planning section in every department, which is, as far as I'm concerned, next to useless because NEDA (National Economic and Development Authority) and [the Department of] Budget are quarrelling. And Budget has the money. NEDA, maybe, has the glamour, call it what you will and the rest are simply... changes in growth, structures and so on and then after that... Alex [Alejandro Melchor], I owe him a lot, he said, "Do you want to attend the IMF (International Monetary Fund)/WB (World Bank) meetings in Washington?" "Yes." I went to Washington, I was very close to the Indian... he was the one whom I was negotiating with and we became very close and he sought me out at the annual conference and this was seen by Greg [Gregorio] Licaros. Licaros said, "Can you help me? I think you're well connected with IMF." Yes, I knew them. We even had long discussions.... Again, I was very proud that we were trying to get the permissible increase in net domestic assets without going overboard. I remember him saying, "Armand, why are you fighting for a measly 10 million dollars?" I looked back at him, and I said, "Precisely! It's a measly 10 million dollars. You'll never notice it. Why are you being stingy?" So, it was approved. If I'm tooting my horns, you... have to expect that. Gregorio Licaros saw this when we were in Washington. So when we got back to Manila, he asked me if I could share my experience with the joint Central Bank-IMF (International Monetary Fund) Banking Survey Commission.

PADERANGA: This would be 1974 or 1975?

FABELLA: Very soon after [Ferdinand] Marcos came in. Martial law was not yet declared.

PADERANGA: So before 1970?

FABELLA: There were so many bills coming out... At that point, Ting [Sixto Roxas] had gone into what we call quasi-banking now and Bancom. The dividing line between deposits, deposit substitutes... It was getting very scarce. "When are you an investment house?" So again, I used my imagination. I said, "Okay, we will develop quasi-banking." What's quasi-banking? It means, purporting to be a bank. Yes, you're second class but you can get a license. Apparently [Gregorio] Licaros was worried about all the bills being filed in Congress, most of them by the friends of Bancom, to increase their ability to operate. So when I came in, you know me, I gave everyone something so that they wouldn't feel so bad. We even created what we called the universal bank... Those were goodies, but it made them feel that "I'm better than you are". I think we had just finished our report and I said, "We don't have time to write the report. We only have time to write the recommendations." And I wanted one hundred recommendations but we couldn't get enough. We ended up with only 98. A few weeks after we came out with it, [President Ferdinand] Marcos declared martial law. So there, Fabella would be back... In addition to reorganization, no matter what you did with reorganizing the government, you couldn't do too much damage. I mean, it was so disorganized. But ... the banking system, which was really a cohesive system, you can't do it bit by bit. Anyway, we worked it out and I had some really good friends in the Monetary Board. Then finally, he said, "Alright, your report, you convert it to laws." "What do you mean laws?" "You write it already as laws." This time, we were no longer looking at recommendations. We were rewriting them as laws... That's where I picked up a lot of respect for lawyers... Are you a lawyer?

TADEM: No, political scientist.

RIVERA: Nobody's a lawyer here...

FABELLA: Why is a lawyer like a restless man in bed? First, he lies on one side, and then, he lies on the other. <laughs> The first round ... They all went through and I thought that was good because it was all put together by the same group. I wasn't by myself, I had a whole

group of others including... Jobo [Jose] Fernandez. It was quite a practical group. It wasn't academic and it all ended up with a series of presidential decrees, which was fine. Then, a friend Cesar Virata entered the scene, Cesar Virata, one who bleeds UP (University of the Philippines).

TADEM: Why?

FABELLA: He is most loyal to UP. I told him, "Cesar, don't you understand that UP is nothing more than a somewhat glorified provincial institution? Look at it." "Why, who are you?" "I went to Harvard College." <laughs> "And I had a cum laude. Remember that." Then, Benito Legarda Jr., he would get an inferiority complex because after he went to Georgetown, he learned that a graduate degree at Harvard is not the same thing as an undergraduate degree. Why did that make him feel so bad? He was boasting about Georgetown. What's Georgetown?

RIVERA: Who actually took in Cesar Virata?

FABELLA: I tried to take in Cesar Virata but... when I mentioned the name to [President Diosdado] Macapagal, he said no.

RIVERA: Was this during the term of Macapagal?

FABELLA: Macapagal. When I was in the line position with lots of power, I wanted Cesar [Virata] to be taken in because he was good. But Macapagal said, "No, he is the cousin of Leonides Virata."

PADERANGA: He's the nephew.

FABELLA: He's a nephew of Leonides Virata. And Macapagal said, "I don't like him." That was it. But later on, you have to say this for [President Ferdinand] Marcos, he knew how to select people. He knew where he had to interfere and he knew when "I can leave this alone."

So Cesar [Virata] took over from [Eduardo Sr.] Romualdez and he became the prime minister.

PADERANGA: Much later...

FABELLA: When they had the constitution. But the fact is, Cesar [Virata] was the rising star. He was the one who said, "I want Fabella to attend all the cabinet meetings."

PADERANGA: This would be late 1970s already.

FABELLA: Yes. I don't remember. The head of one institution was a really good friend of mine, Cidito [Placido] Mapa. The other was Cesar Zalamea, another good friend. So I said, "You know we have too many government corporations, and only one banking institution is needed." And I don't know why you need the Development Bank of the Philippines. Because development banking has been thrown out the window... And the other one was PNB (Philippine National Bank). I said, "The only... [one with] a legitimate role is Landbank because of the land reform." Well, they said, "If we have to, we're prepared to merge them together." And then, some groups got behind my back and they were able to keep that. It was almost a success. There were two suggestions I made... I questioned..." why is there a GSIS (Government Service Insurance System) and an SSS (Social Security System), which are all funded by taxpayers? Why is GSIS getting more goodies than SSS? My suggestion, "let's merge." So, we went through the merger process and then, those people again... Again, nothing came out of it. In the case of banking, we were able to reduce the banks because one important aspect of banking was the capitalization program. In other words, many of the banks could not raise additional capital for two reasons: they were family run and they were bleeding it. They were many cases of banks which became bankrupt. So, I developed the concept of reducing the number of banks and strengthening them [at the same time]. And I remember I was asked by [Gregorio] Licaros, "You've given us the advantages, what are the disadvantages?" I said, "They will be no brown banks left. They will all be white banks and yellow banks." It's true. How many brown banks do you have now? None.

PADERANGA: What do you mean by brown banks?

FABELLA: Brown skins. <laughs>

PADERANGA: Yeah, yeah.

FABELLA: Only the yellow ones and one lonely white. You're going to have a much more effective banking system. Your browns will go out the window because they're still thinking in terms of family banks, which are used as a source of funding to do other things. That will not fly.

RIVERA: Landbank was originally established to fund the land reform program but later became an investment bank...

FABELLA: No, no... You see, when you're at some level, you're called a universal bank. And when you're a universal bank, it includes investment banking... that's part of the powers you have. When you go into investment banking, you can concentrate on one of two things: you can concentrate on developing the deposit substitutes, which is simply a way of getting more, offering higher rates; and the other one is Initial Public Offering, underwriting. So they are really different entities. It's very difficult for you to do both... But the one thing they could do, that nobody else could, was underwriting. And underwriting went on to a tremendous stage... Very glamorous and it fell apart. Since then, other laws have been passed but the concept of the basic structure has not changed. It doesn't change at all. I still think there are too many banks, although, I'm the chairman of a decrepit bank myself.

PADERANGA: UCPB (United Coconut Planters Bank).

FABELLA: I shouldn't say decrepit bank, we just got PhP 35 billion.

PADERANGA: That's right, you just got capitalized?

<Fabella calls up his house maids to get the cheese.>

FABELLA: I thought we were able to contribute there. I had a staff of about four or five. After it was finished, they all went up the career ladder. One of them became a deputy governor of the Central Bank. But my pride and joy was a girl, and we hated each other, but I helped her, she helped me: Fe Barin. What I like about Fe Barin, she's straight; she's honest. What happened after that? ... I was riding high and mighty until EDSA 1. .. My office was in the corner of EDSA and Ortigas...

RIVERA: What was your official title then?

FABELLA: My official title for that office was still... It's still the Reorganization Commission.

KATAYAMA: The commission on government reorganization, you were there?

FABELLA: I remember, originally, I was the chairman of a committee and then, we reworked it so all the committees disappeared and I became the only one. See, I'm capable of teamwork. <laughs>

RIVERA: But Raul [de Guzman] was still working with you?

FABELLA: Oh yes, all the way until the end. Raul, I owe him a lot. He was very hard working but he was acting like an academic. He could not understand why everybody did not agree with him. <laughs>.....

PADERANGA: If you criticize what he's doing, he thinks you're against him.

FABELLA: Yes, exactly. You have to find out the core matter. He was good at separating the core from the peripheral. So as long as you know that, you just push him along.

PADERANGA: But he was also acting as councilor consigliere to the mayor of San Juan during the...?

FABELLA: All the time, his real loyalty was to Erap [President Joseph Estrada]. The Erap question came in much later. But with EDSA 1, I took one look at the crowd lining the streets, I said, “Forget it. This government is dead.” So I said, “Pack up, pack up, pack up.” So I left the government. That was the time I closed the Reorganization Commission. But I had another hat in the Central Bank. My hat in the Central Bank had to do with loan negotiations in Washington. I remember that the biggest loan I had ever handled was worth PhP 200 billion—50 percent Japan piggyback loan and 50 percent from the [US] government. It was really huge and it has never been repeated. I had to go through the eye of the needle because, when we were negotiating that loan, they really had nothing but nasty words for [Juan] Ponce Enrile, for [Jose] Concepcion Jr. They considered them as carpetbaggers. So we worked it out...

PADERANGA: Was this already during or after EDSA 1?

FABELLA: This was already under Cory [President Corazon Aquino]. It happened because, as soon as Cory came in, she named Jimmy [Jaime] Ongpin as secretary of finance. I went to Jimmy and I said, “Jimmy, who do I turn over all the stuff that I have? There’s a lot of stuff here and I should turn them over to somebody.” “Why don’t you continue for a while?” And I never left. So that was another milestone. When I was with her... Cory announced that ... [the] three of them were going to be kicked out, so there would be no problem: Joker [Arroyo], Jimmy [Jaime Ongpin], and then a really treacherous girl by the name of... She became the head of NEDA (National Economic and Development Authority).

PROFESSORS: Winnie [Solita Monsod].

FABELLA: ... Jimmy said, “You have my resignation. You’ll have it tomorrow morning.” Joker also said, “You have my resignation.” And Winnie said, “I still have a few things to do.” She never left. She was part of the package of resignations. Three! But she said, “I have a few things to do. Could I finish them off?”

PADERANGA: She stayed until 1989, June 1989.

FABELLA: Yes, like a leech!

PADERANGA: Instead of 1987.

FABELLA: When Cory [President Corazon Aquino] announced their separation from the service, she was effusive in her praise for Joker [Arroyo] and she said almost nothing for Jimmy [Jaime Ongpin]. Jimmy felt very bad. I said, "Do you want me to leave?" "No, no"... And he said, "Why is she so supportive of this guy, who doesn't know anything?" I really felt bad for him then. It happens.

What was the last thing I did? Asset management ... You see, when we cleaned up the banks, we also cleaned up the subsidiaries... The worst offenders were Bobby [Roberto] Ongpin and Ronnie [Geronimo] Velasco. They were creating all sorts of subsidiaries, as SEC-registered subsidiaries. So I said, "[As] a government agency, you cannot create entities through the Securities and Exchange Commission. You're limited to legislation." So that was reduced, but in the process... That was my last hurrah. We went over 200 government corporations and I think, we ended up with about 60. To all the others, we said, "All of your assets are going to go into this asset management..."

PADERANGA: ALCO (Asset Liability Committee) is it called?

FABELLA: No, that's [David] SyCip. The idea was that they would be in charge of disposing all the corporations. So the corporations did not have to worry about getting rid of their liabilities. They would just be taken away. Of course, they fell into the same disease of saying, "Why should we sell these, they still could run?" And of course, they would just wait for the per diem from the board. This is my last point: Okay, during the Spanish Armada, after they defeated them, they said, "From now on, we are not going to be caught by surprise. So we will set up a system of watchtowers along the southern coast of England... So they created this early warning system and it was not abolished until 1936. I mean, it was simply neglected and kept going on.

PADERANGA: They kept on appointing people to man that...

FABELLA: Yes, yes, for the bonfire. This was exactly what happened to the...

PADERANGA: Board of Liquidators.

FABELLA: No, it did not begin life as Board of Liquidators. It began life as the Alien Property Custodian, after the war, who took charge of all the Japanese, German, and Italian... And then, of course as usual, "Oh this is good. Why do we need to close it?" From Alien Property Custodian, it became...

PADERANGA: Equity and assets?

FABELLA: No, before that.

PADERANGA: The Board of Liquidators.

FABELLA: Then the Board of Liquidators included the ownership of Lepanto Consolidated. After that, it became the milking cow of the country...

PADERANGA: I think it only got abolished during the time of Erap [President Joseph Estrada].

FABELLA: It was never abolished!

PADERANGA: Never, never? It's still there?

FABELLA: Later on, it became part of the Asset Management Corporation and the Asset Management Corporation [which came] under another name and is still going on. They're convincing people that, "Just give us a few more years and we can make it run." Stupid! Still the milking cow... The last two things that I did for the government was as a loan negotiator and the creation of the Asset Management Corporation— the whole concept of further

rationalization of banks... We still have too many banks. I don't care. Besides, I have one.
<laughs> So that's it, I think.

RIVERA: You were Secretary of Education, right?

FABELLA: Ah yeah! I was! <laughs> That's right!

TADEM: Under [President Fidel] Ramos ?

FABELLA: Yes, under [President Fidel] Ramos! I think four or five days before June 1st or July 1st, he said, "I'd like to ask you to be my Secretary of Education?" And, of course, Fabella being Fabella, he said, "Are you sure you don't mean Central Bank or Department of Finance?" <laughs> "No, no. I want you to be in the Department of Education because he said, "I understand you are sly, that you're shifty and you know that you can." At that time, education was a mess because there was this fight over the Polytechnic University of the Philippines (PUP) and there was another problem in the south. So of course, what did Fabella do? The two candidates for PUP were quarrelling. So, I said, "How many are there? "There are four candidates." "Choose another one." So to this young woman who didn't know what hit her, I said, "You're going to be the President. You don't have support [from anyone], except me." Because all the others were lining up one or the other. The other one was the wife of the one in COA (Commission on Audit)?

PADERANGA: Ah yeah, at PUP. Gem [Guillermo] Carague's wife.

FABELLA: Gem Carague's wife. That was very hard... Because I knew the woman and I knew Gem Carague. So I selected a harmless woman and I said "you're the president." But education was one area where I went in knowing everything cold. I did not go through any learning curve. I've mastered it all because everything boiled down to the fact that I learned a lot in Malacañang, when I was the assistant executive secretary for economic and financial affairs. That was where you really got an idea of how they would run, what, to what extent they were politicized, who is the man behind... whose signature you'll look for. Let's say,

you don't look for the signature of the secretary of education. You look for that first one who signs, who is in fact a signal that it could now be signed by the Secretary ...

PADERANGA: The one who countersigns first?

FABELLA: Yes, the first one. Another lesson was the University of the Philippines (UP). I was once the chairman of the Board [of Regents] of UP as secretary of education. I remember all of them were scared shitless of the... They wanted [Francisco] Nemenzo and I ... said "This is difficult. Nemenzo has principles but they're the wrong kind. I don't want that here." I went to [President Fidel] Ramos, "Mr. President, the hot shot is Nemenzo. He's a communist." "Okay, I got that good." "Fine, I think you did not want him." "No, I don't want him." So I said, "What about this guy from [UP] Los Baños, Emil Javier." "Do you have anything against him?" Once I got that clearance from him, I went back because the board was very splintered. That is the problem with UP, there isn't a single person who speaks for the university. You all have little pockets, little fiefdoms, but who is going to speak for the university? A special meeting was held in the Coconut Palace. We [the Board of Regents] met there and I said, "It looks like you're free to vote but I want you to know that I cleared this up with the president." I was not going to take any chances. "It's not possible for the other candidate, you'll have a hard time and if you claim that I said that, I would deny it." So we had the election and Emil [Javier] won by one vote. Very close... And a couple of days later, we were going to the oath taking; it was full of students, all demonstrating. <laughs> "What do we do?"

PADERANGA: [You were at the] Asian Institute of Tourism (AIT).

FABELLA: Yes.... We were there. We were going to go to the Theater.

PROFESSORS: University Theater? Film Center? Quezon Hall? Abelardo [Hall]?

FABELLA: No, no. It's a fairly small place. I don't remember the name now. But we were supposed to be all in gowns and I took one look outside, there were so many students... [I said] " No way... I'm not going to be stupid <laughs>because no matter what you do, you

lose. So okay, Emil should go out.” So he went out with his barong and he went to AIT (Asian Institute of Tourism), and we took the oath and so forth, “Okay, you’re the president. Good luck.” <laughs> He did alright. What was good about him... you did not see any long term plan or [any sign of] consolidating his power... but [Francisco] Nemenzo eventually became the [UP] president...

RIVERA: After his third try...

FABELLA: I enjoyed education because I knew the stuff.

RIVERA: Did you have any role in the division of the Education Department into CHED (Commission on Higher Education) and TESDA (Technical Education and Skills Development Authority)?

FABELLA: That’s why I left.

RIVERA: Whose idea was that?

FABELLA: Ed [Edgardo] Angara.<[laughs> My main contribution, I said, “you can spend all your time going after the corruption or you can decide upon which aspect of improvement would be more substantive.” The hell with corruption, that’s going to stick around... I want to look at the system...

<Fabella asks his house maids to get cheese for the breads brought by the team. He asks the team how they find his dogs. They have five dogs in their house.>

FABELLA: ... we had four departments: we had elementary education, secondary, higher and non-formal education. I said, non-formal is pointless. For higher education, it could be just a division. That’s enough, because higher education is essentially private and the last thing I want is over-regulation. Now, where you really need assistance is in the elementary and high school levels. So as soon as I came in, I said, “I am going to abolish the difference between elementary and high school. It’s going to be a continuum so that you will all talk

with each other, you will not have the situation where in some areas there are duplications, in other areas, there are a lot of holes and you have one year to do all this.” They responded well and I think it was pretty much accepted. It’s called basic education, but we’re still far from that. The hard thing was, “Give me one more year” [President Fidel] Ramos replied, “You have it.” “That is not possible, that cannot be done”... And nothing happened. I really think, if you’re going to develop a thrust, we really have to go [for] twelve years. There’s no other way. You can’t cover it by having pre-schooling or something like that. You need twelve years of formal [basic] education.

RIVERA: That’s the standard in most countries.

FABELLA: No, not really. There are still six countries [with less than twelve years...].

RIVERA: Six countries only.

FABELLA: ...And we are one of the six. The others are Rwanda, Burundi... <laughs>. If you don’t know, I know them by heart.

RIVERA: It’s really embarrassing.

FABELLA: It would happen sooner or later. You could wait patiently. The only problem, when I went into education, I was meeting the last group of foreign PhD holders who were about to retire.

PADERANGA: In the Department of Education?

FABELLA: Yes, yes. These were the elders who had good ideas and who could think beyond.

<The housemaids bring in the sliced cheese but Fabella wants to have the other type of cheese.>

FABELLA: The whole idea was that we could do it. We already did the homework and there was no problem about the financial requirements. No problem at all.

PADERANGA: But, the teachers might be a problem?

FABELLA: No, no. Well, it would take time and we were saying, “We have two options: one option is to start grade one and tell them, ‘You will go until grade eight and so there will be gaps but these gaps will show later.’” I thought, the kiss of death was when you said, “Everybody would wait. Everybody would have to go eight years, right away.” It would be difficult. We took turns presenting our programs and I took my program and [President Fidel] Ramos said, “That’s very good. I like that. We’ll adopt it.” I said, “No. We cannot adopt it yet, it requires a lot of PR... a slow and gentle approach...” But we had a hotshot press secretary. The next day it went out: grade seven and grade eight! *Patay!*

PADERANGA: Was it Rodrigo Perez Jr.? ...

FABELLA: No, Rod [Rodrigo] Perez Jr. was secretary of finance. There was another one...

RIVERA: Press Secretary?

FABELLA: No, Rod [Rodrigo] Perez was secretary of finance, and then he was eased out by... Rod Perez was secretary of finance under [President Diosdado] Macapagal. But under [President Fidel] Ramos...

<The group tries to figure out the name.>

BENAS: Rodolfo Reyes.

RIVERA: Right, Rodolfo Reyes, a former newspaperman.

<The house maid brings in the cheese and cheese cutter. Fabella instructs the team how to use the cheese cutter.>

RIVERA: So you were Secretary of Education for a total of how many...

FABELLA: Two years. When I came in, I said [to President Fidel Ramos], "Ed, do you really want me to become secretary of education? Don't you mean Central Bank or Secretary...?" "No, no, secretary of education." I told them, "You know, there is a bill splitting up the department into three," I said, "You will need [Edgardo] Angara. You cannot do without him because he has leadership in the Senate." I said, "If I were to tell you to choose, I would be the first one to say, that I am much more dispensable." But, I said, like Yamamoto, "I could go nuts for two years and finish." So I really did two years, and after that, I was out...

PADERANGA: Who took your place?

FABELLA: [Ricardo] Ric Gloria.

PADERANGA: Yeah. Right, right. He passed away already.

FABELLA: Yes. I kept telling him, "Ric, no secretary of education has ever been elected as a senator."

PADERANGA: So he wanted to be a senator?

RIVERA: He ran.

FABELLA: This is a sidelight no... When I became Secretary of Education... What's her name? Imelda [Marcos]! <laughs> She's a good friend. We still say "hello" and so on. "Armand, you are now the Secretary of Education. Now we are claiming the ownership of University of Life. But because you're the secretary of education, I will wait. And when you finish your term, we will then file a case claiming that the University of Life is a private property, not government-owned." I got nervous so I called our legal counsel, "How good is the Solicitor General?"

PADERANGA: Solicitor General?

FABELLA: “How can we do this? We cannot hire any private lawyer, it’s prohibited to hire private lawyers.” The next day, I was having lunch with Lucio Tan and he said, “You doing a good job. How can I help?” I said, “I need one to five million pesos because I need to get private lawyers. I cannot pay them with government money, but I can pay with private contributions.” “Yes, you have it.” He gave me PhP10 million. That guy is really kind. I told my legal guy, “Get me some good private lawyers. We will not win if we continue with the Solicitor General.” ...

I said, No way, I’m going to leave this place... And we will lose the case.” “Use that money as you want, including a bit of a push here and there. But I want to win that case.” It didn’t take very long and the Supreme Court decided that the University of Life was government property. And I knew, we would never have won it without the use of private counsel. No way, especially it was Estelito [Mendoza] on Imelda’s side... He’s brilliant!

RIVERA: You got to give it to that guy.

FABELLA: Those were the highlights. The rest were just ordinary. Then finally, the question of [governance]... They could not understand the difference between the Jeffersonian and Jacksonian] systems of government. Do you know that? <laughs> In the Jacksonian system, the idea is whatever resources you have, everybody gets a fair share. You spread it out. In the Jeffersonian system, you are essentially looking for ... intellectual leaders, and therefore, they are not the same. You have to search and find out who they are. They can be poor and so forth, but you have to search for those who would be probable leaders. Between the two, whether I like it or not, I would go Jacksonian... Everybody gets a crack. I remember that because early in the game, I was asked to open a school... Magat Valley?

PADERANGA: Marag.

FABELLA: Yes, that’s it.

PADERANGA: Yes that's the NPA (National People's Army)-controlled Marag Valley.

FABELLA: Is it Marag Valley?

PADERANGA: This is the one controlled by the NPA (National People's Army) for more than 10 years.

FABELLA: That's right. "We want to open some schools." "Okay, you have it." We had to go by helicopter. The Chief of Staff, who was with me, said, "Sir, those are three peaks. One belongs to us, the other two belongs to the other side." Then I looked at the children there, who would be the first batch of students... No one had any pants. I was thinking, if even one of these guys, by some twist of fate, would progress ahead—it's worth it... We might have a president here. So I helped but I do not know what happened to that. They had a lot of difficulties but we built the schools, so there you are.

PADERANGA: Can we still ask you questions?

FABELLA: Sure.

PADERANGA: What were the main economic issues during the time of [President Diosdado] Macapagal? ...

FABELLA: Macapagal knew too much in terms of academic knowledge. He had a PhD in Mathematics. But he was still thinking in terms of pump priming.

PADERANGA: Very Keynesian.

FABELLA: I wouldn't call it Keynesian. He even had the emergency PEA (Public Estates Authority) where the idea was...

PADERANGA: I thought that idea was yours.

FABELLA: No. “The difference between PEA and the regular public works: in public works, you spread the gravel with the machine; in PEA, you take the bits and...<laughs>.” That was pointless. I had no difficulty with the way the budget was run under [Faustino] Sy-Changco—that was key. When I came back after [President Ferdinand] Marcos came in, I even remember how rude I was to [President Diosdado] Macapagal. I said, “Mr. President, I will work with you. I don’t think you could pay me what I’m getting now.” <laughs> “But we will try and see what we can do.” But anyway, in the case of [Ferdinand] Marcos, he was hands on if he wanted to know... Marcos always tried to have a hand in every pie. He would bring in a good man, but he would not leave him alone. He would ask a lot of whys.

PADERANGA: This was Marcos?

FABELLA: What I remember most about him... We were discussing systems of government, and Marcos said, “Whatever you say, I am not a Mi-chi-ve-li.” <laughs>

PADERANGA: So he had not really read it...

FABELLA: No. He just couldn’t pronounce the name. And the other one, he said, “I will fight this until it reaches the SUP-preme Court.” I went crazy! I was wilting each time. It was fun.

PADERANGA: Isn’t it SUP-preme Court? ...

FABELLA: It was SUP-preme Court, and it’s wrong. It’s sup-PREME court. What worries me now is Esperon. That will trigger a shooting war.

PADERANGA: That was what happened before.

FABELLA: How could a couple of idiots get that power? Never trust a military man for a peace negotiation. Never!

PADERANGA: But there were... How many secretaries and secretary equivalents do we have right now? 120?

FABELLA: I don't know the number of secretary and similar positions and the undersecretaries... Who are we going to blame for this? His name is Ramon Magsaysay. Before him, the secretary was political and then, you had one undersecretary who did all the technical work. When [Ramon] Magsaysay came in, he said, "All the way down, they are all now political. They can't be removed, you cannot kick them out, but you can transfer them." Now, it's so deep that, as far as I know, there is no longer any such thing as reserve for technical [positions]. Even all those career executives, they're all gone. We even developed a training program for them. But then, it's always dark before the dawn. So let's see what happens.

PADERANGA: Would it be correct to say that the influence of the professional technocrats were stronger during the Martial Law period in terms of policies?

FABELLA: That's not true, no. Do not forget that the Central Bank, an important institution, was undergoing a shift from central planning to a system of market economics and they didn't give that up very easily. It's true that [President Diosdado] Macapagal provided the first crack, and after that, slowly it shifted. But there is no such thing as a period, which has configured into the present. Now you can take certain things, like the question of standard regions. But what's that? So I don't know how we're going to develop continuity. Continuity is very important. The one agency I admired the most was NEDA (National Economic and Development Authority) because of the quality of its leadership. But at the same time, the story of NEDA is a story of an agency going downhill. Because the advantage or the strength of NEDA lies on its allocative powers and the allocative powers were thrown out of the window. The person whom you could blame is Jimmy [Jaime] Laya. The idea was that the budget [department] did the annual planning, but it was counting on NEDA to develop the medium term [plan]. But Laya said, "We will do it indicative." Then it turned messy. Budget is an important entity now. The other one is the ability for judicious use of borrowing by Finance...

PADERANGA: The budget now, the way it operates.

FABELLA: Cut and dry.

PADERANGA: Do you think of it as more like a shear. The president just draws upon or is it a little bit more discretionary?

FABELLA: The budget, as far as I know, is 100 percent discretionary. They will look out for the stated provision which they can use and will use.

PADERANGA: But is it independent of politics?

FABELLA: <laughs> No, no, with a guy like [Rolando] Andaya [Jr.]... You will have to accept a certain degree of politicizing. I'm fond of telling my people that when you have a government board, you can expect that half of that board will be useless, the political appointees... Just make sure the ones who are still working and who are helpful, do not fall less then. The one who told me that had two important management techniques. I consider [President Diosdado] Macapagal to be perhaps, the most knowledgeable but clean. There is another one who is clean but who didn't know anything. Who's that?

TADEM: Cory [President Corazon Aquino]?

FABELLA: You got it. <laughs> Now, I'll let you in on a secret. Do you know who Cory [Corazon Aquino] invited as her date for the senior prom?

TADEM: You?

FABELLA: Yes.

TADEM: Did you accept?

FABELLA: I had no choice, the father's so rich! <laughs> No, we were close family friends. What I was saying was [President Diosdado] Macapagal deserves more... recognition... And he was so simple. I remember, after we lost the election I had to go to him and have some papers signed. "Who's around?" I asked the guard. "Sir, nobody came since the election. Nobody showed up." They all stayed away [from him] like a plague. So, he signed it and then he said, "Well, I suppose that's the way things go. You can't have everything your way." "Yes Mr. President, it's a shame." And he said, "But I never realized what powers the Lopezes had." Those were the things that I remember. He was very sincere... maybe to some extent, simple but sincere.

PADERANGA: ...What were his differences with the Lopezes? It's probably not related directly to the technocracy, but it may have something to do with the policies that were...

FABELLA: Yes. One had to do with the fact that the Lopezes were against land reform. That's basic. Secondly, the Lopezes regarded [President] Macapagal as a threat to their wide range of assets. And they got together with [Ferdinand] Marcos very early in the game. There was a time they were fighting for the Senate Presidency, and the fight was between Fernando Lopez, who didn't know anything, and Marcos. In so far as I was trying to write something on this... You had two good men: one was Marcos... always there knowing what was to be known and already stepping... And the other guy was [Fidel] Ramos. Ramos divided functions into two: those which he could handle himself and those which he knew nothing about. I fell in the category of those he knew nothing about. I remember telling Fidel Ramos that I must have a say in all government appointments in education. I had a long fight with [Salvador] Enriquez who was the budget commissioner. Because he [Enriquez] said that they were responsible for the budgets of the state colleges and universities. He said, "We will take your recommendations under consideration." I told him, "Let me get this straight. I'm the secretary of education, but you're telling me that you will take my suggestions under consideration when you don't know anything about education. You know a lot about the financial parts..." "Ah, but that's the way it is." And then he said, "But you don't have any authority." That's where I saw statesmanship. [President Fidel] Ramos stood up and said, "True. The authority of the Secretary of Education maybe subject to limitations, but the authority of the President to take charge of government is unquestioned. And when the

President delegates his authority to the secretary of education, it cannot be questioned. I have just delegated that to you.” I almost kissed him! <laughs> Here’s the last one. When I joined [the] Ramos [government] we went on a cruise. Mrs. [Amelita “Ming”] Ramos went up to me and said, “Armand, do you remember me?” <pause> “We dated!” <laughs> Yes, she was studying at a physical education college in Cambridge, which is part of Boston University. I said, “What would have happened if we had continued our relationship?” “Easy,” she replied, “you would now be President of the Philippines.” <laughs> That was good!

RIVERA: Your friend? <laughs> General...

FABELLA: I have provided you all a pleasant afternoon. <laughs>

PADERANGA: We have more questions.

FABELLA: Okay.

PADERANGA: You maybe busy.

FABELLA: No, no. I really left this afternoon open.

TADEM: Sir, I want to ask you about... Martial Law...

FABELLA: That was the one thing I never expected. When we prepared the Reorganization Plan, we thought of the usual central planning versus market economies. How would you adjust if you had one model oriented towards Western capitalism and suppose you had another one more oriented towards Marxist... We studied that... the differences. It never entered my mind, martial law. It never occurred to me...

RIVERA: Looking back, in one sense martial law provided all kinds of opportunities...

FABELLA: It did. Yes.

RIVERA: ... looking back again, what sort of reforms or changes wouldn't have been possible?

FABELLA: A lot of them were possible because of the support of [Cesar] Virata. He was supportive and he knew his limits. He knew that "if you're talking to [Benjamin Kokoy] Romualdez, don't make him an enemy. It would be pointless." But "if you're talking to Jolly [Jose Conrado] Benitez, don't bother". He knew his limits. In the areas where he knew he could push, he pushed. It didn't change the fact that we ran to a fiscal crisis. We knew it was coming, but we couldn't do anything about it.

PADERANGA: You had a vantage point from the Reorganization Commission...

FABELLA: [Also]... from the fact that I attended all the cabinet meetings. Under [President Diosdado] Macapagal I was a cabinet member... When it changed to [President Ferdinand] Marcos... while I was doing reorganization, they had the habit of asking me, because the reorganization was not implemented all at the same time, it was done department by department. And it was Cesar Virata who said, "You will have to be present in all the meetings." ... that was a tremendous opportunity to find out how things were going. I credit Cesar Virata with maintaining some form of balance because the others were really thieves... They may have meant well, but between Imelda [Marcos] and Jolly Benitez... Jolly, God, that's a different story.

TADEM: Sir, during martial law were you more insulated from politics compared to the [President Diosdado] Macapagal period? Was it a different kind of politics?

FABELLA: No. By the time martial law came, the Reorganization Plan was complete all the way down. We really stayed away from local government and from government corporations. It was centered on just government proper. I had some very good people. One of them was Raul [de Guzman]. You had to listen to him because he knew what he was doing. You may not agree with what he wants... Is he still alive?

PADERANGA: Weak and slow. But I think he's still...

FABELLA: Will you ask him specifically? Because he later became involved as the eminent priest of Erap [President Joseph Estrada]. He was really the one in charge of the whole concept of regionalization.

PADERANGA: Now we have much better respect for the [UP College of] Public Administration people. <laughs>

FABELLA: Are you kidding? <laughs>

KATAYAMA: At the time, what was the official position of Raul de Guzman? Was he a consultant?

PADERANGA: No. He was part of my staff. In other words, I picked out people like...

KATAYAMA: How about Alexander Brillantes?

FABELLA: Yes! Little Boy. <laughs>

PADERANGA: What about [Rodrigo Dodong Sosmeña]? Was he ever? So that's how he started in government.

FABELLA: Yes, he was also with us.

KATAYAMA: Was he was director of local government?

FABELLA: We call them members of the staff... They were not full time, but they were on call. Every time we had a problem, it was very important to know that you could call upon certain people instead of starting from scratch.

PADERANGA: And Benjamin Catane was he ***?

FABELLA: No, that doesn't seem to ring a bell.

PADERANGA: Benjamin Catane, he must have been with the Development Academy of the Philippines (DAP).

RIVERA: Was DAP (Development Academy of the Philippines) under Onofre D. Corpuz? Was he ever involved in the reorganization plan?

FABELLA: The DAP, yes, was part of the concept of a more professional civil service. So in the Reorganization Plan, there was a portion that dealt with the development of a career executive service. The career executive service had two aspects: One was that, if you're a member of the career executive service, you cannot be fired. You can be transferred but you cannot be fired for at least one year, and if they really cannot find a position for you, you have one year off enjoying yourself. But more than that, and here OD [Onofre D. Corpuz] was very important, was the development of a esprit de corps... in which you had people who would be part of each group and they would develop a sense of belonging to that group and there was a lot of [sharing and discussion] of problems in their department... That aspect, I thought, was critical because the problem-solving aspect you could not really take out of a book. It would surface... then, we could do discussion. And early in the game, you could say easily figure out the people who were there. They really had brains. I remember, one who impressed me most was Pat [Patricia] Licuanan. She was good! She stood head and shoulders over the others. There weren't that many.

KATAYAMA: What is the concept of Career Executive Service?

FABELLA: The concept was to provide a career service and it meant that you could not be fired. In this particular case, it was not forever. I think, it was one year or two years in which you would receive your salary while you were looking for other things to do. You could get kicked out of your position but you could not be kicked out of government.

KATAYAMA: Was it Raul de Guzman who thought of that or OD Corpuz?

FABELLA: It was not Raul. I think it came closer when we began developing the concept of the career executive academy, in Tagaytay. Probably more OD than...

RIVERA: Yeah, because OD's dissertation was on the bureaucracy.

KATAYAMA: But in your view, what was the reason for the failure... why the Career Executive [Service] was not successful as expected?

FABELLA: No, it was very successful until after EDSA because anybody who was part of the career executive service was... looked upon with some suspicion. So the career executive tradition received a very serious blow after EDSA, especially the concept of going to school. After that, it became a certification, which is different.

PADERANGA: That's different. It's being cut by the... Civil Service Commission...

FABELLA: But there was no substitute, I knew it. They would be there for several months. And it really developed a spirit of Caravaggio.

PADERANGA: I think they were there, eight or ten months?

FABELLA: No, but it was long.

RIVERA: And then it became in-house.

FABELLA: In-house. They lived there.

RIVERA: You develop that esprit de corps among...

FABELLA: If you've given it, let's say, three or more years, you would have a real nucleus. But no matter how much a nucleus you might have, the fact is, anybody who had a fairly high position or authority under [the] Marcos [government] was automatically... And you had all these new guys coming in, who didn't know anything.

RIVERA: So it was, as if, the products of the ... under Marcos were in effect...?

FABELLA: It had nothing to do with me, it had to do with the leadership of OD Corpuz, coupled with the support provided by [Cesar] Virata. Because the old program was financed by the...

<Fabella asks his daughter, Bunny Fabella, who won in the basketball game of JRC.>

RIVERA: On a personal note, what is your family's link with JRC (Jose Rizal College)?

FABELLA: We're affiliated, I guess. Let me give you a little background about Jose Rizal College. There was this boy who grew up in Pagsanjan and his mother was a real entrepreneur—buying a lot of coconut land. He went to school and then he applied to Northwestern University. That's my father and they asked him, "What do you want to be?" And his answer was, "To be a successful and rich businessman." But he was accepted anyway. He went to two schools at the same time. He went to the University of Chicago in the morning and he went to Northwestern at night. He noticed one thing—that unlike the private academies in the Philippines, which were all proprietary in the US, these were all non-profit. So that got into him ... By the way, he was the first Filipino certified public accountant... He got it in Wisconsin. When he came home, he said, "I will build this school Jose Rizal College on a non-profit and non-stock basis." He said, "I could afford to do that because of the income I was getting from accounting and coconuts." You could only afford that sort of luxury if you had other sources of income. The only relationship we have with JRC (Jose Rizal College), [we are] members of the board. We have no ownership. During the war, we were here okay, but my father was nuts about the stock market. He was really nuts! And he made a mint of money because his wife told him, "If you don't stop it, I'm going to leave [you]." He sold all his stock market assets and, a week later, the market collapsed. There were only two of them, one was Benito Lim and the other was him, who sold [for] whatever reason. So that was one, but he was like a gambler or a womanizer, in the sense he couldn't really stay away for too long. After he left, he took us all to the United States to study. My father was wealthy. We went there ... That was next door to Wall Street.

He got the bug again. So he bought and sold stocks, and he was doing very well. Then the war came. Before the war came, he went home. Then I think, he had something like 25 thousand dollars, which was a big amount in stocks. Then he came back home...the Japanese invasion, hardships, and so forth. After they put together the cable service, he sent a cable, "How much are my stocks worth? Do I have any more?" "Yes, you have about half a million." <laughs>

PADERANGA: By the time the stocks have exploded...

FABELLA: War? What do you expect? My point, is we never had to worry about funding the school simply because there were no profits. Everything was being ploughed back. And we're very proud of our latest building, the only two-court gymnasium made of Norwegian pine... Anyway, our relationship is simply one of control, because we are the members of a five-member board. It's a very responsible board. Aside from that, the family doesn't own... We are non-stock, non-profit. It's essentially a university by itself... That's good because you don't have the enemy of dividends ... That's the relationship now. Now, I remember that I wanted to know how we could get more students. This was the time when I was very active, I was trying to improve the faculty, the students, and so forth. So finally, in desperation, I got the Buckingham Palace gates. Have you seen it?

PADERANGA: I've seen that. But I never thought that it was the Buckingham Palace gates.

<laughs>

FABELLA: It's similar, very pretentious. Wow, the enrolment went up. I said, "All my ideas about a good school are thrown for a loop." But it worked, everything is nice. They're all very proud because of the nice golden gates. You know who followed us? Far Eastern University. (FEU) asked, "What can we do?" I said, "You improve your fencing, make it look like Buckingham Palace." So the first thing they did was to do the one in Ferndale. The one who runs it is Louie Baltazar of Agriculture and Budget. I think, it tells you that all the things you learn are not necessarily valid or applicable.

RIVERA: Thinking out of the box. <laughs>

FABELLA: That's the way it goes.

PADERANGA: Can I get back to the main players during the time of [President Diosdado] Macapagal? You talked about the power of the Lopezes. Who were the countervailing powers?

FABELLA: There was one important adviser of Macapagal, and that was Feny [Rufino] Hechanova.

TADEM: How was your relationship with him?

FABELLA: No problem with Feny [Rufino Hechanova]. I had no plans for my own empire but he was responsible for getting Rodrigo Perez Jr. out of Finance and taking over himself. He was the complete schemer... He was also the brother-of-law of Alex [Alejandro] Melchor.

PADERANGA: But was he also an Ilonggo?

FABELLA: Who?

PADERANGA: Feny [Rufino] Hechanova.

FABELLA: Yes.

PADERANGA: How is he related to the Lopezes?

FABELLA: I really don't know. When you're related to the Lopezes, you're really talking about the Villanuevas. They have far reaching relationships. The Lopezes can claim some relationship with almost every wealthy family in the Visayas, especially on the Ilonggo side. I don't think it has anything to do with the collections. I think, it was simply the fact that my

classmate at Harvard was Oscar Lopez, but it doesn't change the fact that Feny [Rufino Hechanova] was ruthless. They were very ruthless, which was okay, because that's how you get through in life. I didn't know the Lopez [family] was so powerful. He was talking about how they were able to block many of the land reform programs... There you go.

<Fabella asks the group to take the cheese.>

PADERANGA: Were there other business blocs and how strong were they?

FABELLA: There were business blocs, even before, when you had the dollar saving... Remember, one was Alfredo Montelibano and Salvador Araneta in one group, and Miguel Cuardeno and the other, remember? I think Eugenio Lopez Sr. was just moving out of Binalbagan and moving into the Chronicle.

PADERANGA: I see. By the time, had they already taken over Meralco?

FABELLA: Not yet, that came later.

PADERANGA: 1958, Laurel-Langley [Agreement] would be end of the American... They would have sold out by late 1950s... the Americans in Meralco?

FABELLA: I'm trying to figure out, because, as far as I know, their thrust was in Binalbagan, Isabela. That was the money-maker. From Binalbagan, Isabela, they moved into the Chronicle.

RIVERA: Was Binalbagan a milling plant?

FABELLA: Sugar. And the Lopezes got involved in Meralco. One shady deal was Jose Yulo. And Canlubang ... Maybe not shady, you know, according to what happened. The other one was the Lopezes vis-à-vis Meralco.

PADERANGA: Essentially like a leveraged buy except [that it was] using government guarantee.

FABELLA: I really don't know all the details. All I know, they were everywhere. You are getting exactly the opposite. Oskie [Oscar Lopez] is smart. He knows when to pull out of an area where he is under the thumbs of the government. They pulled out of the North Rail... I think, it was a very good move, because they could have never made money on that with all the pressure they would have gotten.

RIVERA: How about... what are referred to as emerging Filipino entrepreneurs... People like Rodriguez?

FABELLA: They were able to do this because [President Carlos] Garcia was pro-Filipino First. And Filipino First, the resource that would make you do well would be access to foreign exchange and therefore, if you start cutting down on foreign exchange for foreigners and improve the foreign exchange for Filipinos, it would be another story. I had a cousin who got a huge amount of dollars for electrical equipment. So he bought a little store in San Juan and he had little transformers ... supposed to be his business and then used all the money for himself... Because you could always buy that and then sell it right away with a rate differential. But it would have been worse if we didn't have the Filipino First [Policy] because now we're all second-class citizens. You are second-class if your family name is multi-syllable.

PADERANGA: White and yellow?

FABELLA: No. The white is only one. There were two of them. One was Ayala and the other one was...?

PADERANGA: Sorianos?

FABELLA: No, not the Sorianos. No, the other one, the Elizaldes. Now, this other one was trying to parlay it by virtue of his Spanish blood. And it just fell apart. We will need to

address the imbalance between assets and skin colors. If you don't do a deliberate act of trying to be racially more balanced, we will have problems. I don't think any brown-skinned Filipino admires yellow skin. If anything, there is envy.

RIVERA: Are you suggesting some form of government intervention?

PADERANGA: Bumiputra?

FABELLA: No. Not quite Bumiputra. If you're going to leave it as it is, then power begets power and money begets money. If you need funding, you get it from a multi-syllable source. And they will not lend it to you, they will be part of it. So I don't know how much longer we can keep it this way. My real concern is the economy. The only difference is that whenever we had bad news about the economy before, I would almost get sick trying to figure out what to do. Now, when I get bad news about the economy, the first thing I think about is, "How can I take advantage of this [situation]?" Once you know [how] the average bureaucrat thinks, it's okay. You can figure out what they're going to do. Especially in interest rate planning where equity goes down then interest rates go up. That's almost certain. You don't need to think too much, unless, of course, your education was public administration. That is another story...

PADERANGA: By the way, we will, of course, edit [the transcripts] and so on. But the videotape will remain part of the record.

FABELLA: Yes, you've said that... The University of the Philippines will have the power to be the source of... <laughs>

PADERANGA: There will be two sets. We will keep one here, and the other one will be in Kobe [University]. Katayama-sensei is in Kobe.

FABELLA: But have you scheduled Ting [Sixto] Roxas?

PADERANGA: Yes, in fact, we already had two [interviews].

FABELLA: Have you scheduled Benito Legarda Jr.?

PADERANGA: Not yet.

FABELLA: Schedule him. How about Amado Castro?

PADERANGA: Not yet.

FABELLA: For all his idiosyncrasies, he's worthwhile.

PADERANGA: The reason... We are focusing on the technocrats, the people who had been in government and had essentially influential positions.

FABELLA: You will want Cidito [Placido] Mapa before he dies.

PADERANGA: Yeah. He was in the [list] ...

FABELLA: But he's Opus Dei.

<Fabella talks about food and his daughter Bunny Fabella and Prof. Leonor Briones>

RIVERA: Did you ever work ... with Paeng [Rafael] Salas?

FABELLA: Not directly. Every time I would go abroad, I would get a phone call saying, "Can we meet?" And we'd always meet in some unknown Chinese restaurant in New York.
<laughs>

KATAYAMA: Chinatown or?

RIVERA: He was already with UNDP (United Nations Development Programme) then.

FABELLA: He lived in the Waldorf. But I would always get an invitation to a stupid Chinese restaurant, not in Waldorf.

PADERANGA: Maybe the food in those Chinese restaurants was better than the one at Waldorf.

FABELLA: Yes. The thing is, at this point, you don't think in terms of the food they serve you, you think in terms of the place...

<Fabella asks the team to go to the dining table to eat for dinner.>

RIVERA: Are you related to the former Professor [Gabriel] Fabella of the UP history department?

FABELLA: No. I'm related to the former Secretary [Vicente] Fabella, the first secretary of health. The Fabella hospital was named after him.

PADERANGA: So Fabella Memorial?

FABELLA: They keep saying that we're the owners, but that's not true.

PADERANGA: Actually it's government hospital.

FABELLA: One of the big five hospitals, then.

PADERANGA: *** They're the ones pushing for the child-friendly program.

<Fabella talks about the hospital's program. The group proceeds to the dining table.>

FABELLA: Alex [Alejandro] Melchor would've been very good.

PADERANGA: We found out that we also missed out on Adrian Cristobal.

FABELLA: Why?

PADERANGA: Because we were searching for... Who wrote the... What it's called?

FABELLA: He was a mouthpiece!

PADERANGA: ...The justifications. We always thought that OD [Onofre D. Corpuz] had something to do with the intellectual justifications.

FABELLA: No, no.

PADERANGA: We found out from [Cesar] Virata, from you and OD [Corpuz], that you were all surprised when Martial Law was declared. So we were looking and the only candidate left was... Adrian [Cristobal].

FABELLA: No. You forget the other one. What's his name, the Opus Dei?

RIVERA: [Francisco] Tatad?

FABELLA: [Francisco] Tatad was one of the three: secretary of defense, the executive secretary, and the press secretary.

RIVERA: So you're saying Tatad knew all along.

FABELLA: Yes.

RIVERA: We should interview Tatad.

KATAYAMA: I have contact. I talked to him, one month ago. I will see...

<The team talks about collegiate basketball>

RIVERA: Another thing about the generation of technocrats after the war...

FABELLA: I'll tell you what you missed. Who are your military sources?

RIVERA: We only had one so far.

FABELLA: Who?

RIVERA: [Jose] Almonte

FABELLA: How about [Mamerto] Bocanegra?!

RIVERA: Is he still alive?

FABELLA: Find out. He was responsible for planning operations...

RIVERA: Mamerto Bocanegra. Chief of operations...

PADERANGA: You would be meeting the people who detained you.

FABELLA: Alright! Remember this: never have permanent enemies because you can never tell when you will need them. Bocanegra was the one who planned martial law. He was with the group that put together who would go where and so on.

PADERANGA: So was he one of the Rolex 12?

FABELLA: Maybe, one of the Rolex 12. He was definitely a plotter and he's a nice guy. The other one is the one who became superintendent of Philippine Military Academy.

RIVERA: Not [General Jose Ma.] Zumel?

FABELLA: Which Zumel? One is pro, one is con.

RIVERA: The General?

FABELLA: What I mean is, you're going to develop a matrix, whether you like it or not. And this matrix will be three-dimensional. It is in dimensions of time and...

RIVERA: Your strength is in continuity: [Diosdado Macapagal, [Ferdinand] Marcos, [Fidel] Ramos, well and of course, Cesar Virata.

FABELLA: No, no. You're forgetting my start.

PADERANGA: Yeah, that's why we are asking you whether the technocrats started with Macapagal.

FABELLA: No.

PADERANGA: And you said no.

FABELLA: I know, because [Ramon] Magsaysay asked me to help him with respect to the economic problem. At that point, I was just coming back from the London School of Economics (LSE)...

<The house maid gives Fabella his utensils and he jokes around... asking the maid if the utensils are genuine.>

FABELLA: The other one that you must check out is the religious group. You must find out who were those who were not only pulpit reactionaries. The only time they coalesced would be under Cardinal [Jaime] Sin. But you can't tell me there was no leadership then, and Sin came very late in the game, only after he politicized himself by beginning to attack the Marcoses. I would like very much to see that matrix, where you covered everything and you've said, "Yeah, this is the best we can do." But the worst thing is when you say, "How

about this?" "Oh, we can not find anybody." I think you're doing a good job, especially if you're limiting it to oral history...

RIVERA: For the Magsaysay-Garcia period...

FABELLA: That's nothing now.

PADERANGA: We have essentially you and [Sixto] Roxas.

FABELLA: No, Roxas was not Magsaysay. He was Macapagal.

PADERANGA: Was he in the BSP (Bangko Sentral ng Pilipinas) at that time?

FABELLA: When I met [Ramon] Magsaysay, I just came back from Harvard.

PADERANGA: He was on his way there...

FABELLA: Not only that, he was a graduate of JRC (Jose Rizal College). So, "You're the son of Don Vicente?" "Yes sir." "You help us." Just like that. Of course, I didn't tell him, "I'm making more now than you'll ever be able to pay me." <laughs>

RIVERA: Did he [Benito Legarda Jr.] start with... Was he pre-Macapagal...?

PADERANGA: Oh yeah...

FABELLA: When he [Benito Legarda Jr.] went to Georgetown, he was on his own. But when he went to Harvard, he was with the Central Bank...

RIVERA: Was he was already in the Central Bank then

FABELLA: Yes.

PADERANGA: Did he finish about 1959 or earlier?

FABELLA: Let's see, I graduated 1953... He must have been 1955 or thereabouts, because I was at LSE (London School of Economics) when he called me up. He said, "Is this Dr. Fabella?" I said, "No." "Well, this is Dr. Legarda." <laughs>

PADERANGA: Did he finish around the same time as Amado Castro, who was 1954?

FABELLA: I think Amado was a little ahead. Amado had a hard time, did you know that?

RIVERA: At Harvard, really? ... <laughs> Why was there an unusually large concentration of Filipino scholars going to Harvard during that time?

FABELLA: Would you have another school in mind?

RIVERA: <laughs> No, no. I know. What were the... opportunities available then?

FABELLA: Did you know how I got in? My last year of public high school was in Los Angeles... And they said, "There's an interviewer from Harvard coming here". One of my teachers said, "Why don't you go see him?" Okay, so I went to see him and I just finished reading *Gone with the Wind*... [of] *Scarlet O'Hara* ... And he said, "Why do you want to go to Harvard?" I said, "Because when I was in the mountains during the second world war and Manila was burning just below me, I said, 'One of these days I'll go to Harvard.'" Next thing I knew, I received a thick packet. Ah! Accepted. But I was told later on, based on my records, I would have never been accepted

PADERANGA: I feel the same way.

FABELLA: You're from Stanford, right?

PADERANGA: Yeah. I don't think I will get in now. What about Amado Dalisay? He was also Harvard 1949, I think.

FABELLA: Yes. But he was there during the war, I think, there were several of them like Teroy [Sotero] Laurel and Leo [Leonides] Virata who were abroad during the war.

PADERANGA: Noel [Emmanuel] de Dios... and I wanted to look at who had taken graduate degrees in economics. And the earliest one we can come up is Andres Castillo, who according to Noel was from Columbia, 1930.

FABELLA: Wait, wait.

PADERANGA: Would you know anybody earlier?

FABELLA: In economics, I'm not sure. Cornelio Balmececa, Harvard.

PADERANGA: Could he could be in economics?

FABELLA: I don't know. He was in graduate school. Two of them: Cornelio Balmececa and [Alejandro] Lichauco?

RIVERA: Ding [Alejandro Lichauco]?

FABELLA: Not Ding.

PADERANGA: Ambassador [Marcial] Lichauco?

FABELLA: Yes.

PADERANGA: Then the next one was Horacio Lava.

FABELLA: Is he still alive? No. He's dead.

PADERANGA: In 1935?

FABELLA: In the case of Horacio Lava, have you talked to Remy [Lava]?

PADERANGA: Remy?

FABELLA: Horacio Lava had two children, two girls. One was Remy Lava, who married... He became an undersecretary of finance?

RIVERA: Under whose presidency?

FABELLA: Remy [Lava] became president of the Development Bank of the Philippines and the husband was working with Sycip, Gorres & Velayo (SGV).

RIVERA: We're curious; during cabinet meetings with [President Ferdinand] Marcos was there more or less an open-ended kind of dialogue with him or did he dominate... ..

FABELLA: More or less, he dominated, in the sense, that he would set the tone of what had to be taken up and why ... He was very hands on. In terms of substance, I would still give it to [President Fidel] Ramos. Ramos was always saying, "I want Complete Staff Work (CSW)." I got tired of that.

PADERANGA: Complete Staff Work.

FABELLA: Which is a military term.

PADERANGA: That's how battles are lost. <laughs>

FABELLA: No. That's how we get these MOAs (Memorandum of Agreements), because it's incomplete CSW.

KATAYAMA: Again just out of curiosity, did [President Ferdinand] Marcos understand the theory that you proposed or talked about?

FABELLA: I had never seen him caught short in terms of not knowing the matter. If he was not aware and he didn't need it right now, he would find a way to move the subject out. But he was not going to admit that he didn't know. I was telling some people I worked with under [Ferdinand] Marcos, "Let's do a short book where we say only good things about the guy." I am not aware of any book where they say good things about him, except the ones published during his time. And yet, there were so many things that were established under his government. And the very obvious ones are, Central Bank, Finance... Bobby [Roberto] Ongpin... Those two were the best: Bobby Ongpin and Labor.

RIVERA: DOLE (Department of Labor and Employment), under Blas [Ople]?

FABELLA: Blas Ople and Bobby [Roberto Ongpin], if something was still under discussion, you could almost hear their wheels turning around, saying, "What are the effects, the results of this? What's the end game? What do we do here?" whereas [with] Cesar [Virata] it would take a little longer. He tended to masticate it carefully, and then he would come to a conclusion, but not exactly the same as these other two. Two bastards, if I ever come across them. But they acted fast...

KATAYAMA: We got the impression, just tentatively, that [President Ferdinand] Marcos preferred...

FABELLA: Women. <laughs>

KATAYAMA: No, no...self-made men and he did not like [the] upper-class. So you might be one of the exceptions.

FABELLA: But I'm low-class. <laughs>

KATAYAMA: So did you sense [that]?

FABELLA: [Ferdinand] Marcos himself did not ask me. It was the brother-in-law, [Benjamin] Romualdez. There were too many people saying, ‘Why don’t you try and get Armand?’ [so] I wanted to talk to him and find out what...”

PADERANGA: But do you agree that... in other words... pedigree wasn’t that important to [Ferdinand] Marcos...?

RIVERA: More the expertise?

FABELLA: He didn’t care about pedigree, but it didn’t mean that he threw it out of the window. His wife is very fond of pedigrees. But the fact remains that he was a no-nonsense person. He would say what was on his mind, and he would be very blunt, at times. The ones who could assimilate very quickly the essence of any problem would be Marcos and [Fidel] Ramos. For Ramos, if it was engineering or military, he would be hands on. He would want to know all the details, otherwise, he would simply say, “It’s like this...” “What do you suggest?” And this was true of all the social departments... Department of Social Welfare and Development, Education, Health...

PADERANGA: I think, even economics?

FABELLA: [President Fidel] Ramos, yes, he was into economics too... It was Boy Blue [Ramon del Rosario, Jr.] who suggested... to get this guy [Ramos] straightened out or at least listen to our views privately. So we had an afternoon meeting that lasted late in the evening... We exchanged views with the guy. In other words, these were all members of the cabinet or people at that level and he would, in effect, say, “If you’re going to limit it to one or two items, what would you tell me to look at?” And I remember what I said: consolidated public sector debt, which in fact, perhaps was the bottomline that you could not permit to slide out. The others were talking about the national budget and I was saying, “No, no, no. You get everything because that’s the way you get the picture.”

PADERANGA: Was Gabby [Gabriel Itchon?] present?

FABELLA: No.

PADERANGA: Because, I think, Gabby enjoyed access to [Fidel] Ramos.

FABELLA: Yes, but you must make a distinction. He enjoyed access to [Fidel] Ramos because they were classmates in elementary and high school ...

PADERANGA: One year...born the same day?

FABELLA: Something like that. But when we met that afternoon, it was Boy Blue [Ramon del Rosario Jr.] who was managing it. Roy Navarro was present and then, there was this guy...?

PADERANGA: Raffy [Rafael] Alunan?

FABELLA: No. I'm referring to a Fil-Am.

PADERANGA: Joey.

FABELLA: Joey [Jose] Cuisia. He was also there. I think, he was still the Central Bank governor [then].

RIVERA: One perception was that General [Jose] Almonte had a crucial role in the deregulation of the economy under [President Fidel] Ramos. What was your assessment of that?

FABELLA: I don't think so, I mean, he might have put in his two cents. But there was a very vocal group including Boy Blue [Ramon del Rosario Jr.] before he got thrown out the window, and Roy Navarro who remained very strong with [President Fidel] Ramos until the end, plus a few others. I remember I was included in that no holds barred [session].

PADERANGA: So in the deregulation of telecoms and interisland shipping, was this essentially [Fidel] Ramos?

FABELLA: It's hard to tell. What I'm getting at is, deregulation was such a fashionable thing then that it was a difficult thing to say exactly who led the charge.

PADERANGA: But there were significant obstacles... at the time.

FABELLA: The one I know, where he really took a hard line right away, was in energy.

PADERANGA: The [development of] energy power.

FABELLA: As you said, we had all these rules... But the fact remains it solved everything. There was Joker [Arroyo]. What's his name? The one who made money? Ronnie [Geronimo] Velasco, in all fairness to him, although he was not exactly clean, the fact remains that he put together a long-term energy plan... When a copy got to Joker Arroyo, he simply asked, "Where did this come from??" Then, he threw it away. "Always listen to everyone. You can never tell when something might be worthwhile." You could always reject it but how can you retain it if you've never heard it, right?

PADERANGA: So the key programs really in the Macapagal [administration] had to do with decontrol, land reform, and government consolidation.

FABELLA: I'm not sure of the third, government consolidation.

PADERANGA: So there were no problems with fiscal [policy] and so on during that time that you inherited from the previous...

FABELLA: No. The carry-over was [Faustino] Sy-Changco. He was absolutely trustworthy. He knew his place; he had no political ambition, the perfect civil servant... Whereas the other one... Who was the former secretary of finance?

PADERANGA: Dominador Aytona.

FABELLA: ... Aytona had an agenda; that was the problem.

PADERANGA: Didn't Aytona... Didn't he come from Budget before he became Secretary of Finance?

FABELLA: That's what I meant.

PADERANGA: I see. So his assistant was [Faustino] Sy-Changco.

FABELLA: Yes.

PADERANGA: Then he left Sy-Changco.

<The group talks about the schoolmates of Bunny Fabella and Dr.Teresa Tadem>

FABELLA: But I remember one thing, when I was very young, my father said, "You know, whatever you do, don't get in the position where you will be looking back with regret at something that you did which was wrong." At that time, I worshipped him... I was too young to know otherwise.

PADERANGA: Who did you worship?

FABELLA: My father. He had money! <laughs> He was a real crook, Baltazar Aquino. Imagine, within six week after they laid that long highway from Lucena to Daet, it fell apart. And suddenly, he was able to put up a hotel in Legazpi. Remember?

PADERANGA: The Imperial Hotel?

FABELLA: Yes.

PADERANGA: Was he related to them?

FABELLA: Who?

PADERANGA: Baltazar Aquino.

FABELLA: No. His wife was an Imperial.

RIVERA: No wonder. Yeah, the Imperial is an entrenched political dynasty.

FABELLA: Baltazar Aquino was Johnny-came-lately, but the Imperials have been around for a long time.

B. FABELLA: ...He studied in the States, then he practiced in Manila, right?

FABELLA: Who?

B. FABELLA: Don Vicente [Fabella]. We were trying to figure out how you got from Paris to LA (Los Angeles).

FABELLA: What part of LA?

BUNNY FABELLA: You were born in Paris... in a small hotel in the fourth floor... You're the one who told me.

FABELLA: Yes, casa de puta. <laughs>

B. FABELLA: ... Really! ... He said, when we were in Paris, "Come, I'll show you where I was born."

FABELLA: My mother was very pregnant and they were deciding whether or not I was going to be born... They were thinking whether I would be born in Rome or Paris. Then it

turned out I couldn't be born in Rome because of visa [requirements]. But from Nice to Paris, it was not a problem. So, she had labor pains along the way. It was no problem because Secretary [Vicente] Fabella, the secretary of health, was around. They got to a train station...

PADERANGA: Which train station? Gare de l'est?

FABELLA: No, it's the one near Boulevard Haussman. I should know. Anyway, by the time they arrived there, she was having labor pains. They checked-in at the nearest hotel, which was a red velvet hotel. Later, my mother took us there and said, "This is the room where you were born." It was all red velvet and full of mirrors. <laughs> "Armand remember this, we were in the fourth floor, that is the nicest room." <laughs> I will give you my last bit of luscious news about myself. When I was born, my father was wealthy enough but he was also a Filipino. So for my baptism, he selected the Notre Dame de Paris. I was baptized at the Notre Dame and he invited every Filipino in the area. Two of the persons that he invited were Eduardo Conjuangco and Josephine Murphy...

PADERANGA: Is this the senior?

FABELLA: The senior, yes.

RIVERA: Who later became Finance...?

FABELLA: No, this was the father of the father. They were invited to my baptism and they met each other at my baptism. "Goddamn, if you haven't been born, we would have never done Eduardo "Danding" Conjuangco [Jr.]? <laughs>

PADERANGA: I have two more questions. One question is, after we have written it out, can we come back and talk to you again?

FABELLA: Sure. [Do you] remember when I was talking about the matrix? You will have holes. I don't want a situation where you would have version one and people would tear it apart because nobody would praise it... After you've done it, you should have it looked at.

You should have the military and the religious groups because they both had inputs... The other thing is, how important were certain agencies of government? As far as I'm concerned, the most useless was the Department of Foreign Affairs (DFA). Because in the first place, you were no longer going through DFA, you were doing it through the telephone. But the most important thing, there aren't many people like me, in the sense that I had a chance to serve a number of presidents.

PADERANGA: In a sense, you never left government...

FABELLA: No. I left government under Erap [President Joseph Estrada]... That was the only one case when I left government...

PADERANGA: It was a bit short, so you were not reabsorbed. There wasn't time to...

FABELLA: I didn't want to work under Erap's government because I was worried. I knew Erap quite well. I was worried about the telephone ringing. What would you say? Unlike under [President Fidel] Ramos, "Are you sure you don't mean Secretary or Central Bank?" <laughs>

RIVERA: Were you approached by [President Gloria Macapagal Arroyo]?

FABELLA: I was not approached by Arroyo because... Actually, I came back to government because of Ric [Ricardo] Tan. I was traveling in London, and the phone rang, "Do you mind if I make you the chairman of the United Coconut Planter's Bank?" My answer was very simple, "Up yours!" <laughs> Later, he said, "What about [being] a member?" But he went ahead and put my name [as chairman]. It was not a problem. So it's nice to be doing something which keeps your mind from going blank. If you go to bed at night and you sleep the sleep of the just, you are not far away from sleeping the sleep of the dust. When you're about to sleep and, all of a sudden, bang! Something comes in and wakes you up and you think about it. I love that! Usually, it's a question of, "Which of these options do you think you would follow up?", and then once you've recognized the options, you can sleep soundly. Now, I fear the guy who goes to bed and says he sleeps well because his heart is pure. No

way. I'm sure that if you went to bed and nothing [bothers you]. Why are you alive? No, it keeps your mind sharp ...

PADERANGA: My second question has something to do with your papers. Have you thought of a depository for your papers?

FABELLA: No.

PADERANGA: I think the UP (University of the Philippines) Main Library would be interested in [having your papers].

TADEM They can digitize your collection and you can have a copy...

FABELLA: But how could I compare with your most important graduate? <laughs>

PADERANGA: There are two of them.

FABELLA: There's only one right? Who's the other one?

PADERANGA: [Ferdinand] Marcos.

FABELLA: ...Don't sell [Ferdinand] Marcos short. He is somebody I admire. And if it weren't for him, we wouldn't have anything to boast in the way of infrastructure, nothing... Even though I had to talk to Lucio Tan and get money... I never regretted that.

PADERANGA: You are now the fourth person of the technocrats [we have interviewed], who have retained their respect for Marcos: [Cesar] Virata...

FABELLA: Why should you not? How can you continue to work for a guy and not respect him? If you don't respect him, leave!

PADERANGA: No, because this is...

FABELLA: That's why I was telling them, "C'mon, let's put together a book, no matter how thin, praising [President Ferdinand] Marcos... Let us now praise him ..." He did some good things.

PADERANGA: [Cesar] Virata, [Onofre D.] Corpuz, you, and though we haven't interviewed him yet ... I mentioned it to Sonny [Salvador] Escudero...

FABELLA: Oh no. <makes hissing sounds> Oh Jesus Christ! Sonny cannot distinguish right from wrong and he always faces Marcos's burial tomb whenever he wakes up in the morning. As far as he's concerned, Marcos could do no wrong... And he's a very capable guy.

RIVERA: Yeah... in his field...

FABELLA: Go ahead. I detect a certain note of grudging respect.

RIVERA: No, I said in his field.

FABELLA: Precisely! I said, "He's very qualified." "Yeah, in his field." <laughs> I pick that up right away. Those nuances do not get past me. <laughs>

KATAYAMA: Do you keep a diary?

FABELLA: No, I have calendars running all the way back, which enable me to identify when certain things took place. I got them because they are called "economist's diaries." They are very impressive to see when they are all lined up on the shelves. <laughs>

RIVERA: You should really write your memoirs then...

FABELLA: I have thought about that. I have put together all sorts of unimportant anecdotes, which I am sure people would love to read, but if I were to talk about the significance of one title... for example, purchasing power parity, <laughs> it will amount to nothing. <laughs>

When people pick up a book, they want to know the salacious parts. But, I really think that you should try and do what I call a matrix to find out where the holes are.

RIVERA: That would be very useful...

FABELLA: You better go home. <laughs>

PADERANGA: I already asked my last two questions anyway, so thank you...

FABELLA: You are welcome to stay.

PADERANGA: It was very nice and enlightening...

KATAYAMA: Very informative...

RIVERA: ...The kind of insights that we can only get from people like you...

PADERANGA: That's what we wanted. We wanted people to talk about their time... because it's so easy to judge from hindsight...

FABELLA: I tend to be very generous with my praise... on matters that happened in the past. You don't help anyone by being nasty. If you want, you could praise him for the good things that he did. That's all. The only one I am having difficulty with is Erap [President Joseph Estrada]. I cannot see any redeeming social features in him. <laughs> And he's a friend! One last point! Name one school that has produced two presidents and three vice presidents.

PADERANGA: Aside from UP (University of the Philippines)?

FABELLA: It's a very small school. I went to that school too.

PADERANGA: School, not a university? The one where Erap [President Joseph Estrada] went?

FABELLA: Yes.

PADERANGA: The one in San Juan?

FABELLA: Yes.

PADERANGA: Saint John's [School].

FABELLA: Saint John's. The two presidents— Erap [Joseph Estrada] and Gloria [Macapagal Arroyo]. The three vice presidents— Erap, Gloria, and Tito [Teofisto] Guingona.

PADERANGA: I know somebody who went to Saint John's.

FABELLA: Me! <laughs>

PADERANGA: No, within the faculty in UP (University of the Philippines)...

RIVERA: We didn't know that Saint Johns was co-ed.

FABELLA: Yes.

<The group thanks Dr. Armand Fabella>

<End of interview >