

Jaime Laya  
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JSPS Philippine Technocracy Project  
Transcript of Interview

**Jaime Laya**  
February 9, 2009  
Ermita, Manila

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*Interviewers:* Professor Yutaka Katayama, Professor Cayetano Paderanga, Jr., PhD, and Professor Teresa Encarnacion Tadem, PhD

*Research assistance for the interview was provided for by Mr. Christopher Nex Beñas and Ms. Mary Ann Joy Quirapas. The interview of the transcript was edited by Professor Laura L. Samson and Ms Rosa Concepcion Ladrado.*

LAYA: So who will ask questions?

TADEM: All of us.

KATAYAMA: Sir thank you very much for accepting our invitation to interview you. As program coordinator of this project, I would like to explain how this project would go. We are very much interested in the technocrats or technocracy during the Marcos administration because there are many books already written about the Marcos administration but we never or seldom heard from the technocrats\_\_ how they were motivated to work for the Marcos administration and if they were able to pursue their goals. When things went wrong, the technocrats seemed very silent... even after the Marcos administration. Some of the technocrats actually already passed away. So we conceptualized this project and approached the funding arm of the Japan Ministry of Education and Science. You were one of the key technocrats. That is why we are very excited to see you and very happy that you agreed to be interviewed with tape recording and video taping. That is the background of the project.

PADERANGA: We come from slightly different backgrounds [but Yutaka *sensei* and I were talking and we had a common belief that we were losing a lot of information because some of the people who were there at that time had passed away. On their end, as political scientists, they are interested on how decision-making was influenced by the entry of people who were technically competent. On my end, I am interested on how the policies were made before, during and after (Martial law). But we have the same view, we see the need for technocrats to talk for themselves. In my case, it was easy to judge from hindsight but we want to capture what the technocrats were thinking during that time, what the perceived pressures were and the objective realities. The general idea was to record this and make two copies available here in the University of the Philippines and in Kobe University. If people will say that they do not want to release this or show this for couple of years, we would comply. The thing is to have something for history. At some point, maybe, the first people who would be able to look at this are the scholars. For the meantime what we want to do, with your permission, after all of the interviews, is for you to look at the transcripts for review and editing, then we would re-order the questions with the

answers, reorganize them in publishable form; we would like to publish books based on the transcripts.

LAYA: Just to clarify, this is going to be taped and a transcription would be made and I would be given the opportunity to look over the transcripts but then, the video obviously is unaltered?

PADERANGA: You can also restrict access to that.

LAYA: I am not really talking about the information, it's really the grammar, the logic, and the sequence so I do not fully understand what the idea is, and when you say that you are going to reorder everything, what does that mean?

PADERANGA: It is for publication.

LAYA: So that would be a transcript? What will be for publication?

PADERANGA: The organized transcript.

LAYA: Okay, so the raw transcript would be given to me for editing, meaning that I can add whatever I might have forgotten and clarify things. The transcripts would be the original ones?

PADERANGA: Yes.

LAYA: Would that not give rise to... "Oh, he deleted this, but it's in the video. He must have been thinking of this and that."

PADERANGA: Our interest right now is to let the technocrats speak for themselves in a way.

LAYA: To some extent, it is somewhat inconsistent.

PADERANGA: What we plan is for the transcripts to be made public and maybe the scholars [can use them]...

LAYA: Okay. I just want to understand. One more thing, on what Katayama-san said, that some people already died and that is true, but even people like me who are more or less alive have really forgotten so many things, so the memory has died. It is perfectly possible that my present recollection is different from whatever other scholars in the future might find if they were to look at my documents. Would there be some kind of disclaimer, in that sense? I do not want to be criticized like, "in his interview, he said this, but the fact is, it is this. He was telling lies." I just want to make clear that memory [in this interview] is not necessarily 100 percent accurate.

PADERANGA: For example, maybe later on, it would turn out that your belief was wrong; this is one thing we are interested in, what was your impression at that time when you made those decisions?

LAYA: What we are saying now is my recollection of my impression at that time which may not be the same as my impression now. So I would like to make it clear, and I assume that would be part of the record that this is something that everybody should recognize. The other point is the fact that during those years, in anticipation of something like this happening in the far future, I have decided to compile my major speeches. For every year, I wrote a book on the speeches that I had made. I think, I have done four or five of such books. They have been published and might be in the libraries. I would really assume that whoever studies these transcripts and videos would be thorough enough to look at the things that actually happened [based on] the written sources at that time.

PADERANGA: ...Which brings us to a by-product. We would like also, if you are willing... to recover the documents... we can put them in the UP (University of the Philippines) Library's archives. They will be digitized, reorganized...

LAYA: These are all published books. You might have them in your library.

PADERANGA: But your own papers, documents and everything.

LAYA: That is something I've wanted to do for years. They are all in boxes.

TADEM: From Sixto Roxas, we still have 60 boxes to collect.

LAYA: So, you have done the index already?

TADEM: We are also digitizing it.

LAYA: Actually, the US Library of Congress had asked for my papers. I have to give them the first crack since I never got around to...

PADERANGA: Maybe before you send it, the UP Main Library is interested, if you would allow them to digitize the materials...

LAYA: Maybe, we can discuss this later because I think there is nothing of significance because I never really brought home official papers. All of my files have been in the records divisions of all those offices, assuming they have not thrown them... away. Actually, I really do not know what I have in my files. It really kind of depended on my secretary at that time to take care of things and to pack them up when I left the office. I never opened those boxes.

PADERANGA: Because we were pleasantly surprised when we were going through Ting [Sixto] Roxas' papers, he even had some drafts [articulating his views on] the whole debate about the exchange rate. These are the things that scholars might have certain views of what were happening but you have these documents coming out... especially during the Marcos period which is subject to a lot of controversies, these documents would be really useful.

LAYA: Okay, so I guess these are all the disclaimers.

TADEM: Sir, we would like to start with your family background. We would like to know about your formative years, when you were young, about your parents.

LAYA: They are really all in my CV. Have you read the background information? Okay, I would expect the interview to begin on what is available. I do not want to begin from square one. So what have you read?

TADEM: Sir the basic things...

PADERANGA: About your career.

LAYA: Can you ask specific questions? And then I would give you precise answers.

TADEM: Sir what were the values that you were raised with as a child?

LAYA: I really do not know.

PADERANGA: Where did you go in grade school and high school? Did it have an impact on the choice you had, going to UP (University of the Philippines)?

LAYA: Well, it has always been assumed that I would go to the University of the Philippines. My parents graduated from UP. I guess, it was assumed by them as well as my grandparents that they would try to give me the best education. It was always assumed that I would go to UP, if I pass the entrance examinations, of course.

PADERANGA: Did you come from public schools?

LAYA: Yes... I had my elementary education at Albert Elementary School in Dapitan and Arellano High School in Manila.

TADEM: Sir, were you intending to go to finance? Did your parents have any particular interest?

LAYA: No. I just remember my father asking me once about what I wanted to do. I said something in agriculture. He said that it was okay since we had some property and then, he sounded a little disappointed ... <laughs> so we left it at that.

TADEM: Sir, were you better off, compared to your classmates, when you were in the elementary?

LAYA: No.

TADEM: Middle class perhaps?

LAYA: Ah, I think. Why don't you ask me facts? <laughs>

PADERANGA: This is Dapitan in Manila? Was this a middle class area?

LAYA: The way in education then was for you go to school nearest to your house. From Albert Elementary School, everybody was expected to go to Arellano High School. It was assigned.

PADERANGA: Your father was in government?

LAYA: He was a school teacher when I was born. My mother also [was a teacher].

PADERANGA: So you are children of school teachers. The public school teachers before were educated in UP?

LAYA: My parents graduated from UP.

PADERANGA: What made you took up business because you said that you were interested in agriculture?

LAYA: When I was entering UP, I was only 14. I do not really remember any conscious deliberation on what I would take up. It seemed like a good idea to take up business in order to progress in this world. That was basically what I was thinking of.

TADEM: Sir who were your influential professors in UP?

LAYA: Okay. Again, influential is another...

PADERANGA: Well, who were the well-known professors during that time?

LAYA: You see, not all well-known professors are good. <laughs> Anyway, the teachers that I do remember.. .because I would say that influence is either negative or positive, so the teachers [who] were negative were those [who] made me decide, I would never behave like that or I won't do things like what he was doing. On the other hand, the good teachers were obviously the opposite. In general, most of my teachers were influential either way.

PADERANGA: I am just curious, how was economics taught during that time?

LAYA: <laughs> It was bad. I could not understand what my teacher in Economics 11 was teaching. In Economics 12, I could not understand what he was saying because he spoke in such a heavy Ilocano-British accent. He just read from his notes. Actually, I started to learn my economics when I was teaching it.

TADEM: But sir, did you think that you were going to teach after graduation?

LAYA: Yes. It was kind of everything that happened to me was by accident. After graduation, I applied to Procter and Gamble, the employer of choice. But I flunked the medical exam. They said I was dying of tuberculosis. <laughs> Then, I got an offer to teach in UP (University of the Philippines), so I said yes.



TADEM: Sir, when did you start in government service? Were you having consultancies also before going abroad?

LAYA: When I went abroad, it was two years after my graduation, in 1959. I was still an assistant instructor and I was 20 years old, so I think nobody bothered to consult with me.

TADEM: Sir, how would you consider your experience abroad?

LAYA: Obviously.

TADEM: Sir, what was its impact in terms of what you want to do in the future?

LAYA: ... I guess the major impact on me was the influence of my classmates. I would say that in terms of the quality of teachers, they were probably about the same, except that the teachers abroad were more demanding. The more significant thing for me was that at UP (University of the Philippines), I did not really exert that much [effort], and I was number one in class, whereas abroad, I studied my hardest and I was just an average student, and that served as a major stimulus for me.

PADERANGA: I noticed that you specialized in Industrial Management during that time, was this part of a general program trying to lift up the [UP] College of Business [Administration]?

LAYA: Well, it was a US government grant, the predecessor agency of US AID and MSA (Mutual Security Agency)... They have changed names. I think the dean at that time, Dean Jose Velmonte, was thinking of faculty development and so Dr. [Manuel] Alba and I happened to be the two faculty members who got the two slots available to the college. He [Alba] was in marketing and I was in industrial management. That was really the decision of the dean. The funding agencies had certain ideas... Anyway, I got the slot for industrial management. I wanted to take up an MBA and the program officer in Washington [D.C.] did not see the similarity between the two. He insisted that I stick to Industrial Management. I already had admission in the University of Chicago for the MBA program but he said that, "No, that is business

administration and not industrial management.” We had a long fight about it. He won and it just happened that Georgia [Institute of] Technology had a program in Industrial Management, so that was where I went.

TADEM: Sir when you came back, what were the programs that you implemented?

LAYA: I was not in the position to implement many things. My position was only to follow orders.

TADEM: So sir, you could not even suggest?

LAYA: Of course I could but at the instructor level, you would not get too far with suggestions.

PADERANGA: The dean was still Dean [Jose] Velmonte during that time?

LAYA: You have to look up the college records but I think, it was already Dean [Jovino] Lorenzo. No, it was still Dean Velmonte and Amado Castro was helping him out.

TADEM: Sir, were you just teaching or you took up consultancy works?

LAYA: Again, when you were young, nobody consulted with you.

PADERANGA: After your PhD?

TADEM: So that would be five years, because you went home...

PADERANGA: You came home first?

LAYA: It is in my CV. I got my MS in 1960. I went back to the US in 1962. I attended a one-year non-degree course for teachers at Stanford University. I stayed on and I took my PhD and

ended my coursework in 1963-64. I did my thesis in 1964-65. I worked for a year and I went home in 1966.

TADEM: Sir, in terms of academics, how would you compare your experiences in Stanford [University] and then in Georgia [Institute of Technology]?

LAYA: Well, it was really a class work. I was a student.

PADERANGA: So you took up a course for teaching in Stanford [University]?

LAYA: Yes... Well, there was a Ford Foundation program and there was an International Center for the Advancement of Management Education, sponsored by Ford Foundation. It was a one-year course. The first course was in finance and then, marketing followed by production. For each year UP [University of the Philippines] sent a different professor.

PADERANGA: Then you just stayed?

LAYA: Yes, I stayed. The others did not. They returned after the one-year course.

PADERANGA: I met [Ezra] Solomon.

LAYA: He was the director of that program.

PADERANGA: And then he became your adviser?

LAYA: Thesis adviser.

KATAYAMA: Did you experience any unpleasant racial discrimination in United States?

LAYA: When I was in Georgia, there was still segregation. That was in 1959 or 1960. There were all these segregation rules for the white and the colored. The whites sat in front and the blacks sat at the back.

PADERANGA: You were classified as colored?

LAYA: I did not want to take any chances so I just classified myself as colored but more often than not, the whites would tell me that I could sit beside them. So, I never really had any unpleasant experience.

PADERANGA: Where was Georgia Tech in Atlanta?

LAYA: In Atlanta.

PADERANGA: It is not so rural.

LAYA: No.

PADERANGA: Even at that time?

LAYA: No, not rural. I suppose, without being critical, it was still provincial in numerous ways.

TADEM: Sir when you came back after your PhD, was it the time that you were introducing reforms in the College of Business Administration [UP Diliman]?

LAYA: Again, I did not consider myself instituting any reforms. I really considered myself as being a follower rather than a leader.

PADERANGA: This was the time, I think, PM [Cesar] Virata was the dean.

LAYA: He was the dean.

PADERANGA: ...And he was involved in the discussion about the [UP] School of Economics... around this time, 1965, 1966, I think they were already separating. The School of Economics started in 1965. He [Cesar Virata] was the one who was involved in big changes in the college. You were not involved because part of the time, you were probably still away, right?

LAYA: I was still away. I returned in 1966.

PADERANGA: So when you came back, essentially...

TADEM: Sir, when came back from PhD, did you get offers from the private sector?

LAYA: Well, I was under contract with UP, two years for every year of service, so I never even considered breaking the contract.

PADERANGA: Then you started consultancy in SGV (SyCip, Gorres and Velayo) at around that time?

LAYA: Yes. I consulted with them. It was Cesar Virata who invited me. So I consulted with SGV, actually I was in charge of the staff training for the management services division. I did that only on Saturdays.

PADERANGA: Were you involved in any projects?

LAYA: Eventually, but at the start I was with training.

PADERANGA: When I came in SGV later on, it was with [Cesar] Macuja who was in Training.

LAYA: When I started in SGV, let me see. This is what I mean. I do not remember the details so you really have to look at the records...Anyway, when I started, if I am not mistaken... a training unit was established on an ad hoc basis and then, at some point, I became a division

head. It was the same level with Cesar Macuja, Allan Dy, Fred Figueras, Rudy Granados, [Lily] Lingchauco. We were division heads at the same time.

PADERANGA: I was supposed to move to MS (Management Services) and join Alan Dy and [Lily] Lingchauco. I thought it was one.

LAYA: No, it was a separate group within management services.

PADERANGA: I was supposed to be with them but of course I went back to De La Salle [University].

TADEM: Sir, was that the only private company that you had consultancies with? And it was also because of PM [Cesar] Virata?

LAYA: Yes.

TADEM: Sir what were the first government projects did you have?

LAYA: Well, I remember I was invited to be a member of a panel to hear a proposed rate increase in the National Power Corporation.

PADERANGA: You were still in SGV (Sycip Gorres, and Velayo) during this time?

LAYA: I was at UP (University of the Philippines). This was with the Presidential Economic Staff (PES) that was then deciding on a rate increase to be given to National Power Corporation. They created a panel. The chairman was Cesar Zalamea. There was a third member. I do not remember his name now.

PADERANGA: Sir, could I step back? When you were with SGV, what types of projects were you working on ? Finance types?

LAYA: I must have been in SGV in 1967 and up to 1974, a total of seven years. It was on a part-time basis. I started out in charge of the staff training and later, I was involved in projects, and I became a full-fledged group head. The training was part of my responsibilities. Finally, I became a partner. My deanship in UP was considered a non-revenue job. In terms of my total time allotment, what I devoted to UP was considered, in effect, as a job. On the other hand, as far as UP was concerned, I was a full-time employee and I did my consulting work outside of UP hours.

PADERANGA: The types of projects that you worked with were in finance, agricultural?

LAYA: It was really a whole range of projects; for example, one major project that I was involved in and I worked directly with Allan Dy, was the formation of the A. Soriano Corporation, and taking care of details like the name, abbreviation, etc. It really depended on the jobs that came in. Another project was the analysis of whether a restaurant needed to put a central facility, whether they would buy the land, things like those. [There was] a long list of projects.

PADERANGA: I always have the impression that the groups have specialized tasks...

LAYA: In general, they were specialized but sometimes, there were projects that were simple enough that it could be done by any group, if they were not busy.

TADEM: Sir, how did you manage your time in UP (University of the Philippines) then? Did you have evening classes?

LAYA: You know how it is in UP. You are given so many units of teaching load, with so much time for research and for administration. I stuck to those rules.

PADERANGA: Not much traffic then?

LAYA: Actually, I did my classes, more often than not in the morning and so by late afternoon, I was free; Saturday and Sunday, I worked. At that time, I could work overnight without sleeping.

KATAYAMA: May we know how much the compensation you had when you joined SGV (Sycip, Gorres, and Velayo)?

LAYA: I really do not remember anymore. I am not hiding it but I just cannot remember. At UP, my salary after I got my PhD was P2000 a month and so probably, I might be getting something of the same level also for consultancy.

TADEM: Sir you had housing in UP?

LAYA: For two years, in one of the row houses.

TADEM: Sir, when you were in SGV, were you taking government projects also?

LAYA: No, everything I did was through SGV. SGV got government projects. Sometimes, I would get involved in it. The only project that I got involved directly was that hearing in PES (Presidential Economic Staff). I think, I did a few assignments from PES but I was not there for too long. I probably got that even before I went to SGV or when I was still in charge of training.

TADEM: Sir ... after SGV, you joined NEDA (National Economic and Development Authority); was Gerry [Gerardo] Sicat already talking about it when you were still in the [UP] College of Business Administration?

LAYA: Yes, because NEDA was in 1974. Gerry invited me or encouraged me to join him and well, at that time, I was already dean. I was already a partner of SGV. So compensation wise, it was really not attractive.

TADEM: So what made you [decide]...?



LAYA: I guess, ego more than anything else... maybe, not really ego. <laughs>. My motivation, and I suppose this is one of the values that you were talking about in your first question; I really want to excel in everything I do. I am not happy with myself doing just mediocre work. At that time, people really considered government position as an achievement. I think, much more so than today. I was really kind of honored that I was offered a senior position. In that sense, even though I was about to lose money in the deal, it was really the satisfaction. It was kind of balancing things and in the end, I said, "Fine, let me give it a try for a year." So that was how it happened.

PADERANGA: Who talked to you?

LAYA: Gerry [Gerardo Sicat]. I was really delaying because I was not fully convinced but apparently, he talked to President [Ferdinand] Marcos and so one day, he said that the president wanted to talk to me. Okay. 'You kind of get flattered if the martial law administrator wanted to talk to you, not frightened but flattered.

TADEM: So sir how was your meeting with President [Ferdinand] Marcos?

LAYA: This is what I am telling you, please read what is written before you ask questions. I wrote all about these already. So, you are just asking me to repeat myself. We really could use our time better. <laughs> Anyway, so he took me there... I'll just give you what I wrote about it.

TADEM: Sir what ideas did you have when you entered or joined the government? Did you have any ideas already or programs that you wanted to do?

PADERANGA: Was your mind already formed with ideas or were there things you wanted to do?

LAYA: No. My approach has always been to find out the situation first, and then, to think about it and proceed from there. I am always uncomfortable when people would ask me about my programs. I would not know my projects since I still did not know what the situation was.

PADERANGA: What was your first impression during that time? That was the formative years of NEDA.

LAYA: I was put in charge of the programs and policy office. My projects were with Tony [Antonio] Locsin who was in charge of the projects. I was in charge with programs and policies. At that time, the principal concern was the interest rate and policy. Gerry [Gerardo Sicat] and I disagreed on this. He wanted it lifted but I was not so sure if that was a good idea because even though there was an interest rate ceiling, there were all other things that could be done to increase the effective interest rates, anyway. That was one major policy issue. The other one which I really developed by myself was the Long Term Economic Planning. I stayed only a year in NEDA (National Economic and Development Authority). The major thing that I got involved in was to prepare a long-term plan. Not really a long-term plan, but to encourage long-term planning since I was concerned that when you have a one-year plan or a four-year plan, a lot of things fall between the cracks. On the other hand, if you had a 25-year plan and that was what we did, we were forced to consider population growth, environment, water resources, etc. to set us the context. I got that conceptualized and organized. Then, we made a consultative group and got people from government, from big business, academe, etc. The starting point was the population projection prepared by the UP Population Institute of Ditas [Mercedes] Concepcion. From there, everybody thought of what should be done in agriculture... and what industries to build, the forest and water resources, etc. and so we came out with the publication. Unfortunately, I can not find my copy but there must be copies somewhere. It was printed. One of the things that I wanted to do was to travel and compare (the year) 2000, and all those projections and recommendations that we made in 1975. I wanted to anticipate things and to make recommendations as to what need to be done in order to achieve certain goals by the year 2000.

PADERANGA: How was this related to the project, remember Majar Mangahas was also working on something called PREP in DAP [Development Academy of the Philippines]?

LAYA: That was after because this was done in 1974 -1975.

PADERANGA: So Major Mangahas was around in 1977.

LAYA: Yes, because I was in NEDA in January 1974 and left in December 1974. This exercise was entirely done in 1974.

PADERANGA: ...and only within NEDA?

LAYA: No, I remember I got Jose Soriano as a speaker; the Office of the President was involved. We organized it carefully.

PADERANGA: It could have been the one that might have given birth to Major's [Mangahas] work.

TADEM: Sir, were you quite free to plan? You did not have much interference from other departments?

LAYA: Of course... we had to interact with everyone.

TADEM: Sir, in terms of President [Ferdinand] Marcos also, you were...

LAYA: Gerry [Gerardo Sicat] was the one who was talking to him obviously but when the time came to present things to the Cabinet, then I would be there.

TADEM: Sir, how was it in the Cabinet when you presented? What were the kinds of debates about your plans?

LAYA: Cabinet meetings were meetings of 25 to 30 people. You have a big table so people would sit around the table. It was not really the kind of classroom debate that you might be thinking of. Usually, the cabinet members and the officials who were concerned would meet together on a particular issue, arrived with a recommendation, and this would be explained to President [Ferdinand] Marcos. Before a cabinet meeting, the President would normally call in at

least the people involved in the agenda that was scheduled for that day and he would say something, "Okay shall we discuss what are the issues and what do you think we should do?" In that meeting, which was composed of a few people, the group would persuade or convince him with what the group felt was necessary. When the time came for the general cabinet meetings, the people concerned would make presentations or recommendations and then, if other people would have questions, they were free to do so. But you know how it was, when you make a presentation in economics, the Secretary of Health would not say anything, so that was how things worked.

KATAYAMA: Did Marcos fully understand what you were telling him about these projects or reforms?

LAYA: I think so. He was bright, very well read and obviously, he had access to all kinds of information. He was very conscientious.

KATAYAMA: What were your first impressions when you were introduced to him by Gerry [Gerardo] Sicat. What were the feelings? You said that you felt honored.

LAYA: Okay again, this is what I wrote already. Inside his study room, there was a desk, and he was sitting at his desk and we came in; the President took Gerry and me to a sitting area behind the President's desk. It was as wide as this room. There was a sofa, a chair and another chair. The President was sitting on the other sofa, I was sitting here. I think Gerry was sitting on the other side. The three of us talked. It was a normal conversation like this.

PADERANGA: Were you impressed immediately by his ability to absorb things; well of course, this would be a getting to know stage, were you immediately impressed by him, as a manager?

LAYA: Are we talking about the NEDA days?

PADERANGA: No just the time when you first met each other.

LAYA: There was no opportunity to be impressed because he was persuading me to join the government.

PADERANGA: During the NEDA (National Economic and Development Authority) days, you said that you did not have time to talk to him because it was Gerry [Gerardo Sicat] who was talking to him. You would only see him when you would present these things to him?

LAYA: Yes. In the cabinet meeting, at first I would be seated at the back as an observer unless I was the one who would make the presentation.

PADERANGA: Were you impressed with his ability to absorb [ideas], even in the other cabinet meetings? He handled it very well?

LAYA: Well, one can tell when a person understands or not by the kind of questions he asks, you know, the kind of body language that he exhibits in presentations. I never had any doubts.

PADERANGA: So [he] got the planning command of the development plans...?

LAYA: President Marcos mentioned an analogy about forestry, and it stuck to my mind. It was an eye opener and it had a big influence on me. According to him, the trees are obviously cut down high up in the mountains and the logs are floated down the river and sometimes, there are log jams. The logs are all piled up and they cannot move further down the stream. He said, "You do not really move each log one by one. What you do is to remove the key log and everything gets unleashed." So I think that was his attitude. He established general policies. He did not really have enough time to look at all the details and once the key things were established, then the details would all fall into place. That was how I perceived his style and as I said, I learned from that. It was also what I did.

PADERANGA: Was there anything of his long term view of the economy that stuck in your mind? Did you develop some themes?

LAYA: Well I guess, these were announced in all of his speeches and his books. I myself, never really sat down with him and asked him these questions, like “What are your themes, or long-term views, and so on?” You just kind of draw these conclusions by observing what he did. Leaders really do not reveal everything that they have in mind. Like when you are in NEDA, I am sure that you did not tell all of your staff, all of the things that you had been thinking of. In terms of the long term, certainly in the business community, even more in diplomacy, you’ll never do that. You never reveal your ultimate goal unless you choose to decide what to reveal... Maybe, you will reveal certain things to certain persons, if he would be essential on a part of it. But the ultimate design is known by the leaders alone, whether in business, government, military, and so on. It is true. So, if you ask me regarding the general vision of Marcos, I don’t know other than what he announced or what he had said. His actions, I think, could be interpreted in various ways. He had these various companies that he wanted to encourage. This wood pulp and so on and one interpretation that people had was that he had [Herminio] Disini organize this because he wanted to have a part in it. If he wanted this thing, he would have his crony. People would interpret it as a crony- motivated measure because he wanted to grab control of that particular company or that particular industry. On the other hand, you can also interpret it another way, that in his mind, certain industries were critical in the economic development and he wanted to be sure that this would be run by the people he knew who could do it or were competent enough to do it. In fact, this was the interpretation given to me by the IMF representative then, **Khimar?? [insert surname]**. He said that he thought that Marcos had been misunderstood because his interpretation was that Marcos was impatient. He wanted to achieve certain things but they could not be picked up by the private sector so he directed basically the organization of these companies and gave it government support since he thought it was critical. You can interpret it in different ways. At least, I never heard Marcos say, “I wanted this industry, the Bataan Nuclear Plant, because my design was this.” You kind of see the projects in this particular case pushed and then you make your own conclusion, either negative or positive...

PADERANGA: These are precisely the insights that we would interested at...

LAYA: So you ask me more questions, don’t expect me to volunteer. <laughs>

PADERANGA: Well, actually I have a follow up to that. It just revealed that Marcos had a view of industrial development that was more active than just letting the market choose.

LAYA: That's one interpretation, the impatience at the pace of development.

PADERANGA: Somewhat related to that but a little bit different, in the process of writing his speeches on economics, what was your impression of the influence of NEDA; of course you were only there for a very short time...

LAYA: It was Gerry [Gerardo Sicat] who had the concern about that so I...

TADEM: Sir, in NEDA planning, would you be guided by his thinking as well? Like you said that he had no grand vision but he had plans...

LAYA: No I did not say that he did not have a grand vision. I said that, because you asked what Marcos' grand vision was, so I was answering. Well, in terms of NEDA, obviously NEDA had a vision embodied in the development plans.

TADEM: What I mean, was that vision formed without President Marcos saying this was what he wanted etc...

LAYA: No, I do not think that was possible because obviously the president was the chairman of NEDA, so it was a matter of give-and-take. It was not the case of NEDA coming out with a plan and giving it to the president and expecting him to sign it nor was it the case of the president, telling NEDA, "this is what you should do". It was a case of discussion, drafting, redrafting, getting comments from everyone, and not only from the president.

KATAYAMA: Did you have this impression that [Ferdinand] Marcos sometimes learned from the experiences of other East Asian countries, like South Korea, Indonesia or Thailand?

LAYA: I am sure he did.

KATAYAMA: But did he clearly mention that to you?

LAYA: Sometimes, he would but he would not say that we should do this because this was done somewhere else. That was not his style.

PADERANGA: There was no explicit mention from him for or against the kind of political economy model, let's say Korea or Taiwan? None? The question essentially was how much was he influenced by these models?

LAYA: I have no idea.

KATAYAMA: This is the first time for us to hear this. We interviewed many technocrats but this is the first time we got this kind of response. Even Cesar Virata said that there was no clear comparison, of Marcos referring to another Asian country. Did Marcos study other Asian countries to know the different strategies?

LAYA: I really do not have any idea because Marcos was a wide reader. I am sure he must have read what was happening elsewhere. I do not know what diplomatic reports reached him from the Foreign Service. I do not know what he discussed during state visits or with his colleagues and businessmen. A president would have all kinds of information... not only... from NEDA but from [other sources]... diplomatic, military, private business, colleagues from other countries, and businessmen. Then, he had private friends who would obviously make suggestions to him directly so I would like to think that the different information came from them. I would also like to think that he was aware of what was happening in Singapore, Indonesia, or South Korea.

PADERANGA: Can I ask you about the planning process, by the time you got into NEDA, was the planning process barely being ironed out or were there changes... [in] the role of the private sector and the role of the local government units as well as NGOs; were they already significant during that time?



LAYA: It was fairly established. When I was in NEDA, we were not preparing any plans because these plans must have been approved and were in process.

PADERANGA: Was RDC [Regional Development Council] already functioning well?

LAYA: Yes.

PADERANGA: That was where the multi-sectoral thing really started to...

LAYA: At the RDC. As for my part in the organization, we were dealing with the ministries and with the departments.

PADERANGA: You already had the six committees? DBCC (Development Budget Coordinating Committee), social development committee...

LAYA: I do not remember anymore when the DBCC was organized. Cesar Virata used to meet every Friday lunch with the economic heads and it was there on a very informal basis [that] things got coordinated. I was there as Budget, not as NEDA.

TADEM: Sir when Martial Law was declared in 1972, did you have thoughts about it?

LAYA: I was basically in UP, running the College of Business Administration so I said, "Thanks heavens, we can run the college in peace." Well, there were all kinds of rallies everyday. There were noises and... [barricades]; every so often, you would have [Molotov cocktails] being thrown. "Thank goodness, classes can now proceed."

PADERANGA: Among the businessmen, did you have a feel of how would they look at...

LAYA: In general, at the SGV end, that was the same kind of feeling, relief. I remember, I was in a meeting with the Soriano people, so we were in the 8<sup>th</sup> floor. That was the tallest building in Makati then. All of a sudden, there were helicopters buzzing in the air. That time, there was this

assassination attempt at Mrs. [Imelda] Marcos in Nayong Pilipino. This must have been in 1973 or late 1972. The reaction of the business people was “why does it have to happen now, when people are getting adjusted to the new system”. The original reaction of the business community [to the declaration of martial law] was very positive. In fact, you can see in the statistics that all the foreign investments and loans were really quite high in the 1970s.

TADEM: Sir when you were in NEDA (National Economic and Development Authority), did you have any working relationship with First Lady? Did you have any project with her?

LAYA: None.

TADEM: But later on, did you have any project with her?

LAYA: No. I don't think I was involved.

PADERANGA: Can I ask question on persons? Tony [Antonio] Locsin, was he already a key [person] there?

LAYA: I do not remember.

PADERANGA: So he was not that material even if he was there at that time.

LAYA: The way NEDA was [structured], my office was here and there was a reception room and Tony's office was there and we had a common kitchen. Since Tony [Antonio Locsin] liked to cook, the kitchen became his territory. The room was decorated that way. There were curtains even in the kitchen so the view from the street was not unusual. It was in the second floor in the building of Padre Faura. One day while he was cooking, there was a fire because the curtain was over the stove. <laughs>

PADERANGA: Willie also was there?

LAYA: Willie, Potch [Federico] Macaranas.

PADERANGA: Potch also? That was before he left for graduate studies.

TADEM: Sir, when we interviewed PM [Cesar] Virata, he mentioned about power blocs in NEDA, were you aware of these?

LAYA: Power blocs?

TADEM: Yes but he did not elaborate. Were you aware of that?

LAYA: No. I don't know but Tony Locsin was kind of an independent operation. He was in projects; he worked directly with Public Works and with rural banks. In fact, I remember I had a long conversation with the World Bank person and he was asking me who made the decisions on projects of the Philippine government. We talked about it and then finally, I said, "I think probably, it's you." Because the World Bank set priorities on what it wanted to encourage and so on. Even if there were all kinds of project ideas but if the World Bank priority happened to be the roads in Mindanao, then it would be roads in Mindanao. That would be picked up from the NEDA shopping list. So in that case, decision-making was not really clear-cut.

PADERANGA: In other aspects, for example, in the population program, were they [the World Bank] influential??

LAYA: I have no idea. I suppose so because the tax collections were not that great. The domestic budget was not that much so multilaterals and bilaterals funded the projects; even if you had a long list of projects including population, whatever you could match with the priorities of the lenders and donors were the ones that got implemented. I suppose that is true, even today.

PADERANGA: But the planning was done already and they had no say on it. It was only with implementing that they started to...

LAYA: My involvement was in macro-planning, which did not necessarily fully match with project planning because project planning was essentially between the project office and the infrastructure agencies and the lending agencies.

TADEM: Sir, you were NEDA deputy-director general then deputy governor also at the same time?

LAYA: No.

PADERANGA: It did not happen?

LAYA: No.

TADEM: Sir when you became Minister of Budget, were you told about it? How did it happen?

LAYA: Well, I agreed to serve for one year. I stuck to that one year with government at NEDA but towards 1974, I think it must have been Governor [Gregorio] Licaros and Cesar Virata who probably talked to Gerry [Gerardo Sicat] and maybe to President [Ferdinand] Marcos, to get me appointed as Deputy Governor for the supervision of the Central Bank. That was because of the project I did while I was at UP— a UP project on the Iligan Integrated Steel Mills (ISMI) owned by the Jacintos. They had a big loan from the Development Bank of the Philippines (DBP), and they were amortizing it. So, DBP hired me to get a look at things. This was after 1972 because the government seized ISMI. Anyway, the work impressed Governor [Gregorio] Licaros and other people, so they said they would like me to get involved in a bank examination and so on.

PADERANGA: I remember, was it Budget and Central Bank?

LAYA I started in Central Bank in 1975 and at about September or August 1975, I remember I was called to Malacañang by President Marcos with Francisco Tantuico and Efren Plana. The three of us were called to Malacañang. We were standing in front of the desk and so basically, [the President] said that there were three positions that he would like to fill up, Bureau of

Customs, Budget Commission, and Commission on Audit. He asked me if I wanted to be the collector of customs. “Mr. President, you know dealing with all these [stevedores] is simply not my type.” I was much thinner then. “Mr. President, I do not even know what the customs code is.” So, that was settled. Mr. Tantuico would like to have audit. So, he said to Efren, “Okay, you take the customs.”

TADEM: Sir what was the dynamics then, it was Budget Commission and then it became ministry?

LAYA: It was called Budget Commission at first; in 1978, the government became parliamentary, so the different departments became ministries. So I asked him, “Mr. President, what about the Budget Commission, would we leave it as is or what?” He said that it would be the Ministry of the Budget. It was really a change in name. It was called the Budget Commission but there was never really a commission. It was a single-headed agency. When we say commission, we normally think of different people acting as a collegial commission. The Budget Commission was never like that. Maybe it was, but when I was there, it was really single-headed and it had cabinet rank, anyway.

TADEM: Sir, how would you compare your experience in NEDA with that in the Budget [Ministry]?

LAYA: The Ministry of Budget was a ministry.

PADERANGA: ... What were the key issues that you were working on, or what type of work, what decisions were you making in Budget, or NEDA?

KATAYAMA: Actually, I visited your office during those days and collected some books. You wrote many books, the programming system, and the salary system. You included these new ideas. Were those your own original ideas? Or did you delegate that...?

LAYA: No, those were my ideas.

KATAYAMA: Very impressive. How did you learn about these budgetary systems? Your works are well-designed and impressive. I was only then a junior faculty member of Kobe University and my background was Public Administration but your book provides a good narrative. I was very impressed. I said to myself, "This minister is very well informed about the budgetary system."

LAYA: Well, yes. I was young then, and I had a lot of energy. At UP, I studied accounting and the program for teachers that I attended was on finance. I was teaching finance, accounting, and economics. President [Carlos P.] Romulo appointed me as assistant for finance and development at UP which was in-charge of the Budget Office. Also, I did that study on Philippine education--EDPITAF (Educational Development Project Implementing Task Force), PCSPE (Presidential Commission to Survey Philippine Education). I was interested in computers, and computer programming and one of the things I did there was to make a long-term financial projection for the Philippine education system. With that long-term planning that I did in NEDA, along the way I learned a lot about budgeting. So, it was basically a case of what I could do to make this thing better and that was it.

KATAYAMA: Also the salary standardization, you introduced many ideas on salary standardization.

LAYA: **WAPCO (spell out?)**. Wage. That was in existence even before.

KATAYAMA: You introduced changes on it. Anyway, what I am interested in was the salary standardization [models] and also the recruitment processes. If I am not mistaken, across Asia, politicians, officers recommend that kind of practice. Still that kind of practice was done but the system was modernized only recently. Even in Japan we did not have something like that.

LAYA: That was really in existence even before, the recruitment process, promotion, etc., which was actually a function of the Civil Service Commission. For salary standardization, such a system was in place, so we just made some improvements and adjustments but it had always

been there. The main difference actually was before martial law and even during martial law until I took over, the national government budget was really a one-by-one listing of positions. Each department, each bureau, down to the last clerk, everything was listed with the salaries and number of clerks. That was the entire budget in a thick volume. What I did was to implement a recommendation made by an international consulting firm that was done years before but it was never really implemented. The recommendation was to do away with this line item budgeting. Their recommendation was to go into performance budgeting... While Congress was in existence and even when it was abolished, the Budget Commission would submit a performance budget to Congress and Congress would throw it away and approve the line item budget. When martial law was introduced and budgets became enacted as presidential decrees, the Budget Commission used to submit a line item budget and Marcos would sign this itemized position. When I became the Budget Commissioner, I said to myself, why would we not implement the recommendations? So I prepared the budget for the first year, following the line item and I kind of overhauled the general appropriations act. I, myself, reviewed the special provisions one by one. That was one of the secrets of government budget officers. If they could not get what they want in the numbers, they could do it in the fine print. In fact, that is what they are doing now in Congress. Because in the fine print, they would say any provision of law to the contrary notwithstanding so it amends other laws in that fine print. It allows them to save, to realign, and whatever they want can be put in the special provisions. I remember that it was the first thing that I did in the first year. I, myself, looked at it and instituted the system so that no one could alter anything in the printing press. That was the other thing that they used to do. The budget would be printed by the Bureau of Printing and all the agency budget officers would go there at night and rearrange the lead. It was a phototype machine. They were able to do that. Actually, one of the things I did was I changed the printing press from the Bureau of Printing to Apo Printing where they did not use lead anymore. They used [offset printing]. So, I assigned a different team to do the printing supervision from the team that did the actual work. I insisted on all these little details, and for any amendments to be made by that printing group, it had to bear my own signature. For the first time around, I rewrote everything myself and I deleted everything else. I had more energy in those days. So anyway, the first book must have been in 1976, and it was a quite thin volume. I had it printed in orange cover. I took it to President Marcos to sign. He could not believe it, "Is this a World Bank report?" The itemized positions became the supplement to that thing. But one

of the innovations that I did which is still being implemented now is the compensation of the foreign service personnel. They used to be all paid in peso. Then, it was stuck on what was approved in the budget. So, I sat down with Ambassador Ona and Ambassador [Rafael] Seguis, and we devised the system of indexing the compensation with the exchange rate and the price changes.

PADERANGA: When you got there in the Budget, was there already the concept of a full five-year budget?

LAYA: No, that was one of my innovations, regional and multi-year budget, because... I was concerned with the fact that when we sign for a foreign-assisted project, the commitment was done year-by-year. You could never be sure if there would be funding in the later years, so I introduced that.

PADERANGA: Also the program planning?

LAYA: That was the first volume.

PADERANGA: So the PPBS (Program-Planning-Budgeting System) first and the multi-year came together?

LAYA: PPBS first and then I did not think of the multi-year until later because I was in Budget for six years.

PADERANGA: I had the impression that it was the other way around. You had worked this out together with the NEDA people?

LAYA: No.

PADERANGA: You just knew about this because you were in NEDA before?



LAYA: Yes.

KATAYAMA: After you left the Ministry of Budget, I visited your office and I interviewed one of the directors and I asked about the “intervention” by Mr. Marcos in the budget. He said that sometimes, we received small note from Malacañang... Did you have that kind of experience during your days?

LAYA: When I was appointed as Budget Commissioner, I realized, of course, that this was a very sensitive position. So I asked him directly, “Mr. President, how should I exercise my responsibilities?” His answer was, “You just go ahead and do what you think is best, as long as it follows existing policies. But if there is any deviation from policies, you clear it with me first.” That was the marching order that I got. He also said, “Do not release any funds from discretionary or lump sum sources without my approval.” So I instituted a system wherein I would [include] all of the requests that I felt were meritorious in a summary sheet. This was done one by one. I would present it to him when we had the opportunity and he would say “yes” or “no” to each one. I tried to preempt those little orders.

KATAYAMA: We were talking about savings, since it has been a common practice, I asked the director, “Do you receive instruction or suggestion from Malacañang that you should not release that Appropriate Budget and just save?” Then the savings would be used for other purposes. Was that possible?

LAYA: No. The way it worked, there was a budget that would be approved. It has always been the practice that there would be a reserve of 10 percent. Of the amount appropriated, a part would be unprogrammed to begin with, contingent on whether revenue is earned. Then, of the programmed, we would set aside a certain portion as reserve. The Budget Commission would not authorize the agencies to contract for those amounts, so there would be some built-in savings that could be released at the discretion of the Budget Commission. The staff would recommend the release of savings within the agency. If it was savings from one agency to be used for another agency, that would require special provisions. That was one of the things that I would summarize for approval, and if it was a lump sum, that was also provided for without any breakdown in the

budget. I would also clear releases for that. I really do not remember, but every so often, some people and more often than not, these were fellow ministers, they would prepare a memo to the President that they have a project. Their requests for funding, I would give to the President and sometimes, he would say “approved,” or sometimes “not approved,” and when that happened, it would come to us. More often than not, it was in order, anyway. Besides, if it came from another ministry, it was not a case of a crony sending him a request and having him approve it. No, I did not experience that kind of thing because even he would not do that. He was kind of careful. Anyway, they would get a request and this happened three or four times, bearing his approval, which I felt was out of order, so I called him. “This is okay, but this occasion is like this, like this.” He would invariably agree with me. There was only one exception when he got mad at me but he misunderstood it. I was objecting to the golf course for Intramuros because it was going to affect the walls. He thought that I wanted to get the golf course. <laughs> “You don’t realize how expensive it is to run a golf course, etc.” I was the head of the Intramuros Administration then, so I said, “Okay.”

TADEM: Sir how about dealing with the legislators?

LAYA: When I was the Minister of Budget, there was no legislature so when the Batasang Pambansa was organized in 1978, I was three years with Budget, up to 1981. I was the chairman of the Batasan Committee on Appropriations and so in terms of dealing with the legislature, it was done in that context. The only release mechanism that we instituted later was each legislator was allowed to propose a budget for inclusion in the regular budget of a maximum of P200, 000 each. It was a far cry from P200 million today. <laughs>

PADERANGA: Then the committees had their own budget?

LAYA: No, each legislator. At that time, each one was allowed PhP200, 000 and then, they had to itemize it, and we would put it in the budget for health or wherever.

PADERANGA: One thing that I would be interested in is the process of budgeting and spending. Somewhere along PPBS (Program-Planning-Budgeting System), they would change in character

from the start, like from the time they came in the government up to the time they left, with the changes you made.

LAYA: I think so.

PADERANGA: I guess that would be found in your book. Not in there would be how the ministries would mesh, the informal discussions. Because the book, I have copy in my office, essentially talks about how it was done but then of course, this was selective...

LAYA: Well, obviously, you have to delegate all these things. In the Ministry of the Budget, by the time it was a ministry, we had the Office of Compensation and Position Classification. The WAPCO became the Office of Compensation and Classification. Then, there was the management office, there was budget operation, we had regional offices, and so on. Each one had some responsibilities. Service was responsible for proposing or evaluating budget proposals from agencies and to recommend if new positions would be created, old positions would be abolished, and so on. The OCPC (Office of Compensation and Position Classification) would recommend what kind of salaries they would get. Budget operations would distribute priorities and look at maintenance and expenditures. It was a common effort. We had budget hearings at the staff level. The idea was that an agency like UP would submit its budget. The Budget Operations and Management Service and Position Classification would analyze it and they would go back to the agency for clarification. Then, they would submit a recommendation, and that recommendation would be all added up. At that point, the interaction was budget staff with budget staff. So, it was reviewed all in the organization. In the final stages, I would do a hearing of the staff. I insisted hearing only the division chiefs' concerns, because the tendency of government people if somebody asked, they got the answer from the person behind. So, I decided to do budget hearings in Baguio without the staff, only the division chief. That really worried them a lot, because they never studied the details. They were in Baguio, with only two people per division. I must have allowed at least an assistant to be with them. It really forced them to be familiar with the details. I thought of it as both an improvement of analysis and improvement of management of the organization. I would invite the deputy ministers and the vice chairman of the committee on appropriations and then, I was there as a head. We would be

there, hearing all the recommendations from everybody. There would be give-and-take at that level, and finally, they would endorse it to the floor or to the president.

PADERANGA: Suppose there was a big project coming along in the plan, when would you first hear about it? Would it be in the planning process?

LAYA: What kind of project?

PADERANGA: For example, a transportation plan let's say for Mindanao, because this should be hooked up with NEDA. Would you be there?

LAYA: Well, that would be part of the DPWH (Department of Public Works and Highways) proposal but as far as deciding on projects, as I said Tony [Antonio Locsin] was a kind of a self-contained empire.

PADERANGA: I was thinking about the Budget, would the budget people know about it? How integrated was the planning?

LAYA: Not really integrated.

PADERANGA: It became integrated when you became minister?

LAYA: It was not a formal process as such. It kind of made its way in the hearing process... The major proposals [were there] but the details of how much per year were not really all that precise, that was why I instituted that multi-year budgeting, it got into there.

TADEM: Sir, about the Development Budget Coordination in NEDA and finance, was that very active during that time?

LAYA: No.

PADERANGA: This was one of the most important committees when I came in.

LAYA: Well, it approved budget ceilings, in terms of projects. I guess it approved projects also.

PADERANGA: People were already operating informally.

LAYA: Yeah, I think more informally than otherwise.

PADERANGA: The Friday meeting was really an important meeting.

LAYA: That was really the coordinating mechanism.

TADEM: Sir where would you put the balance between the more centralized budgeting and local initiatives?

LAYA: There was no local government code at that time, so under the old system, the local government units budgeted their own local funds. Then, their share of the national budget must have been relatively small. I don't even remember that it cost much of a problem.

PADERANGA: I could be wrong but I remember that many of the directives about local specific budget became much more elaborate during the Marcos years.

LAYA: Which one are you referring?

PADERANGA: Remember the Osmeña, people in DILG (Department of Interior and Local Government) in other words. We were doing a lot of these things like guidance, how to plan and to budget. This was already during the Marcos years. I was wondering if this was part of the extension of the budget rules that you were making at that time.

LAYA: We started on that but it was not fully developed yet. Well, Mrs. [Imelda] Marcos organized the Ministry of Human Settlements and its whole idea was to encourage integrated

development programs for each region. I don't mean to claim too much credit but this was really my idea, to try to pick out the elements of the national government budget and to get them classified by region. Mrs. [Imelda] Marcos had eleven [sectors]. That was I think one of her favorite numbers. Now, the national government budget was by sector--agriculture, industries, defense, etc. so it occurred to me, "Why don't we do it like... Region 1 or 2 and across different sectors?" The exercise was to identify each of the departmental or ministerial projects and try to see which ones belong to what region. We did that. You might say that it was an analytical document that tried to mesh the national government ministries with the Ministry of Human Settlements because they had their own budget.

LAYA: That was why it was printed.

TADEM: Would Mrs. [Imelda] Marcos call you up? Because when we interviewed PM [Cesar] Virata, she would also call him up about particular projects.

PADERANGA: What were the main economic issues that were coming out during that time?

LAYA: In the case of planning, during those days the initiative was really at the agency level and NEDA's task was to collect what everybody else wanted to do. At that time, macroeconomic planning was not all that developed. There was no model. Frankly, NEDA's input was not that great because the agriculture plans came from the agriculture; the industry plans came from the Board of Investments. It was not NEDA's initiative. The personalities concerned were rather strong. You don't tell Bong [Arturo] Tanco what the agriculture plans would be or Ting [Vicente] Paterno in industries or Cesar Virata. You kind of compile them. That was the dynamics as far as the planning was concerned. Now the dynamics, as far as the budget was concerned was different. I could do what I wanted in terms of the budget. Having said that, it was not really all that open ended, anyway. Even today, if one were to do the budget, you kind of begin with the things that you must provide for... debt amortization, and your commitments on international projects. Then, you kind of set that aside, so what else is left? Of what is left, so much goes for salaries, so what is really left? Theoretically, the power of the budget is great but in practical terms, if we do it properly, there are some limitations in what you can do. To talk

about priorities, programs, or projects, even if you look at budget messages, they have high-sounding themes, particularly every year. If you look at the details, it is all the same for the most part. I think, what happened to the budget during my time was to make it more transparent, efficient, and less prone to irregularities. In budget operations, budgeting is a complicated process. It involves numerous agencies and people. The person on top really cannot know everything that is going on. So sometimes, you will see an innocent-looking paper and you will sign it, and there is something hidden inside. What I did was every Monday morning, from 8:00 to 10:00 AM, over breakfast, I would meet the budget operations people, the division chiefs. I deliberately excluded the head of Budget Operations. I met directly with division chiefs because if the budget operation head was around, everybody would tend to defer to him. It did not breed good relationships between the two of us, Silver Sarmiento, but anyway, I decided to do it that way. When the head of Budget Operations was around during the first couple of meetings, the others would remain silent and he would answer all the questions. For six years, I would meet with them every Monday. Between us, a lot of ideas came out, the shortcomings, and along the way, we got quite a lot of things done. Those innovations that you mentioned, I cannot claim that's 100 percent my ideas even if I finally decided that it was worth pursuing. That was how it worked. It was really frustrating, at first. For example, they would recommend something, and then I would think that it was a good idea, "Okay, you draft it". They would draft it and I re-read it and it looked okay so, I signed it. Then, in the next meeting, they would say, "What is the meaning of this provision?" despite the fact that they were the ones who drafted it.

<End of interview>