

Speech of Mr. Amando M. Tetangco, Jr., former Governor of the Bangko Sentral ng Pilipinas, as the Guest Speaker for the 30th anniversary celebration of the Ateneo Alumni Scholars Association (AASA)

Be True to Your Fixed Point, Pay Forward, Raise Hope

A pleasant Saturday afternoon to everyone!

Fr. Bill Kreutz, AASA Founder, Dean Fernando Aldaba of the School of Social Sciences, Dean Luis Dumlaog of the John Gokongwei School of Management, Beloved Jesuits, Mr. Hector Tagaysay, ASF and AASA Board Members, University Officials, Alumni Scholars, Current Scholars, Guests, Friends, Ladies and Gentlemen,

Let me begin by thanking the AASA for inviting me to speak to you today and by warmly congratulating the officers and members of the Association for the commendable work they have unselfishly done to help deserving students for the past 30 years.

As the emcee shared with us, I have just recently been “out of a job”. You may ask, what an interesting choice for a speaker at an event of scholars, right?

Up until July 2, 2017, I was a central banker. In fact, for a total of 43 years. The last 12 of those 43 years, I was at the helm of the BSP as its governor. This was a role that had many challenges, but one that I will always cherish. I feel very honored and also humbled to have been given the opportunity to serve the country in that capacity.

My life as a central banker, however, did not just begin 43 years ago. I would like to think, it was part of a journey that has been shaped, in large part, by the excellent Jesuit education that I received from this great learning institution with the help of the benefactors of the Ateneo scholarship program.

So, when I received the letter invitation from the organizers, I immediately agreed to share my experiences. This is my small way of honoring this institution that has helped to mold me into what I am today. My simple way of showing gratitude to benefactors for paving the way for me to be part of this institution. Finally, it is a modest way of sharing with scholars how their lives can be transformed and be transformational to others. In the same way, I believe, my life has been.

When I was thinking how I would frame my conversation with you today, I looked back at the letter invitation from Ms. Marilou Mercado, Chairman of this year’s anniversary celebration; and three things leapt from it.

Tradition... Pag-asa... Paying Forward. Hmmm... Interesting, I thought to myself.

I am a believer of tradition. I think it helps define what one stands for. But over time, some of these traditions change. So, while traditions are good, they cannot necessarily anchor you. One needs a fixed point. Some call it “true north”. For us, Ateneans, our fixed point or true north is A-M-D-G (Ad Majorem Dei Gloriam). As we have been taught, God does not change. And if we work for and towards that fixed point, we will be firmly anchored, because that point is immovable. So A-M-D-G are not just letters that we sign at the end of a bluebook or exam or quiz. It is not an ethereal concept. Rather, it is one that has practical applications – the time-invariant values we learned here -- honesty, integrity, excellence... putting others ahead of ourselves, of kindness, of keeping a good reputation.

I took up AB Economics here... In the 1970s, economics was the fashionable course to take. As many of you may know, Economics is all about valuation. At a time when there were shortages surrounding the oil crisis of the seventies, having a good handle on economics was a valuable asset. After four years here of figuring out utility functions, looking at the dynamics of supply and demand, understanding models of

competition like monopolies, and learning to calculate average and fixed costs...I found out that, whatever model you apply, the value of any asset is defined by how much one is willing to pay for it, weighing all other items that could substitute for it. Valuation was always pitting one asset against what is the next best thing, or its opportunity cost.

Internalizing AMDG and armed with my Economics degree, I therefore felt ready to, as they say, “conquer” the world, when I left the Ateneo in 1973. With that mindset, I took a job at SGV, one of the most prestigious accounting firms at the time (and still is). I didn’t do accounting though, I was in management services. Consultancy and advisory work, in other words. It was an interesting job, but after less than a year, and weighing other employment options that were around me, I felt, the best thing to do next, was to transfer to the then Central Bank of the Philippines.

So with gumption, I applied directly to then Central Bank Governor Gregorio Licaros. Thankfully, he did not find my action brash. Perhaps it was the “surprise” that caused him to quite immediately offer me a job in the Research Department. I was Statistician C. In the back of my mind, that meant there was a Statistician B and a Statistician A. I didn’t mind the title, because the actual job gave me the opportunity to learn how to make economic sense of data. Learning to present information in tables and charts, and then writing up what the figures meant into a coherent economic story. This was a skill that became handy when years later, I was tasked to be the youngest member of the external debt negotiating team with foreign commercial bank and official creditors. This was during the Debt Crisis of 1983. You guessed right – I was their number cruncher.

Handling data with integrity and honesty, I was later on singled out to be Director of Economic Research-International of the Central Bank. Then as Managing Director of the Research Sector, the think-tank of the Bank. As I faithfully told the economic stories behind data, and at the same time communicated them well to our stakeholders, a new opportunity opened up for me.

At the time, it was the best thing to do next, so I accepted the concurrent appointment as Head of the BSP Treasury. This was at the height of the 1997 Asian Financial Crisis. Treasury is the “face” of BSP in the financial markets. It dealt in the Peso/Dollar market and thus influenced the behavior of the exchange rate. It bought and sold securities under the BSP’s open market operations that guided the movement of interest rates. Later on I was appointed Deputy Governor in-charge of Banking Services, Research and Treasury. With this exposure to the market, not just domestically but also globally as we issued debt in the foreign capital markets to augment funding for our foreign exchange requirements, I had developed the unique combination of skill with economic data sets, deep understanding of the macroeconomy and keen market sense that gave me the edge to be the nominee of the then BSP Governor Buenaventura to be BSP Governor when his term ended in July 2005. My nomination was supported by others in government as well as in the banking and business communities.

I did not dream nor ardently desire to be BSP Governor. But I believe that because, at each step, I chose to A-M-D-G and to do next what I knew was the best thing based on AMDG, things somehow fell into their natural order.

The world we live in is imperfect, if you do not have a fixed point to help you make choices, you would likely end up wasting your time and resources.

Even, however, as I say that the world we live in is imperfect, I know it is one that is full of hope. I look around this hall today and I see beaming and expectant faces. Deservedly so. Scholars, you are on a wonderful journey. I trust yours will be even more exciting and fulfilling than mine was.

You are in the Ateneo, at a time when the outlook for the global economy is improving. The US economy is gaining more traction, albeit at a slower-than-first anticipated pace, the EU is coming out of its slump, and China is decelerating to a more sustainable economic growth rate. Global policy rate normalization has

begun. There is still talk of protectionism, but this has so far remained essentially rhetoric. There are opportunities to be had. In other words, “may pag-asa”.

For AASA, we have been sowing “seeds of hope” for 30 years now. The number of Scholars is growing year after year. Every farmer knows that he plants today to harvest at another season. In the same way, we equip our scholars with education today, so they can be ready to face the challenges of the real world tomorrow. Scholars, you are now in this season of planting. It has been said, “For everything there is a time and a season”. In other words, you can’t have everything at the same time. Therefore ask yourself, for this season of planting, what is important for me? What can I learn from this season of life? How can I help others in this season?

In the Philippines, we are also in a season of planting... building buffers to strengthen and protect the economic gains we have made so far. Our economy has been growing uninterruptedly for the past 74 quarters. In 2016, real GDP growth was 6.9 pct., close to the upper end of the Government’s target range of 6-7pct. In the first half of 2017, our economy expanded by 6.4 percent. With this performance, the Philippines is poised to be one of the fastest rising emerging economies in Asia over the medium term.

In the past 12 years, during my term as Governor, the BSP adopted prudent and forward-looking monetary policy. This has helped lead to stable prices of basic goods and services. Last year, inflation was kept low, and for the first seven months of this year, average inflation was at 3.1 percent. I understand, the BSP continues to expect it to stay within the target range of 2-4 pct this year and over the policy horizon. At the same time, fiscal prudence has improved our fiscal position and debt dynamics. With the fiscal space that the economy enjoys, the national government has been ramping up infrastructure spending. Build, build, build. This is the mantra of the present administration.

The Philippine economy has thus been enjoying a good convergence of higher economic growth, stable prices and a sounder fiscal position during the past few years.

We have a sound banking system that is supportive of our growing economy. Our banks are well capitalized, their assets continue to grow and this growth is accompanied by improving asset quality, deposits continue to climb, and loans continue to increase, the bulk of which are directed to production sectors that have strong multiplier effects. In the aftermath of the GFC, we put in place macroprudential measures and set up institutions within the BSP to help ensure financial stability. At the same time, favorable external payments dynamics have rendered the economy less vulnerable to headwinds. We have substantial cushions from possible shocks by way of organically-driven flows that have contributed to ample international reserves -- above \$80 billion as of end-July. enough to cover more than 8.5 months’ worth of imports of goods and services.

While economic growth has been robust, we all know that the goal of shared prosperity remains a daunting one. When I was at the BSP, we championed advocacies that would bring more people and households into the economic mainstream. We devoted time and resources to develop a more inclusive financial system, strengthen financial consumer protection, and implement a nation-wide economic and financial learning program that promotes informed decision-making and choices. In 2015, we established the National Strategy for Financial Inclusion putting together the efforts of government agencies, the private sector and multilateral institutions in this area. I was made the first (ever) chair of the Steering Committee. As you may have already guessed, my commitment to these advocacy programs was driven by – AMDG.

Clearly, the Philippine economic narrative works in your favor, Scholars. Economic opportunities are available to serve as a tailwind to your chosen careers, and I hope that you will make the most of these opportunities, as you choose to do next what is the best thing as dictated by your “fixed point”.

But make no mistake about it: there will be speed bumps along the way. (Much like the strong typhoons that can wreak havoc on our harvests.) Indeed, there are plenty of good reasons for caution. There remain uncertainties in the global environment--the economic policies of AEs and the market reaction to this, as

well as troubling geo-political developments. However, because the Philippine economy's underpinnings are sturdier and broader, it will be in stronger form to withstand the twists and turns brought about by adverse factors, domestic or global, economic or otherwise. The Philippine economy is in stronger form to sail in all weather.

How can we partake of the fruits that the promise of a better Philippine economy brings? More importantly, how can we contribute to the Philippine economy so that we can energize it further and help ensure that "the rising tide will lift all boats"?

I do not have the specific answers. But I know, if we hold true to the Ignatian way of honest, hard work, for the greater glory of God, then our service -- in whatever profession or career, no matter how humble -- will have a profound resonance in your life and the lives of others.

I also know that in our own way, we can "pay forward". For certain, our AASA Benefactors have. Our benefactors received an Ateneo education through anonymous donations, and they have since paid forward by also making it possible for other deserving students to enjoy the same privilege they had. Paying Forward is a movement that has caught fire. And one, which I trust, the AASA will continue to live by.

As Ateneans, we are drilled in the principle that learning is never static. Indeed, learning is a dynamic process, and occurs in a continuum. Keep your mind fertile with ideas. Be open to rethink the old ways, the conventional ways, the comfortable ways. But hold true to the principles that have served as your "fixed point" over the years. This will serve all of us well, in whatever capacity we find ourselves in, whether in public service or in the private sector.

Let me end by sharing with you these words from US President John F. Kennedy: "Let us think of education as the means of developing our greatest abilities, because in each of us there is a private hope and dream which, fulfilled, can be translated into benefit for everyone and greater strength for our nation".

Alumni Scholars and Benefactors, let us continue to be positive force multipliers... for meaningful change will help us unlock the potential for further progress and leave a solid footprint for the next generations.

I thank you for your patience and I wish you all God speed in your journey, wherever that may be.