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The Philippines: A Difficult Road Ahead

National Intelligence Estimate

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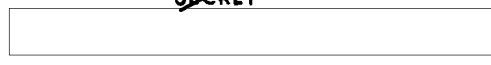
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**THE PHILIPPINES:
A DIFFICULT ROAD AHEAD**

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THE NATIONAL FOREIGN INTELLIGENCE BOARD CONCURS.

The following intelligence organizations participated in the preparation of the Estimate:

The Central Intelligence Agency, the intelligence organizations of the Departments of State and Treasury, the Defense Intelligence Agency, and the National Security Agency.

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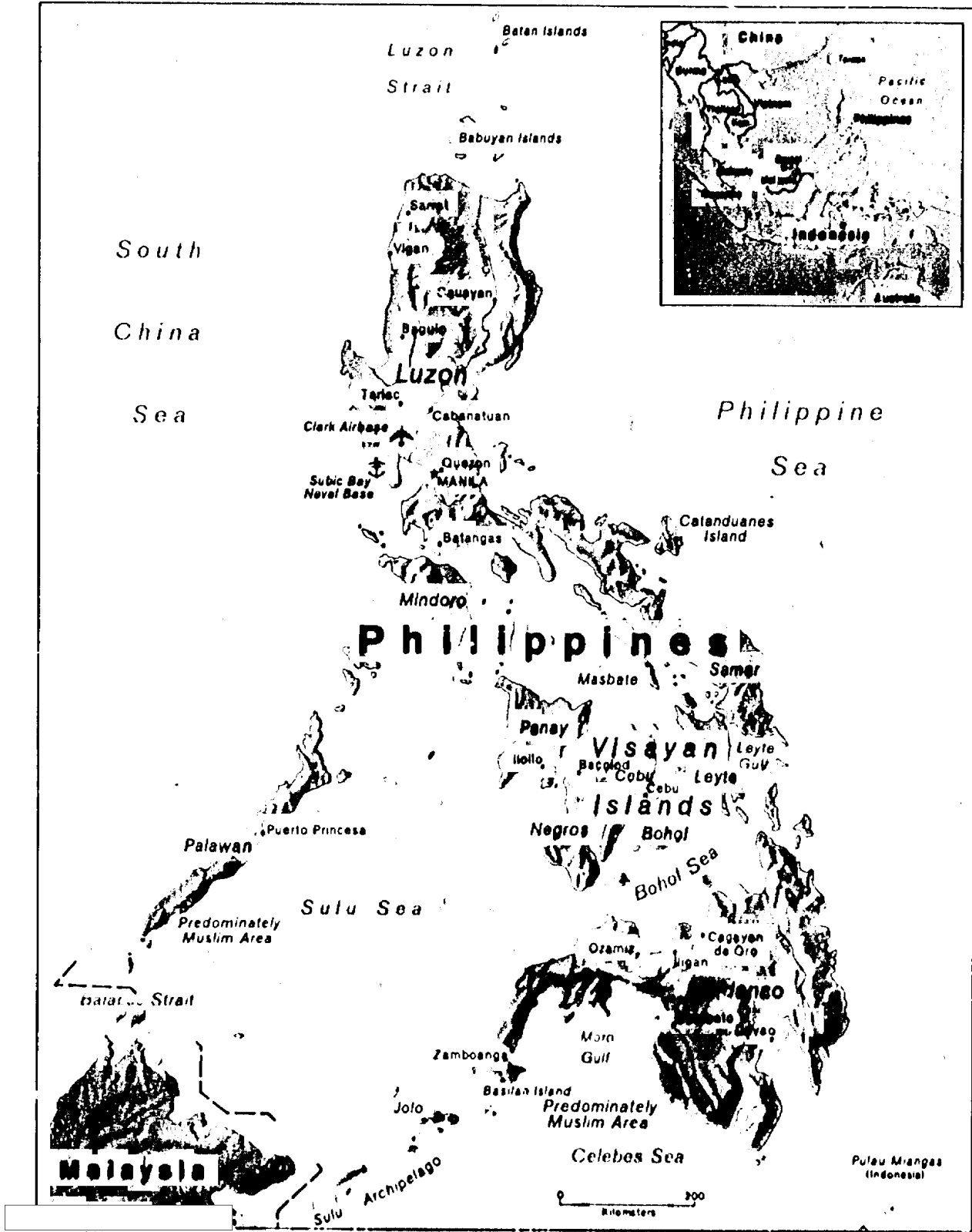
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CONTENTS

	<i>Page</i>
KEY JUDGMENTS	1
DISCUSSION	3
Factors for Concern	3
The Regime's Achievements	3
Regime Weaknesses	4
Role of the Military	4
Difficult Economic Times Ahead	6
The Problem of Inflation	8
Opposition Forces	8
The Role of the Church	9
The Communists	10
Opposition Cooperation	10
The Muslim Rebellion	11
Prospects for Stability	11
Implications for the United States	14



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KEY JUDGMENTS

The regime of President Marcos of the Philippines has lost much of its luster. Growing numbers of people question his competence and criticize government corruption and inefficiency. Rumors of his ill health add to the air of uncertainty.

Steady economic growth has been a mainstay of popular acceptance of the regime, but the Philippines now faces its most difficult economic period since the declaration of martial law in 1972. Although economic grievances may not directly spark political unrest, they could create a climate in which it thrives and provide a mass base for Marcos's opponents to exploit.

Increased contact among political opponents of Marcos—pre-martial-law politicians, students, liberal Catholic clergymen, and leftists—could lead to better leadership and organization within the opposition. Thus far, however, the opposition has been unable to exploit discontent and has continued to squabble over tactics. The increasingly vocal role of the Catholic hierarchy as a critic of the regime will help legitimize antiregime activities of all political groups.

Continued stability will depend on whether political discontent grows dramatically and on whether Marcos stays alive and keeps his inner circle united behind him. Concern among the high echelons around Marcos that he was losing his grip on the situation could lead some to stage a preemptive move against him. Widespread unhappiness about the role of the President's wife, Imelda, who considers herself the heir apparent, is also a potential cause for an internal challenge to Marcos's authority.

The military will play a major role in any post-Marcos government. Marcos enlarged its status and gave it a political role in order to create a counterweight to potential civilian challengers. At the same time, he has fostered factionalism within the military, keeping the chain of command weak, and prevented it from developing the sense of political identity that would make it a unifying force in the event of a succession crisis. If Marcos died in office, a military-civilian coalition, perhaps including Imelda at least initially, is the most likely successor government. It would probably be weak, unstable, and faction ridden.

The historic close identification of the United States with Philippine governments enhances the chance that anti-Marcos opposition will take an increasingly anti-American tone. Although the groups

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at present most likely to assume power would probably continue to want good relations with the United States, they would also probably further restrict US operational freedoms at military bases and demand increased Philippine control.

If Marcos continues capable of exercising leadership and seems to have his wife under control, the regime will probably survive the next few years, despite increasing popular discontent.

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DISCUSSION

Factors for Concern

1. Self-preservation rather than ideology or theoretical blueprint is the motivating force behind the policies of Philippine President Marcos, often giving the government an air of ad hoc invention but little fundamental change. Political stability, steady economic growth, and the memory of the chaos that characterized the final years of the pre-martial-law era contribute to broad popular acceptance of—if not enthusiasm for—the Marcos regime. Nevertheless, after more than a decade in power, Marcos's ability to dazzle is wearing thin.

2. Whether widespread unrest occurs will depend on a number of factors, including the growth of greater unity within the opposition, Marcos's sensitivity to Filipino economic and political concerns, and the internal strength of his regime. Increasing numbers of Filipinos in all walks of life are disgusted with corruption and abuses by government officials in general and the Marcos family in particular. Severe economic difficulties, whether sudden or prolonged, could not only exacerbate these grievances but also might trigger widespread unrest.

3. The opposition's ability to capitalize on discontent will depend not only on whether effective leaders emerge but also on how the government reacts. Marcos tends to be sensitive to public expressions of opposition, and if he resorted to harsh repression it could exacerbate rather than end his problems. The Philippine military might not be able to handle persistent large-scale urban unrest in Manila, the most likely site for violent antiregime demonstrations. Although the units in the capital are the best equipped and trained, they have no recent experience in handling major urban disorder and might worsen the situation by overuse of force. Moreover, it is by no means certain that military units would maintain discipline in the face of large-scale disorder.

4. Serious unrest or other evidence that Marcos was losing his grip on the situation could also encourage a preemptive move by individuals or groups within the present inner circle. Their perception of Marcos's ability to cope and hence safeguard their vested interests in the status quo will be a crucial factor in their continued support.

The Regime's Achievements

5. The Marcos government has achieved positive results in some areas, particularly in the economic arena. Concentration of decisionmaking power in the President's hands made it possible to institute some long overdue agricultural and economic structural reforms previously hostage to special-interest politics. These reforms, combined with export gains during the 1973-74 world commodity boom, helped reverse the country's shaky international financial position, which earlier had nearly led to default. The government also expanded its own role in the economy and significantly increased public expenditure for development-related projects, particularly infrastructure improvements. Marcos turned much of the management of the economy over to a small group of qualified and respected technocrats and generally supports their policies even when these entail some political risk.

6. Marcos's ability to balance political and economic policies without sacrificing his economic development goals has helped maintain the degree of business and financial confidence in the Philippines needed to assure continued access to foreign capital. The favorable economic climate and political and social stability afforded by martial law have thus far assured Marcos the support of Filipino businessmen, including most of the economically powerful families that controlled the Philippine political system before martial law. Though many of this oligarchy dislike Marcos personally, they have prospered under martial law and enjoy the economic benefits he has bestowed directly and indirectly on the business community. If they still harbor political ambitions, they keep them concealed, for Marcos has used his authoritarian power to confiscate holdings of some outspoken former rivals. A new economic elite has also emerged, fostered by the regime's economic and political priorities and including managers of new government firms, bankers, real estate developers, and military officers.

7. Agricultural reforms and the suppression of private armies brought peace and improved economic conditions in many rural areas. Implementation began on a land reform program long in the planning stages. A massive government-funded program to expand agricultural credit and to introduce new technology

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contributed to significant increases in rice and corn production. For the first time, the country achieved self-sufficiency in rice, which helped keep domestic food prices under control.

8. Marcos has also imparted more balance to Philippine international relations, although the "special relationship" with the United States remains an important emotional theme and also provides some economic benefits. Relations have been established or expanded with Communist and Third World countries. More important, the Philippines has begun to participate more seriously in the Association of Southeast Asian Nations (ASEAN), rather than regarding it merely as a platform for grandstanding; even so, Manila's participation is still less intense than that of the other members—Indonesia, Singapore, Malaysia, and Thailand. In 1979, Marcos approved a revision of the bases agreement with the United States; this had been pending for some time, largely as a result of his own footdragging.

Regime Weaknesses

9. Alongside these achievements, however, the regime has political weaknesses that may prove fatal. It has shallow roots and fragile structures; Marcos has dismantled virtually all pre-martial-law political institutions because they might serve as competing power centers. He has created various, often short-lived, mass organizations and staged a series of elections and referendums to give the impression of popular participation in the regime.

10. The government is administered—with the notable exception of key national-level economic agencies—by political cronies, military officers, family members, and palace sycophants whose authority and position depend on their personal loyalty to the President. Although no individual or group has yet posed a significant challenge to his rule, Marcos feels chronically insecure, fully trusting no one. Effective decisionmaking power is concentrated in his hands. Subordinate staffing mechanisms are weak to nonexistent, and on important issues Marcos rarely confides his plans to anyone.

11. As a result, the Philippine Government is very much a personal government and its style is Marcos's style. Marcos is fast to maneuver but slow to deviate from his conservative policy courses. Under pressure, he tends to indulge in spectacular tactics accompanied by grand statements and generalities designed to give the impression of great change while keeping other

protagonists off balance. Marcos often prefers to maintain rather than solve problems. This is as much a political ploy to keep alive issues that he may want to exploit or manipulate again as a maneuver to appear to move forthrightly on problems with which he cannot or will not deal. It is probably also a consequence of his one-man style of rule; Marcos finds it difficult to be deeply involved in more than one issue at a time, is easily distracted from one issue to another, and often leaves major issues completely untended for long periods.

12. Not only is the regime completely focused on Marcos, but there is no credible plan for succession. Despite a constitutional provision and a presidential decree, Marcos has so far failed to build a strong political institution capable of assuring an orderly leadership transition. With the exception of his wife, no one associated with his regime has achieved an independent political standing. Marcos has adroitly used divide-and-rule tactics within his own camp as well as against potential outside challengers. A follower whose star is rising rapidly usually finds that it soon falls equally fast. Thus Marcos becomes the only focus for political activity—whether approbation or opprobrium. Shifting perceptions of his competence to handle crises as well as rumors of his illness contribute to sizable swings in how supporters and opponents alike assess Marcos. Concern that Marcos was losing his grip or that he was vulnerable could cause some group to decide it must move first in order to protect its interests.

Role of the Military

13. As part of his scheme for diffusing potentially competitive political power, Marcos created a new political interest group to compete with traditional ones, bringing the military out of the barracks and into political and economic affairs. Strong military support is the foundation for martial law and one-man rule; over the long term, however, the military could develop political or economic interests that differ from or threaten those of Marcos. Marcos has placed officers in government and business both to reward their loyalty and to provide watchdogs over the interests of his family and regime.

14. Despite the military's recent involvement in government, most officers seem more concerned at obtaining the material benefits now available and are content to leave political issues to Marcos. This focus is reflected in the growing problem of corruption in the

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President Ferdinand Marcos



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armed forces. It permeates all levels, from the junior enlisted man who extorts payments from civilians for safe passage through checkpoints, to the senior officer who demands a position with a business firm in return for government contracts.

15. Marcos cultivated the military long before martial law and as President assured that most of those promoted to top ranks were loyal to him—most in fact came from his home province. The military implemented martial law in 1972, and Marcos has rewarded it with increased salaries and enhanced perquisites. The size of the military has roughly tripled. Promotions to flag rank are based primarily on loyalty to Marcos. Recently, promotions have slowed because Marcos prefers to retain aging but loyal senior officers rather than force them to retire. To compensate for this bottleneck, important field-grade officers receive extra perquisites and officers in general have wide latitude to pursue private business while on active duty.

16. Military officers come from a socioeconomic group different from that which has traditionally controlled Philippine economic and political affairs. The officer corps serves as a channel for bright and ambitious middle-class men to get ahead. It has rarely attracted the scions of the elite but rather draws its candidates from small landowning farmers, small businessmen, teachers, and low-ranking government officials. A military career—particularly today—offers the prospect of significant power and privilege, and applicants for officer training far exceed military needs.

17. The military is generally still subservient to civilian direction, and active-duty generals do not hold formal policymaking positions. The officer corps, however, enjoys its new role on the economic and political scene. Many officers believe that they provide the needed direction for nation building and that they are more efficient and dedicated than the politicians who ran the Philippines before martial law. As new assignments provide greater opportunities to make money and develop opportunities outside the military, their intrusion into formerly civilian sectors will become even more pervasive. The longer the military enjoys these privileges and influence, the greater will be its vested interest in retaining its position. The more the civilian element is denigrated, the more the military will see itself as the only viable agent for national development and leadership.

18. Although the military is perhaps the only coherent national government institution left, it has serious weaknesses as a potential unifying political institution. In particular, it has no well-developed theory of its political mission. Until martial law, it was a professional armed force patterned after the US military and having a narrowly defined defense and security mission. Those who ran the country considered military officers as virtually second-class citizens, useful instruments but not colleagues.

19. The military officer corps is divided by factionalism, particularly at the upper levels. Marcos to a large extent encourages this to prevent any individual from obtaining too much authority. Although intrigue within the military over promotions and positions aids Marcos on the one hand, it may also make the military less dependable in time of crisis. Factionalism at the top, combined with rampant lack of discipline, motivation, or experience at the junior officer level, reduces the possibility that the military could play a unifying or stabilizing role.

Difficult Economic Times Ahead

20. Much of the continued tolerance for martial law stems from Marcos's ability to point to economic gains made possible by the stable political environment. The Philippines now faces its most difficult economic period since 1972. Rapid inflation, a deteriorating international payments position, and a slowdown in economic growth have raised fears that the regime is losing its grip on the economy. Business confidence—especially among Filipino businessmen—has dwindled and the international financial community is growing increasingly nervous about the government's aggressive foreign borrowing on top of its already high outstanding foreign debt.

21. Despite some economic reforms, key structural problems remain. The nation has only limited foreign exchange resources to finance development, and most foreign exchange earnings derive from export of a few primary commodities that are vulnerable to price swings in international markets. Even with recent oil discoveries, the Philippines still depends on imported oil—predominantly from the Middle East—for most of its energy needs. Agricultural reforms have not cured widespread unemployment and underemployment in the rural sector, and urban employment opportunities have grown too slowly to accommodate the increasing labor force. The government has had difficulties raising domestic revenues to cover rapidly growing government expenditures.

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22 Since 1973 the government has followed a development strategy predicated on sustaining high rates of economic growth because of a need to provide employment to a labor force that is growing by 3 percent annually. Among other things, this has meant maintaining a high level of imports. Largely because import growth has outpaced export growth, sizable current account deficits have emerged since 1975. The government has financed these persistent deficits by foreign borrowing rather than by limiting the imports needed to support economic growth. The result has been a sharp increase in the external debt burden. Even so, this strategy and the resiliency of the Philippine economy, abundant natural resources, and a well-trained highly literate labor force enabled the country to weather the shocks of the 1973-74 oil price increases and world recession.

23 In 1979 oil price hikes caused a sharp deterioration in the balance-of-payments position, changing an anticipated \$50 million surplus into a \$500 million deficit. Financing the deficit has raised doubts in the international banking community about the government's ability to service new loans, and several large private international banks are reportedly reevaluating their Philippine portfolios with an eye toward cutting back on new commitments. Nevertheless, enough credit should be available in 1980 to cover Philippine requirements, although at high interest rates. Manila has large loans committed but not yet disbursed that should fill the revenue gap, even allowing for higher oil prices in 1980. Government economic managers plan to stick with their strategy, gambling that exports will increase fast enough to sustain high import levels and foreign debt repayment.

24 Prospects for Philippine exports are generally favorable, but a severe world recession would make it impossible to achieve export targets, particularly in nontraditional, manufactured products. Although the current account deficit will increase, Manila still should not in the short run encounter problems financing this deficit through commercial and official long-term loans. Some private lenders are much more cautious than formerly, but there is no evidence that Philippine creditworthiness will erode enough to stop new commitments. The cost of money is expected to rise in 1980, and the Philippines will have to compete for available funds. The imprimatur of official lenders on economic policies and development programs, plus the good reputation of the nation's economic managers, should help buoy confidence among foreign private commercial lenders.

25 The domestic economic situation will give greater cause for concern because intangible political and social factors have more influence; moreover, sound economic decisions are not necessarily good politically. Philippine businessmen—in contrast to foreign businessmen—have been suffering an attack of nervousness. This apparently has been caused by perceptions of incoherence and policy disagreements among ministers and concern about the ability of the regime to set priorities or cope with current major economic problems. Concern that an economic downturn could cause law-and-order problems and threaten the stability of the regime contributes to the pessimism, as do rumors—so far, apparently unfounded—that capital is leaving the country. Such fears are contagious and can be self-fulfilling prophecies. Some members of the elite have evidently been sufficiently concerned to make sure their US visas are up to date.

26 Marcos is sensitive to the need to reassure the business community, even if his moves are more show than substance. In mid-1979 he reorganized his Cabinet, appointing seven new members, including two prominent and highly qualified businessmen to take charge of the trade and industry ministries. He also created an economic supercabinet to oversee policy questions. He conducted a widely publicized, though not necessarily effective, purge of the tax collection bureau in answer to concern about increasing corruption by government officials and also to increase government revenues. However, government moves on other fronts, such as a tight money policy to help dampen inflation, have increased business discontent by restricting credit.

27 Other factors conditioning the mood of the Philippine businessman have more to do with the nature of the regime itself than with its economic policies per se. Resentment is increased by the rapaciousness of the Marcos family, particularly Imelda Marcos, in exacting tribute from businessmen for favored projects. The egregious corruption of Marcos's associates and the increasing concentration of economic wealth and power in the hands of fewer and fewer families also add to the discontent. Philippine cultural norms accept that family and social relationship take precedence over bureaucratic procedures and that everyone expects to pay certain bribes as a cost of doing business or for services rendered. The Marcos family and regime, however, have gone beyond the bounds of accepted practice and appear bent on self-aggrandizement at the expense of everyone else. This could become politically even more signifi-

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cent if slower economic growth means less to go around.

The Problem of Inflation

28. The most pressing and politically most dangerous economic problem facing the regime is inflation. Government sensitivity about the political ramifications of price increases early in 1979 caused it to raise minimum wages first and then announce increased prices for consumer staples. Marcos also decreed a mandatory emergency cost-of-living allowance. His image has suffered heavily because of inflation, and attempts to lay the blame on external factors, such as oil price increases, have not entirely succeeded although the argument has merit. The government has tried to minimize the public reaction by lumping price rises into discrete, one-time events. Consumer prices for 1979 probably averaged 24.2 percent above 1978.

29. The vast majority of wage earners suffered a sharp loss in purchasing power during 1979, despite government attempts to maintain real wages for low-income groups. Exemptions written into the laws, combined with wholesale violation by small urban employers, work against the stated objectives of the policy. Although aware of the potential for social and political instability as a result of declining real wages, government economic planners reject wage increases that would drive up export prices and threaten export growth, which they are depending upon to alleviate balance-of-payments problems. Inflation has slowed somewhat and may be less severe in 1980 despite new oil price hikes. Food prices, an important political issue, should remain relatively stable at current high levels.

30. Those affected most by inflation—the middle class, civil servants, and urban laborers—are a likely group to provide the mass base for an anti-Marcos political movement. They have benefited least from the economic growth of martial-law years. Living standards in rural areas have improved slightly, and government statistics indicate that the share of national income accruing to the poorest has increased marginally. Urban incomes eroded sharply in 1973-74, however, and after slight gains later dropped sharply again, in late 1979. The middle class's share of national income has also declined under martial law. The rich have increased their share of national income; their concentration in urban areas, especially Manila, makes the striking disparities in income that much more obvious.

31. Government austerity measures intended to deal with one political problem—*inflation*—could cause another one: military disaffection. Cuts in the defense budget have already aroused some generalized unhappiness and lowered morale. In addition to formal cuts, in some cases funds already budgeted have not been released. Services have had to postpone purchase of needed equipment, including medical supplies, and often curtail training. This further degrades capability already severely affected by corruption, poor discipline, and factionalism. The need to conserve military resources was in part responsible for the decision to adopt a more conservative strategy in Mindanao, where the government faces a serious armed insurrection by local Muslims. To the extent that the military's support for Marcos depends on receiving most favored treatment, declining funds could erode its loyalty to him. Budget cuts may also contribute to increased military corruption, especially extortion, as officers and men seek compensation elsewhere.

Opposition Forces

32. Marcos's political opponents—pre-martial-law politicians, students, liberal Catholic clergymen, and leftists—hope to capitalize on growing discontent with his regime. Economic grievances, although perhaps not the trigger for political unrest, could create the conditions in which political dissent will thrive. Inflation has already caused a few political demonstrations in Manila, but they have been poorly organized and led. Urban laborers have real and growing economic complaints against the government, but labor unions are even weaker than before martial law. Opposition to martial law, even antigovernment rallies, is nothing new, but this opposition has lacked effective leadership and organization. Although unified by their dislike of Marcos, his opponents continue to squabble over tactics.

33. Various political opponents of Marcos from before martial law remain active dissenters to his regime despite periodic arrest or harassment. Their evident inability to comprehend that the rules of the political game have changed drastically continues to undercut their effectiveness. They usually achieve prominence only when Marcos loosens strictures on public debate—as he does, for example, before referendums on martial law or during the staged campaigns for the public office. Their efforts have resulted in major displays of popular anti-Marcos sentiment on

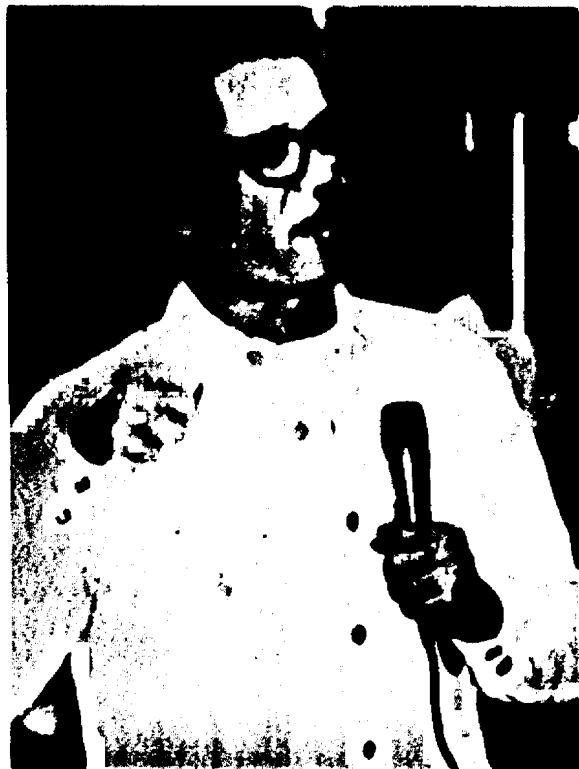
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occasion, but the Manila crowds that quickly gather to voice their dissent disperse even more rapidly when the police arrive. Although not popular, Marcos apparently is not yet unpopular enough to arouse the kind of passion that makes Filipinos willing to defy armed troops.

34. Few Filipinos consider the anti-Marcos politicians any better than the President. An exception to the general rule is former Senator Benigno Aquino, who is probably the only political figure who could compete effectively with Marcos. Aquino was arrested the day martial law was declared, and his continued imprisonment has given him a popularity he did not have before. He now has moral authority as the only politician who stood up to Marcos. If Aquino were to agree to refrain from all political activity or to accept exile in return for release from detention—as some reports have suggested—it would severely tarnish this image and undercut his chances to emerge as the effective leader of the anti-Marcos opposition. His name might be used by others to try to rally anti-Marcos sentiment, but, as an exile or forcibly retired politician, Aquino would have difficulty becoming more than a figurehead.

Former Senator Benigno Aquino



35. The students, vocal opponents of President Marcos since 1970, have been generally suppressed since martial law was imposed. Hundreds of student leaders were detained at the outset of martial law. Although most were subsequently released, their political enthusiasm was severely dampened. The government sees the universities as potential problem areas, and security services have penetrated student organizations and taken quick action against suspected troublemakers. Leftist student groups, a major source of leadership during the years of greatest student political activity, are particular targets of government security. Nevertheless, recent reports suggest a revival of leftist activity on Manila campuses. Other student leaders claim in private that the decline in large-scale student political activity does not reflect disinterest but merely a change in tactics from public rallies to clandestine organization.

36. A revived student movement could provide the articulators and organizers for mass urban dissent. The students often come from the economic groups hardest hit by inflation. Many of them face an uncertain future because Manila's numerous diploma mills are producing far more educated and semieducated people than the economy can employ. Those not absorbed in the system have the grievances, time, and skills readymade for political activism.

The Role of the Church

37. The liberal Catholic clergy is potentially Marcos's most dangerous opposition. The Philippines is 80 percent Catholic, and Philippine culture has a messianic streak that might be susceptible to a political appeal couched in religious terms. Moreover, the church has cadre, ideology, and organization unlike other opposition elements. Marcos worries about church political activity and always moves quickly to try to prevent development of issues that might unite the generally quiescent majority with the liberal activist minority.

38. Church leaders are divided over the appropriate social and political role for clerics in general, much less whether they should criticize the government or actively oppose it. Priests and nuns live and work closely with the people in urban as well as rural areas and they are keenly aware of the abuses of the regime. Marcos has tried to undercut their criticism by a combination of well-publicized actions that at least give the appearance of dealing with complaints and by

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charges that his most vocal critics in the clergy are in fact Communists or in league with them.

39. Marcos's attempt to keep the Church divided if not neutral suffered a serious setback in 1979 when the Archbishop of Manila, Cardinal Sin, emerged as a prominent critic of martial law. While by no means advocating the overthrow of Marcos, Sin called for a return to democratic norms and condemned the government for civil rights abuses. More significantly, he celebrated a mass for opposition leader Aquino's wedding anniversary, at which he praised Aquino as a man of moral convictions. Sin's actions at the least give a cloak of legitimacy to antiregime activities by clergy and nonclergy alike and could encourage more participation from present fence-sitters. Sin has also directly opposed some of the excesses of Marcos's wife—action that further enhances his credentials as the public conscience of the nation. Despite his criticism of martial law, Sin still maintains relations with Marcos.

The Communists

40. The Philippines has two Communist parties—a pro-Soviet one that is at present inactive and a pro-Chinese one whose military wing, the New People's Army, conducts an active insurgency in scattered areas of the country. The New People's Army numbers 1,000 to 2,000 armed guerrillas. Most of the party's major figures were arrested in the last few years. Little is known about the present leadership, which is assumed to be collegial and decentralized; it probably will try to remain anonymous.

41. Communist guerrillas have increased their activities in the last two years, taking advantage of rural discontent created by poverty, widespread military abuses, and the corruption and inefficiency of local government. Abusive behavior by military personnel reached serious proportions in 1979, and areas of suspected insurgency suffered the most. As a result, increased military presence in an area often provoked increased dissident activity.

42. The present level of guerrilla activity does not threaten the government, but a greatly expanded insurgency would pose an economic and military burden by forcing the government to assign a large number of military units to insurgent areas. The Philippine armed forces are already stretched thin, and new units would have to be created. The Communists could become a serious military threat if they succeeded in achieving cooperation with the much larger Muslim insurgency in the south. Coordinated

operations and even urban terrorist attacks would be difficult for the government to handle. The Communists have tried to forge links with Muslim rebels since the early 1970s but have made almost no headway.

Opposition Cooperation

43. None of the various opposition groups represents a threat by itself, although effective leadership would give any of them the potential to capitalize on generalized dissatisfaction with the government and cause it problems. If the various groups were to combine their efforts, they could be a potent force. Tentative evidence suggests that the moderate politicians and liberal clergy are more willing to consider joining umbrella organizations with leftist factions. They may also be willing to support more violent means of opposing the government. The blatant fraud of the 1978 National Assembly elections was a key factor in radicalizing many moderates. For those who still doubted, it proved that Marcos was not going to permit any real change and that working within a rigged system would accomplish nothing.

44. Another factor contributing to the moderates' increased aggressiveness is their belief that Marcos may be vulnerable. Not particularly courageous, they grow bolder in direct proportion to Marcos's perceived weakness and popular disenchantment with him. The moderates would provide the appearance of legitimacy for an anti-Marcos front group, but the better-organized leftists would probably soon control it.

45. Although no common front of moderates and leftists yet exists, the linkages between the two groups will grow as frustration with the Marcos government increases. Contact across ideological lines has always been common in the Philippines because of the relatively small size of the intelligentsia and politically active strata. Most of them attended the same schools, and many are related by marriage or associated through common business dealings. Shared opposition to Marcos, however, seems to have carried the level of such contact beyond normal bounds.

46. In addition to contact between urban leftists and moderate political activists, reports suggest increased contact between liberal, activist priests and nuns in the rural areas and guerrillas of the New People's Army. Some of this may be innocent, some may stem from a belief by the clerics that they can retain the upper hand in dealings with the Communists, and some may reflect real commitment to radical goals. Whatever the case, antiregime activism

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by rural priests and nuns serves to legitimize the antiregime activities of other groups in the area, including Communist guerrillas.

The Muslim Rebellion

47. Muslim Filipinos do not care about overthrowing the regime in Manila but rather wish to gain significant autonomy for Muslim areas. Nevertheless, their insurgency in parts of Mindanao and the Sulu Archipelago has a debilitating effect on the central government. It is a drain on the armed forces in terms of both men and equipment and a burden on the national budget. As such, it could contribute to political instability that arose from other factors.

48. More than 40,000 regular combat troops and over 65,000 paramilitary personnel are assigned to the war in the southern islands. Before the adoption of a more conservative strategy in mid-1979, the armed forces suffered casualties there of some 1,000 killed a year. Some officers would prefer an all-out effort to achieve a military solution in the south, and Marcos's policies in the region could become a matter for military dissent; at present, however, that is not the case. Many officers consider the south a necessary assignment; it enables them to "get their ticket punched" in preparation for promotion. Military officers, who also run the civil administration in many areas in the south, consider their role legitimate and necessary. Even during periods of heaviest casualties, few Filipinos have questioned either the need to prevent Muslim secession or the government's policy. Christian Filipinos tend to regard the Muslims with scarcely concealed contempt and would probably prefer to drive them into the sea.

49. The economic implications of the war in the south go beyond the direct budgetary burden. Insecurity in the area makes it difficult to develop natural resources there. Extension of insurgent activity beyond the Muslim areas, perhaps in cooperation with the growing Communist presence elsewhere on Mindanao, could threaten major plantations and other important centers of economic activity.

50. Even more important, however, is the potential impact of the rebellion on Philippine oil imports, two-thirds of which come from the Arab world. Several Muslim states supply limited arms, money, and training to the rebels, and, more important, they have popularized the rebels' cause in Islamic forums. Although Arab states have recently been preoccupied with Middle East issues and have paid little attention

to the Philippines, this could change with the arrival of the revolutionary regime in Iran. Philippine Muslims have already contacted the new Iranian regime seeking direct financial and other assistance for their cause; in response, Iran cut off oil sales to the Philippines. This gesture was more important for its political than its economic consequences. If the Iranians stimulate by direct involvement or by example a major new outbreak of hostilities in the Muslim areas, it would refocus international Muslim attention on the Philippines. Marcos's alleged reforms and concessions would probably not survive close scrutiny. This could cause some Arab states to restrict vitally needed oil exports to the Philippines with disastrous economic consequences.

Prospects for Stability

51. Continued stability in the Philippines will depend on two different, though not necessarily mutually exclusive, considerations. The first is whether popular resentment of the regime will grow dramatically and, if so, whether anti-Marcos forces will be able to exploit and organize it to cause widespread unrest and challenge the regime. The second is whether Marcos might die in office, or lose power as the result of a power struggle within the present governing elite.

52. It is difficult to predict what event or combination of factors could cause widespread political unrest. Many of the ingredients are present already, but the chemistry may never be right. One potential opportunity for popular demonstrations in 1980 is the expected papal visit. The growing role of Cardinal Sin as a critic of the regime could encourage Catholic activists to use the Pope's visit as the catalyst for a major demonstration against martial law. Leftists and student activists will probably try to use the visit in this fashion whatever Catholic activists do.

53. Elections no matter how well staged could become the focal point for organized opposition. If blatantly rigged, such elections could result in more significant antiregime displays than those that followed the April 1978 elections and might well prove more difficult to control. Local elections were held in January 1980, and the opposition has tried to make an issue out of alleged voting irregularities in view of the government's overwhelming victory. Modest victories in several localities have buoyed opposition spirits, and possibly reinforced a determination to unite and adopt more aggressive tactics in the future.

54. Continued military abuse and official injustices will probably cause increased rural discontent and a

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corresponding spread in Communist guerrilla activity in the rural areas. Unlike major unrest in Manila, the Communist insurgency will probably not pose a direct threat to political stability.

55. Disunity within the anti-Marcos camp could prevent the opposition from effectively exploiting public discontent and posing a significant challenge to Marcos over the short term. Nevertheless, serious domestic unrest could cause difficulties for Marcos within the upper echelons of the regime. If there was concern at this level that he was losing his grip on the situation, it could provoke actions that might threaten political stability. The lack of a recognized credible succession process is crucial, particularly because of the total dependence of the present regime on Marcos personally. This is doubly a problem because Imelda Marcos makes little secret of the fact that she considers herself the heir apparent. Her husband is careful not to commit himself on the subject, because Imelda is distrusted by many of his own supporters.

56. The President is reportedly suffering from an incurable illness. Although it may not be incapacitating over the short or even the long term, concern within the anti-Imelda factions, particularly of the senior military leadership, that the President's wife might exploit his ill health to cement her own power could cause them to move first to assure their own power. For her part, Imelda is well aware that she has many enemies and might try to move against them first. Such maneuvering could only lead to instability at the center and encourage antigovernment forces to seek to capitalize on the uncertainty by fomenting disorder.

57. If Marcos died suddenly, from illness, accident, or assassination, the result could be chaos. Imelda would certainly make an immediate bid for power. She seems unlikely to win, although she might be part of a ruling coalition of military and civilian figures from the present regime. Her role is unlikely to last long; her mere participation in government would assure continued instability, because her enemies are numerous and some are powerful. The military will play the major role in any successor government although it may well be content to leave the actual governing to civilians so long as these civilians respect

and protect the military's vested interests. Few in the military would trust Imelda to fill such a role.

58. Factional divisions within the senior military, fostered by Marcos as a kind of political insurance, could lead to disunity and instability at the center in the post-Marcos period. The military is poorly suited to serve as a unifying political force, particularly because of its weak chain of command, and it is possible that Marcos's death could cause a political vacuum at the center that might allow regional political warlords to reemerge. Although Marcos purportedly disarmed the private armies after martial law, few if any of them turned in their best weapons. Private armies may already be regaining their significance in some rural areas; guns are reportedly harder to get and more expensive on the black market because demand has increased.

59. It is possible that a military-civilian coalition might seek to obtain broad popular support by making some concessions toward democratic institutions and desires for reform. Such reform would probably be carefully controlled, with the military retaining a veto, but the worst excesses of the present regime might be corrected at least briefly. The possibility that a truly reformist government could achieve power, either after Marcos dies or through a coup, seems a remote one for the near term. Philippine security officials report the existence of a group called the Nationalist Officers Movement To Restore Ethics and Conscience. Its members are dissident Air Force and Navy officers who reportedly wish to oust Marcos, return the country to democratic rule, and clean up corruption. There is no evidence that they have a significant following or that important senior officers would join them.

60. Any assessment of the prospects for stability is ultimately dependent on the actions of the Marcoses. If he continues capable of exercising leadership and seems to have his wife under control, the regime will probably survive the next few years, despite increasing popular discontent. Its support will continue to erode, but the lack of viable alternatives will probably prevent anyone with the power to do so from attempting a coup. If some faction of powerful figures, particularly in the military, becomes sufficiently concerned that Marcos is losing his grip or that Imelda is vastly increasing hers and that as a result its interests will be threatened, a coup or other move against Marcos is more than likely.

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First Lady Imelda Marcos



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Implications for the United States

61. The US-Philippine special relationship and the presence of US military facilities¹ assure that the United States cannot remain above whatever happens to the Marcos government over the next few years. All sides see the US Government as responsible for either the solution or the cause of the Philippines' problems--and sometimes both simultaneously. In a power struggle any side might try to rally support by appealing to nationalism, calling for greater independence from the United States, or arousing anti-Americanism. Equally any faction might appeal for US support on the basis of the intimate US involvement and concern for Philippine well-being. Either method is capable of arousing a widespread popular following.

62. The US-Philippine relationship is a complicated one--often described as a "love/hate" relationship. Many of the complex political attitudes that color relations today are the product of earlier experiences when the Philippines was an American colony. The relationship is reinforced by the constant travel of Philippine immigrants to the United States; there is hardly a middle or upper class family in the Philippines that does not have a relative in the United States. Many Filipinos receive veterans, social security, and other benefits from the US Government; US pension disbursements each year are about equal to the bilateral economic aid program. The most enduring problems of the historic relationship are the reactive, contradictory emotions and unrealistic expectations that it has engendered among both Americans and Filipinos. Special treatment is expected, slights and insults are magnified, motives are suspect.

63. Base-related issues have long been a tendentious ingredient in the relationship. The US facilities are popular as proof that the United States cares and as a welcome source of money and jobs. Many educated Filipinos, however, see them as the symbol of an unhealthy dependence and of neocolonial status. Radical nationalism, somewhat muted under martial law, is

On 7 January 1979 the United States and the Philippines signed an amendment to the Military Bases Agreement that calls for a "complete and thorough" review of the agreement every five years until 1991, when it becomes subject to termination by either party on one year's notice. Such a review is to include a "reassessment of the agreement including its objectives, its provisions, its duration, and the manner of implementation."

popular among some intellectuals and can be used to arouse strong anti-American emotions even among the middle class and others who in quieter moments are very pro-US.

64. Marcos sees the military facilities as the tangible evidence of American support, which still has legitimizing force in the Philippine context. This could encourage his critics to oppose the bases even while seeking US support for their own goals of return to democracy. Exiled opposition leaders reside in the United States and lobby for money and support among Americans as well as Filipinos. Because the United States is regarded as supporting Marcos, anti-Americanism may well become a major theme of any opposition movement.

65. Because the United States is likely to become quickly involved in a succession crisis or any other situation where competing factions are attempting to mobilize support, the temptation for rival leaders to play on nationalist sentiment by creating incidents involving the bases could prove irresistible. If Marcos believed himself seriously challenged by the opposition, he too might find it convenient to criticize the facilities. Although he would probably stop short of demanding their removal, he could make it difficult for them to operate normally.

66. The groups that at present seem most likely to succeed Marcos would probably want to reaffirm the US relationship because it would be considered a legitimizing factor. They might seek to establish a more independent image by placing greater restrictions on operating freedom at the bases and perhaps seek increased Philippine control. Since any such regime would probably follow other members of ASEAN in its foreign policy orientation, a major anti-US campaign resulting in the immediate closure of US military facilities would appear unlikely under present circumstances.

67. In the unlikely event that Imelda Marcos emerged as the major power in a successor to the present regime, the United States would probably be in for a very difficult time. She holds the US Government responsible for a series of real and imagined slights. She is easily flattered and influenced and has among her coterie a group of neoleftist intellectuals who dislike the United States.

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