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**Directorate of
Intelligence**

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A TOOL FOR SYSTEMATIC·POLITICAL ANALYSIS

A USERS GUIDE

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POLICON
A Tool for Systematic Political Analysis

This manual was prepared by [   ] 25X1
[   ] Office of Global Issues. Comments and 25X1
queries are welcome and may be addressed to the Chief,
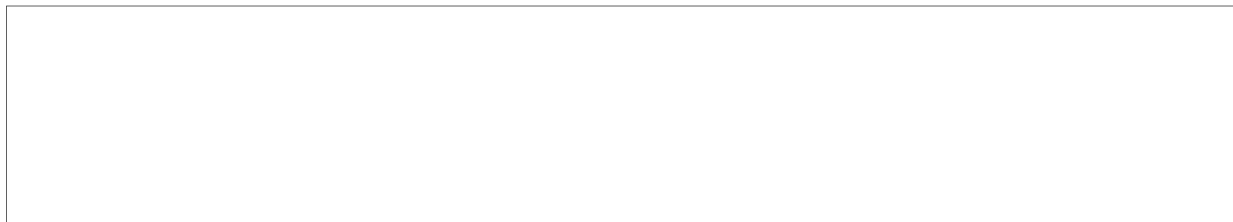Political Instability Branch, OGI, [   ] 25X1

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Introduction

POLICON is an analytic tool that can help country specialists in the Directorate of Intelligence assess complex situations quickly and with consistency. This computer-assisted methodology aids analysts in sharpening judgments, designing alternate scenarios, and analyzing patterns of political interaction in greater detail than conventional analytical methods. Although POLICON's simulation of the decisionmaking process is a relatively new approach to political analysis, intelligence analysts have used the methodology to make predictions on political developments in more than 25 countries during the past four years.*

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The POLICON methodology is based on expected utility analysis. It assumes that political behavior is purposeful, that individuals and groups compete with each other to obtain policy outcomes they desire, and that policy outcomes are the result of this competition among political actors. POLICON is a mathematical model that expresses this competitive dynamic. It presumes that political groups will strive to maximize their gains according to their evaluation of the costs and benefits associated with the policy choices open to them and their assessment of the levels of risk acceptable to them. The model compares expected utility calculations for various policy proponents and challengers. Taken together, these calculations define the environment in which policy choices are made. The model can suggest the outcome of current policy debates and assess the impact of hypothetical political changes on policy directions.

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How POLICON Supports DI Analysis

Building on the DI's greatest resource--its country experts--POLICON is designed to help analysts gain new insights into the possibilities of political change in their countries. POLICON findings can be integrated into in-depth studies prepared by the Regional Offices or the NIC, or they can become the focal points for separate innovative papers looking at present and future political dynamics.

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POLICON analyses look very much like other intelligence products, despite their derivation from computer-modeling. The following overview sections--much like the Key Judgments in DI publications--were taken from two of the POLICON studies completed in the spring of 1986.

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EGYPT

POLICON analysis of the political situation in Egypt indicates a high prospect for instability and regime change. The results suggest that a domestic crisis is very likely to erupt over President Mubarak's economic policies; a crisis that probably will threaten the stability of his administration. As groups on both sides of the austerity question attempt to impose their will on this issue, Mubarak's position will become extremely tenuous. In addition, Egyptian policy on relations with Israel could become regime threatening. The analysis indicates that relatively minor modifications in the positions of extremist, anti-Israeli groups could create a coalition strong enough to force Egypt to abandon the Camp David Accords and place President Mubarak in a precarious position. No change in current policy is forecast on the issues of increasing Islamization in Egypt or relations with the United States.

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PANAMA

According to POLICON analysis, Panama appears relatively stable over the short term. On the issues examined, political groups toward the right of center tend to balance those toward the left of center on both political and economic issues. Modeling shows that this inherent stability is not dependent on the role of the powerful armed forces commander General Noriega--or any other individual political actor or group. Some of these issues, however, are likely to become more contentious as the 1989 election nears.

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Supporting DI Analysis

(2) Our use of POLICON shows that the United States has enough influence to press for a more democratic form of government in Panama. To do so, however, would run the risk of destroying the current political balance and increasing the country's vulnerability to a military takeover, according to the analysis. On the other hand, if the current pattern of bilateral relations and domestic political dynamics were maintained, Panama is likely to continue to make policy decisions more-or-less in accordance with US interests on most issues.

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(1) While the overview sections address the policy-relevant implications of POLICON findings, the individual stages of the POLICON process--from defining the intelligence problem and collecting data, to running the model and testing alternative hypotheses--provide their own unique insights into a country's political dynamics.

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POLICON Shortcomings

Computer-supported analysis, like all other methods of inquiry, is critically dependent on the quality of data used. The data that go into political decision models are the judgments of country specialists, and POLICON--despite its methodological sophistication--cannot compensate for a lack of expertise. POLICON studies also work best when the country analysts become fully engaged in the process. A richer picture of political possibilities emerges when each stage is approached with imagination and inquisitiveness.

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While POLICON provides insights into what political developments will occur, it cannot forecast when and how fast events will unfold. This difficulty in incorporating a time element into the model is compensated for by the analysts estimating the conditions under which changes might occur and the rates at which groups may become stronger or weaker, alter their agendas, or modify their positions on issues. Scenarios incorporating various possible changes in the political system can be examined at the same time the basic modeling is done to anticipate the changes and assess their implications. However, when a crisis occurs in a country or the political lineup shifts significantly, a new POLICON study needs to be undertaken.

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The POLICON methodology has some additional technical characteristics that determine which issues and which political environments can be addressed. First, the issues must have more than two possible outcomes. Questions such as whether a treaty will or will not be signed are inappropriate queries for political decision analysis. These situations are analagous to a tug of war and can be analyzed without a model as

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Shortcomings

complex as POLICON. Second, the political system to which the model is applied must contain at least five political groups. With fewer groups, some of the equations in the model become unsolvable. These technical features have not restrained applications of the methodology in the DI, however, because the complexity of intelligence problems meshes well with POLICON's specifications.

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Where to Start: Defining the Intelligence Problem

To use political decision modeling successfully, analysts must translate their concerns about a country into a set of issues and scenarios. A country specialist using this computer-based methodology for the first time would work with a POLICON specialist to develop a research strategy. This team would discuss the country situation until the intelligence problem could be clearly described. Moving from the abstract to the concrete, the POLICON specialist then would help the analyst select which types of issues should be modeled to give the clearest insight into the main intelligence problems. For example, analysts concerned about the potential for instability would direct their analysis toward issues over which a governing group would be likely to face strong opposition--such as leadership succession, the degree of fairness in elections, or the level of government economic subsidies. A country's East-West orientation, on the other hand, could be explored by examining pressures for a shift in trade patterns, a reduction of foreign basing rights, or support for wars of national liberation.

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Data Collection

The POLICON approach assumes that political behavior is purposeful, that individuals and groups compete with each other to obtain policy outcomes they desire, and that policy outcomes are the result of such competition among political actors. Thus, like many approaches to political analysis, POLICON assumes that once the political environment has been defined inferences can be made about how political actors will behave, how issues will be resolved, and what policy outcomes will be.

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To define a country's political environment, POLICON requires that analysts provide six types of data. Country specialists are asked to identify the most critical and contentious issues in their country; determine the range of possible outcomes for each issue; list the groups that will try to influence policy decisions; define their preferred positions on each of the focal issues; and assess each group's relative political clout and policy priorities.
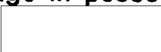
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Process: Examples:

Selecting
the
Issues

Although POLICON can provide quick insights into a single country, it makes its fullest contribution by examining a variety of policy questions simultaneously.

For many analyses, the choice of issues is straightforward. Forecasting economic or foreign policies generally requires only a statement reflecting the context of the policy debate. The query should be phrased in a way that provides for a range of possible policy outcomes for an issue. For example, "What will be the minimum wage in pesos that the Mexican government will adopt in December?"

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To assess the stability of a regime, however, one usually selects a set of issues around which opposition groups might rally or which would otherwise cause problems for a government. In examining the stability of Panama in March 1986, for instance, the following issues were selected:

o   How much of a role should the military play in the government?

(i)

o   What are the prospects for free elections?

o   How extensive should government control over the economy be?

o   What kind of economic concessions should be made to the IMF or other foreign creditors?
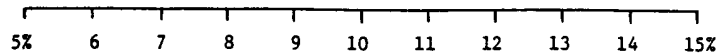
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Clarifying Policy Options

The next step is to identify the range of possible outcomes on each issue. POLICON asks that each issue-question be framed so that possible policies form a logical progression that can be arranged along a continuum.

o   The endpoints of such a continuum represent the most extreme opposing policy positions espoused by groups in the country at the time.

(I)

o   Intermediate points along the continuum represent various policy options--arranged in logical sequence--that could be endorsed by other groups.

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A continuum may represent simple quantitative policy choices that can be placed at regular intervals along a policy-options line, such as the size of the Mexican budget deficit as a percentage of GDP in FY 86:

(2)

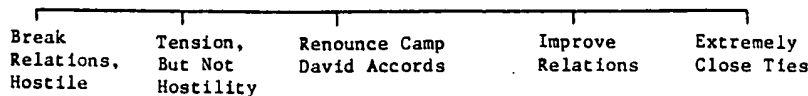| 5% | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15% |

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Collecting Data

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② Alternatively, a continuum can represent more irregularly-spaced policy options, such as what Egypt's policy toward Israel might be:

| Break Relations, Hostile | Tension, But Not Hostility | Renounce Camp David Accords | Improve Relations | Extremely Close Ties |

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Identifying the Groups

For the purposes of a POLICON analysis, a "group" is usually defined as a collection of people who have a common sociological, economic, or political identity; take the same stand on an issue; and have resources to commit. Groups can include:

o   members of an organization: a political party, religious group, branch of the military, civil servants, the IMF, etc.

① o   people who share socio-economic characteristics: the middle class, labor, landowners, Urdu speakers, etc.

o   people from the same region: Tamils, southerners, Persian Gulf states, the United States, etc.

o   individuals who promote the same ideological goals: radical leftists, anarchists, hawks/doves, etc.

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① If there are factions within a group and those factions do not take the same position on an issue or do not have the same political priorities, those factions must be treated as separate groups.
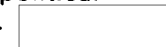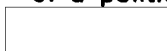
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① An individual political leader who exercises influence independent of a political party or office is also considered a separate "group".

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Determining Policy Positions

The policy preferences of the groups can be plotted on the policy-option continuums. Using the previous example of what policy Egypt should adopt toward Israel, the groups appear dispersed across the political spectrum:
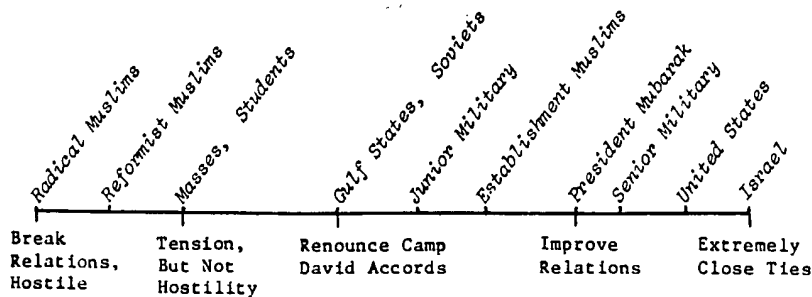
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②

Break Relations, Hostile	Tension, But Not Hostility	Renounce Camp David Accords	Improve Relations	Extremely Close Ties

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① The simple positioning of groups can give some preliminary insights into a country's political dynamics. In some POLICON studies, for example, the political actors have appeared clumped at opposing ends of the political continuum, indicating substantial polarization—and therefore a certain rigidity—in the political system. In other cases, groups have gravitated toward one end of the spectrum, leaving only one or two players at the other end. In these cases, the isolated groups usually wield little real power, even if their activist tactics draw considerable media attention.

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**Estimating
Political
Strengths**

① For a POLICON analysis, the country specialist is asked to estimate the relative clout of each group.

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① Groups use a variety of political, economic, and coercive resources to pursue policy goals. The analyst first must decide whether an overall estimate of a group's resources will give a good approximation of its power, or whether the analysis would benefit from assessing the three resource dimensions separately.

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① The country specialist then identifies the most powerful group—often the leader of the country—and arbitrarily assigns that political entity a value of 100. Other groups are given values that reflect their strength relative to the most powerful group.

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Analysts attributed the following resources to groups in Nigeria in a January 1986 study:

President Babangida	100
Armed Forces Ruling Council	60
Senior Military Officers	40
Middle-Junior Grade Officers	50
Housa-Falani Tribes	40

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Yoruba Tribe	20
Small Central Tribes	10
Bureaucrats	40
University Radicals	10
Muslim Fundamentalists	20
Darika Botherhood	20
Christians	10
Traditionalists	5
France/Westerners	5
Israel	1
Libya/Iran	5
Saudi Arabia	10

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A quick look at the resource list often yields some preliminary insights into domestic political dynamics. A rough tally of the combined resources of groups considered to be on the political Right or Left may suggest policy trends or stresses on the regime. Or, the possibility of a coup might be considered if the sum of the values assigned to various factions within the armed forces exceeds the total resources of the national leader and his close advisors.

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Assessing Political Priorities

The last phase of data collection draws most heavily on the analyst's intuition. The country specialists are asked to determine how important each issue is for each group, or how much a group is likely to push to influence a particular policy decision.

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Again, a value of 100 is assigned to the group or groups for whom the issue is a top priority. These are the groups that are willing to devote all their resources toward getting their way. The rest of the groups/actors are assigned numerical values that reflect the relative priority of the issue in their overall political programs.

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These salience values will change from issue to issue.

o For example, when the question of whether Chun should leave the presidency of South Korea was examined in late 1985, analysts gave both Chun and the radical students interested in ousting him salience values of 100. The military and the middle class, on the other hand, were assigned values of 50, indicating that they were only about half as interested as Chun in maintaining his leadership position.

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Collecting Data

o   In contrast, the salience of the issue of trade policy was only 15 for Chun, while groups such as the business class and the United States considered this economic issue much more important than the question of Chun's tenure in office.

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Results of Modeling

The POLICON specialist next codes the country data into the computer model. The computer software incorporates a series of sophisticated mathematical equations that approximate the logic of decisionmaking. Known as Expected Utility Theory, this approach to decision analysis assumes that people behave as if they weigh the costs and benefits of the options open to them and then chose those actions with the greatest benefit/cost ratio.

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The model usually can be run in less than 15 minutes, but it generally takes a few hours to analyze the computer results. Findings will include forecasts of the most likely policies to be adopted, probable patterns of conflict and cooperation among the various groups, and insights into the strengths and vulnerabilities of each of the groups.

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Process: Examples:

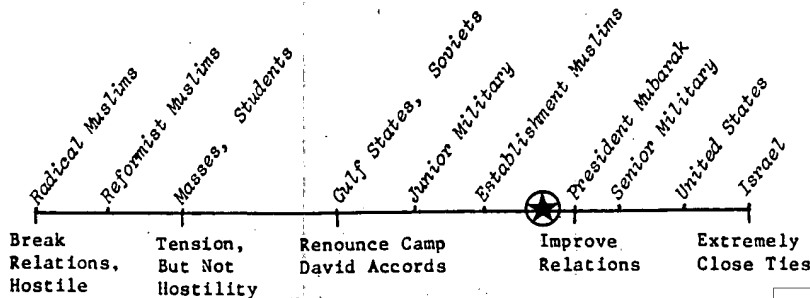**Forecasting
Policy
Decisions**

Based on all the information collected about the issues and groups in a country, the model predicts which policy options are most likely to be adopted. The policy forecast for each issue can be thought of as a fulcrum, the point at which all of the political forces in the country come into balance.

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In the April 1986 study of Egypt, for example, the model predicted that Cairo would not abandon the Camp David Accords in setting its policy towards Israel. The ⊛ indicates the policy forecast:

| Break Relations, Hostile | Tension, But Not Hostility | Renounce Camp David Accords | Improve Relations | Extremely Close Ties |

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Modeling

In many cases, POLICON results will confirm the views of the country analysts. A study of the post-Marcos government in the Philippines in February 1986, for example, bore out the opinion of the Intelligence Community that President Aquino was unlikely to call for a reduction of US military base rights early in her term. The computer-supported analysis revealed that leftist groups had little real influence on this issue, despite their anti-American activism.

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In other cases, POLICON forecasts may run counter to the conventional wisdom. Examples of past studies where unexpected predictions proved correct include the following:
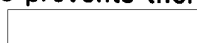
o POLICON accurately forecast in May 1983 that after The Peoples' Republic of China claimed the China seat at the Asian Development Bank, Beijing would modify its position to permit some Taiwanese participation in the bank.

o Computer-assisted analysis in May 1984 correctly showed that the Italian government under Bettino Craxi was in a strong position on the question of wage indexing, while country analysts believed the government would fall over this issue.

o Almost a year before the January 1985 Brazilian presidential election, POLICON correctly predicted the victory of a non-government, consensus candidate. At the time, Intelligence Community analysts strongly favored a government party candidate.

o In October 1985, a POLICON study predicted that moderate opposition groups in the Philippines would form an ad hoc coalition that could extract major concessions from the Marcos government. The conventional wisdom held that the moderate opposition groups were too diverse and competitive to cooperate politically. Subsequently, a snap election was called and the unexpected voting strength of the then-unified moderate opposition triggered such extensive government fraud that Marcos fell.

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Identifying Winners and Losers

Groups whose positions on an issue continuum are closest to the model's forecast policy can be considered the relative "winners" in the policy debate, because they get the results they wanted. Groups far away from the forecast position may have exerted considerable pressure during the policy debate, but ultimately the balance of political forces prevents them from achieving their policy goals. Thus, they "lose".
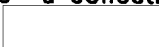
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Modeling

Sometimes "winning" puts a group in a genuine position of strength, especially if a number of powerful groups that might make good political allies lie nearby.

o In an April 1986 study of Panama's debt policy, for example, strongman Noriega shared the forecast position with civilian government leaders, several business and labor organizations, and the United States--a collection of groups that could ward off policy challenges.

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In other cases, a policy "victory" does not equate to political power. If the political system is polarized, for example, or if groups are dispersed across the policy spectrum, a group could find itself alone and under seige at the compromise fulcrum position.

o In the April 1986 study of Egypt, for example, Mubarak was the closest group to the forecast position on the issue of economic policy, but he was caught in a crossfire between determined domestic groups to his left and influential foreign financial organizations to his right. The charged political atmosphere appeared likely to prevent him from implementing his economic program.

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Assessing Ad Hoc Coalitions

Politics sometimes makes for strange bedfellows. The POLICON process can help analysts identify emerging coalitions and measure their cohesiveness.

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Groups act as "ad hoc" coalitions when their similar policy positions or openness to accommodation result in indirect support for each other during the resolution of an issue. If the same groups take mutually supportive positions on a number different issues, a formal or quasi-formal alliance might emerge.

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o A POLICON analysis of the Philippines in late 1985 showed that moderate opposition groups had moved closer together on key issues compared to a study done a year earlier. The tightening of this ad hoc coalition contributed to its increased political influence. These POLICON findings helped analysts anticipate the subsequent decision by opposition groups to field a unified slate of candidates to contest Marcos' reelection.

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o In another example, an assessment was done in advance of the French parliamentary elections of 1986 to test the cohesiveness of a cluster of small center-right groups. The

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②   analysis showed that these conservative groups would be an influential coalition as long as they didn't try to accommodate with the extreme right. Efforts to forge an alliance with the popular--but ultra-conservative--National Front would cause internal dissension and be counterproductive, the model indicated. Ultimately, the center-right groups decided to go it alone and were successful in capturing the premiership.

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Estimating Risks and Opportunities

①   POLICON provides the analyst with a perspective on how groups see themselves in relation to others. This information about groups' perceptions can tell analysts whether a group is likely to risk intense conflict or yield to others in pursuing policy goals. It also can indicate whether a group is reckless or judicious in choosing its political battles.

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Sometimes groups needlessly give up on a policy struggle, underestimating their own strength or the support they can get from others.

②   o   In a study of Mexico in 1984, for example, modeling showed that the major opposition party was unlikely to win concessions on certain issues because it mistakenly believed that the de la Madrid government held the upper hand.

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Other times, groups become risk-takers, thinking they have more of a chance to win on an issue than they actually do.

②   o   For instance, an October 1985 POLICON analysis showed that President Marcos was overconfident, misperceiving the strength of the political opposition. He failed to see that calling an election would be risky, a mistake that subsequently cost him the Philippine presidency.

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If each of two groups thinks it will win on an issue, compromise is unlikely and the resulting political conflict may get out of hand.

②   o   A June 1986 study of Nicaragua noted such a contentious standoff between the powerful Minister of the Interior and the Catholic church over the issue of political liberalization.

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Testing Alternative Hypotheses

Once the basic modeling is done, POLICON can help analysts test the balance of power to simulate the impact of hypothetical political developments.

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SAMPLE QUESTIONS THAT ANALYSTS MAY WANT TO ASK OF THE MODEL
AT THIS STAGE OF THE POLICON PROCESS

o   Would a leader strengthen his position if he modified his stand on a contentious issue?

o   Would the military gain the upper hand if the current civilian leader were to die?

o   What would happen if a foreign country or organization were to throw its weight behind a domestic political group?

o   What would be the best policy a country could adopt to weaken an insurgency?

o   How would the use of repression affect prospects for political reform?

o   What would be the political consequences if traditionally apolitical institutions—such as the the church and the military—become politicized?

o   How would inter-group dynamics and policy forecasts change in a crisis situation?

o   How much influence would the political opposition have if all the groups worked together?

o   What impact would a change in world oil prices—or other economic conditions, such as foreign aid—have on regime stability?

o   What would be the best policy for the United States to adopt toward a country to strengthen that country's government?

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Simulations

①   To address such questions, data inputs are varied to simulate the hypothetical political developments and the POLICON model is rerun.

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Process: Examples:

**Varying
Resources**

①   Political fortunes change over time and under different circumstances. A group might begin to receive financial support from an external donor, decide to cooperate with a faction of the military, or break up over internal policy disputes. Such changes would alter the influence the group would have on policy matters.

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The model can simulate changes in clout by adjusting the level of political, economic, or coercive resources a group can bring to bear.

o   In the April 1986 study of Egypt, for example, analysts were concerned that the resources of some groups would change if domestic security conditions continued to deteriorate. They decided to provide two data lists, one for the current environment and another for crisis conditions.

②   o   One of the simulations showed, for example, that Mubarak would not be likely to prevail on contentious economic issues even with increased resources. He would have to pay much more attention to the austerity debate and modify his policy position to keep this issue from becoming regime threatening.

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In another case, a POLICON study of Panama in April 1986 analyzed the prospects for a reduction in the influence of the armed forces.

o   The resources of the most powerful military leader--General Noriega--were removed from the model to simulate his death or exile.

②   o   The computer analysis showed that Noriega's fall would cause no change in policy forecasts, suggesting that the strength of the military institution in Panama is independent of Noriega's strong personality.
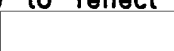
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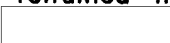25X1

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Simulations

**Varying
Groups'
Priorities**

(1) To anticipate the impact of a group changing its political
program--deciding either to fight harder to get its way on certain
issues or to shift its attention to other areas--analysts can adjust
the salience values for the group to reflect the hypothetical
situation and then re-run the model. [   ]

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In studying US policy options in the Philippines after the fall of
Marcos in February 1986, the salience values for the United States
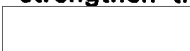first were increased, then decreased.

o   The model suggested that if the United States were to become
    more heavily involved in Philippine politics, tensions among
    competing groups within the new Aquino coalition probably
    would increase, reducing the chance that productive working
    relationships would develop.

(2) o   On the other hand, a reduction of US involvement in Philippine
    affairs could have negative repercussions, causing Philippine
    policy decisions to move away from US preferences.

o   Thus, the model suggested that the United States would most
    likely exert a stabilizing influence in the Philippines if it
    continued to express concerned interest over developments
    there but refrained from pressing hard for specific policy
    outcomes. [   ]

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The same study of the Philippines simulated the potential impact if
both the church and the military were to reduce their political role
in the new government and devote more time, respectively, to
pastoral care and to fighting the insurgents.

o   The computer-assisted analysis indicated that the Aquino team
    probably would be more vulnerable to extremist pressures
    under the hypothetical circumstances, and could end up
(2)   devoting more time to deflecting attacks from the right and the
    left than to getting on with their reform program.

o   Therefore, according to the POLICON study, the continued
    involvement of the church and the military probably would
    strengthen the new government, at least over the short term.
    [   ]

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Simulations

**Varying
Policy
Positions**

① The model allows analysts to evaluate the effect of groups altering their positions on an issue either to respond to changes in the political environment or to ally with other groups to improve their chances of prevailing on an issue.

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To anticipate a potentially divisive debate over how long President Sarney should stay in office in Brazil, a January 1986 POLICON study exaggerated the groups' positions on the tenure issue to simulate a polarized political environment.

o   Groups in favor of retirement before 1989 were moved toward one end of the issue continuum, while groups in favor of extension in office beyond 1989 were moved toward the other end.

② o   Modeling showed that if the debate heated up and groups become strongly divided over this issue, the political balance probably would favor the conservatives who advocate Sarney's extension in office, with the leftists having to compromise.

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③ In another example, simulations done for the Egypt study suggested that Mubarak could improve his chances of staying in office by modifying his stand on economic policy matters. The model showed that there were few groups who would see anything to gain from challenging him if he stopped pushing for additional economic reforms.

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Integrating Text and Graphics

Graphics derived from the POLICON process are able to communicate complex political dynamics in a straightforward manner. They add a creative dimension to support and enliven the final product.

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In the February 1986 POLICON study of the Philippines, for example, a barchart arranged data to illustrate the shift of power from the Marcos conservatives to the moderate political opposition over a four-month period. The same study included a section that introduced each issue through a diagram followed by textual discussion. In each of these graphics, the groups were listed according to how important the issue was to their overall political agendas. Below the list, a continuum showed the policy options, the groups' positions, and the model's policy forecast. The barchart and the graphics/text combinations for three of the issues addressed in the Philippines study follow.

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The Philippines: Evolving Strength of the Political Center

Index of power
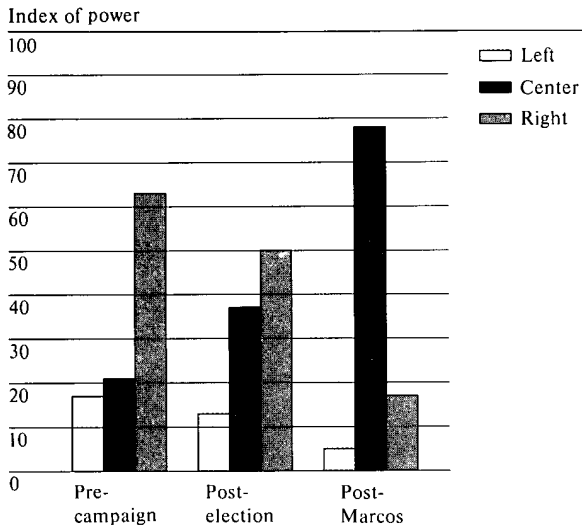
This barchart was generated from data collected for POLICON analyses done in mid-November 1985, and twice in February 1986. For each POLICON exercise, analysts assigned a value of 100 to the group that had the most political resources. Proportional values were assigned to the other groups. Between 8 and 16 domestic Philippines groups were identified in these POLICON exercises.

Groups were clustered into analytical categories representing the "Left", "Left Center", "Center", "Right Center", and "Right" based on an analysis of where they stood on the sets of issues examined. In order to determine the strength of the political Center, the Left Center was merged with the Left; the Right Center, with the Right. The strengths of the groups assigned to each category were summed to give measures of relative strengths of these loose coalitions. By aggregating relative strengths in this way we were able to provide a quick overview of the distribution of power in the society.

In order to compare power distributions across time, the strength of each coalition within a set was converted to a percentage of the total strength possessed by all three coalitions at a given time. This percentage is indicated on the barchart by the index of power. Note that for each time period, values for the Left, Center, and Right sum to 100. Although this technique facilitates comparisons, it does not describe the growth or decline in absolute strength of individual coalitions over time.
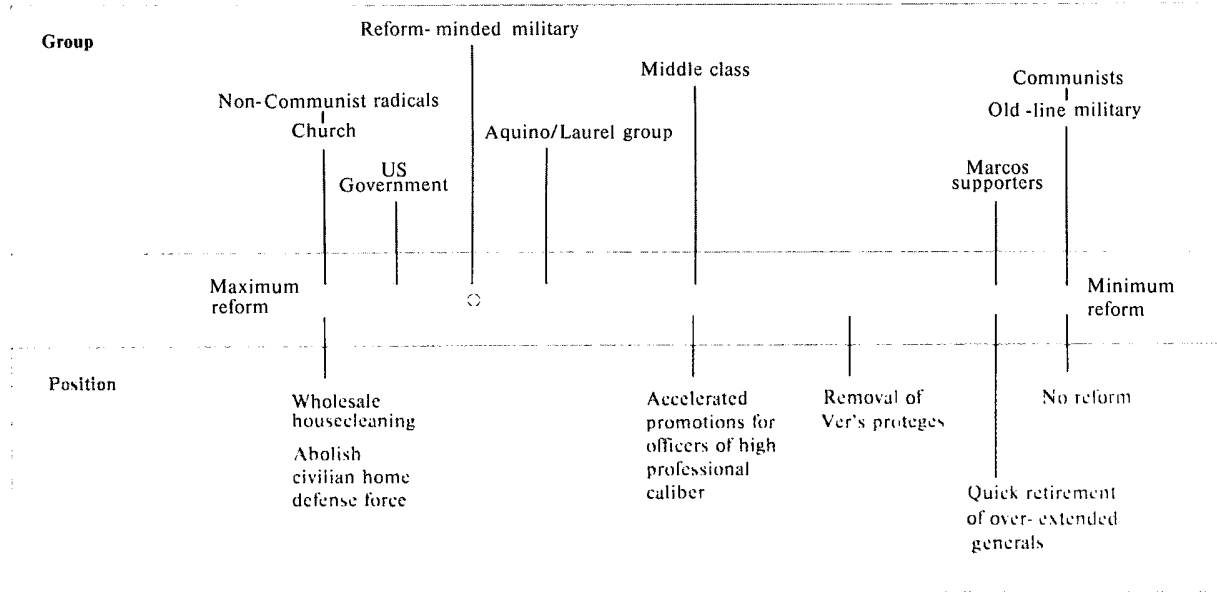
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Issue 1: Reform of the Military Command

Groups to which this issue is:	Very important	Moderately important	Of low importance
	Communist and Communist-influenced left Non-Communist radical left Aquino/Laurel group US Government Reform-minded military Old-line military	Church	Middle class/business/technocrats Marcos supporters

Issue diagram

O Forecast of policy most likely to be adopted.

Group

Reform- minded military

Middle class

Communists
Old -line military

Non-Communist radicals
Church

Aquino/Laurel group

US
Government

Marcos
supporters

Maximum
reform   O   Minimum
reform

Position

Wholesale
housecleaning

Abolish
civilian home
defense force

Accelerated
promotions for
officers of high
professional
caliber

Removal of
Ver's proteges

No reform

Quick retirement
of over- extended
generals

(2)

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Issue 1: Reform of the Military Command

Under Marcos and former Armed Forces Chief of Staff, General Fabian Ver, the ability of the military to deal with threats to national security was vitiated. Their use of the military for political purposes, encouragement of corruption among officers, and the personal use of military staff and equipment undermined morale and deprived the professional forces of necessary funds, equipment, and materiel to carry out the campaign against the insurgents, in our view.

25X1

The issue facing the new administration is how to restore a high degree of professionalism to the military. Within the Philippines, the public debate on this issue ranges from advocating the continuation of old policies to promoting a comprehensive structural overhaul of the armed forces (see Issue Diagram). According to our analysis, the Old-line Military, who benefited by abusing their ranks under Marcos and Ver, and the remaining Marcos Supporters want little or no reform. The Communists also want no reform because they believe that they will have a better chance of success if corruption and low morale continue to undermine military capabilities.

25X1

As the issue diagram illustrates, the groups favoring little or no reform are politically isolated and therefore relatively weak. They are unlikely to find other political allies on this issue. We do not believe that the Non-Communist Radical Left will work with the Communists on the issue of military reform.

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the Non-Communist Radicals appear genuinely to want the military cleaned

25X1

up to bring an end to military abuses of people in the countryside.

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22

25X1

Using Graphics

Decision analysis indicates that the balance of power on this issue centers on the position advocated by the Reform-minded Military. The latter favors rapidly promoting men of the highest professional caliber into the upper ranks--preceded by the pensioning of officers whom Marcos kept on beyond retirement age--and a moderate, but not a thorough, restructuring of the armed forces over the near term. Other strong groups who care a lot about military reform--such as the Aquino/Laurel Group--want outcomes close to that. Based on modeling results, we believe these groups will compromise and accept the policy advocated by the Reform-minded Military. Indeed, Manila has already begun to move in this direction. Armed Forces Chief of Staff Ramos is replacing Marcos/Ver loyalists both in the capital area and in regional commands with a new group of professional officers.
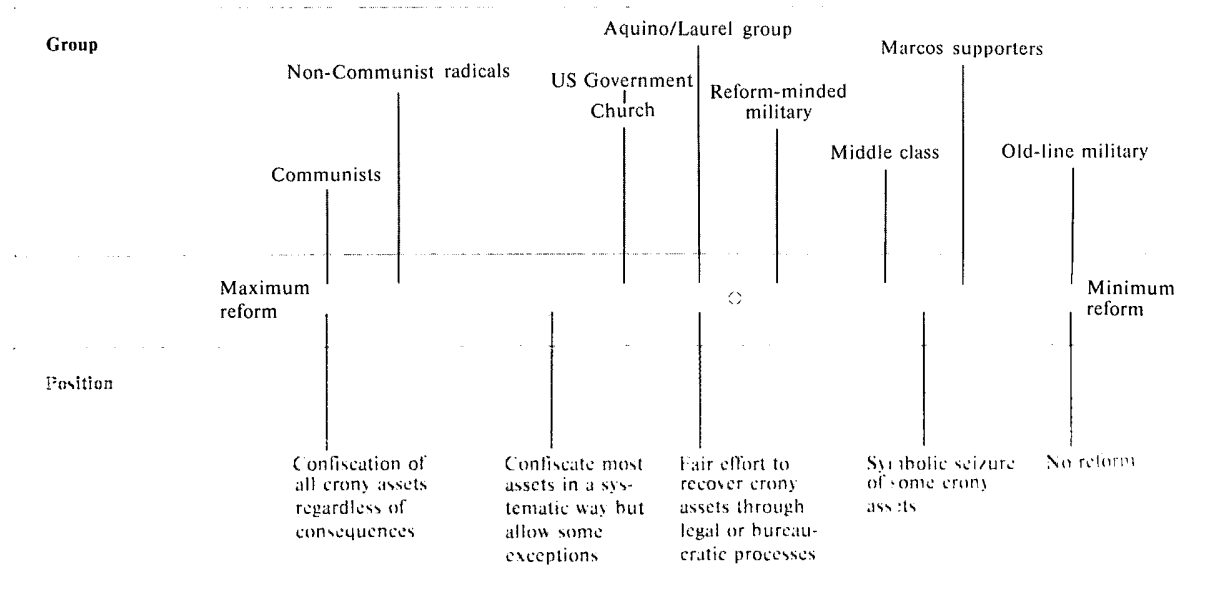
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Issue 3: Economic Reform—Elimination of Crony Capitalism

Groups to which this issue is:	Very important	Moderately important	Of low importance
	Communist and Communist-influenced left Non-Communist radical left Aquino/Laurel group US Government Reform-minded military Middle class/business/technocrats	Church Old-line military Marcos supporters	

Issue diagram

O Forecast of policy most likely to be adopted.

Group

Aquino/Laurel group

Marcos supporters

Non-Communist radicals

US Government
Church

Reform-minded military

Middle class

Old-line military

Communists

Maximum reform

Minimum reform

Position

Confiscation of all crony assets regardless of consequences

Confiscate most assets in a systematic way but allow some exceptions

Fair effort to recover crony assets through legal or bureaucratic processes

Symbolic seizure of some crony assets

No reform

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Using Graphics

Issue 3: Elimination of Crony Capitalism

Ⓐ Marcos's power rested on the symbiotic relationship he created with his wealthy and powerful friends by lending government support to their economic ventures. This state backing ranged from low interest bank loans to legal support for monopolies in the coconut and sugar export industries. The widespread desire for the elimination of economic favoritism was a major factor in Aquino's defeat of Marcos.

25X1

Ⓐ At one extreme of the debate on this aspect of economic reform, the Communist Party would prefer that all of the cronies' assets be confiscated, expecting that the radicals could take advantage of resulting economic disruption (see Issue Diagram). At the other extreme, Marcos Supporters and the Old-line Military want little or no action taken because confiscation of ill-gotten economic assets would reduce their personal wealth.

25X1

Ⓐ Our analysis indicates that the Aquino government is likely to decide to recover crony assets gradually through the courts or through administrative procedures. The members of the ruling coalition cover a fairly broad range of policy positions, but the Aquino/Laurel Group and the Reform-minded Military are not far apart. They are likely to find it easy to compromise as a result of pressures from the Middle Class/Business/Technocrats on their right and the Church and US Government on their left. As in other areas, the Communists and other radicals are isolated on this issue. They are unlikely to exert any influence on policy but can be expected to try to embarass the government and score propaganda points.
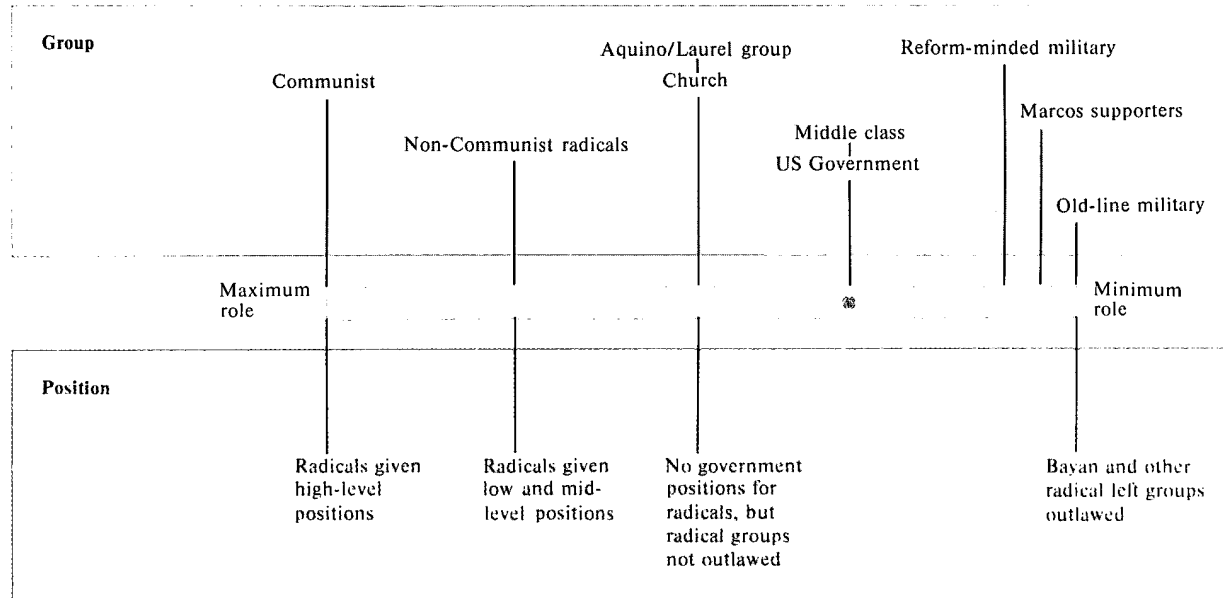
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Issue 6: Legal Status/Political Role of Radical Leftists

Groups to which this issue is:	Very important	Moderately important	Of low importance

	Non-Communist radical left
	US Government
		Communist and Communist-
		  influenced left
		Church
		Reform-minded military
		Middle class/business/
		  technocrats
			Aquino/Laurel group
			Marcos supporters
			Old-line military

Issue diagram

O Forecast of policy most likely to be adopted.

Group

Aquino/Laurel group
Church

Reform-minded military

Communist

Marcos supporters

Non-Communist radicals

Middle class
US Government

Old-line military

Maximum
role

Minimum
role

Position

Radicals given
high-level
positions

Radicals given
low and mid-
level positions

No government
positions for
radicals, but
radical groups
not outlawed

Bayan and other
radical left groups
outlawed

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Using Graphics

Issue 6: Legal Status/Political Role of Radical Leftist Groups

Under the new government of national reconciliation, the Aquino administration will have to decide how far to go in opening up the political process. At present the Communist Party is illegal. Although the Old-line Military, Marcos Supporters, and the Reform-minded Military would like to see even more groups outlawed, many other political participants would like to see all groups invited to participate in open debate as a symbol of the new order (see Issue Diagram). Communists and Non-Communist Radical Leftists would like to work their followers into government positions where they could influence policy.

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The scope of the debate on this issue among members of the ruling coalition is quite broad, and the Reform-minded Military and the Aquino/Laurel Group are at opposite ends of the political center. The Aquino/Laurel Group does not want BAYAN or other Communist-influenced groups to participate in the government but would allow them to continue to operate in the political arena. The military, on the other hand, considers Aquino naive and favors continuing to restrict political expression.

25X1

Decision modeling suggests that the Aquino/Laurel Group and the Reform-minded Military may eventually meet each other halfway on this issue, but that the process of compromise is likely to be highly contentious. Compared to other issues, the Aquino/Laurel Group and the Reform-minded Military are far apart. Moreover, as can be seen on the issue diagram, the Aquino/Laurel Group, along with the Church, appears closer to the Radical Left on this issue than they are to the military. The Reform-minded Military, for its part, is closer to the Old-line Military and Marcos

25

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Supporters in this issue than to the Aquino moderates. These centripetal forces will slow the process of compromise.

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The Middle Class/Business/Technocrats and the United States hold the balance of power between Aquino and the military on this issue. Decision analysis indicates they will play their pivotal roles differently, however. The Middle Class/Business/Technocrats group is likely to get caught in a political crossfire while trying to battle for its own position, which consists of tolerating popular political expression but resisting the appointment of radicals to positions of major importance. With both the Aquino/Laurel Group and the Reform-minded Military vying for middle class support, the latter might try to ease pressures by seeking US mediation on this issue. Removed from partisan politics and viewed as influential by contending groups, the US according to our model would be in a good position to help smooth a path to compromise.

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Tensions may stay under control as long as the question of the radical left's political role remains of only moderate importance to members of the government coalition. If the Communists, BAYAN, and other radical organizations make enough noise to put this issue near the top of the government's political agenda, however, the centrists could find themselves in a heated internal political battle. Thus, although radical leftist groups are unable to influence policy regarding their political inclusion, they could weaken the government or even bring the current honeymoon period to an end by provoking serious conflict between the Aquino allies and the Reform-minded Military.

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