

I N T E R O F F I C E M E M O R A N D U M

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Subject: The Philippines between Stalemate and Revolution

The Philippines between Stalemate and Revolution

William H. Overholt

The Philippine situation is moving toward possible revolutionary upheaval.

Since 1976, the economy has suffered disastrously from the appropriation of most major sectors by a few politically-sponsored conglomerates, most of which have collapsed due to mismanagement; from squandering of funds on prestige cultural and industrial projects; from corruption on a gigantic scale; and from failure to modernize vital sectors such as coconut products. The government has greatly expanded its control over the economy and has used that control to enhance its political power, to promote the prestige of its rulers, and to enrich political associates, at extraordinary cost to the vitality of the business community, the level of employment, and the standards of living of workers and farmers.

These practices have generated opposition, which has been violently repressed by the armed forces. Human rights violations by the military antagonized much of the middle class, the Catholic Church, and the rural poor. This supplemented opposition from businessmen, urban workers, coconut and sugar farmers, and many regional groups, who were discontented over economic conditions.

In the struggle for political power, all of the country's vital social institutions have been drastically weakened. Business has lost competitiveness. The constitution, altered nine times in twelve years, is disrespected. The military, which has expanded from 60,000 men before 1972 to some 250,000 today, has lost in efficiency and respect what it has gained in size. The courts have become political instruments. The legislature has become a rubber stamp. Because of this, the entire structure of society has come to depend on one man, Ferdinand Marcos, and the future of that structure after Marcos has become unpredictable.

Until August 1983, despite widespread public discontent with this system, the surface of Philippine politics remained placid. The Marcos regime had the organized and powerful support of the armed forces, the political conglomerates which controlled so much of the economy, and much of the apparatus of government, along with the public of the Ilocano-speaking areas from which the President's family comes. The senior leadership was relatively unified and capable of decisive action. Although the moderate opposition was eloquent, it was deeply divided, poorly organized, and devoid of a social program with popular appeal. The communist opposition was multiplying its public support but remained weak in military power.

From 1981 to 1983, the combined effects of long-term economic mismanagement and global economic downturn created a pervasive economic decline in the Philippines, manifested by declining standards of living, widespread bankruptcies, and increased government control of the economy as the regime bailed out or assumed ownership of politically-connected firms which were going under. Government deficits and foreign debt skyrocketed. Pervasive economic and financial weakness became an acute foreign exchange crisis in the second week of August 1983, when President Marcos's health problems triggered a crisis of confidence. In a situation where the nation's political organization, economic structure, and policy orientations depended on one man, the health of that man created an irremediable crisis of confidence.

During the following week, the assassination of popular opposition leader Benigno Aquino caused a political analogue of the financial crisis. The latent opposition became far more vocal, and the government's base of support became still narrower. The crowds at Aquino's funeral were the largest in modern Philippine history, exceeding those at the Pope's visit, MacArthur's sentimental return, and Magsaysay's funeral. Business leaders organized huge anti-government demonstrations, with the support of clergy, labor, farm groups, and much of the civil service. The regime was unable to mount effective counter-demonstrations or to regain the loyalty of the majority of its own employees.

The government did, however, retain the ability to deploy its military forces and the ability to use state firms, state banks, political firms, and political banks to control much of society. The democratic opposition, although vocal, remained militarily impotent and politically divided. The result was a Polish standoff: as in Poland, near-universal social discontent was unable to overthrow a government backed by the military, but the government was incapable of reviving the economy. In early 1984, it appeared that, as in Poland, the stalemate might persist indefinitely.

Powerful trends are, however, transforming the situation and leading toward more revolutionary conditions.

First, the government is gradually losing the support of its military forces. Although the (largely Ilocano) senior leadership remains loyal, a clear majority of younger officers now finds the government distasteful and resents the disrespect into which the military has fallen. It is now common for military officers to avoid wearing their uniforms except when absolutely necessary, because they are ashamed to identify themselves in public as members of the military. They resent the politicization of promotions, their inability to rise in rank due to the monopolization of senior ranks by overage supporters of Marcos, and above all their visible impotence in dealing with guerrilla movements.

Second, the Communist guerrilla movement is spreading with extraordinary speed. Although Filipino society is powerfully inclined toward moderation, democracy, peace, and centrist ideologies, countervailing tendencies which include anger at the regime, frustration over the impotence of the moderate opposition, and fear of unbearable impoverishment are spreading support for the New People's Army (NPA) in every region and sector of the Philippines. The NPA is not capable of overthrowing the government, but conversely the government is no longer capable of controlling the spread of NPA influence. This trend could be reversed by dramatic political and economic initiatives, but no such initiatives are in prospect.

Third, the government has lost its unity and its ability to act decisively in times of crisis. The President is ill and does not want to hear bad news. The Prime Minister is weak and protects his position by not conveying the full weight of bad news to the President. The Prime Minister, who is also Finance Minister, does not work smoothly with the Governor of the Central Bank. The Governor of the Central Bank is inhibited from acting decisively in a banking crisis by fear of offending friends of the President. The Prime Minister and the Governor of the Central Bank have lost the confidence of the Filipino business community. The country's most respected military officer has just offered his resignation, out of frustration that the military continues to be run by a drastically overage political crony who is universally resented. More generally, the elite is demoralized and, more than ever before, is seeking to ensure personal and financial refuge abroad.

Fourth, because of this high-level disunity and fear, the government is immobilized from acting on the two greatest national crises since World War II, the financial crisis and the security crisis. Instead of acting on the financial crisis, the government wishfully expresses a belief that the IMF will come around to the government's point of view or that in the end the U.S. government will bail out the Philippines or that after all the situation isn't so bad as one would have thought. On both crises, high-toned statements and plans substitute for decisive action.

Fifth, the opposition is mounting a series of demonstrations which will further erode financial confidence and further weaken the government. On August 21, the anniversary of Aquino's assassination, and on the September 21, the anniversary of Marcos's declaration of martial law, huge demonstrations will provoke the government. If troops fire on the crowds, the public revulsion that followed the assassination will multiply, above all in the armed forces themselves. If the troops do not take strong action, the crowds may get out control and the government could be endangered.

There remain the possibilities that the crowds will be orderly or that the military will control disorderly crowds without undue force. But one can no longer disregard the possibility that some day a great demonstration will occur and the troops will stand aside or join it. Then Marcos will be gone and his successor, Prime Minister Virata or the almost-unknown Speaker of the House, would be left. No two figures could be better suited to play the role of Kerensky than these two. Barring foreign intervention, the country would polarize between the far right and the far left.

In the absence of such a revolutionary event, current trends will lead inexorably (but much more slowly) toward such polarization. A long struggle, accompanied by economic decline, would be the prospect.

The moderate opposition believes in a third scenario, one in which Marcos dies suddenly or finds himself so enfeebled that he holds an honest election in 1987. The opposition would then be allowed to take power, in return for promises not to retaliate against the Marcos family, and gradually revitalize the country's political, military and economic institution. This scenario is possible. It might or might not lead to sound economic management, recovery of social morale, and containment of the communist insurgency. So far, no opposition group has formulated a persuasive platform to accomplish these goals.

Another scenario would be a military coup on the model of other Pacific Asian countries. In such a scenario, reformist junior officers, technocrats, and businessmen would coalesce, with the tacit consent of the Catholic Church, to implement by authoritarian means a drastic economic and social return. Such a scenario's probability of success is greatly reduced by the disunity and incompetence of much of the military, by the public's strong association of the military with Marcos regime abuses, and by the democratic, civilian-oriented traditions of the Philippines.

The Philippine situation is not completely hopeless. For instance, with firm U.S. support, some auspicious combination of the latter two scenarios might initiate a revival based on a democratically elected leader, a strong technocratic cabinet, and strong U.S. incentives to promote policies necessary for economic revival. But optimistic views of the future must bear the burden of demonstrating that positive developments are under way. In the meantime, steady deterioration and the risk of upheaval are the central tendencies. Over time, unfortunately, the likelihood of such a successful scenario diminishes because social polarization and economic decay steadily worsen.

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